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GEELY

吉利汽車控股有限公司

GEELY AUTOMOBILE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

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

FINANCIAL HIGHLIGHTS:

	Year ended 31 December		Change %
	2023 RMB'000	2022 RMB'000	
Sales volume* (Units) (Note)	1,686,516	1,432,988	18
Revenue	179,203,592	147,964,647	21
Other gains/(losses), net	1,367,181	1,156,773	18
Share-based payments	(646,336)	(1,488,910)	(57)
Gain on bargain purchase upon subscription for an associate	–	1,749,734	(100)
Profit for the year	4,935,018	4,649,663	6
Profit attributable to equity holders of the Company	5,308,408	5,260,353	1
Earnings per share			
Basic (RMB Cents)	51.36	51.06	1
Diluted (RMB Cents)	51.00	50.49	1
Proposed final dividend (per ordinary share) (HK\$)	0.22	0.21	5

* Included the total sales volume of “Lynk&Co” vehicles and “Livan” vehicles sold by the Group’s 50%-owned joint venture and 45%-owned associate, respectively.

Note:

While the total sales volume does not correlate directly to the revenue the Group recognises during a particular period as it includes all sales volume of 領克投資有限公司 (LYNK & CO Investment Co., Ltd.) and 重慶睿藍汽車科技有限公司 (Chongqing Livan Automotive Technology Company Limited) on a 100% consolidated basis, the board of directors (“Board”) believes it is more indicative of the underlying demand of the Group’s vehicles.

The Board recommends payment of a final dividend of HK\$0.22 per ordinary share (2022: HK\$0.21 per ordinary share), and such proposal is subject to approval by shareholders at the annual general meeting of the Company to be held on Friday, 31 May 2024 at 4:00 p.m. (Hong Kong Time).

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

	<i>Note</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue	5	179,203,592	147,964,647
Cost of sales		<u>(151,788,523)</u>	<u>(127,069,010)</u>
Gross profit		27,415,069	20,895,637
Other gains/(losses), net	6	1,367,181	1,156,773
Distribution and selling expenses		(11,831,977)	(8,228,085)
Administrative expenses		(12,020,137)	(10,091,989)
Impairment loss on trade and other receivables	8(c)	(160,300)	(2,668)
Impairment loss on non-financial assets, net	8(c)	(317,001)	(340,400)
Gain on bargain purchase upon subscription for an associate	11	–	1,749,734
Share-based payments		(646,336)	(1,488,910)
Finance income, net	8(a)	544,350	380,472
Share of results of associates		365,248	(179,424)
Share of results of joint ventures		<u>233,845</u>	<u>830,801</u>
Profit before taxation	8	4,949,942	4,681,941
Taxation	7	<u>(14,924)</u>	<u>(32,278)</u>
Profit for the year		<u>4,935,018</u>	<u>4,649,663</u>
Attributable to:			
Equity holders of the Company		5,308,408	5,260,353
Non-controlling interests		<u>(373,390)</u>	<u>(610,690)</u>
Profit for the year		<u>4,935,018</u>	<u>4,649,663</u>
Earnings per share			
Basic	10	RMB0.51	RMB0.51
Diluted	10	<u>RMB0.51</u>	<u>RMB0.50</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 RMB'000	2022 RMB'000
Profit for the year	<u>4,935,018</u>	<u>4,649,663</u>
Other comprehensive (expense)/income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
– Notes receivable at fair value through other comprehensive income (“FVOCI”)		
Change in fair value	(91,509)	77,596
Income tax effect	24,398	(13,196)
– Share of other comprehensive income/(expense) of associates and joint venture, net of related income tax	10,985	(20,328)
– Exchange differences on translation of financial statements of foreign operations	(53,090)	86,448
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
– Equity investments at FVOCI		
Change in fair value	<u>(166,266)</u>	<u>(95,958)</u>
Other comprehensive (expense)/income for the year, net of tax	<u>(275,482)</u>	<u>34,562</u>
Total comprehensive income for the year	<u><u>4,659,536</u></u>	<u><u>4,684,225</u></u>
Attributable to:		
Equity holders of the Company	5,012,475	5,297,085
Non-controlling interests	<u>(352,939)</u>	<u>(612,860)</u>
Total comprehensive income for the year	<u><u>4,659,536</u></u>	<u><u>4,684,225</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Note</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		27,350,540	32,201,419
Intangible assets		23,919,814	22,547,705
Land lease prepayments		3,600,084	3,401,795
Goodwill		34,218	61,418
Interests in associates	<i>11</i>	5,971,984	3,967,117
Interests in joint ventures	<i>12</i>	9,730,978	10,268,201
Trade and other receivables	<i>13</i>	1,895,664	1,457,600
Financial assets at FVOCI		117,746	284,012
Deferred tax assets		6,341,753	4,573,149
		78,962,781	78,762,416
Current assets			
Inventories		15,422,219	10,822,330
Trade and other receivables	<i>13</i>	42,710,734	34,392,326
Income tax recoverable		164,412	121,020
Restricted bank deposits		943,433	386,898
Bank balances and cash		35,745,963	33,341,339
		94,986,761	79,063,913
Assets classified as held for sale	<i>15</i>	18,648,139	–
		113,634,900	79,063,913
Current liabilities			
Trade and other payables	<i>14</i>	87,398,188	65,480,717
Derivative financial instruments		12,702	80,509
Lease liabilities		753,611	556,579
Bonds payable	<i>19</i>	–	2,062,396
Income tax payable		774,408	773,013
		88,938,909	68,953,214
Liabilities directly associated with assets classified as held for sale	<i>15</i>	7,885,018	–
		96,823,927	68,953,214
Net current assets		16,810,973	10,110,699
Total assets less current liabilities		95,773,754	88,873,115

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2023

	<i>Note</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
CAPITAL AND RESERVES			
Share capital	<i>16</i>	183,807	183,686
Perpetual capital securities	<i>20</i>	3,413,102	3,413,102
Reserves		<u>76,911,915</u>	<u>71,533,667</u>
Equity attributable to equity holders of the Company		80,508,824	75,130,455
Non-controlling interests		<u>4,642,674</u>	<u>1,065,360</u>
Total equity		<u>85,151,498</u>	<u>76,195,815</u>
Non-current liabilities			
Trade and other payables	<i>14</i>	2,721,668	1,602,020
Lease liabilities		1,906,338	1,779,429
Bank borrowings	<i>17</i>	2,840,240	2,757,960
Loan from a related company	<i>18</i>	1,100,000	6,000,000
Bonds payable	<i>19</i>	1,500,000	–
Deferred tax liabilities		<u>554,010</u>	<u>537,891</u>
		<u>10,622,256</u>	<u>12,677,300</u>
		<u>95,773,754</u>	<u>88,873,115</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Attributable to equity holders of the Company											Total	
	Share capital	Perpetual capital securities	Share premium	Capital reserve	Statutory reserve	Fair value reserve (recycling)	Fair value reserve (non-recycling)	Translation reserve	Share-based compensation reserve	Retained profits	Sub-total		Non-controlling interests
	RMB'000 (note 16)	RMB'000 (note 20)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2022	<u>183,015</u>	<u>3,413,102</u>	<u>17,205,492</u>	<u>(2,871,342)</u>	<u>708,079</u>	<u>(175,286)</u>	<u>-</u>	<u>(91,022)</u>	<u>1,562,619</u>	<u>48,671,489</u>	<u>68,606,146</u>	<u>1,614,826</u>	<u>70,220,972</u>
Profit for the year	-	137,476	-	-	-	-	-	-	-	5,122,877	5,260,353	(610,690)	4,649,663
Other comprehensive income:													
Change in fair value of notes receivable at FVOCI	-	-	-	-	-	63,756	-	-	-	-	63,756	644	64,400
Share of other comprehensive expense of associate and joint venture	-	-	-	-	-	-	-	(20,328)	-	-	(20,328)	-	(20,328)
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	89,262	-	-	89,262	(2,814)	86,448
Change in fair value of equity investments at FVOCI	-	-	-	-	-	-	(95,958)	-	-	-	(95,958)	-	(95,958)
Total comprehensive income for the year	<u>-</u>	<u>137,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,756</u>	<u>(95,958)</u>	<u>68,934</u>	<u>-</u>	<u>5,122,877</u>	<u>5,297,085</u>	<u>(612,860)</u>	<u>4,684,225</u>
Transactions with owners:													
Transfer of reserves	-	-	-	-	376,514	-	-	-	-	(376,514)	-	-	-
Share of capital reserve of a joint venture	-	-	-	3,044	-	-	-	-	-	-	3,044	-	3,044
Shares issued under share option scheme (note 16(a))	39	-	11,481	-	-	-	-	-	(3,543)	-	7,977	-	7,977
Shares issued under share award scheme (note 16(b))	632	-	803,218	-	-	-	-	-	(803,218)	-	632	-	632
Equity settled share-based payments	-	-	-	-	-	-	-	-	1,984,900	-	1,984,900	-	1,984,900
Capital contribution from non-controlling interests	-	-	-	1,155,816	-	-	-	-	-	-	1,155,816	108,441	1,264,257
Distribution paid on perpetual capital securities (note 9(c))	-	(137,476)	-	-	-	-	-	-	-	-	(137,476)	-	(137,476)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(45,047)	(45,047)
Final dividend approved and paid in respect of the previous year (note 9(b))	-	-	-	-	-	-	-	-	-	(1,787,669)	(1,787,669)	-	(1,787,669)
Total transactions with owners	<u>671</u>	<u>(137,476)</u>	<u>814,699</u>	<u>1,158,860</u>	<u>376,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,178,139</u>	<u>(2,164,183)</u>	<u>1,227,224</u>	<u>63,394</u>	<u>1,290,618</u>
Balance at 31 December 2022	<u>183,686</u>	<u>3,413,102</u>	<u>18,020,191</u>	<u>(1,712,482)</u>	<u>1,084,593</u>	<u>(111,530)</u>	<u>(95,958)</u>	<u>(22,088)</u>	<u>2,740,758</u>	<u>51,630,183</u>	<u>75,130,455</u>	<u>1,065,360</u>	<u>76,195,815</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2023

	Attributable to equity holders of the Company													Total
	Share capital RMB'000 (note 16)	Perpetual capital securities RMB'000 (note 20)	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Safety production fund reserve RMB'000	Fair value reserve (recycling) RMB'000	Fair value reserve (non-recycling) RMB'000	Translation reserve RMB'000	Share-based compensation reserve RMB'000	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	
Balance at 1 January 2023	183,686	3,413,102	18,020,191	(1,712,482)	1,084,593	-	(111,530)	(95,958)	(22,088)	2,740,758	51,630,183	75,130,455	1,065,360	76,195,815
Profit for the year	-	142,437	-	-	-	-	-	-	-	5,165,971	5,308,408	(373,390)	4,935,018	
Other comprehensive income:														
Change in fair value of notes receivable at FVOCI	-	-	-	-	-	(66,440)	-	-	-	-	(66,440)	(671)	(67,111)	
Share of other comprehensive income of associates and joint venture	-	-	-	-	-	-	-	10,985	-	-	10,985	-	10,985	
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	(74,212)	-	-	(74,212)	21,122	(53,090)	
Change in fair value of equity investments at FVOCI	-	-	-	-	-	-	(166,266)	-	-	-	(166,266)	-	(166,266)	
Total comprehensive income for the year	-	142,437	-	-	-	-	(66,440)	(166,266)	(63,227)	-	5,165,971	5,012,475	(352,939)	4,659,536
Transactions with owners:														
Transfer of reserves	-	-	-	1,254,766	-	-	-	-	-	(1,267,501)	(12,735)	-	(12,735)	
Transfer to designated safety production fund	-	-	-	-	134,684	-	-	-	-	(134,684)	-	-	-	
Utilisation of designated safety production fund	-	-	-	-	(134,684)	-	-	-	-	134,684	-	-	-	
Share of capital reserve of an associate and joint venture	-	-	-	145,965	-	-	-	-	-	-	145,965	-	145,965	
Shares issued under share award scheme (note 16(b))	121	-	146,758	-	-	-	-	-	(146,758)	-	121	-	121	
Equity settled share-based payments	-	-	-	-	-	-	-	-	900,655	-	900,655	-	900,655	
Capital contribution from non-controlling interests	-	-	-	1,390,088	-	-	-	-	-	-	1,390,088	3,983,030	5,373,118	
Distribution paid on perpetual capital securities (note 9(c))	-	(142,437)	-	-	-	-	-	-	-	-	(142,437)	-	(142,437)	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(52,777)	(52,777)	
Final dividend approved and paid in respect of the previous year (note 9(b))	-	-	-	-	-	-	-	-	-	(1,915,763)	(1,915,763)	-	(1,915,763)	
Total transactions with owners	121	(142,437)	146,758	1,536,053	1,254,766	-	-	-	-	753,897	(3,183,264)	365,894	3,930,253	4,296,147
Balance at 31 December 2023	<u>183,807</u>	<u>3,413,102</u>	<u>18,166,949</u>	<u>(176,429)</u>	<u>2,339,359</u>	<u>-</u>	<u>(177,970)</u>	<u>(262,224)</u>	<u>(85,315)</u>	<u>3,494,655</u>	<u>53,612,890</u>	<u>80,508,824</u>	<u>4,642,674</u>	<u>85,151,498</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	<i>Note</i>	2023 RMB'000	2022 <i>RMB'000</i>
Cash flows from operating activities			
Profit before taxation		4,949,942	4,681,941
Adjustments for:			
Depreciation and amortisation		8,202,762	8,318,331
Equity settled share-based payments		646,336	1,488,910
Finance costs	<i>8(a)</i>	417,013	550,689
Gain on bargain purchase upon subscription for an associate	<i>11</i>	–	(1,749,734)
Gain from derecognition of financial assets at fair value through profit or loss (“FVTPL”)	<i>6</i>	–	(28,324)
Gain on deemed disposal of investment accounted for using the equity method	<i>6</i>	(10,208)	–
Gain on partial disposal of investment accounted for using the equity method	<i>6</i>	(175,721)	–
Impairment loss on trade and other receivables	<i>8(c)</i>	160,300	2,668
(Reversal of impairment loss)/Impairment loss on interest in a joint venture	<i>8(c)</i>	(138,632)	138,632
Impairment loss on inventories	<i>8(c)</i>	250,177	2,742
Impairment loss on property, plant and equipment	<i>8(c)</i>	205,456	199,026
Interest income	<i>8(a)</i>	(961,363)	(931,161)
Net foreign exchange loss		230,683	219,202
Net loss on disposal/written off of property, plant and equipment and land lease prepayments	<i>8(c)</i>	301,539	39,869
Share of results of associates		(365,248)	179,424
Share of results of joint ventures		(233,845)	(830,801)
Unrealised (gain)/loss on derivative financial instruments		(67,807)	147,401
		<hr/>	<hr/>
Operating profit before working capital changes		13,411,384	12,428,815
Inventories		(4,472,165)	(5,303,499)
Trade and other receivables		(2,901,827)	(131,682)
Trade and other payables		18,612,169	11,106,961
		<hr/>	<hr/>
Cash generated from operations		24,649,561	18,100,595
Income taxes paid		(2,307,192)	(2,082,200)
		<hr/>	<hr/>
<i>Net cash generated from operating activities</i>		22,342,369	16,018,395

