



H Share Stock Code: 2238  
A Share Stock Code: 601238



# 2022 Annual Report



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# IMPORTANT NOTICE

- 1. The Board, Supervisory Committee and the directors, supervisors and senior management of the Company warrant the authenticity, accuracy and completeness of the information contained in the annual report. There are no misrepresentations, misleading statements contained in or material omissions from the annual report and they shall assume joint and several responsibilities.**
- 2. All directors of the Company have attended the meeting of the Board.**
- 3. PricewaterhouseCoopers issued an unqualified auditors' report for the Company.**
- 4. Zeng Qinghong, the person in charge of the Company, Feng Xingya, the general manager, Wang Dan, the person in charge of accounting function and Zheng Chao, the manager of the accounting department (Accounting Chief), represent that they warrant the truthfulness, accuracy and completeness of the financial statements contained in this annual report.**
- 5. The proposal for profit distribution or conversion of capital reserve into shares for the reporting period as resolved by the Board**

The Board proposed payment of final cash dividend of RMB1.8 per 10 shares (tax inclusive). Together with the cash dividend of RMB0.6 per 10 shares (including tax) paid during the interim period, the ratio of total cash dividend payment for the year to net profit attributable to the shareholders' equity of listed company for the year would be approximately 31.52%.

## **6. Risks relating to forward-looking statements**

The forward-looking statements contained in this annual report regarding the Company's future plans and development strategies do not constitute any substantive commitment to investors by the Company and investors are reminded of investment risks.

## IMPORTANT NOTICE

- 7. No appropriation of funds of the Company by the controlling shareholder or its related parties for non-operational activities.**
- 8. There are no guarantees granted to external parties by the Company in violation of the prescribed decision-making procedures.**

# Chairman's Statement



## Chapter 1

# CHAIRMAN'S STATEMENT



**ZENG Qinghong** *Chairman*

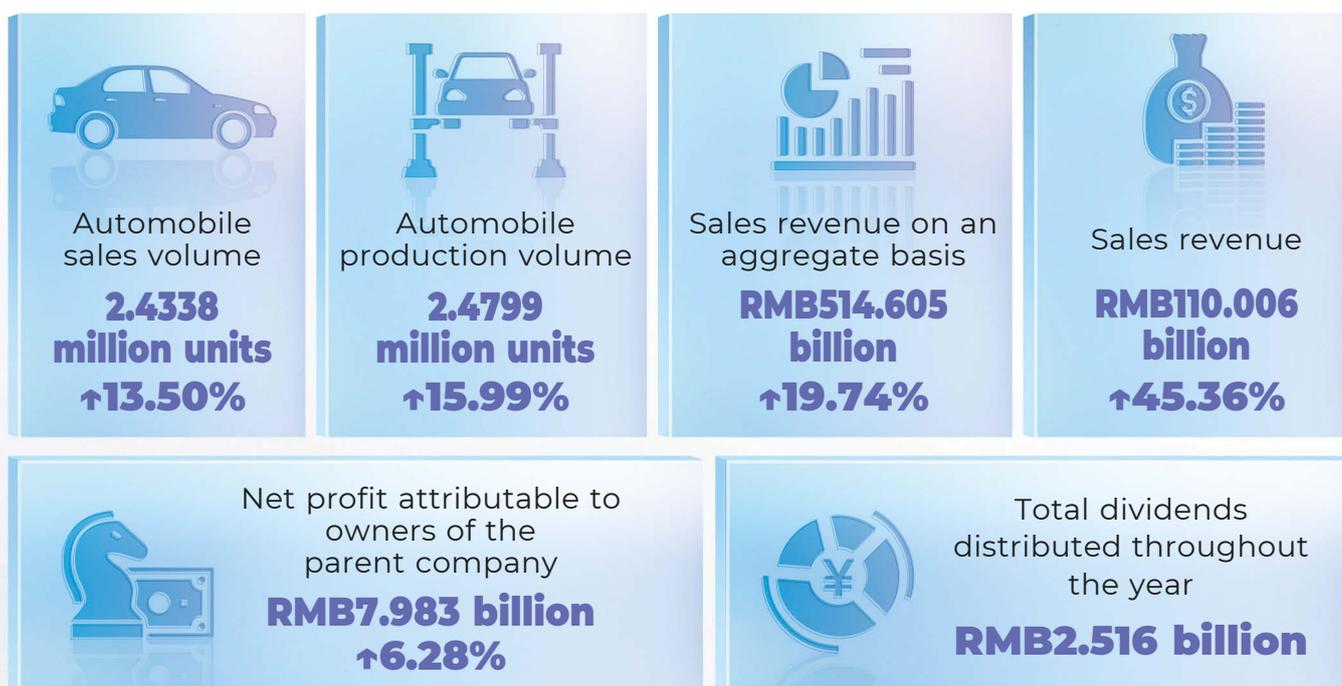
Dear shareholders,

The year 2022 marks the 25th anniversary of GAC Group, which is also a crucial year for the Group's implementation of the "14th Five-Year" development plan. Amidst the intricate international environment and domestic situation characterised by unpredictability and volatility, the industrial transformation and adjustment were accelerating remarkably this year. Confronted with the extremely challenging risks, the Group focused on steady growth, supply preservation, structural adjustment, market expansion, quality improvement and efficiency enhancement, with its capabilities covering enterprise competitiveness, innovation, control, influence and risk resistance comprehensively enhanced. Our independent innovation, brand image as well as comprehensive strength leaped forward to a new landmark, which represented a brilliant snapshot and convincing corroboration of the achievements and transformation of historic significance which the Party and our country have accomplished in various undertakings. On behalf of the Board, I would like to express my heartfelt gratitude to our shareholders, customers, employees, partners and people from all walks of life.

**Thrived on the challenges, while production and operation sustained growth against the unfavourable trend.** Various adverse factors such as the shortage of chips and components, the hindered logistics and terminal sales, and the dramatically soaring price of raw materials propelled the Group to preserve supply chain stability by all means. The main operating indicators achieved a vigorous growth at an overall speed much faster than the industry average. During the year, the vehicle production and sales volume of the Group were 2,479,900 units and 2,433,800 units respectively, representing a significant year-on-year increase of 15.99% and 13.50% respectively against the adversity, which outperformed the industry average by an excess of 12.6 and 11.4 percentage points respectively. The Group has maintained its position as the fourth place among domestic automobile enterprise groups in terms of production and sales scale, with its market share increased to approximately 9.1%.

## CHAIRMAN'S STATEMENT

Two self-developed brands delivered conspicuous results with the aggregated sale volume of 633,700 units hitting a record high, comprising of GAC Trumpchi, which has achieved a sale volume of 362,500 units, representing a year-on-year increase of 11.83%, and GAC AION which has achieved a sale volume of 271,200 units, representing a year-on-year increase of 125.67%. The overall development presents a satisfactory trend of high quality, effectiveness with promising potential. The Group recorded sales revenue of approximately RMB514.605 billion on an aggregated basis, representing a year-on-year increase of approximately 19.74%. The Group recorded the sales revenue of approximately RMB110.006 billion, representing a year-on-year increase of approximately 45.36%. The net profit attributable to owners of the parent company was approximately RMB7.983 billion, representing a year-on-year increase of approximately 6.28%; and the basic earnings per share was approximately RMB0.77, representing a



year-on-year increase of approximately RMB0.04. GAC was included in the Fortune Global 500 List for the tenth consecutive year, with the ranking of No.186 for the year 2022. In order to effectively return value to shareholders, the Board proposes to distribute to all shareholders a final dividend of RMB1.8 (tax inclusive) for every 10 shares. The total amount of dividends for distribution throughout the year amounts to approximately RMB2.516 billion.

## CHAIRMAN'S STATEMENT

**Complemented and strengthened our business chain, and constructed a diversified industrial ecosystem.** Based on the national strategy “Dual Carbon”, the Group proactively promoted the implementation of the “GLASS Plan” and the “2<sup>o</sup> Energy Action”, and accelerated the construction of the vertically integrated new energy industry chain layout of “lithium mine + basic lithium raw material production + battery production + energy storage, charging and swapping services + battery rent + battery recycle and cascade utilisation”, with a view to reducing the cost of industry chain, realising the autonomy and controllability of the entire industrial chain, and improving the core competitiveness of the industry chain. Focusing on the supply chain and user needs to further extend the industrial chain, the Group has accelerated the expansion of upstream projects in the industrial chain such as mining prospecting to create an energy ecosystem. The construction of an independent power battery industrialisation project has been smoothly initiated – IMPOW Battery, thereby filling the gap of research-production integration for the battery industry in Guangzhou. The Group established Ruipai Power to promote the integration of R&D, trial production, testing and mass production for self-developed electric drive system. The Group also established GAC Energy to accelerate the establishment of the charging-swapping-storage energy replenishment ecology and the battery recycling ecology. The Group exerted its guiding role as “leading enterprise of the industry chain” to build the ecological carrier for industrial clusters, among which, the production commences at GAC AION second intelligent manufacturing center as its construction has been completed, and the GAC Zhilian New Energy Automotive Industrial Park has absorbed investments amounting to RMB45.33 billion. Relying on the preponderant platforms such as the ICV & NEV Industry Alliance of Pearl River Delta & Greater Bay Area, the Group will further integrate the superior resources along the upstream and downstream of the industrial chain, so as to construct an industry cluster center for ICV and NEV in the Greater Bay Area and build a global innovation hub of ICV and NEV through creating a “Circle of Partners” in the GAC ecosystem that integrates innovation, co-prosperity and symbiosis.

**Leading-edge innovation expedited the “New Four Modernisations” transformation.** We persevered in scientific self-reliance and constantly reinforced our mastery of key core technologies. During the year, approximately RMB6.5 billion was invested in R&D, and 3,255 new applications for patents were submitted, of which 1,316 were invention patents, amounting to a total of over 14,000 patent applications, including more than 5,000 invention patent applications. Our patents have been honoured with the China Appearance Patent Gold Award, the 2022 International CMF Design Award and several science and technology awards at different levels. In the field of energy conservation and



**GAC AION Second Intelligent  
Manufacturing Center**



**GAC L4 ROBOTAXI Fleet**



## CHAIRMAN'S STATEMENT

new energy, the Group released the Mega Waves Hybrid Modular Architecture, and promoted the research and development of high-efficiency engine technology with lower carbon footprints. The self-developed high-performance hybrid system has gone into mass production, which was awarded the "China Heart" Top 10 Engine and Hybrid System prize for the year 2022. The highest thermal efficiency of the 2.0 ATK engine as validly recognized is 44.14%, reaching an internationally advanced level. The self-developed "four-in-one" electric drive system was officially launched, thereby realising the in-depth integration of "dual motor + controller + two-gear reducer". The self-developed microcrystalline SmLFP will effectively solve the existing problems in LiFePO<sub>4</sub> battery such as slow charging rate, limited battery capacity and weak performance. In the field of intelligent connectivity, the development of the electrical architecture "X-soul" is progressing smoothly and is scheduled to be mass-produced for installation in 2023, aiming at becoming the first mass-produced electrical architecture equipped with vehicle-cloud integration in China. With the introduction of ADiGO PILOT intelligent driving system, NDA Advanced Driver Assistance System realises intelligent travel in all scenarios. With the smart driving function with a focus on super parking at the "last mile", the system supports more than 50 complex parking scenarios. The demonstrations for the unmanned Robotaxi are in operation, the commercialisation of which will be vigorously promoted.

**Simultaneously sought for breakthrough and revitalisation when the revolution is surmounting the obstinate obstacles.** 2022 marks the final year of the "Double-Hundred Reform". With comprehensive reform actions such as, the improvement campaign that benchmarked against first-class management, and the three-year reform of state-owned enterprises, the Group has fully completed various specific reform actions, especially in the optimisation of corporate governance, the tripartite institutional reforms and the mixed ownership reform, in all of which milestone reform achievements have been consummated. The Group was selected as an outstanding "Double Hundred Enterprise" and a "Practitioner in Management Benchmark Establishment" by the State-owned Assets Supervision and Administration Commission of the State Council. The Group completed the engagement of 8 professional managers through a combination of reappointment and open recruitment, improved the appraisal mechanism of professional managers, and strengthened the precise and rigid appraisal over the professional managers subject to effective incentives as well as restraints. The Group impelled the mixed ownership reform in investee entities, distributed the share incentives to employees of GAC AION, entitled the GAEI technical personnel to hold the shares of GAC AION, fulfilled the share reform and Series A financing for GAC AION, having attracted policy-inducing strategic investors which have substantial market influence and industrial synergy, contributing to an accumulated amount of RMB20.86 billion being raised throughout the year. As a result, the post-Series A valuation of GAC AION has exceeded RMB100 billion, further consolidating the foundation for development. In addition, ON TIME and Juwan Technology Research each raised funds of approximately RMB1 billion during the year, and have been shortlisted into the "Forbes China 2022 Emerging Unicorn List" simultaneously, which stimulate vital corporate development in a continuous manner.

## CHAIRMAN'S STATEMENT

At present, in the midst of the unprecedented, once-in-a-century change in the world which evolves rapidly, China is embarking on a great new journey of comprehensively building a modernised socialist country. In response to such a momentous instant, the Group made interim adjustments in response to the "14th Five-Year Plan" when it discerns the profound changes in the internal and external environments. In accordance with the philosophy of "manufacturing industry predominates" by Guangdong Province and the major strategic deployment of "industries as the top priority; manufacturing industry lays the foundation of the city" by Guangzhou, the Group has planned the development blueprint "Trillion GAC" and proposed the "1578 Development Outline of the Trillion GAC". It is envisioned that by the end of the "14th Five-Year Plan" period, the Group's production and sales volume will reach 3,300,000 units, striving to challenge the milestone of 3,650,000 units, with new energy vehicles accounting for more than 25% of the Group's total vehicle production and sales. By 2030, the Group will **endeavor to achieve one goal**: with production and sales volume exceeding 4.75 million vehicles, annual revenue (on a combined basis) amounting to RMB1 trillion, and profits tax amounting to RMB100 billion, aiming at becoming a world-class high-tech enterprise characterised by excellent products, distinguished brand image, cutting-edge innovation and modernised governance; **create momentum for five increment aspects**, including transformative upgrade of vehicle manufacturing, enhancement and extension of components industry chain, intellectualisation of commerce and mobility transportation, energy and ecological empowerment, and courageous international expansion; **consolidate seven segments**, including research and development, manufacture of vehicles, parts and components, commercial services and mobility transportation, energy and ecology, internationalisation, investment and finance; **implement eight initiatives**, including deepening the reform of the system and mechanism, paying balanced attention to self-development and capital injection regarding technological innovation, executing all-out upgrading of self-developed brands, reinforcing and extending the industry chain for structural optimisation, comprehensively developing energy ecology, arranging in-depth deployment of software business, seeking key breakthroughs in overseas markets, and exploring innovation in smart transportation models.

The year 2023 will be the first year for thorough implementation of the spirit of the 20th National Congress of the Communist Party of China and also a critical year for the Group's high-quality development, which will lay the cornerstone for "Trillion GAC". Oriented by the development programs under the "14th Five-Year Plan" and the magnificent blueprint of "Trillion GAC", we will manifest the dominant position of manufacturing industry and focus on high-quality development as the top priority, so as to realise an innovative, efficient, profitable, resilient and sustainable development by all means. The Group will place emphasis on increment improvement, stock vitalisation and variable catalysis, striving for the challenging goal of a 10% year-on-year growth in automobile production and sales volume while continuing to maintain a growth trend higher than the industry average.



## CHAIRMAN'S STATEMENT

**To adhere to strategic leadership through anchoring at the orientation towards high-quality development.**

Focusing on the transformation of the “New Four Modernisations” by complementing and strengthening the industry chain, the Group endeavours to create three key ecosystem carriers, namely, the “ecosystem for carrier of energy technology”, the “ecosystem for carrier of industrial chain” and the “ecosystem for carrier of industrial cluster” to preempt the niche market of intelligent NEV which shall characterise Guangzhou as a tera-scale “City for Intelligent Vehicle”. Through the three-pronged approach of “independent R&D + JV cooperation + M&A investment”, the Group will accelerate the development of core parts and components while expediting the roll out of homebred chips and software as substitution, so as to speedily excavate a “moat” of autonomy and controllability along the core industry chain. In order to shape its core product competitiveness and brand power, the Group will intensify the overwhelming superiority derived from independent brands and prioritise the marketing of “XEV+ICV” alongside the “EV+ICV”. The Group has founded Youpai Energy Technology Co., Ltd. as the Group’s mainbody in energy segment to accelerate the integration of resources in the energy ecosystem business with a diversified energy ecosystem established, which in turn generates new growth for the hundred billion-level industry. In virtue of accelerating internationalisation and the synergy of R&D, production, supply and marketing, the Group will vigorously expand its overseas market and export its self-developed brand products, which is expected to usher in a new path for the Group to achieve steady growth and sustainable development.

**To persist in benchmarking against forefront industry players, and motivate the vitality of high quality development.**

By adhering to the principle of “supremacy of consumers”, the Group will concentrate its efforts in product excellence and implement the product strategy of “smart appearance + cost-effective leadership”, with a view to rapidly rolling out the desirable products that could satisfy the consumers’ ever-changing needs, precisely cultivating our flagship products. From the perspective of brand awareness, the Group will profoundly integrate brand building into operational management, continue to promote the integration between brand and quality, brand and innovation, brand and international development, brand and capital, brand and corporate culture, thereby giving full demonstrative effect arising from brand building. Consciousness for pioneering innovation, as well as making breakthrough in the critical fields and the “bottleneck” technologies, will accelerate the commercialisation of independent R&D achievements and incubating new businesses, inventing more original and strategic technologies that serve the national strategies and enterprise development. To render effective modernised governance, the Group will perfect the corporate governance mechanism of “statutory and transparent rights and responsibilities, coordinated operation and effective balances”, adhere to and improve the high-quality development standard system, and practically enhance the ability of value creation and sustainable development.

## CHAIRMAN'S STATEMENT

**To persist in deepening reforms and enhance the impetus for high-quality development.** By adhering to the combination of comprehensive reform and tailormade reform, the Group will customise the reform and development opinions for subordinate enterprises in accordance with the principle of “one enterprise, one policy”, promote mixed ownership reform by categories and hierarchies, and accelerate the spin-off of GAC AION. The Group will further improve capabilities on the use and operation of capital, deploy innovation chains encompassing the industrial chains which in turn improve the maturity of capital chains, vigorously promote forward-looking layout through the establishment of industrial investment funds, systematically carry out capital operations in the fields of raw materials, chips, etc. in the upstream of NEV industry, and forge a development pattern where technological innovation, industrial development, and capital empowerment are organically converged and coordinated in benign interaction. The Group will also strengthen the precise incentives for scientific and technological innovation talents, promote the exhaustive industry-university-research integration, and cultivate top-notch innovative talent teams and outstanding engineer groups, as well as to accelerate the digital transformation, comprehensively promote digital upgrades in production and operation, deploy the digitalisation along the entire industrial chain, facilitate the digital revolution, and empower the transformation of the Group into a technology company.

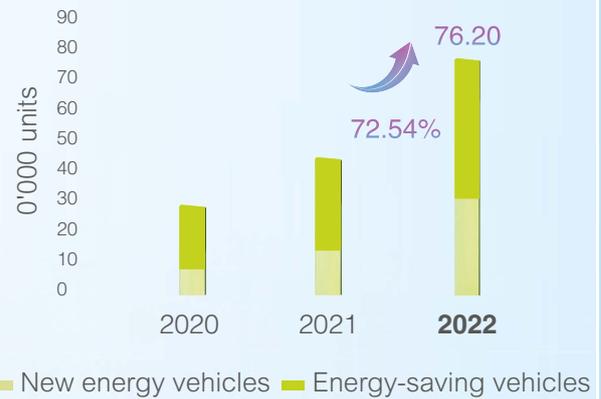
The 20th National Congress of the Communist Party of China has initiated a new journey to forge ahead, which marks the critical period of us marching towards the second centennial goal and realising the great rejuvenation of the Chinese nation. Overlooking the new journey, emerging pattern and fresh opportunities, GAC Group has portrayed the magnificent blueprint of “Trillion GAC”, and is striving to become a world-class technology company characterised by its “excellent products, distinguished brand image, cutting-edge innovation and modernised governance”. The journey is long and arduous but we will get through with determination and perseverance. We will advocate a high-quality development, uphold the dominant position of the manufacturing industry, undertake the challenging missions to plough through, while in response to the challenges and hardship, we will unremittingly explore new paths, shape new strengths, and stimulate new momentum. Striving onwards as a pioneer to embrace the new horizons for high-quality development, GAC is exploring its practice for and contributing its strength to the promotion of modernisation with Chinese characteristics.

# MAIN OPERATING INDICATORS

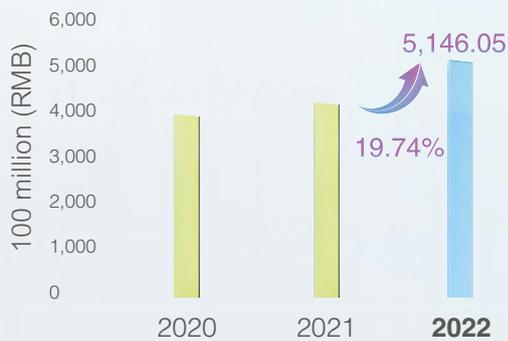
### Vehicle sales volume of the Group



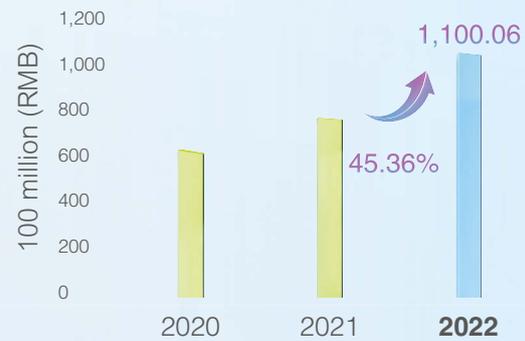
### Energy-saving and new energy vehicle sales volume of the Group



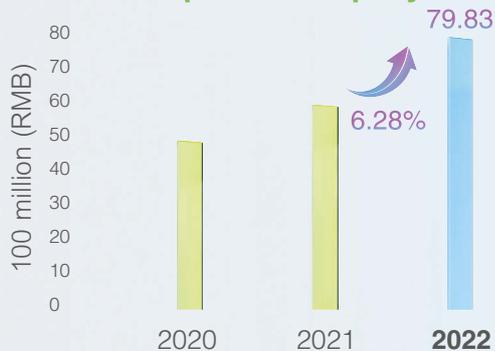
### Sales revenue on an aggregated basis



### Sales revenue



### Net profit attributable to owners of the parent company



### Expenditures in research and development



# CORPORATE PROFILE AND SUMMARY OF BUSINESS



## Chapter 2

# CORPORATE PROFILE AND SUMMARY OF BUSINESS

## I. CORPORATE INFORMATION

Chinese name of the Company	廣州汽車集團股份有限公司
Chinese abbreviation	廣汽集團
English name of the Company	Guangzhou Automobile Group Co., Ltd.
English abbreviation	GAC Group
Legal representative	Zeng Qinghong

## II. CONTACT PERSON AND CONTACT METHOD

	<b>Company Secretary/Secretary to the Board</b>
Name	Sui Li
Address	GAC Centre, No. 23 Xingguo Road, Zhujiang New Town, Tianhe District, Guangzhou
Telephone	020-83151139
Facsimile	020-83150319
E-mail	ir@gac.com.cn

## III. BASIC INFORMATION

Registered address of the Company	23/F, Chengyue Building, 448-458 Dong Feng Zhong Road, Yuexiu District, Guangzhou
Office address of the Company	GAC Centre, No. 23 Xingguo Road, Zhujiang New Town, Tianhe District, Guangzhou
Postal code of the Company's office address	510623
Head office and principal place of business in Hong Kong	Room 808, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong
Company's website	www.gac.com.cn
E-mail	ir@gac.com.cn
Investor hotline	020-83151139 Ext.3

## IV. INFORMATION DISCLOSURE AND PLACE OF INSPECTION

Names of the media for annual report disclosure of the Company	China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
Website of the SSE for annual report disclosure of the Company	www.sse.com.cn
Website of the Stock Exchange for annual report disclosure of the Company	www.hkexnews.hk
Place of inspection of the annual report of the Company	22/F, GAC Centre, No. 23 Xingguo Road, Zhujiang New Town, Tianhe District, Guangzhou

## CORPORATE PROFILE AND SUMMARY OF BUSINESS

### V. INFORMATION ON THE COMPANY'S SHARES

<b>Class of shares</b>	<b>Stock exchange of listing shares</b>	<b>Stock abbreviation</b>	<b>Stock code</b>
A shares	SSE	GAC GROUP	601238
H shares	Stock Exchange	GAC GROUP	02238

### VI. OTHER RELEVANT INFORMATION

Auditors (domestic)	Name	ShineWing Certified Public Accountants LLP
	Business address	8/F, Block A, Fu Hua Mansion, No.8, Chaoyangmen Beidajie, Dongcheng District, Beijing
	Name of signatory accountants	Chen Jinqi, Ou Jinguang
Auditors (overseas)	Name	PricewaterhouseCoopers
	Business address	Certified Public Accountants and Registered PIE Auditor 22/F, Prince's Building, Central, Hong Kong
	Name of signatory accountant	Lam Wai Nang
Sponsor performing continuous supervisory duty during the reporting period	Name	China International Capital Corporation Limited
	Business address	27th Floor & 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing
	Name of the chief signatory of financial advisors	Zhou Jiaqi, Zhang Xiqing
	Period of continuous supervision	The Company completed the non-public issuance of A shares in November 2017, during which the corresponding continuous supervision period was from 17 November 2017 to 31 December 2018, and the sponsor continued to perform the relevant ongoing supervision obligations before the raised proceeds were fully utilised
H share registrar of the Company	Name	Tricor Investor Services Limited
	Address of the registrar	17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

# CORPORATE PROFILE AND SUMMARY OF BUSINESS

## VII. SUMMARY OF BUSINESS

The existing principal businesses of the Group consist of research and development, manufacture of vehicles (vehicles and motorcycles), parts and components, commercial services, financial services and mobility transportation, which form a complete closed-loop industry chain.

### 1. Research and development

The Group's R&D is based on GAEI, a directly funded and managed body of the Company, and also a subsidiary of the Company and a strategic business division operating relatively independently within the authorised scope. It is mainly responsible for the Group's general development plan of new products and new technologies, as well as implementation of material R&D projects.



### 2. Manufacture of vehicles

(1) **The manufacture of passenger vehicles is mainly conducted through subsidiaries, including GAMC, GAC AION and joint ventures, including GAC Honda, GAC Toyota and GAC Mitsubishi.**



➤ **Products:** The Group's passenger vehicles include 16 series of sedans, 30 series of SUV and 4 series of MPV.



During the reporting period, the Group launched new or upgraded models such as GAC Trumpchi EMKOO, M8 Grandmaster, GAC AION Y Plus, GAC AION LX Plus, GAC Toyota Frontlander, Venza (including HEV), bZ4X, GAC Honda ZR-V, e:NP1, new Breeze, new Vezel, GAC Mitsubishi Airtrek, etc.



## CORPORATE PROFILE AND SUMMARY OF BUSINESS

### **Fuel-engined vehicle products of the Group mainly include:**

- GAC Trumpchi Empow, GS4, GS8, M8, Emkoo, etc.;
- GAC Honda Accord, Integra, Veluzel, Fit, Breeze, etc.;
- GAC Toyota Camry, Levin, Wildlander, Yaris L, Frontlander, Venza, etc.;
- GAC Mitsubishi Outlander, etc.;

### **Energy conservation and new energy products of the Group include:**

- GAC Trumpchi GS4 · PHEV, GS8 HEV, etc.;
- GAC AION AION S, AION Y, etc.;
- GAC Honda Accord Sport Hybrid, Odyssey Sport Hybrid, e:NP1, ZR-V e:HEV, etc.;
- GAC Toyota Camry HEV, Highlander HEV, Levin HEV, Sienna, BZ4X, etc.;
- GAC Mitsubishi Airtrek, etc.;

The commercial vehicles are mainly manufactured by GAC Hino, a joint venture, and GAC BYD, an associated company. Main products include light and heavy trucks, construction vehicles and large to medium-sized passenger vehicles, etc.

- **Production capacity:** During the reporting period, the construction of GAC AION intelligent ecological factory capacity expansion project (Phase II), GAC AION second intelligent manufacturing center and GAC Toyota's new energy vehicle capacity expansion project (Phase II) were completed and put into operation. As at the end of the reporting period, the total vehicle production capacity amounted to 3,065,000 units per annum.

## CORPORATE PROFILE AND SUMMARY OF BUSINESS

- **Sales channel:** In order to flexibly respond to market changes, the Group actively explored the innovation of marketing models and created a dual-track model of “Direct Sales+Distribution, Online+Offline, Automobile City+Commercial Supermarkets”. Centering on the customers’ demand for online consumption, the Group focused on the operational management of new media and construction on digitalisation, constantly launched and optimised its order tools for online direct sales, dedicated to improve the operating efficiency of APPs deployed in various OEMs to provide superior purchasing experience for customers. The Group conducts automobile sales through sales outlets and online channels. As at the end of the reporting period, the Company, together with its joint ventures and associated enterprises, had 2,684 passenger vehicle 4S sales outlets covering 31 provinces, counties, autonomous regions and municipalities in the PRC. GAC International has established a total of 120 outlets around the world, with its sales and service business covering 28 countries and regions.

### (2) Motorcycles

The Group manufactures motorcycles through its joint venture Wuyang-Honda. Main products include standard motorcycles, sport bikes and scooters, etc. As at the end of the reporting period, the total production capacity of motorcycles of the Group was 1.25 million units per annum.

### 3. Commercial and mobility transportation services

Mainly through its subsidiary, GAC Business, its controlling and investee companies, GAC International, Da Sheng Technology, and its associated company “ON TIME” etc. in the upstream and downstream of the automobile industrial chain, the Group carried on businesses in vehicle sales (export inclusive), logistics, international trading, second-hand vehicles, end-of-life vehicles disassembling, resources recycling, supporting services, digitalisation and mobility transportation services, etc.



## CORPORATE PROFILE AND SUMMARY OF BUSINESS

### 4. Parts and components

The Group's production of parts and components was mainly carried out through the controlling, jointly controlled, investee companies of its subsidiary, GAC Component, and GAC Toyota Engine and Shanghai Hino, the Group's associated companies. The parts and components include engines, gearboxes, car seats, micro motors, shifter, electric controller, interior and exterior decorations. The products were mainly accessories for manufacture of vehicles of the Group.



### 5. Finance

The Group carried on financial investment, insurance, insurance brokerage, finance lease, automobile credit, and other related businesses mainly through its subsidiaries, namely GAC Finance Company, China Lounge Investments, GAC Capital, Urtrust Insurance, and its joint venture, GAC-SOFINCO, etc.





## CORPORATE PROFILE AND SUMMARY OF BUSINESS

### **VIII. ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD**

The Group persisted in promoting development through innovation and reform, continued to deepen the reform on system and mechanism with increasingly mature governance, took the lead in carrying out the reform of professional managers among state-owned enterprises in Guangzhou. The Group also continued to optimise the functions of organisational structures, established and perfected diversified incentive mechanisms, steadily promoted the mixed ownership reform of investment enterprises, actively promoted digital transformation and core competitiveness was continuously enhanced.

#### **1. Industry layouts with complete industry chain and optimised structure**

The Group has formed an industrial strategic layout based in South China and radiating to Central China, East China and Northwest China and a complete closed-loop industrial chain centering upon manufacture of vehicles and covering R&D of vehicles and parts and components in the upstream and automobile business, financial service and mobility service in the downstream, which is one of the automobile groups in the PRC with the most integrated industrial chain and the most optimised industry layout. The synergy in the upstream and downstream of the industrial chain progressed gradually, new profit growth points have been emerging and the comprehensive competitiveness of the Group has been constantly enhanced. During the reporting period, the construction of GAC AION intelligent ecological factory capacity expansion project (Phase II), GAC AION second intelligent manufacturing center, and GAC Toyota's new energy vehicle capacity expansion project (Phase II) were completed and put into operation, and GAC Energy, IMPOW Battery and Ruipai Power (銳湃動力) were founded, thereby improving the layout of NEV industry.

#### **2. Advanced manufacturing, craftsmanship, quality and procedural management**

The Group has comprehensive advantages in terms of manufacturing, craftsmanship, quality and procedural management which mainly include: (1) the world's leading quality advantage; (2) innovative advantage brought by "continuous improvement"; (3) cost advantage brought by the pursuit of excellence.

## CORPORATE PROFILE AND SUMMARY OF BUSINESS

### **3. Continued to enrich product line and optimise product structure**

The Group has a full range of products including sedans, SUV and MPV and continued to research and develop and introduce new models and product iterations to maintain market competitiveness of its products in order to meet changes in consumer demand. It maintained customer loyalty and a widely recognised brand reputation. During the reporting period, the Group launched new or facelift models such as GAC Trumpchi EMKOO, M8 Grandmaster, GAC AION Y Plus, AION LX Plus, GAC Toyota Frontlander, Venza (including HEV), bZ4X, GAC Honda ZR-V, e: NP1, new Vezel, new Breeze, Integra (e: HEV), GAC Mitsubishi Airtrek, new Outlander, etc.

### **4. Initiated the “GAC Model” for the R&D and production system of self-developed brands**

After years of introduction, digestion, absorption and innovation, the Group accumulated funds, technologies, talents and experience, and formulated a world-class production system. For R&D, through the integration of advantageous global resources and the establishment of a global R&D network, the Group has formed a cross-platform and modular-structured forward development system, and has been equipped with the advantage of integrated innovation. The Group also owns nationally recognised enterprise technology center, overseas high-level talent innovation and entrepreneurship base, national demonstration base for talent introduction, academician workstation, postdoctoral research workstation and other innovation platforms. Overall supervision system of vehicle models and incentive mechanism of model team were comprehensively implemented to form a system and mechanism for the integration of research, production and sale with high efficiency and mutual benefit. During the reporting period, GAC European R&D Center as well as GAC Milan Prospective Design Center opened for operation in Milan, Italy, thereby extending the global R&D network of GAC.



## CORPORATE PROFILE AND SUMMARY OF BUSINESS

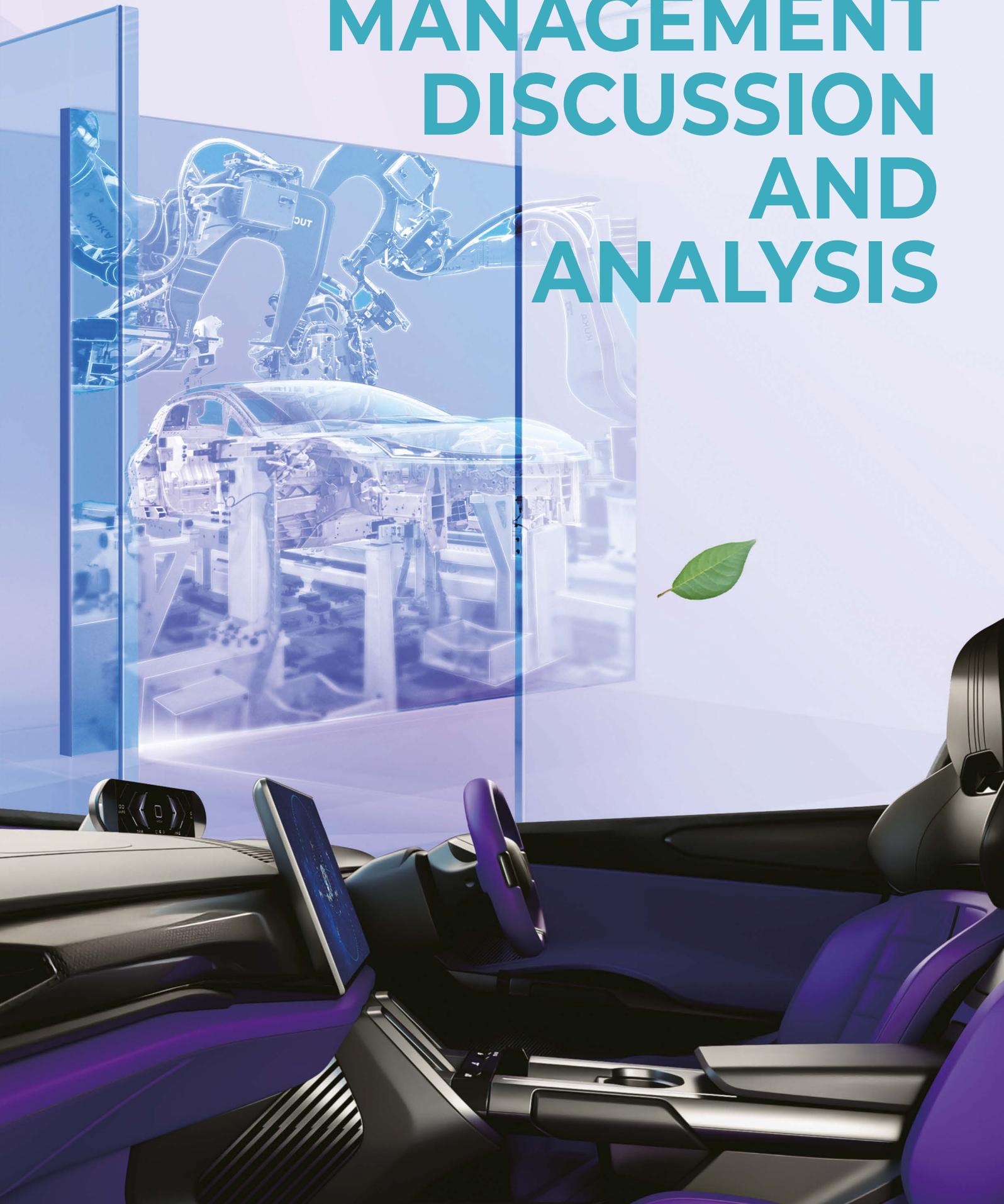
### **5. Leading independent R&D abilities of NEV and ICV**

For the new energy field, the Group has the leading exclusive PEV platform GEP3.0, the first application of the deep-integrated “three-in-one” electric automobile system and two-gear dual-motor “four-in-one” integrated electric automobile system. The Group deeply engaged in the independent research and development as well as the industrial application of power battery and battery cells, self-developed power battery technologies such as sponge silicon anode battery technology, ultra-fast charging battery technology and the magazine battery system safety technology. These help creating the AION series and the Hyper series, which are new energy vehicle product systems based on the new exclusive PEV platform. The Group has also successfully introduced a variety of new energy products to the joint ventures. In the field of energy conservation, the Group established the Mega Waves Hybrid Modular Architecture adopting platform-based modular designs, which were available for assembly of the powertrain system self-adaptive to all XEV models (i.e. hybrid models such as HEV and PHEV). In the field of ICV, the Group has independently developed the ADiGO PILOT intelligent driving system (including NDA advanced driver assistance system, super parking, and unmanned driving) and the centralised computing electronic and electrical architecture “X-soul” equipped with vehicle-cloud integration. During the reporting period, GAC’s self-developed high-performance GMC hybrid system (2.0ATK engine+GMC2.0 electromechanical coupling system) has been equipped on Trumpchi EMPOW and EMKOO (hybrid version) for launching. The functions including ADiGO PILOT NDA advanced driver assistance system and super parking have been installed in AION LX plus, Trumpchi EMKOO for mass production, and ADiGO SPACE smart cockpit has been equipped in Trumpchi EMKOO, AION Y Plus and other models for mass production.

### **6. Connection to worldwide capital operation platforms**

The Group successfully built capital operation platforms in both A share and H share markets, which are favourable to the Group in adequately leveraging on investment and financing instruments in various forms from domestic and overseas capital markets to achieve effective resources allocation and realise the maximisation of capital appreciation and corporate value through the integration of internal and external growth. The Company explored structural reform in governance, continued to improve mid-term and long-term incentive mechanism and to expand its investment and financing sector, optimised financing structure, and the role of finance in supporting the main business has been significantly enhanced.

# MANAGEMENT DISCUSSION AND ANALYSIS



## Chapter 3

# MANAGEMENT DISCUSSION AND ANALYSIS

## 1578 Development Outline of the Trillion GAC

### To achieve *one* goal

Production and sales volume exceeding

**4.75** million vehicles

Revenue amounting to

RMB **1** trillion

Profits tax amounting to

RMB **100** billion

Excellent products  
Distinguished brand image  
Cutting-edge innovation  
Modernised governance

Note: revenue represents the sales revenue on an aggregated basis

### To create momentum for *five* increment aspects

Transformative upgrade of **vehicle manufacturing**

Enhancement and extension of **parts and components** industry chain

Intellectualisation of **commerce and mobility transportation**

**Energy and ecological** empowerment

Courageous **international expansion**

### To consolidate *seven* segments

Research and development

Manufacture of vehicles

Parts and components

Commerce and mobility transportation

Energy and ecology

Internationalisation

Investment and finance

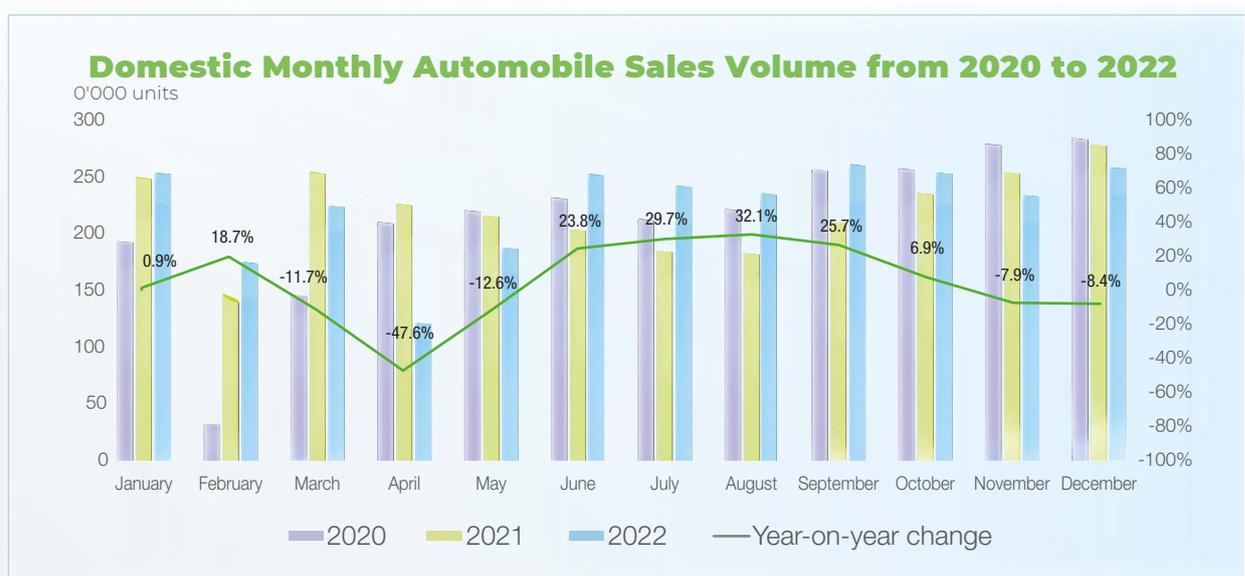
### To implement *eight* initiatives

- Deepening the reform of the **system and mechanism**
- Paying balanced attention to self-development and capital injection regarding **technological innovation**
- Executing all-out upgrading of **self-developed brands**
- **Reinforcing and extending the industry chain** for structural optimisation
- Comprehensively developing **energy ecology**
- Arranging in-depth deployment of **software business**
- Seeking key breakthroughs in **overseas markets**
- Exploring innovation in **smart transportation** models

## MANAGEMENT DISCUSSION AND ANALYSIS

### I. ANALYSIS ON INDUSTRY ENVIRONMENT

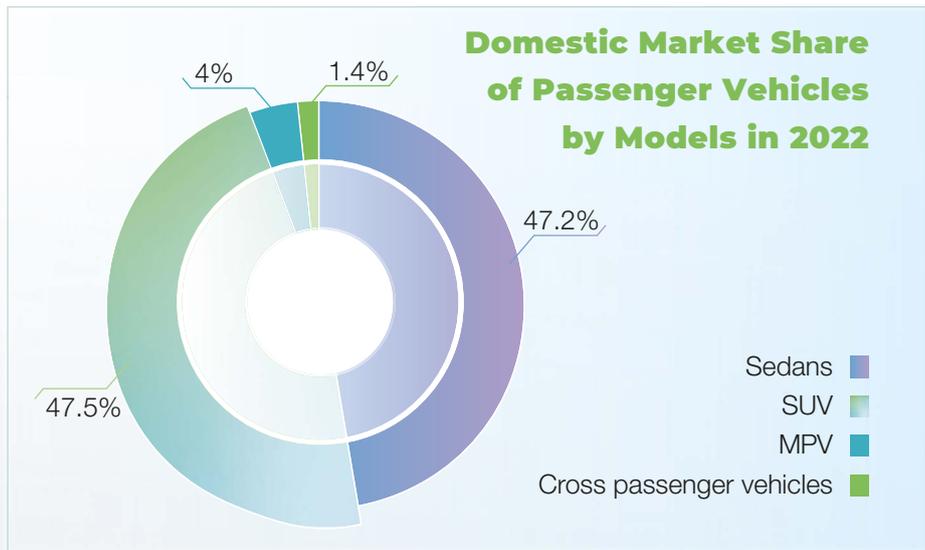
In 2022, under the circumstances of intricate and rigorous international landscape, multiple unanticipated factors have imposed a severe impact on economic operation. As China prospectively implemented the established policies and initiatives, continued to promote structural reforms on the supply end, timely introduced a series of policies and follow-up measures for economy stability, and implemented multiple measures in response to the outstanding contradictions of insufficient effective demand which were conducive to investment expansion, consumerisation and steady foreign trade performance, the overall economic structure were stabilised to operate within a reasonable range. Confronted with the severe challenges likewise, the automobile industry has experienced and conquered various unfavorable factors such as the structural shortage of chips and the continuing high price of raw materials, maintained the momentum of recovering growth, and realised a sound growth trend while maintaining stability throughout the year in terms of automobile production and sales. The annual domestic production and sales volume of vehicles in 2022 were 27,021,000 units and 26,864,000 units respectively, representing a year-on-year increase of 3.4% and 2.1% respectively. The production and sales volume continued to be the first in the world.



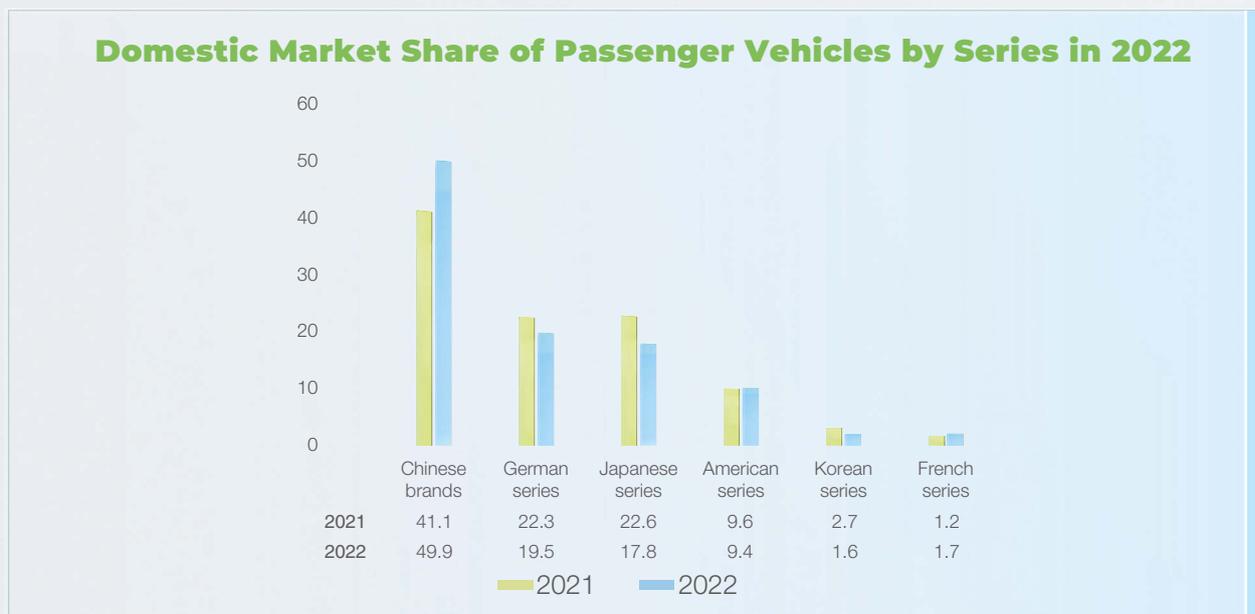
In terms of segment market, in 2022, the production and sales volume of passenger vehicles were 23,836,000 units and 23,563,000 units respectively, representing a year-on-year increase of 11.2% and 9.5% respectively. Among them, the growth rate of sales volume of high-end brand passenger cars slowed down with a year-on-year increase of 11.1%, which was 1.6 percentage points higher than that of passenger cars. Among the main varieties of passenger vehicles, the annual production and sales scale of SUV still surpassed that of sedans and ranked the first place, with production and sales volume reaching 11,381,000 units and 11,187,000 units respectively, representing a year-on-year increase of 13.5% and 10.8%; sedans maintained a vigorous growth trend in 2022, with production and sales volume reaching 11,187,000 units and 11,116,000 units, a year-on-year increase of 12.5% and 11.5%; the production and sales of MPV and cross passenger vehicles have experienced a significant

# MANAGEMENT DISCUSSION AND ANALYSIS

decline, among which, the production and sales volume of MPV sagged below one million units respectively, amounting to 951,000 units and 937,000 units, a year-on-year decrease of 11.3% and 11.2%; the production and sales volume of cross passenger vehicles were 317,000 units and 323,000 units, a year-on-year decrease of 20.3% and 17.4%.

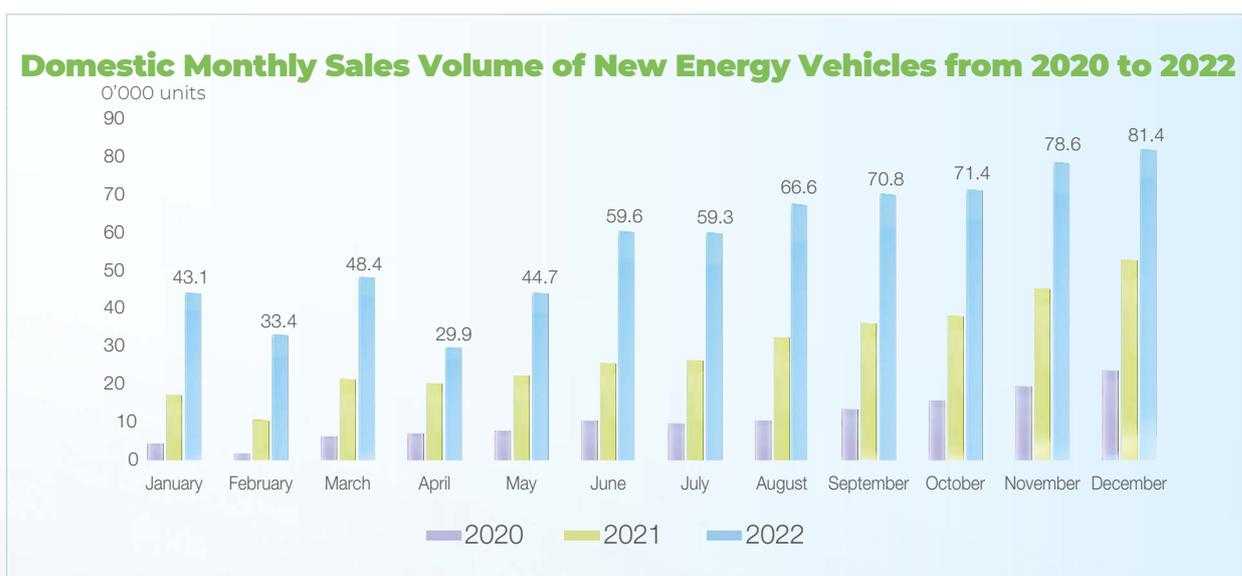


Among which, 11,766,000 units of passenger vehicles of Chinese brands were sold, representing a year-on-year increase of 22.8%, accounting for 49.9% of the total sales volume of passenger vehicles. Among the major foreign brands, when compared with the previous year, except for French series bearing a slight increase in the proportion of total sales of passenger vehicles, German series, Japanese series, American series and Korean series were all on a declining curve.



## MANAGEMENT DISCUSSION AND ANALYSIS

Affected by the prolonged cycle of truck replacement boom in the previous year, the production and sales volume of commercial vehicles have both dropped sharply. In 2022, the production and sales volume of commercial vehicles were 3,185,000 units and 3,300,000 units respectively, representing a year-on-year decrease of 31.9% and 31.2% respectively.



Note: The above industry data was from CAAM.

The tremendous growth momentum of new energy vehicles remained unabated, with monthly production and sales hitting new highs in succession, and the overall performance of production and sales exceeded our expectations by virtue of the market share of 25.6%. In 2022, the production and sales volume of new energy vehicles were 7,058,000 units and 6,887,000 units respectively, representing a year-on-year increase of 96.9% and 93.4% respectively.

# MANAGEMENT DISCUSSION AND ANALYSIS

## II. ANALYSIS ON OPERATION OF THE COMPANY

### 1. Incrementally improve the automobile production and sales with more superior quality

During the reporting period, the Group effectively surmounted the difficulties such as the shortage of chips and components, the obstacles in logistics and terminal sales, and soaring price of raw materials, while sparing no effort to preserve stable supply, leading to a substantial growth in production and operation against adversity. In 2022, the vehicle production and sales volume of the Group were 2,479,900 units and 2,433,800 units respectively, representing a significant year-on-year increase of 15.99% and 13.50% respectively against the general sluggish trend, which outperformed the industry average by an excess of 12.6 and 11.4 percentage points, respectively; the Group maintained its position as the fourth place among domestic automobile enterprise groups in terms of production and sales scale, with its market share increased to approximately 9.1%.



In 2022, the production and sales volume of the Group's passenger vehicles were 2,479,400 units and 2,433,200 units, respectively, representing a year-on-year increase of 16.11% and 13.61%, respectively, while its market share in domestic automobile enterprise groups was approximately 10.33%. In terms of vehicle categories, the sales volume of sedans, SUV and MPV increased by 11.15%, 12.07% and 38.40% year-on-year, respectively. The production and sales volume of new energy passenger vehicles continued to maintain rapid growth, and its production and sales volume for the year were 315,900 units and 309,500 units, respectively, representing a year-on-year increase of 118.33% and 116.69% respectively, while the proportion of energy-saving vehicles continuously increased, with the production and sales volume for the whole year being 474,000 units and 452,500 units respectively, representing a year-on-year increase of 59.86% and 51.44% respectively. During the reporting period, the proportion of sales volume of the Group's energy-saving vehicles and new energy vehicles increased to 31.31%.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2. Self-developed brands hit new records

Through the implementation of the triennium adjustment plan and the adoption of a series of comprehensive adjustment measures to strengthen user operations, the product strength of the Group's self-developed brands has continued to improve, and the trend of stabilisation and improvement has become increasingly steady. In 2022, the production and sales volume of self-developed brands were 647,000 units and 633,700 units respectively, creating the best record in the development history of GAC's self-developed brand business, of which NEV sales accounted for about 43%.

#### (1) GAMC

Against the backdrop of a substantial year-on-year decline in the conventional energy vehicle market, GAMC's annual production and sales volumes were 373,500 units and 362,500 units, respectively, representing a year-on-year increase of 15.55% and 11.83%. GAMC has defined the unequivocal strategy of transforming itself into a comprehensive hybrid and new energy advocator, focusing on the "XEV+ICV" dual-core strategy, and accelerating the transformation into a technology-based and youth-oriented brand. For the year, new models and hybrid models such as Trumpchi EMKOO, M8 Grandmaster, and EMPOW Hybrid were released, making the Group rank first in terms of the sales volume of self-developed HEV brand. The annual sales of the M8 series exceeded 65,000 units, which has maintained the top-seller for the luxury MPV brand in China for 39 consecutive months; the sales volume of the second-generation Trumpchi GS8 exceeded 57,000 units, continuing to maintain the top-seller of gasoline-electric hybrid

#### M8 Grandmaster



The new generation of Trumpchi M8 Grandmaster is the flagship model of Trumpchi which appeared on the market in November 2022. It is equipped with a lion-dancing foreface, a longitudinal-framed grille, and the "awakening eye" headlights. It has luxurious and comfortable double-row seats, and a full-perspective center console + embracing cockpit design. The 2.0T+ fourth-generation THS hybrid system of the same model as Toyota combines efficient energy conservation with strong power, while the 360° omnibearing airbag restraint system could provide all-round bodywork protection.

#### Emkoo



Trumpchi Emkoo was launched in October 2022. It has three multicolor displays integrated in one machine: 14.6-inch large screen embedded onto central console equipped with giant screen technology + 10.25-inch LCD instrument panel + projective digital Windshield Head-up Display (W-HUD). The 2,750mm long wheelbase plus the sporty 1,901mm wide-body model provide a smooth driving experience with stretched transverse space. This model has 11 functions of L2 driver assistance system and super parking, being equipped with a 2.0L ATK high-efficiency engine + GMC 2.0 electromechanical coupling system supported by MEGA WAVE hybrid powertrain, which realises a vehicle WLTC fuel consumption of 4.76L/100km and acceleration time of 3.9s to complete 0-60km/h.

#### Empow Hybrid



Trumpchi Empow Hybrid was launched in October 2022, equipped with 2.0L ATK high-efficiency engine + GMC 2.0 electromechanical coupling system supported by MEGA WAVE hybrid powertrain, which realises a comprehensive power at 175kw, acceleration time of 3.4s to complete 0-60km/h, and 100km fuel consumption amounting to 4.33L (WLTC working condition). The ADiGO intelligent Internet of Vehicles ecosystem and L2-level intelligent driver assistance system installed therein provides a superior intelligent driving experience.

## MANAGEMENT DISCUSSION AND ANALYSIS

SUV in China. During the 25th anniversary of Hong Kong's return to the motherland, Trumpchi GA8, GS8, and M8 formed the "Mission Guardian" to demonstrate the high-end strength of Chinese auto brands to the world. By deepening the "Golden Triangle" brand marketing strategy, focusing on improving user experience, and building a new digital marketing model, the Group has received registration from 106,000 Trumpchi users as super partners.

### (2) GAC AION

In 2022, GAC AION continued to maintain rapid growth, and its annual production and sales volume amounted to 273,500 units and 271,200 units, respectively, representing a year-on-year increase of 125.33% and 125.67%, which was far higher than the industry average among the new energy passenger vehicles. GAC AION focused on "EV+ICV"

#### AION Y Plus



AION Y Plus was launched in September 2022. It has 10 trendy exterior colors, 5 interior themes, and customised two-tone wheel hubs; simple technological interior style characterised by 2.0m<sup>2</sup> vast canopy, 32-color beam ambient light; inherent functions such as intelligent voice interaction, independent recognition of emotion and posture, full-perception interactive system, AION health cockpit, intelligent driving & parking (ADiGO PILOT intelligent driving system), one-click remote parking in all scenarios, intelligent 540° panorama image, etc. There are two versions with a comprehensive driving mileage of 510km and 610km for selection.

#### AION LX Plus



The intelligent long-journey EV flagship, AION LX Plus, was launched in January 2022. It takes the "Galaxy Ark" as the design inspiration, and uses the "Sailing stormy waves" modeling language to perfectly integrate dynamic posture, super large space, and ultra-low wind resistance. The maximum driving mileage under comprehensive working conditions can reach to 1,008km, and it is equipped with three second-generation intelligent variable-focus lidars.

#### Hyper GT



Hyper GT was officially unveiled at the Guangzhou International Auto Exhibition in December 2022, representing the first released flagship model of Hyper equipped with the brand new LOGO "Arrow of AI", and AEP3.0 exclusive EV platform +X-soul architecture as the trump card providing dual technological enchantment. By adopting the design language of "Flourish", this model is equipped with a rotatable pinion (electrically controllable rotor door), a folding empennage (tri-folded and electric), a wind-edge grille (integrated and biomimetic). It also has an AICS intelligent chassis system and a multi-fusion perception system, which is the pioneering model to accommodate the Fengyun-3 infrared remote sensing technology and three second-generation intelligent variable-focus lidars.

## MANAGEMENT DISCUSSION AND ANALYSIS

and launched new models such as AION Y Plus, AION LX Plus, and AION V Plus to continuously improve its product competitiveness. AION Y and AION S series products maintained hot-selling, with sales volume exceeding 100,000 units, ranking among the forefront in the market segment. GAC AION insisted on vertical brand extension, released brand new LOGO – “Arrow of AI” and launched the innovative high-end brand series, Hyper together with the first model thereunder- mass-produced EV supercars, Hyper SSR and Hyper GT, ushering in a new era of comprehensive high-end branding. GAC AION continued to practise innovate marketing reforms, build up an ecological marketing system of “APP direct sales + dealership distribution”, and promote the AION+Hyper dual system operation, thereby bringing innovation in user operations and ecological benefits, so as to achieve sustainable ecological revenue generation.

### **(3) International business**

The international business accelerated, including the establishment of GAC International, which would in turn function as the medium for the Group’s self-developed brand to carry out the international business. There has been a total of 120 outlets established around the world, covering 28 countries and regions in the Middle East, America, Africa, Southeast Asia, and Eastern Europe for sale and service businesses. In 2022, the Group exported 33,000 self-developed brand vehicles, representing a year-on-year increase of 59.7%, despite suffering from the impact of geopolitics and chip shortages. GAC European R&D Center as well as GAC Milan Prospective Design Center opened for operation in Milan, Italy, which extend the global R&D network of GAC.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 3. Joint venture brands achieved steady growth

In 2022, the sales volume of vehicles under the Group's joint venture brands reached 1,800,000 units, a year-on-year increase of 5.89%. Among them, GAC Toyota's production and sales volume exceeded 1,000,000 units, a year-on-year increase of over 20%, setting a record high and becoming the first vehicle manufacturer of the Group with production and sales volume exceeding one million units. GAC Honda strove to improve product quality and service levels, and has become the first company in China to be ranked No. 1 in terms of SSI, CSI and IQS in the survey for the mainstream car market initiated by J.D. Power. During the reporting period, the joint venture brands launched new or facelift models such as GAC Toyota Frontlander, Venza (including HEV), bZ4X, GAC Honda ZR-V, e:NP1, new Vezele, new Breeze, Integra (e: HEV), GAC Mitsubishi Airtrek, new Outlander, etc. GAC Toyota Camry, Highlander, Wildlander, Frontlander, Sienna, YARIS L, GAC Honda Accord, Fit, Vezele, Breeze, Odyssey, etc., which continued to occupy the forefront of the market segment. The joint venture brands continued to accelerate the promotion of hybrid models, resulting in a steady proportional increase of energy-efficient cars. GAC Toyota sold 294,000 energy-efficient cars, representing a year-on-year increase of 60.6%. GAC Honda sold 121,000 energy-efficient cars, representing a year-on-year increase of 4.4%.

**Frontlander**



Frontlander was launched in January 2022 based on the TNGA-C platform, being positioned as a compact SUV. Frontlander's appearance embodies urban fashion style, equipped with 2.0L naturally aspirated quadruple-cylinder engine, and advanced technological equipment such as Toyota Safety Sense, which profoundly corresponds with the needs of young users. Looking forward to the future, Frontlander will form a stereoscopic product line with Highlander and Wildlander, covering the mainstream SUV market in an all-round way.

