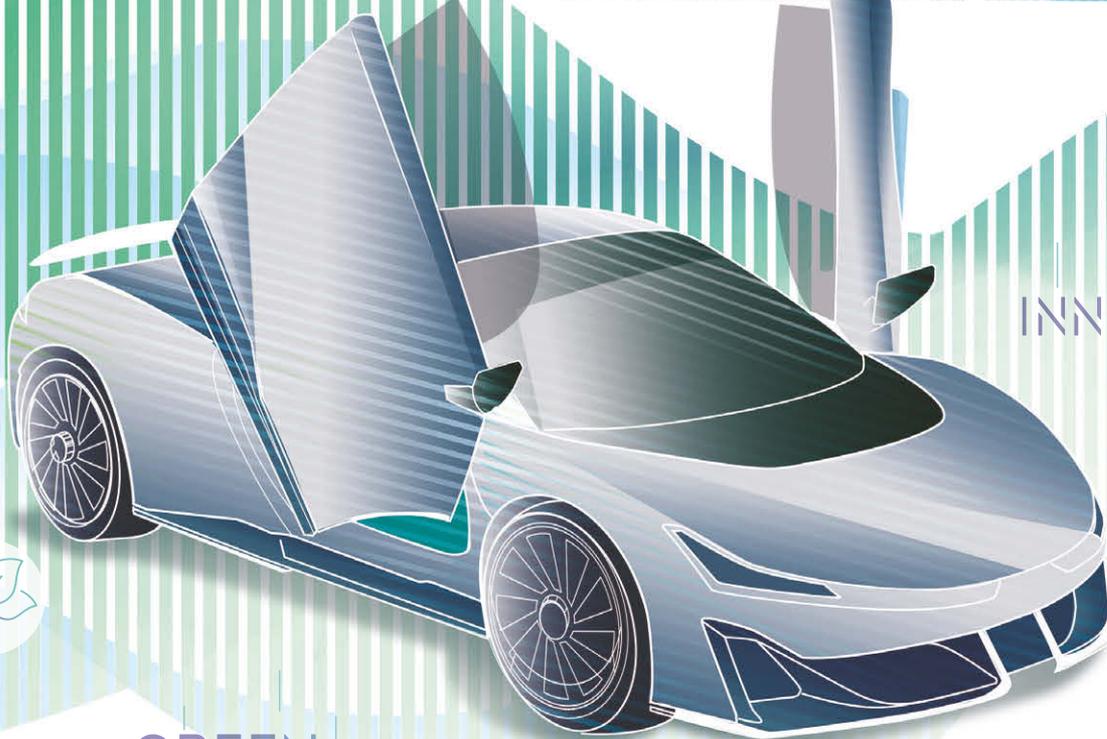


H Share Stock Code: 2238  
A Share Stock Code: 601238

TECHNOLOGY



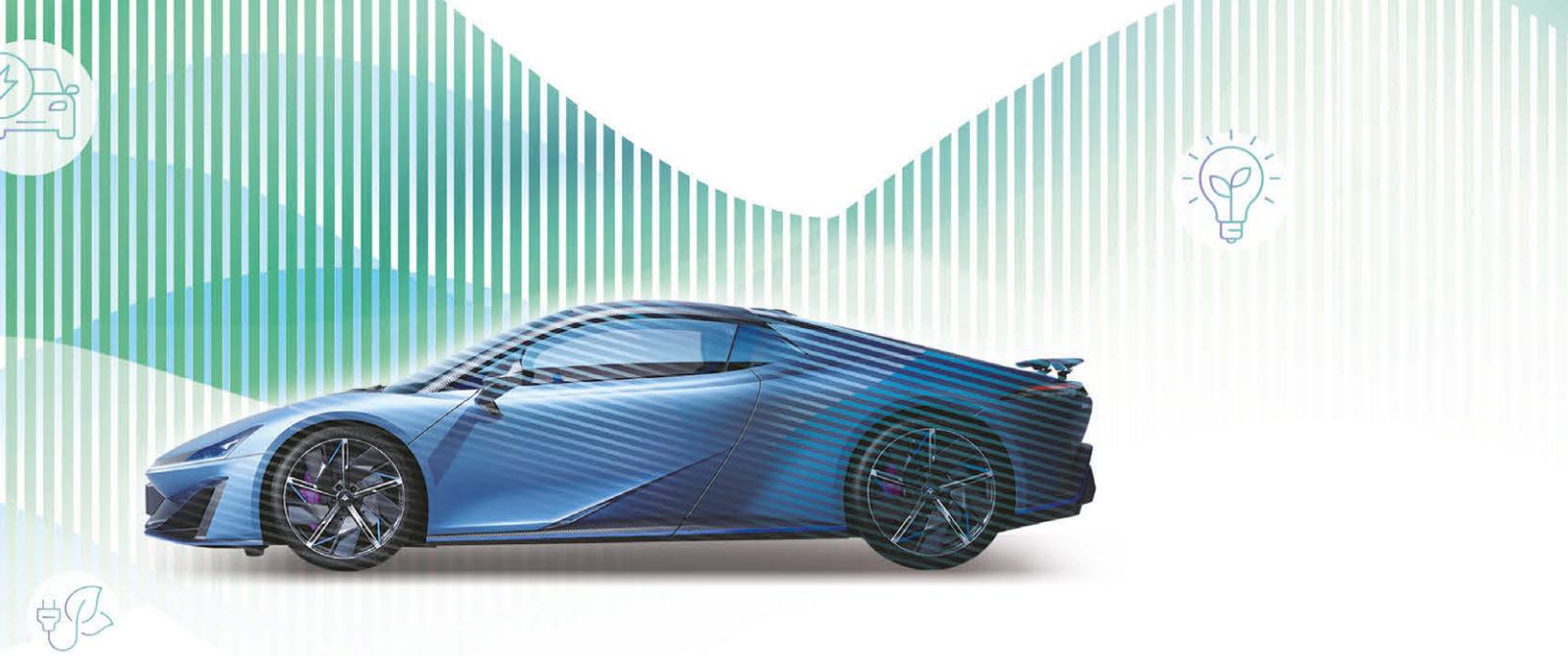
INNOVATION



GREEN POWER

2023

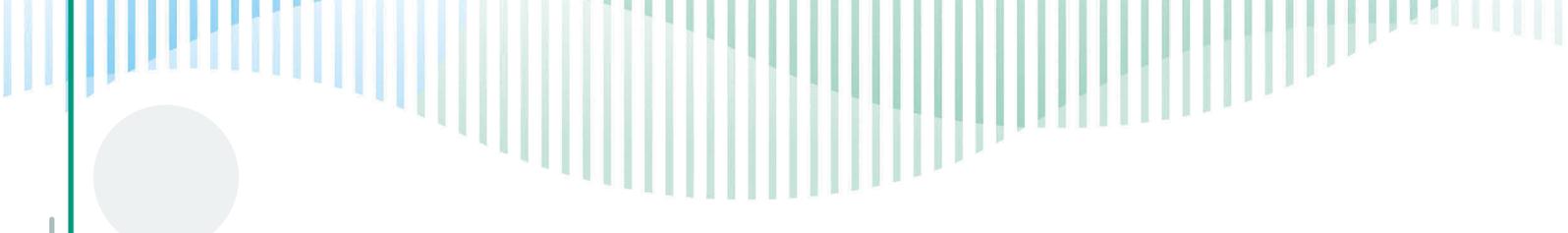
ANNUAL REPORT



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# IMPORTANT NOTICE

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

The Board proposed payment of final cash dividend of RMB1 per 10 shares (tax inclusive). Together with the cash dividend of RMB0.5 per 10 shares (including tax) paid during the interim period, the ratio of total cash dividend payment for the year to net profit attributable to the shareholders' equity of listed company for the year would be approximately 36%.

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

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

## IMPORTANT NOTICE

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

# CHAIRMAN'S STATEMENT



## Chapter 1

# CHAIRMAN'S STATEMENT



**ZENG Qinghong** *Chairman*

Dear shareholders,

The year 2023 marks a milestone year in the history of the Group. On 12 April 2023, General Secretary Xi Jinping visited the Group for an on-site inspection, affirming the achievements of the Group and setting out clear direction for the development of the Group, which provided fundamental guidance and greatly inspired the enthusiasm of the Group towards a new journey. The Group actively responded to the severe and intricate domestic and international environment, tackled challenges, implemented comprehensive strategies, and exhausted all efforts to compete in the market, scramble for orders, explore potentials and expand its increments, thus maintained a steady business development trend. On behalf of the Board, I would like to express my heartfelt gratitude to our shareholders, customers, all employees, partners and people from all walks of life.

**Pooling efforts to forge ahead and entering into a new stage of development.** Faced with various challenges, such as the sluggish automotive market, insufficient consumption motivations and disorderly price competitions, the Group resolutely rallied for “joint efforts, expansion of increments, and improvement of quality and efficiency” and coordinated seven segments, including research and development, manufacture of vehicles, parts and components, energy and ecosystem, internationalisation, commercial and mobility transportation services as well as investment and finance. The Group accelerated its penetration into new tracks and new markets, and cultivated new momentum and advantages. The Group firmly held its ground in the competition, demonstrating solid development resilience. Throughout the year, the Group achieved vehicle production and sales volume of over 2.5 million units respectively, with sales volume of self-developed brands of the Group reached nearly 890,000 units, both achieving historic highs. GAMC’s sales volume exceeded 400,000 units, with its MPV sales volume ranking first in the domestic market. GAC AION’s sales volume reached 480,000

## CHAIRMAN'S STATEMENT

units, representing a year-on-year increase of 77%, and its sales volume ranked top 3 among new energy vehicle (NEV) brands in China. With the Group accelerating its transformation towards new energy, NEVs of the Group contributed to nearly 22% of its total vehicles sold, with self-developed brands contributing up to approximately 58% of the sales volume of NEVs. In 2023, the Group recorded a sales revenue of approximately RMB502.3 billion on an aggregated basis, ranking 165th on the Fortune Global 500 List for the 11th consecutive year, soaring up 21 places from its ranking last year which marks the best result in the history of the Group. To give practical returns to shareholders, the Board has proposed to distribute to all shareholders a final dividend of RMB1 (tax inclusive) for every 10 shares. The total amount of dividends to be distributed is approximately RMB1.57 billion.

**Driven by innovation, nurturing new strengths for development.** The Group adheres to the guidance of high-level technological self-reliance and self-improvement to promote technological innovation. Throughout the year, approximately RMB8.22 billion was invested in the Group's research and development (R&D), with the Group recording 3,195 new patent applications including 1,567 invention patents. The accumulative amount of patent applications exceeded 17,000, including over 7,000 invention patents. The State-Certified Enterprise Technology Center of GAC Group was once again rated as "Excellent" with a score of 95.5, ranking first in the automotive industry. GAC Powertrain's independent research and development team was awarded the title of "Team of National Outstanding Engineers" by the CPC Central Committee and State Council. In the fields of energy conservation and new energy, the Group's self-developed batteries and electric drives have been successively mass-produced, achieving independent research and production of the new energy EIC system. Solid-state battery technology made new breakthroughs and is expected to be mass-produced and installed by 2026. The Group actively explored hybridisation and low-carbonisation, successfully applied hydrogen-fueled hybrid system into vehicles, and launched the world's first self-developed ammonia engine for passenger vehicles. In the field of Intelligent Connectivity ("ICV"), the EEA3.0 electrical architecture "X-soul" has been successfully



Aerocar "GOVE"

## CHAIRMAN'S STATEMENT

installed on vehicles for mass production, such as Hyper GT. The Group has accelerated the development and application of autonomous driving, becoming one of the first companies to obtain a L3 autonomous driving road test license. In the field of prospective technology, the aerocar "GOVE" with land-air decoupling configuration function has been released, exploring a three-dimensional travel ecosystem across the entire chain.

**Strategically leading and constructing a new industrial ecosystem.** With accelerated advancement and improvement of the industrial layout around the "Trillion GAC 1578 Development Outline", the Group has comprehensively built the supply chain and industry chain ecosystem. With the GAC's ICV & NEV Industrial Park as the core carrier, the Group promoted the gathering of advantageous resources in the upstream and downstream of the industry chain in the Greater Bay Area, and created a world-class intelligent NEV industrial cluster radiating from the Greater Bay Area to the whole country. The smart ecological plant of IMPOW Battery and the Ruipai smart ecological electric drive plant have successively commenced production, achieving the industrialisation of self-developed batteries and electric drives, making core components of the new energy EIC system independently controllable. The Guangzhou Qinglan Semiconductor IGBT (Insulated Gate Bipolar Transistor) project has been put into operation. Together with Luxshare Precision Industry Company Limited, the Group has jointly established Lisheng Technology to further strengthen the integrated capabilities of production and research of power semiconductors and ICV core components. The Group established UPOWER Energy through reorganisation and completed the integration of resources in the energy segment, actively constructing a vertically integrated new energy industry chain of "lithium mine + production of basic lithium battery raw material + battery production + energy storage and battery charging and swap service + battery leasing + battery recycling and gradient utilisation". The Group plans to implement a batch of key projects from "mine to pile", continuously expanding the energy replenishment network, and creating a new ecosystem of energy technology.



The smart ecological plant of IMPOW Battery

## CHAIRMAN'S STATEMENT

**Deepening reform and unleashing new development momentum.** The Group focuses on enhancing core competitiveness and strengthening core functions, organizes the group system to combine “top-down” and “bottom-up” value creation action, concentrates on the “Five Breakthroughs and One Reinforcement”, and continues to carry out the “Double Hundred Action”. The Group is accelerating the promotion of mixed-ownership reform by implementing employee share incentive and shareholding adjustment plans for GAC Hino, and advancing the mixed-ownership reform at the Southern Test Field to attract strategic investors. ON TIME (如祺出行) has completed its Series B financing and formally submitted an application for listing on the Main Board of the Stock Exchange. The Group is improving its organisational structure and operation mechanism for international business, integrating international business into the unified coordination of the self-developed brand management committee, achieving strong control over its international business, thus providing strong organisational support and mechanism guarantee for the implementation of the Group's internationalisation strategy. The Group was honored as a benchmark enterprise under the “Double Hundred Action” of the State-owned Assets Supervision and Administration Commission of the State Council, the only “Benchmark” enterprise in the Three-year Action Plan for State-owned Enterprise Reform of the State-owned Assets Supervision and Administration Commission of the Guangzhou Municipal People's Government, and GAC AION was shortlisted as a demonstration enterprise in the “Scientific Reform Demonstration Action” of the State-owned Assets Supervision and Administration Commission of the State Council.

The current changes of the world, times and industries are unfolding in unprecedented ways, exerting unprecedented breadth and depth affecting business development. The new round of technological revolution and industrial transformation is deepening, restructuring the automotive industry landscape significantly. The penetration rate of NEVs continues to rise, with smart NEVs becoming the main focus of future development. Independent brands continue to break through, and internationalisation has become a new momentum of growth. The competitions among automotive companies are further accelerating. In 2024, faced with challenges such as slow electrification transformation, limited scale of internationalisation, and slow cultivation of new increment, the Group will comprehensively launch the “in-depth reform, strong management, development promotion, quality and efficiency improvement”. The Group will accelerate the expansion of development momentum, expedite the cultivation of new growth points, enhance development quality and efficiency, achieve breakthroughs, and strive for the challenge of achieving a 10% increase in sales volume.

**Adhering to strengthening the foundation and achieving steady progress in operations to enhance quality. Accelerating the construction of core product strength, service strength, and brand strength.** The Group deeply explores user needs, responds quickly to market changes, promotes comprehensive electrification and ICV of self-developed and joint venture brand products, optimises the product matrix, and ensures the accurate and rapid launch of high-quality products into the market. **Continuously enhancing marketing capabilities.** The Group aligns with the market closely, implements precise strategies, creates distinctive services, enhances terminal market operation capabilities, accelerates the transition to new digital marketing models, strengthens APP operations, and increases customer loyalty to the brand. **Enhancing business synergy.** The Group deepens the integration and coordination of self-developed brands, specialisation of product managers and

## CHAIRMAN'S STATEMENT

implements matrix management, streamlining the entire process of research, production, supply, and sales to improve overall operational efficiency. The Group strengthens the integration and coordinated development of business segments and resources along the upstream and downstream of the industry chains, further enhancing risk resistance and profitability.

**Persisting in deepening innovation to achieve upgrade in industrial capabilities. Striving upwards to seize the high ground of core technologies.** The Group focuses on the forefront of industry technology, strengthens original and disruptive technological innovations, accelerates research and development in technologies such as solid-state batteries, continuously consolidates and expands its advantages in new energy, accelerates the advancement of L3 autonomous driving road tests, enhances self-developed software capabilities and full-stack ICV, and fosters the development of new dynamics as new forces of production. **With renewed vigor, accelerating the implementation of ecosystem.** The Group fully leverages the driving role of “head of the industry chain” engine to form an industrial cluster, promoting the deep integration of innovation chains, industry chains, capital chains and talent chains, accelerating the implementation of the nationalisation plan for core components, further increasing the domestic chip adoption rate. Centered around the goal of building a “electricity + battery” smart energy ecosystem, the Group constructs an integrated energy ecosystem spanning from upstream mineral resources to downstream charging and swapping stations. By continuously expanding the energy replenishment network, the Group targets to add 5,000 fast charging terminals and 30 battery swapping stations within the year. **Expanding overseas and accelerating the development of international business.** The Group integrates resources from various segments such as research, production, supply, sales and services, while collaborating closely and intensively developing efforts to create globally popular vehicle models, thus achieving breakthroughs in key markets and expediting the construction and operation of KD (knock down) factories in Thailand, Malaysia and other locations. The goal is to achieve an annual overseas sales volume of more than 150,000 vehicles.

**Persisting in reform and striving for breakthroughs to enhance endogenous development momentum. Creating new momentum through novel mechanisms.** The Group implements multiple measures to advance mixed-ownership reforms, improves market-oriented operation and incentive and restraint mechanisms, explores and implements share ownership schemes for core employees by “formulating policies based on actual circumstances of a particular enterprise”, stimulating innovation and creativity. The Group implements comprehensive tenure and contractual management systems, strengthens the utilisation of assessment results, vigorously promotes the system of competition-based promotion, end-to-end adjustment and incompetence exit system for management, thereby enhancing market-oriented and modern management levels. **Activating vitality through talent development.** The Group establishes clear direction of talent-driven development, accelerating efforts to attract and cultivate leading talents in the “New Four Modernisations” and in-demand international talents, and fully optimising the talent ecosystem. **Enhancing efficiency through digital transformation.** Leveraging digital transformation, the Group achieves standardisation and automation of management, enhances organisational efficiency, and reduces operational management costs.

## CHAIRMAN'S STATEMENT

2024 is a critical year for sprinting towards the goals of the "14th Five-Year Plan". The Group will focus on "XEV+ICV" and "EV+ICV", comprehensively enhance its independent innovation capabilities, promote high-quality development, strive to realise sales volume under self-developed brands of more than 1 million units, and achieve breakthroughs in electrification, ICV, digitalisation, shared services, and internationalisation.

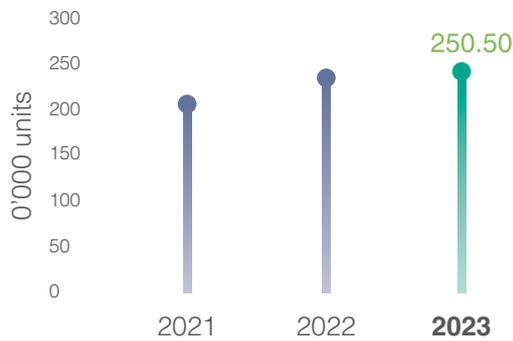
Looking ahead, the Group will accelerate the implementation of "Trillion GAC" development blueprint, consolidating its seven major segments: research and development, manufacture of vehicles, parts and components, commercial and mobility transportation services, energy and ecosystem, internationalisation as well as investment and finance. It will focus on five major increments, with the manufacture of vehicles as the foundation of revenue and profit, the parts and components segment as the growth pole, commercial and mobility transportation services and energy and ecosystem segments as the transformation engine, and internationalisation as the core source of growth. The aim is to achieve annual production and sales volumes of over 4.75 million vehicles, operating income (consolidated) of RMB1 trillion, and profit tax amounting to RMB100 billion by 2030, and become a world-class technology enterprise with outstanding products, remarkable brands, leading innovation and modern governance.

Those who walk, often arrive. Those who do, often achieve. The new journey is filled with glory and dreams. The Group will unswervingly follow the path of high-quality development, strive to climb up the peak of industrial technology, forge ahead with determination, promote industrial technological innovation, develop new productive forces, and continuously shape new dynamics and advantages through pragmatism and innovation. The Group endeavors to fulfill its responsibilities in the new journey of Chinese-style modernisation and contribute to GAC's mission!

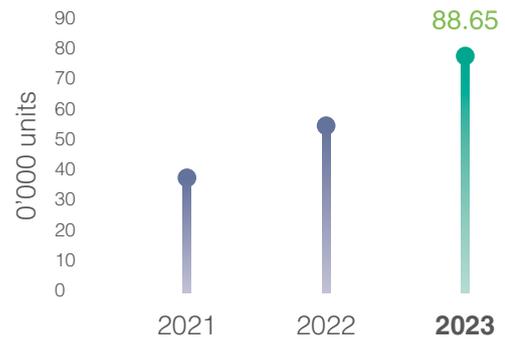


# MAIN OPERATING INDICATORS

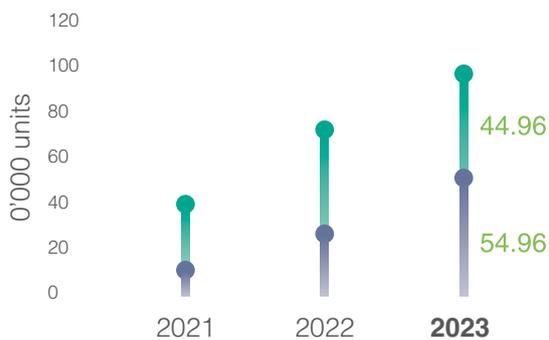
### Vehicle sales volume of the Group



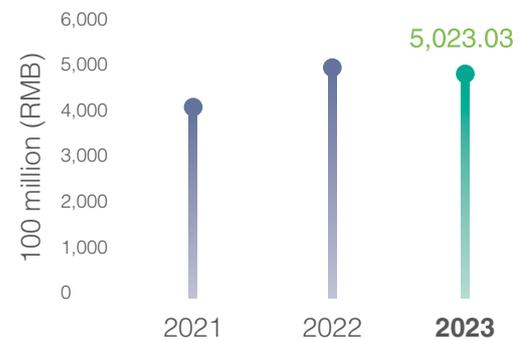
### Vehicle sales volume of self-developed brands of the Group



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

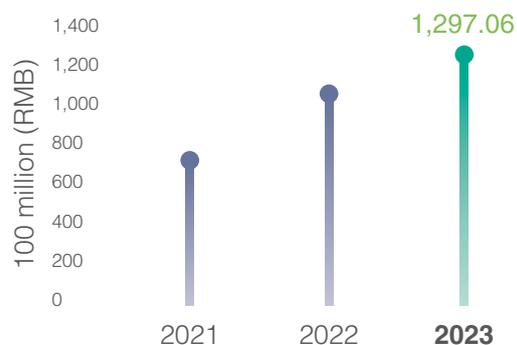


### Sales revenue on an aggregated basis

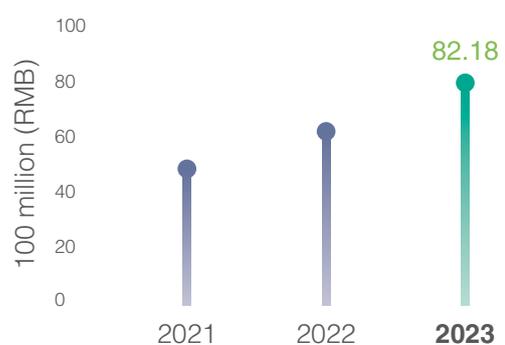


■ New energy vehicles ■ Energy-saving vehicles

### Sales revenue



### Expenditures in research and development



# CORPORATE PROFILE AND SUMMARY OF BUSINESS



## Chapter 2

# CORPORATE PROFILE AND SUMMARY OF BUSINESS

### I. CORPORATE INFORMATION

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

### II. CONTACT PERSON AND CONTACT METHOD

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

### III. BASIC INFORMATION

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

### IV. INFORMATION DISCLOSURE AND PLACE OF INSPECTION

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

## CORPORATE PROFILE AND SUMMARY OF BUSINESS

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

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

### VI. OTHER RELEVANT INFORMATION

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

## CORPORATE PROFILE AND SUMMARY OF BUSINESS

### VII. SUMMARY OF BUSINESS

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

#### 1. Research and development

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



#### 2. Manufacture of vehicles

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

- **Products:** The Group's passenger vehicles include 18 series of sedans, 25 series of SUV and 6 series of MPV. During the reporting period, the Group launched new or upgraded models such as GAC Trumpchi E9, ES9, E8, GS3 Shadow Speed, Hyper GT, Hyper SSR, Hyper HT, GAC Toyota Frontlander (Smart HEV), new generation Levin, bZ4X, new generation GAC Honda Accord, Integra HATCHBACK, ZR-V e:HEV, Breeze e:HEV/e:PHEV, etc.



## CORPORATE PROFILE AND SUMMARY OF BUSINESS

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

- GAC Trumpchi Empow, GS4, GS8, M8, Emkoo, etc.;
- GAC Honda Accord, Integra, Vezele, Fit, Breeze, etc.; and
- GAC Toyota Camry, Levin, Wildlander, Frontlander, Venza, etc.

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

- GAC Trumpchi GS8 Hybrid, ES9, M8 Hybrid, E8, E9, Empow Hybrid, Emkoo Hybrid, etc.;
  - GAC AION AION S, AION Y, AION V, AION LX, Hyper GT, Hyper HT, etc.;
  - GAC Honda Accord e:PHEV, Breeze e:HEV/e:PHEV, Odyssey e:HEV, ZR-V e:HEV, e:NP1, etc.; and
  - GAC Toyota Camry HEV, Highlander HEV, Levin HEV, Sienna, bZ4X, etc.
- **Production capacity:** As at the end of the reporting period, the total vehicle production capacity amounted to 3,065,000 units/year.
- **Sales channel:** In order to flexibly respond to market changes, the Group actively explored the innovation of marketing models and created a dual-track model of "Direct Sales+Distribution, Online+Offline, Automobile City+Commercial Supermarkets". Centering around the consumer demand for online consumption, the Group focused on the operational management of new media and construction on digitalisation, constantly launched and optimised its order tools for online direct sales, dedicated to improve the operational efficiency of APPs deployed in various Original Equipment Manufacturers ("**OEMs**") to provide superior purchasing experience for customers. The Group conducts automobile sales through sales outlets and online channels. As at the end of the reporting period, the Company, together with its joint ventures and associated enterprises, had 2,645 passenger vehicle 4S sales outlets covering 31 provinces, counties, autonomous regions and municipalities in the PRC. Overseas sales outlets amount to 236, with its sales and service business covering 41 countries and regions.

## CORPORATE PROFILE AND SUMMARY OF BUSINESS

### (2) Motorcycles

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

### 3. Parts and components

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



### 4. Commercial and mobility transportation services

The Group carried on businesses in vehicle sales, logistics, international trading, second-hand vehicles, supporting services, etc., mainly through its subsidiary, namely GAC Business (as well as its controlling and investee companies) etc. in the upstream and downstream automobile industry chains.



## CORPORATE PROFILE AND SUMMARY OF BUSINESS

### 5. Energy and ecosystem

The Group constructed a vertically integrated new energy industry chain of “lithium mine + production of basic lithium battery raw material + battery production + energy storage and battery charging and swap service + battery leasing + battery recycling and gradient utilisation” through establishing UPOWER Energy and its subordinate companies such as GAC Energy and IMPOW Battery. In response to the trend of new energy development, the Group actively expands energy and ecological businesses to build an integrated energy ecosystem, achieving leapfrog development in energy ecology, and innovating breakthroughs in software services (OTA + software value-added services).



### 6. Internationalisation

The Group established GAC International to be responsible for the overseas market operation and sales services of its self-developed brands, and promoting the implementation of various internationalisation measures such as medium-and long-term overseas product planning, overseas factory construction planning and overseas channel operation planning.



## CORPORATE PROFILE AND SUMMARY OF BUSINESS

### 7. Investment and finance

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



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

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

## CORPORATE PROFILE AND SUMMARY OF BUSINESS

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

The Group has formed an industrial strategic layout based in South China and radiating to Central China, East China and Northwest China and a complete closed-loop industry chain centering upon manufacture of vehicles, and its business covers seven segments including research and development, manufacture of vehicles, parts and components, energy and ecosystem, internationalisation, commercial and mobility transportation services, and investment and finance. The Group is one of the automobile groups in the PRC with the most integrated industry chain and the most optimised industry layout. The synergy in the upstream and downstream of the industry chain progressed gradually, new profit growth points have been emerging and the comprehensive competitiveness of the Group has been constantly enhanced. During the reporting period, the Group reorganised and established UPOWER Energy to complete the resource integration of the energy segment. IMPOW Battery Smart Ecological Plant has been completed and put into operation, accelerating the construction of the energy ecosystem.

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

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

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

The Group has a full range of products including sedans, SUVs and MPVs, and in order to adapt to changes in consumer demand, the Group maintained its market competitiveness of its products through continued R&D, introduction of new models and product iterations, so as to maintain customer loyalty and a widely recognised brand reputation. During the reporting period, the Group launched new or upgraded models such as GAC Trumpchi E9, ES9, E8, GS3 Shadow Speed, Hyper GT, Hyper SSR, Hyper HT, GAC Toyota Frontlander (Smart HEV), new generation Levin, bZ4X, new generation GAC Honda Accord, Integra HATCHBACK, ZR-V e:HEV, Breeze e:HEV/e:PHEV, etc.

## CORPORATE PROFILE AND SUMMARY OF BUSINESS

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

After years of introduction, digestion, absorption and innovation, the Group accumulated funds, technologies, talents and experience, and formulated a world-class production system. For R&D, through the integration of advantageous global resources and the establishment of a global R&D network, the Group has formed a cross-platform and modular-structured forward development system, and has been equipped with the advantage of integrated innovation. The Group also owns State-Certified Enterprise Technology Center, overseas high-level talent innovation and entrepreneurship base, national demonstration base for talent introduction, academician workstation, postdoctoral research workstation and other innovation platforms. Product manager system and incentive mechanism of vehicle model team were comprehensively implemented to form a system and mechanism for the integration of research, production and sales with high efficiency and mutual benefit. During the reporting period, the State-Certified Enterprise Technology Center of GAC Group was rated as “excellent” once again with a score of 95.5, ranking among the best in the automotive industry. GAC Group’s independent research and development team for powertrain was awarded the title of “National Outstanding Engineering Team”.

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

In the field of new energy, the Group has the leading exclusive pure electric platform AEP3.0, being the first to apply the deep-integrated “three-in-one” electric drive system and two-gear dual-motor “four-in-one” integrated electric drive system. The Group deeply engaged in the independent R&D as well as the industrial application of power battery, battery cells and electric drive, and self-developed power battery technologies such as sponge silicon anode battery technology, ultra-fast charging battery technology and the magazine battery system safety technology. These helped create the AION series and the Hyper series, which are NEV product systems based on the new exclusive platform on pure electricity. The Group has also successfully introduced a variety of new energy products to the joint ventures. In the field of energy conservation, the Group established the Mega Waves Hybrid Modular Architecture adopting platform-based modular designs, which were available for assembly of the powertrain system self-adaptive to all XEV models (i.e. hybrid models such as Hybrid Electric Vehicle (HEV) and Plug-In Hybrid Electric Vehicle (PHEV)). In the field of ICV, the Group has self-developed the ADiGO PILOT intelligent driving system (including NDA advanced driver assistance system, super parking, and unmanned driving) and the centralised computing electronic and electrical architecture “X-soul” equipped with vehicle-cloud integration. During the reporting period, the Group successfully launched the self-developed P58 microcrystalline super-energy battery for mass production; completed the installation of Mega Waves Hydrogen Hybrid System on vehicles, and launched the first ammonia engine for passenger vehicle across the world; completed the development of EEA3.0 electrical architecture, and equipped Hyper GT and Trumpchi E8 with X-soul for mass production.

# MANAGEMENT DISCUSSION AND ANALYSIS



42 km/h  
陆路模式 26 min

花城大道

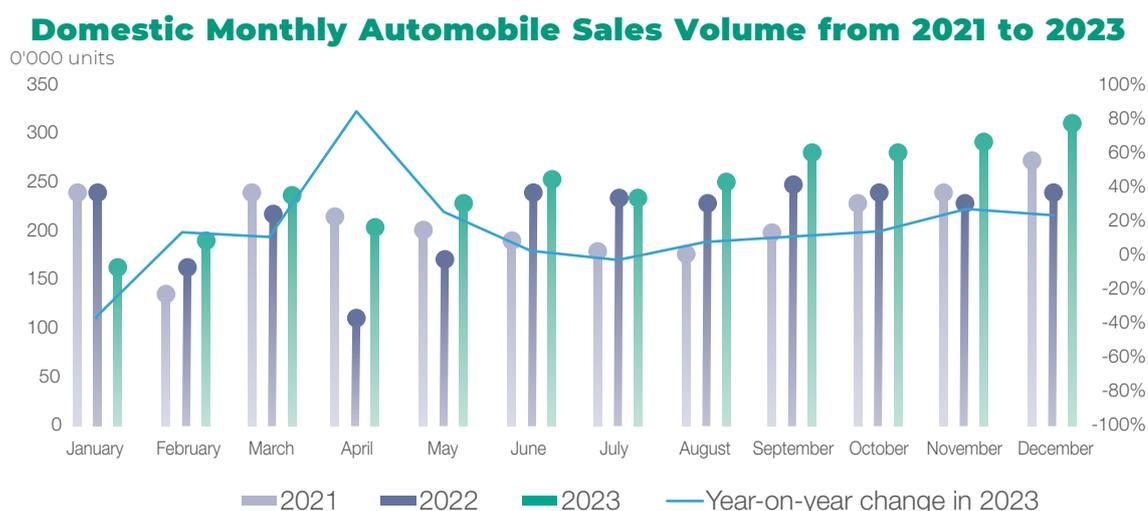
导航至江湾

## Chapter 3

# MANAGEMENT DISCUSSION AND ANALYSIS

## I. ANALYSIS ON INDUSTRY ENVIRONMENT

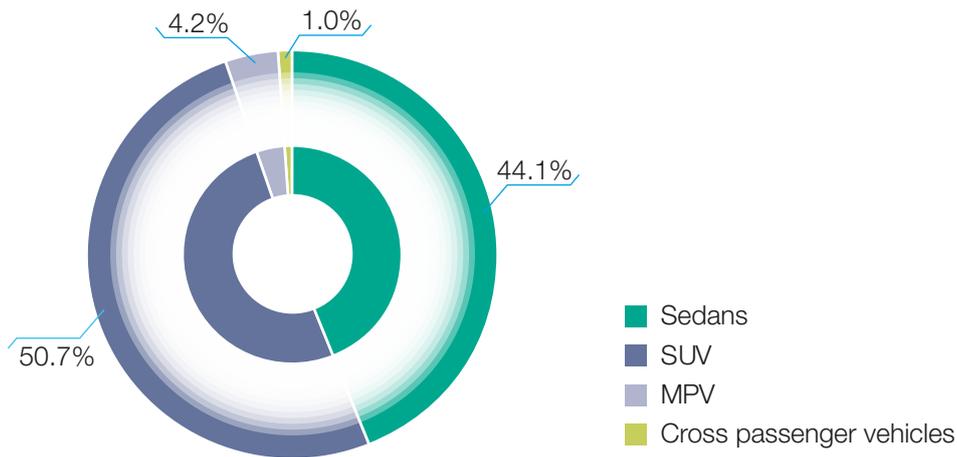
In 2023, under the guidance of a series of national industrial policies, the automobile industry continued to stabilise the automobile market, continuously promoted automobile consumption, and insisted on propelling technological innovation, so as to maintain the high-quality development trend of the industry. The annual domestic production and sales volume of vehicle industry in 2023 hit a record high and amounted to 30,161,000 units and 30,094,000 units respectively, representing a year-on-year increase of 11.6% and 12% respectively.