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
Cash flows from investing activities			
Purchase of property, plant and equipment		(5,711,295)	(3,515,965)
Proceeds from disposal of property, plant and equipment and land lease prepayments		102,049	146,814
Additions of land lease prepayments		(171,923)	(52,262)
Additions of intangible assets		(9,439,276)	(6,768,761)
Initial/additional capital injection in associates		(1,111,000)	(1,812,310)
Initial/additional capital injection in joint ventures		(355,825)	(373,200)
Proceeds from partial disposal of interest in a joint venture	12	577,101	–
Acquisition of a loan to an associate	11	(387,354)	–
Advance to a joint venture		(100,000)	–
Dividend received from a joint venture		300,000	380,000
Dividend received from associates		220,386	–
Change in restricted bank deposits		(796,267)	(382,986)
Net cash outflows on acquisition of a subsidiary		(193,198)	(645,259)
Interest received		921,956	893,579
<i>Net cash used in investing activities</i>		<u>(16,144,646)</u>	<u>(12,130,350)</u>
Cash flows from financing activities			
Dividends paid to equity holders of the Company	9(b)	(1,915,763)	(1,787,669)
Dividends paid to non-controlling interests		(47,814)	(45,047)
Distribution paid on perpetual capital securities	9(c)	(142,437)	(137,476)
Settlement of payables for acquisition of additional interests in a subsidiary in previous year		–	(1,807,384)
Capital contribution from non-controlling interests		5,373,118	1,264,257
Proceeds from bank borrowings	21	662,813	3,819,402
Repayment of bank borrowings	21	–	(3,731,301)
Advances from related companies	21	1,898,730	7,600,000
Repayment of loan from a related company	21	(6,798,730)	(3,085,000)
Proceeds from issuance of bonds	21	1,500,000	–
Repayment of bonds payable	21	(2,068,422)	–
Proceeds from issuance of shares upon vesting of award shares	16(b)	121	632
Proceeds from issuance of shares upon exercise of share options	16(a)	–	7,977
Payment of lease liabilities	21	(785,958)	(611,065)
Interest paid	21	(439,434)	(162,243)
<i>Net cash (used in)/generated from financing activities</i>		<u>(2,763,776)</u>	<u>1,325,083</u>
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		33,341,339	28,013,995
Effect of foreign exchange rate changes		7	114,216
Cash and cash equivalents at the end of the year		<u><u>36,775,293</u></u>	<u><u>33,341,339</u></u>
Analysis of balance of cash and cash equivalents:			
Bank balances and cash		35,745,963	33,341,339
Bank balances and cash included in assets classified as held for sale	15	1,029,330	–
		<u><u>36,775,293</u></u>	<u><u>33,341,339</u></u>

NOTES

For the year ended 31 December 2023

(Amounts expressed in thousands of Renminbi (“RMB”), unless otherwise stated)

1. GENERAL INFORMATION

Geely Automobile Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**SEHK**”).

As at 31 December 2023, the directors consider the immediate holding company of the Company is Proper Glory Holding Inc., which is incorporated in British Virgin Islands (the “**BVI**”). The ultimate holding company of the Company is Zhejiang Geely Holding Group Company Limited# 浙江吉利控股集團有限公司 (“**Geely Holding**”), which is incorporated in the People’s Republic of China (the “**PRC**”) and is beneficially owned by Mr. Li Shu Fu and his associates.

The English translation of the name of the company established in the PRC is for reference only. The official name of the company is in Chinese.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”), and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the SEHK (the “**Listing Rules**”).

The HKICPA has issued certain new and amended HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the consolidated financial statements.

The consolidated financial statements for the year ended 31 December 2023 comprise the Group and the Group’s interests in associates and joint ventures.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except for certain financial assets are stated at fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The consolidated financial statements are presented in thousands of RMB (“**RMB’000**”), which is also the functional currency of the Company.

3. ADOPTION OF NEW AND AMENDED HKFRSs

3.1 New and amended HKFRSs that are effective for annual periods beginning on 1 January 2023

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2023:

HKFRS 17	Insurance Contracts and related amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

Except for those mentioned below, the adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

The amendments to HKAS 1 require entities to disclose material accounting policy information instead of significant accounting policies in its financial statements. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also provide some guidance on how material policy information are being identified and provide some examples of when accounting policy information is likely to be material.

In March 2021, HKICPA issued HKFRS Practice Statement 2 “Making Materiality Judgements” to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. HKFRS Practice Statement 2 was subsequently revised to provide guidance and examples on how to apply the concept of materiality to accounting policy disclosures.

The amendments to HKAS 1 are effective for annual reporting period beginning on or after 1 January 2023 and are applied prospectively. The amendments had no impact on the consolidated financial statements.

Amendments to HKAS 8 “Definition of Accounting Estimates”

The amendments clarify how entities should distinguish changes in accounting policies from changes in accounting estimates by introducing a definition for accounting estimates, which is now defined as “monetary amounts in the financial statements that are subject to measurement uncertainty”.

Besides, the amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. Accounting estimates typically involve the use of judgements or assumptions based on latest available reliable information. A change in accounting estimate that results from new information or new development is not correction of an error. Therefore, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. In addition, two illustrative examples are added to illustrate how to apply the new definition of accounting estimates.

The amendments are effective for annual reporting period beginning on or after 1 January 2023 and are applied prospectively. The amendments had no impact on the consolidated financial statements.

Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption of deferred tax in HKAS 12 “Income Taxes” does not apply to transactions that give rise to equal taxable and deductible temporary differences, such as lease contracts that give rise to the recognition of a lease liability and the corresponding right-of-use assets and contracts that give rise to the recognition of decommissioning obligations and corresponding amounts recognised as assets. Instead, entities are required to recognise the related deferred tax asset and liability on initial recognition, with the recognition of any deferred tax asset being subject to the recoverability criteria in HKAS 12 “Income Taxes”.

The Group adopted the amendments from 1 January 2023 and are required to recognise the associated deferred tax assets and liabilities from leases that occurred on or after 1 January 2022, with any cumulative effect recognised as an adjustment to retained profits at that date.

Prior to the application of the amendments, the Group had recognised the deferred tax assets and liabilities arising from leases on a net basis. Following the requirements of the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets as at 1 January 2022. As the balances are qualified for offset under paragraph 74 of HKAS 12, there is no material impact on the opening retained profits as at 1 January 2022 as a result of the amendments. The key impact of the Group relates to disclosure of components of deferred tax assets and liabilities in the consolidated financial statements.

Amendments to HKAS 12 “International Tax Reform – Pillar Two Model Rules”

The amendments provide mandatory temporary relief from accounting for deferred tax arising from the Organisation for Economic Co-operation and Development’s Pillar Two model rules (i.e. global minimum tax rules designed to ensure that large multinational business pay a minimum effective rate of tax of 15% on profits in all countries) (“**Pillar Two Model Rules**”). Entities shall apply this temporary exception immediately and retrospectively upon issuance of the amendments and disclose the fact of the application.

Besides, the amendments also introduce additional disclosure requirements to help users of financial statements to understand an entity's exposure to income taxes arising from the Pillar Two Model Rules. These disclosure are required in periods in which the legislation for Pillar Two Model Rules is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

After assessment, the amendments have no material impact on the consolidated financial statements.

3.2 Issued but not yet effective HKFRSs

As at the date of this announcement, certain amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of exchangeability ²

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective for annual periods beginning on or after 1 January 2025

³ Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments remove an acknowledged inconsistency between the requirements in HKFRS 10 "Consolidated Financial Statements" and those in HKAS 28 "Investments in Associates and Joint Ventures" in dealing with the sale or contribution of assets between an investor and its associate or joint venture and require that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The effective date of the amendments has been postponed indefinitely with earlier adoption permitted. The directors expect that the amendments have no material impact on the consolidated financial statements.

3.3 New HKICPA guidance on the accounting implication of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism

In June 2022, the Hong Kong SAR Government (the “**Government**”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”), which will take effect on 1 May 2025 (the “**Transition Date**”). The Amendment Ordinance abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset severance payment and LSP in respect of an employee’s service from the Transition Date (the “**Abolition**”). In addition, the last month’s salary immediately preceding the Transition Date is used to calculate the portion of the LSP in respect of the employment period before the Transition Date.

Prior to 1 January 2023, the Group applied practical expedient in paragraph 93(b) of HKAS 19 “Employee Benefits” (the “**Practical Expedient**”) to account for the offsetable MPF benefits as deemed employee contributions to reduce the current service costs in the period in which the related services were rendered.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” (the “**Guidance**”) that provides guidance for the accounting for the offsetting mechanism and the impact arising from the abolition of the MPF-LSP offsetting mechanism.

By following the Guidance, the Group has changed its accounting policy in connection with its LSP obligations. As a result of the Abolition, these contributions are no longer considered “linked solely to the employee’s service in that period” since the mandatory employer MPF contribution after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, the Group ceased to apply the Practical Expedient and reattribute the deemed employee contributions to periods of service in the same manner as the gross LSP benefit by applying paragraph 93(a) of HKAS 19. This change in accounting policy upon the cessation in applying the Practical Expedient has resulted in a catch-up adjustment in profit or loss in June 2022 for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the rest of 2022, with the corresponding adjustment to the carrying amount of the LSP obligations during the year ended 31 December 2022. This change in accounting policy did not have any impact on the opening balance of equity at 1 January 2022, and the earnings per share amounts for the year ended 31 December 2022. It also did not have a material impact on the company-level statements of financial position as at 31 December 2022 and 31 December 2023.

4. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the Company collectively, who determine the operating segments of the Group and review the Group’s internal reporting in order to assess performance and allocate resources. All of the Group’s business operations relate to the production and sales of automobiles, automobile parts and components and battery packs and related parts, provision of collaborative manufacturing services, research and development and related technological support services and licensing of related intellectual properties with similar economic characteristics. Accordingly, the executive directors review the performance of the Group as a single business segment. No separate analysis of the segment results by reportable segment is necessary.

Geographical information

The following tables set out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment (including right-of-use assets), intangible assets, interests in associates and joint ventures, goodwill and land lease prepayments (“**specified non-current assets**”). The geographical location of customers is based on the location at which the services are provided or the goods are delivered. The geographical location of the specified non-current assets is based on the physical location of the assets in the case of property, plant and equipment (including right-of-use assets) and land lease prepayments, the location of the operations to which they are allocated in the case of intangible assets and goodwill, and the location of operations of associates and joint ventures in the case of interests in associates and joint ventures.

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from external customers		
The PRC	146,307,768	125,121,242
Eastern Europe	17,797,326	7,787,293
Northern Europe	5,531,238	2,965,960
Middle East	5,201,126	6,344,611
Malaysia	2,184,091	3,237,144
Central and South America	1,194,986	1,064,088
Africa	344,177	219,820
Philippines	332,940	1,165,361
Other countries	309,940	59,128
	<u>179,203,592</u>	<u>147,964,647</u>
Specified non-current assets		
Hong Kong, place of domicile	3,619	1,622
PRC	64,929,129	69,054,409
Other countries	5,674,870	3,391,624
	<u>70,607,618</u>	<u>72,447,655</u>

Information about a major customer

Revenue from a customer which individually contributed over 10% of the Group's revenue is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Customer A [#]	<u>24,395,747</u>	<u>21,580,845</u>

[#] It includes a group of entities which are under common control by Mr. Li Shu Fu and his associates.

5. REVENUE

Revenue represents sales of automobiles, automobile parts and components, battery packs and related parts, provision of collaborative manufacturing services, provision of research and development and related technological support services and licensing of intellectual properties, net of value-added taxes (“VAT”) or related sales taxes and net of discounts. Revenue was mainly derived from customers located in the PRC.

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15 “Revenue from Contracts with Customers” (“HKFRS 15”)		
Disaggregated by major products/services		
– Sales of automobiles and related services	149,623,061	122,783,472
– Sales of automobile parts and components	10,234,158	8,779,400
– Sales of battery packs and related parts	10,758,693	8,017,539
– Research and development and related technological support services	6,591,992	6,727,610
– Licensing of intellectual properties	1,466,726	1,656,626
– Collaborative manufacturing income	528,962	–
	<u>179,203,592</u>	<u>147,964,647</u>
Disaggregated by timing of revenue recognition		
– At a point in time	172,414,816	141,089,983
– Over time	6,788,776	6,874,664
	<u>179,203,592</u>	<u>147,964,647</u>

6. OTHER GAINS/(LOSSES), NET

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Government grants and subsidies (<i>note</i>)	958,900	324,469
Net foreign exchange loss	(125,827)	(78,580)
Net realised and unrealised (loss)/gain on derivative financial instruments	(143,278)	281,961
Net loss on disposal/written off of property, plant and equipment and land lease prepayments	(301,539)	–
Gain from derecognition of financial assets at FVTPL	–	28,324
Logistic service income	104,880	130,151
Quality management and information technology service income	111,374	94,501
Gain on disposal of scrap materials	46,765	38,563
Gain on written off of long outstanding payable	150,135	–
Replacement service income	17,695	3,799
Gain on deemed disposal of investment accounted for using the equity method (<i>note 11</i>)	10,208	–
Gain on partial disposal of investment accounted for using the equity method (<i>note 12</i>)	175,721	–
Export services income	10,160	29,905
Rental income	23,230	35,975
Testing and inspection income	10,712	39,388
Sundry income	318,045	228,317
	<u>1,367,181</u>	<u>1,156,773</u>

Note: Government grants and subsidies mainly related to cash subsidies from government in respect of operating activities which are either unconditional grants or grants with conditions having been satisfied.