**Venza**



Officially launched in January 2022, Venza is GAC Toyota's new TNGA luxury flagship five-seater SUV. Its modelling adopts the design concept called Refined-tech Simplicity, to present an elegant appearance and light luxury interior. It is equipped with 2.0L gasoline power or 2.5L HEV power, and provides two kinds of four-wheel drive options. The launch of Venza has filled the gap between Wildlander and Highlander, further enriched GAC Toyota's SUV merchandise line, and provided users with more choices.

## MANAGEMENT DISCUSSION AND ANALYSIS

**bZ4X**



The bZ4X was officially launched in October 2022, adopting Toyota's first exclusive EV platform based on e-TNGA. It is equipped with the newly developed X-MODE function and the Grip-control intelligent self-adaptive system for multiple road conditions, giving full play to the characteristics of electric motor driving and meeting the usage requirements of consumers ranging from daily life to light off-road driving. In addition, in terms of safety and security, in addition to the unremitting pursuit of extreme battery safety, bZ4X also adopts the cutting-edge "Toyota Safety Sense" auxiliary package, solar panel panoramic sunroof, etc., to ensure superlative relief and safety.

**ZR-V**



ZR-V was officially launched in August 2022. Through the breakthrough in the family-style design of appearance, exquisite and elegant interior design, excellent control performance as you wish, as well as BOSE audio, card key, comprehensive active and passive safety system and other configuration upgrades, ZR-V has comprehensively established its fresh product value of "Blossoming splendour". ZR-V is positioned between VezeL and Breeze. Its distinctive shape design, cockpit design with comfortable atmosphere, and moderate body size bring more precise and considerate driving experience to metropolitan target users.

**e:NPI**



e: NPI, the new vehicle positioned as "a EV with ultimate driving pleasure", was officially launched in June 2022. It has rolled out two endurance versions and a total of four derivative models to satisfy consumers' increasingly advanced option in terms of EV driving. Combined with the e:N OS full-stack intelligent control ecosystem, e:NPI is manufactured based on the "e:N Architecture F", an intelligent and efficient EV architecture, integrating Honda SENSING and Honda CONNECT3.0 to create an intelligent digital cockpit, which brings smooth driving control experience.

**New VezeL**



The new VezeL was officially launched in November 2022. It is orchestrated with the design concept of "AMP UP YOUR LIFE", creating an urban lifestyle exclusively for young Generation Z. The new VezeL integrates the generous and open-minded worldview of the Z generation into the vehicle design, adopting the elements of "transparent design aesthetics" such as simple but attractive appearance, light-chasing cockpit, driving vision and ethereal driving interest.

# MANAGEMENT DISCUSSION AND ANALYSIS

## New Breeze



New Breeze was launched in December 2022. The new vehicle has been widely praised for its brand-new sporty design, high-performance comfortable interspace, intelligent entertaining cockpit, safe and intelligent control, and power manipulation.

## Integra (e: HEV)



The Integra (e: HEV) was officially launched in December 2022 and categorised into 3 model versions. Integra (e: HEV) is GAC Honda's first model equipped with Honda's latest fourth-generation i-MMD system. By adopting an innovative 2.0L in-cylinder GDI, it can achieve an ultra-high thermal efficiency of 41%, which in turn comprehensively improve fuel economy and power performance. Meanwhile, Integra (e: HEV) has further upgraded its technological equipment and driving experience.

## Airtrek



Airtrek was officially launched in March 2022. It has a 2,830mm long wheelbase + large rear space, dual 12.3-inch smart high-definition large screens and L2 automatic driver assistance system, achieving the CLTC range of 520km. As a strategic model of the cooperation between GAC Group and Mitsubishi Motors in the field of NEV, Airtrek's solid appearance, light luxury interior, large space, smart cockpit, and practical endurance have attracted widespread attention from consumers.

## New Outlander



New Outlander was launched in November 2022. Its comfortable cockpit has a tough appearance of luxurious texture, a capacious interspace equipped with off-road configurations, and a five-star safety guarantee. The brand proposition of "show inspiring appearance during infinite adventure" conveys the product positioning of "SUV leisure life leader" to customers, which has won extensive attention in the market.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 4. GAC AION made breakthrough in mixed ownership reform

In order to meet the resource and capital needs of GAC AION for its rapid development of NEV and participate in the competition in the global NEV industry with more advantages, the Group officially launched the mixed ownership reform of GAC AION in August 2021. In November 2021, GAC AION completed the reorganisation of its relevant R&D personnel in the new energy EV field, intangible assets and fixed assets, and has the ability to integrate research, production and sales of new energy EV.

In March 2022, GAC AION adopted the way of capital increase under a non-public agreement, pursuant to which a share incentive scheme was introduced to 679 key employees, and relevant scientific and technological personnel of GAEI were granted the shares of GAC AION. In addition, GAC AION synchronously introduced three strategic investors including China Chengtong Holdings Group Co., Ltd. This capital increase activity raised a total of RMB2.566 billion. Subsequent to the capital increase, the Company directly and indirectly held about 93.45% of the equity interests of GAC AION while the GAC AION employee share incentive platform and the GAEI technological personnel shareholding platform held a total of about 4.55%, which further consummated the long-acting incentive mechanism of GAC AION and in turn established the risk-bearing and benefit-sharing mechanism among employees and the enterprise.



**Completion and commissioning of the GAC AION second intelligent manufacturing center**



**Completion and commissioning of the GAC AION intelligent ecological factory capacity expansion project (Phase II)**

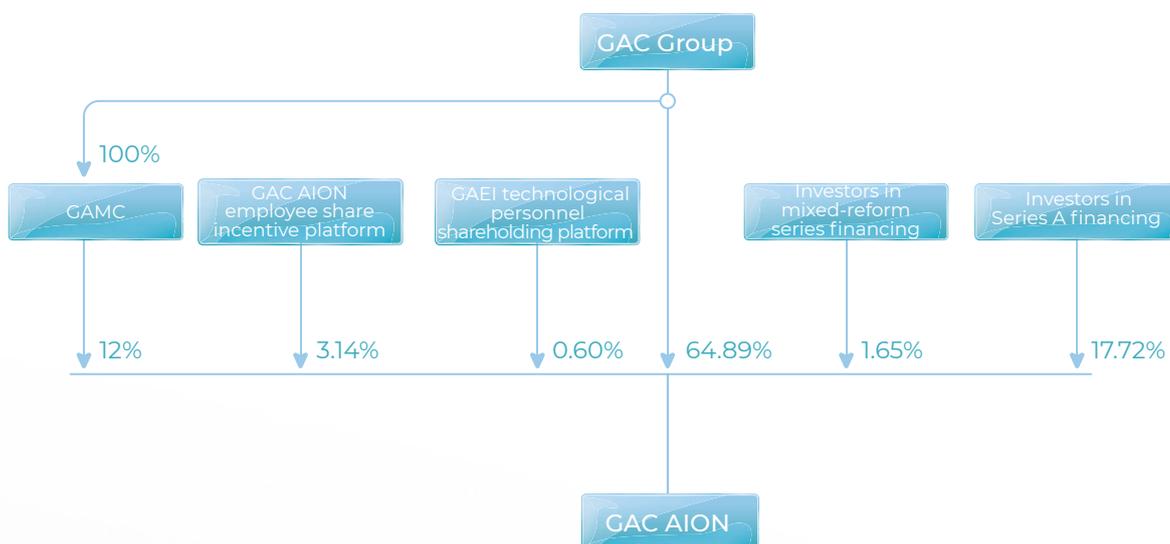


## MANAGEMENT DISCUSSION AND ANALYSIS

In September 2022, GAC AION completed the shareholding system transformation, introduced the independent director system, established specialised committees under the board of directors, and established a modernised corporate governance mechanism.

In October 2022, GAC AION implemented a capital increase and share expansion by way of public listing on the Guangzhou Enterprises Mergers and Acquisitions Services, completing the Series A financing and strategic investors introduction. The Series A financing was jointly led by PICC CAPITAL, CSG Energy Innovation, Structural Reform Fund LP, SCGC, CITIC Goldstone, Guangzhou Industrial Investment Group or their funds or institutions. It introduced a total of 53 strategic investors, including the strategic support and industrial synergy investors in the fields of energy charging and swapping ecology, critical battery resources, chip design and manufacturing, and vehicle-road collaboration technology with intelligent driving, as well as renowned professional investment institutions with market influence covering the areas of marketisation, finance and asset management and large-scale policy-induced national and local investment institutions, contributing to a capital increase of RMB18.294 billion, which was the largest single private financing for new energy vehicles in China for the year. After the completion of the Series A financing, the registered capital of GAC AION increased to RMB7.803 billion, in which the total direct and indirect shareholding of GAC Group had changed from 93.45% to 76.89%. GAC AION remained a holding subsidiary of the Company. After the completion of the Series A financing, GAC AION's post-investment valuation exceeded RMB100 billion. Through the Series A financing and strategic investors introduction, GAC AION acquired the advantages of upstream and downstream strategic industrial resources in the field of new energy vehicles. In terms of energy ecology, battery materials, and automotive chips, the Series A financing has improved GAC AION's industrial chain and supply chain abilities to guarantee and stabilise supply. It has provided sufficient financial support for GAC AION's R&D and industrialisation layout, covering new product development, next-generation battery, electric drive system R&D and industrialisation construction, intelligent driving, intelligent cockpit and production capacity guarantee and other core technologies. It has also significantly enhanced and strengthened the comprehensive competitive advantage of GAC AION in the future development.

## MANAGEMENT DISCUSSION AND ANALYSIS



The shareholding structure of GAC AION (as of the date of this report)

### 5. The industrial layout optimisation has been accelerated

Facing the new trend of the supply chain of the automobile industry in the future, the Group actively grasps the emerging development opportunities in the intelligent connectivity and green low-carbon field, accelerates the “New Four Modernisations” transformation, and constantly promotes the chain reinforcement, replenishment and stability.

**In terms of production capacity of new energy vehicles**, GAC AION completed the expansion of its intelligent ecological factory (Phase II) to commence operation, and completed the completion and commissioning of the second intelligent manufacturing center. It currently has an annual production capacity of 400,000 units. GAC Toyota new energy vehicle capacity expansion project (Phase II) (with an annual production capacity of 200,000 units) has been completed and put into operation in June 2022. GAC Honda new energy vehicle capacity expansion project with an annual production capability of 120,000 units has commenced its construction in May 2022. Hangzhou factory of GAMC has completed its optimising reformation, realising the flexible co-line production of fuel models of GAMC and new energy models of HYCAN Automobile.



## MANAGEMENT DISCUSSION AND ANALYSIS

**In the field of mineral resources**, in November 2022, GAC Component signed a joint venture contract with Tongzi County Shixi Coal Industry Co., Ltd. (桐梓縣獅溪煤業有限公司) and Zunyi Energy Mining (Group) Co., Ltd. (遵義能源礦產(集團)有限公司), pursuant to which all parties jointly invested in the establishment of Guizhou East Sunshine New Energy Technology Co., Ltd. (貴州省東陽光新能源科技有限公司) in Zunyi City, Guizhou Province, for the purpose of engaging in related mineral geological exploration and investment management of mineral resources. Among them, GAC Component held 47.5% of the shares, Tongzi County Shixi Coal Industry Co., Ltd. held 47.5% of the shares, and Zunyi Energy Mining (Group) Co., Ltd. held 5% of the shares. Through the cooperation, GAC Component has further improved the Company's strategic layout in the upstream raw material field of the lithium battery new energy.

**In the field of power battery production**, the Group has deployed IMPOW Battery, Times GAC, Juwan Technology Research, etc. In August 2022, the Group established IMPOW Battery to carry out independent battery industrialisation construction. The total investment in the project was RMB10.9 billion, the construction of which has commenced at the end of year 2022. It is planned to complete a mass production line of 36GWh by 2025. Juwan Technology Research focused on the R&D, production, sales and service of extremely fast charging batteries and new-generation accumulator. It currently has a battery production capacity of 4GWh and is promoting the construction of a production base project with designed production capacity of 8GWh. Times GAC has currently built a standard production capacity of 12GWh, and achieved an output of about 18GWh in 2022, supporting the Group's rapid sales growth of new energy vehicles.

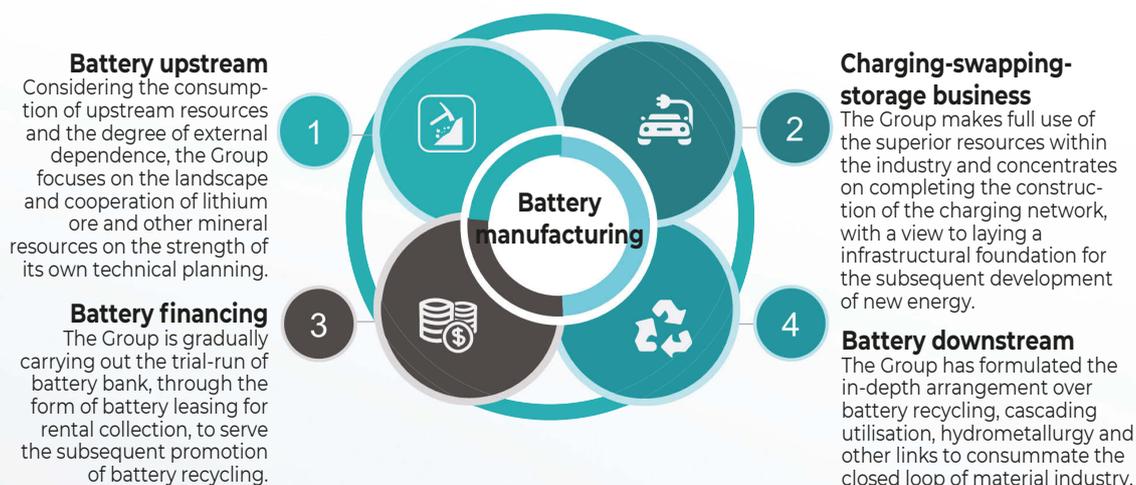
**In the field of energy storage and charging and swapping services**, the Group established GAC Energy in July 2022 with a planned gross investment of RMB4.96 billion to establish an energy replenishment ecosystem integrating charging, swapping and storage, alongside a battery recycling ecosystem equipped with a smart and efficient energy cloud platform, and promoted the research over the energy storage system technology, the synergy and interactivity of "vehicle-station-network" smart charging and swapping service technology, and the product development and application, which were conducive to solving the pain points that hinder the further development of new energy vehicles and promoting the steady implementation of the Group's energy actions.

**In the field of self-developed electric drive system**, the Group established Ruipai Power in August 2022 which absorbed an aggregated investment of RMB2.16 billion, marking that the Group has comprehensively entered a new stage of self-developed and self-produced electric drive system. The construction of the independent electric drive factory has commenced since the end of 2022, focusing on independent R&D and industrialisation of the IDU electric drive system to realise the integration of independent electric drive R&D, trial production, testing and mass production.

## MANAGEMENT DISCUSSION AND ANALYSIS

**In the field of battery recycling and cascading utilisation**, GAC Business actively explored the development of the circular economy industry encompassed by “battery recycling + battery materials”, smoothly completed the trial operation of the production line for power battery cascade utilisation, and obtained the first whitelist qualification regarding the cascading utilisation of waste power battery in Guangzhou.

The Group made full use of the leverage effect of industrial funds, focused on the three major areas including power batteries, ICV and automotive chips, and invested in and cultivated the forward-looking technologies on the automotive industry chain through GAC Capital. During the reporting period, the Group completed investment in 25 new projects such as Huada Semiconductor, Silicon Magic, and Sunwoda EVB, and participated in a new round of financing for projects such as Yuexin Semiconductor, HoloMatic, and EVAS.



### 6. Fruitful independent innovation

**In the field of energy saving and new energy**, GAC’s self-developed high-performance GMC hybrid system (2.0 ATK engine + GMC 2.0 electromechanical coupling system) has been installed on Trumpchi EWPOW and EMKOO Hybrid for launch. Among them, GMC 2.0 hybrid electromechanical coupling system adopts a highly integrated all-in-one design composed of coupling gearshift mechanism, dual motors and motor controller, which can realise a multi-gear and multi-mode drive and high torque output. The independent hydrogen fuel engine has achieved the first domestic loading test for entire passenger vehicle, supporting the goal of carbon neutrality. The self-developed “four-in-one” electric drive system leaving the assembly line was officially launched. Through the combined application of modular functions, the system is compatible with EV models ranging from A0 to D-level, which can effectively reduce weight, space volume and cost without compromising the performance.



## MANAGEMENT DISCUSSION AND ANALYSIS

**In the field of ICV**, the Group has launched a brand-new ADiGO PILOT Intelligent Driving System, which includes application areas of NDA Advanced Driver Assistance System, super parking and unmanned driving, realizing intelligent mobility transportation in all scenarios. Among them, ADiGO PILOT NDA Advanced Driver Assistance System supports functions including automatically moving up and off the ramp, automatic lane change, automatic overtaking and automatic obstacle avoidance, according to the navigation routes, which currently covers all highways in China and expressways in core cities and are installed on the models such as AION LX plus for mass production. The super parking function has been equipped on models such as Trumpchi EMKOO for mass production, which can realise the functions such as autonomous valet parking, cross-floor parking, and memory parking. The super parking pioneered the limit-position parking function in the industry, which can support the automatic parking against extremely confined parking spaces with a distance of 15cm and corner parking spaces. ADiGO PILOT unmanned driving is oriented to the Robotaxi scenario, which adopts an automotive grading embedded computing platform and supports vehicle-road coordination and 5G remote takeover. GAC Robotaxi based on this platform has commenced commercial operation on ON TIME platform. The ADiGO SPACE smart cockpit developed based on the G-OS system has been installed on various models such as Trumpchi EMKOO and AION Y Plus for mass production. ADiGO PARK, a newly released high-performance immersive cockpit, provides a neoteric audio-visual experience integrating virtual and reality. The original soundscape of ADiGO SOUND, characterised by a high-quality full-scene sound interactive ecology, starts an immersive auditory journey with industry-leading 7.3.2x sound field layout and massive audio resources. GAEI was awarded the world's first expected functional safety management system certification by TUV Rheinland, which manifested that its product development system which complied with functional safety and expected functional safety integrity has reached the international advanced level.

**In terms of forward-looking technologies for models**, the Group promoted the strategy of "appearance supremacy" and accelerated the iteration of the new design language of the Trumpchi/AION dual brands. Breakthroughs were made in interior and exterior styling, colors, materials, and interactive experience. The upgraded model of M8, Hyper SSR, and facelifted AION Y was widely praised immediately upon the release of the designs. GAEI continued to strengthen the exploration of forward-looking design and released the innovative hydrogen energy concept vehicle, SPACE. GAEI was successfully selected as the 2022 Forbes China TOP10 Intelligent Industrial Designers, becoming the only automobile enterprise to receive the honor.

## MANAGEMENT DISCUSSION AND ANALYSIS

**In the field of digitalisation**, the GDA (GAC Digitalisation Accelerator) 1.0 Triennium Action Plan (2020-2022) was successfully concluded, with the overall digitalisation level of the Group effectively improved. In order to strengthen the leading role of digital transformation planning, the Group formed the GDA 2.0 Triennium Action Plan, taking financial digital transformation as the driving force, formulating the digital transformation planning for investment and business process, and deepening the intelligentisation of personnel management. The Group promoted the integration of self-developed brand marketing, management and control, manufacturing, infrastructure and other fields, and continued to strengthen the “user-centric” digital marketing system. The Group also completed the basic infrastructure of its big data platform for self-developed brands, promoted relevant data governance work, and became the first domestic automobile company recognised by the national standard certification of “DCMM” (Data Management Capability Maturity Assessment Model) as “stable”.

### 7. Coordinated and synergetic development between various business segments

**In the field of parts and components**, GAC Component, with dedication to realise independent and controllable core technologies as well as industry chain and supply chain as its goal, focused on power supply systems and material of NEV, and the planning and layout of ICV's core components, laying emphasis on promoting projects such as core components of electric drive system, automotive electronics, wire-controlled chassis, smart headlamp, interior and exterior decoration systems. It accelerated the nationalisation of chip production as substitution, and joined hands with mining enterprises to deploy the supply chain of lithium materials and realise the front-end extension of the industrial chain.

**In the field of business and trade services**, GAC Business dug potential online customers, seized market sales opportunities, and achieved customer expansion and attraction in stores via creating a marketing pattern of “exposure on new media to attract traffic-immersive store experience-activities to promote orders”, with public domain traffic of new media channels as drivers, the launch of new models as turning points, and the exclusive marketing theme activities as approach. Meanwhile, efforts were made in speeding up the deployment of sales network in order to match the expansion, planning and reform of the Group's OEMs of various brands channel. During the year, 33 new outlets sales channels under operation have been built. Currently, the sales outlets covers 22 provinces and 50 cities in China.



## MANAGEMENT DISCUSSION AND ANALYSIS

**In the field of financial services,** Investment enterprises in the financial segment fully utilised the low interest rate environment, and issued nearly RMB18 billion ABS (Asset-Backed Security) in 2022, of which GAC-SOFINCO issued three tranches ABS of RMB15 billion in total and GAC Leasing issued three tranches ABS of approximately RMB3 billion in total. It significantly reduced the Company's comprehensive financing costs, provided financial support for suppliers and customers to purchase cars, and consolidated the coordination of the industry and financing. GAC-SOFINCO, Urtrust Insurance, GAC Finance Company and GAC Leasing proactively customised supporting financial products for various vehicle manufacturing enterprises of the Group, created innovative and characteristic financial products, effectively alleviated the pressure on dealers, lowered the threshold for customers to purchase cars, satisfied customer's financial service needs and boosted sales growth of vehicles.

**In the field of mobility transportation services,** ON TIME has more than 16 million registered users, and promotes the construction of an autonomous driving platform and tool chain, which enhances the optimization and iteration of the autonomous driving technology through continuous feedback of data. In October 2022, ON TIME officially launched the mixed operation of manned vehicles and autonomous vehicles in Guangzhou, accelerating the commercialisation of Robotaxi.

### III. DISCUSSION AND ANALYSIS BY THE BOARD ON OPERATION OF THE COMPANY DURING THE REPORTING PERIOD

During the reporting period, the Group realised sales revenue of approximately RMB514.605 billion on an aggregated basis, representing an increase of approximately 19.74% as compared with that of the corresponding period last year.

During the reporting period, the sales revenue of the Group amounted to approximately RM110.006 billion, representing an increase of approximately 45.36% as compared with that of the corresponding period last year. The net profit attributable to owners of the parent company amounted to approximately RMB7.983 billion, representing an increase of approximately 6.28% as compared with that of the corresponding period last year. The basic earnings per share amounted to approximately RMB0.77, representing an increase of approximately RMB0.04 as compared with that of the corresponding period last year.

## MANAGEMENT DISCUSSION AND ANALYSIS

The major factors leading to the variation of results during the reporting period included:

1. In 2022, China's economy continued to recover steadily. As a whole, the domestic automobile market remained stable with a positive growth, despite the impact of the structural shortage of automobile chips, the continuing high price of raw materials, the termination of subsidies for new energy vehicles, etc. Under such circumstances, with the "14th Five-Year Plan" as development and planning orientation, the Group proactively retrieved its loss and strived to enhance a high-quality development by utilising favorable policies and market opportunities from all parties. Throughout the year, the Group achieved an accumulative sales of 2,433,800 vehicles, representing a year-on-year increase of 13.50%. The Group is determined in continuing its research and development in a positive, independent and innovative way. It also strives to accelerate the introduction of new products, and to enhance the competitiveness of its products continuously. GAMC has continuously enriched its star product portfolio, including the hot-selling EMPOW (including HEV), the second-generation GS8 (including HEV) and EMKOO (including HEV), and launched the M8 Grandmaster (including HEV) in tune with the times. GAC AION continued to record impressive sales for new energy vehicles with annual sales volume exceeding 270,000 units, representing a year-on-year increase of 125.67%, and continued to further promote the closed-loop layout of the energy ecosystem industry chain.
2. Joint ventures of the Group have launched new products and technologies, which continuously enhanced our overall competitiveness. Among those joint ventures, GAC Toyota maintained a sustained growth trend with its annual sales exceeding 1 million units for the first time, and the main vehicle models were undersupplied. Frontlander, Venza (including HEV) and the first e-TNGA pure electric medium-sized SUV, bZ4X were newly launched during the reporting period where the structural proportion of new energy and energy-saving products continued to increase. GAC Honda continued to launch new products. ZR-V, e:NPI, which is the first model under its innovative EV brand, new Vezel, new Breeze and Integra (e: HEV) have received satisfactory feedback and recognition. Continuous optimisation of product portfolio steadily improved our competitiveness.
3. Ancillary businesses in the upstream and downstream of the industrial chain such as financial services, vehicle components and commercial services have been further developed pursuant to the Group's strategy. The synergistic effect among various business segments has continued to emerge, which facilitated the development of the Group's principal businesses. Among such businesses, the continuous deepening of cooperation between financial enterprises as well as the business expansion and innovation strongly supported the Group's automobile sales. During the reporting period, the operation of ON TIME expanded in Changsha, Zhongshan and Zhaoqing successively with its market share steadily increased. It has also raised proceeds of approximately RMB1 billion from Series A financing. ON TIME officially launched the mixed operation of manned vehicles and autonomous vehicles in Guangzhou, becoming the first mobility transportation platform in the Guangdong-Hong Kong-Macao Greater Bay Area to realise the mixed operation of Robotaxi.

## MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2022, calculated based on the proportion of shareholdings of the Group in the joint ventures, the total liabilities and total revenues of jointly controlled entities amounted to RMB72.315 billion and RMB151.367 billion respectively, which will be used in the calculation of waivers granted by the Stock Exchange to the Company in respect of asset and revenue ratios.

### (I) Analysis of Principal Business

#### Analysis of changes of items in the consolidated statement of comprehensive income and the cash flow statement

Unit: 100 million Currency: RMB

Item	Current period	Corresponding period last year	Change (%)
Sales revenue	1,100.06	756.76	45.36
Costs of sales	1,055.50	717.77	47.05
Selling and distribution costs	42.28	43.40	-2.58
Administrative expenses	54.87	45.56	20.43
Finance costs	3.51	4.25	-17.41
Interest income	4.91	3.16	55.38
Share of profit of joint ventures and associates	140.65	114.04	23.33
Net cash flow generated from operating activities	-66.38	-64.91	-2.26
Net cash flow generated from investing activities	-15.92	72.35	-122.00
Net cash flow generated from financing activities	251.81	7.77	3,140.80

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Analysis on sales revenue and cost

During the reporting period, sales revenue of the Group amounted to approximately RMB110.006 billion, representing an increase of approximately 45.36% as compared with the corresponding period last year. This was mainly due to the combined effect of the continuous and stable recovery of the domestic economy, the overall stable automobile market with positive growth, the implementation of a series of policies and follow-up measures for economy stability, and the increasingly enriched vehicle models under self-developed brands of the Group with ever-increasing sales volume, especially the significant increase in the sales volume of the new energy vehicles of GAC AION.

During the reporting period, the Group recorded costs of sales of approximately RMB105.550 billion, representing an increase of approximately 47.05% as compared with the corresponding period last year. Total gross profit amounted to approximately RMB4.456 billion, representing an increase of approximately RMB0.557 billion or approximately 14.29% as compared with the corresponding period last year. Gross profit margin decreased by 1.10 percentage points as compared with the corresponding period last year, which was mainly due to the combined effect of the fact that the Group has overcome the impact of the supply shortage of automotive chips and the increase in the price of raw materials, and the year-on-year increase in production and sales volume of vehicle models of the Group's self-developed brands, leading to corresponding increases in both the costs and economies of scale.

### Principal business by industry

Unit: 100 million Currency: RMB

By industry	Sales revenue	Cost of sales	Gross profit margin (%)	Increase/decrease in sales revenue over last year (%)	Increase/decrease in cost of sales over last year (%)	Increase/decrease in gross profit margin over last year (%)
Automobile manufacturing industry	786.72	778.03	1.10	59.97	62.54	-58.80
Auto-parts manufacturing industry	38.31	35.45	7.47	20.17	17.11	47.92
Commercial services	239.32	221.30	7.53	13.37	11.54	25.29
Financial services and others	35.71	20.72	41.98	62.47	98.85	-20.17
Total	1,100.06	1,055.50	4.05	45.36	47.05	-21.36

# MANAGEMENT DISCUSSION AND ANALYSIS

## Principal business by product

Unit: 100 million Currency: RMB

By product	Sales revenue	Cost of sales	Gross profit margin (%)	Increase/decrease in sales revenue over last year (%)	Increase/decrease in cost of sales over last year (%)	Increase/decrease in gross profit margin over last year (%)
Passenger vehicles	786.72	778.03	1.10	59.97	62.54	-58.80
Vehicles related trades	277.63	256.75	7.52	14.26	12.27	27.67
Financial services and others	35.71	20.72	41.98	62.47	98.85	-20.17
Total	1,100.06	1,055.50	4.05	45.36	47.05	-21.36

## Principal business by region

Unit: 100 million Currency: RMB

By region	Sales revenue	Cost of sales	Gross profit margin (%)	Increase/decrease in sales revenue over last year (%)	Increase/decrease in cost of sales over last year (%)	Increase/decrease in gross profit margin over last year (%)
Mainland China	1,068.77	1,027.46	3.87	44.84	46.19	-18.53
Overseas	31.29	28.04	10.39	65.82	87.68	-50.12
Total	1,100.06	1,055.50	4.05	45.36	47.05	-21.36

## MANAGEMENT DISCUSSION AND ANALYSIS

### Principal business by sales model

Unit: 100 million Currency: RMB

By sales model	Sales revenue	Cost of sales	Gross profit margin (%)	Increase/decrease in sales revenue over last year (%)	Increase/decrease in cost of sales over last year (%)	Increase/decrease in gross profit margin over last year (%)
Distributor sales model	786.72	778.03	1.10	59.97	62.54	-58.80
Others	313.34	277.47	11.45	18.26	16.05	17.32
Total	1,100.06	1,055.50	4.05	45.36	47.05	-21.36

### Analysis of sales and production volume

Unit: Vehicle

Major products	Production volume	Sales volume	Inventory	Increase/decrease in production volume over last year (%)	Increase/decrease in sales volume over last year (%)	Increase/decrease in inventory over last year (%)
Sedans	169,063	165,901	5,635	38.20	36.66	93.31
SUV	375,597	364,470	15,015	86.65	74.89	155.75
MPV	102,343	103,333	7,480	-15.46	-9.80	-14.11

Illustration on production and sales volume: mainly the production and sales data of GAMC and GAC AION within the scope of consolidation.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Sales to major customers

Unit: 100 million Currency: RMB

Customers	Sales revenue	Ratio to sales revenue (%)
Total sales to top 5 clients	60.54	5.54

## Major suppliers

Unit: 100 million Currency: RMB

Suppliers	Amount of procurement	Ratio to total procurement (%)
Total procurement from the top 5 suppliers	167.66	16.49

Amount of procurement fees paid to the largest supplier of the Group accounted for 8.36% of the total amount of procurement fees of the Group for the year.

During the year, to the directors' knowledge, no directors, supervisors or their close associates or shareholders holding more than 5% of the Company's shares has any interest in the top 5 suppliers.

## 2. Expenses

- (1) The year-on-year decrease of approximately RMB112 million in selling and distribution costs was mainly attributable to the combined effect of the decrease in advertising expenses, aftersales service charge as well as sales incentives during the reporting period.
- (2) The year-on-year increase of approximately RMB931 million in administrative expenses was mainly attributable to the combined effect of the corresponding increase in the routine expenses resulting from the development of the enterprise and the increase in the expenses arising from depreciation, amortisation, research and development during the reporting period.

## MANAGEMENT DISCUSSION AND ANALYSIS

- (3) The year-on-year decrease of approximately RMB74 million in finance costs was mainly attributable to the combined effect of the maturity of convertible bonds, the decline of average loan rate, and the changes in exchange rate during the reporting period.
- (4) The year-on-year increase of approximately RMB175 million in interest income was mainly attributable to the combined effect of the impact of an increase in deposits which led to an increase in interest income during the reporting period.

### 3. Research and development expenditures

#### (1) Table of research and development expenditures

	<i>Unit: 100 million    Currency: RMB</i>
Expensed research and development expenses for the period	14.19
Capitalised research and development expenses for the period	50.78
Total research and development expenditures	64.97
Percentage of total research and development expenditures over sales revenue (%)	5.91
Number of research and development staff	6,581
Number of research and development staff over total number of staff (%)	18.10
Percentage of capitalised research and development expenditures (%)	78.16

- (2) During the reporting period, expenditures in research and development amounted to approximately RMB6.497 billion, representing a year-on-year increase of approximately RMB1.389 billion. This was mainly attributable to the continuous enhancement of independent research and development as well as innovation capability for improving the overall quality of the system. It was also attributable to the simultaneous propulsion of the development projects of traditional energy vehicle models and new energy vehicle models, as well as the development of core parts and components during the reporting period.

### 4. Share of profit of joint ventures and associated companies

During the reporting period, the Group's share of profit of joint ventures and associated companies amounted to approximately RMB14.065 billion, representing a year-on-year increase of approximately RMB2.661 billion, which was mainly attributable to the combined effect of the increase in profit of the joint ventures with Japanese companies.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 5. Cash flows

- (1) During the reporting period, net cash outflow generated from operating activities amounted to approximately RMB6.638 billion, representing an increase in net outflow of approximately RMB0.147 billion as compared with the net cash outflow of approximately RMB6.491 billion in the corresponding period last year, which was mainly attributable to the combined effect of the increase in cash received from sales of goods due to the increase in sales volume, coupled with reduced contract liabilities, increased production capacity and increased inventories during the reporting period;
- (2) During the reporting period, net cash outflow generated from investing activities amounted to RMB1.592 billion, representing an increase of net outflow of approximately RMB8.827 billion as compared with net cash inflow of approximately RMB7.235 billion in the corresponding period last year, which was mainly due to the combined effect of the increase in dividends received from investee companies, the increase in cash paid for the purchase of fixed assets resulting from the development of the enterprise and the increase in shareholder loans to joint ventures and the increase in certificates of deposit of high value during the reporting period;
- (3) During the reporting period, net cash inflow generated from financing activities amounted to approximately RMB25.181 billion, representing an increase of net inflow of approximately RMB24.404 billion as compared with the net cash inflow of approximately RMB777 million in the corresponding period last year, which was mainly attributable to the maturity of convertible bonds, the investee companies' absorption of external investment, and the issuance of asset-backed securities during the reporting period;
- (4) As at 31 December 2022, cash and cash equivalent of the Group amounted to approximately RMB34.222 billion, representing an increase of approximately RMB16.987 billion as compared with approximately RMB17.235 billion as at 31 December 2021.

### 6. Others

Income tax amounted to approximately RMB-536 million, representing a year-on-year decrease of approximately RMB382 million, which was mainly attributable to changes in profit of certain enterprises during the reporting period.

To sum up, the Group's net profit attributable to owners of the parent company for the reporting period amounted to approximately RMB7.983 billion, representing a year-on-year increase of approximately 6.28%. Basic earnings per share amounted to approximately RMB0.77, representing a year-on-year increase of approximately RMB0.04.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (II) Analysis of Assets and Liabilities

#### 1. Analysis table of assets and liabilities

Unit: 100 million Currency: RMB

Item	Balance at the end of current period	Balance at the end of current period over total assets (%)	Balance at the end of the previous period	Balance at the end of the previous period over total assets (%)	Change (%)
Time deposits	33.26	1.75	51.77	3.36	-35.75
Financial assets at fair value through profit or loss – current	42.20	2.22	32.26	2.09	30.81
Financial assets at fair value through other comprehensive income – current	40.90	2.15	7.09	0.46	476.87
Inventories	123.62	6.50	81.11	5.26	52.41
Borrowings – current	138.13	7.27	98.89	6.41	39.68

#### 2. Analysis on change

- (1) Time deposits: mainly due to the combined effect of the structural adjustment of inter-bank deposits and the decrease of time deposits during the reporting period;
- (2) Financial assets at fair value through profit or loss – current: mainly due to the combined effect of the increase in investment in financial products by financial enterprises during the reporting period;
- (3) Financial assets at fair value through other comprehensive income – current: mainly due to the combined effect of the increase of negotiable large-denomination certificates of deposit held during the reporting period;
- (4) Inventories: mainly due to combined effect of the supply shortage of automotive chip, the continuing high price of raw materials, and the increase in raw material inventories and finished vehicles due to the increase in automobile production and sales volume during the reporting period;
- (5) Borrowings – current: mainly caused by the combined effect of the increased capital demand for business development of certain enterprises during the reporting period;

# MANAGEMENT DISCUSSION AND ANALYSIS

## (III) Analysis of Financial Position

### 1. Financial indicators

As at 31 December 2022, the Group's current ratio was approximately 1.62 times, representing an increase from approximately 1.25 times as at 31 December 2021, and quick ratio was approximately 1.40 times, representing an increase from approximately 1.08 times as at 31 December 2021, which were within reasonable range.

### 2. Financial resources and capital structure

As at 31 December 2022, the Group's current assets amounted to approximately RMB91.792 billion, current liabilities amounted to approximately RMB56.688 billion and current ratio was approximately 1.62 times.

As at 31 December 2022, total borrowings amounted to approximately RMB19.510 billion, mainly consisting of corporate bonds issued by the Group with nominal value of RMB3 billion, receivables targeted asset-backed notes with closing balance of approximately RMB998 million, asset-backed securities with closing balance of approximately RMB401 million and borrowings from bank and financial institutions with closing balance of approximately RMB14.968 billion, etc. The above borrowings and bonds are payable upon maturity. The Group generally funds its business and operational capital needs with its own operating cash flow.

As at 31 December 2022, the Group's gearing ratio was approximately 13.76% (Calculation of gearing ratio: (borrowings in non-current liabilities + borrowings in current liabilities) / (total equity + borrowings in non-current liabilities + borrowings in current liabilities)).

### 3. Foreign exchange risk

As the Group mainly conducts its business in the PRC and the sales and procurement in the PRC were denominated in RMB, changes in foreign exchange did not have any material effect on the Group's operating results and cash flow during the reporting period.

### 4. Contingent liabilities

As at 31 December 2022, financial guarantee given by the Company to controlled and whole-owned subsidiaries of the Group amounted to RMB0 (31 December 2021: RMB0).

As at 31 December 2022, independent third-party financial guarantee given by the Company amounted to RMB0 (31 December 2021: RMB0).

As at 31 December 2022, financial guarantee given by the Group to related parties outside the consolidation scope amounted to RMB16,600,000 (31 December 2021: RMB16,600,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

### (IV) Analysis of Automobile Manufacturing Industry Operation

#### 1. Production capacity

##### Existing production capacity

<b>Names of major factories</b>	<b>Designed production capacity (ten thousand units)</b>	<b>Production volume during the reporting period (ten thousand units)</b>	<b>Production capacity utilisation rate (%)</b>
GAC Honda	77	76.78	99.71
GAC Toyota	100	100.93	113.32
GAMC (including GAC AION)	108	66.59	70.05
GAC Mitsubishi	20	3.55	17.75
Others	1.5	0.05	3.33

*Notes:*

1. Production capacity during the reporting period refers to the actual production volume during the reporting period.
2. Others refer to the production capacity of GAC Hino and GAC BYD and the production volume for the year.
3. Production capacity utilisation rate during the reporting period has been converted according to the actual production time.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Production capacity in construction

Unit: '0,000 Currency: RMB

Names of the factories in construction	Planned investment amount	Investment amount during the reporting period	Total investment amount	Expected commencement date of production	Expected production capacity
GAC Honda new energy vehicle production capacity expansion project	349,510	56,452	82,139	2024	120,000 units/year

## Production capacity calculation standards

Calculated based on standard production capacity and two production shifts.

## 2. Sales and production volume of whole vehicles

### By vehicle models

Vehicle types	Sales volume (units)			Production volume (units)		
	Total number for the year	Total number for last year	Changes in total sales volume compared with the corresponding period last year (%)	Total number for the year	Total number for last year	Changes in total production volume compared with the corresponding period last year (%)
<b>Passenger vehicle</b>	2,433,201	2,141,675	13.61	2,479,435	2,135,377	16.11
Sedans	1,125,733	1,012,823	11.15	1,145,921	1,007,616	13.73
MPV	222,429	160,712	38.40	229,596	166,519	37.88
SUV	1,085,039	968,140	12.07	1,103,918	961,242	14.84
<b>Commercial vehicle</b>	600	2,712	-77.88	476	2,750	-82.69
<b>Total vehicles</b>	2,433,801	2,144,387	13.50	2,479,911	2,138,127	15.99

## MANAGEMENT DISCUSSION AND ANALYSIS

### By regions

Vehicle types	Domestic sales (units)			Overseas sales (units)		
	Total number for the year	Total number for last year	Changes in total sales volume compared with the corresponding period last year (%)	Total number for the year	Total number for last year	Changes in total sales volume compared with the corresponding period last year (%)
<b>Passenger vehicle</b>	2,400,233	2,120,992	13.17	32,968	20,683	59.40
Sedans	1,125,282	1,003,099	12.18	451	9,724	-95.36
MPV	221,669	160,101	38.46	760	611	24.39
SUV	1,053,282	957,792	9.97	31,757	10,348	206.89
<b>Commercial vehicle</b>	600	2,712	-77.88	-	-	-
<b>Total vehicles</b>	2,400,833	2,123,704	13.05	32,968	20,683	59.40

Note: The above sales and production data includes that of the joint ventures and associated companies.

### 3. New energy vehicle business

#### Production capacity of new energy vehicles

Name of major factory	Designed production capacity (units)	Production capacity during the reporting period (units)	Production capacity utilisation rate (%)
GAC AION intelligent ecological factory	360,000	273,500	145.71

Note: Production capacity during the reporting period refers to the actual production volume during the reporting period. Production capacity utilisation rate has been converted according to the actual production time.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Sales and production volume of new energy vehicles

Vehicle types	Sales volume (units)			Production volume (units)		
	Total number for the year	Total number for last year	Changes in total sales volume compared with the corresponding period last year (%)	Total number for the year	Total number for last year	Changes in total sales volume compared with the corresponding period last year (%)
Passenger vehicle	271,449	120,690	124.91	273,900	121,811	124.86

### Income and subsidies for new energy vehicles

Unit: 100 million Currency: RMB

Vehicle types	Income	Subsidy for new energy vehicle	Ratio of subsidy (%)
Passenger vehicle	366.66	31.59	8.62

## IV. MATERIAL INVESTMENT

During the reporting period, the Group did not hold any material investment.

## V. MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

During the reporting period, the Group did not have any material acquisitions or disposals of subsidiaries, associated companies or joint ventures.

## MANAGEMENT DISCUSSION AND ANALYSIS

### VI. MATERIAL DISPOSAL OF ASSETS AND EQUITY INTEREST

Nil.

### VII. ANALYSIS OF MAJOR SUBSIDIARIES AND ASSOCIATES

GAC Honda, GAC Toyota, GAMC and GAC AION are the key joint ventures and subsidiaries of the Group. During the reporting period, in the face of unprecedented challenges brought about by multiple factors such as continuous shortage of chip supply and the soaring price of raw materials which compromised the operation and development of the auto industry and the Company, the Company focused on steady growth, supply preservation, structural adjustment, market expansion, quality improvement and efficiency enhancement. Steady improvement in operating efficiency was achieved. Among which:

The production and sales volume of GAC Honda were 767,826 units and 741,808 units respectively, representing year-on-year decreases of 2.45% and 4.93% respectively; operating income was RMB115.113 billion, representing a year-on-year increase of approximately 0.26%;

The production and sales volume of GAC Toyota were 1,009,265 units and 1,005,000 units respectively, representing year-on-year increases of 22.59% and 21.38% respectively; operating income was RMB163.534 billion, representing a year-on-year increase of approximately 26.32%;

The production and sales volume of GAMC were 373,499 units and 362,548 units respectively, representing year-on-year increases of 15.55% and 11.83% respectively; operating income was RMB47.809 billion, representing a year-on-year decrease of approximately 9.60%;

The production and sales volume of GAC AION were 273,504 units and 271,156 units respectively, representing year-on-year increases of 125.33% and 125.67% respectively; operating income was RMB38.703 billion, representing a year-on-year increase of approximately 124.17%.

### VIII. STRUCTURED ENTITIES UNDER THE CONTROL OF THE COMPANY

Nil.



## MANAGEMENT DISCUSSION AND ANALYSIS

### IX. DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT

#### (I) Industry layout and trend

In the first half of 2022, affected by factors such as chips shortage and soaring price of raw materials, the industry has been recovering slowly. China immediately promulgated a series of policies to promote automobile consumption. Together with the local and enterprise's consumption incentives, the implementation effect of the policies gradually emerged, and the overall growth rate of the automobile industry showed a trend of rejuvenation.

At present, China's automobile market is in a critical period of accelerated transformation while exploring emerging momentum. With the continuing growth of the automobile consumption, the gross size of the automobile market will increase steadily, and the structural quality will continue to be optimised. However, considering that the global economy and trade order are facing risks and challenges; that uncertainties, instability, and unpredictability have multiplied significantly; that the commodity prices related to the automobile industry have fluctuated sharply; and that "chip shortages" as well as component scarcity would continue to manifest, the supply chain issues such as "chip shortages and expensive batteries" will remain the intractable challenges for the development of the industry this year, which reflected that the automobile industry is entering a new competitive landscape. Firstly, with the continuous remodeling of the vehicle series portfolio, the market share of self-developed brands continues to ramp up. In 2022, the cumulative retail share was 49.9%. In particular, the cumulative retail share for each month from September to December exceeded 53% in succession. It is expected that the annual share in 2023 will exceed 50%. Among the joint venture brands, those with weaker competitiveness will suffer a greater impact, and the "post-JV era" of China's automobile industry has arrived. Secondly, with the continuing adjustment over product structure and the further acceleration in the popularisation of new energy, penetration rate of the new energy market has exceeded 25% in 2022, whereas this figure is expected to increase to more than 30% in 2023. Thirdly, auto exports are expected to continue to maintain rapid growth, and the development of Chinese automobiles overseas will usher in a golden era. As the economy springs to life in 2023, China Association of Automobile Manufacturers predicts that the domestic automobile market will continue to show a steady and positive development trend in 2023, with a growth rate of about 3%.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **(II) Development strategy of the Company**

During the period of the “14th Five-Year Plan”, the Group will adhere to the development principle of “internal collaborative innovation and external open cooperation” to implement the “1615” development strategy, namely, to achieve one goal, which is to, by the end of “14th Five-Year Plan” period, challenge the annual production and sales volume of vehicles amounting to 3.65 million units with NEV products accounting for over 25% of the production and sales scale of vehicles, among which the annual sales volume of self-developed brands reached 1 million, and the sales volume of self-developed NEV accounted for 50%; to consolidate six major segments, which include R&D, manufacture of vehicle, parts and components, commercial services, financial services and mobility transportation services; to highlight one key point, which is to fully improve independent innovation capabilities to achieve high quality development of the Group; and to achieve five major improvements in electrification, intelligent networking, digitalisation, shareability and internationalisation.

Looking forward, the Group will spare no effort to propel the “1578 Development Outline for Trillion GAC”. By 2030, the Group will endeavor to achieve one goal: annual production and sales volume exceeding 4.75 million vehicles, annual revenue (on a combined basis) amounting to RMB1 trillion, and profits tax amounting to RMB100 billion. The Group aims at becoming a world-class high-tech enterprise characterised by excellent products, distinguished brand image, cutting-edge innovation and modernised governance. The Group also aims to create momentum for five increment aspects, including transformative upgrading of whole vehicles, enhancement and extension of components industry chain, intellectualisation of commerce and mobility transportation, energy and ecological empowerment, and courageous international expansion. The Group will consolidate seven segments, including research and development, manufacture of vehicles, parts and components, commercial services and mobility transportation, energy and ecology, internationalisation as well as investment and finance. The Group will implement eight initiatives, including deepening the reform of the system and mechanism, paying balanced attention to self-development and capital injection regarding technological innovation, executing all-out upgrading of self-developed brands, reinforcing and extending the industry chain for structural optimisation, comprehensively developing energy ecology, arranging in-depth deployment of software business, seeking key breakthroughs in overseas markets, and exploring innovation in smart transportation models.

To support the implementation of the national “Dual Carbon” target, the Group will implement the “GLASS Plan” to achieve full life-cycle carbon neutrality of its products by 2050 (and challenge to achieve the target in 2045).

# MANAGEMENT DISCUSSION AND ANALYSIS

## **(III) Operational plan**

In 2023, oriented by the Group's development programs under the "14th Five-Year Plan" and the magnificent blueprint "Trillion GAC", the Group will fully, accurately and comprehensively implement the new development concept in integrity, proactively integrate into the new development landscape, and strive to explore the new horizon of high-quality development. The Group will also challenge the target of a year-on-year growth of 10% in annual vehicle sales volume, and continue to maintain a growing trend that prevails over the industry average. Aiming at further improving the product structure and enhancing the overall competitiveness, the Group plans to launch more than 10 new and facelift models, mainly including GAC Trumpchi GS3 Shadow Speed, two new energy MPV and one new energy SUV, GAC AION Hyper SSR, Hyper GT, one new SUV, new GAC Honda Accord, ZR-V e:HEV, Breeze e:HEV, Breeze e:PHEV, facelifted Fit, facelifted Avancier, GAC Toyota Frontlander HEV, Levin GT HEV, etc.

The major operational measures are as follows:

- (1) The Group will focus on "Trillion GAC" and actively promote high-quality development. It will also strengthen strategic leadership and implementation, make every effort to achieve a turnaround, improve quality, actively promote terminal inventory reduction, and comprehensively complete the annual target.
- (2) The Group will establish GAC as a first-class enterprise and enhance innovation capabilities in all aspects. It will also unswervingly be committed to innovation, accelerate the transformation and upgrading to ICV and NEV with technological innovation, explore business model innovation, and continue to deepen management innovation.
- (3) The Group will adhere to the supremacy of customers and strive to optimise products and services. It will also promptly launch products that meet consumers' needs for innovation and change, continue to create excellent products, construct a characteristic marketing system, and expand high-end service industries to empower car sales.
- (4) The Group will concentrate on the two self-developed brands and implement a triennium plan for new growth. It will also improve the integrated synergy mechanism, accelerate the promotion of the brand rejuvenation plan, accurately cultivate star products, innovate characteristic marketing services, comprehensively improve our profitability, and form an emerging pattern of in-depth internationalisation.

## MANAGEMENT DISCUSSION AND ANALYSIS

- (5) The Group will accelerate the transformation of the “Four Modernisations” and promote the upgrading of the energy level of the industrial chain. The Group will also extend the upstream and downstream to promote electrification, and promote the development of next-generation self-developed batteries, cells, and electric drive system. The Group will take into account both software and hardware to promote intelligent connectivity and intensify the control over key core technologies of intelligent interconnection. It will also strengthen its overall planning to promote digitalisation, and empower business development. The Group will promote shareability in innovative ways, and accelerate the implementation of the Robotaxi commercialisation project. The Group will stick to three-pronged “Independent R&D + JV Cooperation + M&A Investment” model to promote chain replenishment and reinforcement, and establish an independent and controllable core industrial chain.
- (6) The Group will deepen the reform of state-owned enterprises and constantly release the driving force of development. It will continue to deepen reforms, strengthen incentive and restraint mechanisms, improve corporate governance, strengthen risk prevention, and enhance the soft power of brand culture.

### **(IV) Potential risks**

#### **(1) Risk of macroeconomic fluctuations**

Residents' purchasing power and willingness to purchase declined in 2022. China prospectively implemented the established policies and initiatives, and launched a series of policies and follow-up measures to stabilise the economy, such that consumption, which serves as the primary driving force of the economy, stopped falling and rebounded. However, the impetus for the recovery of the world economy is insufficient, as the commodity prices fluctuate at high levels, and the external environment is becoming more complex, severe and uncertain. China's economic development is faced with the triple pressure of demand contraction, supply shock and weakening expectations. Macroeconomic fluctuations may have a certain impact on the overall development of the automobile industry and the Group.



## MANAGEMENT DISCUSSION AND ANALYSIS

### **(2) Risk of supply chain**

The global chips supply is expected to remain tight. Domestic automobile enterprises are exposed to greater supply chain risks since the local substitution process in chips is slow. The chip shortage has not been fundamentally alleviated yet, especially chips, which are with sophisticated integration and high computing power, such as MCU chips in tight supply. Various semiconductor companies have increased their investment in the production capacity of automotive chips, and the Group has also strengthened cooperation with chip manufacturers to optimise the production schedule of vehicle models and reduce the losses caused by the shortage of chip supply. However, if the shortage in supply of chips continue, it will have a relatively significant impact on the Company's production and operation. In addition, due to the intricate and volatile external international environment, the supply risks of components that are highly dependent on imports, such as chips, will still exist.

### **(3) Risk of high costs for raw materials**

Since 2022, the market price of raw materials has soared, as shown particularly by that of the battery-grade lithium carbonate. Although the price in early 2023 has dropped compared with its high level as in the previous year, it still imposes considerable cost pressure on auto companies. The Group has actively adopted cost control measures, and to accelerate the establishment of a vertically integrated new energy industry chain layout, but the price tendency of raw materials will generate uncertainty to impede the Company's profit target.

### **(4) Risk of policy**

With the termination of the subsidy policy for the purchase of new energy vehicles in 2023, the NEV industry will completely transit from policy-driven to market-driven. Auto enterprises must make rational adjustments to product development plans and product structures, and formulate adequate countermeasures in terms of capital, technology and marketing in advance. It's essential for auto enterprises to improve product competitiveness while further controlling costs, so as to minimise the dependence of the enterprise's production and operation on subsidy policies, and realise a smooth transition after the termination of subsidies. In addition, the penetration rate of new energy vehicles continues to increase and thus they will occupy more market share. Traditional fuel vehicles will face more intense market competition.

## Chapter 4

# CORPORATE GOVERNANCE

## I. CORPORATE GOVERNANCE

The Group was in strict compliance with relevant corporate governance requirements under the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies, the SSE Listing Rules, the Listing Rules and its Appendix 14, the Corporate Governance Code. The Group constantly optimised the structure of corporate governance, regulated the operation of general meetings, the Board and the Supervisory Committee in an orderly manner, and disclosed information in compliance with laws and regulations so as to establish a modern corporate governance system with sound scientific norms, effective checks and balances, and efficient operation. A total of 21 Board meetings and 15 meetings of special committees of the Board were held during the year; in addition, in order to constantly improve governance, the Company has reviewed and revised the internal management system from time to time, formulated 8 systems such as the Regulations for Data Safety Management, and revised 50 systems such as the Implementing Rules for the Audit Committee during the reporting period, which further optimised the governance structure and improved its governance.

There was no deviation by the Company's corporate governance from the requirements as specified in the existing laws and regulations, and the listing rules of the SSE and the Stock Exchange during the year. The Company was committed to continuous improvements on corporate governance, and firmly believed that good governance was crucial for long stability and sustainable development of the Company.

The Company's structure of corporate governance comprises the general meetings, the Board and its special committees, the Supervisory Committee, the management and the employees, each of which plays an important role in the corporate governance of the Company. The specific information is described below:

### (I) General Meeting

The general meeting is the authoritative body of the Company and has legal power to decide on significant matters of the Company. The Company carries out policies of open and honest communication and fair disclosures. The Company can ensure all shareholders, especially minority shareholders enjoy equal status and rights. Pursuant to Article 69 of the Articles of Association, if shareholders individually and jointly holding not less than 10% of the Company's issued shares with voting rights request in writing to hold an extraordinary general meeting, an extraordinary general meeting shall be held within two months after receipt of such written request.



## CORPORATE GOVERNANCE

Pursuant to Article 71 of the Articles of Association, shareholders individually and jointly holding over 3% of the shares of the Company are entitled to propose extraordinary motions to the Company and submit them in writing to the convener ten days before the general meeting. The convener of the general meeting shall issue supplementary notice of the general meeting to announce the content of the extraordinary motions within two days after receiving the proposed motions. The Company formulates efficient channels of communication with shareholders. All shareholders have the right to be informed and to participate in significant events of the Company; shareholders may raise enquiries and express their view to the Board in writing at any time (Contact address: The office of the Board of GAC Group at Room 2202, GAC Center, No. 23 Xingguo Road, Zhujiang New Town, Tianhe District, Guangzhou (Postal code: 510623), Telephone: 020-83151139, Fax: 020-83150319, Email: ir@gac.com.cn).

The Company has formulated the Rules of Procedures of the General Meeting, convened and held general meetings in strict compliance with regulatory requirements of listed companies so as to ensure that shareholders are able to fully exercise their rights. When the Company convenes an annual general meeting, written notice shall be given to all shareholders twenty-one days prior to the convening of the meeting. When convening an extraordinary general meeting, written notice shall be given to all shareholders fifteen days prior to the convening of the meeting. The notice of general meeting containing an agenda, resolutions proposed and a voting form are announced in a timely manner and/or sent to all H shareholders whose shares are registered in the register of members by post in accordance with the requirements. All shareholders are encouraged to attend the general meetings. All registered shareholders on the record date are entitled to attend the general meeting. H shareholders who are unable to attend the general meeting can appoint their proxies or the chairman of the general meeting as their proxies to attend the general meeting on their behalfs (the proxy form shall be completed and returned by H shareholders to the Company or the Company's H share registrar). All directors, supervisors and members of management of the Company are also requested to try their best to attend the general meetings; results of resolutions or poll results of the general meeting shall be timely announced in such manner as required by the Listing Rules and the SSE Listing Rules. Lawyer attended each general meeting and issued legal opinion.

The controlling shareholders and ultimate controller of the Company conscientiously fulfilled their obligations in good faith. There was no act that interfered with the decisions and operations of the Company directly or indirectly, by-passing the general meeting, nor was there any damage to the interest of the Company and other shareholders. The related-party transactions of the Company were fair and reasonable, the pricing of which has been adequately disclosed and no conduct damaging interests of the Company was found.

During the reporting period, the Company convened 1 annual general meeting, 2 extraordinary general meetings and 1 class meeting (for A and H shareholders respectively), the procedures of which have complied with the Company Law, and the Articles of Association.

## CORPORATE GOVERNANCE

### (II) Directors and the Board

#### 1. Directors and Composition of the Board

Directors of the Company are elected or rotated at the general meeting. The sixth session of the Board consists of 11 directors, including 2 executive directors, namely Zeng Qinghong (Chairman), Feng Xingya (General Manager); 5 non-executive directors, namely Chen Xiaomu, Chen Maoshan, Ding Hongxiang, Guan Dayuan, Liu Zhijun; and 4 independent directors, namely Zhao Fuquan, Xiao Shengfang, Wong Hakkun and Song Tiebo, accounting for over one-third of the total number of members of the Board. Independent directors have diverse professional backgrounds such as automobile industry, legal and compliance, audit and finance and strategic management respectively, coming from different areas and countries, whereas certain independent directors have work experience as senior management in well-established enterprises of various countries and areas, thereby achieving the Board diversity of the Company in terms of age, professional knowledge, work experience and region. In the future, the Company will further enhance the diversity of the Board in more aspects such as gender.

All directors have attended the meetings with an earnest and responsible attitude all the time. They are familiar with the relevant laws and regulations and understand their rights, responsibilities and obligations as a director. The directors believed that, the Company has sufficient resources to continue its business in the foreseeable future and there are no material uncertainties which may adversely affect the Company's ability to operate as a going concern.

During the reporting period, the Company convened 21 Board meetings. The convening, holding and resolution procedures of the Board meetings have complied with the Company Law, the Articles of Association and the Rules of Procedures of the Board.

#### 2. Powers of the Board

The Board is accountable to the general meeting and exercises the following powers:

- (1) To convene general meetings and report its work at the general meetings;
- (2) To implement the resolutions of the general meetings;
- (3) To decide on the business plans and investment plans of the Company;
- (4) To decide on the mid-term and long-term development plans of the Company;
- (5) To formulate annual financial budgets and financial accounts of the Company;



## CORPORATE GOVERNANCE

- (6) To formulate the profit distribution plans and plans on making up losses of the Company;
- (7) To formulate proposals for increase or reduction of the registered capital of the Company and issue and listing of bonds or other securities of the Company;
- (8) To formulate plans for major acquisitions, purchase of shares of the Company or plans for merger, division, dissolution or alteration of corporate form of the Company;
- (9) To determine external investments, purchases and sales of assets, pledge of assets, external guarantees, loans, entrusted asset management, disposal of assets, connected transactions and external donations of the Company, save for the matters that are required to be resolved at the general meeting pursuant to the law, regulations, the Articles of Association and other regulatory documents;
- (10) To determine the establishment of the Company's internal management structure and manpower deployment;
- (11) To appoint or remove the general manager and the secretary to the Board based on the nomination by the chairman of the Board; to appoint or remove the deputy general manager, chief financial officer and other senior management of the Company based on the nomination by the general manager and to determine their remunerations and rewards and penalties;
- (12) To formulate the basic management system of the Company;
- (13) To formulate proposals for amendment to the Articles of Association;
- (14) To formulate the information disclosure system of the Company and to manage information disclosure (including handling of inside information) of the Company;
- (15) To propose the appointment or removal of the Company's auditors at the general meeting;
- (16) To receive the work report and inspect the work of the general manager of the Company;
- (17) To formulate share incentive schemes;
- (18) To be responsible for the establishment, refinement and effective implementation of risk management, compliance management, internal control and other systems, and make decisions on major issues related to risk management, compliance management and internal control;

## CORPORATE GOVERNANCE

- (19) To review and resolve other matters required to be decided by the Board pursuant to the laws, administrative regulations, departmental rules, the requirements of the place where the Company's shares are listed and the Articles of Association.

The exercise of power by the Board on the aforesaid matters or any transactions or arrangements of the Company shall be proposed for consideration and approval at the general meeting should the listing rules of the place where the shares of the Company are listed so require.

### **3. Responsibilities of Directors**

The directors acknowledge their responsibility for the preparation of annual financial statements and true and fair presentation of the Company's business results and financial conditions. The Board, which is responsible for overseeing the preparation of annual financial statements, receives the Company's monthly management accounts in respect of operation and updates on the Group's performance, financial position and prospects. In preparing the financial statements for the year ended 31 December 2022, the Board adopted appropriate accounting policies consistently, made prudent and reasonable judgements and estimates, and ensured that the financial statements were prepared on a going concern basis and show a true and fair view of the financial position of the Company and of the Group as at 31 December 2022 and of the financial performance and cash flows for the year.

### **4. Corporate Governance Functions**

The Board of the Company has adopted the terms of reference for directors to perform its corporate governance functions, which include the formulation and review of the Company's corporate governance policy and practices; review and oversee the training and continuous professional development of the directors and senior management; review and oversee the Company's policy and practices on compliance with law and regulations; formulate, review and oversee the Code of Conduct and Compliance Manual for employees and directors, and review the Company's observance of the Corporate Governance Code and disclosures made in Chapter 4 – "Corporate Governance" of this report.

For the year 2022, the Board has performed the above corporate governance functions. During the year, the Company has complied with the code provisions in the Corporate Governance Code, the Appendix 14 of the Listing Rules.