In terms of segment market, in 2023, the production and sales volume of passenger vehicles were 26,124,000 units and 26,063,000 units respectively, representing a year-on-year increase of 9.6% and 10.6% respectively. Among them, the sales volume of high-end brand passenger vehicles experienced significant growth with a year-on-year increase of 15.4%, which was 4.8 percentage points higher than that of passenger vehicles. Among the main varieties of passenger vehicles, the scale of annual production and sales volume of SUV still surpassed that of sedans and ranked the first place, with production and sales volume reaching 13,242,000 units and 13,206,000 units respectively, representing a year-on-year increase of 16.4% and 18% respectively; sedans still maintained a growth trend in 2023, with production and sales volume reaching 11,508,000 units and 11,490,000 units respectively, representing a year-on-year increase of 2.9% and 3.4% respectively; MPV was back on the track of one million units, whereas the production and sales volume of cross passenger vehicles suffered from constant decline. Among them, the production and sales volume of MPV amounted to 1,112,000 units and 1,102,000 units respectively, representing a year-on-year increase of 16.8% and 17.7% respectively; the production and sales volume of cross passenger vehicles stood at 262,000 units and 265,000 units respectively, representing a year-on-year decrease of 17.2% and 18.1% respectively.

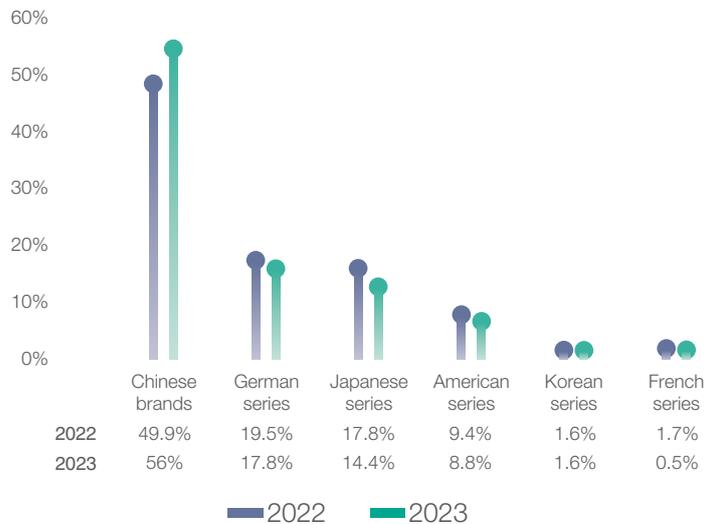
# MANAGEMENT DISCUSSION AND ANALYSIS

## Domestic Market Share of Passenger Vehicles by Models in 2023



Among which, 14,596,000 units of passenger vehicles of Chinese brands were sold, representing a year-on-year increase of 24.1% and accounting for 56.5% of the total sales volume of passenger vehicles, the proportion of which increased year on year by 6 percentage points. Except for Korean series, the market share of passenger vehicles of other countries has declined in varying degrees.

## Domestic Market Share of Passenger Vehicles by Series in 2023

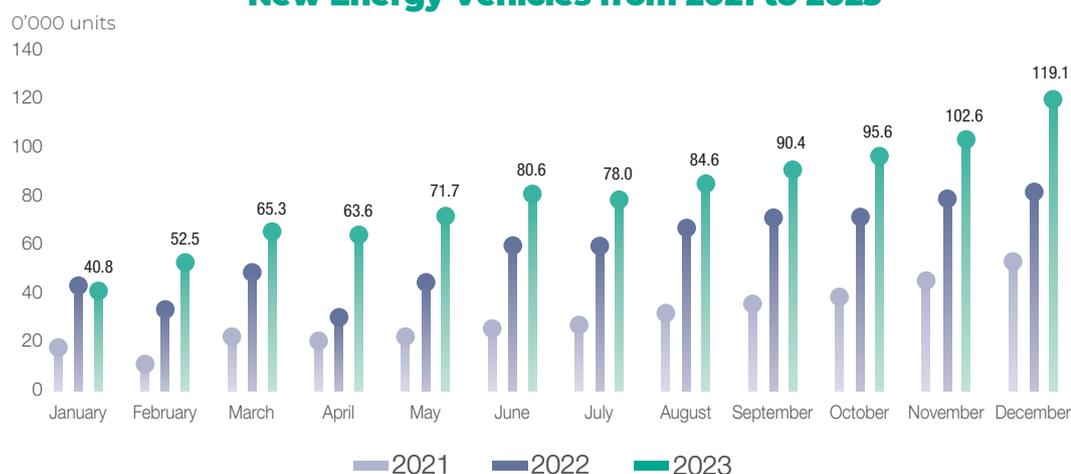


## MANAGEMENT DISCUSSION AND ANALYSIS

The cardinal number of production and sales volume of commercial vehicles in the previous year was at a low level. As the macroeconomic upswing in 2023 revived industries such as logistics and tourism, the production and sales volume of commercial vehicles rebounded accordingly to 4,037,000 units and 4,031,000 units respectively, representing a year-on-year increase of 26.8% and 22.1% respectively.

The tremendous growth momentum of NEVs remained unabated, with both monthly and annual production and sales volume hitting record highs in succession by virtue of the market share of 31.6%. In 2023, the production and sales volume of NEVs amounted to 9,587,000 units and 9,495,000 units respectively, representing a year-on-year increase of 35.8% and 37.9% respectively.

### Domestic Monthly Sales Volume of New Energy Vehicles from 2021 to 2023



In 2023, automobile exports reached another new high, becoming a crucial strength in driving the growth of automobile production and sales volume. Automobile exports totaled 4,910,000 units, representing a year-on-year increase of 57.9%, and such exports contributed 55.7% to the aggregate increment of vehicle sales. In terms of vehicle types, 4,140,000 passenger vehicles were exported, representing a year-on-year increase of 63.7%; 770,000 commercial vehicles were exported, representing a year-on-year increase of 32.2%.

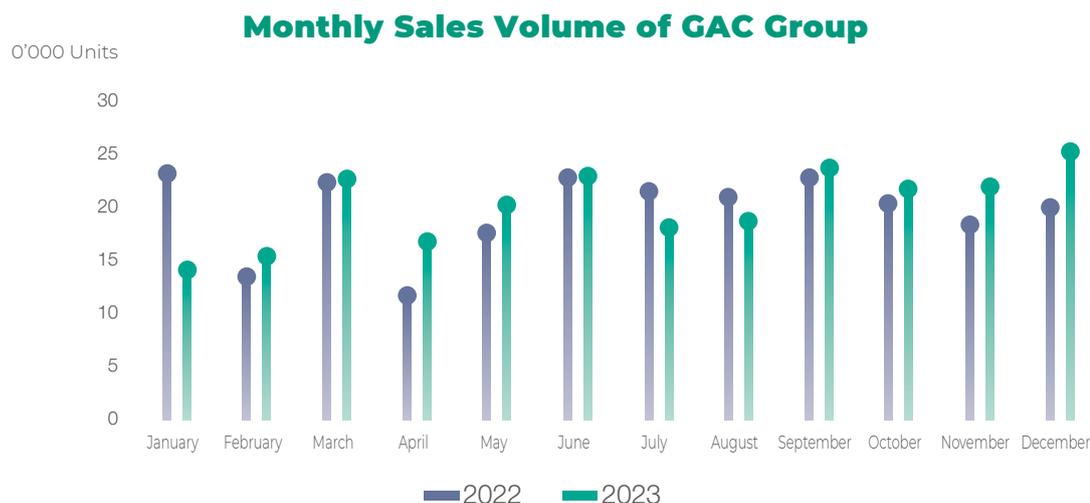
Note: The above industry data was from China Association of Automobile Manufacturers.

# MANAGEMENT DISCUSSION AND ANALYSIS

## II. ANALYSIS ON OPERATION OF THE COMPANY

### 1. Operation and production achieved progress against difficulties

Faced with the multiple pressure brought by the outbreak of price wars and other factors in the domestic automobile market, the Group rallied for “joint efforts, expansion of increments, and improvement of quality and efficiency”. Throughout the year, the Group’s production and sales volume of vehicles amounted to 2,528,800 units and 2,505,000 units respectively, representing a year-on-year increase of 1.97% and 2.92% respectively. In terms of production and sales volume, with a market share of approximately 8.32%, the Group ranked 5<sup>th</sup> among domestic automobile enterprise groups.<sup>1</sup>



In 2023, the production and sales volume of the Group’s passenger vehicles were 2,528,700 units and 2,504,400 units respectively, representing a year-on-year increase of 1.99% and 2.93% respectively, while its market share among domestic automobile enterprise groups was approximately 9.61%. In terms of vehicle categories, the sales volume of SUVs and MPVs increased year on year by 10.41% and 30.52% respectively, whereas the sales volume of sedans experienced a year-on-year decrease of 9.74%.

Throughout the year, the production and sales volume of the Group’s NEVs continued to maintain rapid growth, amounting to 572,900 units and 549,600 units respectively, representing a year-on-year increase of 81.36% and 77.55% respectively, the growth of which significantly outperformed the industry average. Among them, the sales volume of Pure Electric Vehicles (“**PEVs**”) was 507,000 units, representing a year-on-year increase of 68%, while the sales volume of PHEVs was 42,600 units, representing a year-on-year increase of 446%. During the reporting period, the proportion of sales volume of the Group’s energy-efficient vehicles and NEVs increased to 39.90%, among which the proportion of NEVs amounted to 21.95%, representing a year-on-year increase of more than 9 percentage points.

<sup>1</sup> Unless otherwise stated in this report, the source of relevant data of the industry derived from China Association of Automobile Manufacturers.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

The Group's self-developed brands focused on "XEV+ICV" and "EV+ICV", with its production and sales volume hitting record highs, amounting to 904,400 units and 886,500 units respectively in 2023, representing a year-on-year increase of nearly 40%, of which the proportion of NEV sales increased to nearly 58%.

#### (1) GAMC

Throughout the year, GAMC's production and sales volume were 404,300 units and 406,500 units respectively, representing a year-on-year increase of 8.24% and 12.12% respectively, which outperformed the industry average, and the proportion of high-



#### GAC Trumpchi E9

E9, a smart electric new energy flagship MPV of GAC Trumpchi, was launched on 21 May 2023. Trumpchi E9 has a super luxurious private space, as well as a GAC patented rear windshield airbag. It is equipped with a 2.0TM smart electric hybrid system, a high energy density magazine battery, an intelligent energy management and an ADiGO intelligent driving interconnected ecosystem. Its comprehensive WLTC cruising range is 1,032 km, which its maximum cruising range with full battery and fuel is 1,442km, and its CLTC cruising range under the EV mode is 136km.



#### GAC Trumpchi ES9

ES9, the full-size new energy SUV for travel scenario of GAC Trumpchi, was launched on 28 October 2023. Trumpchi ES9 is equipped with a high-performance Quark Electric Drive, a high-security magazine battery and a 2.0TM engine, which support a CLTC cruising range of 143km under the EV mode and 1,215km under the combined mode. It can realize full-scenario discharge (3.3KW external discharge + 5.5KW vehicle pairing discharge). This model is equipped with Qualcomm Snapdragon 8155 chip and ADiGO 4.0 intelligent IoT/intelligent driver assistance system.



#### GAC Trumpchi E8

GAC Trumpchi E8 was launched on 17 November 2023 with i-GTEC installed therein, which supports a CLTC cruising range of 150km under the EV mode and 1,200km under comprehensive operating conditions. This model is equipped with the electrical architecture "X-soul", Qualcomm Snapdragon 8155 in-car chip, the GAC Rubik's Cube scene co-creation platform and new ADiGO 5.0 system, L2-level intelligent driver assistance system, which position itself as a leading model in term of intellectualisation. It has an interior layout of 5.2 square meters and a variety of storage spaces.

## MANAGEMENT DISCUSSION AND ANALYSIS

value vehicle models steadily increased. Among them, the sales volume of MPVs in 2023 exceeded 160,000 units, representing a year-on-year increase of 59%, ranking first among domestic MPV manufacturers, where M8, M6 and other model series ranked at the forefront in the market segment; the sales volume of the Group's HEVs exceeded 45,000 units, maintaining its ranking as the top-seller<sup>2</sup> in the independent HEV market. In this year, GAMC released a new technology brand "i-GTEC (傳祺智電科技)", and launched three highly competitive PHEV models, including smart electric new energy flagship MPV – E9, B-class plug-in hybrid SUV – ES9 and B-class plug-in hybrid MPV – E8, to forge the i-GTEC new energy products matrix. In December 2023, the sales volume of the Group's new energy E-series exceeded 10,000 units.

GAMC continued to consolidate and expand the marketing of its "Golden Triangle" digital sales service system, introduced a smart store system and implemented "companion" service, while a dedicated new energy team was formed, which created a new NEV sales model for GAC Trumpchi, with 140 NEV experience centres now completed. GAC Trumpchi was recognised as the No. 1 among China's self-developed brands listed in the Customer Satisfaction Index (CSI) and Sales Satisfaction Index (SSI) of J.D. Power in 2023.

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<sup>2</sup> The source of statistics was derived from China Automotive Technology and Research Center Co., Ltd.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (2) GAC AION

Throughout the year, GAC AION's production and sales volume amounted to 500,000 units and 480,000 units respectively, representing a year-on-year increase of 82.84% and 77.02% respectively, during which its monthly sales volume maintained at more than 40,000 units for ten consecutive months, ranking third among domestic new energy passenger vehicles. Throughout the year, the sales volume of the AION S series amounted to 221,000 units, representing a year-on-year increase of 91.3%, ranking first among domestic pure electric A-class sedan, and the annual sales volume of AION Y series amounted to 228,000 units, representing a year-on-year increase of 91%, ranking second among domestic pure electric A-class SUVs. Hyper brand was progressing to operate independently, and the dual-brand matrix of "AION + Hyper" was launched to enter into the high-end NEV market. During the reporting period, three new vehicle models were launched: pure-electric supercar Hyper SSR, the first pure-electric B-class sedan Hyper GT and pure-electric B-class SUV Hyper HT. In December 2023, four years and eight months after its establishment, GAC AION had achieved a cumulative production and sales volume of one million, rendering itself to reach the one million mark in terms of production and sales volume in the shortest time among the PEV brands globally. In virtue of GAC AION's innovative and revolutionary marketing model, it created a new ecosystem of marketing services that fully integrated online and offline scenarios, continued to improve its one-click premium service system, and promoted the reform on APP value, for which the scale of GAC AION APP users exceeded 4 million, and the number of Hyper APP registered users exceeded 1 million. GAC AION's Smart Ecological Plant was selected in the latest batch of global "Lighthouse Plant" released by the World Economic Forum (WEF), becoming the only NEV "Lighthouse Plant" in the world.



#### Hyper GT

The mid- to large-sized sports sedan Hyper GT was launched on 3 July 2023, which could realise a maximum cruising range of 710km under comprehensive operating conditions. The kinematic performance of this model encompasses a 4-second rear-drive acceleration, a 5.3-meter turning radius, and a braking distance of less than 33.9 meters. It is equipped with three second-generation intelligent variable-focus lidars and possesses an advanced high-speed NDA Intelligent Navigation Assistance Driving System, which can provide users with intelligent driving experiences such as lane change and on-ramp entry.

#### Hyper SSR

Hyper SSR, China's first mass-produced supercar, was launched and delivered on 9 October 2023. Hyper SSR adopts the pioneering dual-drive electric sensor door with butterfly appearance, lightweight all-carbon fiber body, and aerospace-grade long-fiber carbon ceramic brake. This model is equipped with a 900V carborundum chip, a self-developed two-gear four-in-one high-performance motor, being able to accelerating from stationary to 100 kmph within 1.9 seconds.

#### Hyper HT

Hyper HT, a mid- to large-sized luxurious pure electric SUV, was launched on 15 November 2023, with a wheelbase of 2,935 mm and two-segment electric gull-wing doors. All models come with a 2.6m<sup>2</sup> panoramic canopy and electric sunshades. The ultra-high voltage version supports 800V 5C super charging, thereby enabling a cruising range of 450km after just 10 minutes of charging. This model is equipped with ADiGO SPACE 5.0 intelligent cockpit and advanced high-speed NDA Intelligent Navigation Assistance Driving System.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

The Company completed its interim adjustment to the “14<sup>th</sup> Five-Year Plan” for the international segment, formulated the “1551” internationalisation strategic blueprint, clarified the target of exporting 500,000 units by 2030, and specified the global market layout planning, division of work among various fields and organisational mechanism safeguards at the strategic level, so as to vigorously promote the internationalisation of brands, globalisation of products, localisation of production, integration of sales and services, and diversification of ecosystems. The Group further improved the international business system and mechanism, set up an overseas business liaison mechanism for the Group’s leaders, strengthened the deliberation mechanism of the international business leading group, reorganised and set up a headquarter for manufacture of vehicles and overseas business, coordinated international business by the self-developed brand management committee, and established an additional internationalisation professional committee to strengthen the coordination of the international business of its independent system.

In 2023, the overseas sales volume of the Company’s self-developed brands amounted to approximately 55,000 units, which completed its market layout in 41 countries/locations. According to the characteristics of the overseas market, various multi-channel models were formed globally, including standard stores, satellite stores and service centres, and 236 sales and service outlets added. To promote the global development of vehicle models and enrich the product matrix, GAC International completed the introduction of two global vehicle models and three regional vehicle models in 2023. GAC AION’s AION Y Plus has been launched in Thailand and officially entered the Cambodian market. In order to promote localised operations, the Company has set up overseas branches in Hong Kong, Russia, the Middle East, Mexico, Thailand and other regions. GAC International has been accelerating the construction of a CKD (Completely Knocked Down) plant in Malaysia, targeting to achieve mass production and launch of its first vehicle model by 2024. GAC AION has set up a manufacturing subsidiary in Thailand to facilitate its Thailand plant project, so as to quickly realise the production capacity of its overseas plants in the form of SKD (Semi Knock Down). The production capacity can be up to 50,000 units per year upon completion and the mass production is expected to be realised in the third quarter of 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 3. Joint venture brands accelerated transformation

Adhering to promoting end-user sales and stabilising channels, GAC Toyota overcame the downturn in fuel-engined vehicles and other challenges, with its production and sales volume reaching more than 950,000 units for the year, and vehicle models such as Camry and Sienna continuing to rank at the forefront in the market segment. With the deepening of its all-round electrification strategy, during the reporting period, GAC Toyota launched new models such as Frontlander (Smart HEV), Levin (Smart HEV) and Levin GT (Smart HEV), new energy brand “bZ (鉅智)” and its first model “bZ4X”. GAC Toyota also utilised the bilateral resources of its shareholders, accelerated the introduction of competitive pure electric products, set up a joint development system, and established a simultaneous development and operation model. The NEV models jointly developed by the Group and Toyota Motor are progressing as planned.

GAC Honda took proactive measures to stabilise its fundamentals, achieving production and sales volume of 651,200 units and 640,500 units respectively for the year, with cumulative production and sales volume exceeding 10 million units since its establishment. GAC Honda launched its vehicle export business, with over 20,000 units exported for the year and it continued to improve its product and service quality, becoming the first Chinese mainstream automotive brand to be ranked No. 1 in three categories, namely the Sales Satisfaction Index (SSI), Customer Satisfaction Index (CSI) and China Initial Quality Study (IQS) of J.D. Power for three consecutive years. GAC Honda accelerated its transformation towards electrification and intellectualisation, launching the Accord e:PHEV and Breeze e:PHEV, and unveiling the second model of its pure electric brand e:NP – e:NP2. GAC Honda NEV’s capacity expansion project (production capacity of 120,000 units per year) progressed as planned, and is scheduled to be completed and commence operation by 2024.

Key progress was made in promoting the restructuring and transformation of loss-making joint ventures. The Company implemented the GAC Mitsubishi restructuring plan, after the completion of which GAC Mitsubishi became a wholly-owned subsidiary of the Company. GAC Mitsubishi’s core assets will be fully revitalised and utilised to help GAC AION rapidly expand its production capacity and solve the production capacity constraints. GAC Hino implemented the employee share incentive scheme and promoted shareholding adjustments in order to accelerate the strategic transformation to new energy commercial vehicles.

Wuyang-Honda actively increased the launch of new products in the domestic market, introducing 14 new models and expanding the export of electric bicycles during the year, with a year-on-year increase of 205% in export sales volume of electric bicycles.

## MANAGEMENT DISCUSSION AND ANALYSIS



### GAC Toyota bZ4X

GAC Toyota bZ4X, the first smart electric off-road SUV of bZ, GAC Toyota's new NEV brand, was launched on 17 November 2023. The products are crafted with higher standards of safety redundancy and high-quality control throughout the supply chain of Toyota, delivering a superior pure electric experience. This model has a long wheelbase of 2,850mm and is equipped with a power battery exclusively developed by Contemporary Amperex Technology Ltd.. Consumers can enjoy a cruising range of 615km (CLTC cruising range) upon purchase. All models are equipped with the latest generation intelligent driving assistance system of Toyota, which support the interconnection among the mobile platforms including Carlife, Hi-car and Carplay.



### GAC Toyota Frontlander (Smart HEV)

GAC Toyota Frontlander (Smart HEV) was launched on 18 April 2023, with the position as a "new generation intelligent electric hybrid SUV". Equipped with 2.0L fifth-generation Toyota smart HEV technology, all models come with T-Pilot Intelligent Driving Assistance System, with a 427L trunk space, a latest on-board multimedia machine, and a 12.3-inch LCD instrument panel, which support for the interconnection among the three mobile platforms including Carlife, Hi-car and Carplay.



### GAC Honda Accord E: PHEV

The new generation Accord e:PHEV under GAC Honda together with its fuel version were launched simultaneously on 20 May 2023. As a new electrified product launched by GAC Honda, Accord e: PHEV is equipped with the fourth-generation i-MMD hybrid system and Honda CONNECT 4.0 intelligent guide interconnection. The updated version of Honda SENSING 360 realizes safety protection in all scenarios.



### GAC Honda Breeze E: PHEV

Breeze e:HEV and e:PHEV under GAC Honda were officially launched on 19 June 2023. In virtue of 2.0L direct injection engine + fourth-generation i-MMD hybrid system, this model offers superior power performance, which is also equipped with adaptive damping system (ADS) to enhance users' driving experience.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 4. Enhancement and breakthroughs of core technologies

**In the field of electrification,** the Company has mastered the ability of full stack self-research and self-production of its battery cells. The self-developed P58 microcrystalline super-energy battery cells were launched in the smart ecological plant of IMPOW Battery, with outstanding advantages of high-energy density and high power density and a cycle life over 1.5 million kilometres, and the comprehensive performance indice have reached the advanced level in the industry. The self-developed M25 super electric drive has been mass-produced in the Ruipai smart ecological plant, which possesses advantages of high power density, lightweight and miniaturisation, and will be installed on the Hyper brand for mass production.

**In the field of low-carbonisation,** the Company focused on the R&D of XEV technology roadmap such as REEV (Range Extended Electric Vehicle), PHEV and HEV, as well as the development of various flexible fuel engine technologies such as hydrogen and ammonia. GAC's smart electric new energy power system was successfully installed on three PHEV models, including Trumpchi E9, ES9 and E8, and was awarded as one of "The Second World Top 10 Hybrid Powertrain" in the "Lopal Cup" hosted by Automotive Evaluation Research Institute. Mega Wave-Hydrogen Hybrid System was successfully installed on the flagship model of GAC Trumpchi E9, of which according to experiments, the hydrogen consumption could be lower than 1.4kg per 100 kilometers, while vehicles could cover a maximum distance of nearly 600 kilometers. The Company launched the world's first self-developed ammonia engine for passenger vehicles, increasing the carbon reduction rate to 90%.



The first ammonia engine for passenger vehicles



GAC Trumpchi E9 (Hydrogen Hybrid)

## MANAGEMENT DISCUSSION AND ANALYSIS

**In the field of ICV**, based on the “X-soul”, an electrical architecture equipped with vehicle-cloud integration, and focusing on the key and core technologies of ICV, the Company achieved industry-leading breakthroughs in smart driving and smart cockpit technology through the empowerment of cloud platform and big data. “X-soul” was installed on various models such as Hyper GT, Hyper HT and Trumpchi E8 for mass production. With a user-centric approach, the ADiGO MAGIC GAC Rubik’s Cube scene co-creation platform allows users and designers to create and configure personalised scenarios, and it has already been launched with new models such as Hyper GT and Trumpchi E8 into mass production. With the focus on mid- to long-term pure vision algorithm technology, GAEI’s X Lab team advanced a fully autonomous driving and parking solution with strong artificial intelligence + vision, which won the world’s first place on the motion trajectories prediction list in the Argoverse 2 Motion Prediction Challenge in July 2023. In December 2023, the Company took the lead in becoming one of the first batch of companies to obtain L3 autonomous driving road test licences and conducted tests on designated high speed roads in Guangzhou, facilitating the progress of safety and reliability verification of L3 autonomous driving functions.

In terms of the layout of global R&D system, GAEI has made remarkable progress in the “International + Domestic” globalisation layout. In August 2023, GAEI Xiamen Intelligent Connected Studio was opened, marking the official formation of GAC’s “Three Countries Five Locations” global R&D system layout (i.e. Milan, Los Angeles, Shanghai, Xiamen and Guangzhou), which promoted the integration and development of innovation chain, industry chain and talent chain of GAC’s intelligent driving technology.

**In the field of digitalisation**, the GDA (GAC Digital Accelerator) 2.0 Three-Year Action Plan (2023-2025) was officially launched to comprehensively promote the Group’s digital transformation. The Group deepened its marketing digitalisation and promoted the innovation of the direct-connection, direct marketing and direct-services marketing model, achieving 100% online service for end-users of its Trumpchi E series. The Group improved the technological innovation of the ICV platform, and completed the development and launch of GAC’s ICV big data platform, which has been accessed by 74 vehicle models and supports real-time access for a maximum of 3.5 million vehicles, to integrate the full life cycle data of vehicle research, production and sales. The Group strengthened its cost operation and control, and the launched the first phase of the Group’s profit and loss platform for vehicle models, which strengthened the sophisticated management by 8 times and raised the level of revenue management for vehicle models of its self-developed brand. The Group enhanced the construction of fundamental platforms, achieving zero major accidents in network security management during the year, and placed GAC Data Centre 1.0 into operation, with an availability rate of 99.99%.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 5. Continued to optimise industrial ecosystem

**In the fields of parts and components,** through “self-research and development + co-development + capital cooperation”, the Group established an autonomous and controllable industry chain and supply chain to achieve professional and large-scale development of the fields of parts and components. GAC Component actively revolved around four business segments of chassis and body, interior and exterior decoration and lighting, power systems and ICV, actively facilitating the work of strengthening, supplementing and extending the chain, strengthened the capability of self-research and development of parts and components, and continued to enhance its product industrialisation capabilities, such as cockpits, shifter, electric controller and micro motors. Guangzhou Qinglan IGBT project jointly invested by GAC Component and Zhuzhou CRRC Times Semiconductor Co., Ltd. was successfully put into production, building an autonomous and controllable NEV industry chain.

**In the fields of commercial and mobility transportation services,** GAC Business stepped up its efforts in sales network expansion by opening 37 new sales channel outlets in 2023, with a total of 156 sales channel outlets in operation. GAC Business accelerated the digital transformation and deepened its overall marketing, achieving end-user sales of 152,000 units during the year, representing a year-on-year increase of 20.3%, which significantly outperformed the market. ON TIME’s travelling capacity exceeded 100,000 units and its user base was over 23 million. GAC Business continued to maintain a high level of compliance, and was ranked first in the Ministry of Transport’s Information Interactive System for the Supervision of Online Ride-hailing Service for six times in the country in terms of monthly order compliance rate in during the year. It also continuously promoted the commercialisation of Robotaxi, receiving approval for the qualification of commercial demonstration of autonomous driving in Guangzhou and the qualification of Robotaxi manned demonstration in Shenzhen, successively commenced the operation of ON TIME Robotaxi service in Guangzhou and Shenzhen.

## MANAGEMENT DISCUSSION AND ANALYSIS

**In the fields of energy and ecosystem,** the Group reorganised and established UPOWER Energy, which initially completed the integration of resources in the field of energy. The first phase of the 6GWh production line of the smart ecological plant of IMPOW Battery and Ruipai smart ecological electric drive plant (capacity of the first phase is 200,000 electric drives per year) have been completed and put into production, accelerating the layout of the vertically integrated energy industry chain. In terms of battery charging/swap station construction, the Group built a full-scene energy supply system which is characterised by fast and slow charging combination, charging-swap complementation and V2G interaction, for which 930 charging stations were constructed and in operation with more than 6,855 charging terminals, and 62 switching stations covering 159 cities around the Guangdong-Hong Kong-Macau Greater Bay Area Economic Zone, the Beijing-Tianjin-Hebei Economic Zone, the Yangtze River Delta Economic Zone, the Sichuan-Chongqing Economic Zone, and the Intercity Highway. The Group promoted the implementation of the battery asset management project to provide customers with vehicle-electricity separation and battery leasing services, and gradually expanded to the whole life cycle management of batteries, empowering the development of its principal business.

**In the fields of investment and finance,** the Group adhered to its principal business of financial services, completed the “14th Five-Year Plan” for the Group’s finance field, established and improved the business synergy and joint working mechanism of the finance field, and promoted the construction of the Group’s “Big Finance” pattern. The finance enterprises actively responded to the needs of OEMs and dealers by adopting measures such as interest reduction and exemption, repayment extension and margin reduction. Among them, GAC-SOFINCO Auto Finance and the OEMs jointly launched a 0% interest rate vehicle purchase financial scheme for various models to lower the threshold of car purchase for customers; provided a total of 1.3 million loans for the year, representing a year-on-year increase of 8.2%; and issued RMB16 billion of asset-backed securities to optimise its financing structure. Throughout the year, the inventory financing business of GAC Finance Company provided funds amounting to RMB60 billion, effectively alleviating dealers’ pressure and boosting vehicle sales. Urtrust Insurance jointly launched the “complimentary insurance for purchasers” campaign with OEMs and formulated flexible insurance promotion schemes, achieving premium income of RMB3.34 billion during the year, representing a year-on-year increase of 17.9%. GAC Capital completed the establishment of the 10-billion-level ICV & NEV industry development fund and continued to invest in the fields of new energy, ICVs and automotive chips through its industry fund, with its total investment amounting to approximately RMB1.3 billion, further strengthening the integration between industry and finance.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

During the reporting period, the Group realised revenue of approximately RMB502.303 billion on an aggregated basis, representing a year-on-year decrease of approximately 2.39%.

During the reporting period, the revenue of the Group amounted to approximately RMB129.706 billion, representing a year-on-year increase of approximately 17.62%. The net profit attributable to owners of the parent company amounted to approximately RMB4.429 billion, representing a year-on-year decrease of approximately 44.48%. The basic earnings per share amounted to approximately RMB0.42, representing a year-on-year decrease of approximately 45.45%.

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

1. The year 2023 witnessed a continuous and steady rejuvenation of the domestic economy. The domestic automobile market as a whole remained stable and achieved positive growth, with automobile production and sales volume reaching a record high, despite a series of impacts such as the termination of subsidies for NEVs, the emergence of price wars in the automobile industry, etc. Under such circumstances, with the “14th Five-Year Plan” as development and planning orientation, the Group actively responded to industry challenges and facilitated high-quality development by leveraging favorable policies and market opportunities from all parties. Throughout the year, the Group achieved an accumulative sales volume of 2,505,000 vehicles, representing a year-on-year increase of 2.92%. The Group is determined in continuing its research and development in positive, independent and innovative ways. It also strives to accelerate the launching of new products, and the upgrading of existing products iteration, so as to enhance the competitiveness of its products continuously. In particular, GAMC has continuously enriched its star product portfolios by launching PHEV models including E8, E9 and ES9, while its MPV models including M6, M8, etc. continued to maintain hot-selling. GAC AION recorded an impressive growth for NEVs with annual sales volume exceeding 480,000 units, representing a year-on-year increase of 77.02%, and continued to further promote the closed-loop layout of the energy ecosystem industry chain.
2. Joint ventures of the Group have accelerated their product transformation, among which, GAC Toyota launched the new generation Levin, bZ4X and a variety of smart HEV models during the reporting period where the structural proportion of new energy and energy-saving products continued to soar up, with annual sales volume exceeding 950,000 units. GAC Honda continued to launch new products, which during the reporting period, it launched new and updated models such as the new generation Accord, Integra HATCHBACK, ZR-V e:HEV, Breeze e:HEV/e:PHEV, etc. Its product portfolio is continuously optimised to enhance product competitiveness hence improving product competitiveness.

## MANAGEMENT DISCUSSION AND ANALYSIS

3. Ancillary businesses along the upstream and downstream of the industry chain such as financial services, vehicle components and commercial services have been further developed revolving around the Group's strategy. The synergistic effect among various business segments continued to emerge, which facilitated the development of the Group's principal businesses. Among such businesses, the continuous deepening of cooperation between financial enterprises as well as the business expansion and innovation vigorously supported the Group's automobile sales. Automobile components and commercial services actively resonate with the internationalisation strategy of the Group to venture into foreign markets.
4. During the reporting period, in order to cope with the fierce market competition, major OEMs within the Group augmented their commercial and political investment. In addition, the Group reorganised GAC Mitsubishi for one-off settlement of GAC Mitsubishi's long-standing issues.

### (I) Analysis of Principal Business

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

Unit: 100 million Currency: RMB

Item	Current period	Corresponding period last year	Change (%)
Revenue	1,297.06	1,102.72	17.62
Costs of sales	1,241.79	1,065.07	16.59
Selling and distribution costs	61.96	39.23	57.94
Administrative expenses	56.57	51.15	10.60
Finance costs	-4.67	-3.52	-32.67
Interest income	7.74	4.91	57.64
Share of profit of joint ventures and associates	83.49	140.65	-40.64
Net cash flow generated from operating activities	46.04	-66.38	169.36
Net cash flow generated from investing activities	-53.33	-15.92	-234.99
Net cash flow generated from financing activities	60.25	251.81	-76.07

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Analysis on revenue and cost

During the reporting period, revenue of the Group amounted to approximately RMB129.706 billion, representing a year on year increase of approximately 17.62%. This was mainly due to the combined effect of the continuous and stable recovery of the domestic economy, the overall stable automobile market with positive growth, the implementation of a series of policies and follow-up measures for economy stability, and the increasingly enriched vehicle models under self-developed brands of the Group with ever-increasing sales volume, especially the significant increase in the sales volume of GAC AION NEVs.

During the reporting period, the Group recorded costs of sales and total taxes of approximately RMB124.179 billion, representing a year-on-year increase of approximately 16.59%. Total gross profit amounted to RMB5.527 billion, representing a year-on-year increase of approximately 46.80%. Gross profit margin increased year-on-year by 0.85 percentage point, which was mainly due to the combined effect of the growth in gross profit of OEMs under its self-developed brands.

#### Principal business by industry

Unit: 100 million Currency: RMB

By industry	Revenue	Cost of sales	Gross profit margin (%)	Increase/decrease in revenue over last year (%)	Increase/decrease in cost of sales over last year (%)	Increase/decrease in gross profit margin over last year (%)
Automobile manufacturing industry	940.15	916.16	2.55	19.50	17.75	131.82
Auto-parts manufacturing industry	44.29	41.28	6.80	15.61	16.45	-8.97
Commercial services	269.52	249.64	7.38	12.62	12.81	-1.99
Financial services and others	43.10	34.71	19.47	12.33	14.55	-7.42
Total	1,297.06	1,241.79	4.26	17.62	16.59	24.93

## MANAGEMENT DISCUSSION AND ANALYSIS

### Principal business by product

Unit: 100 million Currency: RMB

By product	Revenue	Cost of sales	Gross profit margin (%)	Increase/decrease in revenue over last year (%)	Increase/decrease in cost of sales over last year (%)	Increase/decrease in gross profit margin over last year (%)
Passenger vehicles	940.15	916.16	2.55	19.50	17.75	131.82
Vehicles related trades	313.81	290.92	7.29	13.03	13.31	-3.06
Financial services and others	43.10	34.71	19.47	12.33	14.55	-7.42
Total	1,297.06	1,241.79	4.26	17.62	16.59	24.93

### Principal business by region

Unit: 100 million Currency: RMB

By region	Revenue	Cost of sales	Gross profit margin (%)	Increase/decrease in revenue over last year (%)	Increase/decrease in cost of sales over last year (%)	Increase/decrease in gross profit margin over last year (%)
Mainland China	1,241.85	1,194.17	3.84	15.91	15.78	2.93
Overseas	55.21	47.62	13.75	76.45	69.83	32.31
Total	1,297.06	1,241.79	4.26	17.62	16.59	24.93

## MANAGEMENT DISCUSSION AND ANALYSIS

### Principal business by sales model

Unit: 100 million Currency: RMB

By sales model	Revenue	Cost of sales	Gross profit margin (%)	Increase/decrease in revenue over last year (%)	Increase/decrease in cost of sales over last year (%)	Increase/decrease in gross profit margin over last year (%)
Distributor sales model	940.15	916.16	2.55	19.50	17.75	129.73
Others	356.91	325.63	8.76	12.95	13.44	-4.32
Total	1,297.06	1,241.79	4.26	17.62	16.59	24.93

### Analysis of sales and production volume

Unit: Vehicle

Major products	Production volume	Sales volume	Inventory	Increase/decrease in production volume over last year (%)	Increase/decrease in sales volume over last year (%)	Increase/decrease in inventory over last year (%)
Sedans	282,326	273,740	13,823	66.99	65.00	145.31
SUV	458,741	448,609	24,060	22.14	23.09	60.24
MPV	163,303	164,159	6,903	59.56	58.86	-7.71

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Sales to major customers

Unit: 100 million Currency: RMB

Customers	Revenue	Ratio to revenue (%)
Total sales to top 5 clients	50.93	3.96

## Major Suppliers

Unit: 100 million Currency: RMB

Suppliers	Amount of procurement	Ratio to total procurement (%)
Total procurement from the top 5 suppliers	145.08	11.68

Amount of procurement fees paid to the largest supplier of the Group accounted for 3.91% of the total amount of procurement fees of the Group for the year.