7. TAXATION

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current tax:		
– PRC enterprise income tax	2,232,217	2,032,646
– Under-provision in prior years	42,809	9,160
	<u>2,275,026</u>	<u>2,041,806</u>
Deferred tax	(2,260,102)	(2,009,528)
	<u>14,924</u>	<u>32,278</u>

The provision for Hong Kong profits tax is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the year.

The income tax provision of the Group in respect of its operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year based on the existing legislation, interpretations and practises in respect thereof. The PRC enterprise income tax rate is 25% (2022: 25%).

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries of the Group obtained the High and New Technology Enterprises qualification. Also, certain PRC subsidiaries of the Group located in the western region of the PRC are engaged in the encouraged businesses. Accordingly, they enjoyed a preferential income tax rate of 15% for the years ended 31 December 2023 and 2022.

According to relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that was effective from 2018, enterprises engaging in research and development activities were entitled to claim 200% of their eligible research and development costs so incurred as tax deductible expenses when determining their assessable profits for that period (“**Super Deduction**”). The Group made its best estimate for the Super Deduction to be claimed for the Group’s PRC subsidiaries in ascertaining their assessable profits for the years ended 31 December 2023 and 2022.

The share of results of associates and joint ventures in the consolidated income statement is after income taxes accrued in the appropriate income tax jurisdictions.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The tax charge for the year can be reconciled from the profit before taxation per consolidated income statement as follows:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	<u>4,949,942</u>	<u>4,681,941</u>
Tax at the PRC enterprise income tax rate of 25% (2022: 25%)	1,237,486	1,170,485
Tax effect of expenses not deductible	316,551	453,393
Tax effect of non-taxable income	(541,085)	(370,558)
Tax effect of unrecognised tax losses	306,135	76,784
Tax effect of unrecognised deductible temporary differences	5,599	10,201
Utilisation of previously unrecognised tax losses/deductible temporary differences	(62,981)	(181,197)
Tax effect of different tax rates of entities operating in other jurisdictions	(75,044)	(246,973)
Deferred tax charge on distributable profits withholding tax	23,897	67,123
Withholding tax on dividend declared by subsidiaries	396,705	218,857
Effect of tax concessions and lower tax rates for certain PRC subsidiaries	(437,087)	(576,336)
Super Deduction for research and development costs	(893,097)	(598,661)
Changes in opening balance of deferred tax assets/liabilities arising from changes in tax rate	(304,964)	–
Under-provision in prior years	<u>42,809</u>	<u>9,160</u>
Tax expense for the year	<u>14,924</u>	<u>32,278</u>

The Group is also liable to withholding tax on dividends to be distributed from the Group's subsidiaries in the PRC in respect of their profits generated from 1 January 2008. Deferred tax liabilities of RMB23,897,000 (2022: RMB67,123,000) were recognised for the distributable profits not yet paid out as dividends that are generated by the PRC subsidiaries of the Group during the year.

8. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
(a) Finance income and costs		
Finance costs		
Interest on bank and other borrowings	129,118	95,462
Interest on discounted notes receivable	30,486	83,002
Interest on lease liabilities	75,643	64,589
Interest on loans from related companies	181,766	211,329
Discounting effect on initial recognition of financial assets at amortised cost	<u>—</u>	<u>96,307</u>
	<u>417,013</u>	<u>550,689</u>
Finance income		
Bank and other interest income	<u>(961,363)</u>	<u>(931,161)</u>
Net finance income	<u><u>(544,350)</u></u>	<u><u>(380,472)</u></u>
(b) Staff costs (including directors' emoluments) (note (a))		
Salaries, wages and other benefits	9,069,223	6,722,023
Retirement benefit scheme contributions (note (b))	621,209	504,617
Equity settled share-based payments	<u>646,336</u>	<u>1,488,910</u>
	<u><u>10,336,768</u></u>	<u><u>8,715,550</u></u>

	2023 RMB'000	2022 RMB'000
(c) Other items		
Depreciation (<i>note (a)</i>):		
– Owned assets	2,787,080	2,820,661
– Right-of-use assets (including land lease prepayments)	<u>966,470</u>	<u>698,420</u>
Total depreciation	<u>3,753,550</u>	<u>3,519,081</u>
Impairment loss on non-financial assets, net:		
– Property, plant and equipment	205,456	199,026
– Joint venture	(138,632)	138,632
– Inventories	<u>250,177</u>	<u>2,742</u>
Total impairment loss on non-financial assets, net	<u>317,001</u>	<u>340,400</u>
Amortisation of intangible assets (related to capitalised product development costs)	4,449,212	4,799,250
Research and development costs	3,360,785	1,965,596
Auditor's remuneration:		
– Audit services	7,192	6,450
– Non-audit services	880	1,133
Cost of inventories recognised as an expense (<i>note (a)</i>)	145,583,188	121,008,659
Impairment loss on trade and other receivables	160,300	2,668
Lease charges on short term leases	159,995	67,858
Net loss on disposal/written off of property, plant and equipment and land lease prepayments	301,539	39,869
Net foreign exchange loss	125,827	78,580
Net claims paid on defective materials purchased	<u>301,806</u>	<u>231,933</u>

Notes:

- (a) Cost of inventories included RMB7,334,535,000 (2022: RMB7,396,679,000) relating to staff costs and depreciation, which amounts were also included in the respective total amounts disclosed separately for each of these types of expenses.
- (b) As at 31 December 2023, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2022: RMBNil).

9. DIVIDENDS

(a) Dividends payable to ordinary equity holders of the Company attributable to the year:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Final dividend proposed after the end of reporting period of Hong Kong dollars (“HK\$”) 0.22 (2022: HK\$0.21) per ordinary share	<u>2,033,286</u>	<u>1,866,554</u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability as at 31 December 2023.

(b) Dividends payable to ordinary equity holders of the Company attributable to the previous financial year, approved and paid during the year:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year of HK\$0.21 (2022: HK\$0.21) per ordinary share	<u>1,915,763</u>	<u>1,787,669</u>

(c) Distribution on perpetual capital securities

The Company made a distribution on perpetual capital securities of RMB142,437,000 (2022: RMB137,476,000) to the securities holders during the year ended 31 December 2023.

10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share is based on profit for the year attributable to ordinary equity holders of the Company of RMB5,165,971,000 (2022: RMB5,122,877,000) and weighted average number of ordinary shares of 10,059,168,511 shares (2022: 10,034,020,507 shares), calculated as follows:

Profit attributable to ordinary equity holders of the Company

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Profit for the year attributable to the equity holders of the Company	5,308,408	5,260,353
Distribution paid on perpetual capital securities (<i>note 9(c)</i>)	<u>(142,437)</u>	<u>(137,476)</u>
Profit for the year attributable to ordinary equity holders of the Company	<u>5,165,971</u>	<u>5,122,877</u>

Weighted average number of ordinary shares (basic)

	2023	2022
Issued ordinary shares as at 1 January (<i>note 16</i>)	10,056,973,786	10,018,441,540
Effect of share options exercised	–	2,315,814
Effect of award shares vested	<u>2,194,725</u>	<u>13,263,153</u>
Weighted average number of ordinary shares as at 31 December	<u>10,059,168,511</u>	<u>10,034,020,507</u>

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on profit for the year attributable to ordinary equity holders of the Company of RMB5,165,971,000 (2022: RMB5,122,877,000) and the weighted average number of ordinary shares (diluted) of 10,130,002,011 shares (2022: 10,146,990,673 shares), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2023	2022
Weighted average number of ordinary shares (basic) as at 31 December	10,059,168,511	10,034,020,507
Effect of deemed issue of shares under the Company's share option scheme (excluding those share options with anti-dilutive effect)	–	58,316
Effect of dilutive potential ordinary shares arising from award shares issued under the Company's share award scheme	<u>70,833,500</u>	<u>112,911,850</u>
Weighted average number of ordinary shares (diluted) as at 31 December	<u>10,130,002,011</u>	<u>10,146,990,673</u>

11. INTERESTS IN ASSOCIATES

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of unlisted investments	3,992,076	2,332,668
Share of post-acquisition results and other comprehensive income (including reserves)	280,806	(64,653)
Gain on bargain purchase upon subscription for an associate	1,749,734	1,749,734
Impairment loss recognised	(3,349)	(3,349)
Exchange realignment	<u>(47,283)</u>	<u>(47,283)</u>
	<u>5,971,984</u>	<u>3,967,117</u>

Details of the Group's interests in associates, which are unlisted corporate entities whose quoted market prices are not available and accounted for using the equity method in the consolidated financial statements as at 31 December 2023 and 2022, are as follows:

Name of associates	Place of establishments and operations	Form of business structure	Particulars of issued and paid up/registered capital	Attributable equity interest held by the Group		Principal activities
				2023	2022	
Hanna Mando (Ningbo) Automobile Chassis System Technology Co., Limited# 漢拿萬都(寧波)汽車底盤系統科技有限公司 (“Hanna Mando (Ningbo)”)	The PRC	Incorporated	United States dollars (“US\$”) 85,000,000	35%	35%	Manufacturing of key components and electronic devices of automobile chassis
Closed Joint Stock Company BELGEE (“BELGEE”)	The Republic of Belarus (“Belarus”)	Incorporated	Belarusian Ruble (“BYN”) 234,535,000	36.7%	36.7%	Production, marketing and sales of vehicles
PT Geely Mobil Indonesia	The Republic of Indonesia	Incorporated	US\$3,260,200	30%	30%	Production, marketing and sales of vehicles
Times Geely Power Battery Company Limited# 時代吉利動力電池有限公司 (“Times Geely”)	The PRC	Incorporated	RMB501,000,000	49%	49%	Research and development, manufacturing and sales of battery cells, battery modules and battery packs
Zhejiang Haohan Energy Technology Company Limited# 浙江浩瀚能源科技有限公司 (“Haohan Energy”)	The PRC	Incorporated	RMB500,000,000	30%	30%	Research and development of automobile charging systems and technologies, provision of automobile charging services and operation of automobile charging points and network
Wuxi Xingqu Technology Company Limited# 無錫星驅科技有限公司 (“Wuxi Xingqu”)	The PRC	Incorporated	RMB61,250,000	27.6%	27.6%	Research and development of automobile parts and components

Name of associates	Place of establishments and operations	Form of business structure	Particulars of issued and paid up/registered capital	Attributable equity interest held by the Group		Principal activities
				2023	2022	
Zhejiang Shuangli Automobile Intelligent Technology Company Limited# 浙江雙利汽車智能科技有限公司 (“ Shuangli Automobile ”)	The PRC	Incorporated	RMB90,000,000	35%	35%	Research, development and manufacturing of automobiles parts
Renault Korea Motors Co., Ltd. (“ Renault Korea ”)	The Republic of Korea	Incorporated	South Korean Won (“ KRW ”) 666,875,000,000	34.02%	34.02%	Design, development, manufacturing, production, assembly, sales, distribution, import, export and marketing of automobiles, related parts and accessories
Chongqing Livan Automotive Technology Company Limited# 重慶睿藍汽車科技有限公司 (“ Chongqing Livan ”)	The PRC	Incorporated	RMB1,450,000,000 (2022: RMB600,000,000)	45%	– (Note 12)	Research and development, sales and operations of vehicles (including but not limited to battery swapping vehicles)
Zhejiang Xingchuang Automotive Software Technology Co., Ltd.# 浙江星創汽車軟件科技有限公司 (“ Xingchuang ”)	The PRC	Incorporated	RMB40,000,000	45%	–	Research and development of automotive software
Hangzhou Qingwei Technology Company Limited# 杭州擎威科技有限公司 (“ Qingwei ”)	The PRC	Incorporated	RMB100,000,000	30%	–	Research, development and manufacturing of automobiles parts and electronic control system
Shangjian (Zhejiang) Motor Vehicle Inspection Technology Company Limited# 上檢(浙江)機動車檢測技術有限公司 (“ Shangjian ”)	The PRC	Incorporated	RMB60,000,000	30%	–	Provision of high-quality testing and technical services for the development of new energy vehicles and intelligent connected vehicles

Name of associates	Place of establishments and operations	Form of business structure	Particulars of issued and paid up/registered capital	Attributable equity interest held by the Group		Principal activities
				2023	2022	
PROTON Holdings Berhad (“PROTON”)	Malaysia	Incorporated	Malaysian Ringgit (“RM”) 1,009,513,000	49.9%	–	Manufacturing and sales of vehicles under the “PROTON” brand in Southeast Asia
DRB-HICOM Geely Sdn. Bhd. (“DHG”)	Malaysia	Incorporated	RM1,000	49.9%	–	Investment holding

All associates are indirectly held by the Company.

PROTON and DHG

On 20 January 2023, the Group had entered into acquisition agreements with a fellow subsidiary owned by the Company’s ultimate holding company pursuant to which the Group conditionally agreed to acquire 49.9% of the issued and paid-up ordinary share capital of PROTON and DHG for a cash consideration of approximately RMB1,450.4 million (of which US\$56,390,000 (equivalent to approximately RMB387.4 million) was related to the loan receivable to be sold to the Group) and a nominal consideration of US\$1 (equivalent to approximately RMB7), respectively. PROTON is principally engaged in manufacturing and sales of motor vehicles of its own brand in Southeast Asia. DHG is principally engaged in investment holding.

The acquisition of PROTON provides a valuable opportunity for the Group to enter the passenger vehicle market of right-hand drive models in Southeast Asia. By leveraging the resources and experiences of PROTON, the Group will be able to further strengthen its business development in Southeast Asia after completion of the acquisition. The Group will continue to collaborate with PROTON in the development of electric vehicle models under PROTON brand in the future.

DHG was incorporated by DRB-HICOM Berhad and Geely International (Hong Kong) Limited to restructure the intercompany debt in the amount of approximately RM1,616.4 million (equivalent to approximately RMB2,551.3 million) (the “Debt”) between PROTON (as borrower) and Perusahaan Otomobil Nasional Sdn. Bhd. (“PONSB”) (a wholly-owned subsidiary of PROTON, as lender). In order to set off against the Debt, PROTON issued non-convertible redeemable preference shares to DHG and DHG issued the same number of non-convertible redeemable preference shares to PONSB at the same consideration equivalent to the Debt amount. No voting right is attached to the aforesaid non-convertible redeemable preference shares, which can only be redeemed at the discretion of the issuer when it has sufficient funds. The acquisition of DHG is intertwined with the acquisition of PROTON because the incorporation of DHG is solely for the purpose of PROTON’s internal debt restructuring.