# CORPORATE GOVERNANCE

## 5. Director Training

During the reporting period, the directors of the Company actively participated in the relevant trainings of corporate governance, directors' duties and operation management. The secretary to the Board and company secretary, Ms. Sui Li and joint company secretary, Mr. Leung Chong Shun have complied with the professional training requirement under rule 3.29 of the Listing Rules during the year. All directors have also provided their relevant training records during the reporting period. Details regarding the training of directors during the reporting period are as follows:

Directors	Zeng Qinghong	Feng Xingya	Zhao Fuquan	Xiao Shengfang	Wong Hakkun	Song Tiebo	Chen Xiaomu	Chen Maoshan	Ding Hongxiang	Guan Dayuan	Liu Zhijun
Training participated	ABC	ABC	ABC	ABC	ABC	ABC	BC	BC	BC	ABC	BC

Notes:

- A: Trainings on corporate governance of listed companies, directors' duties and the relevant trainings organised by stock exchanges or securities regulatory authorities;
- B: Special training, seminars and conferences on aspects of economics, finance and corporate management;
- C: Reading materials related to corporate governance, directors' duties and regulations of internal control and risk management; and attending seminars, forums and conferences, etc.

All directors of the Company can timely access the relevant laws, regulations and other information relating to their continuing obligations through the secretary to the Board and the office of the Board. The Company ensures that all directors keep abreast of business development of the Company, the competitive and regulatory environment, as well as the development trend of the industry through provision of materials, conferences and seminars, which help directors understand their responsibilities and make right decisions and conduct effective supervision. The Company has adopted the Model Code as the code of conduct for securities transactions by directors. There is no financial, business, family or other material or related relationship existing among the directors.

After making specific enquiries with all directors, all directors have confirmed that they have fully complied with the rules as required by the Model Code throughout the year of 2022.

## CORPORATE GOVERNANCE

### **6. Independence of the Independent Directors**

The Company has established a mechanism (including the Rules for the Independent Directors) to ensure that the Board can receive independent views and opinions. Pursuant to this mechanism, the independent directors of the Company attend the meetings of the board of directors and its respective committees, where discussions are raised and decisions are made regarding important matters. With professional knowledge and experience, the independent directors provide opinions on the Company's standardized operations, carefully review the fairness and objectivity of the terms of related transactions, express their opinions and perform their duties independently without being influenced by the Company's controlling shareholder or other units and individuals that have an interest in the Company. During the reporting period, independent directors were able to faithfully perform their duties of integrity and diligence in accordance with the requirements of relevant laws and regulations. During the reporting period, the Board has reviewed the implementation and effectiveness of the relevant mechanism.

Additionally, apart from regular meetings of the Board, the Chairman will also meet the independent directors without the presence of other directors to obtain their independent opinions on different matters of the Company. During the year ended 31 December 2022, the Chairman has conducted such meetings with independent directors.

The Company's independent directors have knowledge of the rights and obligations of the directors and independent directors of listed companies. In accordance with Rule 3.13 of the Listing Rules on the Stock Exchange, the Company has received the annual confirmation of independence from each of the independent directors. The Company considers that they are independent.

The Company has reported to the independent directors the production and operation situation of the Company and the progress of significant events, submitted the annual reports and audit work schedule in compliance with the relevant requirements of the CSRC and the SSE concerning annual reports. Independent directors have communicated with the Company's auditors in respect of the related issues of the audit process.

During the reporting period, the independent directors did not hold dissenting views regarding resolutions of the Board and other resolutions not considered by the Board.



## CORPORATE GOVERNANCE

### **7. Special Committees of the Board**

The Board has set up Strategy Committee, Audit Committee, Remuneration and Assessment Committee and Nomination Committee. Compositions of each of the committees of the Board are as follows:

- (1) Strategy Committee comprises 6 directors, namely Zeng Qinghong, Feng Xingya, Zhao Fuquan, Song Tiebo, Guan Dayuan and Ding Hongxiang, among whom, Zhao Fuquan and Song Tiebo are independent directors and Zeng Qinghong is the chairman of the committee. The committee is mainly responsible for conducting research and making recommendations on the long-term development strategy and major investment decision of the Company. During the reporting period, 4 meetings of the Strategy Committee were held and all members attended the meetings, at which the matters with respect to the energy conservation and emission reduction plans, the ESG plans, and the ESG Report were considered and reviewed.
- (2) Audit Committee comprises 3 independent directors, namely Wong Hakkun, Xiao Shengfang and Song Tiebo, among whom Wong Hakkun is the chairman of the committee. Their primary duties are to supervise and review the annual audit work and internal audit system of the Company, the financial information and disclosure of the Company, and compliance supervision. During the reporting period, 7 meetings of the Audit Committee were held and all members attended the meetings. The Audit Committee mainly reviewed and deliberated the annual, interim and quarterly reports and results, profit distribution and appointment of auditing institution and also timely reviewed the internal control system at the meetings.
- (3) Remuneration and Assessment Committee comprises 3 directors, namely Xiao Shengfang, Song Tiebo and Ding Hongxiang, among whom, Xiao Shengfang and Song Tiebo are independent directors and Xiao Shengfang is the chairman of the committee. Their primary duties are to formulate the assessment criteria and appraise the directors and senior management of the Company, formulate and review the remuneration policies and proposals of directors and senior management of the Company, approve the terms of the executive directors' service contracts and review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules. During the year, 3 meetings of the Remuneration and Assessment Committee were held in total and all members attended the meetings. The Remuneration and Assessment Committee reviewed the remuneration and appraisal proposal of senior management for the year 2021 and the appraisal plan relating to the share option incentive schemes of the Company, and recommendations were provided to the Board.

## CORPORATE GOVERNANCE

- (4) Nomination Committee comprises 3 directors, namely Xiao Shengfang, Song Tiebo and Ding Hongxiang, among whom, Xiao Shengfang and Song Tiebo are independent directors and Xiao Shengfang is the chairman of the committee. Their duties are to make recommendations regarding the candidates of senior management, the selection standards and procedures as well as being responsible for reviewing the principle of diversified selection in nomination of directors, assisting and maintaining the diversified visions and various educational backgrounds and professional knowledge. During the year, 1 meeting of the Nomination Committee was held in total and all members attended the meeting, at which the matters with respect to the appointment and dismissal of senior management were considered and reviewed and recommendations were provided.

### **8. Board Diversity Policy**

According to the Board diversity policy of the Company (the “Diversity Policy”), when determining the composition of the Board, the Company will consider board diversity in terms of, among other things, age, gender, educational background, ethnicity, professional experience, skills, knowledge and term of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The Nomination Committee of the Company will disclose the composition of the Board annually in the annual report and monitor the implementation of the Diversity Policy. The Nomination Committee will review the Diversity Policy, when appropriate, to ensure the effectiveness of the Diversity Policy, and will recommend any such revisions to the Board for consideration and approval. During the reporting period, the Board has reviewed the implementation and effectiveness of the Diversity Policy.

In order to comply with Rule 13.92 of the Listing Rules, the Company is considering adding one or more female director(s) to the Board to achieve the gender diversity of members before 31 December 2024, through various channels (including appointing an independent professional recruitment agency to assist in identifying potential candidates, referring to the nomination policy, or inviting existing directors, senior management or shareholders of the Company to recommend appropriate candidate referrals), and establish a potential director succession pipeline that empowers gender diversity in the long run.

The Group strictly adheres to the Rules for Recruitment and Employment and the Rules for Management of Employee Salary and Benefit, treats employees of different races, genders, and beliefs equally, and conducts recruitment of staff and salary management in a fair and objective manner, thereby achieving diversity in all employees (including senior management) in terms of gender, age, cultural and educational background, professional experience, skills and knowledge. As of 31 December 2022, the number of



## CORPORATE GOVERNANCE

female employees in the Group was 17,792, accounting for approximately 17.8% of the total number of employees; the number of male employees was 82,329, accounting for approximately 82.2% of the total number of employees. The Group will continue to promote and achieve gender diversity within its employees.

### **9. Nomination Policy**

According to the nomination policy (the “Nomination Policy”) of the Company, in evaluating and selecting candidates for directorship, the Nomination Committee shall:

- (1) review the structure and composition (including the skills, knowledge and experience) of the Board, with reference to the operations, assets scale and shareholding structure of the Company, annually and make recommendations to the Board on any proposed changes concerning the directors in line with the implementation of the Company’s strategy;
- (2) study the selection criteria and procedures of the directors and senior management and to make recommendations to the Board;
- (3) search extensively for the qualified candidates of the directors and senior management;
- (4) review and make recommendations to the Board on the candidates of the directors and senior management;
- (5) review and make recommendations on the other senior management who would be submitted to the Board for appointment;
- (6) assess the independence of independent directors;
- (7) give due regard to the benefits of diversity on the Board against objective criteria with reference to the Diversity Policy when performing the duties set out above;
- (8) review the Diversity Policy where appropriate, review the measurable objectives and the progress of attainment under the Diversity Policy, and to disclose its review in the annual report each year to ensure effective implementation;
- (9) recommend to the Board on the appointment or reappointment of directors and the succession plan for directors, in particular the chairman and the general manager; and
- (10) other matters conferred by the Board.

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The selection procedures of the directors and senior management are as follows:

- (1) the Nomination Committee shall actively communicate with the relevant departments of the Company to study the demand of the Company for new directors and senior management and to produce the result in writing;
- (2) the Nomination Committee may extensively look for candidates of the directors and senior management within the Company and its controlling (investee) enterprises as well as in the labour market;
- (3) to obtain information about the occupation, education background, job title, detailed information in relation to the work experience and all the part-time positions of the preliminary proposed candidates and to produce the result in writing;
- (4) to seek the nominees' approval on the nomination, otherwise he/she shall not be nominated as the candidates of the directors and senior management;
- (5) to convene meetings of the Nomination Committee and to review the qualification of the preliminary proposed candidates according to the job criteria of the directors and senior management;
- (6) to recommend and to provide materials about the candidates of the directors and senior management to the Board one to two months prior to the election of new directors and the appointment of new senior management;
- (7) to conduct other follow up work according to the decisions and feedbacks of the Board.

### **(III) Supervisors and Supervisory Committee**

The Supervisory Committee strictly performed its supervisory function in accordance with the requirements of relevant laws and regulations and the Articles of Association in a diligent and responsible manner.

At present, the Supervisory Committee comprises 6 supervisors, namely Chen Tian, Cao Xiandong, Huang Cheng, Wang Yuan, Wang Lu and Huang Zhuo, among whom Wang Yuan (who took office on 27 February 2023 to succeed Shi Lei), Wang Lu and Huang Zhuo are staff representative supervisors.

Constitution of such committee was in compliance with requirements of laws and regulations and the Articles of Association.



## CORPORATE GOVERNANCE

During the reporting period, the Supervisory Committee convened 6 meetings, the convening, holding and procedures of which are in compliance with relevant requirements under the Articles of Association and the Rules of Procedures of the Supervisory Committee. All supervisors attended the meetings of the Supervisory Committee held this year and performed their duties conscientiously.

### **(IV) The Management**

The appointment, dismissal of and rewards and punishment for the senior management of the Company were in strict compliance with the provisions of relevant laws, regulations and the Articles of Association. The Company has clearly defined the roles and division of work between the Board and the management as well as the respective responsibilities of the chairman of the Board and the general manager in its Articles of Association, ensuring the independence of the Board in decision-making and the independence of the management in managing the daily operations. The management of the Company mainly exercises the following daily operation rights under the authorisation of the Board:

- (1) to be responsible for the Company's production, operation and management, to organise resources to carry out the Board's resolutions, and to report to the Board;
- (2) to organise the implementation of the Company's annual business plan and investment plan;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to formulate the Company's basic management system;
- (5) to formulate the specific rules and regulations of the Company;
- (6) to propose the appointment or dismissal of the Company's deputy general manager(s) and chief financial officer;
- (7) to decide on the appointment or dismissal of management personnel and staff other than those required to be appointed or dismissed by the Board;
- (8) to propose the convening of extraordinary board meeting; and
- (9) to exercise other powers conferred by the Articles of Association or the Board.

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Pursuant to code provision E.1.5 of the Corporate Governance Code, the remuneration of the members of the senior management by band for the year 2022 is set out below:

<b>Remuneration bands (RMB)</b>	<b>Number of persons</b>
1,000,001 to 2,000,000	6
2,000,001 to 3,000,000	0
3,000,001 to 4,000,000	6
Total	12

### **(V) Company Secretary**

During the reporting period, the company secretaries of the Company are Ms. Sui Li, senior management of the Company, and Mr. Leung Chong Shun, a practicing solicitor in Hong Kong and external service provider. The primary contact person of the Company is Ms. Sui Li, the secretary to the Board. The company secretaries have received relevant professional training which fulfilled the requirements of Rule 3.29 of the Listing Rules.

### **(VI) Appointment and Remuneration of External Auditor**

The external auditor appointed by the Company is PricewaterhouseCoopers. The auditor's remuneration is disclosed in the paragraph titled "Appointment or Dismissal of Accountants" under Chapter 8 – "Significant Events" of this report.

### **(VII) Investor Relations**

The Group has formulated relevant systems such as the Investor Relations Management System and the Working System for Investor Complaint Handling to ensure a sound communication with the shareholders. The Group communicates with its investors through multiple channels and at multiple levels. The communication method should be as convenient and effective as possible for investors and shareholders to express their opinions on various matters affecting the Group, and for the Group to seek and understand the opinions from shareholders and stakeholders. Above-mentioned methods include: general meetings, SSE E-interactive, investor relations column on the Company's official website, open day for investors, investor hotline, email, visiting survey, performance briefing, roadshow, reverse roadshow activities, etc.



## CORPORATE GOVERNANCE

In 2022, the Group received a total of 2,007 person-times of surveys, including 1,103 person-times of investor teleconferencing surveys, 145 person-times of offline communications such as investor exchange summits/roadshows, and 759 person-times of performance briefing communications. In view of the growing tendency of minority shareholders and investors of the Company, the Group ensures smooth dialogue with minority shareholders and individual investors through the SSE E-interactive platform, hotline, IR mailbox, and the company's official website. In 2022, the Group responded to more than 128 investor inquiries through the SSE E-interactive platform and more than 144 investor consultations through the hotline. In view of the various channels for communicating with investors and shareholders, the Group believes that the implementation and effectiveness of relevant systems during the year are effective and sufficient.

### **(VIII) Amendments to the Articles of Association**

There was no amendment during the reporting period.

In order to comply with the core shareholder protection standards set out in Appendix III to the Listing Rules as amended on 1 January 2022, the Company has made corresponding amendments to its Articles of Association according to the Plan for Institutional Reform of the State Council (《國務院機構改革方案》), the Guidelines on the Articles of Association for Listed Companies (Revised in 2022) (《上市公司章程指引》(2022年修訂)) issued by the CSRC, the SSE Listing Rules (Revised in 2022) and the actual situation of the Company. The relevant amendments have been passed by way of special resolution on the 2023 first extraordinary general meeting convened by the Company on 20 January 2023. For details, please refer to the circular of the Company published on 4 January 2023.

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### II. GENERAL MEETINGS

<b>Session of the meeting</b>	<b>Date</b>	<b>Enquiry index of the designated website for the publication of the resolutions</b>	<b>Date of disclosure of the publication of the resolutions</b>	<b>Resolutions of meetings</b>
2021 annual general meeting and 2022 first class meetings for A and H shareholders	27 May 2022	Websites of SSE and the Stock Exchange	27 May 2022	Resolutions of the 2021 annual general meeting and the 2022 first class meetings for A and H shareholders
2022 first extraordinary general meeting	19 August 2022	Websites of SSE and the Stock Exchange	19 August 2022	Resolutions of the 2022 first extraordinary general meeting
2022 second extraordinary general meeting	14 October 2022	Websites of SSE and the Stock Exchange	14 October 2022	Resolutions of the 2022 second extraordinary general meeting

Convening of the general meetings of the Company were in strict compliance with the requirements of the Articles of Association and the Rules of Procedures of the General Meeting. The proposal and voting procedures were in compliance with the relevant requirements of laws and regulations. General meetings held during this reporting period were all witnessed by lawyers who issued legal opinions. The Company disclosed the announcement on general meetings' resolutions in a timely, complete and accurate manner after the general meetings.

## CORPORATE GOVERNANCE

### III. PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

#### (I) Particulars of Changes in the Shareholding and Remuneration of Incumbent and Resigned Directors, Supervisors and Senior Management During the Reporting Period

Unit: A share

Name	Position (Note)	Gender	Age	Commencement date of term	Expiry date of term	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Increase/decrease in number of shares during the year	Reason for the increase/decrease	Total remuneration obtained payable by the Company during the reporting period (RMB'000)	Remuneration from related parties of the Company
Zeng Qinghong	Chairman and Party Secretary	Male	61	8 October 2021	8 October 2024	531,000	398,300	-132,700	Share Option Scheme	122.14	No
Feng Xingya	Director and General Manager	Male	53	8 October 2021	8 October 2024	766,533	574,933	-191,600	Share Option Scheme	398.08	No
Zhao Fuquan	Independent Director	Male	59	8 October 2021	8 October 2024	0	0	-	-	15	No
Xiao Shengfang	Independent Director	Male	53	8 October 2021	8 October 2024	0	0	-	-	15	No
Wong Hakkun	Independent Director	Male	56	8 October 2021	8 October 2024	0	0	-	-	15	No
Song Tiebo	Independent Director	Male	57	8 October 2021	8 October 2024	0	0	-	-	15	No
Chen Xiaomu	Director and Deputy Party Secretary	Male	47	8 October 2021	8 October 2024	97,367 (A shares) 98,000 (H shares)	97,367 (A shares) 98,000 (H shares)	0	-	112.02	No
Chen Maoshan	Staff Representative Director and chairman of the labour union	Male	58	8 October 2021	11 August 2024	586,868 (A shares) 111,274 (H shares)	684,868 (A shares) 111,274 (H shares)	98,000 (A shares)	Share Option Scheme	301.03	No
Ding Hongxiang	Director	Male	56	8 October 2021	8 October 2024	0	0	-	-	0	No
Guan Dayuan	Director	Male	59	8 October 2021	8 October 2024	0	0	-	-	0	No
Liu Zhijun	Director	Male	59	8 October 2021	8 October 2024	0	0	-	-	0	No
Chen Tian	Supervisor	Female	45	8 October 2021	8 October 2024	0	0	-	-	0	No
Gao Xiandong	Supervisor	Male	42	8 October 2021	8 October 2024	0	0	-	-	0	No
Huang Cheng	Supervisor	Male	48	8 October 2021	8 October 2024	0	0	-	-	0	No
Shi Lei	Staff Representative Supervisor	Male	49	8 October 2021	27 February 2023	120,395	120,395	0	-	92.95	No
Wang Yuan	Staff Representative Supervisor	Female	43	27 February 2023	8 October 2024	-	-	-	-	-	No
Wang Lu	Staff Representative Supervisor	Female	54	8 October 2021	8 October 2024	0	0	-	-	88.80	No
Huang Zhuo	Staff Representative Supervisor	Male	42	8 October 2021	8 October 2024	0	0	-	-	78.64	No
Yan Zhuangli	Deputy General Manager	Male	54	8 October 2021	8 October 2024	260,000	260,000	0	-	310.45	No
Wang Dan	Chief accountant and person in charge of accounting function	Female	52	8 October 2021	8 October 2024	715,868	739,868	24,000	Share Option Scheme	351.07	No
Gao Rui	Deputy General Manager	Male	43	8 October 2021	8 October 2024	160,000	224,000	64,000	Share Option Scheme	325.76	No
Jiang Xiuyun	Deputy General Manager	Female	55	20 June 2022	8 October 2024	0	0	-	-	319.46	No
Yu Jun	Deputy General Manager	Male	56	20 June 2022	8 October 2024	245,000	343,000	98,000	Share Option Scheme	162.92	No
Zheng Heng	Deputy General Manager	Male	52	20 June 2022	8 October 2024	350,979	350,979	-	-	162.92	No
Xia Xianqing	Deputy General Manager	Male	49	20 June 2022	8 October 2024	245,000	245,000	-	-	177.73	No

## CORPORATE GOVERNANCE

Name	Position (Note)	Gender	Age	Commencement date of term	Expiry date of term	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Increase/decrease in number of shares during the year	Reason for the increase/decrease	Total remuneration obtained payable by the Company during the reporting period (RMB'000)	Remuneration from related parties of the Company
Sui Li	Secretary of the Board and company secretary	Female	54	8 October 2021	26 August 2023	295,353	368,353	73,000	Share Option Scheme	308.33	No
Wu Song	Standing Deputy General Manager	Male	59	8 October 2021	20 June 2022	595,800	447,200 see Note 3	-148,600	Share Option Scheme	168.60	No
Li Shao	Deputy General Manager	Male	60	8 October 2021	20 June 2022	595,767	595,767 see Note 3	0	-	159.45	No
Chen Hanjun	Deputy General Manager	Male	60	8 October 2021	20 June 2022	274,220	274,220 see Note 3	0	-	159.15	No
Total	/	/	/	/	/	/	/	/	/	3,859.20	/

Note:

- The number of shares held at the end of the reporting period includes the granted restricted shares.
- From 20 June 2022, Ms. Wang Dan ceased to be the Deputy General Manager and person in charge of accounting function, and was re-designated as the chief accountant and person in charge of accounting function; Ms. Jiang Xiuyun ceased to be the chief accountant, and was re-designated as the Deputy General Manager.
- From 20 June 2022, Mr. Wu Song, Mr. Li Shao and Mr. Chen Hanjun ceased to be the senior management of the Company. The respective number of Shares held by Mr. Wu Song, Mr. Li Shao and Mr. Chen Hanjun at the end of the year is the number of Shares they held as at 20 June 2022, being the last day of their appointment and the last day which the Company was able to ascertain their interest in the Company.
- The remuneration of Mr. Yu Jun, Mr. Zheng Heng, Mr. Xia Xianqing, Mr. Wu Song, Mr. Li Shao, and Mr. Chen Hanjun represents the total amount of remuneration received during their tenure as the Deputy General Manager of the Company.

## (II) Interests Required to be Disclosed under the SFO

The following are the interests or short positions of the current and resigned directors, supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (as defined in Part XV of the SFO) as at 31 December 2022, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she was deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange:

## CORPORATE GOVERNANCE

Name	Position	Class of shares	Capacity	Number of shares held	Number of interests in underlying shares held under equity derivatives	Percentage in		
						Total	the class of issued share capital	Percentage of total share capital
Zeng Qinghong	Chairman and Party Secretary	A shares	Beneficial owner	398,300	0	398,300	0.0054%	0.0038%
Feng Xingya	Director and General Manager	A shares	Beneficial owner	574,933	290,000	864,933	0.0118%	0.0082%
Chen Xiaomu	Director and Deputy Party Secretary	A shares	Beneficial owner	97,367	0	97,367	0.0013%	0.0009%
		H shares	Beneficial owner	98,000	0	98,000	0.0032%	0.0009%
Chen Maoshan	Staff Representative Director and chairman of the labour union	A shares	Beneficial owner	684,868	147,000	831,868	0.0114%	0.0079%
		H shares	Beneficial owner	111,274	0	111,274	0.0036%	0.0011%
Shi Lei	Staff Representative Supervisor (Resigned on 27 February 2023)	A shares	Beneficial owner	120,395	0	120,395	0.0016%	0.0011%
Wang Yuan	Staff Representative Supervisor	A shares	Beneficial owner	-	-	-	-	-
Wang Lu	Staff Representative Supervisor	A shares	Beneficial owner	0	0	0	0.0000%	0.0000%
Huang Zhuo	Staff Representative Supervisor	A shares	Beneficial owner	0	0	0	0.0000%	0.0000%
Yan Zhuangli	Deputy General Manager	A shares	Beneficial owner	260,000	260,000	520,000	0.0071%	0.0050%
Wang Dan	Chief accountant and person in charge of accounting function	A shares	Beneficial owner	739,868	156,000	895,868	0.0122%	0.0085%
Gao Rui	Deputy General Manager	A shares	Beneficial owner	224,000	96,000	320,000	0.0044%	0.0031%
Jiang Xiuyun	Deputy General Manager	A shares	Beneficial owner	0	0	0	0.0000%	0.0000%
Yu Jun	Deputy General Manager	A shares	Beneficial owner	343,000	147,000	490,000	0.0067%	0.0047%
Zheng Heng	Deputy General Manager	A shares	Beneficial owner	350,979	245,000	595,979	0.0081%	0.0057%
Xia Xianqing	Deputy General Manager	A shares	Beneficial owner	245,000	245,000	490,000	0.0067%	0.0047%
Sui Li	Secretary to the Board	A shares	Beneficial owner	368,353	147,000	515,353	0.0070%	0.0049%
Wu Song	Standing Deputy General Manager (resigned on 20 June 2022)	A shares	Beneficial owner	447,200*	260,000	707,200	0.0097%	0.0067%
Li Shao	Deputy General Manager (resigned on 20 June 2022)	A shares	Beneficial owner	595,767*	260,000	855,767	0.0117%	0.0082%
Chen Hanjun	Deputy General Manager (resigned on 20 June 2022)	A shares	Beneficial owner	274,220*	260,000	534,220	0.0073%	0.0051%

\* see Note 3 at page 79 of this Report

Note: In view of good practice of corporate governance, interests of senior management (other than the chief executive) in the Company are also disclosed in the above table.

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### (III) Share Options Granted to Directors and Senior Management during the Reporting Period

**A share options under the 2020 Incentive Scheme (as defined on page 134 of this report)**

Unit: share (A share) Currency: RMB

Name	Position	Number of outstanding A share options held at the beginning of the reporting period	Number of new A share options granted during the reporting period	Shares under A share options exercisable during the reporting period	Shares under A share options exercised during the reporting period	Number of A share options cancelled during the reporting period	Number of A share options lapsed during the reporting period	Weighted average closing price immediately before the exercise date of the A share options (RMB)	Number of A share options held at the end of the reporting period
Zeng Qinghong	Chairman and Party Secretary	0	0	0	0	0	0	N/A	0
Feng Xingya	Director and General Manager	290,000	0	116,000	0	0	0	N/A	290,000
Chen Xiaomu	Director and Deputy Party Secretary	0	0	0	0	0	0	N/A	0
Chen Maoshan	Staff Representative Director and chairman of the labour union	245,000	0	98,000	98,000	0	0	11.42	147,000
Yan Zhuangli	Deputy General Manager	260,000	0	104,000	0	0	0	N/A	260,000
Wang Dan	Chief accountant and person in charge of accounting function (redesignated on 20 June 2022)	260,000	0	104,000	104,000	0	0	11.33	156,000
Gao Rui	Deputy General Manager	160,000	0	64,000	64,000	0	0	11.76	96,000
Jiang Xiuyun	Deputy General Manager (redesignated on 20 June 2022)	0	0	0	0	0	0	N/A	0
Yu Jun	Deputy General Manager	245,000	0	98,000	98,000	0	0	11.66	147,000
Zheng Heng	Deputy General Manager	245,000	0	98,000	0	0	0	N/A	245,000
Xia Xianqing	Deputy General Manager	245,000	0	98,000	0	0	0	N/A	245,000
Sui Li	Secretary of the Board and company secretary	245,000	0	98,000	98,000	0	0	11.80	147,000
Wu Song	Standing Deputy General Manager (resigned on 20 June 2022)	260,000	0	104,000	104,000	0	0	12.10	156,000
Li Shao	Deputy General Manager (resigned on 20 June 2022)	260,000	0	104,000	104,000	156,000	0	12.10	0
Chen Hanjun	Deputy General Manager (resigned on 20 June 2022)	260,000	0	104,000	104,000	156,000	0	12.10	0

Note:

For the grant date, validity period, exercise period and the exercise price of the above A share options, please refer to the paragraph titled "X. Share Option Scheme, Employee Stock Ownership Scheme or Other Staff Incentives of the Company and Their Impact" under Chapter 8 – "Significant Events" of this report. During the reporting period, the A share options under the 2022 Incentive Scheme (as defined on page 139 of this report) are yet to be granted or exercised.

# CORPORATE GOVERNANCE

## Restricted A shares under the 2020 Incentive Scheme

Unit: share (A share) Currency: RMB

Name	Position	Number of unvested restricted A shares held at the beginning of the reporting period	Number of locked-up restricted A shares held at the beginning of the reporting period	Number of restricted A shares newly granted during the reporting period	Number of restricted A shares unlocked during the reporting period	Number of restricted A shares cancelled during the reporting period	Weighted average closing price of restricted A shares immediately before the vesting date of the restricted A share (RMB)	Number of locked-up restricted A shares held at the end of the reporting period
Zeng Qinghong	Chairman and Party Secretary	0	0	0	0	0	N/A	0
Feng Xingya	Director and General Manager	0	290,000	0	116,000	0	0	174,000
Chen Xiaomu	Director and Deputy Party Secretary	0	0	0	0	0	0	0
Chen Maoshan	Staff Representative Director and chairman of the labour union	0	245,000	0	98,000	0	0	147,000
Yan Zhuangli	Deputy General Manager	0	260,000	0	104,000	0	0	156,000
Wang Dan	Chief accountant and person in charge of accounting function (redesignated on 20 June 2022)	0	260,000	0	104,000	0	0	156,000
Gao Rui	Deputy General Manager	0	160,000	0	64,000	0	0	96,000
Jiang Xiuyun	Deputy General Manager (redesignated on 20 June 2022)	0	0	0	0	0	0	0
Yu Jun	Deputy General Manager	0	245,000	0	98,000	0	0	147,000
Zheng Heng	Deputy General Manager	0	245,000	0	98,000	0	0	147,000
Xia Xianqing	Deputy General Manager	0	245,000	0	98,000	0	0	147,000
Sui Li	Secretary of the Board and company secretary	0	245,000	0	98,000	0	0	147,000
Wu Song	Standing Deputy General Manager (resigned on 20 June 2022)	0	260,000	0	104,000	0	0	156,000
Li Shao	Deputy General Manager (resigned on 20 June 2022)	0	260,000	0	104,000	0	0	156,000
Chen Hanjun	Deputy General Manager (resigned on 20 June 2022)	0	260,000	0	104,000	0	0	156,000

### Note:

For details of the grant date, grant price, validity period, vesting period and repurchase price of the above-mentioned restricted A shares, please refer to the paragraph titled "X. Share Option Scheme, Employee Stock Ownership Scheme or Other Staff Incentives of the Company and Their Impact" under Chapter 8 – "Significant Events" of this report.

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<b>Name</b>	<b>Main work experiences</b>
Zeng Qinghong	<p>Mr. Zeng is a senior engineer and a Ph.D. candidate in management science and engineering. Currently, Mr. Zeng is the Chairman and party secretary of the Company and chairman of the Strategy Committee of the Board. He is also the chairman and party secretary of GAIG. He first joined the Company in 1997. He had served as the vice chairman of the Company from June 2005 to October 2016, general manager of the Company from June 2005 to November 2016, and director of the Executive Committee of the Company from June 2013 to November 2016. Mr. Zeng was the vice chairman of GAIG from August 2008 to October 2016, general manager of GAIG from July 2013 to October 2016. He has been serving the current positions since October 2016. He was the chairman of GAC Toyota and vice chairman of GAC Toyota Engine from June 2013 to December 2016. He acted as a chairman of GAMC from August 2008 to June 2013, chairman of GAC Gonow Automobile Co., Ltd. from January 2011 to June 2013 and chairman of GAC FCA from January 2010 to June 2013. Prior to this, he held positions as chairman of GAC Business, GAC Component and GAC Hino, director and executive deputy general manager of GAC Honda and deputy general manager of GAIG and GAC Group. Mr. Zeng is a delegate of the 10th, 11th and 13th National People's Congress.</p>
Feng Xingya	<p>Mr. Feng is currently a director, general manager, director of the Executive Committee of the Company and member of the Strategy Committee of the Board. He is also a director of GAIG, chairman of GAMC, and chairman of GAC AION. Mr. Feng joined the Group in 2004, he has held positions as a deputy head of sales department, deputy general manager, executive deputy general manager and a director of GAC Toyota, a director of GAC Mitsubishi and vice chairman of Tong Fang Logistics. He has been the deputy general manager of the Company since 2008. Since 25 March 2015, he has been a director of the Company. He was the chairman of GAC FCA, GAC FCA Sales, Guang Ai Insurance Brokers Limited, Urtrust Insurance and Da Sheng Technology. Mr. Feng served as a deputy general manager in Zhengzhou Nissan Automobile Company Limited from June 1998 to June 2004. Mr. Feng graduated from Xi'an Jiaotong University with a bachelor's degree in engineering in July 1988 and a master's degree in business administration in July 2001. Mr. Feng is a delegate of the 14th National People's Congress and the 16th People's Congress in Guangzhou.</p>

## CORPORATE GOVERNANCE

<b>Name</b>	<b>Main work experiences</b>
Zhao Fuquan	<p>Mr. Zhao is currently an independent non-executive director of the Company and a member of the Strategy Committee of the Board. He is a professor and PhD supervisor of the School of Vehicle and Mobility of Tsinghua University, dean of Tsinghua Automotive Strategy Research Institute (TASRI), Chairman of the International Federation of Automotive Engineering Societies (FISITA) (2018-2021). He has served as the research director of USA DaimlerChrysler, the vice president and general manager of the R&amp;D center of Shenyang Brilliance Jinbei Automobile Co., Ltd., vice president of Zhejiang Geely Holding Group Co., Ltd. and an executive director of Geely Automobile Holdings Limited, a director of BMW Brilliance Automotive Ltd., chairman of the board of Australia DSI Holdings Ltd., a director of Manganese Bronze Holdings and an independent director of BAIC Motor Corporation Limited. Mr. Zhao graduated from Jilin University of Technology as an undergraduate with a bachelor's degree in Internal Combustion Engine in July 1985. He graduated from Hiroshima University as a postgraduate with a master's degree in mechanical engineering in March 1989, and graduated from Hiroshima University as a postgraduate with a doctorate degree in mechanical engineering in March 1992.</p>
Xiao Shengfang	<p>Mr. Xiao is currently an independent non-executive director of the Company, chairman of the Remuneration and Assessment Committee of the Board, chairman of the Nomination Committee of the Board and a member of the Audit Committee of the Board. He is the supervisor of Guangdong Sino-Win Law Firm, an expert in complicated civil and commercial dispute resolution, a representative of the 13th National People's Congress, vice president of the All China Lawyers Association, chairman of the Guangdong Lawyers Association, a special supervisor of the Supreme People's Court and the Supreme People's Procuratorate, vice chairman of the Guangdong Province Law Society, a member of the Guangdong Provincial Judges and Prosecutors Disciplinary Committee, an arbitrator of the Guangzhou Arbitration Commission, and the vice chairman of the Guangzhou Law Society; and an independent director of Guangzhou Lingnan International Enterprise Group Co., Ltd. (廣州嶺南國際企業集團有限公司), Guangzhou Municipal Construction Group Co., Ltd. (廣州市建築集團有限公司), Guangdong Fenghua High-tech Co., Ltd. (廣東風華高新科技股份有限公司), Kingfa Scientific and Technological Co., Ltd. (金發科技股份有限公司) and Guangzhou Port Co., Ltd.. He once served as the vice president of Guangzhou Lawyers Association and the deputy director of the Labor Law Professional Committee of All China Lawyers Association. He obtained a master's degree in business administration from Jinan University in 2002.</p>

## CORPORATE GOVERNANCE

<b>Name</b>	<b>Main work experiences</b>
Wong Hakkun	<p>Mr. Wong is currently an independent non-executive director of the Company and chairman of the Audit Committee of the Board. He is a member of each of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Institute of Chartered Management Accountants and the Institute of Chartered Secretaries and Administrators, an independent director and chairman of audit committee of Haier Smart Home Co., Ltd. (a company listed on the Stock Exchange, stock code: 6690), an independent non-executive director and chairman of audit committee of Yue Yuen Industrial (Holdings) Limited (a company listed on the Stock Exchange, stock code: 0551), an independent non-executive director and chairman of audit committee of Lung Kee (Bermuda) Holdings Limited (a company listed on the Stock Exchange, stock code: 255), and an independent non-executive director and chairman of audit committee of Hangzhou SF Intra-city Industrial Co., Ltd. (a company listed on the Stock Exchange, stock code: 9699). He served as an independent non-executive director and chairman of audit committee of Zhejiang Cangnan Instrument Group Company Limited from June 2018 to 24 July 2021. He was an audit partner of Deloitte China from 1992 to 2013 and a national audit and assurance leading partner and a member of the management leadership team of Deloitte China from 2013 to 2017. Mr. Wong has extensive experience in auditing, assurance and management. He graduated from the Faculty of Social Sciences of the University of Hong Kong as an undergraduate with a bachelor's degree in social sciences majoring in economics and management in May 1980.</p>
Song Tiebo	<p>Mr. Song is currently an independent non-executive director of the Company, a member of the Strategy Committee of the Board, the Remuneration and Assessment Committee of the Board, the Nomination Committee of the Board and the Audit Committee of the Board. He is a professor and doctoral tutor of the China Enterprises Strategic Management Research Center of the South China University of Technology. He has been focusing on teaching and researching in the field of enterprise strategic management for a long time. He has recently focused on the research on the collaborative evolution of Chinese enterprises strategies and institutional environment. Mr. Song currently serves as an independent director of Guangdong Xinbao Electrical Appliances Holdings Co., Ltd. and Guangdong Sky Dragon Technology Group Co., Ltd, and a former independent director of Guangzhou Zhujiang Brewery Group Co., Ltd.. He graduated from South China University of Technology as an undergraduate with a bachelor's degree in inorganic nonmetallic materials science and engineering in June 1988. In December 1993, he graduated from South China University of Technology as a postgraduate with a master's degree in management science and engineering, and graduated from South China University of Technology as a postgraduate with a doctorate degree in enterprise management in July 2005.</p>

## CORPORATE GOVERNANCE

<b>Name</b>	<b>Main work experiences</b>
Chen Xiaomu	<p>Mr. Chen is currently a non-executive director, deputy party secretary and the head of party work department of the Company. Mr. Chen is also a director of GAIG. He served as the head of human resources department of the Company, the party secretary, secretary to the disciplinary committee, chairman of labour union and the director of GAC Mitsubishi, and the director of GAC Mitsubishi Motor Sales Co., Ltd.. He graduated from Jilin University of Technology majoring in international trade in 1999 as an undergraduate with a bachelor's degree in engineering. In 2011, Mr. Chen graduated from the School of Business Administration, South China University of Technology majoring in business administration as a postgraduate with a master's degree in business administration. He graduated from Jilin University majoring in business administration in 2018 as a postgraduate with a doctorate degree in management.</p>
Chen Maoshan	<p>Mr. Chen is currently a non-executive director of the Company (staff representative) and chairman of the labour union of the Company. Mr. Chen is also a director (staff representative), general manager and chairman of the labour union of GAIG, chairman of GAC Mitsubishi, chairman of GAC Mitsubishi Sales and chairman of Wuyang-Honda. He acted as deputy general manager of the Company from March 2011 to June 2013, and deputy director of the Executive Committee of the Company from June 2013 to February 2015. Prior to this, Mr. Chen acted as the head of general affair department of GAC Honda, deputy general manager of Honda (China) Co., Ltd., deputy general manager of Guangzhou Motorcycle Group Co., Ltd., managing director and standing deputy general manager of Wuyang-Honda and the chairman of GAC Component.</p>
Ding Hongxiang	<p>Mr. Ding is currently a non-executive director of the Company, a member of the Strategy Committee of the Board, the Remuneration and Assessment Committee of the Board, and the Nomination Committee of the Board, and a director and the deputy party secretary of China National Machinery Industry Corporation Limited (中國機械工業集團有限公司). Mr. Ding is the vice president of China Association of Automobile Manufacturers, vice president of Society of Automotive Engineers of China, and the former deputy general manager of China National Machinery Industry Corporation Limited (中國機械工業集團有限公司). Mr. Ding graduated from Huazhong University of Science and Technology (undergraduate) in 1986, and obtained a master's degree and a doctoral degree in western economics from Huazhong Institute of Technology in 1989 and Huazhong University of Science and Technology in 2011, respectively.</p>

## CORPORATE GOVERNANCE

<b>Name</b>	<b>Main work experiences</b>
Guan Dayuan	<p>Mr. Guan is currently a non-executive director of the Company, a member of the Strategy Committee of the Board. Mr. Guan is currently the general manager of Wanxiang 123 Holdings Co., Ltd., chairman of the board of supervisors of Shunfa Hengye Co., Ltd. (順發恒業股份公司), and chairman of Wanxiang Resources Co., Ltd. (萬向資源有限公司). He once served as the chairman of Wanxiang Qianchao Co., Ltd. (萬向錢潮股份公司), an assistant to general manager and director of the general manager's office of Wanxiang Group Corporation Ltd. (萬向集團公司), general manager of Shenzhen Wanxiang Investment Co., Ltd. (深圳萬向投資有限公司), and senior executive vice president of Wanxiang Group Corporation Ltd. (萬向集團公司).</p>
Liu Zhijun	<p>Mr. Liu is currently a non-executive director of the Company. Mr. Liu currently serves as deputy party secretary of Guangzhou Industrial Investment Fund Management Co., Ltd. (廣州產業投資基金管理有限公司). He once served as head of the social, science and technology division, head of the industry division and head of the investment division of the Guangzhou Statistics Bureau, deputy director of Guangzhou Productivity Promotion Center, general manager of Guangzhou Keda Industrial Development Co., Ltd. (廣州市科達實業發展公司), chairman of Guangzhou Science and Technology Venture Capital Co., Ltd. (廣州科技風險投資有限公司), deputy general manager of Guangzhou Industrial Investment Fund Management Co., Ltd. (廣州產業投資基金管理有限公司), chairman of Guangzhou Financial Innovation Investment Holding Co., Ltd. (廣州科技金融創新投資控股有限公司), general manager and legal representative of Guangzhou Industrial Investment Fund Management Co., Ltd. (廣州產業投資基金管理有限公司). Mr. Liu is a doctoral student at the Guangzhou Institute of Geochemistry, Chinese Academy of Sciences.</p>
Chen Tian	<p>Ms. Chen is currently a supervisor of the Company. She was a designated supervisor of Guangzhou Communication Investment Group Co., Ltd., a senior staff of the supervision office, office and legal department of the Guangzhou Municipal Commission of Commerce (Guangzhou Foreign Trade and Economic Cooperation Bureau). She graduated from Sun Yat-sen University majoring in law (undergraduate) in 2002 and a master's degree in economic law from Sun Yat-sen University in 2008.</p>

## CORPORATE GOVERNANCE

<b>Name</b>	<b>Main work experiences</b>
Cao Xiandong	<p>Mr. Cao is currently a supervisor of the Company. Mr. Cao is currently the party secretary, general manager and legal representative of Wanli Tire Co., Ltd. (萬力輪胎股份有限公司), and also deputy head of the auto parts division of Guangzhou Industrial Investment Holding Group Co., Ltd, (廣州工業投資控集團有限公司). He once served as deputy general manager of the strategic planning department and deputy director of the general office of Guangzhou Industrial Investment Holding Group Co., Ltd, (廣州工業投資控集團有限公司), and deputy party secretary, director and general manager of Wanli Tire Co., Ltd. (萬力輪胎股份有限公司).</p>
Huang Cheng	<p>Mr. Huang is currently a supervisor of the Company. He currently serves as general manager of the investment management department of Guangzhou Finance Holdings Group Co., Ltd. (廣州金融控股集團有限公司), chairman and legal representative of Guangzhou Jinkong Fund Management Co., Ltd. (廣州金控基金管理有限公司), and a director of Guangdong Equity Exchange Co., Ltd. (廣東股權交易中心股份有限公司). He graduated from the School of Business Administration, South China University of Technology majoring in management science and engineering as a postgraduate with a doctorate degree in management.</p>
Shi Lei	<p>Mr. Shi is currently the secretary of the party branch and Chairman of the labor union of GAC Finance Company. He previously served as a staff representative supervisor of the Company (until 27 February 2023), deputy secretary of the disciplinary committee, and general officer of the disciplinary committee and the office of the ombudsman of GAC Group, the deputy secretary of the party committee, secretary of the disciplinary committee and chairman of the labor union of GAMC (Hangzhou) and the assistant to the general manager, director of the party committee office and director of the office of GAMC. Mr. Shi graduated from the Department of Business Administration of Huazhong University of Science and Technology with a bachelor's degree in engineering, majoring in industrial engineering and management in July 1996, and obtained a master's degree in business administration from Sun Yat-sen University in July 2002.</p>

## CORPORATE GOVERNANCE

<b>Name</b>	<b>Main work experiences</b>
Wang Lu	<p>Mr. Wang is currently a staff representative supervisor, deputy chairwoman of the labour union, auditing officer and chairwoman of the headquarters of the labour union of the Company. With a bachelor's degree, she joined the Group in 1992 and had been a member of the public relations division of the general manager's office of Guangzhou Peugeot Automobile Company (廣州標緻汽車有限公司) and Guangzhou Sedan Co., Ltd. (廣州轎車有限公司) and an officer of the labour union, a member and the chairwoman of the branch of the labour union, a party branch member and secretary and the head of the female workers union of GAC Honda, the deputy head of the office of the labour union of the Company, chairwoman of the labour union of the headquarter, a general party branch member and secretary of the headquarters.</p>
Huang Zhuo	<p>Mr. Huang is currently a staff representative supervisor, deputy head of compliance department and head of each of the audit department and the risk control department of the Company. He concurrently acts as chairman of the supervisory committee of GAC Finance Company, a supervisor of GAC Capital, GAC Honda Automobile Sales Co., Ltd. (廣汽本田汽車銷售有限公司), GAC BYD, GAC Business, Da Sheng Technology and GAC International. Mr. Huang previously served as chief financial officer of GAEI and audit manager of KPMG Huazhen LLP Guangzhou branch. In 2007, he graduated from the University of Wollongong majoring in accounting and obtained a postgraduate degree and a master's degree in accounting.</p>
Yan Zhuangli	<p>Mr. Yan is currently the deputy general manager of the Company, and a director of GAMC. He previously served as a director and the deputy party secretary of the Company, a director of GAIG, the chairman of GAC FCA, Guangzhou Motor (now known as Guangzhou Zhicheng Industry Co., Ltd.) and GAC Business, the party secretary of GAC Toyota, a director of GAC Honda, the chairman of GAC Component and a director of GAC Hino. He has successively studied in the department of social sciences of Central South Industrial University and the master of business administration in the School of Management of Sun Yat-sen University, and obtained a university diploma, a bachelor's degree in law and a master's degree in business administration, respectively. He is a senior economist.</p>

## CORPORATE GOVERNANCE

<b>Name</b>	<b>Main work experiences</b>
Wang Dan	<p>Ms. Wang is currently the deputy general manager, chief financial officer, and a member of the Executive Committee of the Company. She is also the chairwoman of GAC Finance Company and a director of GAMC. Ms. Wang joined GAC Group in March 1999, and has been the Company's chief financial officer and financial controller since 2005. Prior to this, Ms. Wang served in the financial audit department of Guangzhou Junda Automobile Enterprise Group (廣州駿達汽車企業集團) and was the deputy head of the financial audit division of Guangzhou Automobile Group Company Limited, the chairwoman of the supervisory committees of GAMC and GAC Energy, the chairwoman of Guangzhou Guangyue Assets Administration Co., Ltd. (廣州廣悅資產管理有限公司), Guangzhou Zhicheng Industry Co., Ltd. and GAC-SOFINCO, and the deputy general manager of GAC Group. Ms. Wang graduated from the Sun Yat-Sen University with a bachelor's degree in July 1992 and the School of Management of Zhongshan University with a senior executive master's degree in business administration in June 2005. She is a senior accountant and non-practicing registered accountant.</p>
Gao Rui	<p>With a MBA degree, Mr. Gao is currently the deputy general manager, a member of the Executive Committee and the head of the public relations and publicity department of the Company. He also acts as the chairman of GAC Honda, Guangzhou Chenqi Mobility Technology Co., Ltd. (廣州宸祺出行科技有限公司) and Guangzhou Chenqi Automobile Service Co., Ltd. (廣州宸祺汽車服務有限公司). He served as the head of the assets management department of the Company, the chairman and general manager of China Lounge Investments and Guangzhou Auto Group (Hong Kong) Limited, a director and general manager of Denway Motors Limited.</p>

## CORPORATE GOVERNANCE

<b>Name</b>	<b>Main work experiences</b>
Jiang Xiuyun	<p>Mr. Jiang is currently the deputy general manager, general legal counsel, head of the compliance department of the Company, and a director of GAC Toyota, a subsidiary of the Company. She once served as the chief accountant, a staff representative supervisor, deputy head of compliance department, head of risk control department and head (senior assistant level) of the audit department of the Company, chairman of the supervisory committees of Guangzhou Zhicheng Industry Co., Ltd. and Guangzhou Guangyue Assets Administration Co., Ltd. (廣州廣悅資產管理有限公司), director of the financial tax audit office of the Audit Bureau of Guangzhou Municipality (廣州市審計局財政稅務審計處). In 1988, she graduated with specialisation in auditing from the school of accounting of Guangdong University of Business Studies (廣東商學院) and obtained a diploma. In 2002, she graduated with a major in economics from Xiamen University and obtained a bachelor's degree. She is a delegate of the 17th People's Congress in Yuexiu District, Guangzhou..</p>
Yu Jun	<p>Mr. Yu is currently the deputy general manager, a member of the Executive Committee, and the head of the international business department of the Company. He is also the chairman of China Lounge Investments, Guangzhou Auto Group (Hong Kong) Limited, GAC MOTOR INTERNATIONAL LIMITED, GAC International and GAC-SOFINCO. Mr. Yu previously served as a director and general manager of GAMC, a director and executive deputy general manager of GAC Honda, a director of GAC FCA, a director and chairman of GAC AION. He graduated from the Department of Economics and Management of Wuhan University with a bachelor's degree in economics, and Guanghua School of Management of Peking University with a EMBA degree.</p>



## CORPORATE GOVERNANCE

<b>Name</b>	<b>Main work experiences</b>
Zheng Heng	Mr. Zheng is currently the deputy general manager, a member of the Executive Committee of the Company, and a director of GAMC. He previously served as the deputy general manager of GAC Toyota, a director of GAC Business, a director of GAC-SOFINCO, a director of GAC AION, a director and executive deputy general manager of GAC Honda, and a director and executive deputy general manager of GAC Honda Automobile Sales Co., Ltd.. Mr. Zheng graduated from China University of Petroleum as a bachelor in economics, majoring in economics with a university degree.
Xia Xianqing	Mr. Xia is currently the deputy general manager, a member of the Executive Committee, and the head of the strategic development department of the Company. He is also the chairman of GAC Honda, the vice chairman of GAC Toyota Engine, a director of GAMC and GAC AION. Mr. Xia previously served as the chairman and general manager of GAC Business, the deputy general manager and head of the sales department of GAC Honda, and a director of Wuyang-Honda. He graduated from the Mechanical Engineering Department of Tongji University with a bachelor's degree in engineering.

## CORPORATE GOVERNANCE

<b>Name</b>	<b>Main work experiences</b>
Sui Li	<p>Ms. Sui is currently a member of the Executive Committee, the Secretary of the Board (H-share company secretary) and the head of the financing business department of the Company, and chairwoman of GAC Capital, a subsidiary of the Company. Prior to this, she had served as the head of the securities department, head of the investment department and head (senior assistant level) of the office of the Board of the Company and a director of GAC Changfeng. She had served as regional managing director of Guangzhou district in the investment banking department of GF Securities Co., Ltd. (廣發證券股份有限公司) and the Office Secretariat of Guangzhou City People's Government (廣州市人民政府辦公廳秘書處). She graduated from Jinan University in March 2001 with a master's degree in business administration and graduated from the Macau University of Science and Technology in June 2011 as a postgraduate with a doctorate degree in business administration. She is a senior economist and a Guangzhou high-level financial talent (senior management talent). She is currently the vice chief supervisor of the China Association of Public Companies, the director and chairman of the fourth council of the Listed Companies Branch of the China Association of Automobile Manufacturers, a fellow member of The Hong Kong Chartered Governance Institute. She is also a member of the Technology Consulting Group in Mainland China and the deputy director of the Mainland Board Secretary Professional Committee thereunder; an off-campus part-time master tutor at Guangdong University of Technology.</p>

## CORPORATE GOVERNANCE

### (IV) Terms of Office of Incumbent and Resigned Directors, Supervisors and Senior Management during the Reporting Period

#### 1. Term of Office in Shareholders' Units

Name of staff	Name of shareholders' unit	Position held in shareholders' unit	Commencement date of term	Expiry date of term
Zeng Qinghong	GAIG	Chairman	October 2016	
Feng Xingya	GAIG	Director	August 2017	
Chen Xiaomu	GAIG	Director	March 2020	
Chen Maoshan	GAIG	Director and Chairman of the Labour Union	March 2015	
Chen Maoshan	GAIG	General Manager	June 2019	
Ding Hongxiang	China Industry National Corporation Machinery Limited	Deputy General Manager	August 2011	July 2022
Ding Hongxiang	China Industry National Corporation Machinery Limited	Director and Deputy Party Secretary	July 2022	
Liu Zhijun	Guangzhou Industrial Investment Fund Management Co., Ltd.	General Manager and legal representative	December 2018	July 2022
Liu Zhijun	Guangzhou Industrial Investment Fund Management Co., Ltd.	General Manager and Deputy Party Secretary	December 2018	
Cao Xiandong	Guangzhou Industrial Investment Holdings Group	Vice Minister of Autopart Division	December 2020	
Huang Cheng	Guangzhou Jinkong Fund Management Co., Ltd.	Chairman	June 2021	
Term of office in shareholders' units	If expiry date of term is not stated, the appointment of the staff will continue and there is no fixed expiry date of term.			

## CORPORATE GOVERNANCE

### 2. Term of Office in Other Units

<b>Name of staff</b>	<b>Name of other unit</b>	<b>Position held in such unit</b>	<b>Commencement date of term</b>	<b>Expiry date of term</b>
Zeng Qinghong	Energy-saving and New energy Automotive Technology Roadmap Steering Committee	Member	November 2016	
Zeng Qinghong	Guangzhou Headquarters Economy Association	President	November 2016	
Zeng Qinghong	China Association of Automobile Manufacturers	Vice President	March 2015	
Zeng Qinghong	Society of Automotive Engineers of Guangdong Province	Honorary President	February 2015	
Zeng Qinghong	China Tendering and Bidding Association	Standing Director	February 2015	
Feng Xingya	Guangdong Automobile Industry Association	President	September 2020	
Xiao Shengfang	Guangdong Lawyers Association	President	December 2016	
Xiao Shengfang	Guangzhou Lingnan International Enterprise Group Co., Ltd.	Independent Director	March 2015	
Xiao Shengfang	Guangzhou Municipal Construction Group Co., Ltd.	Independent Director	January 2020	
Xiao Shengfang	Guangdong Fenghua High-tech Co., Ltd.	Independent Director	November 2021	
Xiao Shengfang	Kingfa Technology Co., Ltd.	Independent Director	January 2021	
Wong Hakkun	Haier Smart Home Co., Ltd.	Independent Director	June 2020	
Wong Hakkun	Yue Yuen Industrial (Holdings) Limited	Independent Director	June 2018	
Wong Hakkun	Lung Kee (Bermuda) Holdings Limited	Independent Director	June 2018	
Wong Hakkun	Hangzhou SF Intra-city Industrial Co., Ltd.	Independent Director	November 2021	
Song Tiebo	Guangzhou Zhujiang Brewery Group Co., Ltd.	Independent Director	October 2016	January 2023
Song Tiebo	Guangdong Sky Dragon Technology Group Co., Ltd.	Independent Director	July 2019	
Song Tiebo	Guangdong Xinbao Electrical Appliances Co., Ltd.	Independent Director	August 2020	
Guan Dayuan	Wanxiang Qianchao Co., Ltd.	Chairman of the Board	November 2017	March 2022
Guan Dayuan	Shunfa Hengye Corporation	Chairman of the Supervisory Committee	May 2021	
Guan Dayuan	Wanxiang 123 Holdings Co., Ltd.	General Manager	March 2022	
Guan Dayuan	Wanxiang Resources Co., Ltd.	Chairman of the Board	April 2019	
Liu Zhijun	Guangzhou Financial Innovation Investment Holding Co., Ltd.	Chairman of the Board	April 2016	
Liu Zhijun	Guangzhou Private Equity Council	Co-chairman	May 2019	
Cao Xiandong	Wanli Tire Co., Ltd.	Director, Party Secretary and General Manager	April 2021	
Huang Cheng	Guangdong Equity Exchange Center Co., Ltd.	Director	June 2021	
Term of office in other units	If expiry date of term is not stated, the appointment of the staff will continue and there is no fixed expiry date of term.			

## CORPORATE GOVERNANCE

### **(V) Remuneration for Directors, Supervisors and Senior Management**

Decision-making procedures for fixing the remuneration of the directors, supervisors and senior management	The Remuneration and Assessment Committee of the Board conducted appraisal of the remuneration of the senior management of the Company and formulated the incentive program, which shall be implemented after the approval of the Board. The allowance for independent directors is implemented after the approval of the Board and the general meeting. The remuneration of other directors and supervisors is determined in accordance with the related remuneration policy of the Company.
Basis for determination of the remuneration of the directors, supervisors and senior management	The remuneration of independent directors of the Company is implemented in accordance with the plan approved at the general meeting; the remuneration of other directors and supervisors are determined by both the formulated remuneration policy of the Company and the yearly assessment results. The remuneration of senior management of the Company is determined in accordance with the relevant assessment program combined with the annual results of the Company and their individual performance.
Actual payment of the remuneration of the directors, supervisors and senior management	The remuneration of independent directors is paid in accordance with the plan approved at the general meeting; no other directors or supervisors have received remuneration from the Company merely in their capacity as directors or supervisors; the remuneration of senior management is paid upon review and consideration by the Board and in accordance with relevant regulatory policies.
Total remuneration paid to all directors, supervisors and senior management as at the end of the reporting period	RMB38.5920 million

## CORPORATE GOVERNANCE

### (VI) Changes of Directors, Supervisors and Senior Management of the Company

Name	Position	Way of Change	Reason for change
Wang Dan	Chief accountant	Appointment	Re-designation
Jiang Xiuyun	Deputy General Manager	Appointment	Re-designation
Wu Song	Standing Deputy General Manager	Resignation	Age
Li Shao	Deputy General Manager	Resignation	Age
Chen Hanjun	Deputy General Manager	Resignation	Age
Wang Yuan	Supervisor	Assumption of office	Election
Shi Lei	Supervisor	Resignation	Change of position

Note: On 27 February 2023, Ms. Wang Yuan was elected as the staff representative supervisor of the sixth session of the supervisory committee at the Company's staff representative meeting, with the term of office until the expiration of the term of the sixth session of the supervisory committee; whereas Mr. Shi Lei ceased to be a staff representative supervisor due to his re-designation.

### (VII) Interests of Directors or Supervisors in Contracts

None of the directors or supervisors has entered into any service contract with the Company or any of its subsidiaries, which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a director or a supervisor and a connected entity of a director or a supervisor had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### (VIII) Punishments Imposed by Securities Regulatory Authorities in the Last Three Years

Applicable N/A

## IV. BOARD MEETINGS HELD DURING THE REPORTING PERIOD

<b>Session of the meeting</b>	<b>Date</b>	<b>Resolutions of the meeting</b>
The 10th meeting of the 6th session of the Board	17 March 2022	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 11th meeting of the 6th session of the Board	22 March 2022	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 12th meeting of the 6th session of the Board	30 March 2022	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 13th meeting of the 6th session of the Board	8 April 2022	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 14th meeting of the 6th session of the Board	14 April 2022	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 15th meeting of the 6th session of the Board	27 April 2022	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 16th meeting of the 6th session of the Board	6 May 2022	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.

## CORPORATE GOVERNANCE

<b>Session of the meeting</b>	<b>Date</b>	<b>Resolutions of the meeting</b>
The 17th meeting of the 6th session of the Board	20 June 2022	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 18th meeting of the 6th session of the Board	8 July 2022	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 19th meeting of the 6th session of the Board	27 July 2022	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 20th meeting of the 6th session of the Board	11 August 2022	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 21st meeting of the 6th session of the Board	25 August 2022	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 22nd meeting of the 6th session of the Board	30 August 2022	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 23rd meeting of the 6th session of the Board	23 September 2022	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.



## CORPORATE GOVERNANCE

<b>Session of the meeting</b>	<b>Date</b>	<b>Resolutions of the meeting</b>
The 24th meeting of the 6th session of the Board	29 September 2022	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 25th meeting of the 6th session of the Board	10 October 2022	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 26th meeting of the 6th session of the Board	27 October 2022	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 27th meeting of the 6th session of the Board	31 October 2022	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 28th meeting of the 6th session of the Board	7 November 2022	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 29th meeting of the 6th session of the Board	21 November 2022	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 30th meeting of the 6th session of the Board	12 December 2022	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.