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

## 2. Expenses

- (1) The year-on-year increase of approximately RMB2.273 billion in selling expenses was mainly attributable to the combined effect of the increase in advertising expenses, and the increase in aftersales service charge resulting from increased sales volume during the reporting period;
- (2) The year-on-year increase of approximately RMB542 million in administrative expenses was mainly attributable to the combined effect of the corresponding increase in the compensation, benefits and the routine expenses resulting from the enterprise development, as well as the increase in the expenses arising from depreciation and amortisation during the reporting period;

## MANAGEMENT DISCUSSION AND ANALYSIS

- (3) The year-on-year decrease of approximately RMB115 million in finance expenses was mainly attributable to the combined effect of the decline of average interest rate, and the changes in exchange rate during the reporting period; and
- (4) The year-on-year increase of approximately RMB283 million in interest income was mainly attributable to the combined effect of the increase in deposits resulting in increased interest income during the reporting period.

### 3. Research and development expenditures

- (1) Table of research and development expenditures

*Unit: 100 million Currency: RMB*

Expensed research and development expenses for the period	13.61
Capitalised research and development expenses for the period	68.57
Total research and development expenditures	82.18
Percentage of total research and development expenditures over total revenue (%)	6.34
Number of research and development staff	7,182
Number of research and development staff over total number of staff (%)	18.10
Percentage of capitalised research and development expenditures (%)	83.44

- (2) During the reporting period, expenditures in research and development amounted to approximately RMB8.218 billion, representing a year-on-year increase of approximately RMB1.721 billion. This was mainly attributable to the continuous enhancement of independent research and development as well as innovation capability for improving the overall quality of the system. It was also attributable to the simultaneous propulsion of the development projects of traditional energy vehicle models and NEV models, as well as the development of core parts and components during the reporting period.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

During the reporting period, the Group's share of profit of joint ventures and associated companies amounted to approximately RMB8.349 billion, representing a year-on-year decrease of approximately RMB5.716 billion, which was mainly attributable to the combined effect of the decrease in profit of the joint ventures.

### **5. Cash flows**

- (1) During the reporting period, net cash inflow generated from operating activities amounted to RMB4.604 billion, representing an increase in net inflow of RMB11.242 billion as compared with the net cash outflow of RMB6.638 billion in the corresponding period last year, which was mainly attributable to the combined effect of the increase in cash received from the sales of goods due to increased sales volume greater than the increase in cash paid for purchasing goods and labor services resulting from increased output during the reporting period;
- (2) During the reporting period, net cash outflow generated from investing activities amounted to RMB5.333 billion, representing an increase of net outflow of RMB3.741 billion as compared with net cash outflow of RMB1.592 billion in the corresponding period last year, which was mainly attributable to the combined effect of the increase in return of investment, the year-on-year increase in dividends received from investee companies, and the increase in cash paid for investment as well as the increase in cash paid for purchasing fixed assets, intangible assets and other long-term assets during the reporting period;
- (3) During the reporting period, net cash inflow generated from financing activities amounted to RMB6.025 billion, representing a decrease of net inflow of approximately RMB19.156 billion as compared with the net cash inflow of RMB25.181 billion in the corresponding period last year, which was mainly attributable to the year-on-year decrease in cash from external investment absorbed by investee companies during the reporting period; and
- (4) As at 31 December 2023, cash and cash equivalent of the Group amounted to approximately RMB39.522 billion, representing an increase of approximately RMB5.300 billion as compared with approximately RMB34.222 billion as at 31 December 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 6. Others

Income tax amounted to approximately RMB215 million, representing a year-on-year increase of approximately RMB321 million, which was mainly attributable to changes in profit of certain enterprises during the reporting period.

To sum up, the Group's net profit attributable to owners of the listed company for the reporting period amounted to approximately RMB4.429 billion, representing a year-on-year decrease of approximately 44.48%. Basic earnings per share amounted to approximately RMB0.42, representing a year-on-year decrease of approximately 45.45%.

## (II) Analysis of Assets and Liabilities

### 1. Analysis table of assets and liabilities

Unit: 100 million Currency: RMB

Item	Balance at the end of current period	Balance at the end of current period over total assets (%)	Balance at the end of the previous period	Balance at the end of the previous period over total assets (%)	Change (%)
Financial assets at fair value through other comprehensive income – non-current	50.94	2.33	17.14	0.90	197.20
Prepayments and other long-term receivables	173.80	7.96	96.07	5.06	80.91
Inventories	167.20	7.65	123.62	6.51	35.25
Financial assets at fair value through other comprehensive income – current	56.34	2.58	40.90	2.15	37.75
Time deposits	68.25	3.12	33.26	1.75	105.20
Trade payables and other receivables – non-current	14.25	0.65	7.62	0.40	87.01
Borrowings – non-current	103.84	4.75	56.97	3.00	82.27

## MANAGEMENT DISCUSSION AND ANALYSIS

### **2. Analysis on change**

- (1) Financial assets at fair value through other comprehensive income – non-current increased by 197.20% as compared with the balance at the end of the previous period, mainly attributable to the combined effect of the increase in bank acceptance bills and commercial acceptance bills held during the reporting period;
- (2) Prepayments and other long-term receivables increased by 80.91% as compared with the balance at the end of the previous period, mainly attributable to the increase in bills to be discounted during the reporting period;
- (3) Inventories increased by 35.25% as compared with the balance at the end of the previous period, mainly attributable to the combined effect of the increase in raw material inventories and finished vehicles due to the increase in automobile production and sales volume during the reporting period;
- (4) Financial assets at fair value through other comprehensive income – current increased by 37.75% as compared with the balance at the end of the previous period, mainly attributable to the combined effect of the increase in large value certificates of deposit held during the reporting period;
- (5) Time deposits increased by 105.20% as compared with the balance at the end of the previous period, mainly attributable to the combined effect of the structural adjustment of inter-bank deposits and the increase in time deposits during the reporting period.
- (6) Trade payables and other receivables – non-current increased by 87.01% as compared with the balance at the end of the previous period, mainly attributable to the combined effect of the increase in short-term borrowings due to the business development of certain enterprises during the reporting period; and
- (7) Borrowings – non-current increased by 82.27% as compared with the balance at the end of the previous period, mainly attributable to the combined effect of the increased demand for long-term funds due to the businesses development of certain enterprises during the reporting period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (III) Analysis of Financial Position

#### 1. Financial indicators

As at 31 December 2023, the Group's current ratio was approximately 1.31 times, representing a decrease from approximately 1.62 times as at 31 December 2022. The Group's quick ratio was approximately 1.09 times, representing a decrease from approximately 1.40 times as at 31 December 2022, which were within reasonable range.

#### 2. Financial resources and capital structure

As at 31 December 2023, the Group's current assets amounted to approximately RMB101.111 billion, current liabilities amounted to approximately RMB77.194 billion and current ratio was approximately 1.31 times.

As at 31 December 2023, total borrowings amounted to approximately RMB28.116 billion, mainly consisting of the Group's borrowings from bank and financial institutions with closing balance of approximately RMB26.707 billion, etc. The above borrowings are payable upon maturity. The Group generally funds its business and operational capital needs with its own operating cash flow.

As at 31 December 2023, the Group's gearing ratio was approximately 18.43% (Calculation of gearing ratio: (borrowings in non-current liabilities + borrowings in current liabilities)/(total equity + borrowings in non-current liabilities + borrowings in current liabilities)).

#### 3. Foreign exchange risk

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

#### 4. Contingent liabilities

As at 31 December 2023, financial guarantee given by the Company to controlled and whole-owned subsidiaries of the Group amounted to RMB0 (31 December 2022: RMB0).

As at 31 December 2023, independent third-party financial guarantee given by the Company amounted to RMB0 (31 December 2022: RMB0).

As at 31 December 2023, financial guarantee given by the Group to related parties outside the consolidation scope amounted to RMB0 (31 December 2022: RMB16,600,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

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

#### 1. Production capacity

##### Existing production capacity

<b>Names of major factories</b>	<b>Designed production capacity (ten thousand units)</b>	<b>Production volume during the reporting period (ten thousand units)</b>	<b>Production capacity utilisation rate (%)</b>
GAC Honda	77	65.12	84.57
GAC Toyota	100	95.00	95.00
GAMC (including GAC AION)	108	90.44	83.74

Notes:

1. Production capacity during the reporting period refers to the actual production volume during the reporting period, and the production capacity unit is ten thousand units.
2. Production capacity utilisation rate during the reporting period has been converted according to the actual production time.

##### Production capacity in construction

Unit: '0,000 Currency: RMB

<b>Names of the factories in construction</b>	<b>Planned investment amount</b>	<b>Investment amount during the reporting period</b>	<b>Total investment amount</b>	<b>Expected commencement date of production</b>	<b>Expected production capacity</b>
GAC Honda new energy vehicle production capacity expansion project	349,510	116,819	198,979	2024	120,000 units/year

##### Production capacity calculation standards

Calculated based on standard production capacity and two production shifts.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2. Sales and production volume of whole vehicles

#### By vehicle model

Vehicle types	Sales volume (units)			Production volume (units)		
	Total number for the year	Total number for last year	Changes in total sales volume compared with the corresponding period last year (%)	Total number for the year	Total number for last year	Changes in total production volume compared with the corresponding period last year (%)
<b>Passenger vehicle</b>	2,504,415	2,433,201	2.93	2,528,652	2,479,435	1.99
Sedans	1,016,050	1,125,733	-9.74	1,022,387	1,145,921	-10.78
SUV	1,198,042	1,085,039	10.41	1,213,383	1,103,918	9.92
MPV	290,323	222,429	30.52	292,882	229,596	27.56
<b>Commercial vehicle</b>	560	600	-6.67	170	476	-64.29
<b>Total</b>	2,504,975	2,433,801	2.92	2,528,822	2,479,911	1.97

#### By region

Vehicle types	Domestic sales (units)			Overseas sales (units)		
	Total number for the year	Total number for last year	Changes in total sales volume compared with the corresponding period last year (%)	Total number for the year	Total number for last year	Changes in total sales volume compared with the corresponding period last year (%)
<b>Passenger vehicle</b>	2,428,619	2,400,233	1.18	75,796	32,968	129.91
Sedans	1,010,340	1,125,282	-10.21	5,710	451	1,166.08
SUV	1,132,954	1,053,282	7.56	65,088	31,757	104.96
MPV	285,325	221,669	28.72	4,998	760	557.63
<b>Commercial vehicle</b>	560	600	-6.67	-	-	-
<b>Total</b>	2,429,179	2,400,833	1.18	75,796	32,968	129.91

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### 3. New energy vehicle business

#### Production capacity of new energy vehicles

Name of major factory	Designed	Production	Production
	production	capacity	
	capacity	during the	utilisation
	(units)	reporting	rate (%)
		period	
		(units)	
GAC AION Smart Ecological Plant	360,000	500,088	138.91

Note: Production capacity during the reporting period refers to the actual production volume during the reporting period.

#### Sales and production volume of new energy vehicles

Vehicle types	Sales volume (units)			Production volume (units)		
	Total number for the year	Total number for last year	Changes in total sales volume compared with the corresponding period last year (%)	Total number for the year	Total number for last year	Changes in total production volume compared with the corresponding period last year (%)
Sedans	227,023	115,655	96.29	236,660	116,947	102.37
SUV	259,120	155,794	66.32	271,254	156,953	72.82
MPV	24,320	-	-	26,461	-	-
<b>Total</b>	510,463	271,449	88.05	534,375	273,900	95.10

#### Income and subsidies for new energy vehicles

Unit: 100 million Currency: RMB

Vehicle types	Income	Subsidy for	Ratio of
		new energy vehicle	
Passenger vehicle	580.03	0.02	0.00

## MANAGEMENT DISCUSSION AND ANALYSIS

### IV. MATERIAL INVESTMENT

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

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

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

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

Nil.

### VII. ANALYSIS OF MAJOR SUBSIDIARIES AND ASSOCIATES

Company name	Production volume during the reporting period (units)	Changes compared with the corresponding period last year	Sales volume during the reporting period (units)	Changes compared with the corresponding period last year	Revenue (RMB100 million)	Changes compared with the corresponding period last year
GAC Honda	651,191	-15.19%	640,466	-13.66%	935.28	-18.75%
GAC Toyota	950,025	-5.87%	950,008	-5.47%	1,528.69	-6.52%
GAMC	404,282	8.24%	406,505	12.12%	574.46	20.16%
GAC AION	500,088	82.84%	480,003	77.02%	532.34	37.54%

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

Nil.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

#### 1. Industry layout and trend

In 2024, along with the continuous advancement of national policies to promote consumption and stabilise growth, the implementation of a series of policies to facilitate high-quality development of the NEV industry, and the sustained efforts of multiple measures including the prolonged purchase tax exemption for vehicles, in-depth advancement of NEVs and infrastructure construction in rural areas, the market vitality and consumption potential will be further stimulated to improve domestic automobile consumption. China Association of Automobile Manufacturers predicts that the domestic automobile market will continue to show a steady and positive development trend, with a growth rate of above 3%.

On the other hand, the structural revolution in the domestic automobile industry is accelerating and evolving, presenting three conspicuous trends. Firstly, it is the recurring disruptive transformation in the market landscape. From the perspective of market segments, the domestic NEV market has gradually entered into a market-driven phase, where the growth of NEVs remains resilient. The sales volume of NEVs is expected to reach 11 million to 12 million units. In particular, the growth rate of extended-range electric vehicle (E-REV) and PHEV models is going to exceed the overall level of the NEV sector, serving as an important substitute of traditional fuel-engined vehicles, which will squeeze the market share of fuel-engined vehicles. From the perspective of brand proportion, the market share of joint venture brands will further decline, while the market share of independent brands will further ramp up to stand at over 50% and become the market dominator. Secondly, it is the accelerated differentiation of automobile enterprises. Exposed to the market under the principle of "survival of the fittest", superior self-developed brands and joint ventures acclimatised to rapid electrification transformation are expected to occupy greater market shares, whereas vulnerable brands and traditional vehicle enterprises bearing sluggish transformation will face greater pressure to survive. Thirdly, it is the expedited overseas expansion. Exports have become the main driving force for sales growth of the industry. In 2024, China's automobile exports are expected to exceed 5.50 million units, positioning the country as the largest automobile exporter in the world.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2. Development strategy of the Company

During the period of the “14th Five-Year Plan”, the Group will adhere to the development principle of “internal collaborative innovation and external open cooperation” to implement the “1615” development strategy, consolidate six major segments, which include R&D, manufacture of vehicle, parts and components, commercial services, financial services and mobility transportation services, fully improve independent innovation capabilities, and to achieve five major improvements in electrification, intelligent networking, digitalisation, shareability and internationalisation to achieve the high-quality development of the Group.

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### 3. Operational plan

In 2024, oriented by the “Trillion GAC 1578 Development Outline” alongside the Group’s development program under the “14th Five-Year Plan”, the Group will adhere to pursuing progress while ensuring stability, promote stability through advancement and making breakthrough beneath existing achievement, with a focus on accelerating structural adjustment, propelling technological innovation, carrying out in-depth reforms, and making every effort to satisfy the annual objectives, so as to achieve steady growth in operating performance and endeavour to explore the new horizon of high-quality development. The Group will also challenge the target of a year-on-year growth of 10% in terms of annual vehicle sales volume.

The major operational measures are as follows:

- (1) The Group will carry forward structural adjustment actions, with a view to cultivating emerging development momentum. It will expedite the structural adjustments to product, industry and market, facilitate comprehensive transformation towards new energy products, and vigorously nurture new incremental industries such as energy ecosystem, internationalisation, and Software as a Service (SaaS). The Group will also reinforce technological innovation, accelerate the research and development of solid-state batteries and other technologies, and raise its self-developed software capabilities.
- (2) The Group will facilitate actions to improve its quality and efficiency, so as to maintain robust growth in operating performance. It will also vigorously increase terminal sales, reduce inventories and consummate the linkage between production and sales; accelerate product renewal and promptly launch products that satisfy consumers’ ever-changing needs for innovation; promote marketing innovation and continue to optimise APP design and operation.
- (3) The Group will carry forward its three-year growth actions to stimulate the overall profitability of self-developed brands. It will also strengthen the integration of research, production, supply and marketing, further improve and implement the matrix management of the product manager system, and join forces to forge more flagship products. In 2024, it is scheduled that self-developed brands will launch brand new and facelift models, including GAC Trumpchi’s new A-class SUV, A-class plug-in hybrid SUV, and seven-seater MPV, GAC AION’s five-seater pure-electric SUV, A-class pure-electric sedan, and Hyper’s new six-seater pure-electric SUV, further enhancing their product competitiveness.

## MANAGEMENT DISCUSSION AND ANALYSIS

- (4) The Group will boost its brand rejuvenation operation and promote the transformation of joint ventures. It will also vigorously implement cost reduction and efficiency improvement, and launch new models such as the ninth-generation Camry under GAC Toyota to consolidate the role of fuel-engined vehicles as its principal business. Through the intensification of bilateral strategic consensus of shareholders, product introduction, upgrade and replacement rhythm, coupled with accelerated electrification and intellectualisation transformation, GAC Honda intends to launch NEV models such as the e:NP2 and the new A-class pure-electric sedan under the Everus brand, while GAC Toyota is accelerating the in-depth joint development of NEV model projects.
- (5) The Group will promote coordinated overseas expansion and propel rapid breakthroughs in international business. It will also strengthen the role of operation management committees under self-developed brands with respect to overall management and coordinated promotion in international businesses, so as to accelerate the establishment of robust international business operation mechanisms; gather resources to promote the rapid scale-up of international businesses, deepen the differentiated management of “One Country, One Policy”, and achieve breakthroughs in key markets; improve channel construction, explore potential markets, accelerate the construction of knockdown (KD) assembly projects, and perfect the spare parts service system.
- (6) The Group will impel chain replenishment and reinforcement to drive the parts segment to expand its presence. It will also exert more efforts to achieve independent breakthrough on key core parts and components to further increase the adoption rate of domestic chips; strengthen the optimisation, integration and collaboration of resources to accelerate the construction of key projects such as Lisheng Technology; give full play to the leveraging role of industrial investment funds and lay out forward-looking and key technology projects around the upstream and downstream of ICV and NEV industry chain.
- (7) The Group will facilitate innovation-oriented actions to accelerate upgrading the service industry. It will also deepen the reform of digital marketing and logistics services to promote high-quality development of commerce; speed up the technological transformation of mobility transportation ecosystem, prioritise the creation of full-process solutions for autonomous driving testing and operation; deepen the integration of industry and finance and the synergy among financial businesses to support the development of its main business.

## MANAGEMENT DISCUSSION AND ANALYSIS

- (8) The Group will propel layout optimisation and occupy the highland for the development of the energy ecosystem. Focusing on the goal of building an “electricity + battery” smart energy ecosystem, it will also establish an integrated full-chain energy ecological layout from upstream mineral resources to downstream charging and swapping stations, which promotes the production capacity of IMPOW Battery, and continues to expand the energy replenishment network.
- (9) The Group will advance reforms to stimulate the vitality of its systems and mechanisms. It will also initiated a new round of state-owned enterprise reform and deepened efforts to enhance its implementation, vigorously promote capital operations, proactively implement mixed-ownership reforms and employee share ownership, and promote corporate governance to a new level.

### 4. Potential risks

#### (1) Macroeconomic environment

At present, the global economy is recovering with slow progress. Factors such as the in-depth influence of international political rivalry and geopolitical conflicts will intensify external uncertainties. The Economic Work Conference of the Central Government pointed out that the basic trend of domestic economic recovery and long-term upswing has not changed. It is necessary to pursue progress while ensuring stability, promote stability through advancement and establish new mechanisms and rules before eliminating old ones, and consolidate and enhance the upward trend of economic recovery. However, to further promote the economy to rebound, there is still a need to overcome difficulties and challenges, such as insufficient effective demand and overcapacity in some industries.

#### (2) Risk of supply chain

Although the global chip supply tension has eased to some extent, the current process of domestic replacement of chips is slow-moving. Coupled with the complicated and volatile international environment, supply risks of parts and components such as high-end chips that are highly dependent on imports still exist. Although domestic semiconductor companies have increased their investment in automotive-grade chips and the Company has also accelerated the construction of an independent and controllable supply chain through strengthening cooperation with chips manufacturers, if the domestic replacement process of chips does not go as expected, it will still have a certain impact on the Company's production and operation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **(3) Accelerated structural adjustments to the automobile industry**

The domestic NEV market has gradually entered a market-driven stage, with the penetration rate of NEVs continuing to increase and the market share of traditional fuel-engined vehicles continuing to be squeezed. The market share of self-developed brands continues to ramp up, while joint venture brands are confronted with transformation pressure. The domestic automobile market has turned to inventory competition, with automobile enterprises accelerating the differentiation and the competition for market share becoming increasingly fierce. With accelerated overseas expansion, the competition in foreign markets is increasingly intensifying and has become an important profit growth point for automobile enterprises.

The Group currently faces the following main issues and challenges:

Firstly, electrification transformation needs to be accelerated. At present, the proportion of PEV models of the Group's joint venture brands underperforms compared with the average of the industry and the Group. It is essential to accelerate the presence of its electric vehicle models, and launch competitive NEV models to achieve breakthroughs in volume.

Secondly, there is a disparity in international development. The scale of nationalisation of the Group is still relatively small. Its international presence remains at the initial stage anchoring at the export of vehicles, and its localised operation capabilities in foreign regions still require bolstering.

Thirdly, the cultivation of emerging increments has not yet formulated sufficient support. Although our operational planning and structure such as parts and components and energy ecosystem have begun to take shape, certain key projects remain at the stage of investment, construction or incubation, where the effects of synergetic development mechanism among various segments deserve further enhancement.

## Chapter 4

# CORPORATE GOVERNANCE

### I. CORPORATE GOVERNANCE

The Group was in strict compliance with relevant corporate governance requirements under the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies, the SSE Listing Rules, the Listing Rules and its Appendix C1, the Corporate Governance Code. The Group constantly optimised the structure of corporate governance, regulated the operation of general meetings, the Board and the Supervisory Committee in an orderly manner, and disclosed information in compliance with laws and regulations so as to establish a modern corporate governance system with sound scientific norms, effective checks and balances, and efficient operation. A total of 25 Board meetings and 15 meetings of special committees of the Board were held during the year. In addition, in order to constantly improve governance, the Company has reviewed and revised the internal management system from time to time, revised 49 important management systems such as the Articles of Association, the Rules of Procedures of the General Meetings and the Rules of Procedures of the Board, and formulated 9 systems such as the Administrative Measures for Accounting Personnel, the Enterprise Annuity Management System and the Management Measures for Social Responsibility (ESG) Work in accordance with the regulatory requirements during the reporting period, which further optimised the governance structure and improved its governance.

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

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

#### (I) General Meeting

The general meeting is the authoritative body of the Company and has legal power to decide on significant matters of the Company. The Company carries out policies of open and honest communication and fair disclosures. The Company can ensure all shareholders, especially minority shareholders enjoy equal status and rights. Pursuant to Article 69 of the Articles of Association, if shareholders individually and jointly holding over 10% of the Company's issued shares with voting rights request in writing to hold an extraordinary general meeting, an extraordinary general meeting shall be held within two months after receipt of such written request.

## CORPORATE GOVERNANCE

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

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

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

During the reporting period, the Company convened 1 annual general meeting and 3 extraordinary general meetings, the procedures of which have complied with the Company Law, and the Articles of Association.

# CORPORATE GOVERNANCE

## (II) Directors and the Board

### 1. Directors and Composition of the Board

Directors of the Company are elected or rotated at the general meeting. The sixth session of the Board consists of 11 directors, including 2 executive directors, namely Zeng Qinghong (Chairman) and Feng Xingya (General Manager); 5 non-executive directors<sup>1</sup>, namely Chen Xiaomu, Ding Hongxiang, Guan Dayuan, Deng Lei and Wang Yiwei; and 4 independent directors, namely Zhao Fuquan, Xiao Shengfang, Wong Hakkun and Song Tiebo, accounting for over one-third of the total number of members of the Board. Independent directors have diverse professional backgrounds such as automobile industry, legal and compliance, audit and finance and strategic management respectively, coming from different areas, whereas certain independent directors have work experience as senior management in well-established enterprises of various countries and areas. Furthermore, the Company appointed an additional female director, thereby achieving the Board diversity of the Company in terms of age, professional knowledge, work experience, region and gender. In the future, the Company will enhance the diversity of the Board in more aspects in view of the needs of Company's development.

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

During the reporting period, the Company convened 25 Board meetings. The convening, holding and resolution procedures of the Board meetings have complied with the Company Law, the Articles of Association and the Rules of Procedures of the Board.

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<sup>1</sup> Non-executive directors Chen Maoshan retired and Liu Zhijun resigned on 4 September 2023 and 28 September 2023 respectively; Deng Lei and Wang Yiwei were appointed as non-executive directors on 4 September 2023 and 31 October 2023 respectively.

## CORPORATE GOVERNANCE

### 2. Powers of the Board

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

- (1) To convene general meetings and report its work at the general meetings;
- (2) To implement the resolutions of the general meetings;
- (3) To decide on the business plans and investment plans of the Company;
- (4) To decide on the mid-term and long-term development plans of the Company;
- (5) To formulate annual financial budgets and financial accounts of the Company;
- (6) To formulate the profit distribution plans and plans on making up losses of the Company;
- (7) To formulate proposals for increase or reduction of the registered capital of the Company and issue and listing of bonds or other securities of the Company;
- (8) To formulate plans for major acquisitions, purchase of shares of the Company or plans for merger, division, dissolution or alteration of corporate form of the Company;
- (9) To determine external investments, purchases and sales of assets, pledge of assets, external guarantees, loans, entrusted asset management, disposal of assets and connected transactions of the Company, save for the matters that are required to be resolved at the general meeting pursuant to the law, regulations, the Articles of Association and other regulatory documents;
- (10) To determine the establishment of the Company's internal management structure and manpower deployment;
- (11) To appoint or remove the general manager and the secretary to the Board based on the nomination by the chairman of the Board; to appoint or remove the deputy general manager, chief financial officer and other senior management of the Company based on the nomination by the general manager and to determine their remunerations and rewards and penalties;
- (12) To formulate the basic management system of the Company;

## CORPORATE GOVERNANCE

- (13) To formulate proposals for amendment to the Articles of Association;
- (14) To formulate the information disclosure system of the Company and to manage information disclosure (including handling of inside information) of the Company;
- (15) To propose the appointment or removal of the Company's auditors at the general meeting;
- (16) To receive the work report and inspect the work of the general manager of the Company;
- (17) To formulate share incentive schemes;
- (18) To be responsible for the establishment, refinement and effective implementation of risk management, compliance management, internal control and other systems, and make decisions on major issues related to risk management, compliance management and internal control; and
- (19) To review and resolve other matters required to be decided by the Board pursuant to the laws, administrative regulations, departmental rules, the requirements of the place where the Company's shares are listed and the Articles of Association.

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

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

The directors acknowledge their responsibility for the preparation of annual financial statements and true and fair presentation of the Company's business results and financial conditions. The Board, which is responsible for overseeing the preparation of annual financial statements, receives the Company's monthly management accounts in respect of operation and updates on the Group's performance, financial position and prospects. In preparing the financial statements for the year ended 31 December 2023, the Board adopted appropriate accounting policies consistently, made prudent and reasonable judgements and estimates, and ensured that the financial statements were prepared on a going concern basis and show a true and fair view of the financial position of the Company and of the Group as at 31 December 2023 and of the financial performance and cash flows for the year.

## CORPORATE GOVERNANCE

### 4. Corporate Governance Functions

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

For the year of 2023, the Board has performed the above corporate governance functions. During the year, the Company has complied with the code provisions in the Corporate Governance Code, the Appendix C1 of the Listing Rules.

### 5. Director Training

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

Directors	Zeng Qinghong	Feng Xingya	Zhao Fuquan	Xiao Shengfang	Wong Hakkun	Song Tiebo	Chen Xiaomu	Deng Lei (appointed on 4 September 2023)	Ding Hongxiang	Guan Dayuan	Wang Yiwei (appointed on 31 October 2023)	Chen Maoshan (retired on 4 September 2023)	Liu Zhijun (resigned on 28 September 2023)
Training participated	ABC	ABC	ABC	ABC	ABC	ABC	BC	ABC	BC	ABC	BC	BC	BC

Notes:

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

## CORPORATE GOVERNANCE

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

After making specific enquiries with all directors, all directors have confirmed that they have fully complied with the rules as required by the Model Code throughout the year of 2023.

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

The Company's independent directors have knowledge of the rights and obligations of the directors and independent directors of listed companies. In accordance with the Management Measures for Independent Directors of Listed Companies and Rule 3.13 of the Listing Rules, each of the independent directors has issued his annual confirmation of independence. The Company considers that they are independent.

During the reporting period, independent directors were able to faithfully perform their duties of integrity and diligence in accordance with the requirements of relevant laws and regulations. The independent directors attended the meetings of the Board and its respective special committees, where discussions were raised and decisions were made regarding important matters. With professional knowledge and experience, the independent directors provided opinions on the Company's standardised operations, carefully reviewed the fairness and objectivity of the terms of related transactions, expressed their opinions and performed their duties independently without being influenced by the Company's controlling shareholder or other units and individuals that have an interest in the Company. During the reporting period, the Board has reviewed the implementation and effectiveness of relevant systems.

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

## CORPORATE GOVERNANCE

During the reporting period, the independent directors did not hold dissenting views regarding resolutions of the Board or other matters which were resolved outside Board meetings.

Apart from regular meetings of the Board, the Chairman has met with the independent directors without the presence of other directors during the year ended 31 December 2023.

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

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

- (1) Strategy Committee of the Board comprises 6 directors, namely Zeng Qinghong, Feng Xingya, Zhao Fuquan, Song Tiebo, Guan Dayuan and Ding Hongxiang, among whom, Zhao Fuquan and Song Tiebo are independent directors and Zeng Qinghong is the chairman of the committee. The committee is mainly responsible for conducting research and making recommendations on the long-term development strategy and major investment decision of the Company. During the reporting period, 2 meetings of the Strategy Committee were held and all members attended the meetings, at which the matters with respect to the ESG Report and development plans were considered and reviewed.
- (2) Audit Committee of the Board comprises 3 independent directors, namely Wong Hakkun, Xiao Shengfang and Song Tiebo, among whom Wong Hakkun is the chairman of the committee. Their primary duties are to supervise and review the annual audit work and internal audit system of the Company, the financial information and disclosure of the Company, and compliance supervision. During the reporting period, 6 meetings of the Audit Committee were held and all members attended the meetings. The Audit Committee mainly reviewed and deliberated the regular reports and results, profit distribution and appointment of auditors, and also timely reviewed the internal control system at the meetings.

## CORPORATE GOVERNANCE

- (3) Remuneration and Assessment Committee of the Board comprises 3 directors, namely Xiao Shengfang, Song Tiebo and Ding Hongxiang, among whom, Xiao Shengfang and Song Tiebo are independent directors and Xiao Shengfang is the chairman of the committee. Their primary duties are to formulate the assessment criteria and appraise the directors and senior management of the Company, as well as formulate and review the remuneration policies and proposals of directors and senior management of the Company. During the reporting period, 5 meetings of the Remuneration and Assessment Committee were held in total and all members attended the meetings. The Remuneration and Assessment Committee reviewed the remuneration and appraisal proposal of senior management for the year 2022 and the appraisal plan relating to the share option incentive schemes of the Company, and recommendations were provided to the Board.
- (4) Nomination Committee of the Board comprises 3 directors, namely Xiao Shengfang, Song Tiebo and Ding Hongxiang, among whom, Xiao Shengfang and Song Tiebo are independent directors and Xiao Shengfang is the chairman of the committee. Their duties are to make recommendations regarding the candidates of senior management, the selection standards and procedures as well as being responsible for reviewing the principle of diversified selection in nomination of directors, assisting and maintaining the diversified visions and various educational backgrounds and professional knowledge. During the year, 2 meetings of the Nomination Committee were held in total and all members attended the meeting, at which the matters with respect to the by-election of directors, as well as the appointment and dismissal of senior management were considered and reviewed and recommendations were provided.

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

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

## CORPORATE GOVERNANCE

As the Company stated in the 2022 Annual Report, the Company was aiming to add one or more female director(s) to the Board to achieve the gender diversity of members before 31 December 2024, through various channels (including appointing an independent professional recruitment agency to assist in identifying potential candidates, referring to the nomination policy, or inviting existing directors, senior management or shareholders of the Company to recommend appropriate candidates). With the appointment of Ms. Deng Lei as a non-executive director of the Company on 4 September 2023, the relevant objective has been achieved. Nonetheless, the Company will continue to establish a potential director succession pipeline that empowers gender diversity in the long run.

The Group strictly adheres to the Rules for Recruitment and Employment and the Rules for Management of Employee Salary and Benefit, treats employees of different races, genders, and beliefs equally, and conducts recruitment of staff and salary management in a fair and objective manner, thereby achieving diversity in all employees (including senior management) in terms of gender, age, cultural and educational background, professional experience, skills and knowledge. As of 31 December 2023, the number of female employees in the Group was 16,628, accounting for approximately 17.17% of the total number of employees; the number of male employees was 80,197, accounting for approximately 82.83% of the total number of employees. The Group will continue to promote and achieve gender diversity within its employees.

### **9. Nomination Policy**

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

- (1) review the structure and composition (including the skills, knowledge and experience) of the Board, with reference to the operations, assets scale and shareholding structure of the Company, annually and make recommendations to the Board on any proposed changes concerning the directors in line with the implementation of the Company's strategy;
- (2) study the selection criteria and procedures of the directors and senior management and to make recommendations to the Board;
- (3) search extensively for the qualified candidates of the directors and senior management;
- (4) review and make recommendations to the Board on the candidates of the directors and senior management;



## CORPORATE GOVERNANCE

- (5) review and make recommendations on the other senior management who would be submitted to the Board for appointment;
- (6) assess the independence of independent directors;
- (7) give due regard to the benefits of diversity on the Board against objective criteria with reference to the Diversity Policy when performing the duties set out above;
- (8) review the Diversity Policy where appropriate, review the measurable objectives and the progress of attainment under the Diversity Policy, and to disclose its review in the annual report each year to ensure effective implementation;
- (9) recommend to the Board on the appointment or reappointment of directors and the succession plan for directors, in particular the chairman and the general manager; and
- (10) other matters conferred by the Board.

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

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

## CORPORATE GOVERNANCE

- (6) to recommend and to provide materials about the candidates of the directors and senior management to the Board one to two months prior to the election of new directors and the appointment of new senior management; and
- (7) to conduct other follow up work according to the decisions and feedbacks of the Board.

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

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

At present, the Supervisory Committee comprises 5 supervisors<sup>2</sup>, namely Cao Xiandong, Huang Cheng, Huang Zhuo, Wang Yuan and Zhu Chun, among whom, Huang Zhuo, Wang Yuan and Zhu Chun are staff representative supervisors.

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

During the reporting period, the Supervisory Committee convened 9 meetings, the convening, holding and procedures of which are in compliance with relevant requirements under the Articles of Association and the Rules of Procedures of the Supervisory Committee. All supervisors attended the meetings of the Supervisory Committee held this year and performed their duties conscientiously.

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<sup>2</sup> Mr. Shi Lei, Ms. Chen Tian and Ms. Wang Lu have ceased to serve as supervisors since 27 February 2023, 5 September 2023 and 26 February 2024 respectively. Ms. Wang Yuan and Ms. Zhu Chun were appointed as staff representative supervisors on 27 February 2023 and 26 February 2024 respectively.