Chongqing Livan

On 13 December 2021, the Group entered into the investment cooperation agreement with Lifan Technology (Group) Company Limited# 力帆科技(集團)股份有限公司 (“**Lifan Technology**”), pursuant to which the Company and Lifan Technology agreed to form Chongqing Livan, to engage in the research and development, sales and operations of vehicles (including but not limited to battery swapping vehicles). Pursuant to the terms of the investment cooperation agreement, the registered capital of Chongqing Livan will be RMB600 million, and will be contributed as to 50% (equivalent to RMB300 million) by the Group and as to 50% (equivalent to RMB300 million) by Lifan Technology, respectively. Shareholder’s meeting is the highest authority, and the voting rights in the meeting are in proportion to respective subscribed ratio.

Therefore, the Group’s investment in Chongqing Livan as at 31 December 2022 was classified as a joint venture and accounted for using the equity method.

During the year ended 31 December 2022, the Group and Lifan Technology contributed RMB300,000,000 and RMB300,000,000, respectively, to Chongqing Livan.

On 20 June 2023, the Group, Lifan Technology and Chongqing Livan entered into a capital injection agreement, pursuant to which the Group agreed to inject approximately RMB355,825,000 into Chongqing Livan, while Lifan Technology agreed to inject approximately RMB494,175,000 into the same entity. As a result of the capital injection, the Group’s equity interests in Chongqing Livan were diluted from 50% to 45% and the Group can only exert significant influence over the financial and operating activities of Chongqing Livan.

Therefore, the Group’s investment in Chongqing Livan was reclassified from the joint venture to the associate. Besides, the gain on deemed disposal of investment in Chongqing Livan of RMB10,208,000 was recognised in “Other gains/(losses), net” in the consolidated income statement during the year ended 31 December 2023.

Renault Korea

On 9 May 2022, the Group had entered into a subscription agreement with Renault Korea, pursuant to which the Group agreed to subscribe for, and Renault Korea agreed to allot and issue an aggregate of 45,375,000 common shares of Renault Korea at a consideration of approximately KRW264 billion (equivalent to approximately RMB1,426,905,000) (the “**Consideration**”). Pursuant to the subscription agreement, the registered capital of Renault Korea was KRW666,875,000,000, and is contributed as to 34.02% by the Group and as to 65.98% by other investors, respectively.

As the Group is equipped with advanced technology and strong supply chain capability, the Renault Group wished to generate greater synergies and facilitate the implementation of its “Renaulution” strategic plan through its cooperation with the Group. Therefore, the Group occupied a dominant bargaining position during the commercial negotiation and has subscribed for the shares of Renault Korea at a relatively favorable consideration.

Renault Korea has an extensive sales network, which the sales of the automobiles are performed in its owned sales outlets and by automobile distributors. It is a strategic partner for the Group to further strengthen its capability in research in automobile architecture and vehicle model technology, while pursuing development along the industry value chain.

The subscription was completed in November 2022. An independent valuer performed a valuation of the identifiable assets and liabilities of Renault Korea at the completion date using the asset-based approach, which resulted in determining their fair value. A gain on bargain purchase upon subscription for an associate of approximately RMB1,749,734,000 has been recognised in the consolidated income statement for the year ended 31 December 2022. This gain was calculated based on the net fair value of the identifiable assets and liabilities of Renault Korea at the completion date. The transaction resulted in a bargain purchase gain as the Consideration was significantly less than the Group's share of net assets of Renault Korea at the completion date.

	2022 RMB'000
Cash consideration transferred	<u>1,426,905</u>
Total net fair value of the identifiable assets and liabilities of Renault Korea	9,337,563
The Group's effective interests in Renault Korea	34.02%
The Group's share of the net assets of Renault Korea	<u>3,176,639</u>
Gain on bargain purchase upon subscription for an associate	<u><u>1,749,734</u></u>

Haohan Energy

Further, the Group was notified on 10 December 2021 that the amended articles of association of Haohan Energy, which was resolved to be amended by its shareholders, has become effective. Pursuant to the amended articles of association of Haohan Energy, the registered capital of Haohan Energy shall increase from RMB30,000,000 to RMB500,000,000. The amount of contribution to the registered capital of Haohan Energy made by the Group and another investor, Geely Automobile Group Company Limited# 吉利汽車集團有限公司 (“**Geely Automobile Group**”), shall increase by RMB141,000,000 and RMB329,000,000, respectively, in proportion to their respective shareholding. The Group completed the capital contribution in May 2022.

Wuxi Xingqu

During the year ended 31 December 2022, the Group and other investors established an associate company, Wuxi Xingqu. Pursuant to the articles of association of Wuxi Xingqu, the registered capital of Wuxi Xingqu will be RMB61,250,000, and is contributed as to 27.6% (equivalent to RMB16,905,000) by the Group and as to 72.4% (equivalent to RMB44,345,000) by other investors, respectively.

Shuangli Automobile

During the year ended 31 December 2022, the Group and other investors established an associate company, Shuangli Automobile. Pursuant to the articles of association of Shuangli Automobile, the registered capital of Shuangli Automobile will be RMB90,000,000, and is contributed as to 35% (equivalent to RMB31,500,000) by the Group and as to 65% (equivalent to RMB58,500,000) by other investors, respectively.

Times Geely

The Group injected the capital of RMB196,000,000 into Times Geely in May 2022. Upon the completion of the capital injection, the Group's equity interest in Times Geely still remains at 49%.

Xingchuang

During the year ended 31 December 2023, the Group and an independent third party established an associate company, Xingchuang. Pursuant to the articles of association of Xingchuang, the registered capital of Xingchuang will be RMB40,000,000, and is contributed as to 45% (equivalent to RMB18,000,000) by the Group and as to 55% (equivalent to RMB22,000,000) by the independent third party, respectively. The Group completed the capital contribution in March 2023.

Qingwei

During the year ended 31 December 2023, the Group and other investors entered into an investment agreement, pursuant to which the Group and other investors subscribed 30% (equivalent to RMB30,000,000) and 70% of the registered capital of an associate company, Qingwei, respectively. Pursuant to the articles of association of Qingwei, the registered capital of Qingwei will be RMB100,000,000, and is contributed as to 30% (equivalent to RMB30,000,000) by the Group and as to 70% (equivalent to RMB70,000,000) by other investors, respectively. The Group completed the subscription in August 2023.

Shangjian

On 31 August 2023, the Group entered into an acquisition agreement with Ningbo Geely Automobile R&D Company Limited# 寧波吉利汽車研究開發有限公司 (“**Ningbo Geely Automobile**”), a fellow subsidiary owned by the Company’s ultimate holding company, pursuant to which the Group agreed to acquire 30% of the equity interests in Shangjian for a cash consideration of RMB17,350,000. The acquisition of Shangjian was completed in November 2023. Upon completion of the acquisition, Shangjian is owned as to 30% by the Group and as to 70% by other independent investors, respectively.

The English translation of the names of the companies established in the PRC is for reference only. The official names of these companies are in Chinese.

Renault Korea has an extensive sales network, which the sales of the automobiles are performed in its owned sales outlets and by automobile distributors. It is a strategic partner for the Group to further strengthen its capability in research in automobile architecture and vehicle model technology, while pursuing development along the industry value chain.

PROTON provides a valuable opportunity for the Group to enter the passenger vehicle market of right-hand drive models in Southeast Asia. It is a strategic partner for the Group to further strengthen its business development in Southeast Asia by leveraging its resources and experiences.

The Group invests in Chongqing Livan to further strengthen its business development in battery swapping products and ecosystem development.

Summarised financial information of PROTON and its subsidiaries (“**PROTON Group**”), Renault Korea and Chongqing Livan and its subsidiaries (“**Chongqing Livan Group**”), the Group’s material associates, adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements, are disclosed below:

	PROTON Group 2023 RMB’000	Renault Korea 2023 RMB’000	2022 RMB’000	Chongqing Livan Group 2023 RMB’000	2022 RMB’000
Non-current assets	10,454,171	5,530,345	5,188,477	1,771,213	389,842
Current assets	4,869,110	7,059,804	8,858,630	3,959,710	3,369,318
Current liabilities	(4,867,109)	(2,533,372)	(4,033,161)	(4,858,610)	(3,126,272)
Non-current liabilities	(2,821,997)	(584,082)	(646,950)	(12,530)	(11,212)
Net assets	<u>7,634,175</u>	<u>9,472,695</u>	<u>9,366,996</u>	<u>859,783</u>	<u>621,676</u>

	PROTON Group For the period from 28 April 2023 (date of acquisition) to 31 December 2023 RMB’000	Renault Korea For the period from 30 November 2022 (date of acquisition) to 31 December 2022 RMB’000	For the period from 24 January 2022 (date of incorporation) to 31 December 2022 RMB’000	Chongqing Livan Group For the period from 24 January 2022 (date of incorporation) to 31 December 2022 RMB’000	For the period from 24 January 2022 (date of incorporation) to 31 December 2022 RMB’000
Revenue	9,551,053	34,735,224	1,666,703	3,484,496	5,839,487
Profit/(Loss) for the period/year	293,903	495,517	29,894	(622,305)	15,588
Other comprehensive income/ (expense) for the period/year	140	140,385	(461)	-	-
Total comprehensive income/ (loss) for the period/year	294,043	635,902	29,433	(622,305)	15,588
Movement of capital reserve	282,600	-	-	10,412	6,088
Dividend received from an associate	-	180,375	-	-	-

	PROTON Group 2023 RMB'000	Renault Korea 2023 RMB'000	2022 RMB'000	Chongqing Livan Group 2023 RMB'000	2022 RMB'000
Net assets of the associates	7,634,175	9,472,695	9,366,996	859,783	621,676
Adjustment (note (a))	(5,798,555)	-	-	-	-
	1,835,620	9,472,695	9,366,996	859,783	621,676
The Group's effective interests in the associates	49.9%	34.02%	34.02%	45%	50%
Goodwill	915,974 403,701	3,222,611 -	3,186,652 -	386,902 -	310,838 -
Carrying amount of the Group's interests in associates	1,319,675	3,222,611	3,186,652	386,902	310,838 <i>(note (b))</i>

Notes:

- (a) The amounts represented the non-controlling interests in the subsidiary of PROTON and cumulative preference shares that are held by parties other than the Group in PROTON and the related undeclared dividend.
- (b) The amount was included in interests in joint ventures as at 31 December 2022.
- (c) During the year ended 31 December 2023, the Group recognised its share of loss of Chongqing Livan in the "Share of results of joint ventures" and "Share of results of associates" of approximately RMB148,791,000 and RMB146,125,000 respectively, in the consolidated income statement.

Aggregate financial information of associates that are not individually material:

	2023 RMB'000	2022 RMB'000
Aggregate amounts of the Group's share of profit/(loss) for the period/year	227,158	(189,593)
Aggregate amounts of the Group's share of other comprehensive income/(expense) for the period/year	9,482	(25,154)
Aggregate carrying amount of the Group's interests in these associates	1,042,796	780,465

12. INTERESTS IN JOINT VENTURES

	2023	2022
	RMB'000	RMB'000
Cost of unlisted investments	7,305,706	7,805,706
Unrealised gain on disposal of a subsidiary to a joint venture	(14,943)	(14,943)
Share of post-acquisition results and other comprehensive income (including reserves)	2,440,215	2,616,070
Impairment loss recognised	–	(138,632)
	<u>9,730,978</u>	<u>10,268,201</u>

Details of the Group's joint ventures which are unlisted corporate entities whose quoted market prices are not available and accounted for using the equity method in the consolidated financial statements as at 31 December 2023 and 2022, are as follows:

Name of joint ventures	Place of establishments and operations	Form of business structure	Particulars of registered capital	Proportion of ownership interest held by the Group		Principal activities
				2023	2022	
Genius Auto Finance Company Limited** 吉致汽車金融有限公司 (“Genius AFC”)	The PRC	Incorporated	RMB4,000,000,000	75%	80%	Vehicles financing business
LYNK & CO Investment Co., Ltd.# 領克投資有限公司 (“LYNK & CO Investment”)	The PRC	Incorporated	RMB7,500,000,000	50%	50%	Manufacturing and sales of vehicles under the “Lynk&Co” brand
Zhejiang Geely AISIN Automatic Transmission Company Limited# 浙江吉利愛信自動變速器有限公司 (“Zhejiang AISIN”)	The PRC	Incorporated	US\$117,000,000	40%	40%	Manufacturing and sales of front-wheel drive 8-speed automatic transmissions and related parts and components
Shandong Geely Sunwoda Power Battery Company Limited# 山東吉利欣旺達動力電池有限公司 (“Geely Sunwoda”)	The PRC	Incorporated	RMB100,000,000	41.5%	41.5%	Development, production, sales and after-sales service of hybrid battery cells, battery modules and battery packs

Name of joint ventures	Place of establishments and operations	Form of business structure	Particulars of registered capital	Proportion of ownership interest held by the Group		Principal activities
				2023	2022	
Guangdong Xinyueneng Semiconductor Company Limited# 廣東芯粵能半導體有限公司 (“Xinyueneng”)	The PRC	Incorporated	RMB400,000,000	40%	40%	Provision of integrated circuit design, manufacturing, sales and the manufacturing of semiconductors
Chongqing Livan	The PRC	Incorporated	RMB1,450,000,000 (2022: RMB600,000,000)	- (Note 11)	50%	Research and development, sales and operations of vehicles (including but not limited to battery swapping vehicles)

The English translation of the names of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

* Genius AFC is directly held by the Company.

Genius AFC

On 11 August 2020, BNP Paribas Personal Finance (“**BNPP PF**”) served a written notice to the Company on the exercise of the call option associated with the joint venture agreement (the “**Call Option**”) pursuant to which, subject to the agreement on the exercise price and other terms, BNPP PF will acquire from the Company such additional equity interest in Genius AFC to increase its equity interest in Genius AFC up to 50%.