## CORPORATE GOVERNANCE

### V. DIRECTORS' PERFORMANCE OF THEIR DUTIES

#### (I) Directors' Attendance in Board Meetings and General Meetings

Name of directors	Independent director or not	Mandatory attendance in Board meetings during the year	Board meeting(s)				Absent in person for two consecutive times or not	General meeting(s) Attendance in general meetings
			Attendance in person	Attendance by telecommunication	Attendance by proxy	Absence		
Zeng Qinghong	No	21	21	19	0	0	No	5
Feng Xingya	No	21	21	19	0	0	No	5
Zhao Fuquan	Yes	21	21	21	0	0	No	1
Xiao Shengfang	Yes	21	20	19	1	1	No	4
Wong Hakkun	Yes	21	21	21	0	0	No	5
Song Tiebo	Yes	21	21	19	0	0	No	1
Chen Xiaomu	No	21	21	19	0	0	No	5
Chen Maoshan	No	21	21	19	0	0	No	5
Ding Hongxiang	No	21	21	21	0	0	No	0
Guan Dayuan	No	21	21	21	0	0	No	3
Liu Zhijun	No	21	21	19	0	0	No	0

#### Explanation on absence in person in Board meetings for two consecutive times

Applicable N/A

Number of Board meetings held during the year	21
Of which: Number of physical meetings	2
Number of meetings held via telecommunication	19
Number of meetings held by way of combination of both	2

#### (II) Directors' Objections to Relevant Matters of the Company

Applicable N/A

### VI. SPECIAL COMMITTEES OF THE BOARD

#### (I) Members of Special Committees of the Board

Types of committee	Name
Audit Committee	Wong Hakkun, Xiao Shengfang and Song Tiebo
Nomination Committee	Xiao Shengfang, Song Tiebo and Ding Hongxiang
Remuneration and Assessment Committee	Xiao Shengfang, Song Tiebo and Ding Hongxiang
Strategy Committee	Zeng Qinghong, Feng Xingya, Zhao Fuquan, Song Tiebo, Guan Dayuan and Ding Hongxiang

# CORPORATE GOVERNANCE

## (II) Audit Committee's Seven Meetings during the Reporting Period

<b>Date</b>	<b>Contents</b>	<b>Important opinions &amp; advices</b>	<b>Other performance of duty</b>
28 January 2022	To review the 2021 Working Reports on Risk Control and Compliance Management, as well as the 2022 Work Plan	All members agreed to submit the matter to the meeting for deliberation, and agreed to submit the same to the Board for deliberation.	Nil
28 March 2022	To review on matters such as the annual financial report, the profit distribution plan, the annual connected transaction report, the internal control evaluation report and internal control audit report, the appointment of auditor, the report on deposit and use of raised funds, the annual risk management and compliance management report and plan, the annual audit work summary and plan, and the performance of duties of the Audit Committee	All members agreed to submit the matter to the meeting for deliberation, and agreed to submit the same to the Board for deliberation.	Nil
26 April 2022	To review the Q1 Report	All members agreed to submit the matter to the meeting for deliberation, and agreed to submit the same to the Board for deliberation.	Nil
26 August 2022	To review on matters such as the interim report, the interim profit distribution plan, the report on the deposit and use of the raised funds, and the amendment to the implementing rules for the Audit Committee	All members agreed to submit the matter to the meeting for deliberation, and agreed to submit the same to the Board for deliberation.	Nil
24 October 2022	To review the Q3 Report	All members agreed to revise the Internal Control Management Measures and agreed to submit the same to the Board for deliberation.	Nil

## CORPORATE GOVERNANCE

<b>Date</b>	<b>Contents</b>	<b>Important opinions &amp; advices</b>	<b>Other performance of duty</b>
28 November 2022	To review and amend the Internal Audit Management Measures	All members agreed to revise the Internal Control Management Measures and agreed to submit the same to the Board for deliberation.	Nil
6 December 2022	To review and adjust the 2022 Audit Plan	All members agreed to revise the Internal Control Management Measures and agreed to submit the same to the Board for deliberation.	Nil

### (III) Nomination Committee's One Meeting during the Reporting Period

<b>Date</b>	<b>Content</b>	<b>Important opinions &amp; advices</b>	<b>Other performance of duty</b>
16 June 2022	To review the appointment and dismissal of senior management (professional managers)	All members agreed to the appointment and dismissal of senior management (professional managers) and agreed to submit the same to the Board for deliberation.	Nil

### (IV) Remuneration and Assessment Committee's Three Meetings during the Reporting Period

<b>Date</b>	<b>Contents</b>	<b>Important opinions &amp; advices</b>	<b>Other performance of duty</b>
15 March 2022	To review the 2021 annual professional managers and senior management remuneration assessment	All members agreed to the assessment results and agreed to submit the same to the Board for deliberation.	Nil
11 April 2022	To review and amend the Administrative Measures for Salary Assessment of Professional Managers	All members agreed to the amendment and agreed to submit the same to the Board for deliberation.	Nil

## CORPORATE GOVERNANCE

<b>Date</b>	<b>Contents</b>	<b>Important opinions &amp; advices</b>	<b>Other performance of duty</b>
16 November 2022	To review on matters related to the initial excise and unlocking of the 2020 A Share Option and Restricted Share Incentive Scheme and implement matters related to the Fourth Share Option Incentive Scheme	All members agreed to the initial excise and unlocking of the 2020 A Share Option and Restricted Share Incentive Scheme and the implementation of matters related to the Fourth Share Option Incentive Scheme and agreed to submit the same to the Board for deliberation.	Nil

### (V) Strategy Committee's Four Meetings during the Reporting Period

<b>Date</b>	<b>Contents</b>	<b>Important opinions &amp; advices</b>	<b>Other performance of duty</b>
25 February 2022	To review the "14th Five-Year" energy conservation and emission reduction plan	All members agreed to the "14th Five-Year" energy conservation and emission reduction plan and agreed to submit the same to the Board for deliberation.	Nil
17 March 2022	To review the "14th Five-Year" social responsibility (ESG) development plan	All members agreed to the "14th Five-Year" social responsibility (ESG) development plan and agreed to submit the same to the Board for deliberation.	Nil
29 March 2022	To review the 2021 Social Responsibility/ ESG Report	All members agreed to the 2021 Social Responsibility/ESG Report and agreed to submit the same to the Board for deliberation.	Nil
19 September 2022	To review the interim adjustments of "14th Five-Year" plan	All members agreed to the interim adjustments of "14th Five-Year" plan and agreed to submit the same to the Board for deliberation.	Nil

## CORPORATE GOVERNANCE

### (VI) Details of Any Objections

Applicable N/A

### VII. EXPLANATION ON RISKS OF THE COMPANY DETECTED BY THE SUPERVISORY COMMITTEE

The Supervisory Committee has no objection to the supervision matters during the reporting period.

### VIII. EMPLOYEE INFORMATION OF THE COMPANY AND MAJOR SUBSIDIARIES

#### (I) Employees

Number of existing employees of the parent company	271
Number of existing employees of major subsidiaries	99,850
Total number of existing employees	100,121
Number of employees resigned or retired the pension of which the parent company and major subsidiaries had to be responsible for	339
Professional composition	
Category of professional composition	Number of employees
Production personnel	60,799
Salesperson	5,906
Technician	14,662
Financial staff	1,787
Administrative staff	4,221
Finance and insurance	1,793
Others	10,953
Total	100,121
Education level	
Category of education level	Number of employees
Doctorate	123
Master's degree	4,782
Undergraduate (including double bachelor's degree)	23,080
Tertiary and below	72,136
Total	100,121

Note: The number of employees of joint ventures and associated companies are included.

### **(II) Remuneration Policy**

Based on its development plan, the Group strengthened macro-management of remuneration, and attached importance to maintaining the market competitiveness of its remuneration level. By studying and analysing the market remuneration data, CPI growth rate and industry benchmark, the Group reviewed its remuneration level, so as to ensure that the remuneration system plays an incentive role in retaining talents. The Group advocated the implementation of performance-linked remuneration policy and continuously improved the performance appraisal mechanism, individual performance appraisal measures, and employee promotion system, and formulated remuneration policies that provide both incentives and restraints.

The Group will persevere in deepening the reform of the the tripartite institutional reforms and anchor at the “triple abilities” goal to surmount the obstacles. The Group will also promote the contracting reform over the tenure system to empower the executive promotion or demotion. The Group will establish a linkage mechanism between employee’s remuneration and the Company’s performance and widen the income distribution gap in a rational manner to achieve the flexible fluctuation of revenue. The Group will also strengthen the overall management of labour productivity indicators and reinforce the termination of incompetent personnel to achieve dynamic officeholding.

During the reporting period, timely and full contributions to various social insurances were made in accordance with the requirements of national and provincial laws and regulations on labour and social security to timely safeguard the interests of the employees. The Group also purchased supplementary medical and other commercial insurances for its staff to further protect and safeguard their interests and health beyond the requirements of policies and regulations. During the reporting period, based on the actual operating situation of Foundation for Poverty Alleviation, the Group amended its constitution and the administrative measures for capital utilisation, so as to improve the efficiency of the proceeds of Foundation for Poverty Alleviation to achieve targeted supports.

The Group will further improve the Company’s remuneration system in terms of incentive and retaining talents. Timely and full contributions to pension insurance, medical insurance, employment injury insurance, unemployment insurance, maternity insurance, housing fund and other statutory benefits schemes will be made. Investee enterprises under the Group are encouraged to further enhance the flexibility and protection of staff benefit system.

## CORPORATE GOVERNANCE

### (III) Training Program

During the reporting period, the training work of employees was based on the guiding principle of “improving effectiveness, focusing on results and promoting efficiency”. We continuously innovated and enriched our training methods, and carried out various training businesses in an orderly manner. In 2022, aggregate number of training attendance was 1,117,900.

In 2023, employee training programme and measures are as follow:

1. To enhance the implementation of the working methods of GAC and maintain the enthusiasm on promotion and training;
2. To establish a digital training platform, upgrade and iterate mobile academy to connect with relevant corporate training data so as to realise the digital management of training;
3. To integrate resources into innovative cultivation model to energise the corporate development;
4. To optimise the operation of projects and strengthen the university-enterprise cooperation to ensure the availability of human resources for the development of the Group;
5. To establish an overall framework for cultivating the talents of digital transformation to ensure rapid breakthroughs in key digital knowledge;
6. To continuously strengthen the construction of grassroots-level organisations of the party and qualities of the party member thereunder; to organise the Fourth Preeminent Lecturer Competition to consolidate the curriculum and lecturer resources of the Party School;
7. To continuously carry out the accreditation of vocational qualification level and the independent assessment for professional titles in automotive engineer;
8. To strengthen the university-enterprise cooperation to achieve an industry-education integration and promote the construction of industrial college and training base;
9. To cultivate certified lecturers and develop courses on demand, and improve the incentive mechanism for lecturers and the “selection, employment, cultivation and retention” system.

# CORPORATE GOVERNANCE

## (IV) Labour Outsourcing

Total working hours of labour outsourcing	25,080,000
Total remuneration paid for labour outsourcing	RMB1,672,870,252

Note: including joint ventures and associated enterprises.

## (V) Production Safety

During the reporting period, the Group persisted in following the guidance of Xi Jinping's new era of socialism with Chinese characteristics, adhered to General Secretary Xi Jinping's important expositions and instructions in respect of emergency management, production safety, disaster prevention, mitigation and relief, and upheld the idea of "To address problems on both symptoms and root causes by giving priority to people and safety, so as to achieve a scientific development". In accordance with the annual production safety target control indicator plan approved by the Board, the Group closely focused on the annual work emphases on safety production in line with the Production Safety Law and other new laws and regulations based on the improvement of the safety production responsibility system with dual construction of preventive mechanism as the core and the safety production management targets as the foothold, and earnestly performed the main responsibility of enterprises for production safety and investment. In accordance with the work procedures of supervision, guidance and service, the Group will continue to promote the strict implementation of the main responsibility of safety production by all investee enterprises, and promote the synchronization of enterprise safety production management and business development. During the reporting period, the Group and each investee enterprise had experienced no major (or above) safety production accidents, and its production safety remained generally stable and was in an orderly manner.

In 2023, in accordance with the requirements under the Production Safety Law and other regulations, the Group will promote each investee enterprise to continuously improve and implement the safety production responsibility system in accordance with the principle of "three managements and three musts", and strictly perform the main responsibility of safety production. The Group will continue to promote safety production responsibility target management, with the focus of strengthening management and control over safety production process in new industries and new fields. The Group will also conscientiously carry out the standardization of safety production of the enterprise, so as to accelerate the grading and declaration of the standardization of safety production. The Group will enhance its efforts to carry out safety informatization, and implement the construction of the Group's safety informatisation management system platform. The Group will also improve and refine the dual prevention mechanism for the hierarchical control of enterprise safety risk, and the investigation and rectification of hidden hazards. The Group will strictly handle any accident with accountability to prevent the occurrence of major safety accidents.

## CORPORATE GOVERNANCE

### **IX. PROPOSED PROFIT DISTRIBUTION PLAN OR CONVERSION OF CAPITAL RESERVES**

#### **(I) Formulation, Implementation and Adjustments of Cash Dividend Policy**

During the reporting period, the Group strictly complied with the requirements of the Articles of Association and the dividend distribution plans for shareholders (2021-2023) of Guangzhou Automobile Group Co., Ltd. During the reporting period, profit distribution plans for the year of 2021 and for the interim period of 2022 were implemented, among which the criteria and proportion of cash dividend were clear, and the related decision-making procedures and mechanisms were complete and in compliance with the regulations. Independent directors performed their duties diligently and expressed their independent opinions.

#### **(II) Reserves Available for Distribution to Shareholders**

According to the Articles of Association, the distributable reserves of the Company are based on the profit after taxation determined pursuant to the Generally Accepted Accounting Principles of the PRC and Hong Kong Financial Reporting Standards (whichever is lower). As at 31 December 2022, the Company's reserves available for distribution to shareholders amounted to RMB43,166,565,000 (2021: RMB35,332,425,000).

### **X. APPRAISAL MECHANISM FOR SENIOR MANAGEMENT AND THE ESTABLISHMENT AND IMPLEMENTATION OF INCENTIVE MECHANISM DURING THE REPORTING PERIOD**

During the reporting period, the Company revised the Administrative Measures for Salary Assessment of Professional Managers, which improved the appraisal mechanism as well as the mid-term and long-term incentive mechanism for senior management. According to the progress of implementation of annual performance contract signed with senior management, the Remuneration and Assessment Committee of the Board performed annual appraisal for the senior management, and the resolution in respect of the appraisal results was considered and approved by the Board.

### **XI. CONSTRUCTION AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD**

The Company has formulated the Internal Control Management Measures. During the reporting period, the Company also formulated the Management Measures on Internal Audit Quality Control and revised the Internal Audit Management System as well as the Implementation Measures for Auditing Economic Responsibility of Leading Cadres of Investee Enterprises and other systems to further promote the Company's internal audit work for standardisation, routinisation and normalisation.

### **Explanation on material deficiencies in internal control during the reporting period**

Applicable N/A

## **XII. SELF-EVALUATION REPORT ON INTERNAL CONTROL**

### **(I) Risk Management and Internal Control**

The Company has established a risk management framework under which the Board is in charge of its overall management, the audit department is responsible for audit and internal control matters, and the risk control department is responsible for routine risk prevention and control matters. The digital audit model revolves around “overall analysis, regular forewarning, discovery of doubts, and precise positioning”, through which a digital platform for audit management and big data analysis is established to promote the auditorial standardisation and formalisation. This framework assists the Group in identifying and preventing different risks (including environmental, social and governance risks), so as to manage rather than passively eliminate the risks of failure to achieve business objectives, thereby promoting proactively the Group’s stable operations.

The risk control department prepares the Group’s annual risk management report with reference to the annual risk management reports of each investee company and taking into account the risk identification, assessment, analysis, and response of each department under the Group. Upon approval by the Company’s management, the annual risk management report is submitted to the Audit Committee of the Board for review prior to the deliberation by the Board.

In 2022, the Group identified 8 key risks. After evaluation, the four risk levels faced by the Group, including core talent retention risk, core component technology R&D and supply risk, automobile industry shareholding liberalisation risk and employment integrity risk, are lower than those in 2021. However, another four risk levels involving electrification, strategic promotion of ICV, Trumpchi brand development, on-going operation of individual enterprise and digital strategic transformation are still relatively high. The Group will continue to pay attention to and follow up dynamic development, actively implement various risk response measures with digital risk control methods, and keep the overall risk within a controllable range.

## CORPORATE GOVERNANCE

The Board is responsible for the risk management and internal control system, and has conducted a review at least once a year on the effectiveness of the internal control system of the Company and its subsidiaries during the reporting period. The review covered the scope and quality of the systems, and also covered all significant control aspects, including financial control, operational control and compliance control. During the reporting period, the Board did not find any material drawbacks and major defects in the internal control, and considered that such systems (including procedures relating to financial reporting and compliance with the requirements of the Listing Rules) were effective and adequate.

The Board also believes that the resources, staff qualifications and experience of the Company in terms of accounting, internal audit and financial reporting functions and ESG-related performance and reporting, as well as the training courses and related budgets received by the staff are adequate.

### **(II) Whistle-blowing policy and system**

The Group has formulated the Working Measures for Disciplinary Supervision, Petition and Reporting, which clarifies the responsibilities of the disciplinary supervision department for accepting reports, stipulates the procedures for accepting, handling and closing the petition complaints together with its completion time, and promotes the standardisation, legalisation and datafication of petition reports.

The Group attaches great importance to protecting the rights and interests of whistle-blowers, and stipulates in the Guidelines for Whistle-blowers and Accusations that the personal information of whistle-blowers and the contents of reports shall be kept strictly confidential. The relevant system also allows anonymous reporting. In 2022, the Group has further upgraded the electronic platform for disciplinary inspection and supervision, and optimised the sub-module of “online reporting”. After the whistle-blower feeds back the relevant situation through the system, only the personnel in the reporting acceptance position can access the relevant content. After the report is accepted, it will be reviewed by the person in charge of disciplinary supervision, and then transferred to the relevant designated handling personnel, all of whom are independent of the Group, thereby effectively protecting the safety and privacy of the whistle-blower.



## CORPORATE GOVERNANCE

### **(III) Anti-corruption policy**

The Group is committed to establishing a sound incorruptible employment system for combating corruption and upholding integrity, smoothing the internal and external reporting channels, and promoting the construction of a more transparent, efficient, objective and unprejudiced business environment.

The Group has formulated certain rules and regulations such as the Code of Conduct for Practice Integrity of the Headquarter Employees and the Measures for Disciplinary Inspection and Supervision, strictly implemented the Company's anti-corruption management system, and creates an honest culture atmosphere within the Group under which no one dares to or can be corrupted or thinks of committing corruption.

### **XIII. AUDIT REPORT ON INTERNAL CONTROL**

The Company engaged ShineWing Certified Public Accountants (Special General Partnership) for independent audit of effectiveness of its internal control in 2022, which issued an opinion that “the internal control over financial report of the Company was in compliance with the Basic Principles for Internal Control of Enterprises and relevant requirements and was effective in all significant aspects as at 31 December 2022” (for full text of the audit report, please refer to the announcement disclosed on the website of the Stock Exchange in form of overseas regulatory announcement on 29 March 2023).

## CORPORATE GOVERNANCE

### XIV. DIVIDEND POLICY

Since 2012, the Company has formulated dividend distribution plans for shareholders, which have been strictly implemented until now. To further improve the scientific, continuous and stable dividend distribution decisions and supervisory mechanism of the Company for higher transparency and practicability of profit distribution decisions, and to give guidance to investors to establish a concept of long-term and rational investment, pursuant to the “Regulatory Guidelines for Listed Companies No. 3 – Cash Dividends Distribution of Listed Companies” issued by the CSRC and the requirements of the Company’s dividend distribution policy set out in the Articles of Association, the Board has formulated the “Dividend Distribution Plan for Shareholders of Guangzhou Automobile Group Co., Ltd. (2021-2023)” (the “Distribution Plan”), specific details of which are as follows:

#### **1. Factors Considered by the Company in Formulating the Distribution Plan**

The Company focuses on long term and sustainable development. After considering factors such as the profitability, operation planning, returns for shareholders, capital requirement for investment in future projects, social capital costs and financing environment, a continuous, stable and scientific distribution plan and mechanism for the investors are to be established, so that a systematic arrangement can be made for profit distribution in order to ensure continuity and stability of the profit distribution policy.

#### **2. The Principle of the Distribution Plan Formulation**

The formulation of the Distribution Plan shall conform with the relevant national laws and regulations and the relevant provisions relating to profit distribution in the Articles of Association. The Company shall focus on stable and reasonable returns to the investors while at the same time fully consider the actual operation and sustainable development of the Company. On the basis of giving full consideration to the interests of shareholders and managing the relationship between short-term interests and long-term development of the Company, the Company shall determine a reasonable profit distribution proposal, and pursuant to which, formulate a plan to implement the profit distribution policy in a certain period to ensure continuity and stability of the profit distribution policy.

### **3. The Frequency of the Distribution Plan Formulation and Relevant Decision Making Mechanism**

The Board shall formulate the Distribution Plan in accordance with the profit distribution policy stipulated in the Articles of Association. In the event that the Company needs to adjust the profit distribution policy due to the significant changes in the external operating environment and its internal operating conditions, the protection of the interest of shareholders (especially the public shareholders) shall be of the first priority and detailed argumentation and reasons shall be given. Further, detailed explanation regarding the adjustments of the dividend distribution policy shall be given in the regular report of the Company with stringent implementation of the decision making procedures. The Board shall ensure that the Distribution Plan will be reviewed every three years in order to ensure the content of the Distribution Plan conforms with the profit distribution policy as stipulated in the Articles of Association.

### **4. The Distribution Plan to Shareholders of the Company From 2021 to 2023**

- (a) The Company may distribute profits by cash, shares, and combination of cash and shares.
- (b) The Company shall give priority to profit distribution by way of cash, i.e. profit distribution shall be made in the form of cash dividends if the cash dividend conditions subsist.
- (c) According to the laws and regulations in the Company Law and the provisions in the Articles of Association, provided that the profit and cash of the Company are able to fulfill the needs for continuous operation and long term development of the Company, the profit distributed in cash in each of the years between 2021 to 2023 shall be no less than 10% of the distributable profit realised in such year, whereas the cumulative profit distributed in cash for the three consecutive years shall be no less than 30% of the average distributable profits realised in such three years.
- (d) In principle, cash dividend shall be distributed by the Company annually from 2021 to 2023. The Board may propose to distribute interim cash dividend based on the profitability and the capital requirements of the Company.
- (e) From 2021 to 2023, depending on the cumulative distributable profits, reserves and the condition of cash flow, the Company may distribute profits by way of shares to match share capital expansion with business growth provided that the minimum cash dividend payout ratio and a reasonable scale of share capital of the Company are maintained.

## Chapter 5

# REPORT OF THE DIRECTORS

The Board is pleased to submit the report of the directors together with the audited consolidated financial statements for the year ended 31 December 2022.

### **DIRECTORS AND SUPERVISORS**

The details of the directors and supervisors of the Company for the year are set out in the paragraph titled “III. Profiles of Directors, Supervisors, and Senior Management – (I) Particulars About Changes in the Shareholding and Remuneration of Incumbent and Resigned Directors, Supervisors and Senior Management during the Reporting Period” under Chapter 4 – “Corporate Governance” of this report. Such section forms part of this report of the directors.

### **PRINCIPAL ACTIVITIES**

Information of the principal activities of the Company for the year is set out in Chapter 2 – “Corporate Profile and Summary of Business” of this report. Such section forms part of this report of the directors.

### **PERMITTED INDEMNITY PROVISIONS**

The Company has arranged appropriate liability insurance cover for its directors and relevant management personnel during the reporting period. The permitted indemnity provisions were in force for the benefit of the directors and relevant management personnel of the Company during the reporting period.

### **MANAGEMENT CONTRACTS**

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into during the year.

### **BUSINESS REVIEW**

#### **1. Business Performance, Principal Risks and Uncertainties and Future Development**

The discussion on the business performance, principal risks and uncertainties and future development of the Group, as well as the analysis of financial key performance indicators of the Group are set out in Chapter 3 – “Management Discussion and Analysis” of this report. Such sections form part of this report of the directors.



## REPORT OF THE DIRECTORS

### **2. Significant Events Subsequent to the Reporting Period**

Significant events of the Group subsequent to the reporting period are set out in note 42 to the consolidated financial statements. Such section forms part of this report of the directors.

### **3. Environmental Policies and Performance**

The Group always adheres to the development concept of green development, energy conservation and emission reduction and considers environmental protection as an important task for enterprises. The Group strictly complies with various environmental laws and regulations, adheres to the scientific development concept as guidance, strengthens the responsibility system for environmental protection targets, and increases efforts in energy conservation and emission reduction, actively promotes energy conservation and emission reduction from technical innovation, production organisation and daily management. The environmental protection facilities are in normal, stable and continuous operation with satisfactory treatment results. No major environmental pollution incidents occurred.

The Group strictly abides by various environmental protection laws and regulations stipulated by the Government and strictly controls all kinds of pollutants generated. The Group strictly implements the environmental impact assessment system and the “Three Simultaneous” system during the project construction (the environmental protection facilities must be designed, constructed and commenced operation with the construction project simultaneously).

In order to conscientiously implement the national environmental protection and safety laws and regulations, ensure timely control after unexpected environmental incidents, prevent the spread and pollution of major accidents, effectively organise post-incident relief and rescue, and protect the personal safety of employees and the safety of the Company’s properties, pursuant to the relevant documents such as the National Environmental Emergency Plan, and the actual situation of the enterprise, in line with the principle of “focus on prevention, focus on self-help, unified command, division of labour”, the Group has prepared corresponding emergency plans for unexpected environmental incidents, and notified the relevant environmental protection departments. The Group organises regular publicity and training within the enterprise and annual emergency drills and reviews which would improve the ability of enterprises to respond to unexpected environmental pollution accidents and prevent and control the occurrence of environmental pollution accidents effectively.

In order to consciously fulfill the obligations to environmental protection, the Group actively accepts social supervision, and develops self-monitoring programs in accordance with the requirements of national construction regulations and standards. All the monitoring results have met the standard.

## REPORT OF THE DIRECTORS

### 4. Laws and Regulations that have a Significant Impact on the Company

The Company strictly complies with domestic and overseas laws and regulations and industrial standards such as the Listing Rules, the SSE Listing Rules, the SFO, the Company Law, the Securities Law and the Regulations on the Supervision and Administration of Securities Companies.

### 5. Key Relationships

Information regarding the Company's key relationships with its employees, customers and suppliers is set out in the paragraph titled "Employee Information of the Company and Major Subsidiaries" under Chapter 4 – "Corporate Governance" and in the paragraphs titled "Sales to major customers" and "Major suppliers" under Chapter 3 – "Management Discussion and Analysis" of this report.

## INTERESTS OF DIRECTORS AND SUPERVISORS

Save as disclosed in the sections titled "III. Profiles of Directors, Supervisors and Senior Management – (III) Share Options Granted to Directors and Senior Management during the Reporting Period" under Chapter 4 – "Corporate Governance" and "X. Share Option Scheme, Employee Stock Ownership Scheme or Other Staff Incentives of the Company and Their Impacts" under Chapter 8 – "Significant Events" of this report, during the period and at the end of the Company's financial year, there were no arrangements whose objects are, or one of whose objects is, to enable directors and supervisors of the Company to acquire benefits in shares or debentures of, the Company or any other body corporate.

## DONATIONS

Details of charitable and other donations made by the Group during the year are set out in the section titled "III. Details on Performance of Consolidation of Antipoverty Achievements and Rural Revitalisation" under Chapter 7 – "Environmental and Social Responsibility" of this report.

## ISSUE OF SHARES

During the reporting period, as a result of conversion of A share convertible bonds, there was an increase of an aggregate of 93,364,832 A shares with a total consideration of RMB1,299,670,000 received. At the same time, starting from 11 December 2022, the 2020 A share option and restricted share incentive scheme has entered the first exercise period and unlocking period. There was an increase of 23,206,034 A shares due to the cumulative exercise of options, receiving a total consideration of RMB221,617,624.70, and there were 38,401,047 restricted A shares unlocked, becoming available in the market.



## REPORT OF THE DIRECTORS

### **ISSUE OF DEBENTURES, BONDS AND OTHER DEBT SECURITIES**

The Company did not issue any debentures, bonds or other debt securities during the year.

### **EQUITY-LINKED AGREEMENTS**

No equity-linked agreement was entered into by the Company during the year. For the information of the equity-linked agreements entered into by the Company in prior financial years, please refer to the paragraph titled “Share Option Scheme, Employee Stock Ownership Scheme or Other Staff Incentives of the Company and Their Impacts” under Chapter 8 – “Significant Events” of this report.

### **DIVIDENDS**

During the year, an interim dividend of RMB0.06 per share (2021: RMB0.05) (tax inclusive) was distributed, totalling approximately RMB627,837,459.4 (2021: approximately RMB517,816,555.50). The Board recommends to distribute a final dividend of RMB0.18 per share (2021: RMB0.17) (tax inclusive) for the year ended 31 December 2022, totalling approximately RMB1,888,243,000 (2021: approximately RMB1,778,872,801.69).

### **REASONS FOR RESIGNATION**

During the year, no director or supervisor of the Company resigned or refused to stand for re-election in respect of which the Company had received a notice in writing from such director or supervisor specifying that the resignation or refusal is due to reasons relating to the affairs of the Company (whether or not other reasons are specified).

### **DIRECTORS’ AND SUPERVISORS’ MATERIAL INTEREST IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY’S BUSINESS**

No transactions, arrangements or contracts of significance in relation to the Group’s business to which the Company or any of its subsidiaries was a party and in which a director or a supervisor and a connected entity of a director or a supervisor had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## REPORT OF THE DIRECTORS

### **TAX RELIEF**

The Company is not aware of any relief from taxation available to shareholders by reason of their holdings in the shares.

By order of the Board  
**Guangzhou Automobile Group Co., Ltd.**  
**Zeng Qinghong**  
*Chairman*

Guangzhou, the PRC, 29 March 2023

## Chapter 6

# REPORT OF THE SUPERVISORY COMMITTEE

During the reporting period, the supervisory committee of the Company conducted its work with the spirit of holding itself accountable to all shareholders and duly performed its various duties and obligations. All members of the Supervisory Committee participated in the discussion in respect of the major operation decisions of the Company, and supervised the financial conditions and lawful operation of the Company and performance of directors and senior management according to law, through attending supervisory meetings, general meetings and Board meetings etc., in accordance with the Company Law, the Securities Law, the Listing Rules and other laws and regulations and the requirements of the Articles of Association, which enhanced the internal control and standardised operation of the Company.

The Supervisory Committee was of the view that during the reporting period, the standardized operation of the Company was strictly in compliance with relevant laws and regulations such as the Listing Rules and the SSE Listing Rules and internal control systems such as the Articles of Association, while the directors and senior management of the Company performed their duties diligently and in compliance with the PRC laws and regulations, the Articles of Association and the system, and effectively safeguarded the interests of the Company and its shareholders. The work of the Supervisory Committee during the year is reported as follows:

## **I. THE COMPOSITION AND CHANGES OF THE SUPERVISORY COMMITTEE**

The sixth session of the Supervisory Committee is currently composed of Chen Tian, Cao Xiandong, Huang Cheng, Wang Yuan (staff representative supervisor), Wang Lu (staff representative supervisor) and Huang Zhuo (staff representative supervisor), with a vacancy of one supervisor, of whom Chen Tian is the tentative convener of the Supervisory Committee. On 27 February 2023, the employee representatives' meeting of the Company elected Wang Yuan as a supervisor of the sixth session of the Supervisory Committee, and Shi Lei, the former supervisor, ceased to remain in office due to the redesignation of position. The term of office of this session of the Supervisory Committee will expire on 8 October 2024.

## **II. BASIC EVALUATION OF THE PERFORMANCE OF THE BOARD AND SENIOR MANAGEMENT IN 2022**

The Supervisory Committee was of the view that the Board duly performed its operation in strict compliance with the requirements under the laws and regulations including the Company Law, the Articles of Association, the Listing Rules and the SSE Listing Rules, etc. during the reporting period. During the reporting period, in the face of unprecedented challenges brought about by multiple factors such as continuous shortage of chip supply and the soaring price of raw materials which compromised the operation and development of the automobile industry and the Company, the Company focused on steady growth, supply preservation, structural adjustment, market expansion, quality improvement and efficiency enhancement. With the joint efforts of all employees, the Company has gained outstanding achievements that outperformed the industry average.

## REPORT OF THE SUPERVISORY COMMITTEE

During the reporting period, the major business decision-making procedures of the Company were legitimate and effective. The directors and senior management of the Company duly performed their duties seriously as well as in accordance with the PRC laws, regulations, the Articles of Association and resolutions of the general meeting and of the Board. The Supervisory Committee had not found any acts of directors and senior management being in breach of laws and regulations and the Articles of Association or against the interests of the Company and the shareholders.

### III. MEETINGS OF SUPERVISORY COMMITTEE CONVENED

During the reporting period, the supervisory committee of the Company convened 6 supervisory meetings with the details as follows:

1. The 4th meeting of the 6th session of the Supervisory Committee was held on 30 March 2022, at which the following resolutions were considered and approved:
  - (1) Resolution in respect of the annual report and its summary of 2021;
  - (2) Resolution in respect of the supervisory committee report of 2021;
  - (3) Resolution in respect of the financial report of 2021;
  - (4) Resolution in respect of the profit distribution plan of 2021;
  - (5) Resolution in respect of the self-evaluation report on internal control of 2021;
  - (6) Resolution in respect of internal control audit report of 2021;
  - (7) Resolution in respect of the report of deposit and the actual utilisation of proceeds from fund-raising activities;
  - (8) Resolution in respect of the appointment of auditors of 2022;
  - (9) Resolution in respect of the appointment of internal control auditors of 2022;
  - (10) Resolution in respect of the utilisation of the remaining proceeds of certain projects raised from non-public issuance of A shares for permanent replenishment to working capital.



## REPORT OF THE SUPERVISORY COMMITTEE

2. The 5th meeting of the 6th session of Supervisory Committee was held on 27 April 2022, at which the resolution in respect of the first quarterly report of 2022 was considered and approved.
3. The 6th meeting of the 6th session of Supervisory Committee was held on 30 August 2022, at which the following resolutions were considered and approved:
  - (1) Resolution in respect of the interim report of 2022;
  - (2) Resolution in respect of the profit distribution plan for the interim period of 2022;
  - (3) Resolution in respect of the report of deposit and utilisation of proceeds from fundraising activities for the first half of 2022.
4. The 7th meeting of the 6th session of Supervisory Committee was held on 27 October 2022, at which the following resolutions were considered and approved:
  - (1) Resolution in respect of the third quarterly report of 2022;
  - (2) Resolution in respect of the cash management of part of the temporary idle fund-raising proceeds.
5. The 8th meeting of the 6th session of Supervisory Committee was held on 21 November 2022, at which the resolution in respect of the initial exercise of A share option and restricted share incentive scheme and unlocking related matters was considered and approved.
6. The 9th meeting of the 6th session of Supervisory Committee was held on 12 December 2022, at which the following resolutions were considered and approved:
  - (1) Resolution in respect of the Fourth Share Option Incentive Scheme (draft) and its summary;
  - (2) Resolution in respect of the Appraisal Management Measures of the Fourth Share Option Incentive Scheme.

## REPORT OF THE SUPERVISORY COMMITTEE

### IV. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON THE OPERATION OF THE COMPANY

#### 1. Operation of the Company in Accordance with Law

During the reporting period, the various work of the Board and senior management of the Company were in compliance with the relevant requirements of the Company Law, the Securities Law, the Listing Rules, the SSE Listing Rules, the Articles of Association, the Rules of Procedures of the Three Committees and the relevant provisions of various internal control systems etc., and the decision-making procedures were legitimate and effective. Directors and senior management of the Company performed in a diligent and responsible manner and the resolutions of the general meetings and the Board meetings were implemented faithfully. No acts were found to be in breach of laws and regulations, the Articles of Association and against the interests of the Company. Meanwhile, the Company has timely performed its disclosure obligations in strict compliance with the requirements of the Listing Rules and the SSE Listing Rules. During the reporting period, the Supervisory Committee has reviewed and given opinions in relation to the share option incentive schemes.

#### 2. Internal Control, Risk Management and Compliance Management

Pursuant to the requirements of the Basic Standards for Enterprise Internal Control and its referencing guidelines, the Company consistently carried out its self-assessment on comprehensive risk management and internal control. During the reporting period, the Company continued to strengthen the implementation of internal control, enhance the supervision and inspection on internal control by the internal audit team, and make targeted internal control diagnosis and improvement in high-risk sectors and fields of business management. At the same time, the Company closely tracked key risk areas by conducting risk interviews, risk research and industry benchmarking, so as to improve the accuracy of risk assessment and formulate targeted risk management measures to enhance the level of prevention and response to different types of risks and challenges, and ensure the realisation of corporate objectives.

Evaluation Report on Internal Control of the Company for 2022 comprehensively, truthfully, accurately and objectively reflects the construction and operation of the internal control system.

The Company's compliance management work focuses on "operation and effectiveness", and constantly improves the four major systems including organisation, institution, operation and guarantee, so as to continuously improve the compliance management capabilities, and to preform well in responding to and preventing the compliance risks. No significant compliance risk event occurred during the year.



## REPORT OF THE SUPERVISORY COMMITTEE

### **3. Financial Conditions of the Company**

The Supervisory Committee examined the financial conditions of the Company seriously and carefully and reviewed the 2021 annual financial report and the first quarterly report, interim report and the third quarterly report of 2022 during the reporting period, and considered the profit distribution plan implemented by the Company during the reporting period.

The Supervisory Committee considered that the Company has a sound financial system, standardised financial operations, and healthy financial status; the financial reports of the Company gave a full, true and objective view of the operation results and financial conditions of the Company, persons participating in the preparation and examination of the annual report were not found to have acted in breach of the rules of confidentiality; the audit report with unqualified opinions issued by the auditing firm was objective and fair.

### **4. Utilisation and Management of Proceeds**

The Supervisory Committee inspected the utilisation and management of proceeds of the Company during the reporting period and was of the opinion that: the Company's proceeds were strictly in compliance with the SSE Listing Rules, the Administrative Measures for Funds Raised by Companies Listed on the Shanghai Stock Exchange, the Articles of Association and Measures for the Management of Proceeds of the Company. Proceeds were deposited in designated accounts and were used for designated projects, and there were no changes to the use of proceeds. There were no circumstances in which the interests of the shareholders had been damaged, and there were no violations regarding the Company's use of proceeds.

### **5. Related-Party Transactions**

The Supervisory Committee reviewed and audited the report of related-party transactions of the year. The Supervisory Committee considered that the Company had strictly abided by the relevant provisions of the A shares and H shares listing rules and the Articles of Association. The Supervisory Committee also considered that the procedures of the transactions were legal and transaction prices were fair and reasonable and was not aware of any circumstances which were prejudicial to the interests of the Company and the small- and medium-sized and minority shareholders.

## REPORT OF THE SUPERVISORY COMMITTEE

### V. WORKING PLAN

In 2023, the Supervisory Committee will continue to proactively perform its supervisory responsibilities under the laws, the listing rules of Hong Kong and China and the Articles of Association. On the basis of corporate governance and focusing on financial supervision and risk prevention, the Supervisory Committee will strengthen the follow-up of key projects and continue to pay attention to the Company's business development. The Supervisory Committee will also promote construction and perfection of a comprehensive internal control, risk and compliance management system of the Company, and implement supervisory functions of the Supervisory Committee. The Supervisory Committee will strictly implement the "Rules of Procedures of the Supervisory Committee", organise and convene work meetings of the Supervisory Committee on a regular basis, and to attend the general meetings of shareholders, Board meetings and other important meetings of the Company according to law. These allow the Supervisory Committee to be timely informed of and supervise the legality of the major decisions and decision-making procedures of the Company in order to safeguard the legitimate interests of shareholders, staff members and the Company. The Supervisory Committee will faithfully and diligently perform its supervisory duties, strive to excel in every task, further promote the overall improvement of corporate governance of the Company, and facilitate the high-quality and sustainable development of the Company.

## Chapter 7

# ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

## I. ENVIRONMENTAL INFORMATION

The Company and every enterprise strictly abided by environmental protection laws and regulations, and actively took measures to implement the concept of environmental protection and green development in order to build a green, low-carbon and environmentally-friendly environment.

- (1) In the field of products, more energy-saving and new energy vehicle models were launched, considerably reducing fuel consumption and exhaust emissions per vehicle;
- (2) In the field of production, the Company continued to increase investment in construction of environmental protection, adopted greener and more energy-efficient facilities, and introduced more advanced technologies to reduce energy consumption;
- (3) In the field of energy, various enterprises used clean energy to replace the original choices, and developed solar power generation with tremendous efforts through proactively making use of resources in our factories so as to boost the “green electricity” share in the production link;
- (4) In the field of supply chain, the Company put forward requirements for environmental protection, energy conservation and emission reduction towards suppliers along the whole supply chain, and implemented a green low-carbon management on suppliers;
- (5) In the field of public and employees, the Company actively carried out various advertising activities for environmental protection and pollution control in order to raise environmental protection awareness and build a green homeland together.

For details about the policies and measures on the environmental protection of the Group, please refer to the full text of the “2022 Environmental, Social and Governance Report” disclosed on the website of the Stock Exchange on 28 April 2023.

## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

### II. FULFILLMENT OF SOCIAL RESPONSIBILITY

With the goal of “developing into a public company trusted by the society”, the Group always advocates green culture, builds a green supply chain, develops green offices, realises sustainable development and actively performs social responsibility.

For details about the fulfillment of social responsibilities by the Group, please refer to the full text of the “2022 Social Responsibilities Report” disclosed on the website of the Stock Exchange (in form of overseas regulatory announcement) on 29 March 2023.

### III. DETAILS ON PERFORMANCE OF CONSOLIDATION OF ANTIPOVERTY ACHIEVEMENTS AND RURAL REVITALIZATION

#### 1. Robust fulfillment of rural revitalisation

According to the decision-making arrangements, the Group took the lead in pairing assistance to Dongshi Town, Pingyuan County, Meizhou, selecting and dispatching an outstanding cadre to station at the township and village support team of Dongshi Town in 2022. Focusing on the main tasks, the Group has established a dynamic monitoring system and mechanism to prevent returning to poverty, and resolutely hold the bottom line of avoiding returning to poverty or generating poverty on a large scale. As far as the implementation of the assistance planning is concerned, the Group has been committed to the construction of beautiful market town, where the Education Road, the town parking lot, and the industrial co-construction base, etc. have been completed. In terms of promoting consumptive assistance, a wholly-owned subsidiary “GAC Qifu” was established. In order to coordinate and promote the consumptive assistance, the leaders of the Group and its affiliated investee companies have visited Dongshi Town for 22 times successively for the purpose of related alignment work. For the rural revitalisation work in the city, the Group continued to promote the assistance to Aotou Town, Conghua District, Guangzhou, and comprehensively propelled the rural revitalisation.



## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

### **2. In-depth Involvement in the East-West Coordination**

The Group has been thoroughly involved in the east-west cooperation in Bijie, Guizhou, including continuing propulsion of the intensive “GAC class” in 2022 to upgrade the training base of Bijie Vocational and Technical College. The Group helped 10 villages in 1 township in Nayong County, improved the living environment and appearance of Lizi Village as a demonstration site for rural revitalisation in collaboration between the east and the west. In the field of expanding cooperation, the Group promoted the “Automobiles Full of Fragrance and Love” project and built an experience center in which more than 10 products were developed with sales volume of RMB3.5 million. Consumptive assistance has been vigorously facilitated to promote “Guizhou’s agricultural specialties go out of mountainous areas”. In order to further promote the in-depth integration and development with Bijie, on the one hand, the Group has strengthened its cooperation with Bijie Transportation Group to build new outlets, so as to boost the expansion in local new energy market by Bijie state-owned enterprises. On the other hand, taking the opportunity of boosting the development of Bijie’s NEV market and propelling the development of the local auto finance and insurance industry, Urtrust Insurance set up a branch in Bijie in September 2022.

### **3. Support to the Development and Revitalisation of Eastern Guangdong and Northwest China**

The Group proactively advanced industrial assistance to Meizhou in eastern Guangdong under the “3+3+3+X” supportive model, striving for optimised “four-in-one” development. 14 companies have been successfully introduced, including Meizhou Saint-Gobain and Dongfeng Yanfeng, two of the world’s top 500 companies. The 14 companies that have entered the industrial park have invested about RMB1.05 billion in total, creating 1,200 job vacancies.

### **4. Proactive promotion of “Thousands of Enterprises Help Thousands of Towns and Villages”**

In order to actively respond to the provincial appeal for “Thousands of Enterprises Help Thousands of Towns and Villages”, the Group assisted in helping Taoyuan Village, Yaotian Town, Shaoguan. Taking the party construction as a driving force, the Group carried out activities such as branch co-construction, party members’ participation in visits and exchanges, and consumptive supports, so as to facilitate the effective connection between the consolidation and expansion of poverty alleviation achievements in Taoyuan Village with the rural revitalisation.

## Chapter 8

# SIGNIFICANT EVENTS

### I. PERFORMANCE OF UNDERTAKINGS

#### (I) THE UNDERTAKINGS BY THE ULTIMATE CONTROLLERS, SHAREHOLDERS, RELATED PARTIES, PURCHASERS OF THE COMPANY, THE COMPANY AND OTHER RELEVANT PARTIES DURING THE REPORTING PERIOD OR SUBSISTING DURING THE REPORTING PERIOD

Background of undertakings	Type of undertakings	Undertaker	Contents of undertakings	Time and period of undertaking	Is there a fulfillment time limit	Whether fulfilled strictly in time
Other commitments to the medium and small shareholders of the Company	Dividends	The Group	Provided that the profit and cash of the Company is sufficient for the continuous operation and long term development of the Company, the profit distributed in cash in each of the years between 2021 and 2023 shall be no less than 10% of the distributable profit realised in such year, whereas the cumulative profit distributed in cash for the three consecutive years shall be no less than 30% of the average distributable profits realised in these three years. Articles of Association: Profit distributed in cash shall be no less than 10% of the distributable profit realised in such year.	2021-2023	Yes	Yes

## SIGNIFICANT EVENTS

Background of undertakings	Type of undertakings	Undertaker	Contents of undertakings	Time and period of undertaking	Is there a fulfillment time limit	Whether fulfilled strictly in time
Other commitments	Non-competition	GAIG	(1) Directly or indirectly do or participate in (or assist in doing or participating in) any business or activities which compete or may compete with the principal business of the Company in any manner (including but not limited to investment, merger and acquisition, forming associates, joint venture, cooperation, partnership, trust, underwriting, operating lease, acquisition of equity or joint stock), whether solely or jointly with other parties, in the PRC or overseas; (2) support any person other than promoters of the Company or subsidiaries of the promoters to do or participate in any business which competes or may compete with the principal business of the Company in any manner in the PRC or overseas; (3) intervene in any business or activities which compete or may compete with the principal business of the Company by other means (whether directly or indirectly), provided that the above undertaking shall not be applicable where GAIG or its subsidiaries (other than the Company and its subsidiaries) acquire or hold for investment purpose not more than 5% interest in other company listed on an internationally recognised stock exchange whose principal business competes or may compete with the principal business of the Company; or where GAIG or its subsidiaries or investee company hold not more than 5% interest in a third party whose principal business competes or may compete with the principal business of the Company as a result of the debt restructuring of third parties; (4) if GAIG or its subsidiaries (other than the Company and its subsidiaries) come across any new business opportunity which competes or may compete with the principal business of the Company, it shall immediately inform the Company in writing, and shall use its best endeavours to procure such business opportunity be first offered to the Company or its subsidiaries on fair and reasonable terms and conditions. The Company shall, within 30 days from receiving the aforesaid notification, notify GAIG or its subsidiaries (other than the Company and its subsidiaries) in writing whether or not the Company or its subsidiaries intend to take up the aforesaid business opportunity. Upon receiving notification from the Company that it intends to take up such opportunity, GAIG or its subsidiaries shall refer such business opportunity to the Company or its subsidiaries; (5) if the Company or its subsidiaries decide not to take up such business opportunities for any reason, upon receiving notification from the Company of such intention or the Company fails to respond in writing to GAIG or its subsidiaries within the said 30-day period, GAIG or its subsidiaries (other than the Company and its subsidiaries) may operate such new business on its own; (6) in the future, when GAIG or its subsidiaries (other than the Company and its subsidiaries) operate such new business which competes or may compete with the principal business of the Company pursuant to paragraph (5) above, or due to adjustments in national policies or other force majeure or unexpected events, such that competition in the same business occurs or becomes inevitable, GAIG or its subsidiaries (other than the Company and its subsidiaries) shall offer an option to the Company or its subsidiaries, pursuant to which the Company or its subsidiaries shall have the right to acquire any equity, asset and other interest in the competing business from GAIG or its subsidiaries in accordance with statutory processes in one or multiple tranches, or the Company or its subsidiaries may elect to operate assets or businesses in the competing business by way of entrusted operation, operating lease or underwriting operation in accordance with statutory processes, provided that the relevant laws and regulations of the PRC and the listing rules of the relevant stock exchange then in force are complied with.	Long-term	Yes	Yes

## SIGNIFICANT EVENTS

### (II) EXPLANATION ON WHETHER THE COMPANY HAS ACHIEVED ITS PROFIT FORECAST IN RELATION TO ASSETS OR PROJECTS, IF THERE IS ANY PROFIT FORECAST IN RELATION TO THE COMPANY'S ASSETS OR PROJECTS, AND THE REPORTING PERIOD IS WITHIN THE PROFIT FORECAST PERIOD

Met  Unmet  N/A

### II. APPROPRIATION OF FUNDS OF THE COMPANY BY THE CONTROLLING SHAREHOLDER AND OTHER RELATED PARTIES FOR NON-OPERATIONAL ACTIVITIES DURING THE REPORTING PERIOD

Applicable  N/A

### III. ILLEGAL GUARANTEE

Applicable  N/A

### IV. APPOINTMENT OR DISMISSAL OF ACCOUNTANTS

#### Audit Service

Unit: Yuan Currency: RMB

#### Currently appointed

Name of domestic accounting firm	ShineWing Certified Public Accountants LLP
Remuneration of domestic accounting firm	970,000
Audit years of domestic accounting firm	2
Names of the Certified Public Accountants of domestic accounting firm	Chen Jinqi, Ou Jinguang
Continuing service years of certified public accountant of domestic accounting firm	2
Name of overseas accounting firm	PricewaterhouseCoopers
Remuneration of overseas accounting firm	3,100,000
Audit years of overseas accounting firm	12

## SIGNIFICANT EVENTS

### Non-Audit Services

	<b>Name</b>	<b>Remuneration</b>
Internal control auditor	ShineWing Certified Public Accountants LLP	400,000

### EXPLANATION ON APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

As considered and approved at the 12th meeting of the 6th session of the Board, the 4th meeting of the 6th session of the Supervisory Committee and the 2021 annual general meeting of the Company, the Company appointed ShineWing Certified Public Accountants LLP and PricewaterhouseCoopers as auditors of the Company for the year 2022.

### CHANGE OF ACCOUNTING FIRM DURING THE AUDITING PERIOD

Applicable  N/A

### V. DESCRIPTION OF RISKS OF DELISTING

Applicable  N/A

### VI. MATTERS RELATING TO INSOLVENCY OR RESTRUCTURING

During the reporting period, on account of its insolvency, the joint venture of the Company, GAC FCA, has filed for a court receivership in accordance with relevant requirements of existing laws and regulations. On 29 November 2022, Intermediate People's Court of Changsha, Hunan Province issued the Civil Judgement [(2022) Xiang 01 Po Shen No. 139]((2022)湘01破申139號) to formally accept its application.

## SIGNIFICANT EVENTS

### VII. MATERIAL LITIGATIONS AND ARBITRATIONS

The Company had no material litigations and arbitrations during the year.

### VIII. PUNISHMENT ON THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS AND ULTIMATE CONTROLLERS AND RELEVANT RECTIFICATIONS FOR SUSPECTED VIOLATION OF LAWS AND REGULATIONS

Applicable  N/A

### IX. DESCRIPTION OF INTEGRITY OF THE COMPANY AND ITS SHAREHOLDERS AND ACTUAL CONTROLLERS DURING THE REPORTING PERIOD

Applicable  N/A

### X. SHARE OPTION SCHEME, EMPLOYEE STOCK OWNERSHIP SCHEME OR OTHER STAFF INCENTIVES OF THE COMPANY AND THEIR IMPACTS

#### A-SHARE OPTION

A-share option represents the right granted to a participant by the Company to acquire certain number of A shares of the Company at a pre-determined price and conditions within a particular period of time. The source of the underlying shares shall be the ordinary A shares to be issued by the Company to the participants.

#### RESTRICTED SHARES

Restricted shares represent a certain number of A shares of the Company granted to the participants by the Company under the conditions and at the price as stipulated in the incentive scheme, which are subject to the lock-up period and can only be unlocked for trading when the unlocking conditions under the incentive scheme are satisfied. The source of the underlying shares shall be the ordinary A shares to be issued by the Company to the participants.



## SIGNIFICANT EVENTS

### **(I) 2020 A SHARE OPTION AND RESTRICTED SHARE INCENTIVE SCHEME (THE “2020 INCENTIVE SCHEME”)**

#### **1. Objective**

In order to further establish and improve the long-term incentive mechanism of the Company, attract and retain talented individuals, fully mobilise the enthusiasm of the directors, senior management, other management personnel who has a direct impact on the Company's operating performance and key core technical (business) personnel of the Company, and effectively bond the interests of the shareholders, the Company and individuals of core teams together, making all parties to attend to the long-term development of the Company, on the premise of fully protecting the interests of the shareholders and on the principle of income equivalent to contribution, the 2020 Incentive Scheme was formulated by the Company and passed at the 2020 second extraordinary general meeting and the 2020 first class meetings for holders of A and H shares of the Company held on 13 November 2020.

#### **2. Scheme Participants**

The participants under the 2020 Incentive Scheme are all employee participants as defined under Rule 17.03A(1)(a) of the Listing Rules, including the directors, senior management, other management personnel who has a direct impact on the Company's operating performance and key core technical (business) personnel of the Company.

#### **3. Number of Granted Options and Restricted Shares and Exercise Price**

A total of 102,101,330 A share options were granted to 2,872 participants on 4 December 2020, and the exercise price was RMB9.98 per share (prior to the adjustment), which was determined with reference to the highest of the following and shall not be lower than the nominal amount of the A shares:

- (1) the average trading price of the A shares of the Company on the trading day preceding the date of the proposal announcement (i.e. 24 September 2020) which is RMB9.91; and
- (2) one of the average trading prices of the A shares of the Company for 20 trading days, 60 trading days or 120 trading days preceding the date of the proposal announcement.

## SIGNIFICANT EVENTS

A total of 102,101,330 restricted shares were granted to 2,872 participants on 4 December 2020, and the grant price was RMB4.99 per share, which was determined with reference to the highest of the following and shall not be lower than the nominal amount of the A shares:

- (1) 50% of the average trading price of the A shares of the Company on the trading day preceding the date of the proposal announcement (i.e. 24 September 2020) which is RMB9.91; and
- (2) 50% of one of the average trading prices of the A shares of the Company for 20 trading days, 60 trading days or 120 trading days preceding the date of the proposal announcement.

The adjustment details for the exercise price of share options and the repurchase price of restricted share since the implementation of the 2020 Incentive Scheme are as follows:

- Since 8 June 2021, as a result of the implementation of the final profit distribution plan for 2020, the exercise price of share options was adjusted to RMB9.83/A share accordingly and the repurchase price of restricted share was adjusted to RMB4.84/A share accordingly under the 2020 Incentive Scheme. For details, please refer to the “Announcement on Adjusting the Exercise Price of the Share Option and Restricted Share Repurchase Price” (Announcement No.: Lin 2021-034) disclosed on the websites of SSE and the Stock Exchange on 26 May 2021.
- Since 22 September 2021, as a result of the implementation of the interim profit distribution plan for 2021, the exercise price of share options was adjusted to RMB9.78/A share accordingly and the repurchase price of restricted share was adjusted to RMB4.79/A share accordingly under the 2020 Incentive Scheme. For details, please refer to the “Announcement on Adjusting the Exercise Price of the Share Option and Restricted Share Repurchase Price” (Announcement No.: Lin 2021-066) disclosed on the websites of SSE and the Stock Exchange on 13 September 2021.



## SIGNIFICANT EVENTS

- Since 21 November 2022, as a result of the implementation of the final profit distribution plan for 2021 and the interim profit distribution plan for 2022, the exercise price of share options was adjusted to RMB9.55/A share accordingly and the repurchase price of restricted share was adjusted to RMB4.56/A share accordingly under the 2020 Incentive Scheme. At the same time, in terms of the repurchase of restricted shares due to the resignation, retirement, assessment, etc. of incentive participants, the repurchase prices are RMB4.56/A share and RMB4.67172/A share, respectively, depending on the circumstances of incentive participants triggering the repurchase cancellation conditions (plus deposit interest for the same period). For details, please refer to the “Announcement on Adjusting the Equity Price, Equity Quantity and Personnel List of the 2020 A Share Options and Restricted Share Incentive Scheme” (Announcement No.: Lin 2022-077) disclosed on the websites of SSE and the Stock Exchange on 21 November 2022.

The closing price of the Company’s A shares on the date immediately before the grant date of the 2020 Incentive Scheme was RMB13.29 per share. Within any 12-month period, the aggregate number of share options to be granted to each above participant under all effective share option incentive schemes of the Company and held throughout the validity period does not exceed 1% of the total A share capital of the Company. Details of the entitlement caps (including A share options and restricted shares) that each director and senior management of the Company may be granted under the 2020 Incentive Scheme are set out in the Company’s circular disclosed on the website of the Stock Exchange on 22 October 2020, where the upper limit of interests that can be granted to each other individual participant does not exceed the maximum limit of the above-mentioned ones. No amount is payable by the participants on application or acceptance of the A share options under the 2020 Incentive Scheme. According to the 2020 Incentive Scheme, the grant price of restricted A shares was RMB4.99 per share. In other words, after meeting the grant conditions, the participants purchased the restricted A shares which were issued and granted by the Company at a price of RMB4.99 per share.

#### **4. Validity period, vesting period and exercise period**

The 2020 Incentive Scheme shall be effective from the date on which the share options and the restricted shares have been granted and registered, and end on the date on which all the share options granted to the participants have been exercised or cancelled and all the restricted shares granted to the participants have been unlocked or repurchased and cancelled respectively, which shall not exceed 60 months until December 2025 with remaining life of approximately two years and eight months. The vesting period and the lock-up period of share options and restricted shares respectively were 24 months, 36 months, 48 months from the date on which the share options were granted and registered.

## SIGNIFICANT EVENTS

As at the date of this reporting period, the total number of securities issuable under the 2020 Incentive Scheme was 64,455,754 shares, representing approximately 0.61% of the total issued shares of the Company.

The arrangements of exercise period and each period of exercise time for the share options are as follows:

<b>Exercise arrangement</b>	<b>Exercise period</b>	<b>Exercisable Proportion</b>
First exercise period	Commencing from the first trading day after expiry of the 24-month period from the date of completion of registration of the share options and ending on the last trading day of the 36-month period from the date of completion of registration of the share options	40%
Second exercise period	Commencing from the first trading day after expiry of the 36-month period from the date of completion of registration of the share options and ending on the last trading day of the 48-month period from the date of completion of registration of the share options	30%
Third exercise period	Commencing from the first trading day after expiry of the 48-month period from the date of completion of registration of the share options and ending on the last trading day of the 60-month period from the date of completion of registration of the share options	30%

## SIGNIFICANT EVENTS

The first exercise period is from 12 December 2022 to 10 December 2023, subject to the restriction period from 28 January 2023 to 27 April 2023, during which all participants are prohibited to exercise the share options. During the reporting period, 23,206,034 shares were exercised accumulatively. As of the date of this report, 26,279,976 shares have been exercised accumulatively throughout the exercise period.

The participants shall complete the exercise of the share options within the validity period. If the exercise conditions are not satisfied, the A share options for the corresponding period shall not be exercised. If the exercise conditions are satisfied but not all of the relevant A share options for that period have been exercised, the remaining A share options shall lapse automatically and shall be cancelled by the Company.

During the reporting period, the Company cancelled 14,439,542 share options that were ineligible for exercise due to reasons such as the resignation and retirement of participants.

The unlocking periods and unlocking schedule for the restricted shares are as follows:

<b>Unlocking arrangement</b>	<b>Unlocking period</b>	<b>Unlocking proportion</b>
First unlocking period	Commencing from the first trading day after expiry of the 24-month period from the date of completion of registration of the restricted shares and ending on the last trading day of the 36-month period from the date of completion of registration of the restricted shares	40%
Second unlocking period	Commencing from the first trading day after expiry of the 36-month period from the date of completion of registration of the restricted shares and ending on the last trading day of the 48-month period from the date of completion of registration of the restricted shares	30%
Third unlocking period	Commencing from the first trading day after expiry of the 48-month period from the date of completion of registration of the restricted shares and ending on the last trading day of the 60-month period from the date of completion of registration of the restricted shares	30%

## SIGNIFICANT EVENTS

On 12 December 2022, 38,401,047 restricted shares has been unlocked and become available in the market after the expiry of the first lock-up period. After adjustment, 9,040 shares had become available in the market on 16 January 2023. As of the end of the reporting period, a total of 38,410,087 restricted shares have been unlocked and available in the market.

For restricted shares that unlocking has not been applied for or unlocking cannot be applied for due to failure to meet the unlocking conditions during the unlocking periods, the Company will repurchase and cancel such restricted shares in accordance with the rules of the 2020 Incentive Scheme.

During the reporting period, the Company has repurchased and cancelled 7,327,392 restricted shares that failed to meet the unlocking conditions due to reasons such as the resignation and retirement of participants. The relevant share repurchase and cancellation have been officially registered on 13 March 2023.

The shares obtained by the participants based on the granted restricted shares arising from capitalisation issue, bonus issue and share subdivision shall be subject to locking, and shall not be sold in the secondary market or otherwise transferred. The unlocking periods of such resulting shares are the same as that of the restricted shares. If the Company repurchases the restricted shares that are yet to be unlocked, such resulting shares shall be repurchased altogether.

### **(II) 2022 A SHARE OPTION INCENTIVE SCHEME (THE “2022 INCENTIVE SCHEME”)**

#### **1. Objective**

In order to further establish and improve the long-term incentive mechanism of the Company, attract and retain talented individuals, fully mobilise the enthusiasm of the senior management, other management personnel who has a direct impact on the Company's operating performance and key core technical (business) personnel of the Company, and effectively bond the interests of the shareholders, the Company and individuals of core teams together, making all parties to attend to the long-term development of the Company, on the premise of fully protecting the interests of the shareholders and on the principle of income equivalent to contribution, the Company formulated the 2022 Incentive Scheme, which has been duly approved by way of special resolutions passed at the 2023 first extraordinary general meeting and the 2023 first class meeting for A and H shareholders of the Company respectively held on 20 January 2023.



## SIGNIFICANT EVENTS

### **2. Scheme Participants**

The participants under the 2022 Incentive Scheme are all employee participants as defined under Rule 17.03A(1)(a) of the Listing Rules, including the directors, senior management, other management personnel who has a direct impact on the Company's operating performance and key core technical (business) personnel of the Company.

### **3. Number of Granted Options and Exercise Price**

A total of 233,896,200 A share options were granted to 3,089 participants on 20 January 2023, and the exercise price was RMB11.99 per share, which was determined with reference to the highest of the following and shall not be lower than the nominal amount of the A shares:

- (1) the average trading price of the A shares of the Company on the trading day preceding the date of the proposal announcement (i.e. 13 December 2022) which is RMB11.82; and
- (2) one of the average trading prices of the A shares of the Company for 20 trading days, 60 trading days or 120 trading days preceding the date of the proposal announcement.

The closing price of the Company's A shares on the date immediately before the grant date of the 2022 Incentive Scheme was RMB11.37 per share. Within any 12-month period, the aggregate number of share options to be granted to each above participant under all effective share option incentive schemes of the Company and held throughout the validity period does not exceed 1% of the total A share capital of the Company. Details of the maximum entitlement (i.e. A share options) that each director and senior management of the Company may be granted under the 2022 Incentive Scheme are set out in the Company's circular disclosed on the website of the Stock Exchange on 4 January 2023, where the maximum interests that can be granted to each other individual participant does not exceed the maximum entitlement of the aforementioned group. No amount is payable by the participants on application or acceptance of the A share options under the 2022 Incentive Scheme.

## SIGNIFICANT EVENTS

#### 4. Validity period, vesting period and exercise period

The 2022 Incentive Scheme shall be effective from the date on which the share options were granted (i.e. 20 January 2023), and end on the date on which all the share options granted to the participants have been exercised or cancelled, and for no more than 60 months, i.e. until January 2028 with four years and nine months remaining. The vesting period of the respective portions are 24 months, 36 months and 48 months from the date on which the share options were granted.

As at the date of this reporting period, the total number of securities issuable under the 2022 Incentive Scheme was 233,896,200 shares, representing approximately 2.23% of the total issued shares of the Company.

The arrangements of exercise period and the duration of each exercise period for the share options are as follows:

<b>Exercise arrangement</b>	<b>Exercise period</b>	<b>Exercisable Proportion</b>
First exercise period	Commencing from the first trading day after expiry of the 24-month period from the grant date and ending on the last trading day of the 36-month period from the grant date	20%
Second exercise period	Commencing from the first trading day after expiry of the 36-month period from the grant date and ending on the last trading day of the 48-month period from the grant date	40%
Third exercise period	Commencing from the first trading day after expiry of the 48-month period from the grant date and ending on the last trading day of the 60-month period from the grant date	40%

## SIGNIFICANT EVENTS

The participants shall complete the exercise of the share options within the relevant exercise period. If the exercise conditions are not satisfied, the A share options for the corresponding period shall not be exercised. If the exercise conditions are satisfied, but such relevant A share options that are not exercised within the above exercise period will automatically lapse and be cancelled by the Company.

During the reporting period, there were no A share options and restricted shares grantable in accordance with the scheme mandate limit and service provider sublimit respectively defined under Rule 17.03(3) of the Listing Rules.