# CORPORATE GOVERNANCE

## **(IV) The Management**

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

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

## CORPORATE GOVERNANCE

Pursuant to code provision E.1.5 of the Corporate Governance Code, the remuneration of the members of the senior management by band for the year 2023 is set out below:

<b>Remuneration bands (RMB)</b>	<b>Number of persons</b>
Less than 1,000,000	1
1,000,001 to 2,000,000	1
2,000,001 to 3,000,000	8
Total	10

### (V) Company Secretary

During the reporting period, the company secretaries of the Company are Mr. Liu Xiangneng<sup>3</sup>, senior management of the Company, and Mr. Leung Chong Shun, a practicing solicitor in Hong Kong and external service provider. The primary contact person of the Company is Mr. Liu Xiangneng, the secretary to the Board. The company secretaries have received relevant professional training which fulfilled the requirements of Rule 3.29 of the Listing Rules.

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

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

### (VII) Investor Relations

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

<sup>3</sup> Ms. Sui Li has ceased to be a joint company secretary of the Company and the secretary to the Board with effect from 31 July 2023. Mr. Liu Xiangneng has been appointed as a joint company secretary of the Company and the secretary to the Board with effect from 24 October 2023.

## CORPORATE GOVERNANCE

In 2023, the Group received a total of more than 1,500 person-times of surveys, participating in 127 teleconferencing surveys, visits and interviews and investor exchange summits/roadshows. The Group ensures smooth dialogue with minority shareholders and individual investors through the SSE E-interactive platform, hotline, IR mailbox, and the company's official website. In 2023, the Group responded to 128 investor inquiries through the SSE E-interactive platform and 107 investor consultations through the hotline. In view of the various channels for communicating with investors and shareholders, the Group believes that the implementation and effectiveness of relevant systems during the year are effective and sufficient.

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

In order to comply with the core shareholder protection standards set out in Appendix A1 to the Listing Rules as amended on 1 January 2022, the Company has made corresponding amendments to its Articles of Association according to the Plan for Institutional Reform of the State Council (《國務院機構改革方案》), the Guidelines on the Articles of Association for Listed Companies (Revised in 2022) (《上市公司章程指引》(2022年修訂)) issued by the CSRC, the SSE Listing Rules (Revised in 2022) and the actual situation of the Company. The relevant amendments have been passed by way of special resolution on the 2023 first extraordinary general meeting convened by the Company on 20 January 2023. For details, please refer to the circular of the Company published on 4 January 2023.

## CORPORATE GOVERNANCE

### II. GENERAL MEETINGS

<b>Session of the meeting</b>	<b>Date</b>	<b>Enquiry index of the designated website for the publication of the resolutions</b>	<b>Date of disclosure of the publication of the resolutions</b>	<b>Resolutions of meetings</b>
2023 first extraordinary general meeting and 2023 first class meetings for A and H shareholders	20 January 2023	Websites of SSE and the Stock Exchange	20 January 2023	Resolutions of the 2023 first extraordinary general meeting and the 2023 first class meetings for A and H shareholders
2022 annual general meeting	24 May 2023	Websites of SSE and the Stock Exchange	24 May 2023	Resolutions of the 2022 annual general meeting
2023 second extraordinary general meeting	10 July 2023	Websites of SSE and the Stock Exchange	10 July 2023	Resolutions of the 2023 second extraordinary general meeting
2023 third extraordinary general meeting	31 October 2023	Websites of SSE and the Stock Exchange	31 October 2023	Resolutions of the 2023 third extraordinary general meeting

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

## CORPORATE GOVERNANCE

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

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

Unit: A share

Name	Position (Note)	Gender	Age	Commencement date of term	Expiry date of term	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Increase/decrease in number of shares during the year	Reason for the increase/decrease	Total remuneration (before tax) obtained from the Company during the reporting period (RMB'000)	Remuneration from related parties of the Company
Zeng Qinghong	Chairman and Party Secretary	Male	62	8 October 2021	8 October 2024	398,000	398,300	0	--	133.37	No
Feng Xingya	Director, General Manager and Deputy Party Secretary	Male	54	8 October 2021	8 October 2024	574,933	690,933	116,000	Exercise of Share Option Incentive Scheme	281.38	No
Zhao Fuquan	Independent Director	Male	60	8 October 2021	8 October 2024	0	0	--	--	15	No
Xiao Shengfang	Independent Director	Male	54	8 October 2021	8 October 2024	0	0	--	--	15	No
Wong Hakkun	Independent Director	Male	57	8 October 2021	8 October 2024	0	0	--	--	15	No
Song Tiebo	Independent Director	Male	57	8 October 2021	8 October 2024	0	0	--	--	15	No
Chen Xiaomu	Director and Deputy Party Secretary	Male	48	8 October 2021	8 October 2024	97,367 (A shares) 98,000 (H shares)	97,367 (A shares) 98,000 (H shares)	0	--	122.23	No
Deng Lei	Staff Representative Director and chairman of the labour union	Female	47	4 September 2023	8 October 2024	--	229,620	--	--	74.15	No
Ding Hongxiang	Director	Male	57	8 October 2021	8 October 2024	0	0	--	--	0	No
Guan Dayuan	Director	Male	60	8 October 2021	8 October 2024	0	0	--	--	0	No
Wang Yiwei	Director	Male	51	31 October 2023	8 October 2024	0	0	--	--	0	No
Cao Xiandong	Supervisor	Male	43	8 October 2021	8 October 2024	0	0	--	--	0	No
Huang Cheng	Supervisor	Male	49	8 October 2021	8 October 2024	0	0	--	--	0	No
Huang Zhuo	Staff Representative Supervisor	Male	43	8 October 2021	8 October 2024	0	0	--	--	86.68	No
Wang Yuan	Staff Representative Supervisor	Female	44	27 February 2023	8 October 2024	--	62,900	--	--	88.17	No
Wang Lu	Staff Representative Supervisor	Female	55	8 October 2021	26 February 2024	0	0	--	--	60.65	No
Yan Zhuangli	Deputy General Manager	Male	55	8 October 2021	8 October 2024	260,000	260,000	0	--	235.34	No

## CORPORATE GOVERNANCE

Name	Position (Note)	Gender	Age	Commencement date of term	Expiry date of term	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Increase/decrease in number of shares for the year	Reason for the increase/decrease	Total remuneration (before tax) obtained from the Company during the reporting period (RMB'000)	Remuneration from related parties of the Company
Wang Dan	Chief accountant and person in charge of accounting function	Female	53	8 October 2021	8 October 2024	739,868	654,968	-84,900	Reduction of shares obtained from exercise of Share Option Incentive Scheme	242.66	No
Gao Rui	Deputy General Manager	Male	44	8 October 2021	8 October 2024	224,000	168,000	-56,000	Reduction of shares obtained from exercise of Share Option Incentive Scheme	238.79	No
Jiang Xiuyun	Deputy General Manager	Female	56	20 June 2022	8 October 2024	0	0	--		249.10	No
Yu Jun	Deputy General Manager	Male	57	20 June 2022	8 October 2024	343,000	343,000	0		229.14	No
Zheng Heng	Deputy General Manager	Male	53	20 June 2022	8 October 2024	350,979	350,979	0		226.24	No
Xia Xianqing	Deputy General Manager	Male	50	20 June 2022	8 October 2024	245,000	183,800	-61,200	Reduction of shares obtained from exercise of Share Option Incentive Scheme	242.82	No
Liu Xiangneng	Secretary to the Board and company secretary	Male	52	24 October 2023	8 October 2024	-	53,880	--		41.04	No
Chen Maoshan	Staff Representative Director and chairman of the labour union	Male	60	8 October 2021	4 September 2023	684,868 (A shares) 111,274 (H shares)	684,868 (A shares) 111,274 (H shares)	--		113.53	No
Liu Zhijun	Director	Male	60	8 October 2021	28 September 2023	0	0	--		0	No
Chen Tian	Supervisor	Female	46	8 October 2021	4 September 2023	0	0	--		0	No
Sui Li	Secretary to the Board and company secretary	Female	55	8 October 2021	31 July 2023	368,353	368,353	--		131.08	No
Shi Lei	Staff Representative Supervisor	Male	50	8 October 2021	7 February 2023	120,395	120,395	--		8.81	No
Zhu Chun	Staff Representative Supervisor	Female	53	26 February 2024	8 October 2024	-	No				
Total	/	/	/	/	/					2,865.19	/

## CORPORATE GOVERNANCE

### Notes:

1. On 7 February 2023, Mr. Shi Lei ceased to be a staff representative supervisor of the Company due to work reallocation. Ms. Wang Yuan was elected as a staff representative supervisor of the Company at the staff representative meeting.
2. On 31 July 2023, Ms. Sui Li resigned from the positions of the secretary to the Board and joint company secretary of the Company due to work reallocation.
3. On 4 September 2023, Mr. Chen Maoshan ceased to serve as a staff representative director of the Company due to reaching the retirement age. Ms. Deng Lei was elected as a staff representative director of the Company at the staff representative meeting.
4. On 4 September 2023, Ms. Chen Tian resigned from the position of supervisor of the Company due to personal work changes.
5. On 28 September 2023, Mr. Liu Zhijun ceased to serve as a director of the Company due to reaching the retirement age.
6. On 24 October 2023, upon consideration and approval by the Board, Mr. Liu Xiangneng was appointed as the secretary to the Board and joint company secretary of the Company.
7. On 31 October 2023, Mr. Wang Yiwei was elected as a director of the Company at the Company's general meeting.
8. On 26 February 2024, Ms. Wang Lu ceased to be a staff representative supervisor of the Company due to reaching the age of retirement. Ms. Zhu Chun was elected as a staff representative supervisor of the Company at the staff representative meeting.
9. If the term of some directors, supervisors and senior management is less than one complete year, the total remuneration shall be annualised based on their actual term of office.
10. During the reporting period, Mr. Chen Maoshan, Mr. Liu Zhijun, Ms. Chen Tian, Ms. Sui Li and Mr. Shi Lei ceased to serve as directors, supervisors or senior management of the Company. The number of shares held at the end of the year of the above-mentioned Mr. Chen Maoshan, Mr. Liu Zhijun, Ms. Chen Tian, Ms. Sui Li and Mr. Shi Lei represents respectively the number of shares held by them on the expiry date of tenure, being the last day of their appointment and the last day on which the Company was able to ascertain their interest in the Company.

## CORPORATE GOVERNANCE

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

The following are the interests or short positions of the current and resigned directors, supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (as defined in Part XV of the SFO) as at 31 December 2023, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she was deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange:

Name	Position	Class of shares	Capacity	Number of shares held	Number of interests in underlying shares held under equity derivatives	Percentage in		
						Total	the class of issued share capital	Percentage of total share capital
Zeng Qinghong	Chairman and Party Secretary	A shares	Beneficial owner	398,300	0	398,300	0.0054%	0.0038%
Feng Xingya	Director and General Manager	A shares	Beneficial owner	690,933	674,000	1,364,933	0.0185%	0.0130%
Chen Xiaomu	Director and Deputy Party Secretary	A shares	Beneficial owner	97,367	0	97,367	0.0013%	0.0009%
		H shares	Beneficial owner	98,000	0	98,000	0.0032%	0.0009%
Deng Lei	Director	A shares	Beneficial owner	229,620	501,980	731,600	0.0099%	0.0070%
Wang Yuan	Staff Representative Supervisor	A shares	Beneficial owner	62,900	161,000	223,900	0.0030%	0.0021%
Yan Zhuangli	Deputy General Manager	A shares	Beneficial owner	260,000	606,000	866,000	0.0117%	0.0083%
Wang Dan	Chief accountant and person in charge of accounting function	A shares	Beneficial owner	654,968	606,000	1,260,968	0.0171%	0.0120%
Gao Rui	Deputy General Manager	A shares	Beneficial owner	168,000	546,000	714,000	0.0097%	0.0068%
Jiang Xiuyun	Deputy General Manager	A shares	Beneficial owner	0	450,000	450,000	0.0061%	0.0043%
Yu Jun	Deputy General Manager	A shares	Beneficial owner	343,000	597,000	940,000	0.0127%	0.0090%
Zheng Heng	Deputy General Manager	A shares	Beneficial owner	350,979	597,000	947,979	0.0128%	0.0090%
Xia Xianqing	Deputy General Manager	A shares	Beneficial owner	183,800	597,000	780,800	0.0106%	0.0074%

## CORPORATE GOVERNANCE

Name	Position	Class of shares	Capacity	Number of shares held	Number of interests in underlying shares held under equity derivatives	Total	Percentage in the class of issued share capital	Percentage of total share capital
Liu Xiangneng	Secretary to the Board and company secretary	A shares	Beneficial owner	53,880	283,880	337,760	0.0046%	0.0032%
Chen Maoshan*	Staff Representative Director and chairman of the labour union (retired on 4 September 2023)	A shares	Beneficial owner	684,868	498,500	1,183,368	0.0160%	0.0113%
		H shares	Beneficial owner	111,274	0	111,274	0.0036%	0.0011%
Sui Li*	Secretary to the Board and company secretary (resigned on 31 July 2023)	A shares	Beneficial owner	368,353	498,500	866,853	0.0117%	0.0083%
Shi Lei*	Staff Representative Supervisor (resigned on 27 February 2023)	A shares	Beneficial owner	120,395	0	120,395	0.0016%	0.0011%

\* *see Note 10 on page 76 of this report.*

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

## CORPORATE GOVERNANCE

<b>Name</b>	<b>Main work experiences</b>
Zeng Qinghong	<p>Mr. Zeng is a senior engineer and a Ph.D. candidate in management science and engineering. Currently, Mr. Zeng is the Chairman, an executive director, the party secretary of the Company and the chairman of the Strategy Committee. He is also the chairman and party secretary of GAIG. He first joined the Company in 1997. He had served as the vice chairman of the Company from June 2005 to October 2016, general manager of the Company from June 2005 to November 2016, and chairman of the Executive Committee of the Company from June 2013 to November 2016. Mr. Zeng was the vice chairman of GAIG from August 2008 to October 2016, general manager of GAIG from July 2013 to October 2016. He has been serving the current positions since October 2016. He was the chairman of GAC Toyota and vice chairman of GAC Toyota Engine from June 2013 to December 2016. He acted as the chairman of GAMC from August 2008 to June 2013, the chairman of GAC Gonow Automobile Co., Ltd. (廣汽吉奧汽車有限公司) from January 2011 to June 2013 and the chairman of GAC FCA from January 2010 to June 2013. Prior to this, he held positions as chairman of GAC Business, GAC Component and GAC Hino, director and executive deputy general manager of GAC Honda and deputy general manager of GAIG and GAC Group. Mr. Zeng is a delegate of the 10th, 11th and 13th National People's Congress.</p>

## CORPORATE GOVERNANCE

Name	Main work experiences
Feng Xingya	<p>Mr. Feng is currently an executive director, the general manager, the chairman of the Executive Committee of the Company and a member of the Strategy Committee. He is also a director of GAIG, the chairman of GAMC, GAC AION and GAC International. Mr. Feng joined the Group in 2004, he has held positions as the deputy head of the sales department, deputy general manager, executive deputy general manager and a director of GAC Toyota, a director of GAC Mitsubishi and the vice chairman of Tong Fang Logistics. He has been the deputy general manager of the Company since 2008. Since 25 March 2015, he has been a director of the Company. He was the chairman of GAC FCA, GAC FCA Sales Company (廣汽菲克銷售公司), Guang Ai Insurance Brokers Limited (廣愛保險經紀有限公司), Urtrust Insurance and Da Sheng Technology. Mr. Feng served as a deputy general manager in Zhengzhou Nissan Automobile Company Limited (鄭州日產汽車有限公司) from June 1998 to June 2004. Mr. Feng graduated from Xi'an Jiaotong University with a bachelor's degree in engineering in July 1988 and a master's degree in business administration in July 2001. Mr. Feng is a delegate of the 14th National People's Congress and the 16th People's Congress in Guangzhou.</p>
Zhao Fuquan	<p>Mr. Zhao is currently an independent non-executive director of the Company and a member of the Strategy Committee. He is a professor and PhD supervisor of the School of Vehicle and Mobility of Tsinghua University, the dean of Tsinghua Automotive Strategy Research Institute (TASRI), the Chairman of the International Federation of Automotive Engineering Societies (FISITA) (2018-2021), and an independent director of China Automotive Engineering Research Institute Co., Ltd. (中國汽車工程研究院股份有限公司) and Weichai Power Co., Ltd. (濰柴動力股份有限公司). He successively served as the research director of USA DaimlerChrysler, the vice president and general manager of the R&amp;D center of Shenyang Brilliance Jinbei Automobile Co., Ltd. (沈陽華晨金杯汽車有限公司), vice president of Zhejiang Geely Holding Group Co., Ltd. (浙江吉利控股集團) and an executive director of Geely Automobile Holdings Limited (吉利汽車控股有限公司), a director of BMW Brilliance Automotive Ltd. (華晨寶馬公司), the chairman of the board of Australia DSI Holdings Ltd. (澳大利亞DSI控股公司), a director of Manganese Bronze Holdings (英國錳銅公司) and an independent director of BAIC Motor Corporation Limited (北京汽車股份有限公司). Mr. Zhao graduated from Jilin University of Technology as an undergraduate with a bachelor's degree in Internal Combustion Engine in July 1985. He graduated from Hiroshima University as a postgraduate with a master's degree in mechanical engineering in March 1989, and graduated from Hiroshima University as a postgraduate with a doctorate degree in mechanical engineering in March 1992.</p>

## CORPORATE GOVERNANCE

<b>Name</b>	<b>Main work experiences</b>
Xiao Shengfang	<p>Mr. Xiao is currently an independent non-executive director of the Company, the chairman of the Remuneration and Assessment Committee, the chairman of the Nomination Committee and a member of the Audit Committee. He is the supervisor of Guangdong Sino-Win Law Firm, an expert in complicated civil and commercial dispute resolution, a representative of the 13th National People's Congress, the vice president of the All China Lawyers Association, the chairman of the Guangdong Lawyers Association, a special supervisor of the Supreme People's Court and the Supreme People's Procuratorate, the vice chairman of the Guangdong Province Law Society, a member of the Guangdong Provincial Judges and Prosecutors Disciplinary Committee, an arbitrator of the Guangzhou Arbitration Commission, and the vice chairman of the Guangzhou Law Society; and an independent director of Guangzhou Lingnan International Enterprise Group Co., Ltd. (廣州嶺南國際企業集團有限公司), Guangzhou Municipal Construction Group Co., Ltd. (廣州市建築集團有限公司), Kingfa Scientific and Technological Co., Ltd. (金發科技股份有限公司) and Guangzhou Port Co., Ltd. (廣州港股份有限公司). He once served as the vice president of Guangzhou Lawyers Association, the deputy director of the Labor Law Professional Committee of All China Lawyers Association and an independent director of Guangdong Fenghua High-tech Co., Ltd. (廣東風華高新科技股份有限公司). He obtained a master's degree in business administration from Jinan University in 2002.</p>

## CORPORATE GOVERNANCE

Name	Main work experiences
Wong Hakkun	<p>Mr. Wong is currently an independent non-executive director of the Company and the chairman of the Audit Committee. He is a member of each of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Institute of Chartered Management Accountants and the Institute of Chartered Secretaries and Administrators, an independent non-executive director and the chairman of audit committee of Haier Smart Home Co., Ltd. (海爾智家股份有限公司), an independent non-executive director and the chairman of audit committee of Yue Yuen Industrial (Holdings) Limited (裕元工業(集團)有限公司), an independent non-executive director and the chairman of audit committee of Lung Kee (Bermuda) Holdings Limited (龍記(百慕達)集團有限公司), and an independent non-executive director and the chairman of audit committee of Hangzhou SF Intra-city Industrial Co., Ltd. (杭州順豐同城實業股份有限公司). He served as an independent non-executive director and the chairman of audit committee of Zhejiang Cangnan Instrument Group Company Limited (浙江蒼南儀表集團股份有限公司) from June 2018 to 24 July 2021. He was an audit partner of Deloitte China from 1992 to 2013 and a national audit and assurance leading partner and a member of the management leadership team of Deloitte China from 2013 to 2017. Mr. Wong has extensive experience in auditing, assurance and management. He graduated from the Faculty of Social Sciences of the University of Hong Kong as an undergraduate with a bachelor's degree in social sciences majoring in economics and management in May 1980.</p>

## CORPORATE GOVERNANCE

<b>Name</b>	<b>Main work experiences</b>
Song Tiebo	<p>Mr. Song is currently an independent non-executive director of the Company, a member of the Strategy Committee, the Remuneration and Assessment Committee, the Nomination Committee and the Audit Committee. He is a professor and doctoral tutor of the China Enterprises Strategic Management Research Center of the South China University of Technology. He has been focusing on teaching and researching in the field of enterprise strategic management for a long time. He has recently focused on the research on the collaborative evolution of Chinese enterprises strategies and institutional environment. Mr. Song currently serves as an independent director of Guangdong Xinbao Electrical Appliances Holdings Co., Ltd. (廣東新寶電器股份有限公司) and Guangdong Sky Dragon Technology Group Co., Ltd. (廣東天龍科技集團股份有限公司), and a former independent director of Guangzhou Zhujiang Brewery Group Co., Ltd. (廣州珠江啤酒股份有限公司). He graduated from South China University of Technology as an undergraduate with a bachelor's degree in inorganic nonmetallic materials science and engineering in June 1988. In December 1993, he graduated from South China University of Technology as a postgraduate with a master's degree in management science and engineering, and graduated from South China University of Technology as a postgraduate with a doctorate degree in enterprise management in July 2005.</p>
Chen Xiaomu	<p>Mr. Chen is currently a non-executive director, the deputy party secretary and the head of party work department of the Company. Mr. Chen is also a director of GAIG. He served as the head of human resources department of the Company, the party secretary, the secretary to the disciplinary committee, the chairman of labour union and a director of GAC Mitsubishi and a director of GAC Mitsubishi Motor Sales Co., Ltd. (廣汽三菱汽車銷售有限公司). He graduated from Jilin University of Technology majoring in international trade in 1999 as an undergraduate with a bachelor's degree in engineering. In 2011, Mr. Chen graduated from the School of Business Administration, South China University of Technology majoring in business administration as a postgraduate with a master's degree in business administration. He graduated from Jilin University majoring in business administration in 2018 as a postgraduate with a doctorate degree in management.</p>

## CORPORATE GOVERNANCE

<b>Name</b>	<b>Main work experiences</b>
Deng lei	Ms. Deng is currently a non-executive director (staff representative) and the chairwoman of the labour union of the Company. She previously served as the assistant to the general manager, a office director and the director of the general manager's office and party committee office of the Company, and a member of the Executive Committee of the Company. She graduated from South China Normal University with a bachelor's degree of arts in July 1999.
Ding Hongxiang	Mr. Ding is currently a non-executive director of the Company, a member of the Strategy Committee, the Remuneration and Assessment Committee, and the Nomination Committee, and a director and the deputy party secretary of China National Machinery Industry Corporation Limited (中國機械工業集團有限公司). Mr. Ding is the vice president of China Association of Automobile Manufacturers, the vice president of Society of Automotive Engineers of China, and the former deputy general manager of China National Machinery Industry Corporation Limited (中國機械工業集團有限公司). Mr. Ding graduated from Huazhong University of Science and Technology (undergraduate) in 1986, and obtained a master's degree and a doctoral degree in western economics from Huazhong Institute of Technology in 1989 and Huazhong University of Science and Technology in 2011, respectively.
Guan Dayuan	Mr. Guan is currently a non-executive director of the Company, a member of the Strategy Committee, the deputy party secretary of Wanxiang Group, an executive director of Wanxiang 123 Holdings Co., Ltd. (萬向一二三股份公司), the chairman and general manager of Shangwan Clean Intelligent Vehicle Co., Ltd. (上萬清源智動車有限公司), the chairman of the board of supervisors of Shunfa Hengye Co., Ltd. (順發恒業股份公司), the chairman of the board of supervisors of Wanxiang Finance Co., Ltd. (萬向財務公司), the chairman of Wanxiang Resources Co., Ltd. (萬向資源有限公司), the chairman of Puxing Energy Limited, and a supervisor of Shanghai Advanced Traction Battery Systems Co.,Ltd.. He successively served as the general manager of Wanxiang 123 Holdings Co., Ltd., the chairman of Wanxiang Qianchao Co., Ltd. (萬向錢潮股份公司), an assistant to general manager and the director of the general manager's office of Wanxiang Group Corporation Ltd. (萬向集團公司), the general manager of Shenzhen Wanxiang Investment Co., Ltd. (深圳萬向投資有限公司), and the senior executive vice president of Wanxiang Group Corporation Ltd. (萬向集團公司). He is a holder of master's degree and is a senior Economist.

## CORPORATE GOVERNANCE

<b>Name</b>	<b>Main work experiences</b>
Wang Yiwei	<p>Mr. Wang is currently a non-executive director of the Company, the party committee, the chairman and a director of Guangzhou Industrial Investment Fund Management Co., Ltd. (廣州產業投資基金管理有限公司), a director of Guangzhou City Investment Co., Ltd. (廣州市城投投資有限公司), and the chairman and legal representative of Furong Fund Management Co., Ltd. (富榮基金管理有限公司). He previously acted as the deputy party committee secretary, general manager and a director of Guangzhou Industrial Investment Fund Management Co., Ltd. (廣州產業投資基金管理有限公司), the chairman and legal representative of Guangzhou New Central Axis Construction Co., Ltd. (廣州新中軸建設有限公司), the head of the investment and development department of Guangzhou City Infrastructure Investment Group Limited (廣州市城市建設投資集團有限公司), and the chairman and legal representative of Guangzhou City Investment Co., Ltd. (廣州市城投投資有限公司). He graduated from Sun Yat-sen University majoring in auditing at the School of Management, and obtained a bachelor's degree in economics in 1995.</p>
Cao Xiandong	<p>Mr. Cao is currently a supervisor of the Company. Mr. Cao is currently the party secretary, general manager and legal representative of Wanli Tire Co., Ltd. (萬力輪胎股份有限公司), and also deputy head of the auto parts division of Guangzhou Industrial Holdings. He successively served as the deputy general manager of the strategic planning department and the deputy director of the general office of Guangzhou Industrial Holdings, and the deputy party secretary, a director and the general manager of Wanli Tire Co., Ltd. (萬力輪胎股份有限公司).</p>
Huang Cheng	<p>Mr. Huang is currently a supervisor of the Company, the general manager assistant of Guangzhou Finance Holdings Group Co., Ltd. (廣州金融控股集團有限公司), the chairman and legal representative of Guangzhou Jinkong Fund Management Co., Ltd. (廣州金控基金管理有限公司). He once served as the general manager of investment management department of Guangzhou Finance Holdings Group Co., Ltd. (廣州金融控股集團有限公司) and a director of Guangdong Equity Exchange Co., Ltd. (廣東股權交易中心股份有限公司). He graduated from the School of Business Administration, South China University of Technology majoring in management science and engineering as a postgraduate with a doctorate degree in management.</p>

## CORPORATE GOVERNANCE

<b>Name</b>	<b>Main work experiences</b>
Huang Zhuo	<p>Mr. Huang is currently a staff representative supervisor, the deputy head of compliance department and the head of each of the audit department and the risk control department of the Company. He concurrently acts as the chairman of the supervisory committee of GAC Finance Company, a supervisor of GAC Capital, GAC Honda Automobile Sales Co., Ltd. (廣汽本田汽車銷售有限公司), GAC BYD, Da Sheng Technology and GAC International. Mr. Huang previously served as the chief financial officer of GAEI and the audit manager of KPMG Huazhen LLP Guangzhou branch. In 2007, he graduated from the University of Wollongong majoring in accounting and obtained a postgraduate degree and a master's degree in accounting.</p>
Wang Yuan	<p>Ms. Wang is currently a staff representative supervisor and the deputy secretary and the director of the general office of the disciplinary committee of the Company. She previously served as the deputy director of the general office of the disciplinary committee of the Company, the general party branch secretary of the technology centre of and the chairman of the labor union of GAC Component Co., Ltd. Technical Centre. Ms. Wang graduated from the Department of Information Management of the School of Information Science and Technology of Sun Yat-sen University with a bachelor's degree in management in 2002, and obtained a master's degree in business administration from Lingnan College, Sun Yat-Sen University in June 2009.</p>
Zhu Chun	<p>Ms. Zhu is currently a staff representative supervisor, the vice chairwoman of the labour union, the head of the budget review committee of the labour union, the head of the female workers committee of the labour union, the head of the labour union office, and the chairwoman of the headquarters of the labour union of the Company. She previously served as the deputy head of the female workers committee of the labour union and the deputy head of the labour union office of the Company. Ms. Zhu graduated from Hubei University in economic management in July 1990.</p>

## CORPORATE GOVERNANCE

<b>Name</b>	<b>Main work experiences</b>
Yan Zhuangli	<p>Mr. Yan is currently the deputy general manager and a member of the Executive Committee of the Company, and a director of GAMC and GAC Internal. He previously served as a director and the deputy party secretary of the Company, a director of GAIG, the chairman of GAC FCA, Guangzhou Motor (now known as Zhicheng Industry) and GAC Business, the party secretary of GAC Toyota, a director of GAC Honda, the chairman of GAC Component and a director of GAC Hino. He has successively studied in the department of social sciences of Central South Industrial University and the master of business administration in the School of Management of Sun Yat-sen University, and obtained a university diploma, a bachelor's degree in law and a master's degree in business administration, respectively. He is a senior economist.</p>
Wang Dan	<p>Ms. Wang is currently the deputy general manager, the chief financial officer, and a member of the Executive Committee of the Company. She is concurrently serves as the chairwoman of GAC Finance Company and a director of GAMC and GAC International. Ms. Wang joined GAC Group in March 1999, and has been the Company's chief financial officer and financial controller since 2005. Prior to this, Ms. Wang served in the financial audit department of Guangzhou Junda Automobile Enterprise Group (廣州駿達汽車企業集團) and was the deputy head of the financial audit division of Guangzhou Automobile Group Company Limited (廣州汽車集團有限公司), the chairwoman of the supervisory committees of GAMC and GAC Energy, the chairwoman of Guangzhou Guangyue Assets Administration Co., Ltd. (廣州廣悅資產管理有限公司), Guangzhou Zhicheng Industry Co., Ltd. (廣州智誠實業有限公司) and GAC-SOFINCO, and the deputy general manager of GAC Group. Ms. Wang graduated from the Sun Yat-Sen University with a bachelor's degree in July 1992 and the School of Management of Zhongshan University with a senior executive master's degree in business administration in June 2005. She is a senior accountant and non-practicing registered accountant.</p>

## CORPORATE GOVERNANCE

Name	Main work experiences
Gao Rui	<p>Mr. Gao is currently the deputy general manager, a member of the Executive Committee and the head of the public relations and publicity department of the Company. He concurrently acts as the chairman of GAC Honda, Wuyang-Honda, Guangzhou Chenqi Mobility Technology Co., Ltd. (廣州宸祺出行科技有限公司) and Guangzhou Chenqi Automobile Service Co., Ltd. (廣州宸祺汽車服務有限公司). He previously served as the head of the assets management department of the Company, the chairman and general manager of China Lounge Investments, the general manager of Denway Motors Limited (駿威汽車有限公司) and the chairman and general manager of Guangzhou Auto Group (Hong Kong) Limited (廣汽集團(香港)有限公司). He is a holder of bachelor's degree and MBA degree.</p>
Jiang Xiuyun	<p>Ms. Jiang is currently the deputy general manager, general legal counsel, a member of Executive Committee and the head of the compliance department of the Company, and concurrently serves as a director of GAC Toyota and the chairman of Da Sheng Technology. She previously served as the chief accountant, a staff representative supervisor, the deputy head of compliance department, the head of risk control department and the head (senior assistant level) of the audit department of the Company, the chairman of GAC Mitsubishi, the chairman of the supervisory committees of Guangzhou Zhicheng Industry Co., Ltd. (廣州智誠實業有限公司) and Guangzhou Guangyue Assets Administration Co., Ltd. (廣州廣悅資產管理有限公司), the director of the financial tax audit office of the Audit Bureau of Guangzhou Municipality (廣州市審計局財政稅務審計處). In 1988, she graduated with specialisation in auditing from the school of accounting of Guangdong University of Business Studies (廣東商學院) and obtained a diploma. In 2002, she graduated with a major in economics from Xiamen University and obtained a bachelor's degree. She is a delegate of the 17th People's Congress in Yuexiu District, Guangzhou.</p>

## CORPORATE GOVERNANCE

<b>Name</b>	<b>Main work experiences</b>
Yu Jun	<p>Mr. Yu is currently the deputy general manager, a member of the Executive Committee, and the head of the finance department of the Company. He concurrently serves the chairman of China Lounge Investments, Guangzhou Auto Group (Hong Kong) Limited (廣汽集團(香港)有限公司), GAC-SOFINCO and GAC Capital. Mr. Yu previously served as a director and the general manager of GAMC, a director and the executive deputy general manager of GAC Honda, a director and the chairman of GAC AION and the chairman of GAC International. He graduated from the Department of Economics and Management of Wuhan University with a bachelor's degree in economics, and Guanghua School of Management of Peking University with a EMBA degree.</p>
Zheng Heng	<p>Mr. Zheng is currently the deputy general manager, and a member of the Executive Committee of the Company. He concurrently serves as the chairman of UPOWER Energy, and a director of GAMC and GAC International. He previously served as the deputy general manager of GAC Toyota, a director of GAC Business, GAC-SOFINCO and GAC AION, a director and the executive deputy general manager of GAC Honda, and a director and the executive deputy general manager of GAC Honda Automobile Sales Co., Ltd. (廣汽本田汽車銷售有限公司). Mr. Zheng graduated from China University of Petroleum as a bachelor in economics, majoring in economics with a university degree.</p>
Xia Xianqing	<p>Mr. Xia is currently the deputy general manager, a member of the Executive Committee, and the head of the strategic development department of the Company. He concurrently serves as the chairman of GAC Honda, the vice chairman of GAC Toyota Engine, a director of GAMC, GAC AION and GAC International. Mr. Xia previously served as the chairman and general manager of GAC Business, the deputy general manager and head of the sales department of GAC Honda, and a director of Wuyang-Honda. He graduated from the Mechanical Engineering Department of Tongji University with a bachelor's degree in engineering.</p>

## CORPORATE GOVERNANCE

<b>Name</b>	<b>Main work experiences</b>
Liu Xiangneng	<p>Mr. Liu is currently a member of the Executive Committee, the secretary to the Board and the joint company secretary, the deputy head of the finance department, and the head of the capital operation department. He previously took office at the investment banking department of Guangdong Securities Co., Ltd. (廣東證券股份有限公司) and Guangzhou Baolong Motors Co., Ltd. (廣州東方寶龍汽車工業股份有限公司). He successively served as the director of the Board office and the Supervisory Committee office, and the deputy head and the head of the capital operation department of the Company, and a director and the general manager of GAC Capital. Mr. Liu graduated from Nankai University (南開大學) in July 1999 as a postgraduate with a master's degree in economics. He is also a non-practising member of the Chinese Institute of Certified Public Accountants.</p>

## CORPORATE GOVERNANCE

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

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

Name of staff	Name of shareholders' unit	Position held in shareholders' unit	Commencement date of term	Expiry date of term
Zeng Qinghong	GAIG	Chairman	October 2016	
Feng Xingya	GAIG	Director	August 2017	
Chen Xiaomu	GAIG	Director	March 2020	
Yan Zhuangli	GAIG	Director	November 2023	
Ding Hongxiang	China Industry National Corporation Machinery Limited	Director and Deputy Party Secretary	July 2022	
Wang Yiwei	Guangzhou Industrial Investment Fund Management Co., Ltd.	Director, General Manager and Deputy Party Secretary	February 2023	December 2023
Wang Yiwei	Guangzhou Industrial Investment Fund Management Co., Ltd.	Chairman and Party Secretary	December 2023	
Cao Xiandong	Guangzhou Industrial Investment Holdings Group	Vice Minister of Autopart Division	December 2020	
Huang Cheng	Guangzhou Jinkong Fund Management Co., Ltd.	Chairman	June 2021	
Term of office in shareholders' units	If expiry date of term is not stated, the appointment of the staff will continue and there is no fixed expiry date of term.			