On 11 July 2022, the Company entered into the equity transfer agreement (the “**Equity Transfer Agreement**”) with BNPP PF and its wholly owned subsidiary as purchaser in relation to the exercise of the Call Option by BNPP PF, pursuant to which the wholly owned subsidiary of BNPP PF has conditionally agreed to purchase from the Company and the Company has conditionally agreed to sell to the wholly owned subsidiary of BNPP PF an interest of 5% in the registered capital of Genius AFC at an initial cash consideration of approximately RMB420,706,000, which will be subsequently adjusted for any change in the book value of Genius AFC between 31 July 2020 and the completion date which will be determined and confirmed in the audited financial statements of Genius AFC as of the completion date. The transaction contemplated under the Equity Transfer Agreement has been completed in August 2023. The upward adjustment to the initial cash consideration is approximately RMB156,395,000. The gain on partial disposal of investment in Genius AFC of RMB175,721,000 was recognised in “Other gains/(losses), net” in the consolidated income statement during the year ended 31 December 2023.

As at 31 December 2023, the aggregate bank balances deposited by the Group with Genius AFC amounted to approximately RMB6,900,000,000 (2022: RMB6,900,000,000).

Geely Sunwoda

During the year ended 31 December 2022, the Group and the remaining joint venture partners contributed RMB33,200,000 and RMB46,800,000, respectively, to Geely Sunwoda.

Xinyueneng

During the year ended 31 December 2022, the Group and the remaining joint venture partners contributed RMB40,000,000 and RMB52,000,000, respectively, to Xinyueneng.

Zhejiang AISIN

During the year ended 31 December 2022, Zhejiang AISIN, in which the Group holds a 40% interest, recorded substantial operating losses. Therefore, the management of the Group carried out an impairment assessment and evaluated the recoverable amounts of the carrying amount of its interest in Zhejiang AISIN. The management of the Group used the value-in-use of the interest in Zhejiang AISIN as its recoverable amount. In determining the value-in-use of the interest in Zhejiang AISIN, the directors of the Company estimated the present value of the estimated future cash flows arising from its share of the estimated future cash flows expected to be generated by Zhejiang AISIN. The pre-tax discount rate used to determine the recoverable amount is approximately 14.5%. Based on the assessment, the recoverable amount was determined to be zero. Accordingly, the Group fully impaired its interest in Zhejiang AISIN during the year ended 31 December 2022.

From the second quarter of 2023 onwards, Zhejiang AISIN experienced a significant increase in sales, primarily driven by the increase in market demand for the 8-speed automatic transmissions and the commencement of mass production. As a result, Zhejiang AISIN achieved operating profits for the year ended 31 December 2023. The management of the Group conducted an impairment assessment and evaluated the recoverable amounts of its interest in Zhejiang AISIN. The management of the Group used the value-in-use of the interest in Zhejiang AISIN as its recoverable amount. In determining the value-in-use of the interest in Zhejiang AISIN, the directors of the Company estimated the present value of the estimated future cash flows arising from its share of the estimated future cash flows expected to be generated by Zhejiang AISIN. The pre-tax discount rate used to determine the recoverable amount is approximately 15%. Based on the assessment, the recoverable amount was determined to be RMB196,336,000. Accordingly, the Group recognised a reversal of the impairment loss on interest in Zhejiang AISIN amounting to RMB138,632,000 during the year ended 31 December 2023. This reversal of impairment loss reflects the improved performance and outlook for Zhejiang AISIN, driven by its increased sales, stable production, and the anticipated growth in market share, leading to higher future cash flow projections.

The English translation of the names of the companies established in the PRC is for reference only. The official names of these companies are in Chinese.

Summarised financial information of the LYNK & CO Investment and its subsidiaries (“**LYNK & CO Group**”) and Genius AFC, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated statement of financial position, are disclosed below:

	LYNK & CO Group		Genius AFC	
	2023	2022	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets	22,867,065	16,879,085	1,943,166	1,900,081
Current assets	23,199,325	16,801,102	57,447,756	56,651,975
Current liabilities	(34,363,313)	(22,449,072)	(27,713,732)	(30,564,197)
Non-current liabilities	(4,898,518)	(3,229,351)	(23,605,450)	(20,728,964)
Net assets	<u>6,804,559</u>	<u>8,001,764</u>	<u>8,071,740</u>	<u>7,258,895</u>

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	4,690,344	2,894,042	4,284,058	5,557,605
Current financial liabilities (excluding trade and other payables and provisions)	(4,670,930)	(2,014,539)	(24,659,553)	(27,069,302)
Non-current financial liabilities (excluding trade and other payables and provisions)	<u>(3,767,263)</u>	<u>(1,988,666)</u>	<u>(23,605,450)</u>	<u>(20,728,964)</u>

	LYNK & CO Group		Genius AFC	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	34,786,563	29,108,984	4,405,778	4,393,613
(Loss)/Profit for the year	(1,104,660)	7,222	1,212,845	1,221,567
Other comprehensive (expense)/income for the year	(92,546)	9,966	–	–
Total comprehensive (expense)/income for the year	(1,197,206)	17,188	1,212,845	1,221,567
Dividend received from a joint venture	<u>–</u>	<u>–</u>	<u>300,000</u>	<u>400,000</u>

The above (loss)/profit for the year including the following:

Depreciation and amortisation	(3,436,035)	(2,927,401)	(54,406)	(39,764)
Interest income	113,880	44,702	4,216,499	4,278,939
Interest expense	(322,568)	(98,645)	(1,623,217)	(1,734,233)
Income tax credit/(expense)	<u>497,971</u>	<u>(93,002)</u>	<u>(492,998)</u>	<u>(424,193)</u>

Reconciliation of the above summarised financial information to the carrying amount of the Group's interests in joint ventures recognised in the consolidated statement of financial position:

	LYNK & CO Group		Genius AFC	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Net assets of the joint ventures	6,804,559	8,001,764	8,071,740	7,258,895
The Group's effective interests in the joint ventures	<u>50%</u>	<u>50%</u>	<u>75%</u>	<u>80%</u>
The Group's share of the net assets of the joint ventures	3,402,280	4,000,882	6,053,805	5,807,116
Unrealised gain on disposal of a subsidiary to a joint venture	<u>(14,943)</u>	<u>(14,943)</u>	<u>–</u>	<u>–</u>
Carrying amount of the Group's interests in joint ventures	<u>3,387,337</u>	<u>3,985,939</u>	<u>6,053,805</u>	<u>5,807,116</u>

Aggregate financial information of joint ventures that are not individually material:

	2023	2022
	RMB'000	RMB'000
Aggregate amounts of the Group's share of loss for the year	(161,895)	(157,858)
Aggregate amounts of the Group's share of other comprehensive income for the year (including reserves)	2,627	–
Aggregate carrying amount of the Group's interests in these joint ventures	<u>289,836</u>	<u>164,308</u>

13. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade and notes receivables			
Trade receivables, net of loss allowance			
– Third parties		2,093,037	914,002
– Joint ventures		2,310,242	1,491,801
– Associates		2,186,036	1,083,478
– Related companies controlled by the substantial shareholder of the Company		<u>9,190,957</u>	<u>8,176,897</u>
	<i>(a)</i>	15,780,272	11,666,178
Notes receivable	<i>(b)</i>	<u>20,118,021</u>	<u>17,047,131</u>
		<u>35,898,293</u>	<u>28,713,309</u>
Deposit, prepayment and other receivables			
Prepayment to suppliers			
– Third parties		1,116,843	1,323,349
– Associates		14,424	85,635
– Related companies controlled by the substantial shareholder of the Company		<u>25,027</u>	<u>158,635</u>
		1,156,294	1,567,619
Deposits paid for acquisition of property, plant and equipment		232,900	382,489
Other contract costs	<i>(c)</i>	667,482	547,731
Utility deposits and other receivables		1,954,066	1,921,466
Loan to an associate	<i>(d)</i>	416,726	–
Loan to a joint venture	<i>(e)</i>	100,000	–
VAT and other taxes receivables		<u>4,085,200</u>	<u>2,334,275</u>
		8,612,668	6,753,580
Amounts due from related companies controlled by the substantial shareholder of the Company	<i>(f)</i>	<u>95,437</u>	<u>383,037</u>
		<u>8,708,105</u>	<u>7,136,617</u>
		<u>44,606,398</u>	<u>35,849,926</u>
<i>Representing:</i>			
– Current		42,710,734	34,392,326
– Non-current		<u>1,895,664</u>	<u>1,457,600</u>
		<u>44,606,398</u>	<u>35,849,926</u>

(a) Trade receivables

The Group allows average credit periods ranged from 30 days to 90 days (2022: 30 days to 90 days) to its PRC customers from sales of automobiles, automobile parts and components and battery packs and related parts, provision of collaborative manufacturing services, provision of research and development and related technological support services. In respect of the trade receivable from related companies arising from the licensing of intellectual properties, it will be settled within five years in accordance with the contract terms. Ageing analysis of the trade receivables of the PRC customers, based on invoice date and net of loss allowance, at the end of the reporting period was as follows:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
0 – 60 days	11,298,390	7,240,582
61 – 90 days	423,922	285,072
91 – 365 days	491,158	390,635
Over 365 days	218,963	298,372
	<u>12,432,433</u>	<u>8,214,661</u>

For overseas customers, the Group allows credit periods ranged from 30 days to 210 days (2022: 30 days to 210 days). Ageing analysis of the trade receivables of the overseas customers, based on invoice date and net of loss allowance, at the end of the reporting period was as follows:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
0 – 60 days	2,474,966	2,585,390
61 – 90 days	620,678	607,106
91 – 365 days	252,195	259,021
	<u>3,347,839</u>	<u>3,451,517</u>

(b) Notes receivable

All notes receivable are denominated in RMB. As at 31 December 2023 and 2022, all notes receivable were guaranteed by established banks in the PRC and have maturities of less than one year from the end of the reporting period.

The Group manages its notes receivable using the business model whose objective is achieved by both collecting contractual cash flows and selling of these assets. Accordingly, notes receivable are classified as financial assets at FVOCI (recycling) in accordance with HKFRS 9 “Financial Instruments” and are stated at fair value. The fair value is based on the net present value as at 31 December 2023 and 2022 from expected timing of endorsements and discounting at the interest rates for the respective notes receivable. The fair value is within Level 2 of the fair value hierarchy.

As at 31 December 2023, the Group endorsed certain notes receivable accepted by banks in PRC (the “**Endorsed Notes**”) with a carrying amount of RMB134,297,000 (2022: RMB686,835,000) to certain of its suppliers in order to settle the trade payables due to such suppliers (the “**Endorsement**”). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Notes, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Notes and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Notes, including the sale, transfer or pledge of the Endorsed Notes to any other third parties. As at 31 December 2023, the aggregate carrying amount of the trade payables settled by the Endorsed Notes during the year to which the suppliers have recourse was RMB134,297,000 (2022: RMB686,835,000).

As at 31 December 2023, the Group discounted and endorsed certain notes receivable accepted by banks in the PRC (the “**Derecognised Notes**”) to certain banks in order to obtain additional financing or to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB66,983,025,000 (2022: RMB62,809,820,000). The Derecognised Notes had a maturity of less than one year (2022: less than one year) at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Notes have a right of recourse against the Group if the PRC banks default (the “**Continuing Involvement**”). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Notes. Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes and the associated liabilities. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts.

(c) Other contract costs

Other contract costs capitalised as at 31 December 2023 and 2022 related to the costs incurred in providing internet connectivity services that is used to satisfy the performance obligations for providing such services to customers in the respective sales of automobile contracts at the end of the reporting period. Contract costs are amortised in line with the recognition of the respective revenue in accordance with the terms of the contracts. There was no impairment in relation to the contract costs capitalised during the year (2022: RMBNil).

(d) Loan to an associate

As at 31 December 2023, the loan to an associate was unsecured, repayable in 2024 and carried interest rate at 6.0% per annum.

(e) Loan to a joint venture

As at 31 December 2023, the loan to a joint venture was unsecured, repayable in 2024 and carried interest rate at 3.65% per annum. The Group has the right to convert any unpaid loan amount into equity of the joint venture at any time after the loan matures, based on the latest round of financing valuation of the joint venture.

(f) Amounts due from related companies

The amounts due are unsecured, interest-free and repayable on demand.

14. TRADE AND OTHER PAYABLES

	<i>Note</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade and notes payables			
Trade payables			
– Third parties		34,361,942	34,052,204
– Associates		327,926	319,766
– Joint ventures		806,737	69,403
– Related companies controlled by the substantial shareholder of the Company		<u>17,880,490</u>	<u>7,749,791</u>
	<i>(a)</i>	53,377,095	42,191,164
Notes payable	<i>(b)</i>	<u>5,693,442</u>	<u>3,365,739</u>
		<u>59,070,537</u>	<u>45,556,903</u>
Other payables			
Receipts in advance from customers	<i>(c)</i>		
– Third parties		13,949,928	6,241,266
– Associates		173,635	444,649
– Joint ventures		70,774	47,536
– Related companies controlled by the substantial shareholder of the Company		<u>379,308</u>	<u>540,736</u>
		14,573,645	7,274,187
Deferred government grants which conditions have not been satisfied		466,150	887,754
Payables for acquisition of property, plant and equipment		1,451,621	1,881,966
Payables for capitalised product development costs	<i>(d)</i>	2,188,584	1,091,552
Accrued staff salaries and benefits		2,614,265	2,192,518
VAT and other taxes payables		2,297,860	1,834,242
Consideration payable for acquisition of a subsidiary		152,980	–
Other accrued charges and payables	<i>(e)</i>	<u>6,666,555</u>	<u>5,475,817</u>
		30,411,660	20,638,036
Amounts due to related companies controlled by the substantial shareholder of the Company	<i>(f)</i>	<u>637,659</u>	<u>887,798</u>
		<u>31,049,319</u>	<u>21,525,834</u>
		<u>90,119,856</u>	<u>67,082,737</u>
Representing:			
– Current		87,398,188	65,480,717
– Non-current		<u>2,721,668</u>	<u>1,602,020</u>
		<u>90,119,856</u>	<u>67,082,737</u>

(a) Trade payables

Ageing analysis of trade payables, based on invoice date, at the end of the reporting period was as follows:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
0 – 60 days	43,449,517	37,969,510
61 – 90 days	7,216,919	3,428,072
91 – 365 days	2,621,755	690,776
Over 365 days	88,904	102,806
	<u>53,377,095</u>	<u>42,191,164</u>

Trade payables are non-interest bearing. The average credit period on the settlement of purchase invoice ranged from 60 to 90 days (2022: 60 days).

(b) Notes payable

All notes payable are denominated in RMB and are notes paid and/or payable to third parties for settlement of trade payables. As at 31 December 2023 and 2022, all notes payable had maturities of less than six months from the end of the reporting period.