For details of A share options granted to directors and senior management, please refer to the paragraph titled “III. Profiles of Directors, Supervisors and Senior Management – (III) Share Options Granted to Directors and Senior Management during the Reporting Period” under Chapter 4 – “Corporate Governance” of this report. Details of A share options granted to other participants are set out in the following table:

*Unit: share (A share) Currency: RMB*

Name	Position	Number of outstanding A share options held at the beginning of the reporting period	Number of new A share options granted during the reporting period	Number of A share options exercisable during the reporting period (note 2)	Shares issued upon exercise of A share options during the reporting period	Number of A share options lapsed/ cancelled during the reporting period	Exercise price of A share options (RMB) (Note 4)	Weighted average closing price immediately before the dates on which the A share options were exercised (RMB)	Number of A share options held at the end of the reporting period
2020 Incentive Scheme									
/	Middle level and other core businesses, technical and management key personnel (i.e. 2,860 other employee participants in total)	99,126,330	0	34,375,227	22,432,034	lapsed: 0 cancelled: 14,127,542	9.55	11.76	62,566,754
<b>Total (together with that of the Directors and Senior Management):</b>	2,872 participants	102,101,330	0	35,565,227	23,206,034	14,439,542	/	/	64,455,754

## SIGNIFICANT EVENTS

Note:

1. All participants must be employed by the Company pursuant to employment contracts during the appraisal period of the 2020 Incentive Scheme and no participants are retired staff re-employed by the Company. The above participants do not include substantial shareholders or controllers of the Company who individually or jointly hold 5% or more of the shares, or their spouse, parents or children. All A share options under the 2020 Incentive Scheme have been granted to the relevant incentive participants on 4 December 2020 (i.e. the grant date). The vesting period for the relevant A share options is set out on page 136 of this report.
2. The relevant 34,375,277 A share options have entered the exercise period from 12 December 2022.
3. The aggregate number of share options to be granted to any of the above participants within any 12 months under all effective share option incentive schemes of the Company and held throughout the validity period does not exceed 1% of the total A share capital of the Company.
4. Corresponding adjustments were made to the exercise prices of the A share options in accordance with the Company's profit distribution plan (please refer to the previous paragraphs on pages 135-136).
5. During the reporting period, the 2022 Incentive Scheme has not yet granted A share options or commenced to exercise.

## SIGNIFICANT EVENTS

For details of restricted A shares granted to directors and senior management, please refer to the paragraph titled “III. Profiles of Directors, Supervisors and Senior Management – (III) Share Options Granted to Directors and Senior Management during the Reporting Period” under Chapter 4 – “Corporate Governance” of this report. Details of restricted A shares granted to other participants are set out in the following table:

*Unit: share (A share) Currency: RMB*

Name	Position	Number of unvested restricted A shares held at the beginning of the reporting period	Number of locked-up restricted A shares held at the beginning of the reporting period	Number of restricted A shares newly granted during the reporting period	Number of restricted A shares unlocked during the reporting period (note 2)	Number of restricted A shares cancelled during the reporting period	Weighted average closing price immediately before the vesting date of restricted A share (RMB)	Number of locked-up restricted A shares held at the end of the reporting period
2020 Incentive Scheme								
/	Middle level and other core businesses, technical and management key personnel (i.e. 2,860 other employee participants in total)	0	99,126,330	0	37,211,047	cancelled: 0	N/A	61,915,283
<b>Total (together with that of the Directors and Senior Management):</b>	2,872 participants	0	102,101,330	0	38,401,047	0	/	63,700,283

## SIGNIFICANT EVENTS

1. All participants must be employed by the Company pursuant to employment contracts during the appraisal period of the 2020 Incentive Scheme and no participants are retired staff re-employed by the Company. The above participants do not include substantial shareholders or controllers of the Company who individually or jointly hold 5% or more of the shares, or their spouse, parents or children. All restricted A shares under the 2020 Incentive Scheme have been granted to the relevant incentive participants on 4 December 2020 (i.e. the vesting date). The vesting period for the relevant restricted A shares is set out on page 136 of this report.
2. The relevant 37,211,047 restricted A shares have entered the unlocking period from 12 December 2022.
3. The aggregate number of share options to be granted to any of the above participants within any 12 months under all effective share option incentive schemes of the Company and held throughout the validity period does not exceed 1% of the total A share capital of the Company.

### XI. MATERIAL CONNECTED TRANSACTIONS

1. Certain categories of related party transactions as disclosed in note 41 to the consolidated financial statements, including (i) sales of goods (sales of automotive parts and steels, sales of passenger vehicles and sales of production facility), (ii) rendering of labour and insurance services, (iii) purchases of goods (purchases of automotive parts and materials and purchases of passenger vehicles), (iv) rental received from related parties and (v) rental paid to related parties, include transactions which also constituted connected transactions under the Listing Rules. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

#### 2. TRANSACTIONS UNDER THE LISTING RULES

##### (A) Transactions in relation to principal joint ventures

At the time of listing of the Company, the Stock Exchange granted a conditional waiver from strict compliance with the requirements of Chapters 14 and 14A of the Listing Rules in respect of immaterial joint ventures. The Company is required to review whether the immaterial joint ventures met the conditions in the waiver on a yearly basis. For the 2022 financial year, the principal joint ventures of the Company were GAC Toyota, GAC Honda and GAC-SOFINCO.

##### (B) Connected transactions

For the year ended 31 December 2022, GAC Group and its associates (as defined in the Listing Rules) had entered into the following connected transactions:

On 21 January 2022, Chenqi Technology Limited (the “**Target Company**”) entered into a subscription agreement with GAIG and the other investors, pursuant to which GAIG agreed to subscribe for 17,258,940 warrants at a total exercise price of approximately US\$55,125,054 (equivalent to approximately HK\$429,353,020). If such warrants are exercised in full, 17,258,940 series A preferred shares will be issued by the Target Company to GAIG.

## SIGNIFICANT EVENTS

The total exercise price of the warrants was determined after arm's length negotiation between GAIG and the Target Group after having conducted horizontal comparison with other companies engaged in the mobile transportation business, and with reference to the valuation of the 12.90% equity interest in the Target Company as at 31 July 2021 per the appraisal by an independent valuer using market approach and on the basis of the 12.90% shareholding held by GAIG in the enlarged issued share capital of the Target Company upon the completion of the capital injection, which amounted to approximately RMB350 million.

As of 24 January 2022, the Group indirectly holds 35% equity interest in the Target Company. Upon completion of the capital injection, GAIG will hold approximately 12.90% equity interest in the Target Company, and the Company's indirect equity interest in the Target Company will be diluted from 35% to approximately 26.15% accordingly. Upon completion of the capital injection, the Target Company will remain as an associated company of the Group. The composition of the board of directors of the Target Company will remain unchanged with three out of the seven members of the board of directors being appointed by the Group.

Although the then existing shareholders of the Target Company were given the pre-emptive right to participate in the capital injection, the directors (including the independent directors) believe that the mobile transportation market still needs time for cultivation and growth, and at the same time, the Target Company needs external financing at different stages of its development in order to achieve synergy of resources and sustainable and stable development. Therefore, according to the non-competition undertaking entered into by GAIG on 17 May 2010, upon the Board's receipt of a written notice issued by GAIG, which stated that it was interested in participating in the capital injection, the Board had resolved not to participate in the capital injection and to consent to GAIG's participation in it, which is fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.



## SIGNIFICANT EVENTS

According to the Listing Rules, GAIG is the controlling shareholder of the Company and therefore a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the non-participation in the capital injection and transfer of such opportunity to GAIG, which will result in the dilution of the Company's equity interest in the Target Company, constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) are more than 0.1% but all are less than 5%, according to Rule 14A.76(2) (a) of the Listing Rules, such transaction is subject to the reporting and announcement requirements, but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **(C) Continuing connected transactions**

For the year ended 31 December 2022, GAC Group and its associates (as defined in the Listing Rules) had entered into the following continuing connected transactions:

1. *Provision of transport and logistics services in respect of vehicle products and vehicle parts and components*

For the year ended 31 December 2022, each of the JV Partner Group provided transport and logistics services (the "JV Partner Logistics Services") in respect of vehicle products and vehicle parts and components to the Company, its subsidiaries and the principal joint ventures (including GAC Toyota and GAC Honda) according to the following pricing terms on a regular basis. The Company's principal joint ventures purchase raw materials and components from the relevant joint venture partners, as well as selling some products to the relevant joint venture partners. The relevant joint venture partners will provide transportation and logistics services to complete the entire process. Such service will continue during the term of the joint ventures.

## SIGNIFICANT EVENTS

On 8 April 2022:

- (i) GAC Toyota Logistics Co., Ltd. (廣汽豐田物流有限公司) (“GAC Toyota Logistics”) (as the service provider) of the JV Partner Group entered into an agreement in writing (the “Framework Agreement(s) of JV Partner”) with Guangzhou GAC Commercial Logistics Co., Ltd. (廣州廣汽商貿物流有限公司), Hunan Shun Jie Logistics Co., Ltd. (湖南順捷物流有限公司) and Guangzhou Automobile Hunan NYK Logistics Co., Ltd. (湖南廣汽商貿日郵物流有限公司) of the Group, so as to continue with the JV Partner Logistics Services, with validity period from 1 January 2022 to 31 December 2024. Upon the expiration of the validity period, renewal is subject to the mutual agreement of the parties of the agreement.
- (ii) GAC Toyota Logistics (as the service provider) of the JV Partner Group entered into an agreement in writing (the “New Agreement(s) of JV Partner”) with Guangzhou GAC Commercial Changrun Automobile Sales Co., Ltd. (廣州廣汽商貿長潤汽車銷售有限公司), Guangzhou GAC Commercial Changning Automobile Sales Co., Ltd. (廣州廣汽商貿長寧汽車銷售有限公司), Guangzhou Guangyou Logistics Development Co., Ltd. (廣州廣祐物流發展有限公司), and Guangzhou Business Railway Logistics Co., Ltd. (廣州商鐵物流有限責任公司) of the Group, so as to proceed with the JV Partner Logistics Services, with validity period from 1 January 2022 to 31 December 2024. Upon the expiration of the validity period, renewal is subject to the mutual agreement of the parties of the agreement.
- (iii) Tong Fang Logistics (as the service provider) of the JV Partner Group entered into the Framework Agreement of JV Partner with GAC Toyota and GAC Toyota Automobile Sales Co., Ltd. (廣汽豐田汽車銷售有限公司) of the Group, so as to continue with the JV Partner Logistics Services, with validity period from 1 January 2022 to 31 December 2024. Upon the expiration of the validity period, renewal is subject to the mutual agreement of the parties of the agreement.
- (iv) GAC Honda Logistics Co., Ltd. (廣汽本田物流有限公司) (as the service provider) of the JV Partner Group entered into the Framework Agreement of JV Partner with Guangzhou GAC Commercial Renewable Resources Co., Ltd. (廣州廣汽商貿再生資源有限公司) and GAC Honda of the Group, so as to continue with the JV Partner Logistics Services, with validity period from 1 January 2022 to 31 December 2024. Upon the expiration of the validity period, renewal is subject to the mutual agreement of the parties of the agreement.



## SIGNIFICANT EVENTS

- (v) GAC Honda Logistics Co., Ltd. (廣汽本田物流有限公司) (as the service provider) of the JV Partner Group entered into the New Agreement of JV Partner with GAC Honda Automobile Sales Co., Ltd.(廣汽本田汽車銷售有限公司)of the Group, so as to proceed with the JV Partner Logistics Services, with validity period from 1 January 2022 to 31 December 2024. Upon the expiration of the validity period, renewal is subject to the mutual agreement of the parties of the agreement.

Pursuant to the Framework Agreements of JV Partner and the New Agreements of JV Partner, all service providers and all service recipients have agreed that, they shall enter into individual agreement(s) in relation to the provision of the JV Partner Logistics Services within the validity period of the Framework Agreements of JV Partner and the New Agreements of JV Partner based on the terms, conditions and principles of the Framework Agreements of JV Partner and the New Agreements of JV Partner.

The remunerations or service fees charged by all service providers to all service recipients for the JV Partner Logistics Services are determined according to the prices in the contract determined with reference to (i) the prevailing prices of the same or same type of services in the market provided by independent third parties; and (ii) the volume of the logistics services provided to all service recipients. The parties shall compare the prices for the provision of the same or same type of services by independent third parties in respect of the logistics services from time to time to ensure that the payment received by all service providers for the logistics services shall be the prevailing market price for the logistics services. To ensure that products or services are obtained at the most favorable price, the Group will consider the market price for at least two equivalent services to ensure that the price will remain a reasonable and competitive one prior to selecting the service providers for the logistics services, and to ensure that the amount of payment by the Group to the JV Partner Group will not exceed the amount paid to independent third parties. In addition, the Group will determine the relevant price by taking into account the profit margin that can be achieved by the Group to ensure that the price will be set at a level that the Group will be able to generate a profit margin that is within the industry standard or even better.

In view of the above, the Framework Agreements of JV Partner and the New Agreements of JV Partner between the Group and joint venture partners were entered into on normal commercial terms that are fair and reasonable and are no less favourable to the Group than those provided by independent third parties to the Group in respect of the logistics services.

## SIGNIFICANT EVENTS

For the year ended 31 December 2022, the total amount of the consideration paid by the Group for the JV Partner Logistics Services was RMB3,472,011,016.

In relation to the transactions, the directors consider that the annual transaction amount of each transaction under the JV Partner Logistics Services should not be disclosed. The provision of transportation and logistics services is an important part of entering into cooperation arrangements with joint venture parties and their associates. They are a key part of the supply chain management and sales business of automobile production. Disclosing the annual transaction amount for each transaction under the JV Partner Logistics Services will disclose commercially sensitive information relating to the operation of the relevant joint ventures, which is not in the interest of the Group or the related joint ventures.

The Company has applied to the Stock Exchange for and was granted a waiver from compliance with the annual cap requirement relating to the above transactions for the duration of the terms of the respective transactions. The Company has also reached an agreement with the Stock Exchange that only disclosure of the annual aggregate dollar value of the transactions made each year would be made. However, the exemption expired before the Framework Agreements of JV Partner and the New Agreements of JV Partner were entered into.

During the reporting period, the Company has applied for, and was granted by the Stock Exchange a revised waiver from strict compliance with the annual reporting and annual caps requirements under the Listing Rules in respect of such transactions to the extent that the Company is still required to set aggregate caps for the Framework Agreements of JV Partner and the New Agreements of JV Partner and disclose the total annual consideration of such transactions in the annual report.

For details, the annual cap and the basis for determination of the Framework Agreements of JV Partner and the New Agreements of JV Partner, please refer to the Company's announcement dated 8 April 2022.



## SIGNIFICANT EVENTS

2. *Sale of vehicle products, parts and components, production equipment and vehicles related products (including its after-sales services)*

- (a) For the year ended 31 December 2022, members of the Group sold raw materials, parts and components and vehicles to the JV Partner Group according to the following pricing terms on a regular basis. Such service will continue during the term of the joint ventures.

The Group will take into account market prices of the relevant products and services offered by independent third parties in determining the price of the services to make sure that the price offered to the JV Partner Group are fair and reasonable and on normal commercial terms.

The Company has reached an agreement with the Stock Exchange that the transactions above are exempted from written agreement and annual cap requirements as set out in the Listing Rules, and are only required to disclose the nature of relevant transactions made each year. This is because the disclosure of separate transactions between the contracting parties would constitute disclosure of commercially sensitive information relating to the operations of the relevant joint ventures and would not be in the interest of the Company or the relevant joint ventures.

## SIGNIFICANT EVENTS

- (b) For the year ended 31 December 2022, members of the JV Partner Group provided the sale of raw materials, parts and components and production equipment to the principal joint ventures according to the following pricing terms on a regular basis. Such service will continue during the term of the joint ventures.

In relation to this type of transactions, where there are other local suppliers, members of the Group will obtain quotes for equivalent products or services that may be available from other local PRC suppliers in order to determine whether viable alternatives of comparable quality can be obtained in a timely manner and at the most competitive price. If alternatives are available, the Group would go through a tender process before selecting the supplier for such alternatives. In such a tender process, JV Partner Group is treated no differently from any other third-party supplier. Consequently, the purchase of auto parts by Group from the JV Partner Group would not be made if the Group could obtain better terms from any other suppliers. Over time, fewer vehicle products, parts and components will be sourced from the JV Partner Group as cheaper viable alternatives are found in the PRC. Such process of “localisation” is widely regarded as key means of cost reduction in the PRC automotive industry and is also the priority of the principal joint ventures.

As a business reality, given the additional transportation and tax costs of purchasing vehicle products, parts and components and production equipment from a foreign supplier, it is neither in the Company’s nor the joint venture partners’ interest to purchase the vehicle products, parts and components and production equipment from the foreign joint venture partners if viable alternatives are available from local suppliers on more favourable terms.



## SIGNIFICANT EVENTS

In determining the price for the products and/or service, the Company will also consider the market price for equivalent products or services in order to make sure that the price will remain a reasonable and competitive one. However, unlike normal consumer products, some of the vehicle products, parts and components provided by the JV Partner Group are specific to the car models produced by the principal joint ventures and there is no alternative but to source the vehicle products, parts and components from the JV Partner Group for the duration of the relevant principal joint ventures and market prices for these vehicle parts are not readily available. The Company's representatives will rely heavily on their knowledge of the industry standards and their prior experience gained from similar negotiations in determining the price. In order to ensure that the price is fair and reasonable, the Group will also obtain quotes for similar products or services, though not specific to the car models produced by the principal joint ventures, as reference.

The Group will also determine the price by taking into account the profit margin that could be achieved by the Group to ensure that the price will be set at a level that the Group will still be able to generate a profit margin that is within the industry standard or even better taking into account the international and PRC benchmark raw materials costs.

The Company has reached an agreement with the Stock Exchange that the transactions above are exempt from written agreement and annual cap requirements as set out in the Listing Rules, and is only required to disclose the nature of relevant transactions made each year. This is because the disclosure of separate transactions between contracting parties would constitute disclosure of commercially sensitive information relating to the operations of the relevant joint ventures and would not be in the interest of the Company or the relevant joint ventures.

## SIGNIFICANT EVENTS

3. *Provision of technical support, research and development support and information enquiry (including production preparation support, local support, advisory services, and provisions of software)*

For the year ended 31 December 2022, the JV Partner Group provided technical support, research and development support and information enquiry (including production preparation support, local support, advisory services, and provisions of software) to the Group according to the following pricing terms on a regular basis. The Company's joint venture partners are the proprietors of the technology involved in the production of vehicle models manufactured by the principal joint ventures and they are primarily responsible for the research and development of all new models. The provision of technical support by the joint venture partners is to ensure that the latest technology is applied in the manufacturing process of the principal joint ventures and to ensure that the products remain competitive in the market. Such service will continue during the term of the joint ventures.

Generally, the pricing for technology license and technical assistance between the principal joint ventures and the joint venture partners and their associates is that the party providing the technology should be fairly reimbursed for its research and development costs incurred in respect of a particular vehicle model and such research and development costs should be spread evenly over the entire operations of the party providing the technology and the PRC automotive joint venture should only bear its fair share of such costs.

In accordance with normal industry practice, the terms (including the price) of the technology licenses and transactions relating to technical support are fixed with reference to the expected life cycle of vehicle models, which are generally between 5 and 10 years, and also with reference to the industry benchmark for similar technological assistance. The Company's representatives will also rely heavily on their knowledge of the industry standards and their prior experience gained from similar negotiations in order to determine the price and to make sure that the price remains a reasonable and competitive one. Also the Group (including the principal joint ventures) will also determine the price by taking into account the profit margin that could be achieved by the Group and to ensure that the price will be set at a level that the Group will still be able to generate a profit margin that is within the industry standard or even better.



## SIGNIFICANT EVENTS

The Company has reached an agreement with the Stock Exchange that the transactions above are exempt from written agreement and annual cap requirements as set out in the Listing Rules, and are only required to disclose the nature of relevant transactions made each year. This is because the disclosure of separate transaction value between contracting parties would constitute disclosure of commercially sensitive information relating to the operations of the relevant joint ventures and would not be in the interest of the Company or the relevant joint ventures.

4. *Provision of the right to use intellectual property (in relation to production and sales of vehicles)*

For the year ended 31 December 2022, the joint venture partners of the principal joint ventures provided the use of intellectual property rights (in relation to production and sales of vehicles) to the principal joint ventures according to the following pricing terms on a regular basis. The right to use intellectual property is key to the long-term profitability and competitiveness of the principal joint ventures and their products. The Group entered into several technology license agreements and trademark license agreements with the Company's joint venture partners during the track record period in the past. Such agreements will continue during the term of the joint ventures.

The joint venture partners and its associates are primarily responsible for the research and development of the new vehicle models and it is therefore essential for the principal joint ventures to enter into technology license with its joint venture partners. The relevant intellectual property rights that are specific to the car models produced by the relevant principal joint ventures and are thus fundamental to the production of the Group. Without them, the businesses of the principal joint ventures could not have been established and cannot operate. The Group therefore has no alternative but to source the intellectual property rights from the joint venture partners for the duration of the principal joint ventures. It is therefore standard practice in the PRC automotive industry for Sino-foreign automotive manufacturing joint ventures to provide royalties to the proprietor of the relevant technology licence, technological know-how or intellectual property right, which is very often, the joint venture partners.

## SIGNIFICANT EVENTS

The purpose of sino-foreign automotive manufacturing joint ventures is that the PRC manufacturer will be able to benefit from the technological expertise and product portfolio of its foreign joint venture partner, whilst the foreign partner is able to participate in the domestic PRC market. The joint venture relationship is therefore founded on the foreign joint venture partner contributing its technological expertise to the joint ventures and the PRC partner contributing its manufacturing capabilities and facilities, labour and local market and regulatory knowledge.

A key reason for the PRC Government's encouragement of sino-foreign automotive manufacturing joint ventures is to rapidly enhance technological and product standards in the PRC automotive industry.

Generally, the pricing principle for technology license and technical assistance between the principal joint ventures and the joint venture partners and their associates is that the party providing the technology should be fairly reimbursed for its research and development costs incurred in respect of a particular vehicle model and such research and development costs should be spread evenly over the entire operations of the party providing the technology and the PRC automotive joint venture should only bear its fair share of such costs.

In accordance with normal industry practice, the terms (including the price) of the technology licences and transactions relating to technical support are fixed with reference to the expected life cycle of vehicle models, which are generally between 5 and 10 years, and also with reference to the industry benchmark for similar technological assistance. The Company's representatives will also rely heavily on their knowledge of the industry standards and their prior experience gained from similar negotiations in order to determine the price and to make sure that the price remains a reasonable and competitive one. Also the Group (including the principal joint ventures) will also determine the price taking into account of the profit margin that could be achieved by the Group and to ensure that the price will be set at a level that the Group will still be able to generate a profit margin that is within the industry standard or even better.



## SIGNIFICANT EVENTS

The Company also believes that the primary purpose of international automotive manufacturers in establishing joint ventures with the Company is the establishment of a strong presence in the PRC automotive industry, the gaining of market share for their brand of vehicles and long term investment returns from the principal joint ventures, rather than any short term gains from intellectual property rights on terms which may be prejudicial to the principal joint ventures' long term profitability and competitiveness. Such short-term gains would be eclipsed by the potential losses to the joint venture partners if the principal joint ventures were to prove unsuccessful.

The Company has reached an agreement with the Stock Exchange that the transactions above are exempt from written agreement and annual cap requirements set out in the Listing Rules, and are only required to disclose the nature of relevant transactions made each year. This is because the disclosure of separate transactions between contracting parties would constitute disclosure of commercially sensitive information relating to the operations of the relevant joint ventures and would not be in the interest of the Company or the relevant joint ventures.

### **(C) Control Mechanism**

In relation to the connected transactions between the Company and its subsidiaries on one hand and the joint venture partners and their associates on the other hand as described above, negotiations will be conducted by the Company and/or the relevant subsidiary directly on an arm's length basis and the Company is able to control the negotiations between the subsidiaries and the joint venture partners and/or their associates. The joint venture partners and/or their associates will not be in a position to influence the Company and/or its subsidiaries to agree to terms which may not be in its and the Company's interest.

## SIGNIFICANT EVENTS

In relation to the connected transactions between the principal joint ventures on the one hand and the joint venture partners and their associates on the other hand as described in paragraphs (C) 2 to 4 above, it is provided under the respective joint venture agreements, articles of association and memoranda of the principal joint ventures that negotiations between the principal joint ventures and the joint venture partner and its associates should always be conducted directly by the relevant principal joint ventures' senior management nominated by the Company on behalf of the Company or by representative of the Company as a joint venture partner and will thus be conducted on an arm's length basis. No joint venture partners or their associates is in a position to influence the principal joint ventures to agree to terms which may not be in the principal joint ventures' and therefore the Company's interest. The Company also confirms that negotiations of transactions between the principal joint ventures and the relevant joint venture partners were all conducted by the relevant principal joint ventures' senior management nominated by the Company.

Also, the principal joint ventures have implemented internal control and reporting mechanisms which enable business developments and transactions that may be subject to applicable continuing obligations under Chapter 14A of the Listing Rules to be reported to their respective boards and/or designated persons enabling both the Company and its relevant joint venture partners, through representatives on the board of the relevant principal joint ventures and/or designated persons to decide whether to consent to and approve the relevant transactions.

Further, there are also established procedures under the respective joint venture agreements, articles of association and memorandum of the principal joint ventures that the entering into of any contract of material importance/material transaction with a joint venture partner and its associates shall either be approved by a majority of the directors present at the board meeting or be mutually agreed/signed off by the general manager and the deputy general manager of the relevant principal joint ventures (as the case may be). It is provided under the respective joint venture agreements, articles of association and memoranda of the principal joint ventures that the Group and the joint venture partner will be entitled to nominate the general manager and deputy general manager respectively in turn and when the general manager is nominated by the Group, the deputy general manager will be nominated by the joint venture partner and vice versa.



## SIGNIFICANT EVENTS

### **(D) Confirmation by the Independent Non-executive Directors**

The independent non-executive directors of the Company confirm that for the year ended 31 December 2022, the above continuing connected transactions entered into by the Company as one of the parties are:

- (1) in the ordinary and usual course of business of the Company;
- (2) on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, or on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and
- (3) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders as a whole.

### **(E) Auditor's Letter**

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the aforesaid continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. Auditor of the Company confirmed in such letter that for the year ended 31 December 2022, in respect of the above continuing connected transaction to which the Company is one of the parties:

## SIGNIFICANT EVENTS

- (1) nothing has come to their attention that those transactions have not been approved by the Board;
- (2) nothing has come to their attention that those transactions did not follow the pricing policy of the Company in all material respects if the transactions involved provision of goods or services by the Company;
- (3) nothing has come to their attention that those transactions were not carried out in accordance with the agreements of such transactions in all material aspects; and
- (4) the annual caps (in respect of the Framework Agreement of JV Partner and the New Agreement of JV Partner) have not been exceeded.

A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

## XII. MATERIAL CONTRACTS AND THEIR PERFORMANCE

### (I) TRUSTS, CONTRACTS AND LEASE ARRANGMENTS

**1. Trusts**

Applicable  N/A

**2. Contracts**

Applicable  N/A

**3. Lease arrangements**

Applicable  N/A

## SIGNIFICANT EVENTS

### (II) GUARANTEE

Unit: Yuan Currency: RMB

#### External Guarantee of the Company (excluding those provided to subsidiaries)

Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)	0
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries)	0

#### Guarantee provided to subsidiaries by the Company and its subsidiaries

Total guarantee provided to subsidiaries of the Company during the reporting period	331,000,000
Total balance of guarantee provided to subsidiaries of the Company as at the end of the reporting period (B)	251,000,000

#### Total guarantee of the Company (including those provided to subsidiaries)

Total guarantee (A+B)	251,600,000
Proportion of total guarantee in the net assets of the Company (%)	0.22
Including:	
Amount of guarantees provided to shareholders, beneficial controllers and their related parties (C)	0
Amount of debt guarantees directly or indirectly provided for guaranteed parties with the gearing ratio exceeding 70% (D)	0
Amount of the total guarantees exceeding 50% of net assets (E)	0
Total amount of above three guarantees (C+D+E)	0
Description on unexpired guarantees that may be subject to joint liability	N/A
Description of guarantee	Guarantee provided to subsidiaries during the reporting period mainly represented the guarantee for customs duty issued to Guangzhou Qisheng Powertrain Co., Ltd. by GAC Finance Company

## SIGNIFICANT EVENTS

### (III) ENTRUSTED CASH ASSETS MANAGEMENT

#### 1. Entrusted wealth management

Applicable  N/A

#### 2. Entrusted loans

As at 31 December 2022, details of the undue entrusted loans are shown in the table below.

Unit: 0'000 Yuan Currency: RMB

Name of the borrower	Amount of entrusted loan	Commencement date of entrusted loans	Termination date of entrusted loans	Annualised rate of return	Actual recovery
Hangzhou HAVECO Automobile Transmission Technology Co., Ltd. (杭州依維柯汽車傳動技術有限公司)	8,000.00	2021-11-9	2022-9-5	4.35%	Expected to be recovered by the end of June 2023
Hangzhou HAVECO Automobile Transmission Technology Co., Ltd. (杭州依維柯汽車傳動技術有限公司)	16,000.00	2022-4-8	2022-10-7	4.35%	Expected to be recovered by the end of June 2023
Changsha Magna Automobile Exterior Decoration Co., Ltd. (長沙麥格納汽車外飾有限公司)	735.00	2021-10-16	2022-10-16	3.85%	Repaid
Changsha Magna Automobile Exterior Decoration Co., Ltd. (長沙麥格納汽車外飾有限公司)	490.00	2021-4-12	2022-4-12	3.85%	Repaid
Changsha Magna Automobile Exterior Decoration Co., Ltd. (長沙麥格納汽車外飾有限公司)	980.00	2021-11-4	2022-11-4	3.85%	Repaid
Changsha Magna Automobile Exterior Decoration Co., Ltd. (長沙麥格納汽車外飾有限公司)	490.00	2021-4-12	2022-11-4	3.85%	Repaid
Changsha Magna Automobile Exterior Decoration Co., Ltd. (長沙麥格納汽車外飾有限公司)	980.00	2021-11-4	2022-11-4	3.85%	Repaid
Changsha Magna Automobile Exterior Decoration Co., Ltd. (長沙麥格納汽車外飾有限公司)	3,675.00	2022-10-14	2023-10-14	3.65%	Undue

## SIGNIFICANT EVENTS

### **(IV) OTHER MATERIAL CONTRACTS**

Applicable  N/A

### **XIII. UTILISATION OF PROCEEDS FROM NON-PUBLIC ISSUANCE OF A SHARES**

The non-public issuance of A shares of the Company was completed in November 2017 (details of which are set out in the announcement of the Company dated 17 November 2017).

The shares issued under the non-public issuance of A shares are RMB denominated ordinary shares (A shares) with a nominal value of RMB1.00 per share listed on the SSE. The number of shares issued was 753,390,254 shares with an issue price of RMB19.91/A share. The net price to the Company of each security was RMB19.80. The five target subscribers for the non-public issuance of A shares are Guangzhou Huiyin Tianyue Equity Investment Fund Management Co., Ltd, Guangzhou State-owned Assets Development Holdings Co., Ltd., GFHAM Wealth Management Select No.3 Private Investment Fund, Guangzhou Light Industry and Trade Group Co., Ltd. and Suiyong Holdings Co., Ltd. The closing price of A shares under the non-public issuance of A shares on 17 October 2017, being the date on which the Company received the relevant approval from the CSRC, was RMB19.03.

The actual amount of gross proceeds raised was RMB14,999,999,957.14 and the actual amount of net proceeds raised, after deducting the issuance expenses of RMB83,050,000.00 was RMB14,916,949,957.14.

Proceeds from non-public issuance of A shares facilitated the comprehensive and sustainable development of the Company's business. The implementation of the investment projects using the proceeds from the non-public issuance, on the one hand, further strengthened the research and development capability of the Company's self-developed brands, promoted the establishment of its range of self-developed brands and enriched the product mix under such brands, while on the other hand, enabled the Company to keep abreast of future trend in new energy development of the vehicle industry, laying a solid foundation for the Company to seize a share in the new energy vehicle market. In addition, the proceeds from the non-public issuance optimised the Company's capital structure and lowered the gearing ratio, which reduced the Company's financial risk and cost of debt financing.

Details of utilisation of the proceeds raised as at 31 December 2022 are set out below.

## SIGNIFICANT EVENTS

### As at 31 December 2022

As at 31 December 2022, the amount of proceeds brought forward was RMB1,705,453,316.42 whereas the total cumulative amount of utilised proceeds was RMB12,938,048,194.51 (inclusive of issuance expenses). There was no inconsistency between the utilisation of the proceeds and the original intended use.

Details of utilisation of the proceeds raised are set out below:

Unit: 0'000 Yuan Currency: RMB

No.	Investment project	Total amount of investment commitment from the proceeds raised	Amount invested for this year	Cumulative amount invested	Estimated time of completion
1	New energy vehicles and R&D of prospective technology project	480,000.00	0.00	479,422.30	Completed
2	GAEI phase 1 base expansion project	60,000.00	2,760.09	47,857.48	December 2023
3	GAEI phase 2 base construction project	100,000.00	6,147.95	76,518.68	Completed
4	GAC proprietary brand project of Xinjiang	80,000.00	0.00	22,782.95	Completed
5	GAC improvement project of Hangzhou	220,000.00	0.00	152,350.38	Completed
6	GAC proprietary brands technological reformation project	250,000.00	0.02	212,165.22	Completed
7	GAC proprietary brands vehicle models projects	215,000.00	0.00	201,784.36	Completed
7.1	GAMC A16 project	20,000.00	0.00	18,780.34	Completed
7.2	GAMC A35 project	35,000.00	0.00	32,329.64	Completed
7.3	GAMC A5H project	30,000.00	0.00	30,547.98	Completed
7.4	GAMC A10 project	40,000.00	0.00	36,841.51	Completed
7.5	GAMC A30 project	15,000.00	0.00	15,000.00	Completed
7.6	GAMC A32 project	10,000.00	0.00	10,000.00	Completed
7.7	GAMC A06 project	35,000.00	0.00	35,140.89	Completed
7.8	GAMC A7M project	30,000.00	0.00	23,144.00	Completed
8	GAMC engine project	50,000.00	0.00	48,581.73	Completed
9	GAMC gearbox project	30,000.00	8.54	29,036.72	Completed
10	P6 gearbox development project	15,000.00	0.00	15,000.00	Completed
	Issuance expenses	-	0.00	8,305.00	-
	<b>Total</b>	<b>1,500,000.00</b>	<b>8,916.60</b>	<b>1,293,804.82</b>	



## SIGNIFICANT EVENTS

The Group expects to continue to invest the unused proceeds raised from the non-public issuance in each of the above unfinished projects in accordance with the respective amount of investment commitment and expected time of completion, and in order taking into account the importance and urgency of each project.

For further information on the utilisation of proceeds raised from the non-public issuance, please refer to the “2022 Annual Specific Report on the Deposit and Utilisation of the Proceeds by Guangzhou Automobile Group Co., Ltd.” published by the Company on 29 March 2023 by way of overseas regulatory announcement.

## Chapter 9

# Changes in Shares and Information on Shareholders

## I. CHANGES IN SHARE CAPITAL

### (I) STATEMENT OF CHANGES IN SHARES

Unit: share

	Before change		Increase/decrease in the change (+,-)				After change		
	Number	Percentage (%)	Issue of new shares	Bonus issue	Conversion from contributed capital surplus	Others	Subtotal	Number	Percentage (%)
I. Restricted Shares	102,101,330	0.98				-38,401,047	-38,401,047	63,700,283	0.61
1. State-owned Shares									
2. Shares held by state-owned legal person									
3. Shares held by other domestic entities									
	102,101,330						-38,401,047	63,700,283	0.61
Including: Shares held by domestic non-state-owned legal persons									
Shares held by domestic natural persons	102,101,330						-38,401,047	63,700,283	
4. Shares held by foreign entities									
Including: Shares held by overseas legal persons									
Shares held by overseas natural persons									
II. Non-restricted tradable shares	10,268,491,495	99.02				154,971,913		10,423,463,408	99.39
1. RMB-denominated ordinary shares	7,169,871,190	69.14				154,971,913		7,324,843,103	69.85
2. Domestically-listed foreign shares									
3. Overseas listed foreign shares	3,098,620,305	29.88						3,098,620,305	29.55
4. Others									
III. Total shares	10,370,592,825	100				116,570,866		10,487,163,691	100

## Changes in Shares and Information on Shareholders

### Explanation on changes in shares

During the reporting period, as a result of the conversion of convertible corporate bonds, there was an increase of 93,364,832 A shares; meanwhile, as a result of 2020 A share option and restricted share incentive scheme entering the first exercise period and unlocking period on 11 December 2022, an aggregate of additional 23,206,034 A shares have been issued upon exercise of share options, and 38,401,047 restricted A shares were unlocked, available for trading in the market.

### Effect of changes in shares on financial indicators such as earnings per share and net assets per share for the most recent year and most recent period (if any)

Applicable  N/A

### Other disclosure deemed necessary by the Company or required by securities regulatory authorities

Applicable  N/A

## (II) CHANGES IN SHARES SUBJECT TO TRADING MORATORIUM

Unit: share

Name of shareholder	Number of shares subject to trading moratorium at the beginning of the year	Number of shares released from trading moratorium during the year	Increase in the number of shares subject to trading moratorium during the year	Number of shares subject to trading moratorium at the end of the year	Reasons for trading moratorium	Date of lifting trading moratorium
2020 A share option and restricted share incentive scheme of the Company	102,101,330	38,401,047	0	63,700,283	Share incentive	12 December 2022
Total	102,101,330	38,401,047	0	63,700,283	/	/

Note: During the reporting period, shares subject to trading moratorium were restricted shares granted to the participants pursuant to the 2020 A share option and restricted share incentive scheme of the Company; of which certain restricted shares will be cancelled in accordance with procedures due to its failure to comply with unlocking conditions.

## Changes in Shares and Information on Shareholders

### II. ISSUE AND LISTING OF SECURITIES

#### (I) ISSUE OF SECURITIES DURING THE REPORTING PERIOD

Unit: share Currency: RMB

<b>Class of shares and their derivative securities stock</b>	<b>Date of issue</b>	<b>Issue price (or interest rate)</b>	<b>Number of shares issued</b>	<b>Date of listing</b>	<b>Number of shares traded with listing approval</b>	<b>Expiration date of trading</b>
Corporate Bonds (Phase one) of Guangzhou Automobile Group Co., Ltd. In 2012 (10 years)	20 March 2013	5.09%	3,000,000,000	9 April 2013	3,000,000,000	20 March 2023

#### (II) CHANGES IN TOTAL NUMBER OF SHARES AND SHAREHOLDERS STRUCTURE OF THE COMPANY AND CHANGES IN ASSETS AND LIABILITIES STRUCTURE OF THE COMPANY

Applicable  N/A



## Changes in Shares and Information on Shareholders

### **III. INFORMATION ON SHAREHOLDERS AND ULTIMATE CONTROLLER**

#### **(I) TOTAL NUMBER OF SHAREHOLDERS**

Total number of shareholders of ordinary shares as at the end of the reporting period	141,551
Total number of shareholders of ordinary shares as at the end of the month prior to the disclosure of the annual report	161,222

## Changes in Shares and Information on Shareholders

### (II) SHAREHOLDING OF TOP TEN SHAREHOLDERS, TOP TEN SHAREHOLDERS OF CIRCULATING SHARES (OR HOLDERS OF SHARES NOT SUBJECT TO TRADING MORATORIUM) AS AT END OF THE REPORTING PERIOD

Unit: Share

Name of shareholder(Full name)	Shareholding of top ten shareholders				Pledged, tagged or frozen		
	Increase/ decrease during the reporting period	Number of shares held at the end of the period	Percentage (%)	Number of shares held subject to trading moratorium	Status	Number	Nature of shareholder
GAIG <sup>Note 1</sup>	8,220,000	5,508,160,069	52.52	0	Nil		State-owned legal person
HKSCC NOMINEES LIMITED <sup>Note 2</sup>	284,608	3,095,083,326	29.51	0	Nil		Foreign legal person
Guangzhou Huiyin Tianyue Equity Investment Fund Management Co., Ltd. (廣州匯銀天粵股權投資基金管理有限公司)	-1,196,784	396,030,558	3.78	0	Nil		State-owned legal person
Guangzhou Industrial Investment and Capital Operation Holding Group Ltd.	-8,102,047	143,973,553	1.37	0	Nil		State-owned legal person
Guangzhou Finance Holdings Assets Management Co, Ltd. – CFHAM Wealth Management Select No. 3 Private Investment Fund (廣州金控資產管理有限公 司-廣金資產財富管理優選3號私募投資基金)	-	140,738,735	1.34	0	Nil		Other
Shanghai Pu-Xing Energy Limited (普星聚能 股份公司)	2,809,974	105,999,974	1.01	0	Nil		Domestic non-state-owned legal person
Hong Kong Securities Clearing Company Limited	52,781,643	74,842,927	0.71	0	Nil		Foreign legal person
Guangzhou Light Industry & Trade Group Co., Ltd. (廣州輕工工業集團有限公司)	-1,652,628	51,084,691	0.49	0	Nil		State-owned legal person
Yuan He	416,100	25,202,341	0.24	0	Nil		Domestic natural person
National Social Insurance Fund 502 Package	-	23,802,097	0.23	0	Nil		Other

## Changes in Shares and Information on Shareholders

### Particulars of shareholdings of the top ten holders of tradable shares not subject to trading moratorium

Name of shareholder	Number of tradable shares not subject to trading moratorium		Class and number of shares	
			Class	Number
GAIG <sup>Note 1</sup>	5,508,160,069		A shares, H shares	5,508,160,069
HKSCC Nominees Limited <sup>Note 2</sup>	3,095,083,326		Overseas listed foreign shares	3,095,083,326
Guangzhou Huiyin Tianyue Equity Investment Fund Management Co., Ltd. (廣州匯垠天粵股權投資基金管理有限公司)	396,030,558		RMB ordinary shares	396,030,558
Guangzhou Industrial Investment and Capital Operation Holding Group Ltd. (廣州產業投資控股集團有限公司)	143,973,553		RMB ordinary shares	143,973,553
Guangzhou Finance Holdings Assets Management Co., Ltd. – GFHAM Wealth Management Select No. 3 Private Investment Fund (廣州金控資產管理有限公司-廣金資產財富管理優選3號私募投資基金)	140,738,735		RMB ordinary shares	140,738,735
Shanghai Pu-Xing Energy Limited (普星聚能股份公司)	105,999,974		RMB ordinary shares	105,999,974
Hong Kong Securities Clearing Company Limited	74,842,927		RMB ordinary shares	74,842,927
Guangzhou Light Industry & Trade Group Co., Ltd. (廣州輕工工貿集團有限公司)	51,084,691		RMB ordinary shares	51,084,691
Yuan He	25,202,341		RMB ordinary shares	25,202,341
National Social Security Fund 502 (全國社保基金五零二組合)	23,802,097		RMB ordinary shares	23,802,097
Related relationship or concerted party relationship among the above shareholders			GAIG, the largest shareholder of the Company, is not related to any of the above shareholders, nor is it a party acting in concert with any of them, and it is not known to the Company whether other shareholders are related to each other or whether they are parties acting in concert.	

Note 1: GAIG held 5,206,932,069 A shares of the Company in total, representing approximately 70.47% of the A share capital of the Company. At the same time, during the reporting period, GAIG increased its holding of 8,220,000 H Shares through Southbound Trading of Shanghai-Hong Kong Stock Connect, and as of the end of the reporting period, it held 301,228,000 H shares of the Company in total through Southbound Trading of Shanghai-Hong Kong Stock Connect and Guangzhou Auto Group (Hong Kong) Limited (a wholly-owned subsidiary), representing approximately 9.72% of the H share capital of the Company. The total number of A and H shares of the Company held by GAIG was 5,508,160,069 shares, representing approximately 52.52% of the total share capital of the Company;

Note 2: H shares held by HKSCC Nominees Limited were held on behalf of a number of clients. H shares of the Company held by Guangzhou Auto Group (Hong Kong) Limited are also registered in trust with HKSCC Nominees Limited.

## Changes in Shares and Information on Shareholders

### Number of shares subject to trading moratorium held by top 10 shareholders and conditions of trading moratorium

Applicable  N/A

### (III) STRATEGIC INVESTOR OR ORDINARY LEGAL PERSON BECOMING TOP 10 SHAREHOLDERS AFTER PLACING OF NEW SHARES

Applicable  N/A

## IV. STATUS OF CONTROLLING SHAREHOLDER AND ULTIMATE CONTROLLER

### (I) CONTROLLING SHAREHOLDER

#### 1 Legal person

Name	Guangzhou Automobile Industry Group Co., Ltd.
Responsible person of the institution or legal representative	Zeng Qinghong
Date of establishment	18 October 2000
Principal business	Investment in the research and development, manufacturing and marketing of automobile, motorcycle and components, automobile service trade and other relevant industries; Investment in automobile finance and other financial sectors; Investment in self-owned land development projects and related real estate projects and property management.
Equity interests in other controlled and invested companies whose shares were listed in the PRC or overseas during the reporting period	Nil
Other matters	Nil

#### 2 Natural person

Applicable  N/A

#### 3 Special explanation on absence of a controlling shareholder of the Company

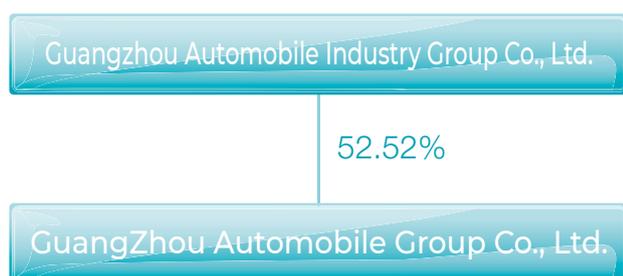
Applicable  N/A

## Changes in Shares and Information on Shareholders

**4 Explanation of changes of the controlling shareholder during the reporting period**

Applicable  N/A

**5 Chart showing the ownership and controlling relationship between the Company and the controlling shareholder (as of the date of this report)**



## (II) ULTIMATE CONTROLLER

**1 Legal person**

The ultimate controller of the Company is Guangzhou State-Owned Assets Administration Bureau, which is a department directly under the Guangzhou Municipal People's Government, and as authorised by the Guangzhou Municipal People's Government. It performs the obligation of the investor on behalf of the Guangzhou Municipal People's Government and is responsible for the supervision of municipal state-owned assets.

**2 Natural person**

Applicable  N/A

**3 Special explanation on absence of an ultimate controller of the Company**

Applicable  N/A

**4 Details about changes of control over the Company during the reporting period**

Applicable  N/A

## Changes in Shares and Information on Shareholders

**5 Chart showing the ownership and controlling relationship between the Company and the ultimate controller (as of the date of this report)**



**6 The ultimate controller controlled the Company through a trust or other asset management company**

Applicable  N/A

**(III) OTHER INFORMATION OF THE CONTROLLING SHAREHOLDER AND THE ULTIMATE CONTROLLER**

Applicable  N/A

**V. OTHER CORPORATE SHAREHOLDERS HOLDING MORE THAN 10% SHARES OF THE COMPANY**

Applicable  N/A

**VI. RESTRICTION ON REDUCTION IN SHAREHOLDING**

Applicable  N/A

## Changes in Shares and Information on Shareholders

### VII. SPECIFIC IMPLEMENTATION OF SHARE REPURCHASE DURING THE REPORTING PERIOD

Applicable  N/A

### VIII. INTERESTS REQUIRED TO BE DISCLOSED UNDER THE SFO

As at 31 December 2022, the names of the persons (other than directors and supervisors) entitled to exercise 5% or more of the voting rights at any general meeting of the Company and the number of shares, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO are set out below:

<b>Name</b>	<b>Class of shares</b>	<b>Capacity</b>	<b>Number of shares (Note 1)</b>	<b>Percentage in the class of issued share capital (%)</b>	<b>Percentage of total share capital (%)</b>
GAIG <sup>(Note 2)</sup>	A shares	Beneficial owner	5,206,932,069 (L)	70.47	49.65
	H shares	Interest of a controlled corporation	301,228,000 (L)	9.72	2.87
FMR LLC	H shares	Interest of a controlled corporation	247,893,556 (L)	8.00	2.36
JPMorgan Chase & Co.	H shares	Investment manager	183,243,531(L) 14,122,461(S) 40,875,580 (P)	5.91 0.46 1.32	1.75 0.13 0.39
BlackRock, Inc.	H shares	Interest of a controlled corporation	180,331,295 (L)	5.82	1.72

## Changes in Shares and Information on Shareholders

Notes:

1. (L) – Long Position, (S) – Short Position, (P) – Lending Pool
2. As at 31 December 2022, the total number of A shares of the Company actually held by GAIG was 5,206,932,069 shares, representing approximately 70.47% of the A share capital of the Company. At the same time, GAIG increased its holdings of 8,220,000 H shares of the Company through Southbound Trading of Shanghai-Hong Kong Stock Connect during the reporting period. As of the end of reporting period, through Southbound Trading of Shanghai-Hong Kong Stock Connect and Guangzhou Auto Group (Hong Kong) Limited (a wholly-owned subsidiary) GAIG held 301,228,000 H shares of the Company in total, representing approximately 9.72% of the H share capital of the Company. The total number of A and H shares of the Company held by GAIG was 5,508,160,069 shares, representing approximately 52.52% of the total share capital of the Company.

### **IX. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

The Company has not redeemed any of its listed securities during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the listed securities of the Company during the year. On 13 March 2023, with reference to the unusual changes in the participants of the Company's 2020 A share option and restricted share incentive scheme (such as retirement, resignation, assessment, etc.), the restricted shares granted to ineligible participants have been repurchased and cancelled on SSE. A total of 7,327,392 restricted shares have been repurchased, with the aggregate price paid being RMB33,779,078.31.

### **X. PRE-EMPTIVE RIGHTS AND PUBLIC FLOAT**

There is no provision for pre-emptive rights of the shareholders in the Articles of Association and the relevant laws, and they are not entitled to ask the Company to issue shares to them pre-emptively in proportion to their shareholding.

Based on the information publicly available and to the knowledge of the directors, as at the latest practicable date prior to the issue of this annual report, the Company has met the minimum requirement on public float of H shares under the Listing Rules.

# Chapter 10

# BONDS

## I. BASIC INFORMATION OF CORPORATE BONDS

Unit: Yuan Currency: RMB

Name of bond	Abbreviation	Code	Date of issue	Interest		Balances	Interest rate (%)	Method of repayment of principal and interest	Trading place
				accrual date	Due date				
Corporate Bonds (Phase one) of Guangzhou Automobile Group Co., Ltd. in 2012 (10 years)	12GAC02	122243	2013-03-20	2013-03-20	2023-03-20	3,000,000,000	5.09%	Simple interest per annum	SSE

Note: The principal and interest of the corporate bonds 12GAC02 have been fully settled and delisted upon its expiry on 20 March.

### INTEREST PAYMENT OF BONDS DURING THE REPORTING PERIOD

Name of bond	Description of interest payment
Corporate Bonds (Phase one) of Guangzhou Automobile Group Co., Ltd. in 2012 (10 years)	During the reporting period, the interest on "12GAC02" was timely paid in accordance with the terms set out in the prospectus. The coupon rate is 5.09%, one board lot of "12GAC02" with par value of RMB1,000 was entitled to interest of RMB50.90 (tax inclusive).

## BONDS

### INTERMEDIARIES PROVIDING SERVICES FOR ISSUANCE OF BONDS AND BUSINESS DURING ITS DURATION

Name of intermediary	Office address	Name of signatory accountant	Contact number
China International Capital Corporation Limited	27th Floor and 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Beijing	Cheng Daming	010-6505 1166

## II. USE OF FUNDS RAISED AS AT END OF REPORTING PERIOD

Unit: Yuan Currency: RMB

Name of bond	Gross funds raised	Amount used	Amount unused	Operation (if any) of the special account for funds raised	Is there consistency with Rectification (if any) of violations for using funds raised	the purpose, using plan and other commitments promised in the prospectus
Corporate Bonds (Phase one) of Guangzhou Automobile Group Co., Ltd. in 2012 (10 years)	3,000,000,000	3,000,000,000	0	-	-	Yes



## BONDS

### **PROGRESS AND OPERATING EFFICIENCY OF RAISED FUNDS USED FOR CONSTRUCTION PROJECTS**

The proceeds were fully utilised to supplement cash flow of the Company in accordance with the use of proceeds as set out in the prospectus.

### **DESCRIPTION ON CHANGES OF USE OF FUNDS RAISED FROM THE ABOVE BONDS DURING THE REPORTING PERIOD**

Applicable  N/A

## **III. ADJUSTMENTS TO CREDIT RATING RESULTS**

Applicable  N/A

## **IV. IMPLEMENTATION AND CHANGES ON GUARANTEE, DEBT REPAYMENT PLANS AND OTHER DEBT REPAYMENT PROTECTIVE MEASURES DURING THE REPORTING PERIOD AND THEIR IMPACTS**

Applicable  N/A

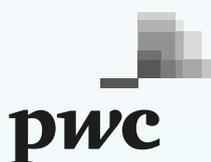
## **V. OTHER INFORMATION OF CORPORATE BONDS**

Applicable  N/A

## **VI. INFORMATION ON CONVERTIBLE CORPORATE BONDS**

On 22 January 2016, the Company completed the issue of A share convertible bonds amounting to RMB4,105.58 million. The conversion period started on 22 July 2016. As of 21 January 2022 (the maturity date), an aggregate of RMB3,033,860,000 of such bonds have been converted into shares of the Company, resulting in the cumulative number of shares converted from such bonds reaching 178,207,257 shares. The principal amount of the redemption for the matured bonds during the reporting period is RMB1,071,717,000, and the total amount of the redemption for the matured bonds is RMB1,136,020,020.00 (tax inclusive), the payment of which has been completed on 24 January 2022.

# INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

**To the shareholders of Guangzhou Automobile Group Co., Ltd.**  
*(incorporated in the People's Republic of China with limited liability)*

## Opinion

### What we have audited

The consolidated financial statements of Guangzhou Automobile Group Co., Ltd. (the “Company”) and its subsidiaries (the “Group”), which are set out on pages 192 to 352, comprise:

- the consolidated balance sheet as at 31 December 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies, and other explanatory information.

### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.



# INDEPENDENT AUDITOR'S REPORT

## **Basis for Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Independence**

We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Warranty provisions
- Impairment assessment of capitalised development costs
- Impairment assessment on the goodwill included in investment in a joint venture

## INDEPENDENT AUDITOR'S REPORT

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### Key Audit Matter

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### How our audit addressed the Key Audit Matter

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#### Warranty provisions

Refer to Note 4 (Critical accounting estimates and judgements) and Note 27 (Provisions) to the consolidated financial statements.

As at 31 December 2022, the warranty provisions of the Group amounted to approximately RMB935,727,000 (Note 27).

The Group mainly produced and sold passenger vehicles through its joint ventures GAC Honda Automobile Co., Ltd. ("GAC Honda"), GAC Toyota Motor Co., Ltd. ("GAC Toyota") and GAC Mitsubishi Motors Co., Ltd. ("GAC Mitsubishi") (collectively "Major Joint Ventures") and its subsidiaries, GAC Motor Co., Ltd. ("GAC Motor") and GAC AION New Energy Automobile Co., Ltd. ("GAC AION").

The Group's joint ventures were accounted for using the equity method. The warranty provisions relating to the Major Joint Ventures were considered significant to the Company's consolidated financial statements.

We have met management of the Company, the Major Joint Ventures, GAC Motor and GAC AION and have discussed with them and evaluated the impact on the Group's financial statements of warranty provisions relating to Major Joint Ventures, GAC Motor and GAC AION.

Procedures performed on warranty provisions of Major Joint Ventures, GAC Motor and GAC AION, included:

- We understood and evaluated management's process and controls over recording provisions for product warranties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors.
- We evaluated management's warranty provision model and tested the calculations therein. This included evaluating the key assumptions through reviewing the legal and contractual terms, comparing the assumptions to the historical data, analysing the expected unit cost of repair and returns of each vehicle type at each year of the warranty period, testing sales volume of each vehicle type to the supporting documents and recalculating the warranty provisions.

# INDEPENDENT AUDITOR'S REPORT

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## Key Audit Matter

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## How our audit addressed the Key Audit Matter

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### Warranty provisions (continued)

Provisions for warranties granted by the Group's Major Joint Ventures, GAC Motor and GAC AION for the passenger vehicles sold are recognised based on sales volume and past experience of the level of repair and returns, discounted to their present values as appropriate.

We focused on auditing the warranty provisions because the estimation of costs in respect of future warranty claims is subject to high degree of estimation uncertainty. The inherent risk in relation to warranty provisions is considered significant due to subjectivity of significant assumptions used in determining the costs.

- In respect of the provisions for warranties previously recorded and subsequently settled during the year, we compared the provision amount with the settlement amount and investigated, if significant variance existed, the reasonableness of the reassessment of the adequacy of the provisions for warranties previously made by the management. We discussed with management the existence of any indicators of significant product defect occurred during the year and subsequent to year end that would significantly affect the estimates of the year-end warranty provisions.
- We also considered whether the judgements made in selecting the significant assumptions would give rise to indicators of possible management bias.

We found that management judgements and estimates associated with GAC Motor's and GAC AION's warranty provisions were supported by available evidence.

We found that, in the context of our audit of consolidated financial statements of the Company, Major Joint Ventures' management judgements and estimates associated with their respective warranty provisions in respect of the Group's share of the profit or loss and net assets of Major Joint Ventures were supported by available evidence.

## INDEPENDENT AUDITOR'S REPORT

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### Key Audit Matter

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### How our audit addressed the Key Audit Matter

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#### Impairment assessment of capitalised development costs

Refer to Note 4 (Critical accounting estimates and judgements) and Note 10 (Intangible assets) to the consolidated financial statements.

As at 31 December 2022, the carrying amount of the Group's capitalised development costs, after considering the impairment provision, which arose from development expenditure on the Group's various types of self-developed passenger vehicle projects and were classified as intangible assets on the consolidated balance sheet, amounted to approximately RMB12,967,474,000. An impairment charge of approximately RMB1,088,471,000 has been recognised for capitalised development costs of certain types of passenger vehicles in the consolidated statement of comprehensive income for the year ended 31 December 2022.

Capitalised development costs not yet in use are tested for impairment annually. Capitalised development costs in use are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

We understood and evaluated management's process and controls to identify the impairment indicators for capitalised development costs in use and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors.

The recoverable amount of the capitalised development costs subject to impairment testing was determined based on value in use, which was the present value of the future cash flows expected to be derived, and we performed the following procedures:

We obtained and understood management's calculations of value in use and assessed the methodology applied.

We tested the consistency and assessed the reasonableness of the data used and management's key assumptions adopted in the future cash flow projections, mainly in relation to:

- the budgeted sales and gross margin, by comparing them with actual performance and historical financial data, if any. For the budgeted sales, we also compared to the Group's strategic plan, and future market growth as forecasted and sourced from independent parties;

# INDEPENDENT AUDITOR'S REPORT

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## Key Audit Matter

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## How our audit addressed the Key Audit Matter

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### Impairment assessment of capitalised development costs (continued)

Management has assessed the recoverable amount of capitalised development costs for each type of passenger vehicles to be their value in use in order to determine the impairment charge, if any.

We focused on auditing the impairment assessment of capitalised development costs because management's assessment of impairment involved complex and subjective judgements and assumptions, such as future cash flow projections using revenue, gross margin, growth rate of revenue and discount rate. The estimation of the recoverable amount is subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment of capitalised development costs is considered significant due to subjectivity of significant assumptions used by management and significant judgements involved in selecting data.

- the growth rate of revenue, by comparing it with the relevant economic and industry forecasts, including certain forecasts sourced from independent parties; and
- discount rate, by comparing it with the cost of capital of comparable companies.

We performed sensitivity analysis on the key assumptions of the cash flow forecasts by considering the likelihood of such a movement in those key assumptions arising.

We also considered whether the judgements made in selecting the significant assumptions and data would give rise to indicators of possible management bias.

We found the key assumptions made by the management in relation to the value in use calculations to be reasonable based on the available evidence.

## INDEPENDENT AUDITOR'S REPORT

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### Key Audit Matter

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### How our audit addressed the Key Audit Matter

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#### **Impairment assessment on the goodwill included in investment in a joint venture (the “Goodwill Impairment Assessment”)**

Refer to Note 4 (Critical accounting estimates and judgements) and Note 11 (Investments in joint ventures and associates) to the consolidated financial statements.

As at 31 December 2022, the Group has goodwill of approximately RMB2,895,293,000 in relation to its investment in a joint venture, GAC Mitsubishi.

Management assessed the recoverable amount of the investment in GAC Mitsubishi with the assistance of an independent external valuer (the “External Valuer”) and recognized an impairment charge of approximately RMB1,506,000,000 for the investment in GAC Mitsubishi. This conclusion was based on fair value less cost of disposal model, applying discounted cash flow method, which involved significant management judgements with respect to the discount rate and the underlying cash flows, in particular future revenue growth.

We assessed the competency, capabilities and objectivity of the External Valuer.

We obtained an understanding of the management’s internal controls and assessment process of the Goodwill Impairment Assessment and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors.

We evaluated the outcome of prior period assessment of the Goodwill Impairment Assessment to assess the effectiveness of management’s estimation process.

We evaluated and tested the key controls over the Goodwill Impairment Assessment.

We obtained and understood the Goodwill Impairment Assessment to assess whether or not the recoverable amount of the investment in GAC Mitsubishi was below its carrying value.

We assessed the methodology applied and the appropriateness of the key assumptions used in the management’s cash flow forecast, including comparing the revenue growth rates with historical results and published industrial forecasts issued by recognised third party industry analysts.

# INDEPENDENT AUDITOR'S REPORT

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## Key Audit Matter

## How our audit addressed the Key Audit Matter

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### **Impairment assessment on the goodwill included in investment in a joint venture (the “Goodwill Impairment Assessment”) (continued)**

We focused on auditing the Goodwill Impairment Assessment because the estimation of recoverable amount is subject to high degree of estimation uncertainty. The inherent risk in relation to the Goodwill Impairment Assessment is considered significant due to subjectivity of significant assumptions used by management and significant judgements involved in selecting data.

We assessed the discount rate by evaluating the cost of capital for the investment in GAC Mitsubishi and selected comparable companies with the involvement of our internal valuation specialists.

We performed sensitivity analysis on the key assumptions of the cash flow forecasts by considering the likelihood of such a movement in those key assumptions arising.

We also considered whether the judgements made in selecting the significant assumptions and data would give rise to indicators of possible management bias.

We found the key assumptions made by the management in relation to the fair value less cost of disposal calculations to be reasonable based on the available evidence.

## INDEPENDENT AUDITOR'S REPORT

### Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.