# CORPORATE GOVERNANCE

## 2. Term of Office in Other Units

<b>Name of staff</b>	<b>Name of other unit</b>	<b>Position held in such unit</b>	<b>Commencement date of term</b>	<b>Expiry date of term</b>
Zeng Qinghong	Energy-saving and New Energy Automotive Technology Roadmap Steering Committee	Member	November 2016	
Zeng Qinghong	China Association of Automobile Manufacturers	Vice President	March 2015	
Zeng Qinghong	Society of Automotive Engineers of Guangdong Province	Honorary President	February 2015	
Feng Xingya	Guangdong Automobile Industry Association	President	September 2020	
Zhao Fuquan	Weichai Power Co., Ltd.	Independent Director	June 2023	
Zhao Fuquan	China Automotive Engineering Research Institute Co., Ltd.	Independent Director	November 2023	
Xiao Shengfang	Guangdong Lawyers Association	President	December 2016	
Xiao Shengfang	Guangzhou Lingnan International Enterprise Group Co., Ltd.	Independent Director	March 2015	
Xiao Shengfang	Guangzhou Municipal Construction Group Co., Ltd.	Independent Director	January 2020	
Xiao Shengfang	Guangdong Fenghua High-tech Co., Ltd.	Independent Director	November 2021	January 2024
Xiao Shengfang	Kingfa Technology Co., Ltd.	Independent Director	January 2021	
Xiao Shengfang	Guangzhou Port Co., Ltd.	Independent Director	May 2022	
Wong Hakkun	Haier Smart Home Co., Ltd.	Independent Director	June 2020	
Wong Hakkun	Hangzhou SF Intra-city Industrial Co., Ltd.	Independent Director	November 2021	
Wong Hakkun	Yue Yuen Industrial (Holdings) Limited	Independent Director	June 2018	
Wong Hakkun	Lung Kee (Bermuda) Holdings Limited	Independent Director	June 2018	
Song Tiebo	Guangzhou Zhujiang Brewery Group Co., Ltd.	Independent Director	October 2016	January 2023

## CORPORATE GOVERNANCE

<b>Name of staff</b>	<b>Name of other unit</b>	<b>Position held in such unit</b>	<b>Commencement date of term</b>	<b>Expiry date of term</b>
Song Tiebo	Guangdong Sky Dragon Technology Group Co., Ltd.	Independent Director	July 2019	
Song Tiebo	Guangdong Xinbao Electrical Appliances Co., Ltd.	Independent Director	August 2020	
Guan Dayuan	Puxing Energy Limited	Chairman of the Board	February 2024	
Guan Dayuan	Shangwan Clean Intelligent Vehicle Co., Ltd.	Chairman of the Board and General Manager	January 2024	
Guan Dayuan	Wanxiang 123 Holdings Co., Ltd.	Director	April 2021	
Guan Dayuan	Shunfa Hengye Corporation	Chairman of the Supervisory Committee	April 2021	
Guan Dayuan	Wanxiang Resources Co., Ltd.	Chairman of the Board	April 2019	
Guan Dayuan	Wanxiang Finance Co., Ltd.	Chairman of the Supervisory Committee	February 2016	
Cao Xiandong	Wanli Tire Co., Ltd.	Director, Party Secretary and General Manager	April 2021	
Term of office in other units	If expiry date of term is not stated, the appointment of the staff will continue and there is no fixed expiry date of term.			

## CORPORATE GOVERNANCE

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

Decision-making procedures for fixing the remuneration of the directors, supervisors and senior management	The Remuneration and Assessment Committee of the Board conducted appraisal of the remuneration of the senior management of the Company and formulated the incentive program, which shall be implemented after the approval of the Board. The allowance for independent directors is implemented after the approval of the Board and the general meeting. The remuneration of other directors and supervisors is determined in accordance with the related remuneration policy of the Company.
Whether directors abstain from discussions on their remuneration at the Board	Yes
Details of the Remuneration and Assessment Committee or special meetings of independent directors issuing recommendations on remuneration matters for directors, supervisors, and senior management	During the reporting period, the Remuneration and Assessment Committee of the Board expressed unequivocal approval opinions on the annual appraisal and remuneration plan for the Company's senior management submitted for deliberation.
Basis for determination of the remuneration of the directors, supervisors and senior management	The remuneration of independent directors of the Company is implemented in accordance with the plan approved at the general meeting; the remuneration of other directors and supervisors are determined by both the formulated remuneration policy of the Company and the yearly assessment results. The remuneration of senior management of the Company is determined in accordance with the relevant assessment program combined with the annual results of the Company and their individual performance.
Actual payment of the remuneration of the directors, supervisors and senior management	The remuneration of independent directors is paid in accordance with the plan approved at the general meeting; no other directors or supervisors have received remuneration from the Company merely in their capacity as directors or supervisors; the remuneration of senior management is paid upon review and consideration by the Board and in accordance with relevant regulatory policies.
Total remuneration paid to all directors, supervisors and senior management as at the end of the reporting period	RMB28.6519 million

## CORPORATE GOVERNANCE

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

<b>Name</b>	<b>Position</b>	<b>Way of Change</b>	<b>Reason for change</b>
Deng Lei	Director	Assumption of office	Elected as the new staff representative director at the staff representative meeting, due to the retirement of the former staff representative director
Wang Yiwei	Director	Assumption of office	Election at general meetings
Liu Xiangneng	Secretary to the Board	Appointment	Appointed as the new secretary to the Board by the Board, due to the resignation of the former secretary to the Board by reason of Work reallocation
Wang Yuan	Supervisor	Assumption of office	Elected as the new staff representative supervisor at the staff representative meeting, due to the re-designation of the former staff representative supervisor
Chen Maoshan	Director	Resignation	Retirement
Liu Zhijun	Director	Resignation	Retirement
Sui Li	Secretary to the Board	Resignation	Work reallocation
Chen Tian	Supervisor	Resignation	Work reallocation
Shi Lei	Supervisor	Resignation	Re-designation

## CORPORATE GOVERNANCE

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

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

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

## IV. BOARD MEETINGS HELD DURING THE REPORTING PERIOD

<b>Session of the meeting</b>	<b>Date</b>	<b>Resolutions of the meeting</b>
The 31st meeting of the 6th session of the Board	4 January 2023	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 32nd meeting of the 6th session of the Board	10 January 2023	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 33rd meeting of the 6th session of the Board	20 January 2023	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.

## CORPORATE GOVERNANCE

<b>Session of the meeting</b>	<b>Date</b>	<b>Resolutions of the meeting</b>
The 34th meeting of the 6th session of the Board	22 February 2023	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 35th meeting of the 6th session of the Board	27 March 2023	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 36th meeting of the 6th session of the Board	29 March 2023	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 37th meeting of the 6th session of the Board	6 April 2023	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 38th meeting of the 6th session of the Board	28 April 2023	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.

## CORPORATE GOVERNANCE

<b>Session of the meeting</b>	<b>Date</b>	<b>Resolutions of the meeting</b>
The 39th meeting of the 6th session of the Board	17 May 2023	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 40th meeting of the 6th session of the Board	8 June 2023	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 41st meeting of the 6th session of the Board	21 June 2023	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 42nd meeting of the 6th session of the Board	28 June 2023	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 43rd meeting of the 6th session of the Board	21 July 2023	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 44th meeting of the 6th session of the Board	31 July 2023	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.

## CORPORATE GOVERNANCE

<b>Session of the meeting</b>	<b>Date</b>	<b>Resolutions of the meeting</b>
The 45th meeting of the 6th session of the Board	18 August 2023	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 46th meeting of the 6th session of the Board	25 August 2023	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 47th meeting of the 6th session of the Board	8 September 2023	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 48th meeting of the 6th session of the Board	28 September 2023	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 49th meeting of the 6th session of the Board	12 October 2023	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 50th meeting of the 6th session of the Board	24 October 2023	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.

## CORPORATE GOVERNANCE

<b>Session of the meeting</b>	<b>Date</b>	<b>Resolutions of the meeting</b>
The 51st meeting of the 6th session of the Board	26 October 2023	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 52nd meeting of the 6th session of the Board	10 November 2023	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 53rd meeting of the 6th session of the Board	16 November 2023	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 54th meeting of the 6th session of the Board	4 December 2023	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 55th meeting of the 6th session of the Board	21 December 2023	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.

## CORPORATE GOVERNANCE

### V. DIRECTORS' PERFORMANCE OF THEIR DUTIES

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

Name of directors	Independent director or not	Mandatory attendance in Board meetings during the year	Board meeting(s)				Absent in person for two consecutive times or not	General meeting(s) Attendance in general meetings
			Attendance in person	Attendance by telecommunication	Attendance by proxy	Absence		
Zeng Qinghong	No	25	25	22	0	0	No	3
Feng Xingya	No	25	25	22	0	0	No	4
Zhao Fuquan	Yes	25	25	25	0	0	No	0
Xiao Shengfang	Yes	25	25	21	0	0	No	1
Wong Hakkun	Yes	25	25	24	0	0	No	4
Song Tiebo	Yes	25	25	22	0	0	No	3
Chen Xiaomu	No	25	25	22	0	0	No	4
Deng Lei	No	9	9	8	0	0	No	1
Ding Hongxiang	No	25	25	24	0	0	No	0
Guan Dayuan	No	25	25	23	0	0	No	2
Wang Yiwei	No	4	4	3	0	0	No	0
Chen Maoshan	No	16	16	22	0	0	No	2
Liu Zhijun	No	18	17	16	1	1	No	2

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

Applicable N/A

Number of Board meetings held during the year	25
Of which: Number of physical meetings	4
Number of meetings held by remote means	21
Number of meetings held by way of combination of both	4

## CORPORATE GOVERNANCE

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

<b>Name of director</b>	<b>Content of relevant matter(s) to which the director raised objection</b>	<b>Content of objection</b>	<b>Accepted or not</b>	<b>Note</b>
Guan Dayuan	Regarding the capital increase in the investee company, HYCAN Automotive	The director, Guan Dayuan, abstained from voting on the aforementioned matter submitted to the Board for deliberation	No	For details about the resolution, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.

#### **Explanation of director's objections to relevant matters of the Company**

The director, Guan Dayuan, considered that there might be uncertainty in the future development of HYCAN Automotive, and advised to make prudent investment.

## VI. SPECIAL COMMITTEES OF THE BOARD

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

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

## CORPORATE GOVERNANCE

### (II) Nomination Committee's Two Meetings during the Reporting Period

<b>Date</b>	<b>Content</b>	<b>Important opinions &amp; advices</b>	<b>Other performance of duty</b>
22 September 2023	Regarding the by-election of directors	All members approved the by-election of directors, and agreed to submit the same to the Board for deliberation.	Nil
19 October 2023	Regarding the nomination of the secretary to the Board (company secretary), members of the Executive Committee and authorised representative of the Stock Exchange	All members approved the nominee candidates of the secretary to the Board (company secretary), members of the Executive Committee and authorised representative of the Stock Exchange, and agreed to submit the same to the Board for deliberation.	Nil

### (III) Audit Committee's Six Meetings during the Reporting Period

<b>Date</b>	<b>Contents</b>	<b>Important opinions &amp; advices</b>	<b>Other performance of duty</b>
3 February 2023	Regarding the 2022 Working Report on Risk Management and the 2023 Work Plan, the 2022 Working Report on Compliance Management and the 2023 Work Plan	All members approved the 2022 Working Report on Risk Management and the 2023 Work Plan, the 2022 Working Report on Compliance Management and the 2023 Work Plan, and agreed to submit the same to the Board for deliberation.	Nil
27 March 2023	Regarding the matters such as the annual report, the profit distribution plan, the annual connected transaction report, the internal control evaluation report and internal control audit report, the report on deposit and use of raised funds, the annual audit work summary and plan, and the performance of duties of the Audit Committee	All members approved the matters proposed at the meeting for deliberation, and agreed to submit the same to the Board for deliberation.	Nil

## CORPORATE GOVERNANCE

<b>Date</b>	<b>Contents</b>	<b>Important opinions &amp; advices</b>	<b>Other performance of duty</b>
26 April 2023	Regarding the matters such as the Q1 Report, and the appointment of annual report auditors and internal control auditors	All members approved the matters proposed at the meeting for deliberation, and agreed to submit the same to the Board for deliberation.	Nil
23 August 2023	Regarding the matters such as the interim report, the interim profit distribution plan, the report on the deposit and use of the raised funds, and the work reports on internal audit, internal control and risk management for the first half of the year	All members approved the matters proposed at the meeting for deliberation, and agreed to submit the same to the Board for deliberation.	Nil
26 September 2023	Regarding the adjustments to the annual audit plan	All members approved the adjustments to the audit plan according to the actual condition, and agreed to submit the same to the Board for deliberation.	Nil
24 October 2023	Regarding the Q3 Report	All members approved the Q3 Report, and agreed to submit the same to the Board for deliberation.	Nil

### (IV) Strategy Committee's Two Meetings during the Reporting Period

<b>Date</b>	<b>Contents</b>	<b>Important opinions &amp; advices</b>	<b>Other performance of duty</b>
28 March 2023	Regarding the 2022 Annual Social Responsibility (ESG) Report	All members approved the 2022 Annual Social Responsibility (ESG) Report, and agreed to submit the same to the Board for deliberation.	Nil
9 June 2023	Regarding the "Trillion GAC Development Outline & Action Plan Guidelines"	All members approved the "Trillion GAC Development Outline & Action Plan Guidelines", and agreed to submit the same to the Board for deliberation.	Nil

## CORPORATE GOVERNANCE

### (V) Remuneration and Assessment Committee's Five Meetings during the Reporting Period

<b>Date</b>	<b>Contents</b>	<b>Important opinions &amp; advices</b>	<b>Other performance of duty</b>
13 January 2023	Regarding the matters related to the grant under the Fourth Share Option Incentive Scheme	All members approved the matters related to the grant under the Fourth Share Option Incentive Scheme, and agreed to submit the same to the Board for deliberation.	Nil
20 March 2023	Regarding the matters related to the 2022 Annual Remuneration Assessment and Payment Plan for Senior Management	All members believed that the setting of assessment indicators, and the assessment plans and payment were scientific and reasonable, which matched the industry standards and the Company's operating circumstances, and agreed to submit the same to the Board for deliberation.	Nil
2 June 2023	Regarding the matters related to the adjustments to the exercise price of share option and the repurchase price of restricted share under the share option incentive scheme of the Company	All members approved the matters related to the adjustments to the exercise price of share option and the repurchase price of restricted share under the share option incentive scheme of the Company, and agreed to submit the same to the Board for deliberation.	Nil
31 August 2023	Regarding the matters related to the adjustments to the exercise price of share option and the repurchase price of restricted share under the share option incentive scheme of the Company	All members approved the matters related to the adjustments to the exercise price of share option and the repurchase price of restricted share under the share option incentive scheme of the Company, and agreed to submit the same to the Board for deliberation.	Nil
10 November 2023	Regarding the matters related to the second exercise and unlocking under the 2020 A Share Option and Restricted Share Incentive Scheme	All members approved the matters related to the second exercise and unlocking under the 2020 A Share Option and Restricted Share Incentive Scheme of the Company, and agreed to submit the same to the Board for deliberation.	Nil

## CORPORATE GOVERNANCE

### (V) Details of Any Objections

Applicable N/A

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

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

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

#### (I) Employees

Number of existing employees of the parent company	276
Number of existing employees of major subsidiaries	96,549
Total number of existing employees	96,825
Number of employees resigned or retired the pension of which the parent company and major subsidiaries had to be responsible for	415
Professional composition	
Category of professional composition	Number of employees
Production personnel	56,830
Salesperson	5,782
Technician	15,220
Financial staff	1,754
Administrative staff	4,520
Finance and insurance	1,798
Others	10,921
Total	96,825
Education level	
Category of education level	Number of employees
Doctorate	143
Master's degree	5,082
Undergraduate (including double bachelor's degree)	23,048
College graduate	20,768
Secondary and below	47,784
Total	96,825

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

## CORPORATE GOVERNANCE

### (II) Remuneration Policy

Timely and full contributions to various social insurances were made by the Group in accordance with the requirements of national and provincial laws and regulations on labour and social security to timely safeguard the interests of the employees. The Group also purchased supplementary medical and other commercial insurances for its staff to further protect and safeguard their interests and health beyond the requirements of policies and regulations.

The Group advocated the implementation of performance-linked remuneration policy and continuously improved the corporate performance appraisal mechanism, individual performance appraisal measures, and employee promotion system, and formulated performance-linked remuneration policies that provide both incentives and restraints. The Group strengthened macro-management of remuneration, and attached importance to maintaining the market competitiveness of its remuneration level, so as to ensure that the remuneration system plays an incentive role in retaining talents.

### (III) Training Program

During the reporting period, the Group mainly carried out employee training in the following aspects, with an aggregate number of training attendance exceeding 1,118,000.

1. Focus on key procedures. the Group developed version 3.0 courses and case manuals, cultivated certified lecturers, and continued to promote the implementation of working methods with GAC's characteristics. 841 training sessions were conducted, with more than 26,000 individuals trained.
2. Professional leadership. the Group strengthened the construction of lecturer team as well as curriculum development and management. Lecturers have participated in more than 600 courses lasting for 2,760 class hours, and provided training for 27,000 individuals, covering 20 second-level enterprises and 43 third-level enterprises.
3. Hierarchical classification. the Group held training classes in domestic universities for senior and middle management, courses for middle management of investee companies, business administration classes, engineering management classes, training courses for mid-level cadres and party branch secretaries, training courses for party building at all levels, etc., providing qualified talents for the high-quality development of the Group.

## CORPORATE GOVERNANCE

4. Widespread platforms. the Group broadened and deepened school-enterprise cooperation, promoted the exhaustive industry-university-research integration, enriched the training models for innovative talents, and forged a training base and evaluation center of skilled talents, so as to comprehensively improved the level of the Group's technical and skilled personnel.
5. Up-down interconnection, co-construction and shared growth. The Group upgraded and renovated the GAC Mobile Academy (廣汽移動學堂) through digitalisation and continued to hold GAC Professional Seminars (廣汽專研匯) and corporate training projects to promote the common development of enterprises at all levels.

In 2024, the Group plans to provide training for more than 1,064,000 individuals, and will appropriately increase overseas training, corporate cadre training and business training depending on its development needs. The Group will continuously promote the working methods with GAC's characteristics and advocate the sharing of platform resources, aiming at constructing a national highly-skilled talent training base.

### **(IV) Labour Outsourcing**

Total working hours of labour outsourcing	16,470,000
Total remuneration paid for labour outsourcing	RMB1,512,012,605

Note: including joint ventures and associated enterprises.

## CORPORATE GOVERNANCE

### **(V) Production Safety**

During the reporting period, the Group conscientiously implemented the spirit contained in the important speeches and guidelines expressed by General Secretary Xi Jinping during his inspection at GAC Group, coupled with his important expositions and instructions in respect of emergency management, production safety, disaster prevention, mitigation and relief, and consistently upheld the philosophy of “To address problems on both symptoms and root causes by giving priority to people and safety, so as to achieve a scientific development”. On the basis of refining the safety production responsibility system and regulatory framework system with the intensified implementation of double prevention as the core and the safety production management targets as the foothold, the Group earnestly performed the main responsibility of enterprises for production safety and investment. In accordance with the work procedures of supervision, guidance and service, the Group will continue to promote the strict implementation of the main responsibility of safety production by all investee enterprises, and promote the synchronisation of enterprise safety production management and business development. During the reporting period, the Group and each investee enterprise had experienced no major (or above) safety production accidents, and its production safety remained generally stable and was in an orderly manner.

In 2024, in accordance with the requirements under the Production Safety Law and other regulations, the Group will promote each investee enterprise to continuously improve and implement the production safety responsibility system in accordance with the principle of “three managements and three musts”. The Group will strictly implement its main responsibilities of safety production with focus on the plan for regulating production safety targets and by taking the management on production safety responsibility targets as the foothold. The Group will strengthen the hierarchical management and control of safety risks as well as the investigation and governance of hidden dangers to further establish and improve the production safety management system of the Group’s businesses in new energy and ecosystem segments, and strengthen the production safety management over new projects in the Group’s internationalisation segment (for overseas enterprises), so as to promote the synchronisation of production safety management of enterprises and business development. The Group will also continue to carry out standardisation work for corporate production safety, vigorously promote the Group’s digital construction of production safety, facilitate the transformation of the Group’s production safety management into service-oriented, intelligent and digital ones, with a view to preventing the occurrence of major production safety accidents and ensuring the achievement of the Group’s control tasks in respect of production safety targets.

## CORPORATE GOVERNANCE

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

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

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

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

According to the Articles of Association, the distributable reserves of the Company are based on the profit after taxation determined pursuant to the Generally Accepted Accounting Principles of the PRC and Hong Kong Financial Reporting Standards (whichever is lower). As at 31 December 2023, the Company's reserves available for distribution to shareholders amounted to RMB48,000,799,000 (2022: RMB43,166,565,000).

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

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

## CORPORATE GOVERNANCE

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

The Company has formulated the Internal Control Management Measures. During the reporting period, the Company also revised the Internal Control Management Manual, the Risk Management Manual, the Administrative Measures for the Reporting of Major Operational Risk Events and other systems to further promote the Company's internal audit work for standardisation, routinisation and normalisation.

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

Applicable N/A

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

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

The Company has established a risk management framework under which the Board is in charge of its overall management, the audit department is responsible for audit and internal control matters, and the risk control department is responsible for routine risk prevention and control matters. The digital audit model revolves around "overall analysis, regular forewarning, discovery of doubts, and precise positioning", through which a digital platform for audit management and big data analysis is established to promote the auditorial standardisation and formalisation. This framework assists the Group in identifying and preventing different risks (including environmental, social and governance risks), so as to manage rather than passively eliminate the risks of failure to achieve business objectives, thereby promoting proactively the Group's stable operations. The risk control department prepares the Group's annual risk management report with reference to the annual risk management reports of each investee company and taking into account the risk identification, assessment, analysis, and response of each department under the Group. Upon approval by the Company's management, the annual risk management report is submitted to the Audit Committee of the Board for review prior to the deliberation by the Board.

In order to strengthen risk management, the Company revised and issued the Risk Management Manual (Revised) and the Administrative Measures for the Reporting of Major Operational Risk Events (Revised) in September 2023, aiming to establish an all-encompassing risk management system and improve its prevention and mitigation abilities against major risks, standardise the reporting of major operational risk events, while avoiding systematic risks and promoting the sustainable and sound development of enterprises.



## CORPORATE GOVERNANCE

In 2023, the Company further deepened and refined the sophistication of risk management, and designed an assessment framework for risk concern in a differentiated manner based on the business characteristics of each sector. In view of the responsive implementation in key risk areas last year, 19 investee companies were organized to assess the key corporate risks in 2024. As reflected in the evaluation, the Company and its affiliated investee companies possess a profound awareness of risk prevention and are competent in effectively identifying risk events and comprehensively assessing the impact of risk events on the achievement of corporate strategic objectives. In the light of the business characteristics and the concentration on risk concern of enterprises in each sector, a total of 163 key risks were assessed across the seven major business segments. Based on the assessment results, each investee company has formulated improvement measures for respective key risk for 2024.

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

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

## CORPORATE GOVERNANCE

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

The Group has formulated the Working Measures for Disciplinary Supervision, Petition and Reporting, which clarifies the responsibilities of the disciplinary supervision department for accepting reports, stipulates the procedures for accepting, handling and closing the petition complaints together with its completion time, and promotes the standardisation, legalisation and datafication of petition reports. The Group focuses on protecting the rights and interests of whistle-blowers, and stipulates in the Prosecution and Accusation Guide that the personal information of whistle-blowers and the contents of reports shall be kept strictly confidential. The relevant system also allows anonymous reporting. The Group has continuously upgraded the digital platform for disciplinary inspection and supervision, and optimised the sub-module of “online reporting”. After the whistle-blower reports the relevant situation through the system, only the staff member that accepts the report can access the relevant content. After the report is accepted, it will be reviewed by the person in charge of disciplinary inspection and supervision, and then assigned to the relevant designated person for handling, all of whom are independent of the Group, thereby effectively protecting the safety and privacy of the whistle-blower.

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

The Group is committed to establishing a sound incorruptible employment system for combating corruption and upholding integrity, smoothing the internal and external reporting channels, and promoting the construction of a more transparent, efficient, objective and unprejudiced business environment. The Group has formulated certain rules and regulations such as the Code of Conduct for Practice Integrity of the Headquarter Employees and the Measures for Disciplinary Inspection and Supervision, which strictly implements the Company’s anti-corruption management system, and creates an integrity culture atmosphere within the Group under which “no one dares to or can be corrupted or thinks of committing corruption”.

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

The Company engaged ShineWing Certified Public Accountants (Special General Partnership) for independent audit of effectiveness of its internal control in 2023, which issued an opinion that “the internal control over financial report of the Company was in compliance with the Basic Principles for Internal Control of Enterprises and relevant requirements and was effective in all significant aspects as at 31 December 2023” (for full text of the audit report, please refer to the announcement disclosed on the website of the Stock Exchange in form of overseas regulatory announcement on 28 March 2024).

## CORPORATE GOVERNANCE

### **XIV. DIVIDEND POLICY**

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

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

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

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

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

## CORPORATE GOVERNANCE

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

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

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

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

## Chapter 5

# REPORT OF THE DIRECTORS

The Board is pleased to submit the report of the directors together with the audited consolidated financial statements for the year ended 31 December 2023.

## **DIRECTORS AND SUPERVISORS**

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

## **PRINCIPAL ACTIVITIES**

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

## **PERMITTED INDEMNITY PROVISIONS**

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

## **MANAGEMENT CONTRACTS**

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

## **BUSINESS REVIEW**

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

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

## REPORT OF THE DIRECTORS

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

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

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

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

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

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

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

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

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

## REPORT OF THE DIRECTORS

### **5. Key Relationships**

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

### **INTERESTS OF DIRECTORS AND SUPERVISORS**

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

### **DONATIONS**

Details of charitable and other donations made by the Group during the year are set out in the section titled "III. Details on Performance of Consolidation of Antipoverty Achievements and Rural Revitalisation" under Chapter 7 — "Environmental and Social Responsibility" of this report and the full text of 2023 Environmental, Social and Governance Report of the Company disclosed on the website of the Stock Exchange on 26 April 2024.

### **ISSUE OF SHARES**

From 11 December 2022 to 10 December 2023, the 2020 A Share Option and Restricted Share Incentive Scheme entered the first exercise period and unlocking period, and entered the second exercise period and unlocking period since 11 December 2023. During the reporting period, there was an increase of 10,398,115 A shares due to the cumulative exercise of share options, and there were 26,994,385 restricted A shares unlocked, becoming available in the market. In addition, in accordance with the 2020 A Share Option and Restricted Share Incentive Scheme, on 13 March 2023, the Company completed the repurchase and cancellation of 7,327,392 restricted shares that failed to meet the unlocking conditions due to the resignation, retirement, etc. of certain incentive participants during the reporting period.

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

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

## REPORT OF THE DIRECTORS

### EQUITY-LINKED AGREEMENTS

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

### DIVIDENDS

During the year, an interim dividend of RMB0.05 per share (2022: RMB0.06) (tax inclusive) was distributed, totalling approximately RMB524,276,605.2 (2022: approximately RMB627,837,459.4). The Board recommends to distribute a final dividend of RMB0.10 per share (2022: RMB0.18) (tax inclusive) for the year ended 31 December 2023, totalling approximately RMB1,048,690,425 (2022: approximately RMB1,888,243,000).

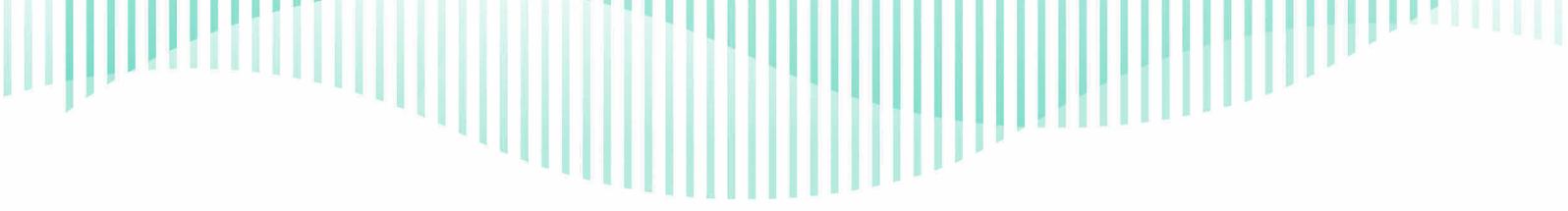
### REASONS FOR RESIGNATION

Mr. Shi Lei (“Mr. Shi”) ceased to serve as a staff representative supervisor of the Supervisory Committee of the Company with effect from 27 February 2023 due to work reallocation. Mr. Shi confirmed that he has no disagreement with the Board, the Supervisory Committee or the Company, and there are no other matters in respect of his resignation that need to be brought to the attention of the shareholders of the Company. Ms. Wang Yuan has been appointed as a staff representative supervisor of the sixth session of the Supervisory Committee of the Company since 27 February 2023.

Mr. Chen Maoshan (“Mr. Chen”) ceased to serve as a non-executive director (staff representative director) of the Company with effect from 4 September 2023 due to reaching retirement age. Mr. Chen confirmed that he has no disagreement with the Board or the Company, and there are no other matters in respect of his resignation that need to be brought to the attention of the shareholders of the Company. Ms. Deng Lei has been elected as a staff representative director of the Company and appointed as a non-executive director of the Company since 4 September 2023.

Ms. Chen Tian (“Ms. Chen”) ceased to serve as a supervisor of the Supervisory Committee of the Company with effect from 5 September 2023 due to personal work changes. Ms. Chen confirmed that she has no disagreement with the Board, the Supervisory Committee or the Company, and there are no other matters in respect of her resignation that need to be brought to the attention of the shareholders of the Company.

Mr. Liu Zhijun (“Mr. Liu”) ceased to serve as a non-executive director of the Company with effect from 28 September 2023 due to reaching retirement age. Mr. Liu confirmed that he has no disagreement with the Board or the Company, and there are no other matters in respect of his resignation that need to be brought to the attention of the shareholders of the Company.



## REPORT OF THE DIRECTORS

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

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

### **TAX RELIEF**

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

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

Guangzhou, the PRC, 28 March 2024

## Chapter 6

# REPORT OF THE SUPERVISORY COMMITTEE

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

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

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

The sixth session of the Supervisory Committee is currently composed of Cao Xiandong, Huang Cheng, Wang Yuan (staff representative supervisor), Zhu Chun (staff representative supervisor) and Huang Zhuo (staff representative supervisor), with a vacancy of two supervisors. On 27 February 2023, the staff representative meeting of the Company elected Wang Yuan as a supervisor of the sixth session of the Supervisory Committee, and Shi Lei, the former supervisor, ceased to remain in office due to work reallocation. On 23 February 2024, the staff representative meeting of the Company elected Zhu Chun as a supervisor of the sixth session of the Supervisory Committee, and the former supervisor, Wang Lu, ceased to remain in office as she has reached the age of retirement. The term of office of this session of the Supervisory Committee will expire on 8 October 2024. On 4 September 2023, the supervisor, Chen Tian resigned from his position as a supervisor due to personal work changes.

## REPORT OF THE SUPERVISORY COMMITTEE

### **II. BASIC EVALUATION OF THE PERFORMANCE OF THE BOARD AND SENIOR MANAGEMENT IN 2023**

The Supervisory Committee was of the view that the Board duly performed its operation in strict compliance with the requirements under the laws and regulations including the Company Law, the Articles of Association, the Listing Rules and the SSE Listing Rules, etc. during the reporting period. During the reporting period, in the face of multiple difficulties and challenges, the Company persisted in seeking progress while maintaining stability, plunged ahead to tackle problems, adopted comprehensive strategies, and went all out to preempt the market share, compete for orders, explore potential, and expand growth. The Company has made breakthroughs in the aspects such as realising coordinated inter-segment development, seeking market penetration, deepening the integrated synergy of self-developed brands, empowering the technological transformation of GAC, and promoting value creation, while maintaining a steady development trend in production and operations.

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

### **III. MEETINGS OF SUPERVISORY COMMITTEE CONVENED**

During the reporting period, the Supervisory Committee of the Company convened 9 supervisory meetings with the details as follows:

1. The 10th meeting of the 6th session of the Supervisory Committee was held on 13 January 2023, at which the resolution in respect of the disclosure of list of participants and auditing opinions of the Fourth Share Option Incentive Scheme was considered and approved.
2. The 11th meeting of the 6th session of the Supervisory Committee was held on 20 January 2023, at which the resolution in respect of the matters related to the grant under the Fourth Share Option Incentive Scheme was considered and approved.

## REPORT OF THE SUPERVISORY COMMITTEE

3. The 12th meeting of the 6th session of the Supervisory Committee was held on 29 March 2023, at which the following resolutions were considered and approved:
  - (1) Resolution in respect of the annual report and its summary of 2022;
  - (2) Resolution in respect of the supervisory committee report of 2022;
  - (3) Resolution in respect of the financial report of 2022;
  - (4) Resolution in respect of the profit distribution plan of 2022;
  - (5) Resolution in respect of the self-evaluation report on internal control of 2022;
  - (6) Resolution in respect of internal control audit report of 2022;
  - (7) Resolution in respect of the report of deposit and the actual utilisation of proceeds from fund-raising activities;
  - (8) Resolution in respect of the completion of certain investment projects funded by proceeds from non-public issuance of A shares and utilisation of the remaining proceeds for permanent replenishment of working capital; and
  - (9) The resolution on the related transactions concerning GAC Finance Company's provision of financial services to related parties.
4. The 13th meeting of the 6th session of the Supervisory Committee was held on 28 April 2023, at which the following resolutions were considered and approved:
  - (1) Resolution in respect of the first quarterly report of 2023;
  - (2) Resolution in respect of the appointment of auditors of 2023; and
  - (3) Resolution in respect of the appointment of internal control auditors of 2023.
5. The 14th meeting of the 6th session of the Supervisory Committee was held on 8 June 2023, at which the resolution in respect of adjusting the exercise price of the share option and restricted share repurchase price under the share option incentive scheme of the Company was considered and approved.

## REPORT OF THE SUPERVISORY COMMITTEE

6. The 15th meeting of the 6th session of the Supervisory Committee was held on 25 August 2023, at which the following resolutions were considered and approved:
  - (1) Resolution in respect of the interim report of 2023;
  - (2) Resolution in respect of the profit distribution plan for the interim period of 2023; and
  - (3) Resolution in respect of the report of deposit and utilisation of proceeds from fundraising activities for the first half of 2023.
7. The 16th meeting of the 6th session of the Supervisory Committee was held on 8 September 2023, at which the resolution in respect of adjusting the exercise price of the share option and restricted share repurchase price under the share option incentive scheme of the Company was considered and approved.
8. The 17th meeting of the 6th session of the Supervisory Committee was held on 26 October 2023, at which the following resolutions were considered and approved:
  - (1) Resolution in respect of the third quarterly report of 2023; and
  - (2) Resolution in respect of extending the use of the temporary idle fund-raising proceeds for cash management.
9. The 18th meeting of the 6th session of the Supervisory Committee was held on 16 November 2023, at which the resolution in respect of the matters related to the second exercise and unlocking under the 2020 A Share Option and Restricted Share Incentive Scheme was considered and approved.

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

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

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

## REPORT OF THE SUPERVISORY COMMITTEE

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

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

Evaluation Report on Internal Control of the Company for 2023 comprehensively, truthfully, accurately and objectively reflects the construction and operation of the internal control system.

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

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

The Supervisory Committee examined the financial conditions of the Company seriously and carefully and reviewed the 2022 annual financial report and the first quarterly report, interim report and the third quarterly report of 2023 during the reporting period, and considered the profit distribution plan implemented by the Company during the reporting period.

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

## REPORT OF THE SUPERVISORY COMMITTEE

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

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

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

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

## **V. WORKING PLAN**

In 2024, the Supervisory Committee will continue to proactively perform its supervisory responsibilities under the laws, the listing rules of Hong Kong and Shanghai and the Articles of Association. On the basis of corporate governance and focusing on financial supervision and risk prevention, the Supervisory Committee will continue to pay attention to the Company's business development. The Supervisory Committee will strictly implement the Rules of Procedures of the Supervisory Committee, organise and convene work meetings of the Supervisory Committee on a regular basis, and to attend the general meetings of shareholders, Board meetings and other important meetings of the Company according to law. These allow the Supervisory Committee to be timely informed of and supervise the legality of the major decisions and decision-making procedures of the Company in order to safeguard the legitimate interests of shareholders, staff members and the Company. The Supervisory Committee will faithfully and diligently perform its supervisory duties, strive to excel in every task, further promote the overall improvement of corporate governance of the Company, and facilitate the high-quality and sustainable development of the Company.

## Chapter 7

# ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

## I. ENVIRONMENTAL INFORMATION

The Company and every enterprise strictly abided by environmental protection laws and regulations, and endeavoured to implement the concept of environmental protection and green development in multiple dimensions based on industry characteristics, in order to co-construct a green, low-carbon and eco-friendly environment.