(c) Receipts in advance from customers

The following amounts represent (i) the advance payments from customers for the sales of automobiles, automobile parts and components, battery packs and related parts and (ii) the obligation for service agreed to be part of the sales of automobiles. The respective revenue will be recognised when the performance obligation is satisfied after the automobiles, automobile parts and components and services and battery packs and related parts were delivered to the customers.

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Relating to the sales of automobiles, automobile parts and components and battery packs and related parts	11,310,460	5,476,109
Relating to the obligation for service agreed to be part of the sales of automobiles	3,263,185	1,798,078
	<u>14,573,645</u>	<u>7,274,187</u>

The increase in receipts in advance from customers (2022: decrease) was mainly due to the increase (2022: decrease) in advances received from customers in relation to sales of automobiles, automobile parts and components and battery packs and related parts for the year ended 31 December 2023.

Receipts in advance from customers outstanding at the beginning of the year amounting to RMB5,672,167,000 (2022: RMB7,086,790,000) have been recognised as revenue during the year.

The transaction price allocated to the remaining unsatisfied or partially satisfied performance obligations as at the end of the reporting period was as follows:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	857,651	196,058
More than one year	2,405,534	1,602,020
	<u>3,263,185</u>	<u>1,798,078</u>

As permitted under HKFRS 15, the above transaction price allocated to the unsatisfied contracts does not include performance obligation from the Group's contracts with customers for the sales of automobiles, automobile parts and components and battery packs and related parts, that have an original expected duration of one year or less.

(d) Payables for capitalised product development costs

The credit terms for payables for capitalised product development costs generally ranged from 60 days to 90 days (2022: 60 days to 90 days).

(e) Other accrued charges and payables

The amounts mainly comprised (1) deposits provided by automobile dealers and other third parties which amounted to RMB1,536,491,000 (2022: RMB1,307,122,000) and (2) payables for warranty, advertising and promotion, transportation and general operations which amounted to RMB2,946,679,000 (2022: RMB2,171,991,000).

(f) Amounts due to related companies

The amounts due are unsecured, interest-free and repayable on demand.

15. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

On 8 November 2022, the Company, Geely Holding and Renault s.a.s. (collectively, the "**Parties**") entered into a framework agreement pursuant to which the Parties proposed to set up a joint venture company for the purpose of integrating each Party's respective expertise and strengths in relation to internal combustion engine, hybrids and plug-in hybrid powertrains and transmissions activities and related technologies. Pursuant to the framework agreement, the Company and its ultimate holding company on the one hand and Renault s.a.s. on the other hand, will each tentatively be interest in 50%, in the proposed joint venture.

On 11 July 2023, the Parties entered into the contribution agreement and the joint venture agreement, pursuant to which the Parties conditionally agreed to establish the joint venture company (the "**JV**") to engage in the powertrain business and to contribute all of their respective shares in respective owned subsidiary to the JV in exchange for the share capital of the JV (the "**Contribution**"). Under the Contribution, the Company will contribute the entire equity interest in Aurobay Holding (SG) PTE. LTD. and its subsidiaries ("**Aurobay Holding**") to the JV (the "**Deemed Disposal**").

After the completion of the Contribution, the JV will be owned as to 33% by the Company, 17% by its ultimate holding company and 50% by Renault s.a.s.. As at the date of this announcement, the Contribution and formation of the JV have not yet been completed. Please refer to the Company’s announcements dated 8 November 2022, 2 March 2023 and 11 July 2023 for further details.

Aurobay Holding is engaged in research, development, production and sales of vehicle engines, transmissions and related after-sales parts in the PRC. The fair value is expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised.

The Deemed Disposal is expected to be completed within one year. The assets and liabilities of Aurobay Holding were classified as “Assets classified as held for sale” and “Liabilities directly associated with assets classified as held for sale” respectively in the Group’s consolidated statement of financial position in accordance with HKFRS 5 “Non-current assets held for sale and discontinued operations”. The directors do not consider that Aurobay Holding represented a major separate line of business for the Group and accordingly it is not disclosed as a “Discontinued Operation”.

Assets and liabilities classified as held for sale at 31 December 2023 are analysed as follows:

	2023
	RMB’000
Assets classified as held for sale	
Property, plant and equipment	9,810,291
Intangible assets	4,859,069
Land lease prepayments	417,795
Goodwill	30,091
Trade and other receivables	2,706,389
Deferred tax assets	498,213
Inventories	559,878
Income tax recoverable	7,263
Restricted bank deposits	239,732
Bank balances and cash	<u>1,029,330</u>
	20,158,051
Less: Amounts due from group companies eliminated on consolidation	<u>(1,509,912)</u>
Total assets classified as held for sale	<u>18,648,139</u>
Liabilities directly associated with assets classified as held for sale	
Trade and other payables	19,464,826
Lease liabilities	82,181
Borrowings	662,813
Income tax payable	17,094
Deferred tax liabilities	<u>800</u>
	20,227,714
Less: Amounts due to group companies eliminated on consolidation	<u>(12,342,696)</u>
Liabilities directly associated with assets classified as held for sale	<u>7,885,018</u>

16. SHARE CAPITAL

	2023		2022	
	Number of shares	Nominal value RMB'000	Number of shares	Nominal value RMB'000
Authorised:				
Ordinary shares of HK\$0.02 each				
At 31 December	<u>12,000,000,000</u>	<u>246,720</u>	<u>12,000,000,000</u>	<u>246,720</u>
Issued and fully paid:				
Ordinary shares of HK\$0.02 each				
At 1 January	10,056,973,786	183,686	10,018,441,540	183,015
Shares issued under share option scheme (<i>note (a)</i>)	–	–	2,405,000	39
Shares issued under share award scheme (<i>note (b)</i>)	<u>6,408,597</u>	<u>121</u>	<u>36,127,246</u>	<u>632</u>
At 31 December	<u>10,063,382,383</u>	<u>183,807</u>	<u>10,056,973,786</u>	<u>183,686</u>

Notes:

- (a) During the year ended 31 December 2023, no share option was exercised to subscribe for ordinary share of the Company.

During the year ended 31 December 2022, share options were exercised to subscribe for 2,405,000 ordinary shares of the Company at a consideration of approximately RMB7,977,000 of which approximately RMB39,000 was credited to share capital and approximately RMB7,938,000 was credited to the share premium account. As a result of the exercise of share options, share-based compensation reserve of RMB3,543,000 has been transferred to the share premium account.

- (b) During the year ended 31 December 2023, award shares representing a total of 6,408,597 (2022: 36,127,246) ordinary shares were issued under the share award scheme. Meanwhile, 6,570,050 (2022: 35,958,293) award shares were vested to certain participants of the share award scheme of the Company at a consideration of approximately RMB121,000 (2022: RMB632,000). As at 31 December 2023, the remaining 7,500 (2022: 168,953) award shares were retained and administrated by the appointed trustee for the share award scheme. As a result of the vesting of award shares, share-based compensation reserve of RMB146,758,000 (2022: RMB803,218,000) has been transferred to the share premium account.

17. BANK BORROWINGS

As at 31 December 2023 and 2022, the Group's bank loans were repayable as follows:

	2023 RMB'000	2022 RMB'000
Carrying amount repayable (<i>note (a)</i>)		
In the second year	2,840,240	–
In the third to fifth year	<u>–</u>	<u>2,757,960</u>
	<u><u>2,840,240</u></u>	<u><u>2,757,960</u></u>

Notes:

- (a) The amounts are based on the scheduled repayment dates set out in the loan agreements.
- (b) As at 31 December 2023 and 2022, the bank loans were unsecured, carried at amortised cost, repayable in August 2025 and interest-bearing at Secured Overnight Financing Rate plus 0.7% per annum.
- (c) Pursuant to the facility agreements, it will be an event of default if Mr. Li Shu Fu is (i) no longer the single largest beneficial shareholder of the Company, or (ii) no longer beneficially owns at least 25% of the issued share capital of the Company. In case of an event of default, the bank may by notice to the Company (a) cancel the loan facility, (b) declare that all or part of the loan, together with accrued interest, be immediately due and payable, and/or (c) declare that all or part of the loans be payable on demand.
- (d) During the years ended 31 December 2023 and 2022, none of the covenants relating to drawn down facilities had been breached.

18. LOAN FROM A RELATED COMPANY

As at 31 December 2023, the loan from a fellow subsidiary was granted to the Group's subsidiary in the PRC and was unsecured, repayable in 2032 and carried interest rate at 4.5% (2022: 4.5%) per annum.

19. BONDS PAYABLE

Bonds 2018

On 25 January 2018, the Company issued the bonds with an aggregate principal amount of US\$300,000,000 (equivalent to approximately RMB1,944,690,000) (the “**Bonds 2018**”). The Bonds 2018 carried interest at 3.625% per annum, payable semi-annually in arrears on 25 January and 25 July of each year, and the maturity date is 25 January 2023 (the “**Maturity Date**”).

The Bonds 2018 are listed on Singapore Exchange Securities Trading Limited. They constitute direct, unconditional, unsubordinated and (subject to the terms and conditions of the Bonds 2018) unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Company under the Bonds 2018 shall, save for such exceptions as may be provided by applicable law and subject to the terms and conditions of the Bonds 2018, at all times rank *pari passu* with all its other present and future unsecured and unsubordinated obligations.

The carrying amount of the Bonds 2018 at initial recognition net of transaction costs amounted to US\$297,296,000 (equivalent to approximately RMB1,927,161,000) and the effective interest rate was 3.825% per annum. The Bonds 2018 were measured at amortised cost at the end of the reporting period.

On the Maturity Date, the Company redeemed the Bonds 2018 in full at the outstanding principal amount of US\$300,000,000 (equivalent to approximately RMB2,068,422,000) together with interest accrued to (but not including) the Maturity Date.

MTNs

On 17 August 2023, the Company issued medium-term notes (the “MTNs”) on the China Interbank Bond Market in the PRC, with an aggregate principal amount of RMB1,500,000,000. The MTNs carried interest at a 3.25% per annum and adopt a simple interest annual payment method (excluding compound interest). The maturity date is 17 August 2026, unless terminated earlier according to the terms of the MTNs. The proceeds from the MTNs’ issuance will be entirely invested domestically in China, aiming to supplement the working capital of the Company’s subsidiary, Zhejiang Jirun Automobile Company Limited# 浙江吉潤汽車有限公司 (“**Jirun Automobile**”).

The carrying amount of the MTNs at initial recognition amounted to RMB1,500,000,000 and the effective interest rate was 3.25% per annum. The MTNs were measured at amortised cost at the end of the reporting period.

The movements of the bonds payable during the year are set out below:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Carrying amount		
At 1 January	2,062,396	1,901,137
Issuance	1,500,000	–
Exchange differences	5,728	157,727
Interest expenses	298	3,532
Redeemed during the year	<u>(2,068,422)</u>	<u>–</u>
At 31 December	<u>1,500,000</u>	<u>2,062,396</u>
<i>Representing:</i>		
– Current	–	2,062,396
– Non-current	<u>1,500,000</u>	<u>–</u>
	<u>1,500,000</u>	<u>2,062,396</u>

The English translation of the name of the company established in the PRC is for reference only. The official name of the company is in Chinese.

20. PERPETUAL CAPITAL SECURITIES

On 9 December 2019, the Company (the “**Issuer**”) issued 4% senior perpetual capital securities with an aggregate principal amount of US\$500,000,000 (equivalent to approximately RMB3,425,857,000) (the “**Securities**”) which are listed on Singapore Exchange Securities Trading Limited at an issue price of 99.641%. Transaction costs relating to the issue of the Securities amounted to approximately RMB12,755,000. Distribution is payable semi-annually in arrears in equal instalments on 9 June and 9 December of each year based on the distribution rate as defined in the subscription agreement. Distribution by the Issuer may be deferred at its sole discretion. The Securities have no fixed maturity and are redeemable in whole, but not in part, at the Issuer’s option on 9 December 2024, or any distribution payment date falling thereafter at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company will not declare, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower rank.

As the Securities do not contain any contractual obligation to pay cash or other financial assets, in accordance with HKAS 32 “Financial Instruments: Presentation”, they are classified as equity for accounting purpose. Any distributions made by the Issuer to the holders of the Securities will be deducted directly to equity in the consolidated financial statements.

21. CASH FLOW INFORMATION

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group’s liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group’s consolidated statement of cash flows as cash flows from financing activities.