# INDEPENDENT AUDITOR'S REPORT

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

## INDEPENDENT AUDITOR'S REPORT

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lam, Wai Nang.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 29 March 2023

# CONSOLIDATED BALANCE SHEET

	Note	As at 31 December	
		2022 RMB'000	2021 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	20,760,618	19,475,570
Right-of-use assets	8	7,014,484	6,817,666
Investment properties	9	1,019,895	1,871,624
Intangible assets	10	14,471,175	13,581,219
Investments in joint ventures and associates	11	37,810,779	36,926,987
Deferred income tax assets	13	3,715,494	2,833,925
Financial assets at fair value through other comprehensive income	14	1,713,626	1,597,702
Financial assets at fair value through profit or loss	15	2,169,235	1,945,627
Prepayments and other long-term receivables	16	9,607,293	8,008,623
		<b>98,282,599</b>	93,058,943
<b>Current assets</b>			
Inventories	17	12,361,830	8,110,960
Trade and other receivables	18	31,596,519	25,110,073
Financial assets at fair value through other comprehensive income	14	4,089,676	709,064
Financial assets at fair value through profit or loss	15	4,219,724	3,225,636
Time deposits	19	3,325,724	5,176,560
Restricted cash	20	1,976,589	1,624,390
Cash and cash equivalents	21	34,222,113	17,234,963
		<b>91,792,175</b>	61,191,646
<b>Total assets</b>		<b>190,074,774</b>	154,250,589
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade and other payables	25	1,010,027	773,048
Borrowings	26	5,697,283	7,526,724
Lease liabilities	8	1,297,402	1,270,196
Deferred income tax liabilities	13	132,400	144,418
Provisions	27	682,268	559,341
Government grants	28	2,182,978	2,195,521
Contract liabilities	6(a)	81,724	–
		<b>11,084,082</b>	12,469,248

## CONSOLIDATED BALANCE SHEET

	Note	As at 31 December	
		2022 RMB'000	2021 RMB'000
<b>Current liabilities</b>			
Trade and other payables	25	40,125,814	35,863,483
Contract liabilities	6(a)	1,943,158	2,626,902
Current income tax liabilities		184,999	202,040
Borrowings	26	13,812,828	9,888,738
Lease liabilities	8	276,839	193,531
Provisions	27	344,740	357,862
		<b>56,688,378</b>	49,132,556
<b>Total liabilities</b>		<b>67,772,460</b>	61,601,804
<b>Net assets</b>		<b>122,302,314</b>	92,648,785
<b>EQUITY</b>			
Share capital	22	10,487,164	10,370,593
Reserves	24	46,750,366	29,345,460
Retained earnings	24	56,051,176	50,597,258
Capital and reserves attributable to owners of the Company		<b>113,288,706</b>	90,313,311
Non-controlling interests		<b>9,013,608</b>	2,335,474
<b>Total equity</b>		<b>122,302,314</b>	92,648,785

The notes on pages 200 to 352 are an integral part of these financial statements.

The financial statements on pages 192 to 199 were approved by the Board of Directors on 29 March 2023 and were signed on its behalf:

\_\_\_\_\_  
Zeng Qinghong  
Director

\_\_\_\_\_  
Feng Xingya  
Director

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2022 RMB'000	2021 RMB'000
Revenue	6	<b>110,006,437</b>	75,675,765
Cost of sales	29	<b>(105,549,528)</b>	(71,776,845)
<b>Gross profit</b>		<b>4,456,909</b>	3,898,920
Selling and distribution costs	29	<b>(4,228,464)</b>	(4,339,756)
Administrative expenses	29	<b>(5,486,890)</b>	(4,556,045)
Net impairment losses on financial assets	3.1.2	<b>(634,641)</b>	(143,468)
Interest income	32	<b>160,656</b>	257,438
Other (losses)/gains – net	31	<b>(935,421)</b>	1,257,349
<b>Operating loss</b>		<b>(6,667,851)</b>	(3,625,562)
Interest income	32	<b>330,520</b>	58,558
Finance costs	33	<b>(351,026)</b>	(425,316)
Share of net profit of joint ventures and associates accounted for using the equity method	11	<b>14,065,159</b>	11,403,900
<b>Profit before income tax</b>		<b>7,376,802</b>	7,411,580
Income tax credit	34	<b>535,540</b>	154,117
<b>Profit for the year</b>		<b>7,912,342</b>	7,565,697
<b>Profit is attributable to:</b>			
Owners of the Company		<b>7,982,930</b>	7,511,030
Non-controlling interests		<b>(70,588)</b>	54,667
		<b>7,912,342</b>	7,565,697

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2022 RMB'000	2021 RMB'000
<b>Other comprehensive loss</b>			
Items that may be reclassified subsequently to profit or loss			
– exchange differences on translation of foreign operations	24,35	6,839	(3,296)
– changes in the fair value of debt instruments at fair value through other comprehensive (loss)/income	35	(6,531)	3,129
– impairment loss on debt instruments at fair value through other comprehensive income	35	1,537	718
– share of other comprehensive (loss)/income of joint ventures and associates accounted for using the equity method	24,35	(30)	112
– income tax relating to these items	24,35	1,024	–
Items that will not be reclassified subsequently to profit or loss			
– changes in the fair value of equity investments at fair value through other comprehensive loss	35	(140,356)	(364,899)
– share of other comprehensive income/(loss) of joint ventures and associates accounted for using the equity method	24,35	58,554	(64,742)
– remeasurement of post-employment benefit obligations		860	(4,240)
– income tax relating to these items	24,35	35,875	130,543
<b>Other comprehensive loss for the year, net of tax</b>		<b>(42,228)</b>	<b>(302,675)</b>
<b>Total comprehensive income for the year</b>		<b>7,870,114</b>	<b>7,263,022</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		7,942,655	7,206,568
Non-controlling interests		(72,541)	56,454
		<b>7,870,114</b>	<b>7,263,022</b>
<b>Earnings per share for profit attributable to ordinary equity holders of the Company</b> (expressed in RMB per share)			
– basic earnings per share	36	0.77	0.73
– diluted earnings per share	36	0.77	0.73

The notes on pages 200 to 352 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000		
<b>Balance as at 1 January 2021</b>	10,349,697	28,928,263	45,097,071	84,375,031	2,338,597	86,713,628
<b>Comprehensive income</b>						
Profit for the year	-	-	7,511,030	7,511,030	54,667	7,565,697
Other comprehensive (loss)/income, net of tax	-	(304,462)	-	(304,462)	1,787	(302,675)
<b>Total comprehensive (loss)/income</b>	-	(304,462)	7,511,030	7,206,568	56,454	7,263,022
Transfer of gains on disposal of financial instruments to retained earnings (Note 24(i))	-	(59,770)	59,770	-	-	-
<b>Transactions with owners in their capacity as owners</b>						
Dividend declared by the Company and subsidiaries	-	-	(2,070,613)	(2,070,613)	(57,623)	(2,128,236)
Contribution from non-controlling shareholders of subsidiaries	-	-	-	-	71,742	71,742
Transactions with non-controlling interests	-	22,746	-	22,746	(73,714)	(50,968)
Employee share-based awards scheme (Note 23)						
- Value of employee services	-	508,465	-	508,465	-	508,465
- Proceeds from shares issued	8,130	73,031	-	81,161	-	81,161
Convertible bonds (Note 26(h))						
- Conversion of convertible bonds	12,766	168,916	-	181,682	-	181,682
Others	-	8,271	-	8,271	18	8,289
<b>Total transactions with owners in their capacity as owners</b>	20,896	781,429	(2,070,613)	(1,268,288)	(59,577)	(1,327,865)
<b>Balance as at 31 December 2021</b>	10,370,593	29,345,460	50,597,258	90,313,311	2,335,474	92,648,785

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000		
<b>Balance as at 1 January 2022</b>	10,370,593	29,345,460	50,597,258	90,313,311	2,335,474	92,648,785
<b>Comprehensive income</b>						
Profit/(losses) for the year	-	-	7,982,930	7,982,930	(70,588)	7,912,342
Other comprehensive loss, net of tax	-	(40,275)	-	(40,275)	(1,953)	(42,228)
<b>Total comprehensive (loss)/income</b>	-	(40,275)	7,982,930	7,942,655	(72,541)	7,870,114
<b>Transactions with owners in their capacity as owners</b>						
Appropriation to general risk reserve	-	125,453	(125,453)	-	-	-
Dividend declared by the Company and subsidiaries	-	-	(2,403,559)	(2,403,559)	(78,217)	(2,481,776)
Contributions from non-controlling shareholders of subsidiaries	-	-	-	-	34,000	34,000
Transactions with non-controlling interests (Note 40)	-	15,061,788	-	15,061,788	6,793,034	21,854,822
Employee share-based awards scheme (Note 23)						
– Value of employee services	-	410,834	-	410,834	-	410,834
– Proceeds from shares issued	23,206	414,315	-	437,521	-	437,521
Convertible bonds (Note 26(h))						
– Conversion of convertible bonds	93,365	1,284,253	-	1,377,618	-	1,377,618
Others	-	148,538	-	148,538	1,858	150,396
<b>Total transactions with owners in their capacity as owners</b>	116,571	17,445,181	(2,529,012)	15,032,740	6,750,675	21,783,415
<b>Balance as at 31 December 2022</b>	10,487,164	46,750,366	56,051,176	113,288,706	9,013,608	122,302,314

The notes on pages 200 to 352 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December	
		2022 RMB'000	2021 RMB'000
<b>Cash flows from operating activities</b>			
Cash used in operations	38(a)	(5,862,993)	(5,817,201)
Interest received		466,505	349,895
Interest paid		(903,426)	(703,849)
Income tax paid		(338,189)	(320,284)
<b>Net cash used in operating activities</b>		<b>(6,638,103)</b>	<b>(6,491,439)</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment, right-of-use assets, investment properties and intangible assets		(8,013,514)	(6,242,944)
Proceeds from sales of property, plant and equipment and intangible assets		140,910	124,964
Acquisition of a subsidiary, net of cash acquired		(10,745)	–
Additional capital injection in joint ventures		(603,160)	(2,339,317)
Additional capital injection in associates		(226,600)	(1,054,624)
Set-up of joint ventures		(502,770)	(278,562)
Set-up of associates		(880)	(16,250)
Disposals or capital reduction of joint ventures and associates		97,227	175,437
Acquisition of investment in financial assets at fair value profit or loss, other comprehensive income and at amortised cost		(10,176,744)	(6,016,696)
Disposal of investment in financial assets at fair value through profit or loss, other comprehensive income and at amortised cost		4,488,066	5,620,869
Proceeds from investment income from financial instruments		197,587	174,444
Granting of entrusted loans		(41,650)	(514,500)
Proceeds from repayment of entrusted loans		46,210	781,536
Receipt of government grants related to assets		376,084	209,418
Dividends received		13,522,270	11,189,729
(Increase)/decrease in time deposits and long-term deposits		(884,453)	5,421,155
<b>Net cash (used in)/generated from investing activities</b>		<b>(1,592,162)</b>	<b>7,234,659</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December	
		2022 RMB'000	2021 RMB'000
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares under employee share-based awards scheme		213,406	82,211
Contribution from non-controlling shareholders of subsidiaries		34,000	31,500
Dividend paid to shareholders of the Company		(2,406,710)	(2,070,613)
Dividend paid to non-controlling interests in subsidiaries		(78,217)	(64,795)
Proceeds from borrowings (excluding securitization debts)	38(c)	24,117,015	10,426,845
Proceeds from other securitization debts	38(c)	1,716,190	2,087,721
Repayments of convertible bonds	38(c)	(1,071,717)	–
Proceeds from securitization debts (transferred of financial assets that are not derecognised in their entirety)	38(d)	3,796,535	–
Repayments of securitization debts (transferred of financial assets that are not derecognised in their entirety)		(569,238)	–
Repayments of borrowings (excluding securitization debts)	38(c)	(19,846,618)	(9,490,792)
Repayments of loan payable to a third-party	38(c)	(200,000)	–
Repayments of other securitization debts	38(c)	(1,956,071)	(449,300)
(Acquisition)/disposal of repurchasing financial assets	38(c)	(212,420)	426,884
Transactions with non-controlling interests	40	21,854,822	–
Principal element of lease payments	38(c)	(288,494)	(210,068)
Other proceeds from financing activities	38(c)	78,196	7,094
<b>Net cash generated from financing activities</b>		<b>25,180,679</b>	776,687
<b>Net increase in cash and cash equivalents</b>		<b>16,950,414</b>	1,519,907
Cash and cash equivalents at beginning of the year		17,234,963	15,791,397
Exchange gains/(losses) on cash and cash equivalents		36,736	(76,341)
<b>Cash and cash equivalents at end of the year</b>		<b>34,222,113</b>	17,234,963

The notes on pages 200 to 352 are an integral part of these financial statements

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

Guangzhou Automobile Group Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the manufacturing and sale of automobiles, engines and other automotive parts and rendering of financial services. The Company’s holding company is Guangzhou Automobile Industry Group Co., Ltd. (“GAIG”), a state-owned enterprise incorporated in the People’s Republic of China (the “PRC”).

The registered address of the Company is 23/F, Chengyue Building, No. 448 – No. 458, Dong Feng Zhong Road, Yuexiu District, Guangzhou, Guangdong, the PRC.

The Company was established in June 1997 as a limited liability company in the PRC. In June 2005, the Company underwent a reorganisation and transformed itself into a joint stock company with limited liability under the Company Law of the PRC. The Company’s shares have been listed on Hong Kong Stock Exchange (the “HKSE”) and Shanghai Stock Exchange (“SSE”) since 30 August 2010 and 29 March 2012, respectively.

These financial statements are presented in thousands of Renminbi Yuan (“RMB”), unless otherwise stated.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) and disclosure requirements of the Hong Kong Companies Ordinance Cap.622. The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets which are measured at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.1 Basis of preparation (Continued)

##### 2.1.1 Accounting policy and disclosures

#### (a) New and amended standards and interpretations adopted by the Group

The Group has applied the following standards and amendments to existing standards and interpretation for the first time for their annual reporting period commencing 1 January 2022:

Standards/Amendments	Subject of Standards/Amendments
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before Intended Use
HKFRS 3 (Amendments)	Reference to the Conceptual Framework
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract
Revised Accounting Guideline 5	Merger Accounting for Common Control Combinations
Annual Improvements to HKFRS standards 2018-2020	Amendments to HKFRS1, HKFRS9, HKFRS16 and HKAS41

The standards and amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (Continued)

#### 2.1.1 Accounting policy and disclosures (Continued)

#### (b) New standards, amendments to existing standards and interpretations not yet adopted

Certain new accounting standards, amendments to existing standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards, amendments and interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Standards/Amendments/Interpretations	Subject of standards/amendments/interpretations	Effective for accounting periods beginning on or after
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17 (Amendments)	Amendments to HKFRS 17	1 January 2023
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9—Comparative Information	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current (amendments)	1 January 2024
HKAS 1 (Amendments)	Non-current Liabilities with Covenants (amendments)	1 January 2024
HKAS 16 (Amendments)	Lease Liability in a Sale and Leaseback (amendments)	1 January 2024
Hong Kong Interpretation 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (Revised))	Applied when an entity applies “HKAS 1 (Amendments)”
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.2 Principles of consolidation and equity accounting

##### 2.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 2.3).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of change in equity, consolidated balance sheet, respectively.

##### 2.2.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (Note 2.2.4), after initially being recognised at cost.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.2 Principles of consolidation and equity accounting (Continued)

#### 2.2.3 Joint ventures

Under HKFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group only has joint ventures.

Interests in joint ventures are accounted for using the equity method (Note 2.2.4), after initially being recognised at cost in the consolidated balance sheet.

#### 2.2.4 Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.11.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.2 Principles of consolidation and equity accounting (Continued)

##### 2.2.5 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.3 Business combinations (Continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

#### 2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

#### 2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as executive directors that make strategic decisions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.6 Foreign currency translation

#### (a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional and the Group's presentation currency.

#### (b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive income within 'finance costs'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other (losses)/gains – net'.

#### (c) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each consolidated balance sheet presented are translated at the closing rate at the date of that consolidated balance sheet;
- (ii) income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.6 Foreign currency translation (Continued)

##### (c) *Group companies (Continued)*

(iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

##### (d) *Disposal of foreign operation and partial disposal*

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.7 Property, plant and equipment

Buildings comprise mainly factories and offices. All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs to their residual amounts, net of their residual values, over their estimated useful lives, as follows:

	<b>Useful lives</b>	<b>Residual rate</b>
– Buildings	20-50 years	0%-10%
– Machinery	5-15 years	0%-10%
– Vehicles	4-12 years	0%-10%
– Moulds	2-6 years	0%-10%
– Office and other equipment	3-20 years	0%-12%
– Leasehold improvements	2-20 years	0%

Furniture, fittings and equipment include assets received in the form of free store fit outs are recognised at their fair value. These assets and other leasehold improvements are depreciated over the shorter of their useful life or the lease term, unless the entity expects to use the assets beyond the lease term.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other (losses)/gains – net" in the consolidated statement of comprehensive income.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.8 Construction in progress

Construction in progress represents property, plant and equipment and investment properties under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, the cost of plant and machinery and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing, if any. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and investment properties and depreciated in accordance with the policy as stated in the preceding paragraphs.

#### 2.9 Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group, are classified as investment properties. The Group applies cost model for recognition of investment properties.

Investment properties are measured initially at its cost, including related transaction costs. After initial recognition, investment properties are stated at historical cost less accumulated depreciation and impairment losses.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives of 20 to 50 years with residual value of 0% to 10%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.10 Intangible assets

#### (a) *Goodwill*

Goodwill is measured as described in Note 2.3. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units (“CGUs”) for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. Each unit or group of units are identified at the lowest level at which the goodwill is monitored for internal management purposes, being the operating segment.

#### (b) *Patent, proprietary technology and franchise right*

Purchased patents, proprietary technology and franchise right are initially recorded at actual cost and are amortised on a straight-line basis over their useful lives of 5 to 10 years.

#### (c) *Computer software*

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives of 2 to 10 years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.10 Intangible assets (Continued)

##### (d) *Research and development costs*

Research costs are expensed as incurred. An intangible asset arising from development expenditure on the Group's proprietary brands project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure capitalised is amortised over the period of expected future sales from the related project for 3 to 6 years.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indication of impairment arises during a financial period.

#### 2.11 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.12 Investments and other financial assets

#### 2.12.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (“OCI”), or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (“FVOCI”).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

#### 2.12.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### 2.12.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.12 Investments and other financial assets (Continued)

##### 2.12.3 Measurement (Continued)

###### **Debt instruments**

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other (losses)/gains – net", together with foreign exchange gains and losses. Impairment losses are presented in the statement of comprehensive income.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other (losses)/gains – net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other (losses)/gains – net" and impairment expenses are presented in the statement of comprehensive income gains and losses. Impairment losses are presented in the statement of comprehensive income.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within "other (losses)/gains – net" in the period in which it arises.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.12 Investments and other financial assets (Continued)

#### 2.12.3 Measurement (Continued)

##### **Equity instruments**

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in "other (losses)/gains – net" in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### 2.12.4 Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 18 for further details.

### 2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.14 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of

- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instruments and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

#### 2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.16 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 2.12.4 for a description of the Group's impairment policies.

### 2.17 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 2.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 2.19 Trade and other payables

These amounts represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.20 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

The fair value of the liability component of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

#### 2.21 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are recognised in profit or loss in the period in which they are incurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.22 Installment credit and nonrecourse securitization debt

The Group securitises various financial lease receivables, which generally results in the sale of these assets to special purpose entities, which issue debt securities to third party investors. The rights and interests of securitized financial assets are embodied in the form of senior tranche or subordinated tranche. Subordinated asset backed securities and notes shall not be transferred.

When the asset securitization transaction leads to the derecognition or partial derecognition of financial assets, gains or losses on asset securitization transactions depend in part on the carrying amount of the transferred financial assets, allocated between the financial assets derecognised and the retained interests based on their relative fair values at the date of the transfer. Gains or losses on asset-backed securities are recorded in profit or loss.

In applying its policies on securitised financial assets, the Group has considered both the degree of transfer of risks and rewards on assets transferred and the degree of control exercised by the Group over the financial assets:

- when the Group transfers substantially all the risks and rewards of ownership of the financial assets, the Group shall derecognise the financial assets;
- when the Group retains substantially all the risks and rewards of ownership of the financial assets, the Group shall continue to recognise the financial assets; and
- when the Group neither transfers nor retains substantially all the risk and rewards of ownership of the financial assets, the Group would determine whether it has retained control of the financial assets. If the Group has not retained control, it shall derecognise the financial assets and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer. If the Group has retained control, it continues to recognise the financial assets to the extent of its continuing involvement in the financial assets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.23 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

##### (a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated balance sheet date in the countries where the Company's subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

##### (b) Deferred income tax

###### Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the consolidated balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.23 Current and deferred income tax (Continued)

#### (b) *Deferred income tax (Continued)*

##### **Outside basis differences**

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

#### (c) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 2.24 Employee benefits

#### (a) *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheet.

#### (b) *Post-employment obligations*

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.24 Employee benefits (Continued)

##### *(b) Post-employment obligations (Continued)*

###### **Pension obligations**

The liability or asset recognised in the consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the consolidated statement of changes in equity and in the consolidated balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

The Group participates in the defined contribution employee retirement schemes regarding pension benefits required under existing PRC legislation. The defined contribution plan is a pension plan under which the Group pays contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.24 Employee benefits (Continued)

#### (b) *Post-employment obligations (Continued)*

##### **Other post-employment obligations**

Some group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

#### (c) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

### 2.25 Share-based payments

#### *Equity-settled share-based payment transactions*

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (share options and restricted shares, collectively, "Share-based Awards") of the Group. The fair value of the employee services received in exchange for the grant of the Share-based Awards is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the Share-based Awards granted:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.25 Share-based payments (Continued)

##### *Equity-settled share-based payment transactions (Continued)*

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of Share-based Awards that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

#### 2.26 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provision for product warranties granted by the Group for certain products are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present value as appropriate.

Provision for off-balance sheet related activities of a subsidiary providing financing services are recognised based on expected credit loss assessed based on a forward looking basis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.27 Revenue recognition

The Group manufactures and sells a range of passenger vehicles, commercial vehicles, engines and automotive parts to its customers. Sales revenue are recognised when control of the goods has transferred to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Sales revenue are recorded based on the price stated in the sales contracts, net of the sales rebates and discounts.

Revenue from provision of services, primarily comprising transportation services, repair and maintenance services and optional warranty, etc., is recognised in the accounting period in which the services are rendered as the customers simultaneously receive and consume the benefits provided by the Group's performance when the Group performs.

In multiple element arrangements, the transaction price is allocated to the different performance obligations of the contract on the basis of relative standalone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

A contract asset is the Group's right to consideration in exchange for goods or services that the entity has transferred to the customer. A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers goods or services to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.28 Dividend income

Dividends are received from financial assets measured at fair value through profit or loss and at fair value through other comprehensive income. Dividends are recognised as other gains in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

#### 2.29 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

#### 2.30 Insurance services

##### (a) Insurance contracts

Insurance contracts are those contracts under which the Group has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. Insurance contracts are classified as direct insurance contracts and reinsurance contracts. The significance of insurance risk as determined by the Group is mainly dependent on the magnitude of its potential effect.

##### (b) Significant insurance risk testing

For the insurance contracts issued by the Group, tests are performed to determine if the contracts contain significant insurance risk, and contracts of similar nature are grouped together for this purpose. When performing the significant insurance risk test, the Group makes judgments in sequence as to whether the contract transfers insurance risk, whether the contract has commercial substance, and whether the transferred insurance risk is significant.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.30 Insurance services (Continued)

#### (c) *Revenue from gross premium*

Premium income and reinsurance premium income is recognised when the insurance contracts are issued, related insurance risk is undertaken by the Group, it is probable that related economic benefits will flow to the Group and related income can be reliably measured.

#### (d) *Revenue from reinsurance*

The Group undertakes inward and outward reinsurance in the normal course of operations. Reinsurance premiums are recognised as revenue in accordance with the terms stated in the reinsurance contracts.

#### (i) **Outward reinsurance business**

Outward reinsurance arrangements do not relieve the Group from its obligations to policyholders. When recognizing premium income from insurance contracts, the Group calculates to determine the amount of premium ceded and reinsurers' share of expenses and recognise them through profit or loss according to reinsurance contracts. When calculating unearned premium reserves and claim reserves of insurance contracts, the Group estimates the reinsurance related cash flows according to the reinsurance contracts, considers the risk margin when determining the amount of insurance contract reserves to be recovered from reinsurers, and recognises reinsurers' share of insurance contract liabilities. When insurance contract liabilities are reduced for actual payment of claims and claim expenses, reinsurers' share of insurance contract liabilities are reduced accordingly. In the meantime, the Group calculates to determine the amount of claim expenses to be recovered from the reinsurers according to the reinsurance contracts and recognises the amount through profit or loss. When there is an early termination of an insurance contract, the Group calculates to determine the adjustment amount of premium ceded and reinsurers' share of expenses according to the reinsurance contracts and recognises the amount through profit or loss, and the balance of reinsurers' share of insurance contract liabilities is reversed accordingly.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.30 Insurance services (Continued)

##### (d) Revenue from reinsurance (Continued)

###### (ii) Inward reinsurance business

During the period of recognising reinsurance premium income, the Group determines reinsurance expenses according to the reinsurance contracts and recognises the expenses through profit or loss.

Upon receipt of the statement of the reinsurance business, the Group adjusts the reinsurance premium income and reinsurance expenses, and then recognises the adjusted amounts through profit or loss according to the ceding company statements.

#### 2.31 Lease

##### (a) Operating lease

###### (i) The Group as a lessee under operating lease

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.31 Lease (Continued)

#### (a) Operating lease (Continued)

##### (i) The Group as a lessee under operating lease (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.31 Lease (Continued)

##### (a) Operating lease (Continued)

##### (i) The Group as a lessee under operating lease (Continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- makes adjustments specific to the lease, e.g. term, country, currency and security
- If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.31 Lease (Continued)

#### (a) Operating lease (Continued)

##### (i) The Group as a lessee under operating lease (Continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

##### (ii) The Group as a lessor under operating lease

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term (Note 9(c)). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated balance sheet based on their nature.

#### (b) Finance lease

##### The Group as a lessor under finance lease

At the commencement of the lease term, the aggregate of the minimum lease receivable at the inception of the lease and the initial direct costs is recognised as finance lease receivables, and the unguaranteed residual value is recorded at the same time. The difference between the aggregate of the minimum lease receivable, the initial direct costs and the unguaranteed residual value, and the aggregate of their present values is recognised as unearned finance income. The net amount of finance lease receivables less unearned finance income is divided into long-term receivable and the portion of long-term receivable due within one year for presentation.

Lease income from finance lease is recognised using the effective interest method (Note 16(c)).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.32 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

#### 2.33 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment and intangible assets are included in non-current liabilities as deferred government grants and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Government grants are deducted in reporting the related expenses, when appropriate.

#### 2.34 Interest income

Interest income from financial assets at FVPL is included in 'other (losses)/gains - net'.

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in profit or loss as part of operating income.

Interest income is presented as a part of non-operating income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in operating income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Group's finance department ("Group Finance") under policies approved by the senior management. Group Finance identifies and evaluates financial risks in close co-operation with the Group's operating units.

#### 3.1.1 Market risk

##### (a) Foreign exchange risk

The Group's business mainly operates in the PRC with most of the transactions denominated and settled in RMB, except that certain receivables and payables, cash and cash equivalents, restricted cash and time deposits are mainly denominated in US dollar ("USD") and HK dollar ("HKD") which are exposed to foreign currency translation risk. The Group had not used any financial instrument to hedge the foreign exchange risk.

As at 31 December 2022 and 2021, the Group is not exposed to significant foreign exchange risk.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.1 Market risk (Continued)

###### (b) Cash flow and fair value interest rate risk

The Group has no significant interest-bearing assets other than loan receivables, finance lease receivables, entrusted loans (included in other receivables), time deposits, restricted cash and cash and cash equivalents. Except for long-term finance lease receivables, the maturity terms of these assets are within 12 months so that there would not be significant interest rate risk for these financial assets. The interest rate for long-term finance lease receivables is fixed and there would not be significant interest rate risk for these financial assets.

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

As at 31 December 2022, the Group's borrowings at variable rates were denominated in RMB. If interest rates on bank borrowings had been 100 basis point higher/lower respectively with all other variables held constant, post-tax profit would have been approximately RMB63,324,000 (2021: RMB67,142,000) lower/higher, mainly as a result of higher/lower interest expenses on floating rate borrowings.

The Group had not used any financial instrument to hedge its exposure to interest rate risk.

###### (c) Price risk

The Group's exposure to price risk arises from equity investment held by the Group and classified in the consolidated balance sheet either as at FVOCI (Note 14) or FVPL (Note 15). The Group closely monitors the fluctuation of the price and assesses the impact on the Group's consolidated statement of comprehensive income. If the price of the equity investment classified as FVOCI had been 1% higher/lower, other comprehensive income (net of tax) for the year ended 31 December 2022 would increase/decrease by approximately RMB4,586,000 (2021: RMB5,415,000). If the price of the equity investment classified as FVPL had been 1% higher/lower, post-tax profit for the year ended 31 December 2022 would increase/decrease by approximately RMB28,314,000 (2021: RMB27,781,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. FINANCIAL RISK MANAGEMENT (Continued)

### 3.1 Financial risk factors (Continued)

#### 3.1.2 Credit risk

Credit risk arises from deposit with banks, contractual cash flows of debt instruments carried at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss, and trade and other receivables (excluding prepayment and value-added tax recoverable).

The Group has three types of financial assets that are subject to the expected credit loss model:

- trade receivables;
- debt investments at amortised cost and FVOCI; and
- other financial assets at amortised cost.

While deposit with banks, including time deposits, restricted cash, cash and cash equivalents, are also subject to the impairment requirements of HKFRS 9, identified impairment loss was immaterial.

#### (a) Trade receivables

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

As at 31 December 2022, the Group assessed that the expected loss rate for trade receivables due from related parties (excluding two joint ventures in liquidation) was immaterial considering their good finance position and credit history. Thus no loss allowance provision for trade receivables from related parties (excluding two joint ventures in liquidation) was recognised in 2022 (31 December 2021: Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

##### (a) Trade receivables (Continued)

As at 31 December 2022, the Group assessed the expected loss rate for trade receivables from governments in relation to the subsidy of new energy vehicles sold to end users and made an allowance amounted to approximately RMB4,114,000 accordingly (31 December 2021: RMB5,949,000).

As at 31 December 2022 and 2021, the expected loss rate for certain third-party customers and two joint ventures who were in liquidation or financial difficulties are assessed specifically by the directors as follows:

	<b>As at 31 December 2022</b>	As at 31 December 2021
Expected loss rate	<b>92.46%</b>	100.00%
Gross carrying amount (RMB'000)	<b>404,122</b>	107,852
Loss allowance provision (RMB'000)	<b>373,645</b>	107,852

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. FINANCIAL RISK MANAGEMENT (Continued)

### 3.1 Financial risk factors (Continued)

#### 3.1.2 Credit risk (Continued)

##### (a) Trade receivables (Continued)

As at 31 December 2022 and 2021, the loss allowance provision for the trade receivables due from third parties was determined as follows. The expected credit losses below also incorporated forward looking information.

	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years	Total
<b>Trade receivables (excluding trade receivables due from related parties, trade receivables due from government and trade receivables subject to specific expected loss rate)</b>							
At 31 December 2022							
Gross carrying amount (RMB'000)	2,124,695	104,035	82,573	8,323	359	137,055	2,457,040
Expected loss rate	0.33%	6.85%	27.70%	50.05%	96.41%	96.41%	
Loss allowance provision (RMB'000)	7,072	7,126	22,873	4,166	346	132,135	173,718

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

#### (a) Trade receivables (Continued)

	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years	Total
<b>Trade receivables (excluding trade receivables due from related parties, trade receivables due from government and trade receivables subject to specific expected loss rate)</b>							
At 31 December 2021							
Gross carrying amount (RMB'000)	1,995,064	258,300	13,348	472	164	144,903	2,412,251
Expected loss rate	0.33%	8.56%	38.49%	57.70%	100.00%	100.00%	
Loss allowance provision (RMB'000)	6,547	22,114	5,138	272	164	144,903	179,139

#### (b) Debt investments at amortised cost and FVOCI

All of the Group's debt investments at amortised cost and FVOCI are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. FINANCIAL RISK MANAGEMENT (Continued)

### 3.1 Financial risk factors (Continued)

#### 3.1.2 Credit risk (Continued)

**(b) Debt investments at amortised cost and FVOCI (Continued)**

The Group expects that there is no significant credit risk associated with debt investments at amortised cost and FVOCI since the Group furnishes investment mandates to commercial banks, trust companies and asset management companies. These mandates require them to invest in such debt investments with high market credit rating, liquidity and stable return. Management does not expect that there will be any significant losses from non-performance by these counterparties.

**(c) Debt investments at FVPL**

The Group is also exposed to credit risk in relation to debt investments that are measured at fair value through profit or loss. The maximum exposure as at 31 December 2022 is the carrying amount of these investments, amounting to approximately RMB2,765,616,000 (31 December 2021: RMB1,523,434,000).

**(d) Other financial assets at amortised cost**

The Group applies the general approach to provide for expected credit loss of other financial assets measured at amortised cost including notes receivable, entrusted loans, finance lease receivables, loans relating to financing services, dividend receivable and other receivables under HKFRS 9.

Except for certain long aging receivables for which the debtors failed to make demanded repayment and the Group has made specific provision on a case-by-case basis, the expected credit loss provision for the financial assets included in the above balances is based on the 12-month expected credit loss. It is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data, including real GDP, current account balance, nominal retail sales growth rate and exchange rate. As at 31 December 2022 and 2021, except for certain default receivables, management considers that the expected credit loss is immaterial.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

###### (d) Other financial assets at amortised cost (Continued)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtors in the Group and changes in the operating results of the borrower.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. FINANCIAL RISK MANAGEMENT (Continued)

### 3.1 Financial risk factors (Continued)

#### 3.1.2 Credit risk (Continued)

##### (d) Other financial assets at amortised cost (Continued)

- (i) A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 180 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are 365 days past due	Lifetime expected losses
Write-off	Interest and/or principal repayments are over 365 days past due and there is no reasonable expectation of recovery.	Asset is written off

As at 31 December 2022, the Group has assessed that the expected loss rate for other receivables from related parties (excluding loans relating to financing services, finance lease receivables and receivables due from two joint ventures in liquidation) was immaterial considering the good finance position and credit history of the related parties. Thus no loss allowance provision for other receivables from related parties (excluding loans relating to financing services, finance lease receivables and receivables due from two joint ventures in liquidation) was recognised in 2022 (31 December 2021: Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

- (e) As at 31 December 2021 and 2022, the loss allowance provision for trade receivables, current and long-term other receivables reconciled to the opening loss allowance for that provision as follows:

	Trade receivables RMB'000	Other receivables (current) RMB'000	Other long-term receivables RMB'000	Total RMB'000
At 1 January 2021	265,896	391,478	64,450	721,824
Provision for loss allowance recognised in profit or loss	27,044	44,930	71,494	143,468
At 31 December 2021	292,940	436,408	135,944	865,292
Provision for loss allowance recognised in profit or loss	258,537	121,141	254,963	634,641
<b>At 31 December 2022</b>	<b>551,477</b>	<b>557,549</b>	<b>390,907</b>	<b>1,499,933</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. FINANCIAL RISK MANAGEMENT (Continued)

### 3.1 Financial risk factors (Continued)

#### 3.1.3 Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group's finance team maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors the Group's time deposits (Note 19) and cash and cash equivalents (Note 21) on the basis of expected cash flow.

The tables below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>As at 31 December 2022</b>					
Borrowings	14,268,490	2,693,941	3,147,385	208,407	20,318,223
Trade and other payables (excluding employee benefits payable, other taxes, government grants and taxes related to contract liabilities)	35,774,754	647,301	195,160	77,168	36,694,383
Lease liabilities	349,330	296,316	614,279	628,407	1,888,332
<b>As at 31 December 2021</b>					
Borrowings	10,367,692	6,485,540	1,441,212	2,768	18,297,212
Trade and other payables (excluding employee benefits payable, other taxes and government grants)	31,597,042	688,989	–	–	32,286,031
Lease liabilities	210,129	199,202	546,655	773,930	1,729,916

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liabilities (including current and non-current as shown in the consolidated balance sheet) less time deposits, restricted cash and cash and cash equivalents. Total capital is calculated as total equity plus net debt.

The gearing ratios as at 31 December 2022 and 2021 were as follows:

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Total borrowings (Note 26)	<b>19,510,111</b>	17,415,462
Total lease liabilities (Note 8)	<b>1,574,241</b>	1,463,727
Less: time deposits (Note 19)	<b>(3,325,724)</b>	(5,176,560)
restricted cash (Note 20)	<b>(1,976,589)</b>	(1,624,390)
cash and cash equivalents (Note 21)	<b>(34,222,113)</b>	(17,234,963)
Net credit	<b>(18,440,074)</b>	(5,156,724)
Total equity	<b>122,302,314</b>	92,648,785
Total capital	<b>103,862,240</b>	87,492,061
Gearing ratio	<b>Not applicable</b> <b>("N/A")</b>	N/A

As at 31 December 2022 and 2021, the Group's total borrowings and lease liabilities are less than the total of time deposits, restricted cash and cash and cash equivalents, and therefore the Group is subject to a net credit position.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. FINANCIAL RISK MANAGEMENT (Continued)

### 3.3 Fair value estimation

The Group's financial instruments recognised in the consolidated balance sheet are mainly loans and receivables, FVPL, FVOCI and financial liabilities carried at amortised cost. The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the balance sheet date, such as estimated discounted cash flows.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.3 Fair value estimation (Continued)

The following table presents the Group's assets that are measured at fair value at 31 December 2022.

	Level 1 RMB'000 Note (a)	Level 2 RMB'000 Note (b)	Level 3 RMB'000 Note (c)	Total RMB'000
Financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss				
– Bond investments	4,777,975	–	–	4,777,975
– Fund investments	–	1,510,928	–	1,510,928
– Financial products	–	–	2,547,124	2,547,124
– Stocks	739,767	–	–	739,767
– Other equity investments	–	–	1,471,849	1,471,849
– Others	–	512,317	632,301	1,144,618
	5,517,742	2,023,245	4,651,274	12,192,261

The following table presents the Group's assets that are measured at fair value at 31 December 2021.

	Level 1 RMB'000 Note (a)	Level 2 RMB'000 Note (b)	Level 3 RMB'000 Note (c)	Total RMB'000
Financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss				
– Bond investments	1,192,714	–	–	1,192,714
– Fund investments	27,558	1,810,100	–	1,837,658
– Financial products	–	–	1,156,634	1,156,634
– Stocks	912,752	–	–	912,752
– Other equity investments	–	–	942,552	942,552
– Others	–	676,846	758,873	1,435,719
	2,133,024	2,486,946	2,858,059	7,478,029

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. FINANCIAL RISK MANAGEMENT (Continued)

### 3.3 Fair value estimation (Continued)

#### (a) *Financial instruments in level 1*

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for the financial assets included in level 1 held by the Group is the current bid price.

There were no significant transfers of financial assets between level 1 and level 2 fair value hierarchy classifications.

#### (b) *Financial instruments in level 2*

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.3 Fair value estimation (Continued)

##### (c) Financial instruments in level 3

The following table presents the changes in level 3 instruments for the year ended 31 December 2021 and 2022.

	Other equity investments RMB'000	Financial products RMB'000	Others RMB'000	Total RMB'000
<b>Opening balance as at 1 January 2021</b>	591,639	1,081,005	1,253,380	2,926,024
Transfer to level 1	–	–	(739,866)	(739,866)
Acquisitions	291,364	981,770	4,028,110	5,301,244
Gains/(losses) for the period recognised in profit or loss	96,222	33,154	(109,016)	20,360
Disposal	(36,673)	(939,295)	(3,673,735)	(4,649,703)
<b>Closing balance as at 31 December 2021</b>	<b>942,552</b>	<b>1,156,634</b>	<b>758,873</b>	<b>2,858,059</b>
Acquisitions	616,669	1,863,942	15,654,941	18,135,552
(Losses)/gains for the period recognised in profit or loss	(36,746)	13,629	1,340	(21,777)
Disposal	(50,626)	(487,081)	(15,782,853)	(16,320,560)
<b>Closing balance as at 31 December 2022</b>	<b>1,471,849</b>	<b>2,547,124</b>	<b>632,301</b>	<b>4,651,274</b>
Includes unrealised gains or (losses) recognised in profit or loss attributable to balances held at the end of the reporting period				
2022	(22,969)	16,199	–	(6,770)
2021	86,355	(2,563)	(107,852)	(24,060)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. FINANCIAL RISK MANAGEMENT (Continued)

### 3.3 Fair value estimation (Continued)

#### (c) Financial instruments in level 3 (Continued)

Quantitative information about fair value measurements using significant unobservable inputs (level 3) is as follow:

	Fair value at 31 December 2022 RMB'000	Valuation technique(s)	Unobservable input	Range (weighted average)
- Financial products	1,197,090	Discounted cash flow	Discount rate	3.30%
	1,350,034	Summation method	Value of each asset/liability	N/A
- Other equity investments (Note (i))	1,471,849	Summation method	Value of each asset/liability	N/A
- Unlisted notes receivable	632,301	Discounted cash flow	Discount rate	1.20%-3.19%
	Fair value at 31 December 2021 RMB'000	Valuation technique(s)	Unobservable input	Range (weighted average)
- Financial products	257,000	Discounted cash flow	Discount rate	2.05%
	899,634	Summation method	Value of each asset/ liability	N/A
- Other equity investments (Note (i))	942,552	Summation method	Value of each asset/ liability	N/A
- Trust products	49,809	Discounted cash flow	Discount rate	4.60%
- Unlisted notes receivable	709,064	Discounted cash flow	Discount rate	1.70%-3.19%

(i) Other equity investments in level 3 represent the Group's investment in interest of non-listed company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### (a) Current and deferred income taxes

The Group is subject to income taxes in the PRC. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates are changed.

#### (b) Impairment of property, plant and equipment, intangible assets and right-of-use assets

Property, plant and equipment, intangible assets and right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Construction in progress and intangible assets not ready to use - not subject to amortisation, are tested annually for impairment. The recoverable amounts have been determined based on value-in-use calculations or market valuations. These calculations require the use of judgements and estimates.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

### (b) Impairment of property, plant and equipment, intangible assets and right-of-use assets (Continued)

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less cost of disposal or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; (iii) details of further development of the CGU or segment, such as business plan and contracts with new customers in the coming year and their impact on the revenue and margins and (iv) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated statement of comprehensive income.

### (c) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, which is in accordance with the accounting policy stated in Note 2.10. The recoverable amounts of CGUs have been determined based on fair value less cost of disposal estimated using the discounted cash flow method. These calculations require the use of estimates.

### (d) Impairment of investments in joint ventures and associates

The Group determines at each reporting date whether there is any objective evidence that the investments in the joint ventures and associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amounts of the joint ventures and associates and their carrying value. The respective recoverable amounts of investments are determined with reference to the higher of fair value less cost of disposal and value-in-use.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

#### (d) Impairment of investments in joint ventures and associates (Continued)

The Group recognised impairment charge of RMB1,506,000,000 relating to one joint venture (Note 11.1(c)) with significant notional goodwill arising from an acquisition during the year 2012 after assessment. The recoverable amount of the investment has been determined based on the higher of the investment's fair value less cost of disposal (the "FVLCOD") and its value-in-use, estimated using the discounted cash flow method, of which the higher is the investment's FVLCOD. In determining the recoverable amount, post-tax discount rates of 13% have been applied to the post-tax cash flows expressed in real terms. The recoverable amount was determined by estimating cash flows for a period of five years. The cash flow projections are based on financial budgets approved by management covering a five-year periods. These cash flows are then aggregated with a "terminal value". The terminal value represents the value of cash flows beyond the fifth year, incorporating an annual real-term growth rate of 2.1%. These calculations require the use of estimates.

If the budgeted revenue during the forecast period used by management in the FVLCOD calculation had been decreased by 1%, the estimated recoverable amount of the joint venture should be lowered by approximately RMB291,000,000. If the post-tax discount rate applied to the cash flow projections had been 0.5% higher than management's estimates on 31 December 2022, the estimated recoverable amount of the joint venture should be lowered by approximately RMB107,000,000.

#### (e) Warranty provisions

Provision for product warranties granted by the Group in respect of certain products are recognised based on sales volume and past experience of the level of repair and returns, discounted to their present values as appropriate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

### (f) Impairment of trade and other receivables

The Group makes allowances on trade and other receivables based on assumptions about risk of default and expected loss rates. The Group used judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and doubtful debt expenses in the periods in which such estimate has been changed. For details of the key assumptions and inputs used, see Note 3.1 above.

### (g) Impairment of inventory

The management of the Group assesses on the net realisable value of inventory at each reporting date based on the accounting policies stated in Note 2.15. The net realisable value is the estimated selling price in the current course of business, less applicable costs, variable selling expenses and tax charges. Even though the management of the Group has made the best estimate about the inventory impairment loss predicted to occur and provided allowance for impairment, the impairment assessment may still be significantly changed due to the change of market situations.

### (h) Estimation of the fair value of certain financial assets

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see Note 3.3 above.

### (i) Classification of financial assets

The judgments in determining the classification of financial assets include the analysis of business models and the characteristics of contractual cash flows. An entity's business model refers to how an entity manages its financial assets in order to generate cash flows. That is, the entity's business model determines whether cash flows are arising from collecting contractual cash flows, selling financial assets or both.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

#### (i) Classification of financial assets (Continued)

The business model of managing financial assets is not determined by a single factor or activity. Instead, the entity should consider all relevant evidence available when making the assessment. Relevant evidence mainly includes, but not limited to, how the cash flow of the Group of assets is collected, how the performance of the Group of assets is reported to key management personnel, and how the risk of Group of assets is being assessed and managed. The contractual cash flows characteristics of financial assets refer to the cash flow attributes of the financial assets reflecting the economic characteristics of the relevant financial assets (i.e. whether the contractual cash flows generated by the relevant financial assets on a specified date solely represents the payments of principal and interest). The principal amount refers to the fair value of the financial asset at initial recognition. The principal amount may change throughout the lifetime of the financial assets due to prepayment or other reasons. The interest includes the time value of money, the credit risk associated with the outstanding principal amount for a specific period, other basic lending credit risks, and the consideration of costs and profits.

#### (j) Estimation of the value of defined benefits obligation

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations.

Details of key assumptions and impact of possible changes in key assumptions are disclosed in Note 30.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5. PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

As at 31 December 2022, particulars of principal subsidiaries, joint ventures and associates are as follows:

Name	Place of incorporation and operations	Legal status	Principal activities	Particulars of registered capital/issued share capital	Interest held	
					Direct	Indirect
<b>Subsidiaries</b>						
Urtrust Insurance Co., Ltd. 眾誠汽車保險股份有限公司	Mainland China	Joint stock company with limited liability	Provision of automotive insurance services	RMB2,268,750,000	27%	26%
GAC Motor Co., Ltd. ("GAC Motor") 廣汽乘用車有限公司	Mainland China	Limited liability company	Manufacture and sale of automobiles	RMB15,966,735,703	100%	-
Guangzhou Automobile Group Component Co., Ltd. ("GAC Component") 廣汽零部件有限公司	Mainland China	Limited liability company	Manufacture and sale of automotive parts	RMB1,478,910,000	51%	49%
Guangzhou Automobile Group Business Co., Ltd. ("GAC Business") 廣汽商貿有限公司	Mainland China	Limited liability company	Trading of automobiles, automotive parts and steel	RMB3,528,512,000	100%	-
GAC Motor (Hangzhou) Co., Ltd. ("GAC Motor Hangzhou") 廣汽乘用車(杭州)有限公司	Mainland China	Limited liability company	Manufacture and sale of automobile	RMB4,231,280,000	-	51%
GAC Capital Co., Ltd. ("GAC Capital") 廣汽資本有限公司	Mainland China	Limited liability company	Investment and investment management	RMB2,100,000,000	100%	-
GAC Finance Co., Ltd. ("GAC Finance") 廣州汽車集團財務有限公司	Mainland China	Limited liability company	Financial services	RMB1,400,000,000	90%	10%
GAC AION New Energy Automobile Co., Ltd. ("GAC AION") 廣汽埃安新能源汽車股份有限公司	Mainland China	Limited liability company	Manufacture and sale of automobiles	RMB7,803,388,361	65%	12%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5. PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (Continued)

As at 31 December 2022, particulars of principal subsidiaries, joint ventures and associates are as follows (continued):

Name	Place of incorporation and operations	Principal activities	Particulars of registered capital/issued share capital	Interest held	
				Direct	Indirect
<b>Joint ventures</b>					
GAC Honda Automobile Co., Ltd. ("GAC Honda") 廣汽本田汽車有限公司	Mainland China	Manufacture and sale of automobile and automotive parts	USD541,000,000	50%	-
GAC Toyota Motor Co., Ltd. ("GAC Toyota") 廣汽豐田汽車有限公司	Mainland China	Manufacture and sale of automobile and automotive parts	USD1,333,896,100	50%	-
GAC Hino Motors Co., Ltd. ("GAC Hino") 廣汽日野汽車有限公司	Mainland China	Manufacture and sale of automobile and automotive parts	RMB2,220,000,000	50%	-
GAC-SOFINCO Automobile Finance Co., Ltd ("GAC Sofinco") 廣汽匯理汽車金融有限公司	Mainland China	Provision of automotive financing services	RMB3,000,000,000	50%	-
Wuyang-Honda Motors (Guangzhou) Co., Ltd. ("Wuyang-Honda") 五羊-本田摩托(廣州)有限公司	Mainland China	Manufacture and sale of motorcycle and motorcycle parts	USD49,000,000	50%	-
GAC Mitsubishi Motors Co., Ltd. ("GAC Mitsubishi") 廣汽三菱汽車有限公司	Mainland China	Manufacture and sale of automobile and automotive parts	RMB1,947,000,000	50%	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5. PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (Continued)

As at 31 December 2022, particulars of principal subsidiaries, joint ventures and associates are as follows (Continued):

Name	Place of incorporation and operations	Principal activities	Particulars of registered capital/issued share capital	Interest held	
				Direct	Indirect
<b>Associates</b>					
GAC Toyota Engine Co., Ltd. 廣汽豐田發動機有限公司	Mainland China	Manufacture and sale of automotive parts	USD670,940,000	30%	–
Shanghai Hino Engine Co., Ltd. 上海日野發動機有限公司	Mainland China	Manufacture and sale of automotive parts	USD29,980,000	30%	–
Guangzhou TS Automotive Interior Systems Co., Ltd. 廣州提愛思汽車內飾系統有限公司	Mainland China	Manufacture and sale of automotive parts	USD3,860,000	–	48%
Guangzhou Intex Automotive Interior Parts Co., Ltd. 廣州樓泰汽車飾件有限公司	Mainland China	Manufacture and sale of automotive parts	USD22,500,000	–	25%
Guangzhou Stanley Electric Company Limited 廣州斯坦雷電氣有限公司	Mainland China	Manufacture and sale of automotive parts	USD44,700,000	–	30%
Guangzhou Denso Co., Ltd. 廣州電裝有限公司	Mainland China	Manufacture and sale of automotive parts	USD23,022,409	–	40%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors. The executive directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

For management purpose, the executive directors considered the nature of the Group's products and services and determined that the Group has two reportable segments as follows:

Vehicles and related operations segment – production and sale of a variety of passenger vehicles, commercial vehicles, automotive parts and related operations.

Others – mainly production and sale of motorcycles, automobile finance and insurance, other financing services and investing business.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the consolidated statement of comprehensive income.

During the year ended 31 December 2022, no revenue from transactions with a single external customer counted to 10% or more of the Group's total revenue.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. SEGMENT INFORMATION (Continued)

The segment results for the year ended 31 December 2022 and other segment items included in the consolidated statement of comprehensive income are as follows:

	Vehicles and related operations RMB'000	Others RMB'000	Eliminations RMB'000	Unallocated RMB'000	Consolidated RMB'000
Total gross segment revenue	106,771,696	3,937,660	(702,919)	-	110,006,437
Inter-segment revenue	(336,229)	(366,690)	702,919	-	-
<b>Revenue (from external customers)</b>	<b>106,435,467</b>	<b>3,570,970</b>	<b>-</b>	<b>-</b>	<b>110,006,437</b>
<b>Segment results</b>	<b>(5,895,702)</b>	<b>320,085</b>	<b>(76,523)</b>	<b>-</b>	<b>(5,652,140)</b>
Unallocated income – Interest income of headquarters	-	-	-	35,026	35,026
Unallocated costs – Expenditure of headquarters	-	-	-	(1,050,737)	(1,050,737)
<b>Operating loss</b>					<b>(6,667,851)</b>
Finance costs	(272,553)	(7,554)	-	(70,919)	(351,026)
Interest income	170,236	12,771	-	147,513	330,520
Share of net profit of joint ventures and associates accounted for using the equity method	13,397,583	667,576	-	-	14,065,159
<b>Profit before income tax</b>					<b>7,376,802</b>
Income tax credit/(expense)	588,442	(45,179)	-	(7,723)	535,540
<b>Profit for the year</b>					<b>7,912,342</b>
<b>Other segment information</b>					
Depreciation and amortisation	6,548,644	52,148	-	88,971	6,689,763
Net impairment losses on financial assets	572,080	62,561	-	-	634,641
Impairment charges of investment in a joint venture	1,506,000	-	-	-	1,506,000
Impairment charges of inventories	254,468	-	-	-	254,468
Impairment charges of property, plant and equipment	141,613	-	-	-	141,613
Impairment charges of intangible assets	1,090,605	-	-	-	1,090,605

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. SEGMENT INFORMATION (Continued)

The segment assets and liabilities as at 31 December 2022 and additions to non-current assets (other than investments in joint ventures and associates, deferred tax assets, FVPL, FVOCI and other long-term receivables) for the year then ended are as follows:

	Vehicles and related operations RMB'000	Others RMB'000	Eliminations RMB'000	Unallocated RMB'000	Consolidated RMB'000
<b>Total assets</b>	<b>143,769,818</b>	<b>56,077,528</b>	<b>(57,994,293)</b>	<b>48,221,721</b>	<b>190,074,774</b>
Total assets include:					
Investments in joint ventures and associates	<b>33,197,871</b>	<b>4,612,908</b>	<b>-</b>	<b>-</b>	<b>37,810,779</b>
<b>Total liabilities</b>	<b>69,235,885</b>	<b>44,963,173</b>	<b>(56,557,123)</b>	<b>10,130,525</b>	<b>67,772,460</b>
<b>Additions to non-current assets (other than Investments in joint ventures and associates, deferred tax assets, FVPL, FVOCI and other long- term receivables)</b>	<b>10,269,205</b>	<b>90,049</b>	<b>-</b>	<b>-</b>	<b>10,359,254</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. SEGMENT INFORMATION (Continued)

The segment results for the year ended 31 December 2021 and other segment items included in the consolidated statement of comprehensive income are as follows:

	Vehicles and related operations RMB'000	Others RMB'000	Eliminations RMB'000	Unallocated RMB'000	Consolidated RMB'000
Total gross segment revenue	73,698,922	2,452,102	(475,259)	-	75,675,765
Inter-segment revenue	(220,700)	(254,559)	475,259	-	-
<b>Revenue (from external customers)</b>	<b>73,478,222</b>	<b>2,197,543</b>	<b>-</b>	<b>-</b>	<b>75,675,765</b>
<b>Segment results</b>	<b>(3,476,467)</b>	<b>409,824</b>	<b>12,324</b>	<b>-</b>	<b>(3,054,319)</b>
Unallocated income – Interest income of headquarters	-	-	-	116,205	116,205
Unallocated costs – Expenditure of headquarters	-	-	-	(687,448)	(687,448)
<b>Operating loss</b>					<b>(3,625,562)</b>
Finance costs	(271,200)	(2,894)	-	(151,222)	(425,316)
Interest income	23,199	5,615	-	29,744	58,558
Share of net profit of joint ventures and associates accounted for using the equity method	10,810,930	592,970	-	-	11,403,900
<b>Profit before income tax</b>					<b>7,411,580</b>
Income tax credit/(expense)	334,978	(152,594)	-	(28,267)	154,117
<b>Profit for the year</b>					<b>7,565,697</b>
<b>Other segment information</b>					
Depreciation and amortisation	5,616,648	44,756	-	57,180	5,718,584
Net impairment losses on financial assets	98,129	45,339	-	-	143,468
Impairment charges of inventories	104,643	-	-	-	104,643
Impairment charges of property, plant and equipment	28,279	-	-	-	28,279
Impairment charges of intangible assets	556,182	-	-	-	556,182

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. SEGMENT INFORMATION (Continued)

The segment assets and liabilities as at 31 December 2021 and additions to non-current assets (other than investments in joint ventures and associates, deferred tax assets, FVPL, FVOCI and other long-term receivables) for the year then ended are as follows:

	<b>Vehicles and related operations</b>	<b>Others</b>	<b>Eliminations</b>	<b>Unallocated</b>	<b>Consolidated</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Total assets</b>	119,244,879	37,943,997	(41,986,049)	39,047,762	154,250,589
Total assets include:					
Investments in joint ventures and associates	32,634,891	4,292,096	–	–	36,926,987
<b>Total liabilities</b>	63,958,745	27,820,500	(40,615,907)	10,438,466	61,601,804
<b>Additions to non-current assets (other than Investments in joint ventures and associates, deferred tax assets, FVPL, FVOCI and other long- term receivables)</b>	7,568,986	49,080	–	–	7,618,066

Revenue from external customers by geographical location is as follows:

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Mainland China	<b>106,877,302</b>	73,788,301
Overseas	<b>3,129,135</b>	1,887,464
	<b>110,006,437</b>	75,675,765

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. SEGMENT INFORMATION (Continued)

Non-current assets (other than Investments in joint ventures and associates, deferred tax assets, FVPL, FVOCI and other long-term receivables) located by geographical location are as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Mainland China	44,023,726	42,007,880
Overseas	200,064	149,249
	44,223,790	42,157,129

Analysis of revenue by category:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
<b>Recognised at a point in time</b>		
Sales of vehicles and related products	99,884,075	67,621,601
<b>Recognised over time</b>		
Maintenance, transportation and other services	5,725,142	4,399,378
Revenue under HKFRS 15	105,609,217	72,020,979
Revenue from other sources (Note (i))	4,397,220	3,654,786
	110,006,437	75,675,765

(i) Revenue from other sources includes insurance services, financing services and lease income.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. SEGMENT INFORMATION (Continued)

#### (a) Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Contract liabilities		
– Related parties	<b>80,808</b>	273,540
– Third parties	<b>1,944,074</b>	2,353,362
	<b>2,024,882</b>	2,626,902

#### (i) Significant changes in contract liabilities

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided or the vehicles and related products are yet to be delivered. The decrease in contract liabilities was mainly due to the acceleration of sales turnover.

#### (ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
– Related parties	<b>273,540</b>	58,605
– Third parties	<b>2,353,362</b>	1,434,254
	<b>2,626,902</b>	1,492,859

#### (iii) Unsatisfied performance obligations

For the services the Group rendered, they are rendered in short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Moulds RMB'000	Office and other equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
<b>Year ended 31 December 2021</b>								
Opening net book amount	8,910,389	6,841,183	1,033,208	964,943	612,490	259,321	1,451,676	20,073,210
Additions	38,523	255,142	319,087	258,470	162,473	71,372	1,466,499	2,571,566
Transfer from investment properties (Note 9)	8,714	-	-	-	-	-	-	8,714
Disposals	(1,546)	(29,147)	(228,936)	(66,863)	(43,231)	-	-	(369,723)
Transfer to investment properties (Note 9)	(372,075)	-	-	-	-	-	-	(372,075)
Transfers	827,175	(77,220)	10,910	346,408	80,545	-	(1,187,818)	-
Depreciation charge (Note 29)	(595,084)	(799,058)	(350,765)	(361,876)	(206,059)	(95,001)	-	(2,407,843)
Impairment charge (Note 29)	-	(3,602)	(7,918)	(16,493)	(266)	-	-	(28,279)
Closing net book amount	8,816,096	6,187,298	775,586	1,124,589	605,952	235,692	1,730,357	19,475,570
<b>As at 31 December 2021</b>								
Cost	11,642,733	11,001,455	1,679,290	3,431,751	1,279,452	946,501	1,731,380	31,712,562
Accumulated depreciation and impairment	(2,826,637)	(4,814,157)	(903,704)	(2,307,162)	(673,500)	(710,809)	(1,023)	(12,236,992)
Net book amount	8,816,096	6,187,298	775,586	1,124,589	605,952	235,692	1,730,357	19,475,570
<b>Year ended 31 December 2022</b>								
Opening net book amount	8,816,096	6,187,298	775,586	1,124,589	605,952	235,692	1,730,357	19,475,570
Additions	128,160	713,915	399,252	192,850	235,814	98,705	1,969,158	3,737,854
Transfer from investment properties (Note 9)	705,998	-	-	-	-	-	-	705,998
Disposals	-	(47,521)	(261,893)	(2,036)	(6,113)	-	-	(317,563)
Transfer to investment properties (Note 9)	(105,620)	-	-	-	-	-	-	(105,620)
Transfers	861,889	1,281,204	1,034	165,592	133,073	-	(2,442,792)	-
Depreciation charge (Note 29)	(544,798)	(996,283)	(317,047)	(393,843)	(248,774)	(93,263)	-	(2,594,008)
Impairment charge (Note 29)	(59)	(5,182)	(13,724)	(81,653)	(17,893)	-	(23,102)	(141,613)
Closing net book amount	9,861,666	7,133,431	583,208	1,005,499	702,059	241,134	1,233,621	20,760,618
<b>As at 31 December 2022</b>								
Cost	13,554,255	12,882,770	1,355,923	3,560,165	1,600,166	1,043,392	1,256,723	35,253,394
Accumulated depreciation and impairment	(3,692,589)	(5,749,339)	(772,715)	(2,554,666)	(898,107)	(802,258)	(23,102)	(14,492,776)
Net book amount	9,861,666	7,133,431	583,208	1,005,499	702,059	241,134	1,233,621	20,760,618

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 7. PROPERTY, PLANT AND EQUIPMENT (Continued)

- (a) Depreciation expenses have been charged to the consolidated statement of comprehensive income as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Cost of sales	2,162,825	2,000,895
Selling and distribution costs	144,534	115,338
Administrative expenses	286,649	291,610
	<b>2,594,008</b>	2,407,843

- (b) As at 31 December 2022, certain bank borrowings (Note 26(a)) were secured by the Group's property, plant and equipment with the carrying value of approximately RMB119,109,000(2021: RMB26,751,000).
- (c) As at 31 December 2022, the Group is in the process of applying for the title certificates of certain of its property with an aggregate carrying value of approximately RMB2,789,710,000(2021: RMB1,543,824,000). The Directors consider that the Group is entitled to lawfully and validly occupy or use those properties.
- (d) During the year, the Group capitalised borrowing costs amounting to approximately RMB12,255,000 (2021: RMB25,664,000) on qualifying assets (construction in progress). Borrowing costs were capitalised at rate of its general borrowings of 3.15%-5.19% (2021: 3.92%-5.19%).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 8. LEASES

This note provides information for leases where the Group is a lessee.

### (a) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
<b>Right-of-use assets</b>		
Land-use rights (Notes(i), (ii), (iii) and (iv))	<b>5,534,907</b>	5,424,687
Properties	<b>1,465,243</b>	1,379,562
Vehicles	<b>5,860</b>	10,202
Others	<b>8,474</b>	3,215
	<b>7,014,484</b>	6,817,666
<b>Lease liabilities</b>		
Current	<b>276,839</b>	193,531
Non-current	<b>1,297,402</b>	1,270,196
	<b>1,574,241</b>	1,463,727

Additions to the right-of-use assets during the 2022 financial year were approximately RMB548,324,000 (2021: RMB600,076,000). Non-cash transaction of acquisition and disposal of right-of-use assets during the 2022 financial year were approximately RMB463,164,000 and RMB51,676,000 respectively (2021: RMB358,379,000 and RMB125,977,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 8. LEASES (Continued)

#### (a) Amounts recognised in the consolidated balance sheet (Continued)

- (i) The Group has land lease arrangement with mainland China government.