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

For details about the policies and measures on the environmental protection of the Group, please refer to the full text of the 2023 Environmental, Social and Governance Report disclosed on the website of the Stock Exchange on 26 April 2024.

# ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

## II. FULFILLMENT OF SOCIAL RESPONSIBILITY

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

For details about the fulfillment of social responsibilities by the Group, please refer to the full text of the 2023 Social Responsibilities Report disclosed on the website of the Stock Exchange (in form of overseas regulatory announcement) on 28 March 2024.

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

### 1. Robust fulfillment of “High-quality Development Project for Hundreds of Counties, Thousands of Towns and Tens of Thousands of Villages”

According to the decision-making arrangements, the Group took the lead in pairing assistance to Dongshi Town, Pingyuan County, Meizhou. Oriented by the five-year plan, the Group has made every effort to solidify and expand its achievements in poverty alleviation, paid close attention to form a rural revitalisation demonstration zone and the development pattern of “one industry for one belt, one core alongside two wings” encompassing Dongshi Town, and focused on creating a characteristic town of “Brilliant Hakkas · Red Cultural Connotation”, with an accumulative donation of RMB10.30 million. Such donations are mainly used for Zhuangyuan Road of Tiemin Middle School, renovation and upgrading of town parking lots, industrial co-construction demonstration base for peanut and rice, main road lighting and monitoring projects, and people-benefiting canals and other livelihood infrastructure projects, thereby promoting consumption assistance. The Group organised leaders of the Group and its affiliated investee companies to successively coordinate relevant works for 63 times, propelling Dongshi to transform the blueprint of rural revitalisation into a reality.

## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

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

For the purpose of propelling the intensive “GAC class”, the Group continued its collaborative efforts in organising the intensive “GAC class” with Bijie Vocational and Technical College of Guizhou Province and Taijiang County Secondary Vocational School in Qiandongnan Prefecture. By establishing village-enterprise pairing to deepen assistance mechanism, the Group helped 10 villages in 1 township in Nayong County, constantly improving the living environment and appearance of Lizi Village as a demonstration site for rural revitalisation in collaboration between the east and the west. In the field of expanding cooperation, the Group promoted the “Automobiles Full of Fragrance and Love” project, developing more than 20 industries in aggregate, with sales exceeding RMB10 million in 2023. Consumption assistance has been vigorously facilitated to promote “Guizhou’s agricultural specialties go out of mountainous areas”. In order to further promote the integrated development of GAC and Bijie, Urtrust Insurance, a professional automobile insurance company under GAC Group, has established a branch in Bijie to propel the development of the local auto finance and insurance industry.

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

In order to proactively respond to the provincial appeal for “Thousands of Enterprises Help Thousands of Towns and Villages”, the Group assisted in helping Taoyuan Village, Yaotian Town, Shaoguan. Taking the party construction as a driving force, the Group carried out activities such as branch co-construction, party members’ participation in visits and exchanges, and consumption supports, investing RMB1.50 million to facilitate the consolidation and expansion of poverty alleviation achievements in Taoyuan Village, Yaotian Town, with the rural revitalisation comprehensively promoted.

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

The Group proactively advanced industrial assistance to Meizhou in eastern Guangdong under the “3+3+3+X” supportive model, striving for optimised “four-in-one” development. The Group has completed a cumulative investment of RMB1.63 billion while achieving a revenue of approximately RMB1.53 billion and tax revenue of approximately RMB57.64 million, creating employment for more than 1,800 people. It has introduced the concepts of smart manufacturing and industrialised production to the local area, and practically empowered the recipients of assistance and made positive contributions to the economic and social development of Meizhou.

## Chapter 8

# SIGNIFICANT EVENTS

### I. PERFORMANCE OF UNDERTAKINGS

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

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

## SIGNIFICANT EVENTS

Background of undertakings	Type of undertakings	Undertaker	Contents of undertakings	Time of undertaking	Period of undertaking	Is there a fulfillment time limit	Whether fulfilled strictly in time
Other commitments	Non-competition	GAIG	<p>(1) Directly or indirectly do or participate in (or assist in doing or participating in) any business or activities which compete or may compete with the principal business of the Company in any manner (including but not limited to investment, merger and acquisition, forming associates, joint venture, cooperation, partnership, trust, underwriting, operating lease, acquisition of equity or joint stock), whether solely or jointly with other parties, in the PRC or overseas; (2) support any person other than promoters of the Company or subsidiaries of the promoters to do or participate in any business which competes or may compete with the principal business of the Company in any manner in the PRC or overseas; (3) intervene in any business or activities which compete or may compete with the principal business of the Company by other means (whether directly or indirectly), provided that the above undertaking shall not be applicable where GAIG or its subsidiaries (other than the Company and its subsidiaries) acquire or hold for investment purpose not more than 5% interest in other company listed on an internationally recognised stock exchange whose principal business competes or may compete with the principal business of the Company; or where GAIG or its subsidiaries or investee company hold not more than 5% interest in a third party whose principal business competes or may compete with the principal business of the Company as a result of the debt restructuring of third parties; (4) if GAIG or its subsidiaries (other than the Company and its subsidiaries) come across any new business opportunity which competes or may compete with the principal business of the Company, it shall immediately inform the Company in writing, and shall use its best endeavours to procure such business opportunity be first offered to the Company or its subsidiaries on fair and reasonable terms and conditions. The Company shall, within 30 days from receiving the aforesaid notification, notify GAIG or its subsidiaries (other than the Company and its subsidiaries) in writing whether or not the Company or its subsidiaries intend to take up the aforesaid business opportunity. Upon receiving notification from the Company that it intends to take up such opportunity, GAIG or its subsidiaries shall refer such business opportunity to the Company or its subsidiaries; (5) if the Company or its subsidiaries decide not to take up such business opportunities for any reason, upon receiving notification from the Company of such intention or the Company fails to respond in writing to GAIG or its subsidiaries within the said 30-day period, GAIG or its subsidiaries (other than the Company and its subsidiaries) may operate such new business on its own; (6) in the future, when GAIG or its subsidiaries (other than the Company and its subsidiaries) operate such new business which competes or may compete with the principal business of the Company pursuant to paragraph (5) above, or due to adjustments in national policies or other force majeure or unexpected events, such that competition in the same business occurs or becomes inevitable, GAIG or its subsidiaries (other than the Company and its subsidiaries) shall offer an option to the Company or its subsidiaries, pursuant to which the Company or its subsidiaries shall have the right to acquire any equity, asset and other interest in the competing business from GAIG or its subsidiaries in accordance with statutory processes in one or multiple tranches, or the Company or its subsidiaries may elect to operate assets or businesses in the competing business by way of entrusted operation, operating lease or underwriting operation in accordance with statutory processes, provided that the relevant laws and regulations of the PRC and the listing rules of the relevant stock exchange then in force are complied with.</p>	List date of A shares in 2012	Long-term	Yes	Yes

## SIGNIFICANT EVENTS

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

Met Unmet N/A

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

Applicable N/A

### III. ILLEGAL GUARANTEE

Applicable N/A

### IV. APPOINTMENT OR DISMISSAL OF ACCOUNTANTS

*Unit: Yuan Currency: RMB*

#### Currently appointed

Name of domestic accounting firm	ShineWing Certified Public Accountants LLP
Remuneration of domestic accounting firm	970,000
Audit years of domestic accounting firm	3
Names of the Certified Public Accountants of domestic accounting firm	Chen Jinqi, Ou Jinguang
Continuing service years of certified public accountant of domestic accounting firm	3
Name of overseas accounting firm	PricewaterhouseCoopers
Remuneration of overseas accounting firm	3,100,000
Audit years of overseas accounting firm	13

## SIGNIFICANT EVENTS

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

### EXPLANATION ON APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

As considered and approved at the 38th meeting of the 6th session of the Board, the 13th meeting of the 6th session of the Supervisory Committee and the 2022 annual general meeting of the Company, the Company appointed ShineWing Certified Public Accountants LLP and PricewaterhouseCoopers as auditors of the Company for the year 2023.

### CHANGE OF ACCOUNTING FIRM DURING THE AUDITING PERIOD

Applicable N/A

### V. DESCRIPTION OF RISKS OF DELISTING

Applicable N/A

### VI. MATTERS RELATING TO INSOLVENCY OR RESTRUCTURING

During the reporting period, on account of its insolvency, the joint venture of the Company, GAC FCA, filed for a winding-up in accordance with relevant requirements of existing laws and regulations in 2022. On 29 November 2022, Intermediate People's Court of Changsha, Hunan Province issued the Civil Judgement [(2022) Xiang 01 Po Shen No. 139] ((2022) 湘01破申139號) to formally accept its winding-up application. On 6 March 2023, Notice (2022) Xiang 01 Po No.214-1 ((2022) 湘01破 214-1號) was issued and Yingke (Changsha) Law Firm was designated to act as the administrator. Currently, the relevant matters are being processed in accordance with the statutory procedures.

### VII. MATERIAL LITIGATIONS AND ARBITRATIONS

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

## SIGNIFICANT EVENTS

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

Applicable N/A

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

Applicable N/A

### **X. SHARE OPTION INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP SCHEME OR OTHER EQUITY INCENTIVES OF THE COMPANY AND THE IMPACTS THEREOF**

#### **A-SHARE OPTION**

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

#### **RESTRICTED SHARES**

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

## SIGNIFICANT EVENTS

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

#### 1. Purpose

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

#### 2. Scheme Participants

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

#### 3. Basis of determining the exercise price of the share options and the grant price of the restricted shares

The Company granted a total of 102,101,330 A share options, which were all the A share options available for grant under the 2020 Incentive Scheme, to 2,872 participants on 4 December 2020, and the exercise price before adjustment was RMB9.98 per share, which was determined with reference to the highest of the following and shall not be lower than the nominal amount of the A shares:

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

## SIGNIFICANT EVENTS

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

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

The adjustment details for the exercise price of share options and the repurchase price of restricted shares (in the event that such restricted shares are to be repurchased and cancelled by the Company) since the implementation of the 2020 Incentive Scheme are as follows:

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

## SIGNIFICANT EVENTS

- Since 21 November 2022, as a result of the implementation of the final profit distribution plan for 2021 and the interim profit distribution plan for 2022, the exercise price of share options was adjusted to RMB9.55/A share accordingly and the repurchase price of restricted shares was adjusted to RMB4.56/A share accordingly under the 2020 Incentive Scheme. At the same time, in terms of the repurchase of restricted shares due to the resignation, retirement, assessment, etc. of participants, the repurchase prices are RMB4.56/A share and RMB4.67172/A share, respectively, depending on the circumstances of participants triggering the repurchase cancellation conditions (plus deposit interest for the same period). For details, please refer to the “Announcement on Adjusting the Equity Price, Equity Quantity and Personnel List of the 2020 A Share Options and Restricted Share Incentive Scheme” (Announcement No.: Lin 2022-077) disclosed on the websites of SSE and the Stock Exchange on 21 November 2022.
- Since 16 June 2023, as a result of the implementation of the final profit distribution plan for 2022, the exercise price of share options was adjusted to RMB9.37/A share accordingly and the repurchase price of restricted shares was adjusted to RMB4.38/A share accordingly under the 2020 Incentive Scheme. For details, please refer to the “Announcement on Adjusting the Exercise Price of the Share Option and Restricted Share Repurchase Price in the Share Option Incentive Scheme of the Company” (Announcement No.: Lin 2023-050) disclosed on the websites of SSE and the Stock Exchange on 8 June 2023.
- Since 18 September 2023, as a result of the implementation of the interim profit distribution plan for 2023, the exercise price of share options was adjusted to RMB9.32/A share accordingly and the repurchase price of restricted shares was adjusted to RMB4.33/A share accordingly under the 2020 Incentive Scheme. For details, please refer to the “Announcement on Adjusting the Exercise Price of the Share Option and Restricted Share Repurchase Price in the Share Option Incentive Scheme of the Company” (Announcement No.: Lin 2023-080) disclosed on the websites of SSE and the Stock Exchange on 8 September 2023.

## SIGNIFICANT EVENTS

The closing price of the Company's A shares on the date immediately before the grant date of the 2020 Incentive Scheme was RMB13.29 per share. Within any 12-month period, none of the participants were granted or will be granted options and awards in aggregate exceeding 1% of the total issued A shares of the Company under all effective share schemes of the Company. Details of the maximum entitlement (including A share options and restricted shares) that each director and senior management of the Company may be granted under the 2020 Incentive Scheme are set out in the Company's circular disclosed on the website of the Stock Exchange on 22 October 2020, and the maximum entitlement that can be granted to each other individual participant shall not be higher than the maximum entitlement limit of the above-mentioned ones. No amount is payable by the participants on application or acceptance of the A share options under the 2020 Incentive Scheme. According to the 2020 Incentive Scheme, the grant price of restricted A shares was RMB4.99 per share. In other words, after meeting the grant conditions, the participants purchased the restricted A shares which were issued and granted by the Company at a price of RMB4.99 per share.

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

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

As at the date of this annual report (i.e., 26 April 2024), the total number of securities issuable under the 2020 Incentive Scheme was 48,706,997 shares, representing approximately 0.46% of the total issued shares of the Company then.

Since all the 102,101,330 A share options and 102,101,330 restricted A shares available for grant under the 2020 Incentive Scheme were granted on 4 December 2020, the number of options and awards available for grant under the scheme mandate of the 2020 Incentive Scheme at the beginning and the end of the report period were both 0. As no service provider is eligible to be a participant under the 2020 Incentive Scheme, the service provider sublimit is not applicable to the 2020 Incentive Scheme.

## SIGNIFICANT EVENTS

The exercise periods and exercise schedule for the share options are as follows:

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

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

The details of the A share options under the 2020 Incentive Scheme for (i) directors and senior management and (ii) other employee participants during the reporting period are as follows:

## SIGNIFICANT EVENTS

### A share options under the 2020 Incentive Scheme

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

Name	Position/ Type of Participants	Number of outstanding A share options held at the beginning of the reporting period	Number of A share options newly granted during the reporting period	Number of A share options exercisable during the reporting period	Shares issued upon exercise of A share options during the reporting period	Number of A share options cancelled during the reporting period	Number of A share options lapsed during the reporting period	Exercise price of A share options (RMB)	Weighted average closing price immediately before the dates on which the A share options were exercised (RMB)	Number of outstanding A share options held at the end of the reporting period
Feng Xingya	Director and General Manager	290,000	0	116,000 <sup>(Note 2)</sup> 87,000 <sup>(Note 3)</sup>	116,000 <sup>(Note 2)</sup>	0	0	9.55 <sup>(Note 5)</sup>	11.15	174,000
Chen Maoshan	Staff Director and chairman of the labour union (retired on 4 September 2023)	147,000	0	73,500 <sup>(Note 3)</sup>	0	73,500	0	N/A <sup>(Note 5)</sup>	N/A	73,500
Yan Zhuangli	Deputy General Manager	260,000	0	104,000 <sup>(Note 2)</sup> 78,000 <sup>(Note 3)</sup>	0	0	104,000	N/A <sup>(Note 5)</sup>	N/A	156,000
Deng Lei	Non-executive director, chairwoman of the labour union (appointed on 4 September 2023)	128,300	0	51,320 <sup>(Note 2)</sup> 38,490 <sup>(Note 3)</sup>	51,320 <sup>(Note 2)</sup>	0	0	9.37 <sup>(Note 5)</sup>	10.47	76,980
Wang Dan	Chief accountant and person in charge of accounting function	156,000	0	78,000 <sup>(Note 3)</sup>	0	0	0	N/A <sup>(Note 5)</sup>	N/A	156,000
Gao Rui	Deputy General Manager	96,000	0	48,000 <sup>(Note 3)</sup>	0	0	0	N/A <sup>(Note 5)</sup>	N/A	96,000
Jiang Xiuyun	Deputy General Manager	0	0	0	0	0	0	N/A <sup>(Note 5)</sup>	N/A	0
Yu Jun	Deputy General Manager	147,000	0	73,500 <sup>(Note 3)</sup>	0	0	0	N/A <sup>(Note 5)</sup>	N/A	147,000
Zheng Heng	Deputy General Manager	245,000	0	98,000 <sup>(Note 2)</sup> 73,500 <sup>(Note 3)</sup>	0	0	98,000	N/A <sup>(Note 5)</sup>	N/A	147,000
Xia Xianqing	Deputy General Manager	245,000	0	98,000 <sup>(Note 2)</sup> 73,500 <sup>(Note 3)</sup>	0	0	98,000	N/A <sup>(Note 5)</sup>	N/A	147,000
Liu Xiangneng	Secretary to the Board and company secretary (appointed on 24 October 2023)	53,880	0	26,940 <sup>(Note 3)</sup>	0	0	0	N/A <sup>(Note 5)</sup>	N/A	53,880
Sui Li	Secretary to the Board and company secretary (resigned on 31 July 2023)	147,000	0	73,500 <sup>(Note 3)</sup>	0	73,500	0	N/A <sup>(Note 5)</sup>	N/A	73,500

## SIGNIFICANT EVENTS

Name	Position/ Type of Participants	Number of outstanding A share options held at the beginning of the reporting period	Number of A share options newly granted during the reporting period	Number of A share options exercisable during the reporting period	Shares issued			Exercise price of A share options (RMB)	Weighted average closing price immediately before the dates on which the A share options were exercised (RMB)	Number of outstanding A share options held at the end of the reporting period	
					Number of upon exercise of A share options during the reporting period	Number of A share options cancelled during the reporting period	Number of A share options lapsed during the reporting period				
2020 Incentive Scheme	Middle level and other core businesses, technical and management key personnel (i.e. 2,533 other employee participants in total)	62,540,574	0	11,891,873 <sup>(Note 2)</sup>	10,080,922 <sup>(Note 2)</sup>	3,092,691	1,810,951	From 1 January to 15 June 2023: 9.55; from 16 June to 17 September 2023: 9.37; from 18 September to 31 December 2023: 9.32	10.43	47,406,137	
<b>Total (together with that of the Directors and Senior Management):</b>		2,545	64,455,754	0	37,247,463	10,398,115	3,239,691	2,110,951	/	/	48,706,997

## SIGNIFICANT EVENTS

### Notes:

1. All participants must be employed by the Company pursuant to employment contracts during the appraisal period of the 2020 Incentive Scheme and no participants are retired staff re-employed by the Company. Among the participants, none of them are substantial shareholders or controllers of the Company who individually or jointly hold 5% or more of the shares, or their spouse, parents or children. All A share options under the 2020 Incentive Scheme have been granted to the relevant participants on 4 December 2020 (i.e. the grant date). The vesting period for the relevant A share options is set out on page 139 of this report.
2. Such A share options had become exercisable since the first exercise period commenced on 12 December 2022, expiring on 10 December 2023 (subject to the relevant restriction period).
3. Such A share options had become exercisable since the second exercise period commenced on 11 December 2023, expiring on 10 December 2024 (subject to the relevant restriction period).
4. None of the participants were granted or will be granted share options and awards in aggregate exceeding 1% of the total issued A shares of the Company within any 12 months under all effective share schemes of the Company and held throughout the scheme period.
5. Corresponding adjustments were made to the exercise prices of the A share options in accordance with the Company's profit distribution plan (please refer to the previous paragraphs on page 137 for details in relation to the respective exercise price adjustments of each incentive scheme).

## SIGNIFICANT EVENTS

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

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

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

The shares obtained by the participants by way of grant of the restricted shares arising from capitalisation issue, bonus issue and share subdivision shall be subject to locking, and shall not be sold in the secondary market or otherwise transferred. Such unlocking period(s) of such shares are the same as that of the restricted shares. If the Company repurchases the restricted shares that are yet to be unlocked, such shares shall be repurchased altogether.

## SIGNIFICANT EVENTS

The details of the restricted A shares under the 2020 Incentive Scheme for (i) directors and senior management and (ii) other employee participants during the reporting period are as follows:–

### Restricted A shares under the 2020 Incentive Scheme

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

Name	Position/ Type of Participants	Number of locked-up restricted A shares held at the beginning of the reporting period	Number of restricted A shares newly granted during the reporting period	Number of restricted A shares (i.e. vested) during the reporting period <sup>(Note 2)</sup>	Weighted	Number of restricted A shares cancelled and repurchased during the reporting period	Repurchase price of the restricted A shares (RMB)	Number of restricted A shares lapsed during the reporting period	Number of remaining locked-up restricted A shares held at the end of the reporting period
					average closing price immediately before the vesting date of restricted A shares (RMB) <sup>(Note 2)</sup>				
Feng Xingya	Director and General Manager	174,000	0	87,000	9.31	0	N/A	0	87,000
Chen Maoshan	Staff Director and chairman of the labour union (retired on 4 September 2023)	147,000	0	73,500	9.31	0	N/A	0	73,500
Yan Zhuangli	Deputy General Manager	156,000	0	78,000	9.31	0	N/A	0	78,000
Deng Lei	Non-executive director, chairwoman of the labour union (appointed on 4 September 2023)	76,980	0	38,490	9.31	0	N/A	0	38,490
Wang Dan	Chief accountant and person in charge of accounting function	156,000	0	78,000	9.31	0	N/A	0	78,000
Gao Rui	Deputy General Manager	96,000	0	48,000	9.31	0	N/A	0	48,000
Jiang Xiuyun	Deputy General Manager	0	0	0	9.31	0	N/A	0	0
Yu Jun	Deputy General Manager	147,000	0	73,500	9.31	0	N/A	0	73,500
Zheng Heng	Deputy General Manager	147,000	0	73,500	9.31	0	N/A	0	73,500
Xia Xianqing	Deputy General Manager	147,000	0	73,500	9.31	0	N/A	0	73,500
Liu Xiangneng	Secretary to the Board and company secretary (appointed on 24 October 2023)	53,880	0	26,940	9.31	0	N/A	0	26,940
Sui Li	Secretary to the Board and company secretary (resigned on 31 July 2023)	147,000	0	73,500	9.31	0	N/A	0	73,500

## SIGNIFICANT EVENTS

Name	Position/ Type of Participants	Number of locked-up restricted A shares held at the beginning of the reporting period	Number of restricted A shares newly granted during the reporting period	Number of restricted A shares unlocked (i.e. vested) during the reporting period <sup>(Note 2)</sup>	Weighted average closing price immediately before the vesting date of restricted A shares <sup>(Note 2)</sup> (RMB)	Number of restricted A shares cancelled and repurchased during the reporting period	Repurchase price of the cancelled restricted A shares (RMB)	Number of restricted A shares lapsed during the reporting period	Number of remaining locked-up restricted A shares held at the end of the reporting period
2020 Incentive Scheme	Middle level and other core businesses, technical and management key personnel (i.e. 2,654 other employee participants in total)	62,252,423	0	26,270,455	9.31	4,049,816	4.56	0	28,654,576
						3,277,576	4.67172		
<b>Total (together with that of the Directors and Senior Management):</b>									
	2,666	63,700,283	0	26,994,385	/	7,327,392	/	0	29,378,506

Notes:

- For the date of grant, grant price, validity period, vesting period and repurchase price of the abovementioned restricted A shares, please refer to the paragraph headed "X. Share Option Incentive Scheme, Employee Stock Ownership Scheme or Other Staff Incentives of the Company and the Impacts Thereof" set forth in Chapter 8-"Significant Events" of this report.
- On 11 December 2023 (i.e. upon the expiry of the second unlocking period), such restricted A shares were unlocked and become unrestricted for trade.
- Details of the repurchase price of the relevant restricted A shares which have to be cancelled and the corresponding adjustments to the repurchase price are set out on pages 136 and 137 of this report.

## SIGNIFICANT EVENTS

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

#### 1. Purpose

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

#### 2. Scheme Participants

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

#### 3. Number of Granted Options and the Basis of Determining the Exercise Price of the Share Options

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

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

## SIGNIFICANT EVENTS

The adjustment details for the exercise price of share options since the implementation of the 2022 Incentive Scheme are as follows:

- Since 16 June 2023, as a result of the implementation of the final profit distribution plan for 2022, the exercise price of share options was adjusted to RMB11.81/A share accordingly under the 2022 Incentive Scheme. For details, please refer to the “Announcement on Adjusting the Exercise Price of the Share Option and Restricted Share Repurchase Price in the Share Option Incentive Scheme of the Company” (Announcement No.: Lin 2023-050) disclosed on the websites of SSE and the Stock Exchange on 8 June 2023.
- Since 18 September 2023, as a result of the implementation of the interim profit distribution plan for 2023, the exercise price of share options was adjusted to RMB11.76/A share accordingly under the 2022 Incentive Scheme. For details, please refer to the “Announcement on Adjusting the Exercise Price of the Share Option and Restricted Share Repurchase Price in the Share Option Incentive Scheme of the Company” (Announcement No.: Lin 2023-080) disclosed on the websites of SSE and the Stock Exchange on 8 September 2023.

The closing price of the Company's A shares on the date immediately before the grant date of the 2022 Incentive Scheme was RMB11.37 per share. Within any 12-month period, none of the participants were granted or will be granted options and awards in aggregate exceeding 1% of the total issued A shares of the Company under all effective share schemes of the Company. Details of the maximum entitlement (i.e. A share options) that each director and senior management of the Company may be granted under the 2022 Incentive Scheme are set out in the Company's circular disclosed on the website of the Stock Exchange on 4 January 2023, and the maximum entitlement that can be granted to each other individual participant shall not be higher than the maximum entitlement limit of the above-mentioned ones. No amount is payable by the participants on application or acceptance of the A share options under the 2022 Incentive Scheme.

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

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

## SIGNIFICANT EVENTS

As at the date of this report (i.e., 26 April 2024), the total number of securities issuable under the 2022 Incentive Scheme was 233,455,400 shares, representing approximately 2.23% of the total issued shares of the Company then.

Since the 2022 Incentive Scheme was adopted on 20 January 2023, and given that all the 233,896,200 A share options available for grant under the 2022 Incentive Scheme were granted on 20 January 2023 (and no share award is available for grant under the 2022 Incentive Scheme), the number of options and awards available for grant under the scheme mandate of the 2022 Incentive Scheme at the beginning and the end of the report period were both 0. As no service provider is eligible to be a participant under the 2020 Incentive Scheme, the service provider sublimit is not applicable to the 2022 Incentive Scheme.

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

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

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

## SIGNIFICANT EVENTS

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

The details of the A share options under the 2022 Incentive Scheme for (i) directors and senior management and (ii) other employee participants during the reporting period are as follows:

### A share options under the 2022 Incentive Scheme

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

Name	Position/Type of Participants	Number of outstanding A share options held at the beginning of the reporting period <sup>(Note 1)</sup>	Number of A share options newly granted during the reporting period	Weighted average closing price	Number of A share options exercisable during the reporting period <sup>(Note 2)</sup>	Shares issued upon exercise of A share options during the reporting period	Number of A share options cancelled during the reporting period	Exercise price of A share options (RMB)	Number of outstanding A share options held at the end of the reporting period
				immediately before the dates on which the A share options were granted (RMB)					
Feng Xingya	Director and General Manager	N/A	500,000	11.37	0	0	0	11.99/11.81/11.76	500,000
Chen Maoshan	Staff Director and chairman of the labour union (retired on 4 September 2023)	N/A	425,000	11.37	0	0	0	11.99/11.81/11.76	425,000
Deng Lei	Non-executive director, chairwoman of the labour union (appointed on 4 September 2023)	N/A	425,000	11.37	0	0	0	11.99/11.81/11.76	425,000
Yan Zhuangli	Deputy General Manager	N/A	450,000	11.37	0	0	0	11.99/11.81/11.76	450,000
Wang Dan	Chief accountant and person in charge of accounting function	N/A	450,000	11.37	0	0	0	11.99/11.81/11.76	450,000
Gao Rui	Deputy General Manager	N/A	450,000	11.37	0	0	0	11.99/11.81/11.76	450,000
Jiang Xiuyun	Deputy General Manager	N/A	450,000	11.37	0	0	0	11.99/11.81/11.76	450,000
Yu Jun	Deputy General Manager	N/A	450,000	11.37	0	0	0	11.99/11.81/11.76	450,000
Zheng Heng	Deputy General Manager	N/A	450,000	11.37	0	0	0	11.99/11.81/11.76	450,000
Xia Xianqing	Deputy General Manager	N/A	450,000	11.37	0	0	0	11.99/11.81/11.76	450,000
Sui Li	Secretary to the Board and company secretary (resigned on 31 July 2023)	N/A	425,000	11.37	0	0	0	11.99/11.81/11.76	425,000

## SIGNIFICANT EVENTS

Name	Position/Type of Participants	Number of A share options held at the beginning of the reporting period <sup>(Note 1)</sup>	Number of A share options newly granted during the reporting period	Weighted average closing price	Number of A share options exercisable during the reporting period <sup>(Note 2)</sup>	Shares issued upon exercise of A share options during the reporting period	Number of A share options lapsed/cancelled during the reporting period	Exercise price of A share options (RMB)	Number of A share options outstanding at the end of the reporting period	
				immediately before the dates on which the A share options were granted (RMB)						
Liu Xiangneng	Secretary of the Board and company secretary (appointed on 24 October 2023)	N/A	230,000	11.37	0	0	0	11.99/11.81/11.76	230,000	
	Middle level and other core businesses, technical and management key personnel (i.e. 3,071 other employee participants in total)	N/A	228,300,400	11.37	0	0	0	11.99/11.81/11.76	228,300,400	
<b>Total (together with that of the Directors and Senior Management):</b>										
		3,083	N/A	233,455,400	/	0	0	0	11.99/11.81/11.76	233,455,400

### Notes:

- At the beginning of the reporting period, the 2022 Incentive Scheme had not been approved and become effective yet. All the 223,896,200 A share options available for grant under the 2022 Incentive Scheme were granted on 20 January 2023. Since 16 June 2023, as a result of the implementation of the final profit distribution plan for 2022, the price of A share options was adjusted to RMB11.81/A share accordingly under the 2022 Incentive Scheme. Since 18 September 2023, as a result of the implementation of the interim profit distribution plan for 2023, the price of A share options was adjusted to RMB11.76/A share accordingly under the 2022 Incentive Scheme. Details of the exercise prices of the relevant A share options under the 2022 Incentive Scheme are set out on page 147 of this report.

## SIGNIFICANT EVENTS

2. During the reporting period, A share options under the 2022 Incentive Scheme have not become exercisable yet. Details of the vesting period, the exercise period and exercise price for the relevant A share options under the 2022 Incentive Scheme are set out on pages 146 to 148 of this report.
3. All A share options under the 2022 Incentive Scheme has been granted to the participants (including the above-mentioned directors and senior management) on 20 January 2023. The above share options granted are subject to the fulfillment of the performance appraisal requirements and the individual performance appraisal requirements by the Company and participants respectively during each of the relevant exercise periods. For details, please refer to Appendix VI to the circular of the Company dated 4 January 2023 in relation to, among other things, the Fourth Share Option Incentive Scheme.
4. The fair values of the above A share options on the date of grant and the accounting standards and policies adopted are set out below:

Accounting standards	Accounting Standards for Business Enterprises No.11 – Share-based Payments and Accounting Standards for Business Enterprises; and No.22 – Recognition and Measurement of Financial Instruments issued by the Ministry of Finance of the PRC
Option pricing model	Black-Scholes model
Parameters	Closing price on the grant date S: RMB11.53/share; Exercise price of options K: RMB11.99/share; Risk-free interest rate r: 2.5379%; Validity of options t: 3.7 years; Stock volatility $\sigma$ : 28.2%; Dividend rate i: 0%
Calculation result	Fair value of share option: RMB2.72/share

The Company granted a total of 233,455,400 A share options and 0 share award in respect of all share schemes (including the 2020 Incentive Scheme and the 2022 Incentive Scheme referred to above) during the reporting period, and the number of shares that may be issued in respect of all options granted (assuming that all the options are exercisable) could be 233,455,400 A shares, representing 3.16% of the issued A shares during the reporting period, with the weighted average number of issued A shares during the reporting period being 7,387,545,405.

## SIGNIFICANT EVENTS

### XI. MATERIAL CONNECTED TRANSACTIONS

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

#### 2. TRANSACTIONS UNDER THE LISTING RULES

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

At the time of listing of the Company, the Stock Exchange granted a conditional waiver from strict compliance with the requirements of Chapters 14 and 14A of the Listing Rules in respect of immaterial joint ventures. The Company is required to review whether the immaterial joint ventures met the conditions in the waiver on a yearly basis. For the 2023 financial year, the principal joint ventures of the Company were GAC Toyota, GAC Honda and GAC-SOFINCO.

##### (B) Connected transactions

For the year ended 31 December 2023, the Group and its associates (as defined in the Listing Rules) had entered into the following connected transactions:

Chenqi Technology Limited (the “Target Company”) proposed the capital injection by way of the issue of warrants to GAIG and other Series B investors (collectively referred to as the “Series B Subscribers”). On 30 July 2023, among the subscription agreements entered into with each of the Series B Subscribers, the Target Company entered into a subscription agreement with GAIG, pursuant to which GAIG agreed to subscribe in cash for warrants, upon exercise of which 9,684,625 Series B preferred shares would be issued to GAIG, at a total exercise price of approximately RMB294.8 million (equivalent to approximately HK\$324 million).

The total exercise price of the warrants and the price of each Series B preferred share were determined after arm’s length negotiation between the Target Company and the Series B Subscribers with reference to other market comparables as well as the valuation of the Target Company as per the appraisal by an independent valuer as at 31 July 2022 using market approach.

## SIGNIFICANT EVENTS

As at 31 July 2023, the Group indirectly held approximately 23.60% of the equity interest in the Target Company. Upon completion of the capital injection, GAIG's direct equity interest in the Target Company would increase from approximately 11.64% to approximately 15.31%, and the Company's indirect equity interest in the Target Company would be diluted from approximately 23.60% to approximately 19.89% accordingly.

The Target Company at that time would be able to benefit from the additional capital obtained from the investment and the knowledge and experience of the Series B Subscribers. As the Series B Subscribers were institutional investors and professional strategic investors in relevant industries, they were able to provide the Target Company with knowledge and experience which would be beneficial for its future development. While the Company did not participate in the capital injection, the Directors (including the independent non-executive Directors) believed that the capital injection would be beneficial to the Company (being one of the shareholders of the Target Company with significant shareholding) and was fair and reasonable and in the interests of the Company and its shareholders as a whole.

According to the Listing Rules, GAIG was the controlling shareholder of the Company and therefore a connected person of the Company. The Target Company was an associate of GAIG and hence was also a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the Company's non-participation in the Capital Injection and GAIG's participation in the Capital Injection, which would result in the deemed disposal of the Company's equity interest in the Target Company, constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) were more than 0.1% but all of them were less than 5%, according to Rule 14A.76(2)(a) of the Listing Rules, such transaction was subject to the reporting and announcement requirements, but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. For details of the deemed disposal, please refer to the announcement of the Company published on 31 July 2023.

## SIGNIFICANT EVENTS

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

For the year ended 31 December 2023, the Group and its associates (as defined in the Listing Rules) had entered into the following continuing connected transactions:

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

For the year ended 31 December 2023, each of the JV Partner Group provided transport and logistics services (the “JV Partner Logistics Services”) in respect of vehicle products and vehicle parts and components to the Company, its subsidiaries and the principal joint ventures (including GAC Toyota and GAC Honda) according to the following pricing terms on a regular basis. The Company’s principal joint ventures purchase raw materials and components from the relevant joint venture partners, as well as selling some products to the relevant joint venture partners. The relevant joint venture partners will provide transportation and logistics services to complete the entire process. Such service will continue during the term of the joint ventures.

On 8 April 2022:

- (i) GAC Toyota Logistics Co., Ltd. (廣汽豐田物流有限公司) (“GAC Toyota Logistics”) (as the service provider) of the JV Partner Group entered into an agreement in writing (the “Framework Agreement(s) of JV Partner”) with Guangzhou GAC Commercial Logistics Co., Ltd. (廣州廣汽商貿物流有限公司), Hunan Shun Jie Logistics Co., Ltd. (湖南順捷物流有限公司) and Guangzhou Automobile Hunan NYK Logistics Co., Ltd. (湖南廣汽商貿日郵物流有限公司) of the Group, so as to continue with the JV Partner Logistics Services, with validity period from 1 January 2022 to 31 December 2024. Upon the expiration of the validity period, renewal is subject to the mutual agreement of the parties of the agreement.

## SIGNIFICANT EVENTS

- (ii) GAC Toyota Logistics (as the service provider) of the JV Partner Group entered into an agreement in writing (the “New Agreement(s) of JV Partner”) with Guangzhou GAC Commercial Changrun Automobile Sales Co., Ltd. (廣州廣汽商貿長潤汽車銷售有限公司), Guangzhou GAC Commercial Changning Automobile Sales Co., Ltd. (廣州廣汽商貿長寧汽車銷售有限公司), Guangzhou Guangyou Logistics Development Co., Ltd. (廣州廣祐物流發展有限公司), and Guangzhou Business Railway Logistics Co., Ltd. (廣州商鐵物流有限責任公司) of the Group, so as to proceed with the JV Partner Logistics Services, with validity period from 1 January 2022 to 31 December 2024. Upon the expiration of the validity period, renewal is subject to the mutual agreement of the parties of the agreement.
  