	Dividends payable <i>RMB’000</i>	Lease liabilities <i>RMB’000</i>	Bank borrowings <i>RMB’000</i> <i>(note 17)</i>	Loan from a related company <i>RMB’000</i> <i>(note 18)</i>	Bonds payable <i>RMB’000</i> <i>(note 19)</i>	Total <i>RMB’000</i>
At 1 January 2022	–	700,776	1,906,740	–	1,901,137	4,508,653
Changes from financing cash flows:						
Advances from related companies	–	–	–	7,600,000	–	7,600,000
Repayment to related companies	–	–	–	(3,085,000)	–	(3,085,000)
Proceeds from bank borrowings	–	–	3,819,402	–	–	3,819,402
Repayments of bank borrowings	–	–	(3,731,301)	–	–	(3,731,301)
Capital element of lease rentals paid	–	(611,065)	–	–	–	(611,065)
Other borrowing costs paid	–	(64,589)	(11,874)	(19,964)	(65,816)	(162,243)
Dividends paid	(1,787,669)	–	–	–	–	(1,787,669)
Total changes from financing cash flows	<u>(1,787,669)</u>	<u>(675,654)</u>	<u>76,227</u>	<u>4,495,036</u>	<u>(65,816)</u>	<u>2,042,124</u>

	Dividends payable RMB'000	Lease liabilities RMB'000	Bank borrowings RMB'000 (note 17)	Loan from a related company RMB'000 (note 18)	Bonds payable RMB'000 (note 19)	Total RMB'000
Exchange adjustments	–	–	111,195	–	157,727	268,922
Other changes (note):						
Entering into new leases	–	2,214,735	–	–	–	2,214,735
Termination of leases	–	(138,707)	–	–	–	(138,707)
Interest expenses	–	64,589	23,489	211,329	71,973	371,380
Dividends declared (note 9(b))	1,787,669	–	–	–	–	1,787,669
Acquisition through business combination	–	170,269	651,924	1,485,000	–	2,307,193
Others (note)	–	–	(11,615)	(191,365)	(2,625)	(205,605)
Total other changes	<u>1,787,669</u>	<u>2,310,886</u>	<u>663,798</u>	<u>1,504,964</u>	<u>69,348</u>	<u>6,336,665</u>
At 31 December 2022 and 1 January 2023	<u>–</u>	<u>2,336,008</u>	<u>2,757,960</u>	<u>6,000,000</u>	<u>2,062,396</u>	<u>13,156,364</u>
Changes from financing cash flows:						
Advances from related companies	–	–	–	1,898,730	–	1,898,730
Repayment to related companies	–	–	–	(6,798,730)	–	(6,798,730)
Proceeds from bank borrowings	–	–	662,813	–	–	662,813
Proceeds from issuance of bonds	–	–	–	–	1,500,000	1,500,000
Repayment of bonds payable	–	–	–	–	(2,068,422)	(2,068,422)
Capital element of lease rentals paid	–	(785,958)	–	–	–	(785,958)
Other borrowing costs paid	–	(90,022)	(96,562)	(209,572)	(43,278)	(439,434)
Dividends paid	(1,915,763)	–	–	–	–	(1,915,763)
Total changes from financing cash flows	<u>(1,915,763)</u>	<u>(875,980)</u>	<u>566,251</u>	<u>(5,109,572)</u>	<u>(611,700)</u>	<u>(7,946,764)</u>
Exchange adjustments	–	14,379	82,280	–	5,728	102,387
Other changes (note):						
Entering into new leases	–	1,391,007	–	–	–	1,391,007
Termination of leases	–	(198,927)	–	–	–	(198,927)
Interest expenses	–	75,643	100,098	181,766	29,020	386,527
Dividends declared (note 9(b))	1,915,763	–	–	–	–	1,915,763
Reclassified as held for sale (note 15)	–	(82,181)	(662,813)	–	–	(744,994)
Others (note)	–	–	(3,536)	27,806	14,556	38,826
Total other changes	<u>1,915,763</u>	<u>1,185,542</u>	<u>(566,251)</u>	<u>209,572</u>	<u>43,576</u>	<u>2,788,202</u>
At 31 December 2023	<u>–</u>	<u>2,659,949</u>	<u>2,840,240</u>	<u>1,100,000</u>	<u>1,500,000</u>	<u>8,100,189</u>

Note:

Other changes include interest accruals.

22. BUSINESS COMBINATION

Acquisition of Xi'an Geely Automobile Company Limited# 西安吉利汽車有限公司 (“Xi'an Geely”)

On 12 December 2022, Jirun Automobile, an indirect non wholly-owned subsidiary of the Company, entered into an acquisition agreement (the “**Acquisition Agreement**”) with a fellow subsidiary owned by the Company’s ultimate holding company, pursuant to which Jirun Automobile has conditionally agreed to acquire, and the fellow subsidiary has conditionally agreed to sell the 100% equity interests of Xi'an Geely for a cash consideration of RMB382,450,000 (“**Xi'an Geely Consideration**”). Xi'an Geely is engaged in the manufacture and sales of complete knock down kits, automobile parts and components in the PRC. The acquisition of Xi'an Geely was completed in April 2023. Please refer to the Company’s announcements dated 12 December 2022 and 10 March 2023 for further details.

The assets acquired and liabilities recognised at the acquisition date are as follows:

	Pre- acquisition carrying amounts RMB'000	Fair value adjustments RMB'000	Recognised fair values on acquisition RMB'000
The net assets acquired:			
Property, plant and equipment	2,243,007	(2,332)	2,240,675
Intangible assets	1,907	58	1,965
Land lease prepayments	385,529	232,331	617,860
Trade and other receivables	6,524,674	–	6,524,674
Inventories	936,928	851	937,779
Deferred tax assets	34	–	34
Bank balances and cash	36,272	–	36,272
Trade and other payables	(9,945,064)	–	(9,945,064)
Deferred tax liabilities	–	(34,636)	(34,636)
	<u>183,287</u>	<u>196,272</u>	<u>379,559</u>
Goodwill arising on acquisition:			
Cash consideration transferred			229,470
Consideration payable (<i>note (a)</i>)			152,980
Fair value of identifiable net assets acquired			<u>(379,559)</u>
			<u>2,891</u>
Net cash outflow arising on acquisition of a subsidiary:			
Cash consideration paid			(229,470)
Bank balances and cash acquired			<u>36,272</u>
			<u>(193,198)</u>

Notes:

- (a) In November 2017, Xi'an Geely entered into a framework agreement with Xi'an Construction Engineering General Group Co., Ltd.# (西安市建總工程集團有限公司, the “**Contractor**”) for the construction of the manufacturing facilities (the “**Xi'an Project**”). They further entered into construction sub-contracts for a total consideration of approximately RMB296,733,000 (the “**Project Consideration**”). After the completion of the construction of Xi'an Project, Xi'an Geely has paid approximately 85% of the Project Consideration and made a provision of approximately RMB44,010,000 (the “**Provision**”) for the final payment, which represents approximately 15% of the Project Consideration. However, there are disagreements between Xi'an Geely and the Contractor regarding the total construction cost. Xi'an Geely withholds the final payment of the Xi'an Project and partial performance deposit paid by the Contractor.

In February 2023, the Contractor filed a complaint against Xi'an Geely and demanded Xi'an Geely to pay the remaining of the Project Consideration together with interest in an aggregated amount of approximately RMB149,506,000. Mr. Zeng Xianfeng (曾仙峰, “**Mr. Zeng**”) filed another complaint against the Contractor and Xi'an Geely, alleging that the Contractor sub-contracted the Xi'an Project to him, seeking for a total payment of approximately RMB151,550,000 (consisting of the outstanding construction fee payment of approximately RMB142,077,000 and its related interest) from the Contractor and demanding Xi'an Geely to pay the corresponding construction fee to the Contractor. Neither the Contractor nor Mr. Zeng provided any calculation basis and its related evidence to support the above alleged claim amounts. As at the date of this announcement, Xi'an Geely and the Contractor had not yet finished the reconciliation of the construction fee of Xi'an Project and the final payment of Xi'an Project has not yet been determined and settled.

Pursuant to the Acquisition Agreement, the remaining balance of RMB152,980,000 (the “**Remaining Consideration**”), which represents 40% of the Xi'an Geely Consideration, subject to the adjustment below, will be payable in cash to the fellow subsidiary owned by the Company's ultimate holding company within 10 business days after the aforementioned dispute is fully settled. In the event that the effective judgement or the court mediation agreement with respect to the dispute requires Xi'an Geely to make payment exceeding the Provision made by Xi'an Geely (representing approximately 15% of the Project Consideration), Jirun Automobile is entitled to automatically deduct such exceeded amount from the Remaining Consideration.

- (b) No acquisition-related costs had been incurred in relation to the acquisition.

As a result of the acquisition, the Group is expected to increase its manufacturing capacity to meet the increasing demand of automobiles in the PRC, as well as enhancing its production capabilities. Goodwill arose because the consideration paid included amounts in relation to the revenue growth and future market development of the businesses acquired. These benefits are not recognised separately from goodwill, because they do not meet the recognition criteria for identifiable intangible assets. Goodwill arising from the acquisition is not expected to be deductible for tax purpose.

Xi'an Geely has contributed revenue of RMB410,296,000 and profit of RMB678,976,000, respectively from the acquisition date to 31 December 2023.

The English translation of the name of the company established in the PRC is for reference only. The official name of the company is in Chinese.

If the acquisition had occurred on 1 January 2023, the consolidated revenue and consolidated profit of the Group for the year ended 31 December 2023 would be RMB179,511,155,000 and RMB5,191,337,000, respectively. The proforma financial information is for illustrative purpose only and does not necessarily reflect the Group's revenue and operating results if the acquisition had been occurred on 1 January 2023 and could not serve as a basis for the forecast of future operation results.

23. FINANCIAL INFORMATION OF ZEEKR INTELLIGENT TECHNOLOGY HOLDING LIMITED (“ZEEKR”) AND ITS SUBSIDIARIES

The following table lists out the financial information related to subgroup of ZEEKR, the subsidiary of the Group. The summarised financial information presented below represents the amounts before any inter-company elimination.

	ZEEKR	
	2023	2022
	RMB'000	RMB'000
Non-current assets	22,546,145	13,729,613
Current assets	20,442,028	15,717,521
Current liabilities	(31,842,809)	(18,432,832)
Non-current liabilities	(3,501,629)	(7,772,477)
Net assets	<u>7,643,735</u>	<u>3,241,825</u>
Revenue	51,635,601	31,787,080
Loss for the year	(1,134,642)	(2,038,832)
Other comprehensive income for the year	49,765	11,562
Total comprehensive expense for the year	(1,084,877)	(2,027,270)
Loss allocated to non-controlling interests	(416,902)	(648,838)
Other comprehensive income allocated to non-controlling interests	<u>20,919</u>	<u>4,820</u>

24. EVENT AFTER THE REPORTING DATE

On 20 February 2024, Jirun Automobile and a fellow subsidiary owned by Geely Automobile Group entered into an equity transfer agreement pursuant to which Jirun Automobile has agreed to sell 45% equity interest in Chongqing Livan at a cash consideration of RMB504 million. The disposal of Chongqing Livan was completed by end of February 2024. Please refer to the Company's announcement dated 20 February 2024 for further details.

25. COMPARATIVE FIGURES

Certain comparative figures in the consolidated financial statements have been reclassified to conform with the current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

In 2023, China's automobile market experienced tremendous structural changes and saw opportunities in the development of electrification and intelligentization. The Group actively responded to changes and achieved phased achievements in electrification and intelligentization transformation through unremitting efforts. In 2023, the Group not only achieved a record high in total sales volume, but also set a record in the sales volume of NEVs. Meanwhile, export sales also reached an all-time high. In terms of wholesale volume (including the total sales volume[#] of "Lynk&Co" and "Livan" vehicles sold by the Group's 50%-owned joint venture, namely LYNK & CO Investment Co., Ltd. ("**Lynk&Co JV**"), and 45%-owned associate, namely Chongqing Livan Automotive Technology Company Limited ("**Livan Associate**")), the Group sold a total of 1,686,516 units of vehicles in 2023, representing a year-on-year ("**YoY**") increase of 18%. Among them, the wholesale volume in China increased by 14% YoY to 1,412,415 units, while the export wholesale volume increased by 38% YoY to 274,101 units.

In March 2023, the Group successfully launched the "Galaxy" series, which is an exclusive series of the Geely brand focusing on the NEV market. Galaxy has so far successfully launched two PHEVs and one BEV, and the average monthly sales volume of the series during the year has exceeded 10,000 units for six consecutive months. The Group's luxury NEV brand "ZEEKR" continued to maintain rapid growth, with a delivery volume of 118,685 units, representing a YoY increase of 65%. In 2023, the Group's total delivery volume of NEVs reached 487,461 units, representing a YoY increase of 48%, and the proportion of sales reached 29%. The Group has become one of the leading NEV manufacturers in the PRC market.

[#]: *While the total sales volume does not correlate directly to the revenue the Group recognises during a particular period as it includes all sales volume of the Group's 50%-owned joint venture, namely the Lynk&Co JV, and the Group's 45%-owned associate, namely Livan Associate, on a 100% consolidated basis, the Board believes it is more indicative of the underlying demand of the Group's vehicles.*

FINANCIAL REVIEW

In 2023, against the backdrop of the full lifting of the pandemic lockdown, the Group successfully exceeded the sales target of 1,650,000 units set at the beginning of the year. The supply chain gradually stabilized, and the prices of batteries, chips and other components also began to fall. Demand for Internal Combustion Engine ("**ICE**") vehicles fell, but operating efficiency still improved. In addition, export sales increased significantly. However, the Group also faced unprecedented fierce competition, with price wars throughout the year. In this complex environment, the financial performance of the Group still improved. In 2023, the total revenue of the Group increased by 21% to RMB179.2 billion. The net profit was RMB4.94 billion, up by 6% YoY. After deducting for non-controlling interests, profit attributable to equity holders of the Company was RMB5.31 billion, representing a YoY increase of 1%. If the impact of the one-off bargain purchase gain of RMB1.75 billion on net profit in 2022 is excluded, profit attributable to equity holders of the Company would have increased by 51% YoY. As the product mix was continuously improved and the proportion of NEVs significantly increased, the Group's average ex-factory selling price ("**ASP**") increased by 2% over the last year. After incorporating

the “Lynk&Co” and “Livan” vehicles sold by the Lynk&Co JV and the Livan Associate respectively on a proforma basis, the Group’s combined ASP was flat YoY. During the year, despite the increase in the proportion of NEVs, the overall gross profit margin increased YoY by 1.2 percentage points to 15.3% as a result of cost reduction on a large scale and improvement in product structure. The Group continued to maintain sound operating cash flow during the year. This raised the Group’s total cash level (bank balances and cash plus restricted bank deposits) by 13% to RMB37.96 billion at the end of 2023.

SUSTAINABILITY REVIEW

Actively practicing sustainable development, the Group formulated an environmental, social and governance (“ESG”) strategy and corresponding implementation path in 2023. In terms of tackling carbon emissions and climate change, the Group has set a target of reducing lifecycle carbon emissions per vehicle by more than 25% by 2025 with 2020 as baseline. As of the end of 2023, the lifecycle carbon emissions per vehicle of the Group reduced by 12% (with 2020 as baseline) through the phased results of the electrification transformation and a series of carbon reduction measures.

Meanwhile, the Group is also continuously advancing the implementation path of other ESG strategic directions to respond to the relevant ESG risks and opportunities so as to support the Group’s global development. At the same time, we will promote the sustainable development of the upstream and downstream of the automotive value chain through closer collaboration with our business partners as a way to build a sustainable and resilient future for the automotive industry.

The Group’s sustainability performance has also been recognised by various well-known ESG rating agencies. In 2023, the Group was selected for the first time as a constituent of the “Hang Seng Corporate Sustainability Index”, which comprises 30 eligible Hong Kong-listed companies with the best sustainability performance. The Group has also been upgraded to “AA” in the globally leading MSCI ESG Rating.