Land use rights represent the Group's interests in land which are held on leases between 15 to 50 years. Movements of the land use rights for the year are as follows:

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
<b>Beginning of the year</b>		
Cost	<b>6,115,214</b>	6,084,640
Accumulated depreciation and impairment	<b>(690,527)</b>	(605,683)
Net book amount	<b>5,424,687</b>	5,478,957
<b>For the year ended</b>		
Opening net book amount	<b>5,424,687</b>	5,478,957
Additions	<b>85,159</b>	238,104
Transferred from investment properties (Note 9)	<b>199,585</b>	3,593
Transferred to investment properties (Note 9)	<b>-</b>	(170,067)
Depreciation charge	<b>(174,524)</b>	(125,900)
Closing net book amount	<b>5,534,907</b>	5,424,687
<b>End of the year</b>		
Cost	<b>6,435,822</b>	6,115,214
Accumulated depreciation and impairment	<b>(900,915)</b>	(690,527)
Net book amount	<b>5,534,907</b>	5,424,687

- (ii) The amount of depreciation of the Group was primarily charged to cost of sales and administrative expenses in the consolidated statement of comprehensive income.
- (iii) As at 31 December 2022 and 2021, there is no bank borrowing secured by the Group's land use rights.
- (iv) As at 31 December 2022 and 2021, there is no title certificate in application.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 8. LEASES (Continued)

#### (b) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	Notes	Year ended 31 December	
		2022 RMB'000	2021 RMB'000
<b>Depreciation charge of right-of-use assets</b>			
Land-use rights		<b>174,524</b>	125,900
Properties		<b>315,485</b>	252,023
Vehicles		<b>5,435</b>	10,968
Others		<b>3,922</b>	5,917
	29	<b>499,366</b>	394,808
Interest expense (included in finance cost)	33	<b>73,817</b>	66,282
Expense relating to short-term leases (included in cost of sales, selling and distribution costs and administrative expenses)	29	<b>9,560</b>	35,050
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	29	<b>28</b>	221

The total cash outflow for leases in 2022 was approximately RMB371,899,000 (2021: RMB311,621,000).

#### (c) The Group's leasing activities and how these are accounted for

The Group leases various properties, vehicles, office and other equipment. Rental contracts are typically made for fixed periods of 6 months to 20 years, but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 9. INVESTMENT PROPERTIES

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
<b>Beginning of the year</b>		
Cost	2,486,541	1,788,356
Accumulated depreciation and impairment	(614,917)	(400,811)
Net book amount	1,871,624	1,387,545
<b>For the year ended</b>		
Opening net book amount	1,871,624	1,387,545
Additions	–	30,045
Transfer from land use rights (Note 8)	–	170,067
Transfer from property, plant and equipment (Note 7)	105,620	372,075
Transfer to land use rights (Note 8)	(199,585)	(3,593)
Transfer to property, plant and equipment (Note 7)	(705,998)	(8,714)
Depreciation charge (Note 29)	(51,766)	(75,801)
Closing net book amount	1,019,895	1,871,624
<b>End of the year</b>		
Cost	1,369,862	2,486,541
Accumulated depreciation and impairment	(349,967)	(614,917)
Net book amount	1,019,895	1,871,624

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 9. INVESTMENT PROPERTIES (Continued)

- (a) The Group's investment properties at their net book values are analysed as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Mainland China	1,006,244	1,857,824
Hong Kong	13,651	13,800
	<b>1,019,895</b>	1,871,624

- (b) As at 31 December 2022, the Group is in the process of applying for the title certificates of certain investment properties with an aggregate carrying value of approximately RMB25,710,000 (2021: RMB40,341,000). The Directors consider that the Group is entitled to lawfully and validly occupy or use those properties.

- (c) Rental income from operating lease recognised in profit or loss for investment properties in 2022 was approximately RMB34,891,000 (2021: RMB125,356,000).

(d) **Leasing arrangements**

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease income from operating leases where the Group is a lessor is recognised in income on a straightline basis over the lease term. There are no variable lease payments that depend on an index or rate.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 10. INTANGIBLE ASSETS

	Patent, proprietary technology and franchise right RMB'000	Computer software RMB'000	Goodwill RMB'000	Development costs RMB'000	Total RMB'000
<b>Year ended 31 December 2021</b>					
Opening net book amount	417,519	612,701	127,099	11,101,294	12,258,613
Additions	47,550	390,861	-	4,280,668	4,719,079
Amortisation charge (Note 29)	(64,823)	(177,437)	-	(2,597,872)	(2,840,132)
Impairment charge (Note 29)	(9,500)	-	-	(546,682)	(556,182)
Disposals	(159)	-	-	-	(159)
Closing net book amount	390,587	826,125	127,099	12,237,408	13,581,219
<b>As at 31 December 2021</b>					
Cost	1,430,137	1,442,327	127,099	26,425,097	29,424,660
Accumulated amortisation and impairment	(1,039,550)	(616,202)	-	(14,187,689)	(15,843,441)
Net book amount	390,587	826,125	127,099	12,237,408	13,581,219
<b>Year ended 31 December 2022</b>					
Opening net book amount	390,587	826,125	127,099	12,237,408	13,581,219
Additions	740	447,389	-	5,078,379	5,526,508
Amortisation charge (Note 29)	(54,588)	(230,193)	-	(3,259,842)	(3,544,623)
Impairment charge (Note 29)	(142)	(1,992)	-	(1,088,471)	(1,090,605)
Disposals	-	-	(1,324)	-	(1,324)
Closing net book amount	336,597	1,041,329	125,775	12,967,474	14,471,175
<b>As at 31 December 2022</b>					
Cost	1,430,877	1,889,716	125,775	31,503,476	34,949,844
Accumulated amortisation and impairment	(1,094,280)	(848,387)	-	(18,536,002)	(20,478,669)
Net book amount	336,597	1,041,329	125,775	12,967,474	14,471,175

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 10. INTANGIBLE ASSETS (Continued)

- (a) Amortisation of the Group's intangible assets mainly charged to cost of sales.
- (b) Goodwill arose from acquisition of businesses:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Denway	90,299	90,299
Others	35,476	36,800
	<b>125,775</b>	127,099

- (i) Goodwill is allocated to the vehicles and related operations segment, which is operated in Mainland China. Impairment testing is performed at each year end, and there was no material impairment for goodwill as at year end.
- (c) During the year ended 31 December 2022, the Group capitalised borrowing costs amounting to approximately RMB87,143,000 (2021: RMB91,577,000) on qualifying assets (development costs). Borrowing costs were capitalised at rate of its general borrowings of 2.45%-5.19% (2021: 5.19%).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The amounts recognised in the consolidated balance sheet are as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Investments in joint ventures	28,095,173	26,904,507
Investments in associates	9,715,606	10,022,480
	<b>37,810,779</b>	36,926,987

The amounts recognised in the consolidated statement of comprehensive income are as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Share of profit of joint ventures (Note (i))	13,159,561	10,011,061
Share of profit of associates (Note (i))	905,598	1,392,839
	<b>14,065,159</b>	11,403,900

(i) Unrealised profits or losses resulting from upstream and downstream transactions are eliminated.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

### 11.1 Investments In Joint Ventures

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Investment in unlisted shares	<b>28,095,173</b>	26,904,507

(a) *Movements of investments in joint ventures are set out as follows:*

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Beginning of the year	<b>26,904,507</b>	24,654,320
Additions (Note (i))	<b>1,208,777</b>	2,617,879
Capital reduction	<b>(20,646)</b>	(40,323)
Disposals	<b>(50,219)</b>	(19,589)
Transfer from a joint venture to a subsidiary	<b>(121,555)</b>	–
Share of profits	<b>13,177,733</b>	10,090,492
Impairment provision (Note (ii))	<b>(1,506,000)</b>	–
Share of other reserves	<b>12,370</b>	(7,824)
Dividends declared	<b>(11,509,794)</b>	(10,390,448)
End of the year	<b>28,095,173</b>	26,904,507

(i) The additions in 2022 mainly represent the Group's additional capital contribution of approximately RMB548,189,000 to GAC Toyota in proportion to its interest held. In addition, the Group contributed capital of RMB300,000,000 and approximately RMB202,770,000 to Guangdong Chengqi Yuexin Zhiyuan Industrial Investment Fund Partnership (Limited Partnership) and other twelve newly set up joint ventures.

(ii) During the year ended 31 December 2022, an impairment loss of approximately RMB1,506,000,000 was recognised for a joint venture.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

#### 11.1 Investments In Joint Ventures (Continued)

*(b) Set out below are the joint ventures of the Group collectively as “material joint ventures” as at 31 December 2022, which in the opinion of the directors, are material to the Group. The joint ventures as listed below are held directly by the Group. The country of incorporation or registration is also their principal place of business.*

Name of joint ventures	Place of business/country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
GAC Honda	Mainland China	50	Note 1	Equity
GAC Toyota	Mainland China	50	Note 1	Equity
GAC Mitsubishi	Mainland China	50	Note 1	Equity
GAC Hino	Mainland China	50	Note 1	Equity
GAC SOFINCO	Mainland China	50	Note 1	Equity
Wuyang-Honda	Mainland China	50	Note 1	Equity

Note 1: GAC Honda, GAC Toyota, GAC Mitsubishi, GAC Hino are companies manufacturing and selling automobiles and automotive parts, GAC SOFINCO is a company providing automotive financing services, and Wuyang-Honda is a company manufacturing and selling motorcycles and motorcycle parts. All of them are unlisted companies.

#### *(c) Summarised financial information for joint ventures*

Set out below is the summary of combined financial information for all the joint ventures of the Group (excluding goodwill). As restricted by the confidentiality agreements entered into with other shareholders of certain joint ventures, the Group has not disclosed certain financial data of material joint ventures separately. The aggregate of the financial information of the above six (2021: seven) material joint ventures identified by Directors covers over 90% of combined financial information of all the joint ventures of the Group listed below.

The below financial information of the joint ventures has been consistently measured based on the fair values of the identifiable assets acquired and the liabilities assumed at the date of acquisition.

The information below reflects the amounts presented in the financial statements of the joint ventures (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the joint ventures.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

### 11.1 Investments In Joint Ventures (Continued)

#### (c) Summarised financial information for joint ventures (Continued)

##### Summarised balance sheet

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
<b>Assets</b>		
Non-current assets	<b>90,548,547</b>	86,276,133
Current assets		
– Cash and cash equivalents	<b>56,897,368</b>	62,573,891
– Other current assets	<b>47,789,045</b>	47,247,676
	<b>104,686,413</b>	109,821,567
<b>Total assets</b>	<b>195,234,960</b>	196,097,700
<b>Liabilities</b>		
Non-current liabilities		
– Financial liabilities (excluding trade and other payables)	<b>23,621,472</b>	20,315,422
– Other non-current liabilities (including trade and other payables)	<b>8,931,280</b>	6,813,910
	<b>32,552,752</b>	27,129,332
Current liabilities		
– Financial liabilities (excluding trade and other payables)	<b>28,251,359</b>	24,800,831
– Other current liabilities (including trade and other payables)	<b>85,147,625</b>	94,837,688
	<b>113,398,984</b>	119,638,519
<b>Total liabilities</b>	<b>145,951,736</b>	146,767,851
<b>Net assets</b>	<b>49,283,224</b>	49,329,849
Less: Non-controlling interests	<b>(9,570)</b>	(22,875)
	<b>49,273,654</b>	49,306,974

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

#### 11.1 Investments In Joint Ventures (Continued)

##### (c) Summarised financial information for joint ventures (Continued)

##### Summarised statement of comprehensive income

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Revenue	304,329,946	276,046,696
Cost of sales	(256,996,217)	(233,472,212)
Other expenditures	(27,626,934)	(22,146,463)
Profit after tax	19,706,795	20,428,021
Less: profit attributable to non-controlling interests	(145)	(3,993)
	19,706,650	20,424,028
Other comprehensive income/(loss)	13,850	(26,825)
Total comprehensive income	19,720,500	20,397,203

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

### 11.1 Investments In Joint Ventures (Continued)

#### (c) Summarised financial information for joint ventures (Continued)

Set out below are the assets, liabilities, revenue and dividends of the material joint ventures of the Group:

Name of joint ventures	Assets		Liabilities		Revenue		Dividends received	
	As at 31 December		As at 31 December		Year ended 31 December		Year ended 31 December	
	2022	2021	2022	2021	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
GAC Honda	40,812,462	52,528,011	30,435,611	42,207,569	115,112,513	114,810,245	4,209,208	3,710,000
GAC Toyota	70,758,395	61,986,704	41,577,741	38,778,792	163,533,729	129,464,532	7,521,182	5,700,624
GAC Mitsubishi	5,961,413	9,461,560	5,953,804	7,458,539	4,256,226	8,271,681	-	-
GAC Hino	1,255,733	1,693,865	1,160,822	1,299,523	272,129	711,506	-	-
GAC SOFINCO	56,816,996	47,679,127	49,467,749	40,825,947	4,427,522	4,347,106	184,564	200,000
Wuyang-Honda	3,307,185	3,330,478	1,600,799	1,768,611	6,106,648	5,953,649	156,758	91,010
Total	178,912,184	176,679,745	130,196,526	132,338,981	293,708,767	263,558,719	12,071,712	9,701,634

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

#### 11.1 Investments In Joint Ventures (Continued)

##### (c) Summarised financial information for joint ventures (Continued)

Reconciliation of share of the net assets to the carrying amount of the Group's interests in the material joint ventures:

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Assets	<b>178,912,184</b>	176,679,745
Less: Liabilities	<b>(130,196,526)</b>	(132,338,981)
Non-controlling interests	<b>(9,570)</b>	(22,875)
Net assets excluding non-controlling interests	<b>48,706,088</b>	44,317,889
Percentage of ownership interest	<b>50%</b>	50%
Interests in material joint ventures	<b>24,353,044</b>	22,158,945
Goodwill	<b>2,916,552</b>	2,916,552
– GAC Mitsubishi	<b>2,895,293</b>	2,895,293
– Wuyang-Honda	<b>21,259</b>	21,259
Unrealised profits or losses resulting from downstream transactions	<b>(97)</b>	(3,904)
Impairment provision of an investment in a joint venture (Note (i))	<b>(1,506,000)</b>	–
Carrying amount of investments in material joint ventures	<b>25,763,499</b>	25,071,593

(i) The impairment charge of RMB1,506,000,000 was recognized for the investment in GAC Mitsubishi.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

### 11.2 Investments In Associates

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Unlisted companies	<b>9,715,606</b>	10,022,480

(a) *Movements of investments in associates are set out as follows:*

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Beginning of the year	<b>10,022,480</b>	8,749,243
Additions (Note (i))	<b>182,141</b>	1,134,289
Disposal	<b>(110,675)</b>	–
Capital reduction	<b>(25,342)</b>	(133,586)
Share of profits	<b>918,455</b>	1,402,959
Dilution gains (Note 31)	–	177,862
Share of other reserves	<b>205,933</b>	(51,943)
Dividends declared	<b>(1,477,386)</b>	(1,256,344)
End of the year	<b>9,715,606</b>	10,022,480

- (i) The additions in 2022 mainly represent the Group's additional capital contribution of approximately RMB149,964,000 to HYCAN Automotive Technology Co., Ltd. and RMB31,262,000 to Guangzhou Cosma Automotive Co., Ltd.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

#### 11.2 Investments In Associates (Continued)

(b) *In the opinion of the board, there are no associates individually material to the Group. Set out below is the Group's share of associates' results:*

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
<b>Associates</b>		
Profit	<b>905,598</b>	1,392,839
Other comprehensive income/(loss)	<b>51,271</b>	(51,218)
Total comprehensive income	<b>956,869</b>	1,341,621

(c) *Particulars of the Group's principal associates are set out in Note 5.*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 12. FINANCIAL INSTRUMENTS BY CATEGORY

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Financial assets at amortised cost		
– Prepayments and long-term receivables (excluding prepayments) (Note 16)	<b>8,649,675</b>	7,597,573
– Trade and other receivables (excluding prepayments and value added tax recoverable) (Note 18)	<b>28,989,703</b>	23,094,029
– Time deposits (Note 19)	<b>3,325,724</b>	5,176,560
– Restricted cash (Note 20)	<b>1,976,589</b>	1,624,390
– Cash and cash equivalents (Note 21)	<b>34,222,113</b>	17,234,963
Financial assets at fair value through other comprehensive income (Note 14)	<b>5,803,302</b>	2,306,766
Financial assets at fair value through profit or loss (Note 15)	<b>6,388,959</b>	5,171,263
	<b>89,356,065</b>	62,205,544
Financial liabilities at amortised cost		
– Trade and other payables (excluding employee benefits payable, other taxes, government grants and taxes related to contract liabilities) (Note 25)	<b>36,694,383</b>	32,629,496
– Borrowings (Note 26)	<b>19,510,111</b>	17,415,462
Lease liabilities (Note 8)	<b>1,574,241</b>	1,463,727
Total	<b>57,778,735</b>	51,508,685

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 13. DEFERRED INCOME TAX

- (a) Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. The analysis of deferred tax assets and deferred tax liabilities is as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Deferred tax assets:	<b>3,899,553</b>	2,957,680
Set-off of deferred tax liabilities	<b>(184,059)</b>	(123,755)
Deferred tax assets – net	<b>3,715,494</b>	2,833,925
Deferred tax liabilities:	<b>(316,459)</b>	(268,173)
Set-off of deferred tax assets	<b>184,059</b>	123,755
Deferred tax liabilities – net	<b>(132,400)</b>	(144,418)

- (b) The net movements on the deferred income tax account are as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
As at 1 January	<b>2,689,507</b>	1,985,572
Tax recognised in profit or loss (Note 34)	<b>856,688</b>	573,392
Tax recognised in other comprehensive income (Note 35)	<b>36,899</b>	130,543
End of the year	<b>3,583,094</b>	2,689,507

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 13. DEFERRED INCOME TAX (Continued)

- (c) The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax assets	Impairment provision RMB'000	Accrued expenses and others RMB'000	Provisions RMB'000	Intangible asset amortisation RMB'000	Tax losses RMB'000	Fair value changes of FVOCI RMB'000	Total RMB'000
<b>Year ended 31 December 2021</b>							
Opening book amount	285,346	853,564	184,102	202,375	711,387	-	2,236,774
Recognised in profit or loss	128,185	206,975	(35,384)	133,674	156,913	-	590,363
Recognised in other comprehensive income	-	-	-	-	-	130,543	130,543
Closing book amount	413,531	1,060,539	148,718	336,049	868,300	130,543	2,957,680
<b>Year ended 31 December 2022</b>							
Opening book amount	413,531	1,060,539	148,718	336,049	868,300	130,543	2,957,680
Recognised in profit or loss	230,221	157,010	54,528	70,476	392,131	-	904,366
Recognised in other comprehensive income	-	-	-	-	-	37,507	37,507
Closing book amount	643,752	1,217,549	203,246	406,525	1,260,431	168,050	3,899,553

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 13. DEFERRED INCOME TAX (Continued)

- (c) The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows: (Continued)

Deferred tax liabilities	Accelerated taxation depreciation RMB'000	Revaluation of financial assets RMB'000	Fair value gains arising from business combination RMB'000	Share of profit of associates RMB'000	Others RMB'000	Total RMB'000
<b>Year ended 31 December 2021</b>						
Opening book amount	(115,857)	(58,936)	(20,744)	(53,961)	(1,704)	(251,202)
Recognised in profit or loss	(7,999)	30,987	610	(35,822)	(4,747)	(16,971)
Closing book amount	(123,856)	(27,949)	(20,134)	(89,783)	(6,451)	(268,173)
<b>Year ended 31 December 2022</b>						
Opening book amount	<b>(123,856)</b>	<b>(27,949)</b>	<b>(20,134)</b>	<b>(89,783)</b>	<b>(6,451)</b>	<b>(268,173)</b>
Recognised in profit or loss	<b>(59,657)</b>	<b>24,700</b>	<b>(9,469)</b>	<b>(4,790)</b>	<b>1,538</b>	<b>(47,678)</b>
Recognised in other comprehensive income	-	-	-	-	<b>(608)</b>	<b>(608)</b>
Closing book amount	<b>(183,513)</b>	<b>(3,249)</b>	<b>(29,603)</b>	<b>(94,573)</b>	<b>(5,521)</b>	<b>(316,459)</b>

- (d) In accordance with the PRC tax law, tax losses may be carried forward against future taxable income for a period of five years. As at 31 December 2022, the Group did not recognise deferred tax assets in respect of losses amounting to RMB8,884,027,000 (2021: RMB8,168,400,000), as it is uncertain that future taxable profit will be available against which the tax losses can be utilised. These tax losses will expire between 2023 and 2027.

Expire year	Unused tax losses for which no deferred tax asset was recognised RMB'000
2023	486,260
2024	1,928,353
2025	2,739,618
2026	874,634
2027	2,855,162
	8,884,027

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
<b>Non-current assets</b>		
Listed bond investments	1,102,108	875,723
Listed stocks	430,337	721,979
Unlisted stocks	181,181	–
	<b>1,713,626</b>	1,597,702
<b>Current assets</b>		
Listed bond investments	3,457,375	–
Unlisted notes receivable	632,301	709,064
	<b>4,089,676</b>	709,064
	<b>5,803,302</b>	2,306,766

(i) FVOCI of the Group comprise equity instruments which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

(ii) Amounts recognised in profit or loss and other comprehensive income

During the year, the following gains or losses were recognised:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
(Losses)/gains recognised in other comprehensive (loss)/income		
– Related to equity investments (Note 35)	(140,356)	(364,899)
– Related to debt investments (Note 35)	(6,531)	3,129
Dividends from equity investments held at FVOCI recognised in other (losses)/gains-net in profit or loss		
– Related to investments held at the end of the reporting period	10,388	10,388

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
<b>Non-current assets</b>		
Debt instruments		
Listed bond investments	<b>185,069</b>	294,198
	<b>185,069</b>	294,198
Equity instruments		
Unlisted other equity investments	<b>1,471,849</b>	942,552
Listed preference shares	<b>512,317</b>	676,846
Listed stocks	-	32,031
	<b>1,984,166</b>	1,651,429
<b>Current assets</b>		
Debt instruments		
Unlisted financial products	<b>2,547,124</b>	1,156,634
Unlisted trust products	-	49,809
Listed bond investments	<b>33,423</b>	22,793
	<b>2,580,547</b>	1,229,236
Equity instruments		
Unlisted fund investments	<b>1,160,294</b>	1,686,357
Listed fund investments	<b>350,634</b>	151,301
Listed stocks	<b>128,249</b>	158,742
	<b>1,639,177</b>	1,996,400
	<b>6,388,959</b>	5,171,263

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(i) The Group classifies the following FVPL:

- debt investments that do not qualify for measurement at either amortised cost or FVOCI
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

(ii) Amounts recognised in profit or loss

During the year, the following gains or losses were recognised in profit or loss:

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Fair value (losses)/gains on equity investments at FVPL recognised in other (losses)/gains-net (Note 31)	<b>(326,832)</b>	95,765
Fair value gains/(losses) on debt instruments at FVPL recognised in other (losses)/gains-net (Note 31)	<b>8,175</b>	(118,072)
	<b>(318,657)</b>	(22,307)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16. PREPAYMENTS AND OTHER LONG-TERM RECEIVABLES

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Prepayments	957,618	411,050
Finance lease receivables (Notes (a) and (c))	5,089,879	5,613,226
Other loans and receivables	993,360	970,291
Loans receivable (Note 18(c))	–	1,150,000
Financial assets arising from continuing involvement (Note (b))	195,160	–
Long-term deposits in a joint venture	2,500,000	–
Long-term deposits	262,183	–
	9,040,582	7,733,517
Less: provision for other long-term receivables	(390,907)	(135,944)
	9,607,293	8,008,623

(a) As at 31 December 2022, certain bank borrowings (Note 26(a)), borrowings related to automotive lease-back (Note 26(k)) and resource financing (Note 26(l)) were secured by the Group's short-term and long-term finance lease receivables with the carrying value of approximately RMB450,928,000 (2021: RMB126,413,000) and RMB800,046,000 (2021: RMB2,135,660,000).

As at 31 December 2022, certain securitization debt (Note 26(j)) were secured by the Group's short-term and long-term receivables with the carrying value of approximately RMB937,212,000 (2021:667,187,000) and RMB569,844,000 (2021: 986,687,000), respectively.

(b) Transferred financial assets that are not derecognised in their entirety

The Group has securitized certain finance lease receivables and issued RMB1,517,000,000 asset-backed securities ("ABS-2022-1") in June 2022. During the year ended 31 December 2022, the Group issued ABS-2022-1 of RMB1,517,000,000, out of which RMB1,420,000,000 represented senior tranche and RMB97,000,000 represented subordinate tranche, 79.38% of which was acquired by the Group.

The Group has securitized certain finance lease receivables and issued RMB820,000,000 asset-backed securities ("ABS-2022-2") in August 2022. During the year ended 31 December 2022, the Group issued ABS-2022-2 of RMB820,000,000, out of which RMB763,000,000 represented senior tranche and RMB57,000,000 represented subordinate tranche, 71.93% of which was acquired by the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 16. PREPAYMENTS AND OTHER LONG-TERM RECEIVABLES (Continued)

(b) Transferred financial assets that are not derecognised in their entirety (Continued)

The Group has securitized certain finance lease receivables and issued RMB662,000,000 asset-backed securities ("ABS-2022-3") in September 2022. During the year ended 31 December 2022, the Group issued ABS-2022-3 of RMB662,000,000, out of which RMB618,000,000 represented senior tranche and RMB44,000,000 represented subordinate tranche, 76.14% of which was acquired by the Group.

The Group has securitized certain finance lease receivables and issued RMB1,082,000,000 asset-backed securities ("ABN-2022-2") in November 2022. During the year ended 31 December 2022, the Group issued ABN-2022-2 of RMB1,082,000,000, out of which RMB1,023,000,000 represented senior tranche and RMB59,000,000 represented subordinate tranche, 74.00% of which was acquired by the Group.

Since the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial lease receivables and retained control of the underlying assets as at 31 December 2022, the Group only recognised the transferred assets to the extent of the continuing involvement of the ABS-2022-1, ABS-2022-2, ABS-2022-3, ABN-2022-2 amounting to RMB195,160,000 as continuing involvement assets, and the associated liabilities amounting to RMB195,160,000 as continuing involvement liabilities, which approximate the maximum exposure to losses from its involvement in the ABS-2022-1, ABS-2022-2, ABS-2022-3, ABN-2022-2.

(c) The amount of finance lease receivables refers to the amount that the Group should collect from the lessee for the purpose of transferring the leased assets which mainly is passenger vehicles and commercial vehicles during the lease term. The effective interest rate as at 31 December 2022 is 9.81% (2021: 9.66%).

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Gross finance lease receivables balance	<b>9,279,343</b>	9,405,100
Less: Unearned finance income	<b>(885,056)</b>	(668,946)
Less: provision for impairment	<b>(261,289)</b>	(108,456)
	<b>8,132,998</b>	8,627,698
Less: current portion	<b>(3,287,887)</b>	(3,107,315)
Non-current portion	<b>4,845,111</b>	5,520,383

Movements of impairment allowances are as follows:

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
At 1 January	<b>108,456</b>	55,955
Provision for impairment loss	<b>152,833</b>	52,501
At 31 December	<b>261,289</b>	108,456

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16. PREPAYMENTS AND OTHER LONG-TERM RECEIVABLES (Continued)

(c) (Continued)

Finance income on the net investment in the lease amounted to approximately RMB655,244,000 in the year ended 31 December 2022 (2021: RMB637,745,000).

### 17. INVENTORIES

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Raw materials and consumables	5,510,950	3,910,313
Work-in-progress	335,321	213,265
Finished goods and merchandise	6,906,822	4,191,105
	<b>12,753,093</b>	8,314,683
Less: provision for impairment	<b>(391,263)</b>	(203,723)
	<b>12,361,830</b>	8,110,960

The cost of inventories recognised as expenses and included in cost of sales amounted to approximately RMB77,643,707,000 (2021: RMB50,488,019,000).

As at 31 December 2022, certain bank borrowings (Note 26(a)) and notes payable (Note 25(d)) were secured by the Group's inventories with the carrying value of approximately RMB1,111,239,000 (2021: RMB717,801,000) and RMB1,136,388,000 (2021: RMB509,579,000), respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 18. TRADE AND OTHER RECEIVABLES

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Trade receivables (Notes (a) and (b))	<b>8,959,530</b>	7,515,188
Less: provision for impairment	<b>(551,477)</b>	(292,940)
Trade receivables – net	<b>8,408,053</b>	7,222,248
Loans receivable (Note (c))	<b>10,365,047</b>	5,154,788
Dividends receivable (Note 41(b))	<b>3,674,120</b>	4,209,208
Finance lease receivables (Notes 16(a) and (c))	<b>3,287,887</b>	3,107,315
Notes receivable	<b>97,926</b>	1,771,431
Value added tax recoverable	<b>1,296,989</b>	1,256,079
Prepayments	<b>1,309,827</b>	759,965
Entrusted loans (Note (d))	<b>262,398</b>	261,612
Consigned inventories (Note (f))	<b>493,600</b>	–
Financial assets held under resale agreements	<b>448,677</b>	142,845
Other receivables	<b>1,951,995</b>	1,224,582
	<b>31,596,519</b>	25,110,073

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 18. TRADE AND OTHER RECEIVABLES (Continued)

- (a) Sales of passenger vehicles were normally made with advances from customers. Sales of other products were made on credit terms ranging from 0 to 365 days. As at 31 December 2022 and 2021, the ageing analysis of these trade receivables is presented on the basis of the date of the relevant invoices as follows:

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Within 1 year	<b>6,675,187</b>	6,415,447
Between 1 and 2 years	<b>1,400,268</b>	341,919
Between 2 and 3 years	<b>251,628</b>	457,165
Between 3 and 4 years	<b>345,020</b>	63,382
Between 4 and 5 years	<b>58,152</b>	75,561
Over 5 years	<b>229,275</b>	161,714
	<b>8,959,530</b>	7,515,188

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2022, a provision of approximately RMB551,477,000 was made against the gross amounts of trade receivables (2021: RMB292,940,000).

- (b) Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 18. TRADE AND OTHER RECEIVABLES (Continued)

- (c) The balance represents loans to related parties and third parties in relation to provision of financing services by a subsidiary of the Group. The effective interest rate as at 31 December 2022 is 4.24% (2021: 4.09%).

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Gross loan balance	<b>10,576,921</b>	6,403,157
Less: provision for impairment	<b>(211,874)</b>	(128,627)
	<b>10,365,047</b>	6,274,530
Less: current portion	<b>(10,365,047)</b>	(5,154,788)
Non-current portion	–	1,119,742

Movements of impairment allowances are as follows:

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
At 1 January	<b>128,627</b>	82,010
Provision for impairment loss	<b>83,247</b>	46,617
At 31 December	<b>211,874</b>	128,627

- (d) The entrusted loans are mainly provided to related parties through financial institutions, which will be due in the year ended 31 December 2023. The effective interest rate as at 31 December 2022 is 3.65% (2021: 3.85%).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 18. TRADE AND OTHER RECEIVABLES (Continued)

- (e) The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
RMB	31,434,356	24,831,180
USD	79,988	206,936
HKD	82,141	71,957
EUR	34	–
	<b>31,596,519</b>	25,110,073

- (f) The balance represents the consigned inventories from a joint venture to whom we provide entrusted processing services.

### 19. TIME DEPOSITS

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Denominated in:		
– RMB	3,179,348	5,044,357
– USD	143,477	132,203
– HKD	2,899	–
	<b>3,325,724</b>	5,176,560

The initial term of time deposits was over three months.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 20. RESTRICTED CASH

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Deposits for letters of credit and bank notes	<b>192,396</b>	326,562
Security and other deposits	<b>48,701</b>	24,305
Mandatory reserve deposits with the People's Bank of China ("PBOC") (Note (a))	<b>1,735,492</b>	1,273,523
	<b>1,976,589</b>	1,624,390

- (a) A subsidiary of the Group is required to place mandatory reserve deposits with the PBOC for its provision of financing service. Those deposits with the PBOC are not available for use in the Group's daily operations.

The carrying amount of the Group's restricted cash is denominated in the following currencies:

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
– RMB	<b>1,974,293</b>	1,620,765
– USD	<b>2,296</b>	–
– HKD	<b>–</b>	3,625
	<b>1,976,589</b>	1,624,390

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 21. CASH AND CASH EQUIVALENTS

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Denominated in:		
– RMB	<b>34,116,954</b>	17,035,182
– USD	<b>54,514</b>	173,198
– HKD	<b>28,911</b>	23,318
– EUR	<b>19,020</b>	70
– JPY	<b>2,706</b>	3,187
– Others	<b>8</b>	8
	<b>34,222,113</b>	17,234,963

As at 31 December 2022 and 2021, the Group's cash and cash equivalents includes cash in hand, deposits held at call with banks and bank deposits with original maturities of three months or less.

- (a) As at 31 December 2022 and 2021, the Group's cash and cash equivalents, restricted cash (Note 20) and time deposits (Note 19) were deposited in financial institutions without significant credit risk. Detail ratings of these financial institutions, as published by Shanghai Purang Financial Services Co., Ltd. are set out as follows:

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
AAA	<b>39,355,372</b>	23,456,509
AA+	<b>67,563</b>	380,387
Others and cash on hand	<b>101,491</b>	199,017
	<b>39,524,426</b>	24,035,913
<b>Representing</b>		
– Time deposits	<b>3,325,724</b>	5,176,560
– Restricted cash	<b>1,976,589</b>	1,624,390
– Cash and cash equivalents	<b>34,222,113</b>	17,234,963
	<b>39,524,426</b>	24,035,913

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 22. SHARE CAPITAL

	RMB ordinary shares of		Foreign ordinary shares listed		Total	
	RMB1 each		outside mainland China of		RMB1 each	
	Number of shares (thousands)	Share capital RMB'000	Number of shares (thousands)	Share capital RMB'000	Number of shares (thousands)	Share capital RMB'000
As at 31 December 2020	7,251,077	7,251,077	3,098,620	3,098,620	10,349,697	10,349,697
Employee share-based awards scheme						
– Proceeds from share issued (Note 23)	8,130	8,130	–	–	8,130	8,130
Conversion of convertible bonds (Note 26 (h))	12,766	12,766	–	–	12,766	12,766
As at 31 December 2021	7,271,973	7,271,973	3,098,620	3,098,620	10,370,593	10,370,593
As at 31 December 2021	<b>7,271,973</b>	<b>7,271,973</b>	<b>3,098,620</b>	<b>3,098,620</b>	<b>10,370,593</b>	<b>10,370,593</b>
Employee share-based awards scheme						
– Proceeds from share issued (Note 23)	<b>23,206</b>	<b>23,206</b>	–	–	<b>23,206</b>	<b>23,206</b>
Conversion of convertible bonds (Note 26 (h))	<b>93,365</b>	<b>93,365</b>	–	–	<b>93,365</b>	<b>93,365</b>
As at 31 December 2022	<b>7,388,544</b>	<b>7,388,544</b>	<b>3,098,620</b>	<b>3,098,620</b>	<b>10,487,164</b>	<b>10,487,164</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 23. SHARE-BASED PAYMENTS

#### Equity-settled share-based payment - the Third A Share Options Scheme and Restricted Share Incentive Scheme

According to the resolution of the extraordinary shareholders' meeting held on 4 December 2020, total 102,101,330 A Share Options ("SO-III") were granted to 2,872 individuals, including directors, senior management and selected key employees (the "SO-III Recipients"). The grant date is 4 December 2020 (the "Grant Date").

According to the resolution of the extraordinary shareholders' meeting held on 4 December 2020, total 102,101,330 Restricted Shares ("RS") were granted to 2,872 individuals, including directors, senior management and selected key employees (the "RS Recipients"). The grant date is 4 December 2020 (the "Grant Date").

#### (a) *The Third A Share Options Scheme*

Each share option represents the right granted to the SO-III Recipients to acquire one share of the Company at pre-determined exercise price of RMB9.98 and conditions in the validity period as set out in the Third A Share Options Scheme ("SO-III Scheme"). The weighted average fair value of SO-III, as estimated at the Grant Date, was RMB4.98 per share option. This was calculated using the Black-Scholes share option pricing model. The significant inputs into the model are listed as follow:

Exercise price determined at the Grant Date	RMB9.98
Expected option life (years)	3.4 years
Share price at Grant Date	RMB13.29
Estimated volatility of the share price	27.33%
Estimated dividend yields	0.00%
Annual risk-free interest rate during the option life	3.06%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 23. SHARE-BASED PAYMENTS (Continued)

#### Equity-settled share-based payment - the Third A Share Options Scheme and Restricted Share Incentive Scheme (Continued)

##### (a) *The Third A Share Options Scheme (Continued)*

The exercise price of SO-III will be adjusted when there is dividend payment, transfer from capital surplus to paid-in capital, distribution of dividends, share split, allotment of shares and share consolidation etc. As at 31 December 2022, the exercise price was adjusted from RMB9.98 to RMB9.55 per share.

40%, 30% and 30% of the SO-III granted to the SO-III Recipients will become exercisable once per year in three years starting two years from the Grant Date, subject to the Group achieving the performance conditions as set out in the SO-III Scheme. The option has a contractual option term of 5 years starting from the grant date. The Company has no legal or constructive obligation to purchase or settle the granted share options in cash.

Movements in the number of SO-III outstanding and their related weighted average exercise prices are as follows:

	2022	
	Average exercise price in RMB per share option	Number of share options (thousands)
At 1 January	9.78	102,101
Exercised – Batch I of SO-III (Note (i))	9.55	(23,206)
Forfeited – Batch I of SO-III (Note (ii))	9.55	(5,275)
Forfeited – Batch II of SO-III (Note (ii))	9.55	(4,582)
Forfeited – Batch III of SO-III (Note (ii))	9.55	(4,582)
At 31 December	9.55	64,456

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 23. SHARE-BASED PAYMENTS (Continued)

#### Equity-settled share-based payment - the Third A Share Options Scheme and Restricted Share Incentive Scheme (Continued)

##### (a) *The Third A Share Options Scheme (Continued)*

- (i) On 12 December 2022, the first one third of SO-III ("Batch I SO-III") became exercisable. As at 31 December 2022, 23,206,034 units of Batch I SO-III were exercised by the SO-III Recipients. Accordingly, share capital and share premium of the Company increased by RMB23,206,000 and RMB198,412,000, respectively. At the same time, the Company derecognised the accumulative employee share option scheme reserve relating to exercised share options of RMB115,566,000 and transferred this amount to share premium.
- (ii) On 21 November 2022, pursuant to a resolution of the Company's meeting of directors, 5,824,342 units, 4,588,897 units and 4,588,903 units of Batch I SO-III, second one third of SO-III ("Batch II SO-III") and third one third of SO-III ("Batch III of SO-III") were forfeited due to resignation or retirement of recipients, respectively.

Pursuant to supplementary announcement issued on January 2023, 9,040 units, 6,780 units and 6,780 units of one recipient's forfeited Batch I, Batch II and Batch III of SO-III were restored, respectively. After revision, 5,275,302 units of Batch I, 4,582,117 units of Batch II, and 4,582,117 units of Batch III were forfeited, respectively.

##### (b) *Restricted Share Incentive Scheme*

All restricted shares granted are subject to a lock-up period of 24 months commencing from the Grant date, followed by an unlocking period of 1 to 3 years (three batches in proportion of 40%, 30% and 30% for each 12 months). During the lock-up period, the RS Recipients shall not possess the right of disposal, such that the shares shall not be transferred, used as collateral or used for debt repayment. After the lock-up period, RS Recipients will be entitled to the related shares provided that all of the required performance conditions are met and the RS Recipients are still in employment with the Group.

On 4 December 2020, the Company issued 102,101,330 restricted shares at a price of RMB4.99 per share and received an amount of RMB509,486,000 in cash from participants, which was included in other payables as equity incentive repurchase obligation of the Company. The weighted average fair value of restricted shares, as estimated at the Grant Date, was RMB8.30 per share. On 4 December 2020, as a result of the issuance of restricted shares, the Company's share capital and share premium increased by RMB102,101,000 and RMB407,385,000, respectively. Accordingly, the Company's treasury shares increased by RMB509,486,000. As at 31 December 2022, the repurchased price was adjusted from RMB4.99 to RMB4.56 due to dividend distribution. Accordingly, the Company's treasury shares and other payables as equity incentive repurchase obligation of the Company decreased by RMB40,753,000 and RMB43,904,000, respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 23. SHARE-BASED PAYMENTS (Continued)

### Equity-settled share-based payment - the Third A Share Options Scheme and Restricted Share Incentive Scheme (Continued)

#### (b) Restricted Share Incentive Scheme (Continued)

Movements in the number of RS outstanding and their related weighted average repurchased prices are as follows:

	2022	
	Average repurchased price in RMB per restricted share	Number of restricted shares (thousands)
Issued and unvested as at 1 January	4.78	102,101
Vested – Batch I RS (Note (i))	4.56	(38,401)
Forfeited but not repurchased (Note (i))	4.56	(7,327)
Issued and unvested as at 31 December	4.56	56,373

(i) On 12 December 2022, 38,401,047 restricted shares (the first one third of RS (“Batch I RS”)) were vested. Accordingly, treasury shares and other payables as equity incentive repurchase obligation of the Company decreased by RMB175,150,000, respectively.

On 21 November 2022, pursuant to a resolution of the Company’s meeting of directors, 7,349,992 units of RS were forfeited due to resignation or retirement of recipients. As at 31 December 2022, repurchase of forfeited RS has not yet completed.

Pursuant to a supplementary announcement issued on 5 January 2023, 22,600 units of one recipient’s forfeited RS were restored, include 9,040 units, 6,780 units and 6,780 units of Batch I RS, second one third of RS (“Batch II RS”) and third one third of RS (“Batch III RS”), respectively. After revision, 7,327,392 units of RS were forfeited, and unvested restricted shares of Batch I, Batch II and Batch III of RS were 9,040 units, 28,181,923 units and 28,181,928 units, respectively.

(c) Total expenses recognised in profit or loss for SO-III and RS in 2022 were RMB152,037,000 and RMB258,797,000 (2021: RMB190,675,000 and RMB317,790,000), respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 24. RESERVES

	Investments in											Total reserves	Retained earnings	Total		
	Share premium	Treasury stock	Capital reserve	Special reserve	General reserve	FVOCI and associates reserve	Investments in joint ventures and associates reserve	Foreign currency translation	Share-based compensation reserve	Convertible bonds reserve	Statutory surplus reserve fund				Remeasurement of post-employment benefit obligations	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at 1 January 2021</b>	31,300,139	(509,466)	(8,988,468)	41,697	413,798	410,715	-	(4,493)	525,418	240,642	5,498,401	-	28,928,263	45,097,071	74,025,334	
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	7,511,030	7,511,030	
Transfer of gains on disposal of financial instruments to retained earnings (Note(i))	-	-	-	-	-	(59,770)	-	-	-	-	-	-	(59,770)	59,770	-	
Dividend declared by the Company	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,070,613)	(2,070,613)	
Revaluation-gross	-	-	-	-	-	(363,223)	-	-	-	-	-	-	(363,223)	-	(363,223)	
Deferred tax	-	-	-	-	-	130,543	-	-	-	-	-	-	130,543	-	130,543	
Impairment of debt instruments at FVOCI	-	-	-	-	-	384	-	-	-	-	-	-	384	-	384	
Share of other changes in net assets of joint ventures and associates	-	-	4,863	-	-	-	(64,630)	-	-	-	-	-	(59,767)	-	(59,767)	
Other currency translation differences	-	-	-	-	-	-	-	(3,296)	-	-	-	-	(3,296)	-	(3,296)	
Remeasurement of post-employment benefit obligations	-	-	-	-	-	-	-	-	-	-	-	(4,240)	(4,240)	-	(4,240)	
Employee share-based awards scheme (Note 23)	-	-	-	-	-	-	-	-	538,465	-	-	-	538,465	-	538,465	
- Value of employee services	-	-	-	-	-	-	-	-	(17,155)	-	-	-	73,031	-	73,031	
- Proceeds from shares issued	90,186	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transactions with non-controlling interests	22,746	-	-	-	-	-	-	-	-	-	-	-	22,746	-	22,746	
Convertible bonds (Note 26(i))	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- Conversion of convertible bonds	185,692	-	-	-	-	-	-	-	-	(16,776)	-	-	168,916	-	168,916	
Others	-	-	-	3,408	-	-	-	-	-	-	-	-	3,408	-	3,408	
<b>As at 31 December 2021</b>	31,596,763	(509,466)	(8,993,605)	45,005	413,798	118,649	(64,630)	(7,789)	1,016,728	223,866	5,498,401	(4,240)	29,345,460	50,597,258	79,942,718	

(i) The Group has elected to recognise changes in the fair value of certain investments in equity instruments in other comprehensive income. These changes are accumulated with FVOCI reserve with equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity instruments are derecognised.

## 24. RESERVES (Continued)

	Share premium		Treasury stock	Capital reserve	Special reserve	General reserve	FOCI reserve	Investments in joint ventures and associates reserve	Foreign currency translation	Share-based compensation reserve	Convertible bonds reserve	Statutory surplus reserve fund	Remeasurement of post-employment benefit obligations	Total reserves	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022	31,598,763	(509,486)	(8,983,015)	45,005	413,788	118,649	(64,630)	(7,789)	1,016,728	223,866	5,488,401	(4,240)	29,345,460	50,597,258	79,942,718	
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	7,982,930	7,982,930	
Appropriation to general reserve fund	-	-	-	-	125,453	-	-	-	-	-	-	-	-	125,453	(125,453)	-
Dividend declared by the Company	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,403,559)	(2,403,559)	
Revaluation-gross	-	-	-	-	-	(144,976)	-	-	-	-	-	-	(144,976)	-	(144,976)	
Deferred tax	-	-	-	-	-	36,899	-	-	-	-	-	-	-	36,899	36,899	
Impairment of debt instruments at FOCI	-	-	-	-	-	1,579	-	-	-	-	-	-	-	1,579	1,579	
Share of other changes in net assets of joint ventures and associates	-	-	143,553	-	-	-	58,524	-	-	-	-	-	-	202,077	-	202,077
Other currency translation differences	-	-	-	-	-	-	-	-	6,839	-	-	-	-	6,839	-	6,839
Remeasurement of post-employment benefit obligations	-	-	-	-	-	-	-	-	-	-	-	-	860	-	860	
Employee share-based awards scheme (Note 23)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- Value of employee services	-	-	-	-	-	-	-	-	-	410,834	-	-	-	410,834	-	410,834
- Proceeds from shares issued	315,978	215,903	-	-	-	-	-	-	-	(115,566)	-	-	-	414,315	-	414,315
Transactions with non-controlling interests (Note 4)	-	-	15,061,788	-	-	-	-	-	-	-	-	-	-	15,061,788	-	15,061,788
Convertible bonds (Note 26(f))	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- Conversion of convertible bonds	1,405,945	-	-	-	-	-	-	-	-	-	(122,692)	-	-	1,284,253	-	1,284,253
- Redemption of convertible bonds	101,174	-	-	-	-	-	-	-	-	-	(101,174)	-	-	-	-	
Others	-	-	-	4,985	-	-	-	-	-	-	-	-	-	4,985	-	4,985
As at 31 December 2022	33,420,860	(293,583)	6,221,736	49,990	539,251	12,151	(6,106)	(950)	1,311,966	-	5,488,401	(3,380)	46,730,366	56,051,176	102,891,542	

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 25. TRADE AND OTHER PAYABLES

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Trade payables (Note (a))	<b>16,893,513</b>	15,079,090
Customer deposits (Note (c))	<b>6,473,637</b>	4,936,488
Employee benefits payable	<b>3,458,508</b>	2,964,698
Development cost payables	<b>1,587,578</b>	1,630,633
Unearned premium reserves	<b>1,424,364</b>	1,337,222
Sales rebate	<b>1,401,744</b>	1,258,132
Payable for mould expenses	<b>1,274,838</b>	1,390,003
Notes payable (Note (d))	<b>964,550</b>	866,553
Construction cost payables	<b>616,528</b>	516,006
Claim reserves	<b>614,096</b>	478,251
Advertising expense payables	<b>599,537</b>	707,381
Other taxes (Note (b))	<b>577,752</b>	716,040
Deposit payables	<b>327,961</b>	316,986
Assets sold under agreements to repurchase	<b>316,556</b>	528,976
Taxes related to contract liabilities	<b>292,917</b>	353,090
Treasury stock payable (Notes 23 and 24)	<b>290,432</b>	509,486
Financial liabilities arising from continuing involvement (Note 16(b))	<b>195,160</b>	–
Government grants	<b>112,281</b>	326,297
Loan payable to a third-party	–	200,000
Other payables	<b>3,713,889</b>	2,521,199
	<b>41,135,841</b>	36,636,531
Less: non-current portion of trade and other payables	<b>(1,010,027)</b>	(773,048)
Current portion	<b>40,125,814</b>	35,863,483

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 25. TRADE AND OTHER PAYABLES (Continued)

- (a) As at 31 December 2022 and 2021, ageing analysis of trade payables is presented on the basis of the date of the relevant invoices as follows:

	<b>As at 31 December 2022 RMB'000</b>	2021 RMB'000
Within 1 year	<b>15,774,374</b>	14,670,857
Between 1 and 2 years	<b>953,960</b>	282,607
Between 2 and 3 years	<b>62,544</b>	52,624
Over 3 years	<b>102,635</b>	73,002
	<b>16,893,513</b>	15,079,090

- (b) Balances of other taxes include value-added tax payables, consumption tax payables and other taxes payables.
- (c) The balance represents deposits mainly placed by customers to a subsidiary of the Group in relation to its provision of financing service. The interest rate as at 31 December 2022 is adjusted to the prevailing savings interest rate published by the PBOC.
- (d) As at 31 December 2022, certain notes payable were secured by the Group's inventories (Note 17).
- (e) The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	<b>As at 31 December 2022 RMB'000</b>	2021 RMB'000
RMB	<b>41,074,455</b>	36,543,423
USD	<b>57,558</b>	90,480
HKD	<b>3,828</b>	2,628
	<b>41,135,841</b>	36,636,531

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 26. BORROWINGS

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
<b>Non-current</b>		
Borrowings from banks and other financial institutions		
– secured (Note (a))	<b>72,909</b>	126,019
– unsecured	<b>4,780,643</b>	2,576,103
	<b>4,853,552</b>	2,702,122
Securitization debts (Note (j))	<b>498,767</b>	739,746
Borrowings related to automotive lease-back (Note (k))	<b>315,619</b>	853,447
Recourse financing (Note (l))	<b>29,345</b>	236,288
Corporate bonds – guaranteed (Note (i))	<b>–</b>	2,995,121
<b>Total non-current borrowings</b>	<b>5,697,283</b>	7,526,724
<b>Current</b>		
Borrowings from banks and other financial institutions		
– secured (Note (a))	<b>2,842,946</b>	810,112
– unsecured	<b>6,394,159</b>	4,856,714
	<b>9,237,105</b>	5,666,826
Corporate bonds-guaranteed (Notes (i))	<b>2,999,133</b>	–
Securitization debts (Note (j))	<b>899,773</b>	898,675
Borrowings related to automotive lease-back (Note (k))	<b>214,629</b>	432,877
Recourse financing (Note (l))	<b>206,943</b>	159,559
Interest payables	<b>155,245</b>	256,359
Entrusted loans from related parties – unsecured	<b>100,000</b>	100,000
Convertible bonds (Note (h))	<b>–</b>	2,374,442
<b>Total current borrowings</b>	<b>13,812,828</b>	9,888,738
<b>Total borrowings</b>	<b>19,510,111</b>	17,415,462

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 26. BORROWINGS (Continued)

(a) As at 31 December 2022, the Group's borrowings were secured by the Group's certain property, plant and equipment, restricted cash, inventories, trade receivables and long-term receivables.

(b) The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	<b>As at 31 December 2022 RMB'000</b>	2021 RMB'000
Within 1 year	<b>17,101,664</b>	11,954,738
Between 1 and 5 years	<b>2,408,447</b>	5,460,724
	<b>19,510,111</b>	17,415,462

(c) The maturities of the Group's total borrowings at respective balance sheet dates are set out as follows:

	<b>As at 31 December 2022</b>		As at 31 December 2021	
	<b>Bank borrowings RMB'000</b>	<b>Others RMB'000</b>	Bank borrowings RMB'000	Others RMB'000
Within 1 year	<b>9,237,105</b>	<b>4,575,723</b>	5,666,826	4,221,912
Between 1 and 2 years	<b>1,846,197</b>	<b>675,360</b>	2,021,705	4,129,429
Between 2 and 5 years	<b>2,806,104</b>	<b>168,371</b>	677,753	695,173
Over 5 years	<b>201,251</b>	-	2,664	-
	<b>14,090,657</b>	<b>5,419,454</b>	8,368,948	9,046,514

(d) The carrying amounts of the Group's borrowings are all denominated in RMB.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 26. BORROWINGS (Continued)

- (e) The weighted average effective interest rates at the respective balance sheet dates are set out as follows:

	As at 31 December 2022	2021
Borrowings from banks and other financial institutions	3.23%	3.99%
Corporate bonds	5.23%	5.23%
Borrowings related to automotive lease-back	4.50%	4.82%
Recourse financing	5.07%	4.82%
Securitization debts	3.66%	3.43%
Entrusted loans from related parties	2.25%	2.25%
Convertible bonds	-	2.98%

- (f) As at 31 December 2022, the fair value of the non-current borrowings is approximately RMB5,468,526,000 (2021: RMB7,456,514,000). The carrying amount of the Group's current borrowings is approximate to their fair value.

- (g) The Group has complied with the financial covenants of its borrowing facilities during the years ended 31 December 2022 and 2021.

- (h) Convertible bonds

On 22 January 2016, the Group issued 41,055,800 units of convertible bonds at a total par value of RMB4,105,580,000, with an interest rate of 0.20% in the first year, 0.50% in the second year, 1.00% in the third year, 1.50% in the fourth year, 1.50% in the fifth year and 1.60% in the sixth year. The bonds mature six years from the issue date at their par value of RMB4,105,580,000 or can be converted into shares at the holder's option. At the time of issuance, after netting of transaction cost of RMB44,546,000 (transaction cost was allocated proportionally to liability component and equity component of convertible bonds), the Company determined the value of the liability component (RMB3,672,418,000) and the equity component (RMB387,578,000). The fair value of the liability component of convertible bonds included in non-current borrowings was calculated using a market interest rate for equivalent non-convertible bonds. The liability component is subsequently stated at amortised cost until the bonds are converted to shares or the maturity of the bonds. The residual amount, representing the value of the equity component, is included in other reserves of shareholders' equity.

The conversion price of convertible bonds will be adjusted upon occurrence of issuance of bonus shares, transfer of reserve to share capital, issuance of new shares (excluding issue of new shares upon conversion of convertible bonds), share allotment and distribution of cash dividends.

For the year ended 31 December 2022, certain convertible bond holders partially converted the convertible bonds in the principal amount of RMB1,299,670,000 into shares of the Company. The Company allotted and issued a total of 93,364,832 shares to such convertible bond holders at the conversion prices of RMB13.92 per share. Upon the conversion, the Company derecognised the liability component of RMB1,377,618,000 and transferred this amount with equity component (convertible bonds reserve) of RMB122,692,000 into share capital and share premium.

For the year ended 31 December 2022, the convertible bonds in the principal amount of RMB1,071,717,000 were redeemed by the Company at a total consideration of RMB1,136,020,000. Upon the redemption, the Company derecognised the liability component of RMB1,136,020,000 and transferred equity component (convertible bonds reserve) of RMB101,174,000 into share premium. As at 31 December 2022, balances of the liability component of the convertible bonds recognised in borrowings and the equity component of the convertible bonds recognised in reserves were nil, respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 26. BORROWINGS (Continued)

### (h) Convertible bonds (Continued)

The convertible bonds recognised in the consolidated balance sheet are calculated as follows:

	<b>RMB'000</b>
Liability component at 1 January 2021	2,602,981
Conversion of convertible bonds	(181,682)
Interest expense	89,434
Interest payables	(136,291)
Liability component at 31 December 2021	2,374,442
Liability component at 1 January 2022	2,374,442
Conversion of convertible bonds	(1,377,618)
Redemptions of convertible bonds	(1,136,020)
Interest expense	5,131
Decrease of interest payables	134,065
Liability component at 31 December 2022	–

(i) In March 2013, the Company issued ten-year period corporate bonds with par value of RMB3,000,000,000 at the weighted average effective interest rate of 5.23% per annum. The related interest is payable on an annual basis. These corporate bonds will be fully redeemed at par in March 2023, and are with a full-amount, unconditional, irrevocable and jointly-liability guarantee by GAIG.

(j) The Group has securitized certain finance lease receivables and issued RMB1,000,000,000 asset-backed securities ("ABS-2021") in 2021. During the year ended 31 December 2021, the Group issued ABS-2021 of RMB1,000,000,000, out of which RMB950,000,000 represented senior tranche and RMB50,000,000 represented subordinate tranche, which was fully acquired by the Group. The ABS-2021 bore interest from 26 November 2021 at 2.8%-6.5% per annum. The Group has already repaid ABS-2021 of approximately RMB549,174,000 by the end of 31 December 2022.

The Group has securitized certain finance lease receivables and issued RMB1,253,621,000 asset-backed notes ("ABN-2021") in 2021. During the year ended 31 December 2021, the Group issued ABN-2021 of RMB1,253,621,000, out of which RMB1,137,714,000 represented senior tranche and RMB115,907,000 represented subordinate tranche, which was fully acquired by the Group. The ABN-2021 bore interest from 16 July 2021 at 3.6%-4.98% per annum. The Group has already repaid ABN-2021 of RMB884,200,000 by the end of 31 December 2022.

The Group has securitized certain finance lease receivables and issued RMB1,501,000,000 asset-backed notes ("ABN-2022-1") in 2022. During the year ended 31 December 2022, the Group issued ABN-2022-1 of RMB1,501,000,000, out of which RMB1,414,000,000 represented senior tranche and RMB87,000,000 represented subordinate tranche, which was fully acquired by the Group. The ABN-2022-1 bore interest from 16 January 2022 at 3.55%-6.30% per annum in 2022. The Group has already repaid ABN-2022-1 of approximately RMB689,837,000 by the end of 31 December 2022.

As the Group retains substantially all the risks and rewards of ownership of the above financial lease receivables related to the ABS-2021, ABN-2021 and ABN-2022-1, the Group continues to recognise the finance lease receivables. The securities are repaid as collections on the underlying collateralized assets occur and the amounts are included in borrowings.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 26. BORROWINGS (Continued)

- (k) As at 31 December 2022, a subsidiary of the Group has entered into several automotive lease-back agreements with several financial institutions. Those lease-back borrowings are with recourse to finance lease receivables.
- (l) As at 31 December 2022, a subsidiary of the Group has entered into several factoring agreements. Those factoring borrowings were recourse to the finance lease receivables.

### 27. PROVISIONS

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
<b>Non-current</b>		
Warranty provisions (Note (i))	<b>590,987</b>	550,196
Litigation provisions	<b>42,843</b>	4,080
Onerous contracts	<b>41,361</b>	756
Other provisions	<b>7,077</b>	4,309
<b>Total non-current provisions</b>	<b>682,268</b>	559,341
<b>Current</b>		
Warranty provisions (Note (i))	<b>344,740</b>	357,862
<b>Total provisions</b>	<b>1,027,008</b>	917,203

- (i) Provision for product warranties granted by the Group for certain products is recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present value as appropriate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 28. GOVERNMENT GRANTS

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Beginning of the year	<b>2,195,521</b>	2,555,825
Increase in grant	<b>376,084</b>	209,418
Amount recognised in profit or loss (Note 29)	<b>(388,627)</b>	(369,722)
Other decrease in grant (Note(i))	<b>-</b>	(200,000)
End of the year	<b>2,182,978</b>	2,195,521

- (i) The amount represents government grants that should be refunded to the government as the attached performance conditions were not fulfilled.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 29. PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging/(crediting):

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Raw materials and consumables used	80,533,819	50,290,992
Changes in inventories of finished goods, merchandise and work-in-progress	(2,890,112)	197,027
Depreciation and amortisation (Notes 7, 8, 9 and 10)	6,689,763	5,718,584
Impairment charges of property, plant and equipment (Note 7)	141,613	28,279
Impairment charges of intangible assets (Note 10)	1,090,605	556,182
Impairment charges of inventories	254,468	104,643
Taxes and levies	2,242,201	1,823,821
Transportation and traveling expenses	2,169,089	1,994,807
Advertising costs	2,172,931	2,386,568
Warranty expenses	548,204	658,953
Amortisation of government grants (Note 28)	(388,627)	(369,722)
Operating lease expenses (Note 8(b))	9,588	35,271
Auditors' remuneration		
– Audit service	19,449	12,607
– Non-audit service	6,702	8,030

For the year ended 31 December 2022, the Group recognised research and development expenditure of approximately RMB4,678,858,000 (2021: RMB3,424,656,000) as cost of sales and administrative expenses in the profit or loss, including current year expensed research costs of approximately RMB1,419,016,000 (2021: RMB826,783,000) and amortisation of capitalised development costs of RMB3,259,842,000 (2021: RMB2,597,872,000) (Note 10).

For the information of employee benefit expenses, please refer to Note 30.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30. EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Wages and salaries	8,833,873	7,737,818
Defined benefits and other social security costs (Note (a))	1,228,068	1,063,971
Welfare, medical and other expenses	1,191,767	553,397
Housing benefits (Note (b))	615,662	560,810
Share-based compensation recognised for the Third A Share Options Scheme and Restricted Shares Incentive Scheme (Notes 23)	410,834	508,465
	<b>12,280,204</b>	<b>10,424,461</b>

- (a) The Group's employees in the PRC are covered by certain defined contribution pension schemes regulated by the relevant municipal and provincial governments in the PRC, pursuant to which the municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and retired employees. The contributions to the scheme are expensed as incurred.

During the year ended 31 December 2021 and 2022, there were no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may be used to offset existing contributions under the defined contribution pension schemes.

The Group operates defined benefit pension plan and post-employment medical plans for certain employees. Expenses are recognised when employees have rendered services entitling them to the contribution.

The amount of defined benefit pension plan and post-employment medical plans represents the present value of the total estimated amount of future benefits that the Group is committed to pay for eligible employees as at the end of the reporting period. The Group's obligations were estimated using projected unit credit method by qualified staff (member of China Association of Actuaries and member of society of Actuaries in America) of an external independent actuary Willis Towers Watson Public Limited Company.

During the year ended 31 December 2022, a provision of RMB89,897,000 (2021: RMB82,090,000) was recognised related to defined benefit pension plan and post-employment medical plans. For the year ended 31 December 2022, remeasurement gains arising from changes in actuarial assumptions of RMB860,000 (2021: losses of RMB4,240,000) are recognised in other comprehensive income. There were no plan assets related to the defined benefit pension plan and post-employment medical plans of the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 30. EMPLOYEE BENEFIT EXPENSES (Continued)

- (a) The significant actuarial assumptions for the defined benefit pension plan and post-employment medical plans were as follows:

	2022	2021
Discount rate	3.00%	2.75%
Annual increase rate of supplemental medical insurance	2.00%	2.00%
Annual increase rate of physical examination benefits	2.00%	2.00%
Death rate	China life Insurance life expectancy (2010-2013)	China life Insurance life expectancy (2010-2013)

As at 31 December 2022, if the discount rate had been 25 basis points higher/lower respectively, the present value of the established benefit plan obligation would have been RMB2,380,000 lower or RMB2,470,000 higher. The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the defined benefit liability recognised in the consolidated balance sheet.