- (iii) Tong Fang Logistics (as the service provider) of the JV Partner Group entered into the Framework Agreement of JV Partner with GAC Toyota and GAC Toyota Automobile Sales Co., Ltd. (廣汽豐田汽車銷售有限公司) of the Group, so as to continue with the JV Partner Logistics Services, with validity period from 1 January 2022 to 31 December 2024. Upon the expiration of the validity period, renewal is subject to the mutual agreement of the parties of the agreement. On 8 February 2024, the Company agreed that Tong Fang Logistics would be dissolved and liquidated in accordance with the law. Since 1 April 2023, GAC Toyota Logistics Co., Ltd. (廣汽豐田物流有限公司) of the JV Partner Group has superseded Tong Fang Logistics as the service provider under the Framework Agreements of JV Partner, and the annual cap and principal terms of agreements of each transaction remain unchanged.

## SIGNIFICANT EVENTS

- (iv) GAC Honda Logistics Co., Ltd. (廣汽本田物流有限公司) (as the service provider) of the JV Partner Group entered into the Framework Agreement of JV Partner with Guangzhou GAC Commercial Renewable Resources Co., Ltd. (廣州廣汽商貿再生資源有限公司) and GAC Honda of the Group, so as to continue with the JV Partner Logistics Services, with validity period from 1 January 2022 to 31 December 2024. Upon the expiration of the validity period, renewal is subject to the mutual agreement of the parties of the agreement.
  
- (v) GAC Honda Logistics Co., Ltd. (廣汽本田物流有限公司) (as the service provider) of the JV Partner Group entered into the New Agreement of JV Partner with GAC Honda Automobile Sales Co., Ltd. (廣汽本田汽車銷售有限公司) of the Group, so as to proceed with the JV Partner Logistics Services, with validity period from 1 January 2022 to 31 December 2024. Upon the expiration of the validity period, renewal is subject to the mutual agreement of the parties of the agreement.

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

## SIGNIFICANT EVENTS

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

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

For the year ended 31 December 2023, the total amount of the consideration paid by the Group for the JV Partner Logistics Services was RMB1,989,605,086.



## SIGNIFICANT EVENTS

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

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

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

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

## SIGNIFICANT EVENTS

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

- (a) For the year ended 31 December 2023, members of the Group sold raw materials, parts and components and vehicles to the JV Partner Group according to the following pricing terms on a regular basis. Such service will continue during the term of the joint ventures.

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

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

- (b) For the year ended 31 December 2023, members of the JV Partner Group provided the sale of raw materials, parts and components and production equipment to the principal joint ventures according to the following pricing terms on a regular basis. Such service will continue during the term of the joint ventures.



## SIGNIFICANT EVENTS

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

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

## SIGNIFICANT EVENTS

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

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

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

## SIGNIFICANT EVENTS

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

For the year ended 31 December 2023, the JV Partner Group provided technical support, research and development support and information enquiry (including production preparation support, local support, advisory services, and provisions of software) to the Group according to the following pricing terms on a regular basis. The Company's joint venture partners are the proprietors of the technology involved in the production of vehicle models manufactured by the principal joint ventures and they are primarily responsible for the research and development of all new models. The provision of technical support by the joint venture partners is to ensure that the latest technology is applied in the manufacturing process of the principal joint ventures and to ensure that the products remain competitive in the market. Such service will continue during the term of the joint ventures.

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

## SIGNIFICANT EVENTS

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

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

## SIGNIFICANT EVENTS

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

For the year ended 31 December 2023, the joint venture partners of the principal joint ventures provided the use of intellectual property rights (in relation to production and sales of vehicles) to the principal joint ventures according to the following pricing terms on a regular basis. The right to use intellectual property is key to the long-term profitability and competitiveness of the principal joint ventures and their products. The Group entered into several technology license agreements and trademark license agreements with the Company's joint venture partners during the track record period in the past. Such agreements will continue during the term of the joint ventures.

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

## SIGNIFICANT EVENTS

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

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

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

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

## SIGNIFICANT EVENTS

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

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

### **(D) Control Mechanism**

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

## SIGNIFICANT EVENTS

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

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

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

## SIGNIFICANT EVENTS

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

The independent non-executive directors of the Company confirm that for the year ended 31 December 2023, the above continuing connected transactions entered into by the Company as one of the parties are:

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

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

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the aforesaid continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. Auditor of the Company confirmed in such letter that for the year ended 31 December 2023, in respect of the above continuing connected transaction to which the Company is one of the parties:

- (1) nothing has come to their attention that those transactions have not been approved by the Board;

## SIGNIFICANT EVENTS

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

## XII. MATERIAL CONTRACTS AND THEIR PERFORMANCE

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

**1. Trusts**

Applicable N/A

**2. Contracts**

Applicable N/A

**3. Lease arrangements**

Applicable N/A

## SIGNIFICANT EVENTS

### (II) GUARANTEE

Unit: 0'000 Yuan Currency: RMB

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

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

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

Total guarantee provided to subsidiaries of the Company during the reporting period	2,800
Total balance of guarantee provided to subsidiaries of the Company as at the end of the reporting period (B)	27,500

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

Total guarantee (A+B)	27,500
Proportion of total guarantee in the net assets of the Company (%)	0.24
Including:	
Amount of guarantees provided to shareholders, beneficial controllers and their related parties (C)	0
Amount of debt guarantees directly or indirectly provided for guaranteed parties with the gearing ratio exceeding 70% (D)	0
Amount of the total guarantees exceeding 50% of net assets (E)	0
Total amount of above three guarantees (C+D+E)	0
Description on unexpired guarantees that may be subject to joint liability	N/A
Description of guarantee	

Guarantee provided to subsidiaries during the reporting period mainly represented the guarantee for customs duty issued to GAC Motor and its subsidiary Guangzhou Qisheng Powertrain Co., Ltd. (廣州祺盛動力總成有限公司) by GAC Finance Company

## SIGNIFICANT EVENTS

### (III) ENTRUSTED CASH ASSETS MANAGEMENT

**1. Entrusted wealth management**

Applicable N/A

**2. Entrusted loans**

As at 31 December 2023, details of the undue entrusted loans are shown in the table below.

*Unit: 0'000 Yuan Currency: RMB*

<b>Name of the borrower</b>	<b>Amount of entrusted loan</b>	<b>Commencement date of entrusted loans</b>	<b>Termination date of entrusted loans</b>	<b>Annualised rate of return</b>	<b>Actual recovery</b>
Changsha Magna Automobile Exterior Decoration Co., Ltd. (長沙麥格納汽車外飾有限公司)	3,185.00	2022/10/14	2023/10/14	3.65%	Repaid
Changsha Magna Automobile Exterior Decoration Co., Ltd. (長沙麥格納汽車外飾有限公司)	3,185.00	2023/10/14	2024/10/14	3.45%	Undue

### (IV) OTHER MATERIAL CONTRACTS

Applicable N/A

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

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

## SIGNIFICANT EVENTS

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

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

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

## SIGNIFICANT EVENTS

Details of utilisation of the proceeds raised as at 31 December 2023 are set out below:

### As at 31 December 2023

As at 31 December 2023, the amount of proceeds brought forward was RMB781,221,689.27 whereas the total cumulative amount of utilised proceeds was RMB12,966,913,248 (inclusive of issuance expenses). There was no inconsistency between the utilisation of the proceeds and the original intended use.

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

Unit: 0'000 Yuan Currency: RMB

No.	Investment project	Total amount of investment commitment from the proceeds raised	Amount invested for this year	Cumulative amount invested	Estimated time of completion
1	New energy vehicles and R&D of prospective technology project	480,000.00	0.00	479,422.30	Completed
2	GAEI phase 1 base expansion project	60,000.00	2,886.51	50,743.99	Completed
3	GAEI phase 2 base construction project	100,000.00	0.00	76,518.68	Completed
4	GAC proprietary brand project of Xinjiang	80,000.00	0.00	22,782.95	Completed
5	GAC improvement project of Hangzhou	220,000.00	0.00	152,350.38	Completed
6	GAC proprietary brands technological reformation project	250,000.00	0.00	212,165.22	Completed
7	GAC proprietary brands vehicle models projects	215,000.00	0.00	201,784.36	Completed
7.1	GAMC A16 project	20,000.00	0.00	18,780.34	Completed
7.2	GAMC A35 project	35,000.00	0.00	32,329.64	Completed
7.3	GAMC A5H project	30,000.00	0.00	30,547.98	Completed
7.4	GAMC A10 project	40,000.00	0.00	36,841.51	Completed
7.5	GAMC A30 project	15,000.00	0.00	15,000.00	Completed
7.6	GAMC A32 project	10,000.00	0.00	10,000.00	Completed
7.7	GAMC A06 project	35,000.00	0.00	35,140.89	Completed
7.8	GAMC A7M project	30,000.00	0.00	23,144.00	Completed
8	GAMC engine project	50,000.00	0.00	48,581.73	Completed
9	GAMC gearbox project	30,000.00	0.00	29,036.72	Completed
10	P6 gearbox development project	15,000.00	0.00	15,000.00	Completed
	Issuance expenses	-	0.00	8,305.00	-
	<b>Total</b>	<b>1,500,000.00</b>	<b>2,886.51</b>	<b>1,296,691.33</b>	

## SIGNIFICANT EVENTS

As at 24 May 2023, after being considered and approved by shareholders at the 2022 annual general meeting by special resolution, the remaining proceeds (and net interest income) from the completion of certain fundraising projects (including GAEI phase 2 base construction project and GAC proprietary brands technological reformation project) amounting to approximately RMB906.1389 million in total was utilised for permanent replenishment to working capital.

As at 28 March 2024, as approved by the 60th meeting of the sixth session of the Board and the 19th meeting of the sixth session of Supervisory Committee of the Company, the Company proposed to change the unused remaining proceeds (including interest and cash management revenue) of a total of approximately RMB621.5779 million of the original fund-raising project “GAC proprietary brand project of Xinjiang” to the new fund-raising project “GAC proprietary brands vehicle models projects”. The total investment of the new fund-raising project amounted to approximately RMB1,355.83 million (of which the total investment of the A66 project was approximately RMB671.92 million, and that of the T68 project was approximately RMB683.91 million). The proceeds intended for utilisation was approximately RMB621.5779 million (data as of 31 December 2023, exact amount shall be subject to the balance in the special project account upon actual carrying forward), and the remaining funds were financed by the self-owned funds or self-raised funds. The partial change in fund-raising investment projects will be considered by shareholders at the 2023 annual general meeting of the Company.

For further information on the utilisation of proceeds raised from the non-public issuance, please refer to the “2023 Annual Specific Report on the Deposit and Utilisation of the Proceeds by Guangzhou Automobile Group Co., Ltd.” published by the Company on 28 March 2024 by way of overseas regulatory announcement.

## Chapter 9

# Changes in Shares and Information on Shareholders

## I. CHANGES IN SHARE CAPITAL

### (I) STATEMENT OF CHANGES IN SHARES

Unit: share

	Before change		Increase/decrease in the change(+/-)				After change		
	Number	Percentage (%)	Issue of new shares	Bonus issue	Conversion from contributed capital surplus	Others	Subtotal	Number	Percentage (%)
I. Restricted Shares	63,700,283	0.61				-34,321,777	-34,321,777	29,378,506	0.28
1. State-owned Shares									
2. Shares held by state-owned legal person									
3. Shares held by other domestic entities	63,700,283	0.61				-34,321,777	-34,321,777	29,378,506	0.28
Including: Shares held by domestic non-state-owned legal persons									
Shares held by domestic natural persons	63,700,283	0.61				-34,321,777	-34,321,777	29,378,506	0.28
4. Shares held by foreign entities									
Including: Shares held by overseas legal persons									
Shares held by overseas natural persons									
II. Non-restricted tradable shares	10,423,463,408	99.4				37,392,500	37,392,500	10,460,855,908	99.72
1. RMB-denominated ordinary shares	7,324,843,103	69.85				37,392,500	37,392,500	7,362,235,603	70.18
2. Domestically-listed foreign shares									
3. Overseas listed foreign shares	3,098,620,305	29.55						3,098,620,305	29.54
4. Others									
III. Total shares	10,487,163,691	100				3,070,723		10,490,234,414	100

## Changes in Shares and Information on Shareholders

### Explanation on changes in shares

From 11 December 2022 to 10 December 2023, 2020 A share option and restricted share incentive scheme entered the first exercise period and unlocking period, and entered the second exercise period and unlocking period on 11 December 2023. During the reporting period, an aggregate of additional 10,398,115 A shares were issued upon exercise of share options, and 26,994,385 restricted A shares were unlocked, available for trading in the market. In addition, in accordance with relevant requirements of 2020 A share option and restricted share incentive scheme, the Company repurchased and cancelled 7,327,392 restricted A shares on 13 March 2023 that failed to meet the unlocking conditions due to reasons such as the resignation and retirement of some participants during the reporting period.

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

Applicable  N/A

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

Applicable  N/A

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

Unit: share

Name of shareholder	Number of shares subject to trading moratorium at the beginning of the year	Number of shares released from trading moratorium during the year	Increase in the number of shares subject to trading moratorium during the year	Number of shares subject to trading moratorium at the end of the year	Reasons for trading moratorium	Date of lifting trading moratorium
2020 A share option and restricted share incentive scheme of the Company	63,700,283	26,994,385	-7,327,392	29,378,506	Share incentive	11 December 2023
Total	63,700,283	26,994,385	-7,327,392	29,378,506	/	/

Note: Shares subject to trading moratorium of the Company were restricted shares granted to the participants pursuant to the 2020 A share option and restricted share incentive scheme of the Company. 26,994,385 shares were unlocked during the reporting period, while 7,327,392 restricted shares were repurchased and cancelled due to reasons such as the resignation and retirement of some participants.

## Changes in Shares and Information on Shareholders

### II. ISSUE AND LISTING OF SECURITIES

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

Applicable  N/A

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

Applicable  N/A

### III. INFORMATION ON SHAREHOLDERS AND ULTIMATE CONTROLLER

#### (I) TOTAL NUMBER OF SHAREHOLDERS

Total number of shareholders of ordinary shares as at the end of the reporting period	155,717
Total number of shareholders of ordinary shares as at the end of the month prior to the disclosure of the annual report	150,569

## Changes in Shares and Information on Shareholders

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

Unit: Share

Name of shareholder(Full name)	Shareholding of top ten shareholders(excluding shares lent under the margin refinancing transfer)			Number of shares held subject to trading moratorium	Pledged, tagged or frozen		
	Increase/decrease during the reporting period	Number of shares held at the end of the period	Percentage (%)		Status	Number	Nature of shareholder
GAIG <sup>Note 1</sup>	-	5,508,160,069	52.51	0	Nil	0	State-owned shareholder
HKSCC NOMINEES LIMITED <sup>Note 2</sup>	-134,251	3,094,949,075	29.50	0	Unknown	-	Foreign legal person
Guangzhou Huiyin Tianyue Equity Investment Fund Management Co., Ltd. (廣州匯悅天粵股權投資基金管理有限公司)	-	396,030,558	3.78	0	Pledged	15,819,210	State-owned legal person
Guangzhou Finance Holdings Assets Management Co., Ltd. – GFHAM Wealth Management Select No. 3 Private Investment Fund (廣州金控資產管理有限公司—廣金資產財富管理優選3號私募投資基金)	-	140,738,735	1.34	0	Nil	0	Other
Guangzhou Industrial Investment and Capital Operation Holding Group Ltd. (廣州產業投資控股集團有限公司)	-4,030,900	139,942,653	1.33	0	Nil	0	State-owned legal person
Hong Kong Securities Clearing Company Limited	-18,506,017	56,336,910	0.54	0	Nil	0	Foreign legal person
Guangzhou Light Industry & Trade Group Co., Ltd. (廣州輕工工貿集團有限公司)	-	51,084,691	0.49	0	Nil	0	State-owned legal person
Shanghai Pu-Xing Energy Limited (普星聚能股份公司)	-59,400,164	46,599,810	0.44	0	Nil	0	Domestic non-state-owned legal person
HONG Zejun	-	40,000,000	0.38	0	Nil	0	Foreign natural person
ICBC-China AMC SSE-SZSE 300 Index Securities Investment Fund (中國工商銀行股份有限公司—華泰柏瑞滬深300交易型開放式指數證券投資基金)	-	16,374,020	0.16	0	Nil	0	Other

## Changes in Shares and Information on Shareholders

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

Name of shareholder	Number of tradable shares not subject to trading moratorium	Class and number of shares	
		Class	Number
GAIG <sup>Note 1</sup>	5,508,160,069	A shares, H shares	5,508,160,069
HKSCC NOMINEES LIMITED <sup>Note 2</sup>	3,094,949,075	Overseas listed foreign shares	3,094,949,075
Guangzhou Huiyin Tianyue Equity Investment Fund Management Co., Ltd. (廣州匯垠天粵股權投資基金管理有限公司)	396,030,558	RMB ordinary shares	396,030,558
Guangzhou Finance Holdings Assets Management Co, Ltd. - GFHAM Wealth Management Select No. 3 Private Investment Fund (廣州金控資產管理有限公司－廣金資產財富管理優選3號私募投資基金)	140,738,735	RMB ordinary shares	140,738,735
Guangzhou Industrial Investment and Capital Operation Holding Group Ltd. (廣州產業投資控股集團有限公司)	139,942,653	RMB ordinary shares	139,942,653
Hong Kong Securities Clearing Company Limited	56,336,910	RMB ordinary shares	56,336,910
Guangzhou Light Industry & Trade Group Co., Ltd. (廣州輕工工貿集團有限公司)	51,084,691	RMB ordinary shares	51,084,691
Shanghai Pu-Xing Energy Limited (普星聚能股份公司)	46,599,810	RMB ordinary shares	46,599,810
HONG Zejun	40,000,000	RMB ordinary shares	40,000,000
ICBC-China AMC SSE-SZSE 300 Index Securities Investment Fund (中國工商銀行股份有限公司－華泰柏瑞滬深300交易型開放式指數證券投資基金)	16,374,020	RMB ordinary shares	16,374,020
Related relationship or concerted party relationship among the above shareholders		GAIG, the largest shareholder of the Company, is not related to any of the above shareholders, nor is it a party acting in concert with any of them, and it is not known to the Company whether other shareholders are related to each other or whether they are parties acting in concert.	

#### Notes:

- GAIG held 5,206,932,069 A shares of the Company in total, representing approximately 70.44% of the A share capital of the Company. At the same time, GAIG held 301,228,000 H shares of the Company in total through Southbound Trading of Shanghai-Hong Kong Stock Connect and Guangzhou Auto Group (Hong Kong) Limited (a wholly-owned subsidiary), representing approximately 9.72% of the H share capital of the Company. The total number of A and H shares of the Company held by GAIG was 5,508,160,069 shares, representing approximately 52.51% of the total share capital of the Company.
- H shares held by HKSCC Nominees Limited were held on behalf of a number of clients. H shares of the Company held by Guangzhou Auto Group (Hong Kong) Limited are also registered in trust with HKSCC Nominees Limited.

## Changes in Shares and Information on Shareholders

### Participation of top ten shareholders in shares lent under the margin refinancing transfer business

Unit: share

Name of shareholder (Full name)	Participation of top ten shareholders in shares lent under the margin refinancing transfer							
	Shareholdings held in the general account and credit account as at the beginning of period		Shares lent under the margin refinancing as at the beginning of period and not yet repaid		Shareholdings held in the general account and credit account as at the end of period		Shares lent under the margin refinancing as at the end of period and not yet repaid	
	Total number	Percentage (%)	Total number	Percentage (%)	Total number	Percentage (%)	Total number	Percentage (%)
Guangzhou Industrial Investment and Capital Operation Holding Group Ltd. (廣州產業投資控股集團有限公司)	143,973,553	1.37	0	0	139,942,653	1.33	4,030,900	0.04
ICBC-China AMC SSE-SZSE 300 Index Securities Investment Fund (中國工商銀行股份有限公司—華泰柏瑞滬深300交易型開放式指數證券投資基金)	8,203,740	0.08	807,400	0.01	16,374,020	0.16	163,900	0.01

### Changes in the top ten shareholders as compared with the end of the previous period

Unit: share

Name of shareholder (Full name)	Add/Exit during the reporting period	Changes in the top ten shareholders as compared with the end of the previous period			
		Number of shares lent under the margin refinancing as at the end of period and not yet repaid		Shareholdings held in the the shareholders' general account and credit account and number of shares lent under the margin refinancing and not yet repaid as at the end of period	
		Total number	Percentage (%)	Total number	Percentage (%)
HONG Zejun	Addition	0	0	40,000,000	0.38
ICBC-China AMC SSE-SZSE 300 Index Securities Investment Fund (中國工商銀行股份有限公司—華泰柏瑞滬深300交易型開放式指數證券投資基金)	Addition	163,900	0.01	16,537,920	0.16

## Changes in Shares and Information on Shareholders

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

Applicable  N/A

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

Applicable  N/A

## IV. STATUS OF CONTROLLING SHAREHOLDER AND ULTIMATE CONTROLLER

### (I) CONTROLLING SHAREHOLDER

#### 1 Legal person

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

#### 2 Natural person

Applicable  N/A

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

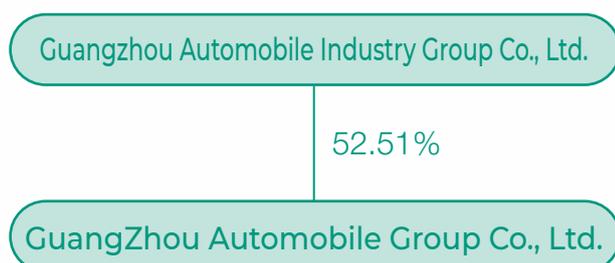
Applicable  N/A

## Changes in Shares and Information on Shareholders

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

Applicable  N/A

**5 Chart showing the ownership and controlling relationship between the Company and the controlling shareholder**



### (II) ULTIMATE CONTROLLER

**1 Legal person**

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

**2 Natural person**

Applicable  N/A

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

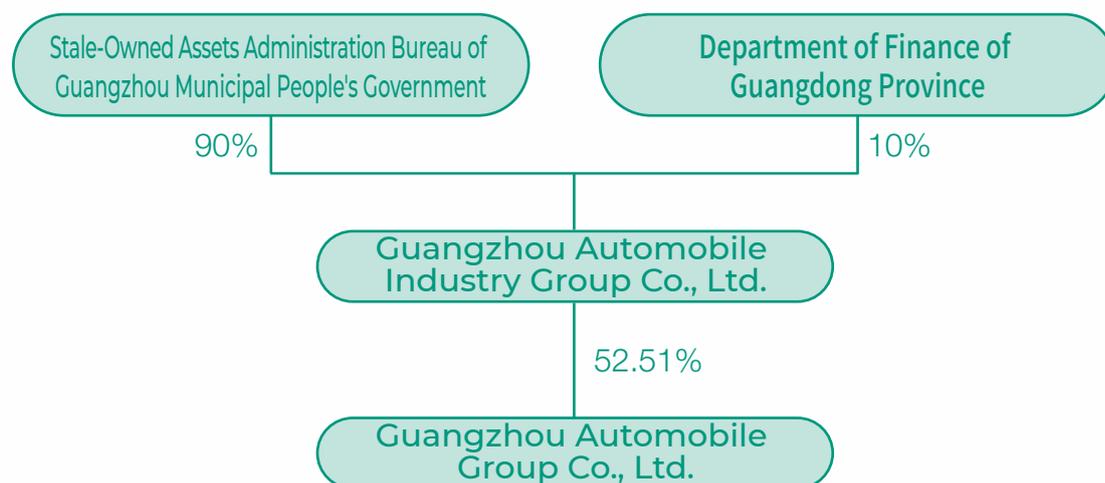
Applicable  N/A

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

Applicable  N/A

## Changes in Shares and Information on Shareholders

### 5 Chart showing the ownership and controlling relationship between the Company and the ultimate controller



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

Applicable  N/A

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

Applicable  N/A

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

Applicable  N/A

## VI. RESTRICTION ON REDUCTION IN SHAREHOLDING

Applicable  N/A

## Changes in Shares and Information on Shareholders

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

Applicable  N/A

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

As at 31 December 2023, the names of the persons (other than directors and supervisors) entitled to exercise 5% or more of the voting rights at any general meeting of the Company and the number of shares, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO are set out below:

<b>Name</b>	<b>Class of shares</b>	<b>Capacity</b>	<b>Number of shares <sup>(Note 1)</sup></b>	<b>Percentage in the class of issued share capital (%)</b>	<b>Percentage of total share capital (%)</b>
GAIG <sup>(Note 2)</sup>	A shares	Beneficial owner	5,206,932,069 (L)	70.44	49.64
	H shares	Interest of a controlled corporation	301,228,000 (L)	9.72	2.87
BlackRock, Inc.	H shares	Interest of a controlled corporation	181,122,709 (L)	5.85	1.73
			2,108,000 (S)	0.07	0.02

## Changes in Shares and Information on Shareholders

Notes:

1. (L) – Long Position, (S) – Short Position, (P) – Lending Pool.
2. As at 31 December 2023, the total number of A shares of the Company actually held by GAIG was 5,206,932,069 shares, representing approximately 70.44% of the A share capital of the Company. At the same time, through Southbound Trading of Shanghai-Hong Kong Stock Connect and Guangzhou Auto Group (Hong Kong) Limited (a wholly-owned subsidiary), GAIG held 301,228,000 H shares of the Company in total, representing approximately 9.72% of the H share capital of the Company. The total number of A and H shares of the Company held by GAIG was 5,508,160,069 shares, representing approximately 52.51% of the total share capital of the Company.

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

The Company did not redeem the listed securities of the Company during the year. The Company and its subsidiaries did not purchase or sell the listed securities of the Company during the year. On 13 March 2023, with reference to the unusual changes in the participants of the Company's 2020 A share option and restricted share incentive scheme (such as retirement, resignation, assessment, etc.), the restricted shares granted to ineligible participants have been repurchased and cancelled on SSE. A total of 7,327,392 restricted shares have been repurchased, with the aggregate price paid being RMB33,779,078.31.

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

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

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

# Chapter 10

## BONDS

### I. BASIC INFORMATION OF CORPORATE BONDS

Unit: Yuan Currency: RMB

Name of bond	Abbreviation	Code	Date of issue	Interest accrual date	Due date	Balances	Interest rate (%)	Method of repayment of principal and interest	Trading place	Whether there is a risk of delisting
Corporate Bonds (Phase one) of Guangzhou Automobile Group Co., Ltd. in 2012 (10 years)	12GAC02	122243	2013-03-20	2013-03-20	2023-03-20	3,000,000,000	5.09%	Simple interest per annum	SSE	No

Note: The principal and interest of the corporate bonds 12GAC02 have been fully settled and delisted upon its expiry on 20 March 2023.

#### INTEREST PAYMENT OF BONDS DURING THE REPORTING PERIOD

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

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

Name of intermediary	Office address	Name of signatory accountant	Contact number
China International Capital Corporation Limited (中國國際金融有限公司)	27th Floor and 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Beijing	Cheng Daming	010-6505 1166

## BONDS

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

Unit: Yuan Currency: RMB

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

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

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

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

Applicable  N/A

### III. ADJUSTMENTS TO CREDIT RATING RESULTS

Applicable  N/A

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

Applicable  N/A

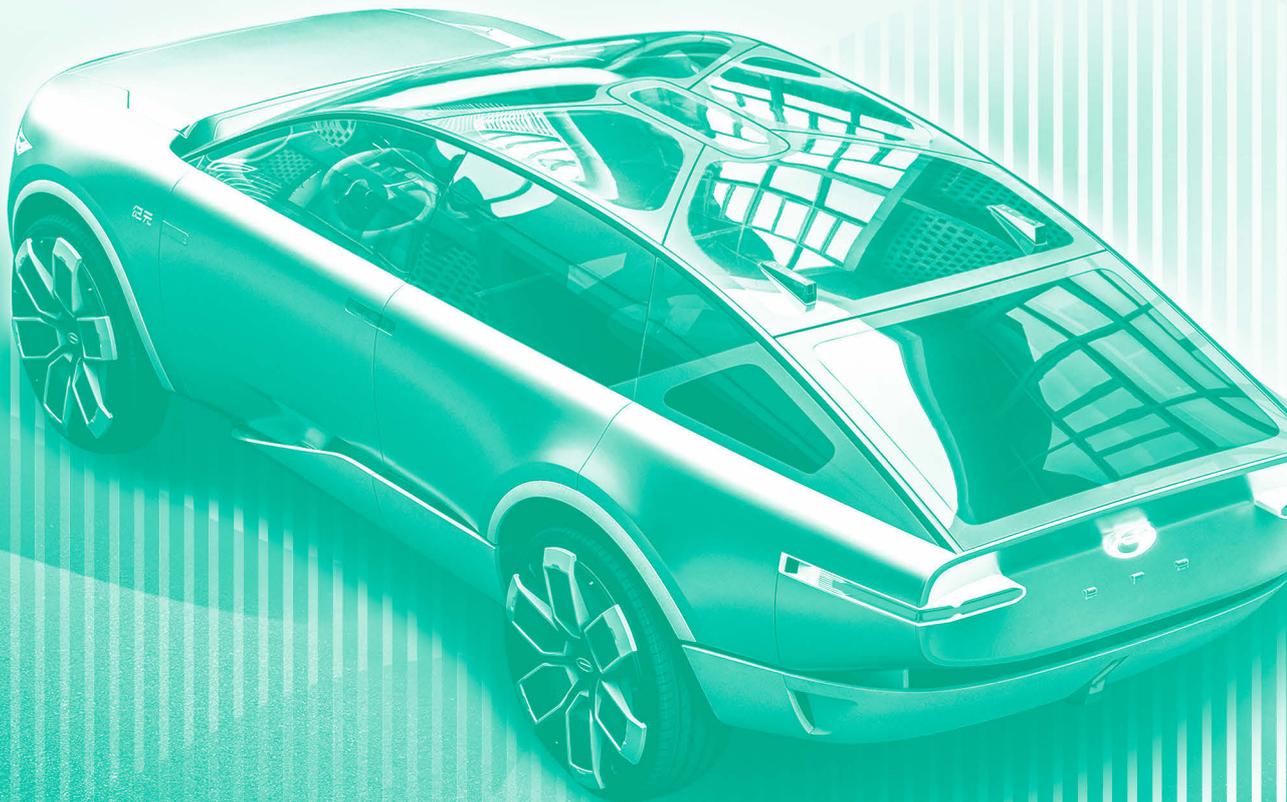
### V. OTHER INFORMATION OF CORPORATE BONDS

Applicable  N/A

### VI. INFORMATION ON CONVERTIBLE CORPORATE BONDS

Applicable  N/A

# Financial Report



# INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

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

## Opinion

### What we have audited

The consolidated financial statements of Guangzhou Automobile Group Co., Ltd. (the “Company”) and its subsidiaries (the “Group”), which are set out on pages 198 to 358, comprise:

- the consolidated balance sheet as at 31 December 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

# INDEPENDENT AUDITOR'S REPORT

## **Basis for Opinion**

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

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

## **Independence**

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

## **Key Audit Matters**

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

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

- Warranty provisions
- Impairment assessment of capitalised development costs

## INDEPENDENT AUDITOR'S REPORT

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### Key Audit Matter

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### How our audit addressed the Key Audit Matter

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#### Warranty provisions

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

As at 31 December 2023, the warranty provisions of the Group amounted to approximately RMB1,469,618,000 (Note 27).

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

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

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

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

(a) Procedures performed on warranty provisions of Major Joint Ventures and GAMC, included:

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

# INDEPENDENT AUDITOR'S REPORT

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## Key Audit Matter

## How our audit addressed the Key Audit Matter

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### Warranty provisions (continued)

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

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

(b) GACAION is audited by a non-PricewaterhouseCoopers auditor (“Component Auditor”). Procedures performed on warranty provisions of GAC AION included:

- We have discussed with Component Auditor about their audit approach and work result for warranty provisions.
- We have obtained and reviewed Component Auditor’s reporting to us in accordance with our instructions.

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

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

## INDEPENDENT AUDITOR'S REPORT

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### Key Audit Matter

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### How our audit addressed the Key Audit Matter

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#### **Impairment assessment of capitalised development costs**

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

As at 31 December 2023, the carrying amount of the Group's capitalised development costs, after considering the impairment provision, which arose from development expenditure on the Group's various types of self-developed passenger vehicle projects and were classified as intangible assets on the consolidated balance sheet, amounted to approximately RMB15,486,764,000. An impairment charge of approximately RMB853,200,000 has been recognised for capitalised development costs of certain types of passenger vehicles in the consolidated statement of comprehensive income for the year ended 31 December 2023.

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

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

(a) Procedures performed on impairment assessment of capitalised development costs of the Group (excluding GAC AION), included:

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

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

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

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

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

# INDEPENDENT AUDITOR'S REPORT

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## Key Audit Matter

## How our audit addressed the Key Audit Matter

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

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

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

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

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

(b) GAC AION is audited by a Component Auditor. Procedures performed on impairment assessment of capitalised development costs of GAC AION included:

We have discussed with Component Auditor about their audit approach and work result for impairment assessment of capitalised development costs.

We have obtained and reviewed Component Auditor's reporting to us in accordance with our instructions.

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

## INDEPENDENT AUDITOR'S REPORT

### Other Information

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

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

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

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

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

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

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

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

# INDEPENDENT AUDITOR'S REPORT

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 28 March 2024

# CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2023	2022
		RMB'000	RMB'000 (Restated)
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	24,929,595	20,760,618
Right-of-use assets	8	8,513,148	7,014,484
Investment properties	9	1,061,628	1,019,895
Intangible assets	10	16,469,701	14,471,175
Investments in joint ventures and associates	11	37,159,868	37,810,779
Deferred income tax assets	13	4,366,130	3,715,494
Financial assets at fair value through other comprehensive income	14	5,094,366	1,713,626
Financial assets at fair value through profit or loss	15	2,363,512	2,169,235
Prepayments and other long-term receivables	16	17,380,185	9,607,293
		<b>117,338,133</b>	98,282,599
<b>Current assets</b>			
Inventories	17	16,720,313	12,361,830
Trade and other receivables	18	26,778,700	31,407,386
Financial assets at fair value through other comprehensive income	14	5,634,369	4,089,676
Financial assets at fair value through profit or loss	15	2,790,794	4,219,724
Time deposits	19	6,825,347	3,325,724
Restricted cash	20	2,838,783	1,976,589
Cash and cash equivalents	21	39,522,331	34,222,113
		<b>101,110,637</b>	91,603,042
<b>Total assets</b>		<b>218,448,770</b>	189,885,641
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade and other payables	25	1,424,654	761,728
Borrowings	26	10,384,250	5,697,283
Lease liabilities	8	1,484,772	1,297,402
Deferred income tax liabilities	13	240,007	132,400
Provisions	27	1,030,490	682,268
Government grants	28	2,110,959	2,182,978
Contract liabilities	6(a)	125,606	81,724
		<b>16,800,738</b>	10,835,783

## CONSOLIDATED BALANCE SHEET

	Note	As at 31 December	
		2023 RMB'000	2022 RMB'000 (Restated)
<b>Current liabilities</b>			
Trade and other payables	25	55,742,477	40,155,839
Contract liabilities	6(a)	2,520,615	1,943,158
Current income tax liabilities		203,862	184,999
Borrowings	26	17,731,673	13,812,828
Lease liabilities	8	449,688	276,839
Provisions	27	545,905	344,740
		<b>77,194,220</b>	56,718,403
<b>Total liabilities</b>		<b>93,994,958</b>	67,554,186
<b>Net assets</b>		<b>124,453,812</b>	122,331,455
<b>EQUITY</b>			
Share capital	22	10,490,234	10,487,164
Reserves	24	47,317,286	46,750,366
Retained earnings	24	57,966,657	56,066,781
Capital and reserves attributable to owners of the Company		<b>115,774,177</b>	113,304,311
Non-controlling interests		<b>8,679,635</b>	9,027,144
<b>Total equity</b>		<b>124,453,812</b>	122,331,455

The notes on pages 206 to 358 are an integral part of these financial statements.