FINANCIAL RESOURCES

In 2023, the Group’s net cash generated from operating activities were RMB22.3 billion as a result of an increase in overall sales volume, improved gross margin and other factors. Total capital expenditures of the Group, including property, plant and equipment, capitalised product development costs and land lease prepayments, amounted to RMB15.3 billion, which was higher than the budgeted amount of RMB14.0 billion planned at the beginning of the year, mainly attributable to the higher investment in research and development as the Group accelerated the pace of electrification and intelligentization transformation. During the year, the Group repaid a loan of relatively substantial amount from our parent company Geely Holding and senior notes of United States Dollar (“US\$”) 300 million (equivalent to approximately RMB2.06 billion). In addition, on 12 February 2023, ZEEKR reached an agreement with five investors to issue a total of 139,375,669 series A preferred shares and received financing of US\$750 million (equivalent to approximately RMB5.37 billion). Taking into account the above and other factors, the Group’s total cash level (including bank balances and cash plus restricted bank deposits) increased by 13% YoY to RMB37.96 billion at the end of 2023. The Group’s total borrowings (including loan from a related company, bank borrowings and bonds payable) decreased by 44% to RMB6.1 billion. As

of the end of 2023, the Group’s financial position remained solid. Net cash on hand (total cash minus total borrowings and perpetual capital securities) increased to RMB28.4 billion from a net cash of RMB26.1 billion six months ago. As of the end of 2023, the Group’s total borrowings were primarily denominated in either RMB or US\$. Among them, the foreign currency borrowings were well matched by the currency mix of the Group’s export revenues. In addition, net notes receivable (notes receivable minus notes payable) at the end of 2023 amounted to RMB14.4 billion, which could provide the Group with additional cash reserves when needed through discounting the notes receivable with the banks.

During the year, the Group continued to receive credit rating services from Standard & Poor’s and Moody’s. The two rating agencies maintained their investment grade credit ratings on the Group. Standard & Poor’s affirmed its rating as “BBB-/Negative” and Moody’s Investors Service assigned a rating of “Baa3/Negative”. Despite the challenges from electrification, the rating agencies recognized Geely’s leading position in the automobile market. Meanwhile, they affirmed the long-term low debt levels, good cash flow and sound financial position of the Group, which supported the investment grade ratings. Overall, the rating agencies confirmed Geely’s leadership position in the industry and agreed with Geely’s determination and ability in its electrification transformation.

Budgeted capital expenditures (excluding acquisitions through business combinations) of the Group amounts to approximately RMB15 billion in 2024. These funds will be used mainly for the research and development of new models and intelligent technologies, as well as the upgrading of production facilities at existing plants. To this end, the Group will rely on the cash flow generated by daily operations, existing capital reserves, and increasing bank loans to fund capital expenditures. In terms of international financing, the Group has no definite plan or schedule to raise funds in overseas capital markets for the time being. The above capital allocation arrangement will help the Group achieve its strategic objectives. Meanwhile, the Group will maintain a growth path guaranteed by sound financial management.

RESEARCH AND DEVELOPMENT

During the year ended 31 December 2023, the Group recorded a total expense of RMB7.810 billion (2022: RMB6.765 billion) in relation to its research and development activities and such expense was included in “Administrative expenses” in the consolidated income statement.

Items	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	YoY change (%)
Amortisation of intangible assets (i.e. capitalised product development costs)	4,449,212	4,799,250	(7)
Research and development costs (i.e. not qualified for capitalisation)	3,360,785	1,965,596	71
Total research and development expenses charged to profit or loss	<u>7,809,997</u>	<u>6,764,846</u>	<u>15</u>

As most of the ongoing research and development projects were aimed for new technologies not yet used in existing products, a majority of the relevant expenditures had been capitalised, and will only be amortised as expenses after the launch of products using the technologies in the market.

In 2023, the increase in capitalised product development costs of RMB10.7 billion, included in the intangible assets of the consolidated statement of financial position, was primarily related to intelligent NEV model development. The remaining was for the development of intelligent technologies and products.

OUTLOOK

In 2023, the automotive industry in China and the Group set many new records. However, the management expects that in 2024, the automotive industry will remain challenging and competitive. The Group will adhere to the core principles of automobile manufacturing, and the strategy of offering smart refined cars as a way to bring high-value products and experiences to users.

In 2023, The Group has completed the electrification transformation and the layout of NEVs, including PHEVs and BEVs. In 2024, the Group will continue to implement the strategies of the two Blue Geely Initiatives (藍色吉利行動) and promote the realization of the results of the “Smart Geely 2025”. The Geely brand will further focus on the Galaxy series to enhance brand awareness and expand sales channel on one hand, and launch more new products to build the reputation of the series on the other. Furthermore, Geely will focus on the star products of the “China Star” series in terms of ICE vehicles to further enhance the effectiveness of the series. The new products of the “Lynk&Co” brand are moving towards the electrification and BEVs will be launched for the first time. ZEEKR will launch three new products to enter more market segments, so as to improve the market share and influence of luxury smart electric vehicles.

The Group will strengthen its technology output and steadily enhance its international competitiveness and influence with a more flexible and diversified models to go overseas. The Group will make use of its own technology and product advantages to enhance product and technology output in its ASEAN strategy and the launch of Renault Korea’s new products. With the establishment of an overseas subsidiary in Mexico, the Group has accelerated its deep presence in the Latin American market. Meanwhile, we will strengthen the localization capability of our overseas business by continuously exploring cooperation with local partners in different markets. The business model of “Lynk&Co” brand in Europe will focus on vehicle sales to enhance its profitability, while the brand will also continue to develop the Asia-Pacific and Middle East markets. ZEEKR will continue to deepen its layout in major countries and regions such as Europe, the Middle East and Asia, and will launch a variety of right-hand drive models.

The board of directors of the Group sets its sales volume target for 2024 at 1,900,000 units (including the total sales volume of “Lynk&Co” vehicles sold by Lynk&Co JV), representing an increase of approximately 13% from the total sales volume achieved in 2023.

CAPITAL STRUCTURE AND TREASURY POLICIES

The Group funds its short-term working capital requirement mainly through its own operational cash flow, short-term bank loans from commercial banks in China and Hong Kong and the payment credit from its suppliers. For its longer-term capital expenditures, including product and technology development costs, investment in the construction, expansion and upgrading of production facilities, the Group’s strategy is to fund these longer-term capital commitments by a combination of its operational cash flow, bank borrowings and fund raising exercises in the capital market.

As at 31 December 2023, the equity attributable to equity holders of the Company amounted to approximately RMB80.5 billion (As at 31 December 2022: approximately RMB75.1 billion). The Company issued 6,408,597 ordinary shares upon vesting of share awards during the year.

EXPOSURE TO FOREIGN EXCHANGE RISK

During the year, the Group’s primary operations involved domestic sales of automobiles, automobile parts and components, battery packs, and related parts within China. The assets and liabilities of the Group were primarily denominated in Renminbi (RMB), which is the functional currency of both the Company and its principal subsidiaries.

Regarding export operations, a significant portion of the Group’s export sales during the year was denominated in United States dollars (US\$). Furthermore, the Group faces potential foreign exchange risk, particularly in emerging markets, if it maintains local subsidiaries, associates, or joint ventures in overseas export markets. The potential devaluation of local currencies in these overseas markets could lead to foreign exchange losses, impacting the Group’s competitiveness and, consequently, its sales volume within these markets.

To mitigate this foreign exchange risk, the Group executed foreign currency forward contracts during the year. In addition, the Group utilised its overseas plants to increase the proportion of its costs denominated in local currencies, facilitating engagement in local business activities. Moreover, in order to offset higher costs within export markets, the Group has accelerated the renewal of its export models and commenced efforts to streamline its export operations, focusing on showcasing comparative advantages. These endeavors are undertaken with the objective of achieving heightened customer satisfaction, improved operating efficiency, and realising economies of scale within its export markets.

The Group’s management will maintain vigilant oversight of the market conditions and may contemplate utilising appropriate tools to manage foreign exchange risk whenever necessary.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, the Group's current ratio (current assets/current liabilities) was about 1.17 (As at 31 December 2022: 1.15) and the gearing ratio of the Group was about 7.6% (As at 31 December 2022: 14.4%), which was calculated on the Group's total borrowings (excluding trade and other payables and lease liabilities) to total shareholders' equity (excluding non-controlling interests). In 2023, the Group's net cash generated from operating activities were RMB22.3 billion as a result of an increase in overall sales volume, improved gross margin and other factors. Total capital expenditures of the Group, including property, plant and equipment, capitalised product development costs and land lease prepayments, amounted to RMB15.3 billion, which was higher than the budgeted amount of RMB14.0 billion planned at the beginning of the year, mainly attributable to the higher investment in research and development as the Group accelerated the pace of electrification and intelligentization transformation. During the year, the Group repaid a loan of relatively substantial amount from our parent company Geely Holding and senior notes of US\$300 million. In addition, on 12 February 2023, ZEEKR reached an agreement with five investors to issue a total of 139,375,669 series A preferred shares and received a financing of US\$750 million (equivalent to approximately RMB5.37 billion). As a result, the Group's total cash level (bank balances and cash + restricted bank deposits) increased by 13% YoY to RMB37.96 billion at the end of 2023. The Group's total borrowings (including bank borrowings, loan from a related company and bonds payable, but excluding perpetual capital securities) decreased by 44% to RMB6.1 billion. Accordingly, it resulted in a slight increase in current ratio at the end of year 2023 over the previous year.

Total borrowings (excluding trade and other payables and lease liabilities) as at 31 December 2023 amounted to approximately RMB6.1 billion (As at 31 December 2022: approximately RMB10.8 billion) were mainly the Group's borrowings, loan from a related company and bonds payable. At the end of 2023, the Group's total borrowings were denominated in either RMB or US\$. The foreign currency borrowings were well matched by the currency mix of the Group's export revenues, which were mainly denominated in US\$. For the borrowings, they were unsecured, interest-bearing and repaid on maturity. Should other opportunities arise requiring additional funding, the directors of the Company (the "**Directors**") believe the Group is in a good position to obtain such financing.

EMPLOYEES' REMUNERATION POLICY

As at 31 December 2023, the total number of employees of the Group was about 60,000 (As at 31 December 2022: 49,000). Employees' remuneration packages are based on individual experience and work profile. The packages are reviewed annually by the management after taking into account the overall performance of the working staff and market conditions. The Group also participates in the Mandatory Provident Fund Scheme in Hong Kong and state-managed retirement benefit scheme in the PRC. In addition, employees are eligible for share options under the share option scheme and share awards under the share award scheme adopted by the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

PROPOSED FINAL DIVIDEND

The Directors have recommended the payment of a final dividend of HK\$0.22 per ordinary share for the year ended 31 December 2023. The proposed dividend payments are subject to approval by the shareholders of the Company at the annual general meeting to be held on Friday, 31 May 2024 at 4:00 p.m. (Hong Kong Time). Upon shareholders' approval at the upcoming annual general meeting, the proposed final dividend will be paid in July 2024 to shareholders whose names shall appear on the register of members of the Company on 18 June 2024.

CLOSING OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 28 May 2024 to 31 May 2024, both dates inclusive, during which period no transfer of shares will be registered. In order to establish entitlements of attending and voting at the forthcoming annual general meeting of the Company to be held on 31 May 2024, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration not later than 4:00 p.m. on 27 May 2024.

The register of members of the Company will be closed from 13 June 2024 to 18 June 2024, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration not later than 4:00 p.m. on 12 June 2024.

CORPORATE GOVERNANCE

For the year ended 31 December 2023, the Company has complied with the code provisions ("CPs") of the Corporate Governance Code ("CG Code"), as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), except for CPs C.2.7 and F.2.2.

CP C.2.7 provides that the Chairman should at least annually hold meetings with the independent non-executive Directors without the presence of other Directors. During the year ended 31 December 2023, a formal meeting between the Chairman and the independent non-executive Directors without the presence of other Directors, could not be arranged due to their conflicting schedules and prior business engagements. Although such meeting was not held during the year, the Chairman has delegated the Company Secretary to gather any concerns and/or questions that the independent non-executive Directors might have and report to him for considering whether any follow-up meeting is necessary.

CP F.2.2 provides that the Chairman and the chairperson of respective Board committees should attend the annual general meeting of the Company. If the Chairman could not attend the general meeting of the Company, he would assign an executive Director, who does not have a material interest in the businesses contemplating in the meeting and should report to him on any enquiries Shareholders might have, to attend such general meeting on his behalf. Further, the Company would facilitate a conference call for Shareholders and the Directors who are unable to attend in person (including the Chairman) to discuss any specific enquiries with respect to the businesses contemplating in the general meeting. Through these measures, views of the Shareholders would be properly communicated to the Board as a whole. In addition, the external auditor will be invited to attend the annual general meeting of the Company to answer questions about the conduct of the audit, the preparation and content of the auditor's report, accounting policies and auditor's independence.

The Company held its annual general meeting (“AGM”) on 25 May 2023. Due to conflict of his schedules and other prior business engagement in the PRC, Mr. Li Shu Fu, the Chairman, was unable to attend the AGM but he assigned an executive Director to report to him on any enquiries the Shareholders might have after the AGM. One executive Director and the Company's external auditor attended and answered questions raised by the Shareholders at the AGM physically. Three independent non-executive Directors and four executive Directors participated the AGM via conference call.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the year, the Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own Code for Securities Transactions by Officers (the “**Code**”). All Directors have confirmed their compliance during the year with the required standards set out in the Model Code and the Code.

AUDIT COMMITTEE

The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The audit committee of the Company (the “**Audit Committee**”) is accountable to the Board and the primary duties of the Audit Committee include the review and supervision of the Group's financial reporting process, risk management and internal controls. The Audit Committee comprises Ms. Gao Jie, Mr. An Qing Heng, Mr. Wang Yang and Ms. Yu Li Ping, Jennifer who are the independent non-executive Directors.

The Audit Committee has reviewed the consolidated results of the Group for the year ended 31 December 2023.

ANNUAL GENERAL MEETING

The AGM of the Company will be held in Hong Kong on Friday, 31 May 2024 at 4:00 p.m. (Hong Kong Time). A notice of the AGM will be issued and delivered to shareholders of the Company in due course.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2023 have been agreed by the Group's auditor, Grant Thornton Hong Kong Limited (the "Auditor"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Auditor on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITES OF THE COMPANY AND THE STOCK EXCHANGE OF HONG KONG LIMITED

Pursuant to the requirements of the Listing Rules regarding the reporting period, the 2023 annual report will set out all information disclosed in the annual results announcement for 2023 and will be disclosed on the websites of the Company (<http://www.geelyauto.com.hk>) and The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) on or before 30 April 2024.

By Order of the Board of
Geely Automobile Holdings Limited
Li Shu Fu
Chairman

Hong Kong, 20 March 2024

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