- (b) The Group's contributions to the defined contribution housing fund scheme administered by a government agency are determined at a certain percentage of the salaries of the employees. The contributions to the scheme are expensed as incurred.
- (c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2022 include 1 director (2021: 2 directors and supervisors) whose emoluments are reflected in the analysis presented in Note 44. The emoluments to the remaining 4 (2021: 3) individuals during the year ended 31 December 2022 are as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Basic salaries, housing fund and other allowances	4,039	2,996
Employer's contributions to a retirement benefit scheme	1,009	653
discretionary Bonuses	8,019	4,500
	<b>13,067</b>	8,149

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 30. EMPLOYEE BENEFIT EXPENSES (Continued)

(c) Five highest paid individuals (continued)

The number of non-directors/non-supervisors, highest paid employees whose remuneration fell within the following bands are as follows:

	Number of employees	
	Year ended 31 December 2022	2021
RMB2,500,001 – 3,000,000	–	3
RMB3,000,001 – 3,500,000	3	–
RMB3,500,001 – 4,000,000	1	–
	<b>4</b>	<b>3</b>

### 31. OTHER (LOSSES)/GAINS – NET

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Government grants	<b>671,332</b>	683,317
Net investment income related to investment in financial assets	<b>146,710</b>	381,625
Foreign exchange gains/(losses)	<b>51,027</b>	(33,964)
Gains on acquisition of a subsidiary	<b>35,361</b>	–
Gains on disposal of investment in joint ventures and associates	<b>10,425</b>	12
Gains on disposal of property, plant and equipment and intangible assets	<b>5,084</b>	29,869
Donations	<b>(1,748)</b>	(5,524)
Dilution gains	–	177,862
Net fair value losses on financial assets at FVPL (Note 15)	<b>(318,657)</b>	(22,307)
Impairment loss of an investment in a joint venture (Note 11)	<b>(1,506,000)</b>	–
Others	<b>(28,955)</b>	46,459
	<b>(935,421)</b>	1,257,349

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 32. INTEREST INCOME

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Interest income from time deposits and long-term deposits	150,404	228,778
Interest income from cash and cash equivalents and restricted cash	330,520	58,558
Interest income from entrusted loans	10,252	28,660
	491,176	315,996

### 33. FINANCE COSTS

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Interest expense	376,607	476,275
Interest expense on lease liabilities	73,817	66,282
Interest capitalised in qualifying assets	(99,398)	(117,241)
	351,026	425,316

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 34. INCOME TAX CREDIT

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Current income tax	321,148	419,275
Deferred tax (Note 13)	(856,688)	(573,392)
	(535,540)	(154,117)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the average tax rate applicable to profits of the consolidated entities as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Profit before income tax	7,376,802	7,411,580
Notional tax on profit before income tax, calculated at the rates applicable to profits in the tax jurisdictions concerned (Note(i))	1,983,237	2,203,145
Share of profit of joint ventures and associates	(3,545,725)	(2,787,473)
Fair value losses on financial assets at fair value through profit or loss	85,726	7,623
Expenses not deductible for corporate income tax	41,171	65,048
Utilisation of previously unrecognised tax losses	(30,129)	(222,621)
Unused tax losses and deductible temporary differences for which no deferred tax asset was recognised	1,190,475	521,123
Super deduction of research and development expenses	(260,295)	(71,406)
The impact of change in tax rate applicable to a major subsidiary	-	173,998
Dilution gains not subject to taxation	-	(43,554)
Income tax credit	(535,540)	(154,117)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 34. INCOME TAX CREDIT (Continued)

- (i) The tax rates applicable to the Company and its major subsidiaries for the year ended 31 December 2022 are 15% or 25% (2021: 15% or 25%).

Certain subsidiaries are subject to Hong Kong profits tax, which has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits for the year ended 31 December 2022.

The Group's subsidiaries, China Lounge Investment Ltd. and Denway, are recognised as PRC resident taxpayer by Guangzhou Yuexiu District Local Taxation Bureau, and are subject to the PRC Enterprise Income Tax Law.

### 35. OTHER COMPREHENSIVE INCOME, NET OF TAX

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Change in fair value of FVOCI	(146,887)	(361,770)
Impairment loss on debt instruments at FVOCI	1,537	718
Exchange difference on translation of foreign operations	6,839	(3,296)
Share of other comprehensive income/(loss) of joint ventures and associates accounted for using the equity method	58,524	(64,630)
Remeasurement of post-employment benefit obligations	860	(4,240)
Income tax relating to these items	36,899	130,543
	(42,228)	(302,675)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 36. EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the consolidated profit attributable to owners of the Company by the weighted average number of ordinary shares in issue less restricted shares during the year.

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Profit attributable to owners of the Company	7,982,930	7,511,030
Weighted average number of ordinary shares in issue less restricted shares (thousands)	10,360,533	10,252,339
Basic earnings per share (RMB per share)	0.77	0.73

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had different categories of dilutive potential ordinary shares: convertible bonds, share options and restricted shares. 1) The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense. 2) For the share options and restricted shares, calculations are done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares for the year ended 31 December 2022) based on the monetary value of the subscription rights attached to outstanding share options, and at subscription price of restricted shares, respectively. The numbers of shares calculated as above are compared with the numbers of shares that would have been issued assuming the exercise of the share options, and the numbers of restricted shares that would have been unlocked assuming all related conditions fulfilled, respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 36. EARNINGS PER SHARE (Continued)

#### (b) Diluted (Continued)

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Profit attributable to owners of the Company	<b>7,982,930</b>	7,511,030
Add: Interest expense on convertible bonds	<b>5,131</b>	96,666
Profit used to determine diluted earnings per share	<b>7,988,061</b>	7,607,696
Weighted average number of ordinary shares in issue less restricted shares (thousands)	<b>10,360,533</b>	10,252,339
Add: weighted average number of ordinary shares assuming conversion of all Share-based Awards (thousands)	<b>54,390</b>	21,582
Add: weighted average number of ordinary shares assuming conversion of all convertible bonds (thousands)	<b>8,755</b>	182,196
Weighted average number of ordinary shares for diluted earnings per share (thousands)	<b>10,423,678</b>	10,456,117
Diluted earnings per share (RMB per share)	<b>0.77</b>	0.73

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 37. DIVIDENDS

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Interim dividend paid of RMB0.06 (2021: RMB0.05) per ordinary share	627,837	517,817
Proposed final dividend of RMB0.18 (2021: RMB0.17) per ordinary share	1,888,243	1,778,873
	<b>2,516,080</b>	2,296,690

Dividends paid in 2022 and 2021 were approximately RMB2,406,710,000 and RMB2,070,613,000, respectively. A final dividend in respect of the year ended 31 December 2022 of RMB0.18 per ordinary share, amounting to a total dividend of approximately RMB1,888,243,000 is to be proposed at the forthcoming annual general meeting. These financial statements do not reflect this dividend payable.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 38. CASH FLOWS INFORMATION

#### (a) Cash used in operations

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Profit for the year	7,912,342	7,565,697
Adjustments for:		
– Income tax credit (Note 34)	(535,540)	(154,117)
– Depreciation (Notes 7, 8 and 9)	3,145,140	2,878,452
– Amortisation (Note 10)	3,544,623	2,840,132
– Amortisation of government grants related to assets (Note 28)	(388,627)	(369,722)
– Impairment losses on financial assets (Note 3.1.2)	634,641	143,468
– Impairment charges of inventories (Note 29)	254,468	104,643
– Impairment charges of property, plant and equipment and right of use assets	141,660	28,847
– Impairment charges of intangible assets (Note 10)	1,090,605	556,182
– Impairment charges of the investment of a joint venture (Note 11.1)	1,506,000	–
– Gains on disposal of property, plant and equipment and intangible assets (Note 31)	(5,084)	(29,869)
– Interest income (Note 32)	(491,176)	(315,996)
– Finance costs (Note 33)	351,026	425,316
– Gains on disposal of investment in joint ventures and associates (Note 31)	(10,425)	(12)
– Gains on acquisition of a subsidiary (Note 31)	(35,361)	–
– Foreign exchange (gains)/losses on cash and cash equivalents	(36,736)	76,341
– Share of profit of joint ventures and associates (Note 11)	(14,065,159)	(11,403,899)
– Net investment income related to investment in financial assets (Note 31)	(146,710)	(381,625)
– Fair value losses on financial assets at fair value through profit or loss (Note 31)	318,657	22,307
– Share-based payment (Note 23)	410,834	508,465
– Dilution gains (Note 31)	–	(177,862)
Changes in working capital (excluding the effects of exchange differences on consolidation):		
– Inventories	(4,528,032)	(1,567,758)
– Trade and other receivables	(7,911,982)	(8,743,908)
– Restricted cash	(352,842)	458,239
– Trade and other payables	3,750,137	886,853
– Contract liabilities	(602,020)	1,134,043
– Provisions	109,805	52,157
– Financial assets at fair value through profit or loss	–	44,799
– Financial assets at fair value through other comprehensive income	76,763	(398,374)
Cash used in operations	(5,862,993)	(5,817,201)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 38. CASH FLOWS INFORMATION (Continued)

### (b) Non-cash transaction

- (i) Non-cash transaction of acquisition and disposal of right-of-use assets is disclosed in Note 8.
- (ii) A non-wholly owned subsidiary has signed a domestic letter of credit contract amounting to RMB900,000,000 with a domestic bank to purchase raw materials and others (2021: Nil).

### (c) Reconciliation of liabilities

The reconciliation of liabilities arising from financing activities is as follows:

	Borrowings		Liabilities from financing activities			Leases liabilities	Total
	due within 1 year	Borrowings due after 1 year	Trade and other payables-assets sold under agreements to repurchase	Trade and other payables-other payables	Trade and other payables-repayments of loan payable to a third-party		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at 1 January 2022</b>	(9,888,738)	(7,526,724)	(528,976)	(136,112)	(200,000)	(1,463,727)	(19,744,277)
Financing cash flows	2,567,034	(5,525,833)	212,420	(78,196)	200,000	288,494	(2,336,081)
Reclassification	(7,359,286)	7,359,286	-	-	-	-	-
Other changes:	-	-	-	-	-	-	-
- Interest charge	(372,595)	(4,012)	-	-	-	(73,817)	(450,424)
- Interest payments (presented as operating cash flows)	829,609	-	-	-	-	73,817	903,426
- Conversion of convertible bonds	1,377,618	-	-	-	-	-	1,377,618
- Acquisition of right-of-use assets	-	-	-	-	-	(463,164)	(463,164)
- Disposals of right-of-use assets	-	-	-	-	-	64,156	64,156
- Acquisition of inventories using domestic letter of credit	(900,000)	-	-	-	-	-	(900,000)
- Others	(66,470)	-	-	-	-	-	(66,470)
<b>As at 31 December 2022</b>	<b>(13,812,828)</b>	<b>(5,697,283)</b>	<b>(316,556)</b>	<b>(214,308)</b>	<b>-</b>	<b>(1,574,241)</b>	<b>(21,615,216)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 38. CASH FLOWS INFORMATION (Continued)

#### (c) Reconciliation of liabilities (Continued)

The reconciliation of liabilities arising from financing activities is as follows: (Continued)

	Borrowings due		Liabilities from financing activities			Leases liabilities	Total
	within 1 year	Borrowings due after 1 year	Trade and other payables-assets sold under agreements to repurchase	Trade and other payables-other payables	Trade and other payables-repayments of loan payable to a third-party		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at 1 January 2021</b>	(6,504,211)	(8,473,173)	(102,092)	(129,018)	(200,000)	(1,512,541)	(16,921,035)
Financing cash flows	3,886,395	(6,460,869)	(426,884)	(7,094)	-	210,068	(2,798,384)
Reclassification	(7,338,086)	7,338,086	-	-	-	-	-
Other changes:							
- Interest charge	(363,825)	(112,450)	-	-	-	(66,282)	(542,557)
- Interest payments (presented as operating cash flows)	637,567	-	-	-	-	66,282	703,849
- Conversion of convertible bonds	-	181,682	-	-	-	-	181,682
- Acquisition of right-of-use assets	-	-	-	-	-	(358,379)	(358,379)
- Disposals of right-of-use assets	-	-	-	-	-	197,125	197,125
- Others	(206,578)	-	-	-	-	-	(206,578)
<b>As at 31 December 2021</b>	(9,888,738)	(7,526,724)	(528,976)	(136,112)	(200,000)	(1,463,727)	(19,744,277)

- (d) The Group has securitized certain finance lease receivables and issued RMB4,081,000,000 asset-backed securities in 2022. Since the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial lease receivables and retained control of the underlying assets as at 31 December 2022, the Group derecognised the transferred finance lease receivables which is qualified for derecognition amounting to approximately RMB3,885,840,000 with the consideration of approximately RMB3,885,840,000. The Group received approximately RMB3,796,535,000 after deducting the issue cost and classified as cash flows from financing activities in the consolidated statement of cash flow (2021: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 39. COMMITMENTS

### (a) Capital commitments

The capital commitments as at the end of the reporting period are as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Property, plant and equipment		
– Contracted but not provided for	1,344,961	1,969,734
– Authorised but not contracted for	495,617	637,213
	<b>1,840,578</b>	2,606,947
Intangible assets		
– Contracted but not provided for	24,558	32,355
– Authorised but not contracted for	1,978,555	2,384,669
	<b>2,003,113</b>	2,417,024
Investments		
– Authorised but not provided for (Notes (i) and (ii))	–	446,338
	<b>3,843,691</b>	5,470,309

(i) In 2019, the Board of Directors of the Company approved an additional capital contribution to GAC Toyota with an amount of USD37,855,000 (equivalent to RMB260,890,000) and USD20,330,000 (equivalent to RMB140,110,000), respectively, according to the proportion of shares. Up to 31 December 2022, all of the amount has been paid.

(ii) In 2021, the Board of Directors of the Company approved an additional capital contribution of RMB482,000,000 to HYCAN Automotive Technology Co., Ltd. according to the proportion of shares. Up to 31 December 2022, all of the amount has been paid.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 39. COMMITMENTS (Continued)

#### (b) Non-cancellable operating leases

The investment properties and certain property, plant and equipment are leased to tenants under operating leases with rentals payable monthly. For details of the leasing arrangements of investment properties, refer to Note 9.

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Minimum lease payments receivable on leases of investment properties and certain property, plant and equipment are as follows:		
Within 1 year	<b>117,462</b>	141,207
Between 1 and 2 years	<b>96,010</b>	92,184
Between 2 and 3 years	<b>64,230</b>	60,904
Between 3 and 4 years	<b>60,300</b>	50,634
Between 4 and 5 years	<b>57,816</b>	49,770
Later than 5 years	<b>360,324</b>	392,811
	<b>756,142</b>	787,510

The Group leases various properties, vehicles, offices and other equipment under non-cancellable operating leases expiring within 6 months to 20 years. The leases have varying terms and renewal rights. On renewal, the terms of the leases are renegotiated.

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases, see Note 6 and Note 8 for further information.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 39. COMMITMENTS (Continued)

#### (b) Non-cancellable operating leases (Continued)

As at 31 December 2022, the Group's future aggregate minimum lease payments of leases not yet commenced to which the Group is committed are listed as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Within 1 year	6,276	2,659
Between 1 and 5 years	3,228	4,530
Over 5 years	3,024	–
	<b>12,528</b>	7,189

### 40. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

During the year ended 31 December 2022, the Group acquired additional equity interests of a non-wholly owned subsidiary, Dasheng Technology Co., Ltd. ("Dasheng"), from a third party investor at a consideration of RMB221,526,000. Immediately after the equity acquisition, the Group's equity interests in Dasheng increased from 74% to 100%. Taking into account the effect of the transaction, the Group recognised a decrease of RMB81,819,000 in capital reserve and a decrease of RMB139,707,000 in non-controlling interests.

In March 2022, GAC AION placed 420,623,000 shares to implement an employee equity incentive scheme targeting certain key employees and research and development personnel of GAC Research and Development Centre and introduce certain strategic investors with net proceeds of approximately RMB2,566,069,000. Immediately after the equity transaction, the Group's equity interests in GAC AION decreased from 100% to 93%. Taking into account the effect of the transaction, the Group recognised an increase of RMB1,902,661,000 in capital reserve and an increase of RMB663,408,000 in non-controlling interests.

During the period from 30 September 2022 to 20 October 2022, GAC AION placed 1,382,765,000 shares to certain third-party investors with net proceeds of approximately RMB18,293,980,000. Immediately after the equity transaction, the Group's equity interests in GAC AION decreased from 93% to 77%. Taking into account the effect of the transaction, the Group recognised an increase of RMB12,537,270,000 in capital reserve and an increase of RMB5,756,710,000 in non-controlling interests.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 40. TRANSACTIONS WITH NON-CONTROLLING INTERESTS (Continued)

In January 2022, the Group disposed 49% of equity interest of GAC Motor Hangzhou at cash consideration of RMB1,216,299,000. The Group's equity interest in GAC Motor Hangzhou decreased from 100% to 51%. After the equity transaction, GAC Motor Hangzhou remained controlled by the Group. The carrying amount of equity interest transferred of RMB512,623,000 was recognised as an increase in non-controlling interests. Difference between the consideration and the carrying amount of the 49% of equity interest of RMB703,676,000 was recognised as an increase in reserves.

### 41. RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. The Group is subject to the control of the PRC Government.

In accordance with HKAS 24 "Related Party Disclosures", other state-owned enterprises and their subsidiaries, directly or indirectly controlled by the PRC Government ("state-owned enterprises") are regarded as related parties of the Group.

In addition to the related party information shown elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary and usual course of business and balances between the Group and its related parties, during the year ended 31 December 2022.

The balances of trade and other receivables, prepayments, trade and other payables, contract liabilities and lease liabilities rose in the ordinary and usual course of business and were unsecured, interest free and receivable/repayable according to the mutual agreed credit terms.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 41. RELATED PARTY TRANSACTIONS (Continued)

### (a) Significant related party transactions

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
<b>Sales of goods</b>		
<b>Sales of automotive parts and steels</b>		
– Joint ventures	1,871,663	3,632,060
– Associates	262,593	129,802
– Subsidiaries of GAIG	396	–
	<b>2,134,652</b>	3,761,862
<b>Sales of passenger vehicles</b>		
– Joint ventures	164,393	153,961
– Associates	1,578,832	584,407
	<b>1,743,225</b>	738,368
<b>Sales of production facility</b>		
– Joint ventures	–	37,042
	<b>3,877,877</b>	4,537,272
<b>Loan interest from related parties</b>		
– Joint ventures	281,694	181,139
– Associates	1,108	1,201
	<b>282,802</b>	182,340

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 41. RELATED PARTY TRANSACTIONS (Continued)

#### (a) Significant related party transactions (Continued)

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
<b>Rendering of labour and insurance services</b>		
– Joint ventures	1,452,300	1,018,623
– Associates	1,133,738	763,807
– Subsidiaries of GAIG	5,448	468
	<b>2,591,486</b>	1,782,898
<b>Income of trustee management of equity assets</b>		
– GAIG (Note (i))	19,821	21,382
<b>Purchases of goods</b>		
<b>Purchases of automotive parts and materials</b>		
– Joint ventures	2,209,801	1,225,921
– Associates	12,466,509	3,295,358
	<b>14,676,310</b>	4,521,279
<b>Purchases of passenger vehicles</b>		
– Joint ventures	9,563,507	8,203,562
– Associates	5,196	2,286
	<b>9,568,703</b>	8,205,848
	<b>24,245,013</b>	12,727,127

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 41. RELATED PARTY TRANSACTIONS (Continued)

### (a) Significant related party transactions (Continued)

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
<b>Interest on customer deposits</b>		
– Joint ventures	73,838	71,700
– Associates	16,832	16,275
	<b>90,670</b>	87,975
<b>Purchases of labour services and settlement of insurance claims</b>		
– Joint ventures	50,075	134,874
– Associates	13,256	24,026
– Subsidiaries of GAIG	26,010	30,977
	<b>89,341</b>	189,877
<b>Provision of entrusted loans to related parties</b>		
– Joint ventures	–	490,000
– Associates	41,650	24,500
	<b>41,650</b>	514,500
<b>Rental from related parties</b>		
– Joint ventures	58,533	153,992
– Associates	13,675	15,323
– Subsidiaries of GAIG	8,150	10,754
	<b>80,358</b>	180,069

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 41. RELATED PARTY TRANSACTIONS (Continued)

#### (a) Significant related party transactions (Continued)

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
<b>Interest charges for lease liabilities to related parties</b>		
– Joint ventures	37	958
– Associates	6	12
– GAIG	865	615
– Subsidiaries of GAIG	95	–
	<b>1,003</b>	1,585
<b>Rental of right-of-use assets to related parties</b>		
– Joint ventures	–	21,409
– Associates	340	336
– GAIG	40,103	21,033
– Subsidiaries of GAIG	2,647	2,779
	<b>43,090</b>	45,557
<b>Repayment of entrusted loans from related parties</b>		
– Joint ventures	–	739,634
– An associate	36,750	8,294
	<b>36,750</b>	747,928
<b>Entrusted loan interest from related parties</b>		
– Joint ventures	5,874	33,584
– An associate	1,640	24
	<b>7,514</b>	33,608

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 41. RELATED PARTY TRANSACTIONS (Continued)

### (a) Significant related party transactions (Continued)

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
<b>Entrusted loans from a related party</b>		
– A joint venture	100,000	100,000
<b>Repayment of entrusted loans to a related party</b>		
– A joint venture	100,000	70,000
<b>Entrusted loan interest to a related party</b>		
– A joint venture	2,275	1,466
<b>Borrowings from a related party</b>		
– A joint venture	2,972,841	2,132,726
<b>Repayment of borrowings to a related party</b>		
– A joint venture	2,668,411	2,190,519
<b>Borrowing interest to a related party</b>		
– A joint venture	27,452	26,249
<b>Loans to related parties</b>		
– Joint ventures	3,006,188	3,839,325
– Associates	115,494	928
	<b>3,121,682</b>	<b>3,840,253</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 41. RELATED PARTY TRANSACTIONS (Continued)

#### (a) Significant related party transactions (Continued)

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
<b>Repayment of loans from related parties</b>		
– Joint ventures	2,661,569	3,791,664
– Associates	130,856	30,858
	<b>2,792,425</b>	3,822,522
<b>Investment of long-term deposit in a related party</b>		
– A joint venture	2,500,000	–
<b>Guarantee fees to a related party</b>		
– GAIG	3,000	3,000
<b>Sales of intangible assets</b>		
– Joint ventures	39,525	68,979
– Associates	32,391	22,892
	<b>71,916</b>	91,871

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 41. RELATED PARTY TRANSACTIONS (Continued)

### (b) Significant balances with related parties

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
<b>Trade receivables</b>		
– Joint ventures	671,705	994,919
– Associates	614,837	368,601
– GAIG	–	94
– Subsidiaries of GAIG	4,572	4
	<b>1,291,114</b>	1,363,618
<b>Interest receivable</b>		
– Joint ventures	134,993	5,123
– Associates	49	30
	<b>135,042</b>	5,153
<b>Other receivables and prepayments</b>		
– Joint ventures	462,863	398,204
– Associates	39,728	5,044
– GAIG	19,872	19,968
– Subsidiaries of GAIG	14,532	842
	<b>536,995</b>	424,058
<b>Dividend receivable</b>		
– Joint ventures	3,503,074	4,209,208
– Associates	171,046	–
	<b>3,674,120</b>	4,209,208

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 41. RELATED PARTY TRANSACTIONS (Continued)

#### (b) Significant balances with related parties (Continued)

	As at 31 December	
	2022 RMB'000	2021 RMB'000
<b>Notes receivable</b>		
– Joint ventures	26,469	55,540
– Associates	35,000	–
	<b>61,469</b>	55,540
<b>Entrusted loans due from (Note (ii))</b>		
– Joint ventures	240,334	240,277
– An associate	4,153	5,673
	<b>244,487</b>	245,950
<b>Loans to related parties – current (Note (iii))</b>		
– Joint ventures	3,602,582	1,520,079
– Associates	15,079	6,262
	<b>3,617,661</b>	1,526,341
<b>Loans to related parties – non-current (Note (iii))</b>		
– Joint ventures	–	1,119,742
<b>Long-term receivables</b>		
– Joint ventures	18,045	155,494
<b>Long-term deposits</b>		
– A joint venture	2,500,000	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 41. RELATED PARTY TRANSACTIONS (Continued)

### (b) Significant balances with related parties (Continued)

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
<b>Trade payables</b>		
– Joint ventures	310,846	525,832
– Associates	920,717	1,576,741
– Subsidiaries of GAIG	1,077	–
	<b>1,232,640</b>	2,102,573
<b>Other payables</b>		
– Joint ventures	121,157	152,230
– Associates	154,462	214,506
– GAIG	505,199	505,199
– Subsidiaries of GAIG	7,855	3,770
	<b>788,673</b>	875,705
<b>Contract liabilities</b>		
– Joint ventures	75,184	260,262
– Associates	5,516	13,275
– Subsidiaries of GAIG	108	3
	<b>80,808</b>	273,540
<b>Notes payable</b>		
– Joint ventures	579,289	419,529

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 41. RELATED PARTY TRANSACTIONS (Continued)

#### (b) Significant balances with related parties (Continued)

	As at 31 December	
	2022 RMB'000	2021 RMB'000
<b>Customer deposits</b>		
– Joint ventures	5,175,760	4,001,104
– Associates	1,058,372	739,711
	<b>6,234,132</b>	4,740,815
<b>Short-term borrowings (Note (iv))</b>		
– A joint venture	614,879	281,432
<b>Entrusted loans due to (Note (v))</b>		
– A joint venture	100,000	100,000
<b>Interest payable</b>		
– Joint ventures	12,678	11,152
– Associates	4,624	10,677
	<b>17,302</b>	21,829
<b>Lease liabilities</b>		
– Joint ventures	–	17,327
– Associates	91	100
– GAIG	10,909	12,657
– Subsidiaries of GAIG	1,545	8,458
	<b>12,545</b>	38,542

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 41. RELATED PARTY TRANSACTIONS (Continued)

### (b) Significant balances with related parties (Continued)

- (i) On 5 January 2021, the Board of Directors of the Company passed a resolution in relation to the Company being entrusted by its controlling shareholder GAIG to manage certain equity investments held by GAIG. The period of the entrusted management is three years. The annual management fee is made up of basic and floating portions, with an annual limit of RMB49,000,000.
- (ii) The balances of entrusted loans due from related parties were with interest rate ranging from 3.65% to 4.35% (2021: from 3.85% to 4.35%), unsecured and receivable in accordance with normal commercial terms.
- (iii) The balances of loans relating to financing services to related parties were with interest rate ranging from 3.65% to 5.63% (2021: from 3.58% to 5.63%) and receivable in accordance with normal commercial terms. Majority of loans to related parties were unsecured and certain loans to related parties were secured by certain inventories.

As at 31 December 2022, the Group recorded provision of approximately RMB60,753,000 for joint ventures and approximately RMB282,000 for associates for impairment of loans relating to financing services to related parties (2021: RMB81,269,000 and RMB137,000).

- (iv) Borrowings from a joint venture, which is a financial institution, are interest bearing and repayable in accordance with normal commercial terms. As at 31 December 2022, borrowings from a joint venture were secured by the Group's inventories with carrying value of approximately RMB550,348,000 (2021: RMB175,583,000).
- (v) The balances of entrusted loans due to a joint venture were with interest rate of 2.25% (2021: 2.25%), unsecured and repayable in accordance with normal commercial terms.

### (c) Commitments for related parties

As at 31 December 2022, the bill acceptance provided by the Group to related parties amounted to approximately RMB11,395,000 (2021: RMB154,638,000).

### (d) Key management compensation

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Salaries and other short-term employee benefits	38,592	32,511

In addition, net expense recognised in the consolidated statement of comprehensive income for share options and restricted shares granted to the key management for the year ended 31 December 2022 is approximately RMB9,007,000 (2021: RMB11,155,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 41. RELATED PARTY TRANSACTIONS (Continued)

#### (e) Transactions and balances with other state-owned enterprises in the PRC

The Group operates in an economic environment predominated by state-owned enterprises. During the year ended 31 December 2022, the Group had transactions with state-owned enterprises including, but not limited to, sales of automobiles and other automotive parts and purchases of raw materials and automotive parts.

For the purpose of related party transactions disclosure, the Group has in place procedures to assist the identification of the immediate ownership structure of its customers and suppliers as to whether they are state-owned enterprises. However, many state-owned enterprises have multi-layered corporate structure and the ownership structures change over time as a result of transfers and privatisation programs.

Nevertheless, the Directors consider that transactions with other state-owned enterprises are activities in the ordinary course of the Group's business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and other state-owned enterprises are ultimately controlled or owned by the PRC Government. The Group has also established pricing policies for products and services, and such pricing policies do not depend on whether or not the customers are state-owned enterprises. Having due regard to the substance of the relationships, the Directors are of the opinion that none of these transactions are material related party transactions that require separate disclosure except for the transactions with state-owned financial institutions as disclosed below.

#### (i) Balances with state-owned financial institutions

As at 31 December 2022 and 2021, majority part of the Group's bank balances and borrowings were deposited in or financed from various state-owned financial institutions. The Directors are of opinion that such transactions were conducted in the ordinary course of business and in accordance with normal commercial terms.

#### (ii) Guarantees given by state-owned enterprises and GAIG

As at 31 December 2022 and 2021, information of borrowings guaranteed by GAIG is presented in Note 26(i).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 41. RELATED PARTY TRANSACTIONS (Continued)

### (f) Guarantees to an associate

As at 31 December 2022, the Group provided financial guarantees of RMB16,600,000 (2021: RMB16,600,000) to an associate.

It is expected that the financial guarantees provided by the Group will not lead to any significant liabilities.

## 42. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 20 January 2023, according to the resolution of the extraordinary shareholders' meeting, total 233,896,200 A Share Options ("SO-IV") were granted to 3,089 individuals, including directors, senior management and selected key employees (the "SO-IV Recipients"). Each share option represents the right granted to the recipients to acquire one share of the Company at pre-determined exercise price and conditions in the validity period as set out in the Fourth A Share Options Scheme. The grant date is 20 January 2023 (the "Grant Date IV"). The weighted average fair value of SO-IV, as estimated on the Grant Date IV, was RMB2.72 per share option. This was calculated using the Black-Scholes share option pricing model.

On 20 January 2023, the Board of Directors of the Company approved the reorganization between GAC Motor and GAC International Automotive Sales and Service Co., Ltd., the Company's wholly-owned subsidiaries, to develop internationalization by setting up new international business structure and operation systems.

On 22 February 2023, the Board of Directors of the Company approved GAC Business, the Company's wholly-owned subsidiary, to have capital contribution by RMB262,500,000 in proportion to its interest held to Angang-Guangzhou Automobile Steel Co., Ltd. to support the implementation of the phase-two project. The total investment of the project is RMB1,822,830,000, of which the shareholders will contribute RMB750,000,000.

On 22 February 2023, the Board of Directors of the Company approved an additional capital contribution of RMB107,014,000 and RMB492,986,000 to HYCAN Automotive Technology Co., Ltd. from the Company and GAC AION respectively in proportion to their interest held.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 43. BALANCE SHEET AND RESERVES MOVEMENTS OF THE COMPANY

#### Balance sheet of the Company

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,392,427	3,281,456
Right-of-use assets	481,228	426,019
Investment properties	592,171	617,854
Intangible assets	5,179,603	5,040,568
Investments in subsidiaries	41,615,466	39,629,338
Investments in joint ventures and associates	28,930,449	27,979,421
Financial assets at fair value through profit or loss	929,970	1,075,173
Prepayments and long-term receivables	2,736,960	290,346
	<b>83,858,274</b>	78,340,175
<b>Current assets</b>		
Inventories	37,194	31,092
Trade and other receivables	6,219,504	6,478,613
Contract assets	419,087	–
Financial assets at fair value through profit or loss	1,197,090	–
Time deposits	–	3,945,557
Cash and cash equivalents	14,026,028	7,010,437
	<b>21,898,903</b>	17,465,699
<b>Total assets</b>	<b>105,757,177</b>	95,805,874

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 43. BALANCE SHEET AND RESERVES MOVEMENTS OF THE COMPANY (Continued)

### Balance sheet of the Company (Continued)

	Note	As at 31 December 2022 RMB'000	2021 RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		1,700,000	2,995,121
Lease liabilities		1,926	1,038
Government grants		325,729	269,814
		<b>2,027,655</b>	3,265,973
<b>Current liabilities</b>			
Trade and other payables		6,637,112	6,526,604
Contract liabilities		478,166	17,696
Borrowings		3,119,202	2,628,607
Lease liabilities		3,851	2,133
		<b>10,238,331</b>	9,175,040
<b>Total liabilities</b>		<b>12,265,986</b>	12,441,013
<b>Net assets</b>		<b>93,491,191</b>	83,364,861
<b>EQUITY</b>			
Share capital		10,487,164	10,370,593
Reserves	(a)	39,837,462	37,661,843
Retained earnings	(a)	43,166,565	35,332,425
<b>Total equity</b>		<b>93,491,191</b>	83,364,861

The balance sheet of the Company was approved by the Board of Directors on 29 March 2023 and was signed on its behalf:

**Zeng Qinghong**  
Director

**Feng Xingya**  
Director

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 43. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

#### (a) Reserve movements of the Company

	Share premium	Treasury stock	Capital reserve	FVOCI reserve	Investments in joint ventures and associates			Statutory surplus reserve	Share-based compensation reserve	Convertible bonds reserve	Remeasurement of post-employment benefit obligations	Retained earnings	Total
					FVOCI reserve	Investments in joint ventures and associates	Statutory surplus reserve						
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>As at 1 January 2021</b>	31,165,940	(509,486)	18,282	(33)	-	5,498,401	525,418	240,642	-	36,939,144	25,563,568	62,502,712	
Profit for the year	-	-	-	-	-	-	-	-	-	-	11,839,470	11,839,470	
Dividend declared by the Company	-	-	-	-	-	-	-	-	-	-	(2,070,613)	(2,070,613)	
Share of other changes in net assets of joint ventures and associates	-	-	-	-	(24,953)	-	-	-	-	(24,953)	-	(24,953)	
Remeasurement of post-employment benefit obligations	-	-	-	-	-	-	-	-	(2,760)	(2,760)	-	(2,760)	
Employee share-based awards scheme (Note 23)	-	-	-	-	-	-	-	-	-	-	-	-	
- Value of employee services	-	-	-	-	-	-	508,465	-	-	508,465	-	508,465	
- Proceeds from shares issued	90,186	-	-	-	-	-	(17,155)	-	-	73,031	-	73,031	
Convertible bonds (Note 26(h))	-	-	-	-	-	-	-	-	-	-	-	-	
- Conversion of convertible bonds	185,692	-	-	-	-	-	-	(16,776)	-	168,916	-	168,916	
<b>As at 31 December 2021</b>	31,441,818	(509,486)	18,282	(33)	(24,953)	5,498,401	1,016,728	223,866	(2,760)	37,661,843	35,332,425	72,994,268	

## 43. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (a) Reserve movements of the Company (Continued)

	Investments										Total RMB'000	
	Share premium RMB'000	Treasury stock RMB'000	Capital reserve RMB'000	FVOCI reserve RMB'000	Investments in joint ventures and associates reserve RMB'000	Statutory surplus reserve fund RMB'000	Share-based compensation reserve RMB'000	Convertible bonds reserve RMB'000	Remeasurement of post- employment benefit obligations RMB'000	Total reserves RMB'000		Retained earnings RMB'000
<b>As at 1 January 2022</b>	31,441,818	(509,486)	18,262	(33)	(24,953)	5,498,401	1,016,728	223,866	(2,760)	37,661,843	35,332,425	72,994,268
Profit for the year	-	-	-	-	-	-	-	-	-	-	10,237,699	10,237,699
Dividend declared by the Company	-	-	-	-	-	-	-	-	-	-	(2,403,559)	(2,403,559)
Share of other changes in net assets of joint ventures and associates	-	-	-	-	18,795	-	-	-	-	18,795	-	18,795
Remeasurement of post- employment benefit obligations	-	-	-	-	46,672	-	-	-	750	47,422	-	47,422
Employee share-based awards scheme (Note 23)	-	-	-	-	-	-	-	-	-	-	-	-
- Value of employee services	-	-	-	-	-	-	410,834	-	-	410,834	-	410,834
- Proceeds from shares issued	313,978	215,903	-	-	-	-	(115,566)	-	-	414,315	-	414,315
Convertible bonds (Note 26(h))	-	-	-	-	-	-	-	-	-	-	-	-
- Conversion of convertible bonds	1,406,945	-	-	-	-	-	-	(122,692)	-	1,284,253	-	1,284,253
- Redemption of convertible bonds	101,174	-	-	-	-	-	-	(101,174)	-	-	-	-
<b>As at 31 December 2022</b>	33,263,915	(293,583)	18,262	(33)	40,514	5,498,401	1,311,936	-	(2,010)	39,837,462	43,166,565	83,004,027

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 44. BENEFITS AND INTERESTS OF DIRECTORS

#### (a) Directors', supervisors' and general manager's emoluments

The remuneration of every director, supervisor and the general manager for the year ended 31 December 2022 is set out as below:

Name	Fees RMB'000	Basic salaries, housing fund and other allowances RMB'000	Employer's contributions to a retirement benefit scheme RMB'000	Discretionary bonuses RMB'000	Remunerations paid or receivable in respect of accepting office as director RMB'000	Total RMB'000
<b>Name of director</b>						
Zeng Qinghong	-	631	112	478	-	1,221
Feng Xingya	-	1,065	308	2,608	-	3,981
Zhao Fuquan	-	150	-	-	-	150
Xiao Shengfang	-	150	-	-	-	150
Wong Hakkun	-	150	-	-	-	150
Song Tiebo	-	150	-	-	-	150
Chen Xiaomu	-	584	106	430	-	1,120
Chen Maoshan	-	1,008	302	1,700	-	3,010
Ding Hongxiang	-	-	-	-	-	-
Guan Dayuan	-	-	-	-	-	-
Liu Zhijun	-	-	-	-	-	-
<b>Name of supervisor</b>						
Chen Tian	-	-	-	-	-	-
Cao Xiandong	-	-	-	-	-	-
Huang Cheng	-	-	-	-	-	-
Shi Lei	-	647	113	170	-	930
Wang Lu	-	607	128	153	-	888
Huang Zhuo	-	533	116	137	-	786

The above emoluments do not include the fair value of share options granted under SO-II Phase I in 2017, SO-II Phase II in 2018 and SO-III and RS in 2020.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 44. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

#### (a) Directors', supervisors' and general manager's emoluments (Continued)

The remuneration of every director, supervisor and the general manager for the year ended 31 December 2021 is set out as below:

Name	Fees RMB'000	Basic salaries, housing fund and other allowances RMB'000	Employer's contributions to a retirement benefit scheme RMB'000	Discretionary bonuses RMB'000	Remunerations paid or receivable in respect of accepting office as director RMB'000	Total RMB'000
<b>Name of director</b>						
Zeng Qinghong	-	623	122	449	-	1,194
Feng Xingya	-	1,054	241	1,871	-	3,166
Zhao Fuquan	-	150	-	-	-	150
Xiao Shengfang	-	150	-	-	-	150
Wong Hakkun	-	150	-	-	-	150
Song Tiebo	-	150	-	-	-	150
Chen Xiaomu	-	616	129	404	-	1,149
Chen Maoshan	-	998	219	1,500	-	2,717
Ding Hongxiang	-	-	-	-	-	-
Guan Dayuan	-	-	-	-	-	-
Liu Zhijun	-	-	-	-	-	-
Chen Jun	-	-	-	-	-	-
Han Ying	-	-	-	-	-	-
<b>Name of supervisor</b>						
Chen Tian	-	-	-	-	-	-
Cao Xiandong	-	-	-	-	-	-
Huang Cheng	-	-	-	-	-	-
Shi Lei	-	621	119	163	-	903
Wang Lu	-	578	117	145	-	840
Huang Zhuo	-	501	105	130	-	736
Long Yong	-	-	-	-	-	-
Wang Junyang	-	-	-	-	-	-
Jiang Xiuyun	-	-	-	-	-	-

The above emoluments do not include the fair value of share options granted under SO-II Phase I in 2017, SO-II Phase II in 2018 and SO-III and RS in 2020.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 44. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

#### (a) Directors', supervisors' and general manager's emoluments (Continued)

Expense recognised in the consolidated statement of comprehensive income for share options granted to the above directors, supervisors and the general manager for the year ended 31 December 2022 and 2021 is set out as below:

Name	Year ended 31 December					
	2022			2021		
	Number of share options	Number of restricted shares	Net expense recognised for the share options and restricted shares granted RMB'000	Number of share options	Number of restricted shares	Net expense reversed for the share options and restricted shares granted RMB'000
<b>Name of director</b>						
Feng Xingya	290,000	174,000	1,380	290,000	290,000	1,444
Chen Maoshan	147,000	147,000	1,166	245,000	245,000	1,220

- (i) The amount represented emoluments throughout their terms of directors or supervisors in 2022 and 2021.
- (ii) In 2022 and 2021, there was no emoluments paid to or receivable by directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertaking.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 44. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

### (b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits for the year ended 31 December 2022 (2021: Nil).

### (c) Directors' termination benefits

None of the directors received or will receive any termination benefits for the year ended 31 December 2022 (2021: Nil).

### (d) Consideration provided to third parties for making available directors' services

For the year ended 31 December 2022, the Group did not pay consideration to any third parties for making available directors' services (2021: Nil).

### (e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 31 December 2022, there are no loans, quasi-loans and other dealing arrangements in favor of directors, controlled bodies corporate by and connected entities with such directors (2021: Nil).

### (f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2021: Nil).

# DIFFERENCE IN ACCOUNTING DATA UNDER DIFFERENT ACCOUNTING STANDARDS

**The differences between the net profits and net assets attributable to the shareholders of the listed company in the financial report disclosed in accordance with overseas Accounting Standards and PRC Accounting Standards**

Unit: 0'000 yuan Currency: RMB

	Net profits		Net assets	
	Current period	Last period	End of period	Beginning of period
In accordance with PRC Accounting Standards	806,819	733,492	11,323,468	9,025,929
Adjusted items and amounts under overseas financial reporting standards:				
(1) Amortisation of equity investment difference	0	0	4,501	4,501
(2) Difference in accounting treatment for the reversal of provision for impairment of non-current assets	0	0	901	901
(3) Staff and workers' bonus and welfare fund included in profit allocation as current cost and expenses items	-48	-175	0	0
(4) Dilution impact on investments accounted for using the equity method	-8,478	17,786	0	0
In accordance with overseas financial reporting standards	798,293	751,103	11,328,870	9,031,331

Financial statements of the Group for the year 2022 prepared in accordance with the Hong Kong Financial Reporting Standards have been audited by PricewaterhouseCoopers.

# FIVE-YEAR FINANCIAL SUMMARY

A summary of the published financial results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements of the Group, is set out below:

	Year ended 31 December				
	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
Revenue	110,006,437	75,675,765	63,156,985	59,704,322	72,379,779
Cost of sales	(105,549,528)	(71,776,845)	(60,860,992)	(57,181,363)	(60,835,699)
<b>Gross profit</b>	<b>4,456,909</b>	3,898,920	2,295,993	2,522,959	11,544,080
Selling and distribution costs	(4,228,464)	(4,339,756)	(3,641,480)	(4,553,402)	(5,073,033)
Administrative expenses	(5,486,890)	(4,556,045)	(3,850,327)	(3,589,516)	(4,519,380)
Net impairment losses on financial assets	(634,641)	(143,468)	(55,110)	(53,831)	(7,257)
Interest income	160,656	257,438	304,233	290,694	453,389
Other gains – net	(935,421)	1,257,349	1,379,690	2,620,340	1,067,991
<b>Operating (loss)/profit</b>	<b>(6,667,851)</b>	(3,625,562)	(3,567,001)	(2,762,756)	3,465,790
Interest income	330,520	58,558	127,551	171,565	103,021
Finance costs	(351,026)	(425,316)	(439,567)	(516,481)	(458,858)
Share of profit of joint ventures and associates	14,065,159	11,403,900	9,570,978	9,399,343	8,753,300
<b>Profit before income tax</b>	<b>7,376,802</b>	7,411,580	5,691,961	6,291,671	11,863,253
Income tax credit/(expense)	535,540	154,117	355,990	417,186	(920,808)
<b>Profit for the year</b>	<b>7,912,342</b>	7,565,697	6,047,951	6,708,857	10,942,445
<b>Profit is attributable to:</b>					
Owners of the Company	7,982,930	7,511,030	5,964,055	6,616,265	10,899,603
Non-controlling interests	(70,588)	54,667	83,896	92,592	42,842
	<b>7,912,342</b>	7,565,697	6,047,951	6,708,857	10,942,445

	As at 31 December				
	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
<b>Assets, liabilities and non-controlling interests</b>					
Total assets	190,074,774	154,250,589	142,860,688	137,463,551	132,173,759
Total liabilities	67,772,460	61,601,804	56,147,060	54,955,305	54,199,052
Non-controlling interests	9,013,608	2,335,474	2,338,597	2,320,135	1,370,853

# AWARDS AND HONOURS

## AWARDS AND HONOURS

Subject	Honours won by the Group and its major investees	Organiser/theme
The Company	<p>2022 "Fortune" ESG Influence List</p> <p>Selected as an annual excellent case in the "ESG Research Report on Listed Companies in China (2022)"</p> <p>Selected as an Excellent Case of Corporate Social Responsibility Practice in Chinese Auto Industry</p> <p>Selected as one of the 2022 Top 10 Cases of Social Value Bluebook (Livelihood and Welfare Promotion) for State-owned Enterprises in Guangdong-Hong Kong-Macao Greater Bay Area</p> <p>Won the title of "Annual Benchmarking Enterprise for Social Responsibility Influence in Guangdong-Hong Kong-Macao Greater Bay Area";</p> <p>Gold Cup in the 2021 Guangdong Kapok Cup for Poverty Relief</p> <p>Won the title of Guangzhou Charity Enterprise Model in 2022</p> <p>Won the title of Guangzhou Five-Star Donation Unit in 2022</p> <p>Nominated for the Green Award for Sustainable Development and the Internal Control Award for Sustainable Development under the Evergreen Prize of Caijing Magazine</p>	<p>"Fortune"</p> <p>Chinese Institute of Business Administration, Social Responsibility and Sustainable Development Commission; Beijing Rongzhi Corporate Social Responsibility Institute</p> <p>Chinese Association of Automobile Manufacturers</p> <p>China Social Responsibility 100 Forum</p> <p>Guangzhou Municipal Civil Affairs Bureau, Guangzhou Daily Group, Guangzhou Municipal Charity Association</p> <p>Guangdong Provincial Leading Group for Poverty Alleviation and Development</p> <p>Guangzhou Municipal Charity Association, Guangzhou Charity Alliance</p> <p>Guangzhou Municipal Charity Association, Guangzhou Charity Alliance</p> <p>Caijing Magazine, China Alliance of Social Value Investment</p>

## AWARDS AND HONOURS

Subject	Honours won by the Group and its major investees	Organiser/theme
GAEI	<p>China Appearance Patent Gold Award (23rd session)</p> <p>Silver award for China Excellent Industrial Design Reward</p> <p>Gold award for International CMF Design Award</p> <p>“Key technology and industrial application of dedicated hybrid transmission” won the first prize of Science and Technology Award of China Society for the Promotion of Science and Technology Commercialization</p> <p>“Research and development and industrialisation of key technology for wire-control shift” won the second prize of the Machinery Industry Science and Technology Award</p> <p>“Key technology for R&amp;D and manufacturing of lightweight steel-aluminum hybrid body for electric vehicles” won the second prize of the Science and Technology Award of the China Society of Automotive Engineers</p> <p>“Development of advanced equipment and key technologies for automotive aerodynamics” won the first prize of the Science and Technology Award of the China Society of Automotive Engineers</p> <p>“Key Technology and Industrialisation of C-V2X Vehicle-mounted Terminals for Vehicle-Road Cooperative Perception and Warning” won the second prize of the Science and Technology Award of the China Society of Automotive Engineers</p>	<p>China National Intellectual Property Administration</p> <p>Ministry of Industry and Information Technology</p> <p>International CMF Design Association</p> <p>China Society for the Promotion of Science and Technology Commercialization</p> <p>China Machinery Industry Federation/China Mechanical Engineer Society</p> <p>China Society of Automotive Engineers</p> <p>China Society of Automotive Engineers</p> <p>China Society of Automotive Engineers</p>
GAMC	<p>First Prize of Science and Technology Award of Guangdong Machinery Industry, First Prize of Science and Technology of Guangdong Mechanical Engineering Society</p> <p>First place among self-owned brands in J.D. Power 2022 Automobile Customer Service Index (CSI) Study</p> <p>Voice of China Automobile Customers for “Benchmarking Brand of After-sales Service” in 2022</p>	<p>Guangdong Mechanical Engineering Society</p> <p>J.D. Power</p> <p>12365auto.com and CAR RESEARCH</p>

## AWARDS AND HONOURS

<b>Subject</b>	<b>Honours won by the Group and its major investees</b>	<b>Organiser/theme</b>
GAC AION	Most Worth Looking forward to New Energy Brand -AION	Carso2o, Red Dot New Energy, RDA
	2021-2022 Annual Enterprise for Innovation and Transformation	The Economic Observer
	"Gold Engine" 2021 China's Best New Energy Vehicles Company	21st Century Business Herald
	TOP10 "Dual-carbon Strategy" Innovative Enterprise in Chinese Technological Mobility Industry	GTM Committee
GAC Honda	Top Ten Independent Brand Award	2022 China New Energy Vehicle Endurance Race Organizing Committee
	No. 1 in Sales Satisfaction Index (SSI)	J.D. Power
	No. 1 in Customer Service Index (CSI)	J.D. Power
	No. 1 among mainstream car brands in the Initial Quality Study (IQS)	J.D. Power
	Outstanding Corporate Citizen of the Year	21st Century Business Herald
GAC Toyota	Carbon Neutrality Activist – Action Breakthrough Award of the Year	Phoenix Satellite Television
	First place for Sales Service Satisfaction (Joint Ventures) in 2022	China Association for Quality
	Joint first place for After-sales Service Satisfaction (Joint Venture Brands)	China Association for Quality
GAC Mitsubishi	Gold Award in the "Toyota Global Service Excellence Recognition"	Toyota Motor Company
	Annual Service-oriented Brand	The Eleventh Golden Wrench Annual Automobile Ceremony
GAC-SOFINCO	2022 Best Automobile Finance Company	21st Century Business Herald 2022 China Auto Industry Summit
GAC Component	Ranked 54th among 2022 Global Top 100 Auto Parts Companies	China Automotive News
	Ranked 7th among Top 100 Auto Parts Companies of China in 2022	China Automotive News
	Ranked 7th among Top 30 Auto Parts Companies in China	China Machinery Industry Federation, China Association of Automobile Manufacturers
	Ranked 42nd among Top 500 Machinery Enterprises of China in 2022	China Machinery Enterprise Management Association
GAC Capital	TOP 20 Best State-owned Direct Investment Institutions	china-fof.com
	TOP 10 Best ESG Investment Institutions	
	Best Investment Institution for Post-investment Management in China	Chinese Venture

## AWARDS AND HONOURS

### VEHICLE MODELS AND OTHER AWARDS

Vehicle Models	Name of Honour	Awarded by
GAC Trumpchi Emkoo	The title of "Chinese Heart" Top Ten Best Engines and Hybrid System	AutoSports "China Heart" 2022 Top Ten Engines and Hybrid System Selection Organizing Committee
GAC Trumpchi M8	Annual Model Intelligent Cabin Award under CICA Award	The "CICA Award" for Annual Model with Intelligent Cabin jointly held by J.D.POWER×Tongji University
GAC Trumpchi Empow	The title of "Guangdong Famous High-tech Product"	Guangdong Hi-tech Enterprise Association
GAC AION LX Plus	Annual Pure Electric SUV with Ultra-long Endurance	Vehicle Circle, wanchedi.com
GAC AION Hyper GT	2022 Most Anticipated New Energy Model Award	Sina Auto
GAC AION V Plus	Most Anticipated Intelligent Pure Electric SUV of the Year	Organising Committee of China Automobile Golden Elephant Award
GAC AION Y Plus	Annual Best-selling Model	Automotive Intelligence New Media
GAC AION S	No. 1 for Mid-end NEV Quality Experience	12365auto.com & CAR RESEARCH
GAC Honda Vezel	No. 1 for Initial Quality Study (IQS) of Compact SUV	J.D. Power
GAC Honda Fit	No. 1 for Initial Quality Study (IQS) of Compact High-end Sedan	J.D. Power
GAC Honda Odyssey	Best MPV in 2022	China Media Group
GAC Honda ZR-V	2022 Annual Model Appraisal – Promising New Models of the Year	315che.com
GAC Honda Accord	Ranked 2nd in the China's Automobile Preservation Rate Fengyun Ranking for Mid-sized Petrol Sedan	58che.com, J.D.POWER
GAC Honda Avancier	Ranked 2nd in the China's Automobile Preservation Rate Fengyun Ranking for Mid-sized Petrol SUV	58che.com, J.D.POWER
GAC Toyota Sienna	Best MPV in 2022	China Media Group
GAC Toyota Highlander	Medium and Large SUV of the Year	Global Auto Media/Auto Business/NEWSV5.com/che310.com/Global Auto Review/Car Prophet
GAC Toyota- Venza	Premium Mid-size SUV of Greatest Concern	Carso2o
GAC Mitsubishi new Outlander	Most Anticipated High-end SUV of the Year	Organising Committee of China Automobile Awards

# DEFINITIONS

In this annual report, unless the context otherwise requires, all terms used shall have the following meaning:

“Articles of Association”	the articles of association of the Company, as amended from time to time
“associate(s)”, “associated company(ies)” or “associated enterprise(s)”	all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights of such entities
“Board”	the board of directors of the Company
“China Lounge Investments”	China Lounge Investments Limited (中隆投資有限公司), a wholly-owned subsidiary of the Company incorporated in Hong Kong
“Company” or “GAC”	Guangzhou Automobile Group Co., Ltd. (廣州汽車集團股份有限公司)
“Company Law”	the Company Law of the People’s Republic of China
“CSRC”	China Securities Regulatory Commission
“Da Sheng Technology”	Da Sheng Technology Co., Ltd.(大聖科技股份有限公司), a subsidiary of the Company established in June 2016 under PRC law, in which the Company and Urtrust Insurance holds 85% and 15% equity interests, respectively
“GAC AION”	GAC AION New Energy Automobile Co., Ltd. (廣汽埃安新能源汽車股份有限公司) (formerly known as Guangzhou Automobile New Energy Automobile Co., Ltd. (廣汽新能源汽車有限公司)), a subsidiary of the Company incorporated in July 2017 under PRC law, and in which the Company directly and indirectly holds a total of 76.89% equity interests
“GAC Business”	GAC Business Co., Ltd. (廣汽商貿有限公司) (formerly known as Guangzhou Automobile Group Business Co., Ltd. (廣州汽車集團商貿有限公司)), a wholly- owned subsidiary of the Company incorporated in March 2000 under PRC law
“GAC BYD”	Guangzhou GAC BYD New Energy Passenger Vehicle Co., Ltd. (廣州廣汽比亞迪新能源客車有限公司), a jointly controlled entity incorporated in August 2014 under PRC law by the Company and BYD Company Limited, and the Company holds 49% of its equity interests



## DEFINITIONS

“GAC Capital”	GAC Capital Co., Ltd. (廣汽資本有限公司), a wholly-owned subsidiary of the Company incorporated in April 2013 under PRC Law
“GAC Changfeng”	GAC Changfeng Motor Co., Ltd. (廣汽長豐汽車有限公司) (formerly known as Hunan Changfeng Motor Co., Ltd. (湖南長豐汽車製造股份有限公司)), a company incorporated in November 1996 under PRC Law, in which the Company holds 100% equity interests
“GAC Component”	GAC Component Co., Ltd. (廣汽零部件有限公司) (formerly known as Guangzhou Automobile Group Component Co., Ltd. (廣州汽車集團零部件有限公司)), a wholly-owned subsidiary incorporated in August 2000 under PRC law by the Company and its subsidiaries
“GAC Energy”	GAC Energy Technology Co., Ltd. (廣汽能源科技有限公司), a subsidiary incorporated in July 2022 under PRC law, in which the Company and GAC AION holds 55% and 45% equity interests, respectively
“GAC FCA”	GAC Fiat Chrysler Automobiles Co., Ltd. (廣汽菲亞特克萊斯勒汽車有限公司) (formerly known as GAC FIAT Automobiles Co., Ltd. (廣汽菲亞特汽車有限公司)), a jointly controlled entity incorporated in March 2010 under PRC law by the Company and Fiat Chrysler Automobiles (Fiat Chrysler Automobiles merged with the former Groupe PSA to form Stellantis Group in January 2021)
“GAC Finance Company”	Guangzhou Automobile Group Finance Co., Ltd. (廣州汽車集團財務有限公司), a wholly-owned subsidiary incorporated in January 2017 under PRC law by the Company
“GAC Hino”	GAC Hino Motors Co., Ltd. (廣汽日野汽車有限公司), a jointly controlled entity incorporated in November 2007 under PRC law by the Company and Hino Motors, Ltd.
“GAC Honda”	GAC Honda Automobile Co., Ltd. (廣汽本田汽車有限公司) (formerly known as Guangzhou Honda Automobile Co., Ltd. (廣州本田汽車有限公司)), a jointly controlled entity incorporated in May 1998 under PRC law by the Company, Honda Motor Co., Ltd. and Honda Motor (China) Investment Co., Ltd.
“GAC International”	GAC International Automobile Sales & Service Co., Ltd. (廣汽國際汽車銷售服務有限公司), a wholly-owned subsidiary incorporated in May 2022 under PRC law by the Company

## DEFINITIONS

“GAC Leasing”	Guangzhou GAC Leasing Co., Ltd. (廣州廣汽租賃有限公司), a wholly-owned subsidiary incorporated in February 2004 under PRC law by the Company
“GAC Mitsubishi”	GAC Mitsubishi Motor Co., Ltd. (廣汽三菱汽車有限公司), a jointly controlled entity incorporated in September 2012 under PRC law by the Company, Mitsubishi Motors Corporation and Mitsubishi Corporation
“GAC Toyota”	GAC Toyota Motor Co., Ltd. (廣汽豐田汽車有限公司) (formerly known as Guangzhou Toyota Motor Co., Ltd. (廣州豐田汽車有限公司)), a jointly controlled entity incorporated in September 2004 under PRC law by the Company, Toyota Motor Company and Toyota Motor (China) Investment Co., Ltd.
“GAC Toyota Engine”	GAC Toyota Engine Co., Ltd. (廣汽豐田發動機有限公司), an associated company incorporated in February 2004 under PRC law by the Company and Toyota Motor Company, and the Company holds 30% of its equity interests
“GAC-SOFINCO”	GAC-SOFINCO Automobile Finance Co., Ltd. (廣汽滙理汽車金融有限公司), a jointly controlled entity incorporated in May 2010 under PRC law by the Company and Société de Financement Industriel et Commercial (SOFINCO)
“GAEI”	Guangzhou Automobile Group Company Automotive Engineering Institute, a branch company of the Company established in June 2006 for the purpose of conducting research and development of the products and technology in which the Company has proprietary rights
“GAIG”	Guangzhou Automobile Industry Group Co., Ltd. (廣州汽車工業集團有限公司), a state-owned enterprise incorporated in October 2000 under PRC law and the controlling shareholder of the Company
“GAMC”	GAC Motor Co., Ltd. (廣汽乘用車有限公司) (formerly known as Guangzhou Automobile Group Motor Co., Ltd. (廣州汽車集團乘用車有限公司)), a wholly-owned subsidiary of the Company incorporated in July 2008 under PRC law
“GAMC (Hangzhou)”	GAC Motor (Hangzhou) Co., Ltd., the predecessor of which was GAC Gonow Automobile Co.,Ltd. (廣汽吉奧汽車有限公司), in which GAC Motor Co., Ltd. and HYCAN Automobile Technology Co., Ltd. hold 51% and 49% equity interests respectively



## DEFINITIONS

“Group” or “GAC Group”	the Company and its subsidiaries
“HYCAN Automobile”	HYCAN Automobile Technology Co., Ltd. (合創汽車科技有限公司) (formerly known as GAC Nio New Energy Automobile Technology Co., Ltd. (廣汽蔚來新能源汽車科技有限公司)), a company jointly funded and established by the Company and Nio, Inc. in April 2018 under PRC law, in which 25% of its equity interests are jointly held by the Company and its subsidiaries after the completion of capital injection in January 2021
“independent director”	has the same meaning as that of independent non-executive director
“IMPOW Battery”	IMPOW Battery Technology Co., Ltd. (因湃電池科技有限公司), a subsidiary incorporated in October 2022 under PRC law, in which GAMC, GAC Business and GAC AION holds 40%, 9% and 51% equity interests, respectively
“joint venture(s)” or “jointly controlled entity(ies)”	joint venture companies under direct or indirect joint control, and no participating party has unilateral control power over the economic activities of such jointly controlled entity as a result of such direct or indirect joint control
“Juwan Technology Research”	Guangzhou Juwan Technology Research Co., Ltd., an associated company incorporated in September 2020 under PRC law and jointly funded and established by the Company, GAC Capital, Guangzhou Juwan Investment Partnership (Limited Partnership) and other natural person shareholders
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
“MPV”	multi-purpose passenger vehicle
“ON TIME”	a mobile mobility platform established in April 2019 and launched by the Company through Chenqi Technology Limited (including its subsidiaries) established by China Lounge Investments and Tencent, and its controlling company, and is indirectly held 23.6% by the Group

## DEFINITIONS

“PRC” or “China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Ruipai Power”	Ruipai Power Technology Co., Ltd. (銳湃動力科技有限公司), a subsidiary incorporated in October 2022 under PRC law, in which the Company, GAMC and GAC AION holds 23%, 26% and 51% equity interests respectively
“Securities Law”	the Securities Law of the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Hino”	Shanghai Hino Engine Co., Ltd. (上海日野發動機有限公司), an associated company incorporated in October 2003 under PRC law by the Company and Hino Motors, Ltd., in which the Company holds 30% equity interests
“SSE”	the Shanghai Stock Exchange
“SSE Listing Rules”	the Rules Governing the Listing of Shares on the SSE, as amended from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisory Committee”	The supervisory committee of the Company
“SUV”	sports utility vehicle
“Times GAC”	Times GAC Energy Battery System Co., Ltd. (時代廣汽動力電池有限公司), an associated company jointly funded and established by the Company, GAC AION and Contemporary Amperex Technology Co., Ltd. in December 2018 under PRC law, in which the Company and GAC AION hold 49% equity interests in total
“Tong Fang Logistics”	Tong Fang Global (Tianjin) Logistics Co., Limited (同方環球(天津)物流有限公司), an associated company incorporated by the Company, China First Automobile Works Group and Toyota Motor Company in July 2007, in which the Company holds 25% equity interests



## DEFINITIONS

“Urtrust Insurance”	Urtrust Insurance Co., Ltd. (眾誠汽車保險股份有限公司), a subsidiary incorporated in June 2011 under PRC law by the Company, and in which the Company directly and indirectly holds a total of 53.55% equity interests
“Wuyang-Honda”	Wuyang-Honda Motors (Guangzhou) Co., Ltd. (五羊—本田摩托(廣州)有限公司), a jointly controlled entity incorporated in July 1992 under PRC law by the Company, Honda Motor Co., Ltd. and Honda Motor (China) Investment Co., Ltd.