The financial statements on pages 198 to 205 were approved by the Board of Directors on 28 March 2024 and were signed on its behalf:

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

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2023 RMB'000	2022 RMB'000 (Restated)
Revenue	6	129,706,167	110,271,923
Cost of sales	29	(124,178,725)	(106,507,364)
<b>Gross profit</b>		<b>5,527,442</b>	3,764,559
Selling and distribution costs	29	(6,195,691)	(3,922,909)
Administrative expenses	29	(5,656,662)	(5,114,685)
Net impairment losses on financial assets	3.1.2	(455,902)	(627,724)
Interest income	32	289,366	160,656
Other gains/(losses) – net	31	1,649,469	(935,421)
<b>Operating loss</b>		<b>(4,841,978)</b>	(6,675,524)
Interest income	32	484,993	330,520
Finance costs	33	(467,323)	(351,781)
Share of net profit of joint ventures and associates accounted for using the equity method	11	8,349,006	14,065,159
<b>Profit before income tax</b>		<b>3,524,698</b>	7,368,374
Income tax credit	34	215,463	535,540
<b>Profit for the year</b>		<b>3,740,161</b>	7,903,914
<b>Profit is attributable to:</b>			
Owners of the Company		4,428,845	7,978,417
Non-controlling interests		(688,684)	(74,503)
		<b>3,740,161</b>	7,903,914

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2023 RMB'000	2022 RMB'000 (Restated)
<b>Other comprehensive income/(loss)</b>			
Items that may be reclassified subsequently to profit or loss			
– exchange differences on translation of foreign operations	35	(3,247)	6,839
– changes in the fair value of debt instruments at fair value through other comprehensive income	35	20,210	(6,531)
– impairment loss on debt instruments at fair value through other comprehensive income	35	–	1,537
– share of other comprehensive loss of joint ventures and associates accounted for using the equity method	24,35	(2,122)	(30)
– income tax relating to these items	24,35	(4,483)	1,024
Items that will not be reclassified subsequently to profit or loss			
– changes in the fair value of equity investments at fair value through other comprehensive income	35	153,701	(140,356)
– share of other comprehensive income of joint ventures and associates accounted for using the equity method	24,35	2,762	58,554
– remeasurement of post-employment benefit obligations	24,35	(10,320)	860
– income tax relating to these items	24,35	(35,886)	35,875
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>120,615</b>	<b>(42,228)</b>
<b>Total comprehensive income for the year</b>		<b>3,860,776</b>	<b>7,861,686</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		4,546,450	7,938,142
Non-controlling interests		(685,674)	(76,456)
		<b>3,860,776</b>	<b>7,861,686</b>
<b>Earnings per share for profit attributable to ordinary equity holders of the Company</b> (expressed in RMB per share)			
– basic earnings per share	36	0.42	0.77
– diluted earnings per share	36	0.42	0.77

The notes on pages 206 to 358 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company					
	Share capital RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>Balance as at 1 January 2022 as originally presented</b>	10,370,593	29,345,460	50,597,258	90,313,311	2,335,474	92,648,785
Changes in accounting policy	-	-	20,118	20,118	17,451	37,569
<b>Balance as at 1 January 2022 (Restated)</b>	10,370,593	29,345,460	50,617,376	90,333,429	2,352,925	92,686,354
<b>Comprehensive income</b>						
Profit/(loss) for the year (Restated)	-	-	7,978,417	7,978,417	(74,503)	7,903,914
Other comprehensive loss, net of tax	-	(40,275)	-	(40,275)	(1,953)	(42,228)
<b>Total comprehensive (loss)/income</b>	-	(40,275)	7,978,417	7,938,142	(76,456)	7,861,686
<b>Transactions with owners in their capacity as owners</b>						
Appropriation to general risk reserve	-	125,453	(125,453)	-	-	-
Dividend declared by the Company and subsidiaries	-	-	(2,403,559)	(2,403,559)	(78,217)	(2,481,776)
Contributions from non-controlling shareholders of subsidiaries	-	-	-	-	34,000	34,000
Transactions with non-controlling interests	-	15,061,788	-	15,061,788	6,793,034	21,854,822
Employee share-based awards scheme (Note 23)						
- Value of employee services	-	410,834	-	410,834	-	410,834
- Proceeds from shares issued	23,206	414,315	-	437,521	-	437,521
Convertible bonds (Note 26(h))						
- Conversion of convertible bonds	93,365	1,284,253	-	1,377,618	-	1,377,618
Others	-	148,538	-	148,538	1,858	150,396
<b>Total transactions with owners in their capacity as owners</b>	116,571	17,445,181	(2,529,012)	15,032,740	6,750,675	21,783,415
<b>Balance as at 31 December 2022 (Restated)</b>	10,487,164	46,750,366	56,066,781	113,304,311	9,027,144	122,331,455

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company					Total equity RMB'000
	Share capital RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	
<b>Balance as at 31 December 2022 (Restated)</b>	<b>10,487,164</b>	<b>46,750,366</b>	<b>56,066,781</b>	<b>113,304,311</b>	<b>9,027,144</b>	<b>122,331,455</b>
<b>Comprehensive income</b>						
Profit/(loss) for the year	-	-	4,428,845	4,428,845	(688,684)	3,740,161
Other comprehensive income, net of tax	-	117,605	-	117,605	3,010	120,615
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>117,605</b>	<b>4,428,845</b>	<b>4,546,450</b>	<b>(685,674)</b>	<b>3,860,776</b>
<b>Transactions with owners in their capacity as owners</b>						
Appropriation to general risk reserve	-	118,332	(118,332)	-	-	-
Dividend declared by the Company and subsidiaries	-	-	(2,410,637)	(2,410,637)	(62,515)	(2,473,152)
Contributions from non-controlling shareholders of subsidiaries	-	-	-	-	382,990	382,990
Employee share-based awards scheme (Note 23)						
- Value of employee services	-	60,553	-	60,553	1,767	62,320
- Proceeds from shares issued	10,398	87,552	-	97,950	-	97,950
- Vesting of restricted shares	-	129,044	-	129,044	-	129,044
- Repurchase and cancellation of restricted shares	(7,328)	7,328	-	-	-	-
Others	-	46,506	-	46,506	15,923	62,429
<b>Total transactions with owners in their capacity as owners</b>	<b>3,070</b>	<b>449,315</b>	<b>(2,528,969)</b>	<b>(2,076,584)</b>	<b>338,165</b>	<b>(1,738,419)</b>
<b>Balance as at 31 December 2023</b>	<b>10,490,234</b>	<b>47,317,286</b>	<b>57,966,657</b>	<b>115,774,177</b>	<b>8,679,635</b>	<b>124,453,812</b>

The notes on pages 206 to 358 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

## Year ended 31 December

	Note	2023 RMB'000	2022 RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	38(a)	5,403,386	(5,862,993)
Interest received		650,830	466,505
Interest paid		(1,091,806)	(903,426)
Income tax paid		(358,176)	(338,189)
<b>Net cash generated from/(used in) operating activities</b>		<b>4,604,234</b>	<b>(6,638,103)</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment, land use rights and intangible assets		(11,576,552)	(8,013,514)
Proceeds from sales of property, plant and equipment and intangible assets		139,119	140,910
Acquisition of subsidiaries, net of cash acquired		824,723	(10,745)
Additional investment in joint ventures		(1,201,183)	(603,160)
Additional investment in associates		(816,154)	(226,600)
Set-up of joint ventures		(107,389)	(502,770)
Set-up of associates		(40,400)	(880)
Disposals or capital reduction of joint ventures and associates		85,171	97,227
Acquisition of investment in financial assets at fair value through profit or loss, other comprehensive income and at amortised cost		(20,858,477)	(10,176,744)
Disposal of investment in financial assets at fair value through profit or loss, other comprehensive income and at amortised cost		19,014,471	4,488,066
Proceeds from investment income from financial instruments		70,642	197,587
Granting of entrusted loans		(2,028,441)	(41,650)
Proceeds from repayment of entrusted loans		248,596	46,210
Receipt of government grants related to assets		305,810	376,084
Dividends received		15,813,082	13,522,270
Increase in time deposits and long-term deposits		(5,205,614)	(884,453)
<b>Net cash used in investing activities</b>		<b>(5,332,596)</b>	<b>(1,592,162)</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December	
		2023 RMB'000	2022 RMB'000
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares under employee share option scheme		97,950	213,406
Repurchase of restricted shares under employee incentive scheme		(34,179)	–
Contribution from non-controlling shareholders of subsidiaries		382,990	34,000
Dividend paid to shareholders of the Company		(2,410,636)	(2,406,710)
Dividend paid to non-controlling interests in subsidiaries		(55,889)	(78,217)
Proceeds from bank borrowings (excluding securitization debts)	38(c)	28,290,461	24,117,015
Repayments of borrowings (excluding securitization debts)	38(c)	(18,839,032)	(19,846,618)
Proceeds from other securitization debts	38(c)	2,953,967	1,716,190
Repayments of other securitization debts	38(c)	(1,644,629)	(1,956,071)
Repayments of convertible bonds	38(c)	–	(1,071,717)
Proceeds from securitization debts (transferred of financial assets that are not derecognised in their entirety)	38(d)	3,889,221	3,796,535
Repayments of securitization debts (transferred of financial assets that are not derecognised in their entirety)		(3,092,805)	(569,238)
Repayments of loan payables to a third-party	38(c)	–	(200,000)
Repayments of corporate bonds	38(c)	(3,000,000)	–
Disposal/(acquisition) of repurchasing financial asset-net	38(c)	64,148	(212,420)
Transactions with non-controlling interests		–	21,854,822
Principal element of lease payments	38(c)	(577,043)	(288,494)
Proceed from other financing activities		–	78,196
<b>Net cash generated from financing activities</b>		<b>6,024,524</b>	<b>25,180,679</b>
<b>Net increase in cash and cash equivalents</b>		<b>5,296,162</b>	<b>16,950,414</b>
Cash and cash equivalents at beginning of the year		34,222,113	17,234,963
Exchange gains on cash and cash equivalents		4,056	36,736
<b>Cash and cash equivalents at end of the year</b>		<b>39,522,331</b>	<b>34,222,113</b>

The notes on pages 206 to 358 are an integral part of these financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

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

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

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

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

## 2. BASIS OF PREPARATION

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. BASIS OF PREPARATION (Continued)

#### 2.1 Accounting policy and disclosures

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

The Group has applied the following standards and amendments to existing standards and interpretation for the first time for their annual reporting period commencing 1 January 2023:

<b>Standards/Amendments</b>	<b>Subject of Standards/Amendments</b>
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKAS 12 (Amendments)	International Tax Reform — Pillar Two Model Rules
HKFRS 17	Insurance Contracts
HKFRS 17 (Amendments)	Amendments to HKFRS 17
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9— Comparative Information

The Group adopted HKFRS 17 on 1 January 2023 and the transition date is 1 January 2022, hence the comparative figures have been restated. The adoption of HKFRS 17 results in changes in the accounting policies related to recognition, measurement, presentation and disclosure of insurance contracts. The Group has summarised the impact of the adoption of HKFRS 17 on key financial indicators for the comparative period, as disclosed below:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. BASIS OF PREPARATION (Continued)

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

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

	As previously reported RMB'000	Effect of change in accounting policy RMB'000	As restated RMB'000
<b>As at 31 December 2022</b>			
Total assets	190,074,774	(189,133)	189,885,641
Total liabilities	67,772,460	(218,274)	67,554,186
Capital and reserves attributable to owners of the Company	113,288,706	15,605	113,304,311
<b>For the year ended 31 December 2022</b>			
Operating loss	(6,667,851)	(7,673)	(6,675,524)
Profit for the year attributable to owners of the Company	7,982,930	(4,513)	7,978,417

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. BASIS OF PREPARATION (Continued)

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

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

Certain new accounting standards, amendments to existing standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments and interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

<b>Standards/amendments/interpretations</b>	<b>Subject of standards/amendments/interpretations</b>	<b>Effective for accounting periods beginning on or after</b>
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current Liabilities with Covenants	1 January 2024
HKAS 7 and HKFRS 7 (Amendments)	Supplier finance arrangements	1 January 2024
HKAS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 January 2024
HKAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (Revised))	Applied when an entity applies “HKAS 1 (Amendments)”
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Group's finance department ("Group Finance") under policies approved by the senior management. Group Finance identifies and evaluates financial risks in close co-operation with the Group's operating units.

#### 3.1.1 Market risk

##### (a) Foreign exchange risk

The Group's business mainly operates in the PRC with most of the transactions denominated and settled in RMB, except that certain receivables and payables, cash and cash equivalents, restricted cash and time deposits are mainly denominated in US dollar ("USD") and HK dollar ("HKD") which are exposed to foreign currency translation risk. The Group had not used any financial instrument to hedge the foreign exchange risk.

As at 31 December 2023 and 2022, the Group is not exposed to significant foreign exchange risk.

##### (b) Cash flow and fair value interest rate risk

The Group has no significant interest-bearing assets other than loan receivables, finance lease receivables, entrusted loans (included in other receivables), time deposits, restricted cash, cash and cash equivalents. Except for long-term loan receivables and finance lease receivables, the maturity terms of these assets are within 12 months so that there would not be significant interest rate risk for these financial assets. The interest rate for long-term loan receivables and finance lease receivables is fixed and there would not be significant interest rate risk for these financial assets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.1 Market risk (Continued)

###### (b) Cash flow and fair value interest rate risk (Continued)

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

As at 31 December 2023, the Group's borrowings at variable rates were denominated in RMB. If interest rates on bank borrowings had been 100 basis point higher/lower respectively with all other variables held constant, post-tax profit would have been approximately RMB119,893,000 (2022: RMB63,324,000) lower/higher, mainly as a result of higher/lower interest expenses on floating rate borrowings.

The Group had not used any financial instrument to hedge its exposure to interest rate risk.

###### (c) Price risk

The Group's exposure to price risk arises from equity investment held by the Group and classified in the consolidated balance sheet either as at FVOCI (Note 14) or FVPL (Note 15). The Group closely monitors the fluctuation of the price and assesses the impact on the Group's consolidated statement of comprehensive income. If the price of the equity investment classified as FVOCI had been 1% higher/lower, other comprehensive income (net of tax) for the year ended 31 December 2023 would increase/decrease by approximately RMB5,451,000 (2022: RMB4,586,000). If the price of the equity investment classified as FVPL had been 1% higher/lower, post-tax profit for the year ended 31 December 2023 would increase/decrease by approximately RMB33,360,000 (2022: RMB28,314,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. FINANCIAL RISK MANAGEMENT (Continued)

### 3.1 Financial risk factors (Continued)

#### 3.1.2 Credit risk

Credit risk arises from deposit with banks, contractual cash flows of debt instruments carried at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss, and trade and other receivables (excluding prepayment and value-added tax recoverable).

The Group has three types of financial assets that are subject to the expected credit loss model:

- trade receivables;
- debt investments at amortised cost and FVOCI; and
- other financial assets at amortised cost.

While deposit with banks, including time deposits, restricted cash, cash and cash equivalents, are also subject to the impairment requirements of HKFRS 9, identified impairment loss was immaterial.

#### (a) Trade receivables

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

As at 31 December 2023, the Group assessed that the expected loss rate for trade receivables due from related parties (excluding two joint ventures in liquidation) was immaterial considering their good finance position and credit history. Thus no loss allowance provision for trade receivables from related parties (excluding two joint ventures in liquidation) was recognised in 2023 (31 December 2022: Same).

As at 31 December 2023, the Group assessed the expected loss rate for trade receivables from governments in relation to the subsidy of new energy vehicles sold to end users and made an allowance amounting to approximately RMB7,329,000 accordingly (31 December 2022: RMB4,114,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

##### (a) Trade receivables (Continued)

As at 31 December 2023 and 2022, the expected loss rate for certain third-party customers and two joint ventures who were in liquidation or financial difficulties are assessed specifically by the directors as follows:

	<b>As at 31 December 2023</b>	As at 31 December 2022
Expected loss rate	<b>94.38%</b>	92.46%
Gross carrying amount (RMB'000)	<b>395,799</b>	404,122
Loss allowance provision (RMB'000)	<b>373,570</b>	373,645

As at 31 December 2023 and 2022, the loss allowance provision for the trade receivables due from third parties was determined as follows. The expected credit losses below also incorporated forward looking information.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

##### (a) Trade receivables (Continued)

	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years	Total
<b>Trade receivables (excluding trade receivables due from related parties, trade receivables due from government and trade receivables subject to specific expected loss rate)</b>							
At 31 December 2023							
Gross carrying amount (RMB'000)	2,300,637	198,058	10,859	4,501	8,267	133,359	2,655,681
Expected loss rate	0.05%	6.37%	19.21%	69.40%	100.00%	100.00%	
Loss allowance provision (RMB'000)	1,176	12,616	2,086	3,123	8,267	133,359	160,627
<b>Trade receivables (excluding trade receivables due from related parties, trade receivables due from government and trade receivables subject to specific expected loss rate)</b>							
At 31 December 2022							
Gross carrying amount (RMB'000)	1,804,289	104,035	82,573	8,323	359	137,055	2,136,634
Expected loss rate	0.03%	6.85%	27.70%	50.05%	96.41%	96.41%	
Loss allowance provision (RMB'000)	475	7,126	22,873	4,166	346	132,135	167,121

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

**(b) Debt investments at amortised cost and FVOCI**

All of the Group's debt investments at amortised cost and FVOCI are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses.

The Group expects that there is no significant credit risk associated with debt investments at amortised cost and FVOCI since the Group furnishes investment mandates to commercial banks, trust companies and asset management companies. These mandates require them to invest in such debt investments with high market credit rating, liquidity and stable return. Management does not expect that there will be any significant losses from non-performance by these counterparties.

**(c) Debt investments at FVPL**

The Group is also exposed to credit risk in relation to debt investments that are measured at fair value through profit or loss. The maximum exposure as at 31 December 2023 is the carrying amount of these investments, amounting to approximately RMB957,539,000 (31 December 2022: RMB2,765,616,000).

**(d) Other financial assets at amortised cost**

The Group applies the general approach to provide for expected credit loss of other financial assets measured at amortised cost including notes receivable, entrusted loans, finance lease receivables, loan receivables, dividend receivable and other receivables under HKFRS 9.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. FINANCIAL RISK MANAGEMENT (Continued)

### 3.1 Financial risk factors (Continued)

#### 3.1.2 Credit risk (Continued)

##### (d) Other financial assets at amortised cost (Continued)

Except for certain long aging receivables for which the debtors failed to make demanded repayment and the Group has made specific provision on a case-by-case basis, the expected credit loss provision for the financial assets included in the above balances is based on the 12-month expected credit loss. It is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data, including real GDP, current account balance, nominal retail sales growth rate and exchange rate. As at 31 December 2023 and 2022, except for certain default receivables, management considers that the expected credit loss is immaterial.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

###### (d) Other financial assets at amortised cost (Continued)

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtors in the Group and changes in the operating results of the borrower.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

- (e) A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 180 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are 365 days past due	Lifetime expected losses
Write-off	Interest and/or principal repayments are over 365 days past due and there is no reasonable expectation of recovery.	Asset is written off

As at 31 December 2023, the Group has assessed that the expected loss rate for other receivables from related parties (excluding loan receivables, finance lease receivables and receivables due from two joint ventures in liquidation) was immaterial considering the good finance position and credit history of the related parties. Thus no loss allowance provision for other receivables from related parties (excluding loan receivables, finance lease receivables and receivables due from two joint ventures in liquidation) was recognised in 2023 (31 December 2022: Same).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

- (f) As at 31 December 2022 and 2023, the loss allowance provision for trade receivables, current and long-term other receivables reconciled to the opening loss allowance for that provision as follows:

	Trade receivables RMB'000	Other receivables (current) RMB'000	Other long-term receivables RMB'000	Total RMB'000
At 1 January 2022	292,940	436,408	135,944	865,292
Provision for loss allowance recognised in profit or loss	251,939	120,822	254,963	627,724
At 31 December 2022	544,879	557,230	390,907	1,493,016
Provision for loss allowance (reversed)/ recognised in profit or loss	(3,278)	52,520	406,660	455,902
Write-off in the year	(75)	–	(168,761)	(168,836)
<b>At 31 December 2023</b>	<b>541,526</b>	<b>609,750</b>	<b>628,806</b>	<b>1,780,082</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.3 Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group's finance team maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors the Group's time deposits (Note 19) and cash and cash equivalents (Note 21) on the basis of expected cash flow.

The tables below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>As at 31 December 2023</b>					
Borrowings	18,353,224	5,814,547	4,809,473	247,213	29,224,457
Trade and other payables (excluding employee benefits payable, other taxes, government grants and taxes related to contract liabilities)	50,159,962	403,548	708,415	200,588	51,472,513
Lease liabilities	578,094	358,092	749,475	664,467	2,350,128
<b>As at 31 December 2022</b>					
Borrowings	14,268,490	2,693,941	3,147,385	208,407	20,318,223
Trade and other payables (excluding employee benefits payable, other taxes, government grants and taxes related to contract liabilities)	35,804,779	399,001	195,160	77,169	36,476,109
Lease liabilities	349,330	296,316	614,279	628,407	1,888,332

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liabilities (including current and non-current as shown in the consolidated balance sheet) less time deposits, restricted cash and cash and cash equivalents. Total capital is calculated as total equity plus net debt.

The gearing ratios as at 31 December 2023 and 2022 were as follows:

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000 (Restated)
Total borrowings (Note 26)	<b>28,115,923</b>	19,510,111
Total lease liabilities (Note 8)	<b>1,934,460</b>	1,574,241
Less: time deposits (Note 19)	<b>(6,825,347)</b>	(3,325,724)
restricted cash (Note 20)	<b>(2,838,783)</b>	(1,976,589)
cash and cash equivalents (Note 21)	<b>(39,522,331)</b>	(34,222,113)
Net credit	<b>(19,136,078)</b>	(18,440,074)
Total equity	<b>124,453,812</b>	122,331,455
Total capital	<b>105,317,734</b>	103,891,381
Gearing ratio	<b>Not applicable ("N/A")</b>	N/A

As at 31 December 2023 and 2022, the Group's total borrowings and lease liabilities are less than the total of time deposits, restricted cash and cash and cash equivalents, and therefore the Group is subject to a net credit position.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.3 Fair value estimation

The Group's financial instruments recognised in the consolidated balance sheet are mainly loans and receivables, FVPL, FVOCI and financial liabilities carried at amortised cost. The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the balance sheet date, such as estimated discounted cash flows.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.3 Fair value estimation (Continued)

The following table presents the Group's assets that are measured at fair value at 31 December 2023.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
	Note (a)	Note (b)	Note (c)	
Financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss				
– Bond investments	6,200,886	–	–	6,200,886
– Fund investments	–	1,555,268	–	1,555,268
– Financial products	–	–	2,946,114	2,946,114
– Stocks	1,077,291	–	–	1,077,291
– Other equity investments	–	–	1,777,338	1,777,338
– Others	–	513,664	1,812,480	2,326,144
	<b>7,278,177</b>	<b>2,068,932</b>	<b>6,535,932</b>	<b>15,883,041</b>

The following table presents the Group's assets that are measured at fair value at 31 December 2022.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
	Note (a)	Note (b)	Note (c)	
Financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss				
– Bond investments	4,777,975	–	–	4,777,975
– Fund investments	–	1,510,928	–	1,510,928
– Financial products	–	–	2,547,124	2,547,124
– Stocks	739,767	–	–	739,767
– Other equity investments	–	–	1,471,849	1,471,849
– Others	–	512,317	632,301	1,144,618
	<b>5,517,742</b>	<b>2,023,245</b>	<b>4,651,274</b>	<b>12,192,261</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. FINANCIAL RISK MANAGEMENT (Continued)

### 3.3 Fair value estimation (Continued)

#### (a) *Financial instruments in level 1*

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for the financial assets included in level 1 held by the Group is the current bid price.

There were no significant transfers of financial assets between level 1 and level 2 fair value hierarchy classifications.

#### (b) *Financial instruments in level 2*

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.3 Fair value estimation (Continued)

##### (c) Financial instruments in level 3

The following table presents the changes in level 3 instruments for the year ended 31 December 2022 and 2023.

	Other equity investments RMB'000	Financial products RMB'000	Others RMB'000	Total RMB'000
<b>Opening balance as at 1 January 2022</b>	942,552	1,156,634	758,873	2,858,059
Acquisitions	616,669	1,863,942	15,654,941	18,135,552
(Losses)/gains for the period recognised in profit or loss	(36,746)	13,629	1,340	(21,777)
Disposal	(50,626)	(487,081)	(15,782,853)	(16,320,560)
<b>Closing balance as at 31 December 2022</b>	1,471,849	2,547,124	632,301	4,651,274
Acquisitions	<b>300,607</b>	<b>2,814,545</b>	<b>30,076,660</b>	<b>33,191,812</b>
Gains for the period recognised in profit or loss	<b>59,927</b>	<b>21,978</b>	-	<b>81,905</b>
Disposal	<b>(55,045)</b>	<b>(2,437,533)</b>	<b>(28,896,481)</b>	<b>(31,389,059)</b>
<b>Closing balance as at 31 December 2023</b>	<b>1,777,338</b>	<b>2,946,114</b>	<b>1,812,480</b>	<b>6,535,932</b>
Includes unrealised gains or (losses) recognised in profit or loss attributable to balances held at the end of the reporting period				
2023	<b>59,057</b>	<b>(11,000)</b>	-	<b>48,057</b>
2022	(22,969)	16,199	-	(6,770)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.3 Fair value estimation (Continued)

##### (c) Financial instruments in level 3 (continued)

Quantitative information about fair value measurements using significant unobservable inputs (level 3) is as follow:

	Fair value at 31 December 2023 RMB'000	Valuation technique(s)	Unobservable input	Range (weighted average)
- Financial products	2,716,522	Discounted cash flow	Discount rate	2.60%-3.30%
	229,592	Summation method	Value of each asset/liability	N/A
- Other equity investments (Note (i))	1,777,338	Summation method	Value of each asset/liability	N/A
- Unlisted notes receivable	1,812,480	Discounted cash flow	Discount rate	0.60%-2.30%
	Fair value at 31 December 2022 RMB'000	Valuation technique(s)	Unobservable input	Range (weighted average)
- Financial products	1,197,090	Discounted cash flow	Discount rate	3.30%
	1,350,034	Summation method	Value of each asset/liability	N/A
- Other equity investments (Note (i))	1,471,849	Summation method	Value of each asset/liability	N/A
- Unlisted notes receivable	632,301	Discounted cash flow	Discount rate	1.20%-3.19%

(i) Other equity investments in level 3 represent the Group's investment in interest of non-listed company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### (a) Current and deferred income taxes

The Group is subject to income taxes in the PRC. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates are changed.

#### (b) Impairment of property, plant and equipment, intangible assets and right-of-use assets

Property, plant and equipment, intangible assets and right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Construction in progress and intangible assets not ready to use – not subject to amortisation, are tested annually for impairment. The recoverable amounts have been determined based on value-in-use calculations or market valuations. These calculations require the use of judgements and estimates.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

#### (b) Impairment of property, plant and equipment, intangible assets and right-of-use assets (Continued)

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less cost of disposal or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; (iii) details of further development of the CGU or segment, such as business plan and contracts with new customers in the coming year and their impact on the revenue and margins; and (iv) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated statement of comprehensive income.

#### (c) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, which is in accordance with the accounting policy stated in Note 45.8. The recoverable amounts of CGUs have been determined based on fair value less cost of disposal estimated using the discounted cash flow method. These calculations require the use of estimates.

#### (d) Impairment of investments in joint ventures and associates

The Group determines at each reporting date whether there is any objective evidence that the investments in the joint ventures and associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amounts of the joint ventures and associates and their carrying value. The respective recoverable amounts of investments are determined with reference to the higher of fair value less cost of disposal and value-in-use.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

#### (e) Warranty provisions

Provision for product warranties granted by the Group in respect of certain products are recognised based on sales volume and past experience of the level of repair and returns, discounted to their present values as appropriate.

#### (f) Impairment of trade and other receivables

The Group makes allowances on trade and other receivables based on assumptions about risk of default and expected loss rates. The Group used judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and doubtful debt expenses in the periods in which such estimate has been changed. For details of the key assumptions and inputs used, see Note 3.1 above.

#### (g) Impairment of inventory

The management of the Group assesses on the net realisable value of inventory at each reporting date based on the accounting policies stated in Note 17(a). The net realisable value is the estimated selling price in the current course of business, less applicable costs, variable selling expenses and tax charges. Even though the management of the Group has made the best estimate about the inventory impairment loss predicted to occur and provided allowance for impairment, the impairment assessment may still be significantly changed due to the change of market situations.

#### (h) Estimation of the fair value of certain financial assets

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see Note 3.3 above.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

#### (i) Classification of financial assets

The judgments in determining the classification of financial assets include the analysis of business models and the characteristics of contractual cash flows. An entity's business model refers to how an entity manages its financial assets in order to generate cash flows. That is, the entity's business model determines whether cash flows are arising from collecting contractual cash flows, selling financial assets or both.

The business model of managing financial assets is not determined by a single factor or activity. Instead, the entity should consider all relevant evidence available when making the assessment. Relevant evidence mainly includes, but not limited to, how the cash flow of the Group of assets is collected, how the performance of the Group of assets is reported to key management personnel, and how the risk of Group of assets is being assessed and managed. The contractual cash flows characteristics of financial assets refer to the cash flow attributes of the financial assets reflecting the economic characteristics of the relevant financial assets (i.e. whether the contractual cash flows generated by the relevant financial assets on a specified date solely represents the payments of principal and interest). The principal amount refers to the fair value of the financial asset at initial recognition. The principal amount may change throughout the lifetime of the financial assets due to prepayment or other reasons. The interest includes the time value of money, the credit risk associated with the outstanding principal amount for a specific period, other basic lending credit risks, and the consideration of costs and profits.

#### (j) Estimation of the value of defined benefits obligation

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations.

Details of key assumptions and impact of possible changes in key assumptions are disclosed in Note 30.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5. PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

As at 31 December 2023, particulars of principal subsidiaries, joint ventures and associates are as follows:

Name	Place of incorporation and operations	Legal status	Principal activities	Particulars of registered capital/ issued share capital	Interest held	
					Direct	Indirect
<b>Subsidiaries</b>						
Urtrust Insurance Co., Ltd. 眾誠汽車保險股份有限公司	Mainland China	Joint stock company with limited liability	Provision of automotive insurance services	RMB2,268,750,000	27%	26%
GAC Motor Co., Ltd. 廣汽乘用車有限公司	Mainland China	Limited liability company	Manufacture and sale of automobiles	RMB16,006,735,703	100%	-
Guangzhou Automobile Group Component Co., Ltd. 廣汽零部件有限公司	Mainland China	Limited liability company	Manufacture and sale of automotive parts	RMB1,478,910,000	51%	49%
Guangzhou Automobile Group Business Co., Ltd. 廣汽商貿有限公司	Mainland China	Limited liability company	Trading of automobiles, automotive parts and steel	RMB3,921,012,000	100%	-
GAC Motor (Hangzhou) Co., Ltd. 廣汽乘用車(杭州)有限公司	Mainland China	Limited liability company	Manufacture and sale of automobiles	RMB4,231,280,000	-	51%
GAC Capital Co., Ltd. 廣汽資本有限公司	Mainland China	Limited liability company	Investment and investment management	RMB2,318,289,000	100%	-
GAC Finance Co., Ltd. 廣州汽車集團財務有限公司	Mainland China	Limited liability company	Financial services	RMB2,000,000,000	90%	10%
GAC AION New Energy Automobile Co., Ltd. 廣汽埃安新能源汽車股份有限公司	Mainland China	Joint stock company with limited liability	Manufacture and sale of automobiles	RMB7,803,388,361	65%	12%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5. PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (Continued)

As at 31 December 2023, particulars of principal subsidiaries, joint ventures and associates are as follows (continued):

Name	Place of incorporation and operations	Principal activities	Particulars of registered capital/ issued share capital	Interest held	
				Direct	Indirect
<b>Joint ventures</b>					
GAC Honda Automobile Co., Ltd. ("GAC Honda") 廣汽本田汽車有限公司	Mainland China	Manufacture and sale of automobile and automotive parts	USD541,000,000	50%	–
GAC Toyota Motor Co., Ltd. ("GAC Toyota") 廣汽豐田汽車有限公司	Mainland China	Manufacture and sale of automobile and automotive parts	USD1,333,896,100	50%	–
GAC-SOFINCO Automobile Finance Co., Ltd. ("GAC-SOFINCO") 廣汽匯理汽車金融有限公司	Mainland China	Provision of automotive financing services	RMB3,000,000,000	50%	–
Wuyang-Honda Motors (Guangzhou) Co., Ltd. ("Wuyang-Honda") 五羊-本田摩托(廣州)有限公司	Mainland China	Manufacture and sale of motorcycle and motorcycle parts	USD49,000,000	50%	–

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5. PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (Continued)

As at 31 December 2023, particulars of principal subsidiaries, joint ventures and associates are as follows (continued):

Name	Place of incorporation and operations	Principal activities	Particulars of registered capital/ issued share capital	Interest held	
				Direct	Indirect
<b>Associates</b>					
GAC Toyota Engine Co., Ltd. 廣汽豐田發動機有限公司	Mainland China	Manufacture and sale of automotive parts	USD670,940,000	30%	-
Shanghai Hino Engine Co., Ltd. 上海日野發動機有限公司	Mainland China	Manufacture and sale of automotive parts	USD29,980,000	30%	-
Guangzhou TS Automotive Interior Systems Co., Ltd. 廣州提愛思汽車內飾系統有限公司	Mainland China	Manufacture and sale of automotive parts	USD3,860,000	-	48%
Guangzhou Intex Automotive Interior Parts Co., Ltd. 廣州櫻泰汽車飾件有限公司	Mainland China	Manufacture and sale of automotive parts	USD22,500,000	-	25%
Guangzhou Stanley Electric Company Limited 廣州斯坦雷電氣有限公司	Mainland China	Manufacture and sale of automotive parts	USD44,700,000	-	30%
Guangzhou Denso Co., Ltd. 廣州電裝有限公司	Mainland China	Manufacture and sale of automotive parts	USD23,022,409	-	40%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors. The executive directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

For management purpose, the executive directors considered the nature of the Group's products and services and determined that the Group has two reportable segments as follows:

Vehicles and related operations segment – production and sale of a variety of passenger vehicles, commercial vehicles, automotive parts and related operations.

Others – mainly production and sale of motorcycles, automobile finance and insurance, other financing services and investing business.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the consolidated statement of comprehensive income.

For the year ended 31 December 2023 and 2022, no revenue from transactions with any single external customer counted to 10% or more of the Group's total revenue.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. SEGMENT INFORMATION (Continued)

The segment results for the year ended 31 December 2023 and other segment items included in the consolidated statement of comprehensive income are as follows:

	Vehicles and related operations RMB'000	Others RMB'000	Eliminations RMB'000	Unallocated RMB'000	Consolidated RMB'000
Total gross segment revenue	126,825,795	3,620,312	(739,940)	-	129,706,167
Inter-segment revenue	(313,302)	(426,638)	739,940	-	-
<b>Revenue (from external customers)</b>	<b>126,512,493</b>	<b>3,193,674</b>	<b>-</b>	<b>-</b>	<b>129,706,167</b>
<b>Segment results</b>	<b>(4,805,647)</b>	<b>295,903</b>	<b>(150,907)</b>	<b>-</b>	<b>(4,660,651)</b>
Unallocated income – Interest income of headquarters	-	-	-	141,544	141,544
Unallocated costs – Expenditure of headquarters	-	-	-	(322,871)	(322,871)
<b>Operating loss</b>					<b>(4,841,978)</b>
Finance costs	(430,026)	(7,887)	-	(29,410)	(467,323)
Interest income	426,382	21,430	-	37,181	484,993
Share of net profit of joint ventures and associates accounted for using the equity method	7,791,887	557,119	-	-	8,349,006
<b>Profit before income tax</b>					<b>3,524,698</b>
Income tax credit/(expense)	253,153	(34,259)	-	(3,431)	215,463
<b>Profit for the year</b>					<b>3,740,161</b>
<b>Other segment information</b>					
Depreciation and amortisation	7,102,119	52,519	-	139,721	7,294,359
Net impairment losses on financial assets	341,270	114,632	-	-	455,902
Impairment charges of inventories	290,868	-	-	-	290,868
Impairment charges of property, plant and equipment	140,430	-	-	-	140,430
Impairment charges of intangible assets	855,047	-	-	72,239	927,286

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. SEGMENT INFORMATION (Continued)

The segment assets and liabilities as at 31 December 2023 and additions to non-current assets (other than investments in joint ventures and associates, deferred tax assets, FVPL, FVOCI and other long-term receivables) for the year then ended are as follows:

	<b>Vehicles and related operations RMB'000</b>	<b>Others RMB'000</b>	<b>Eliminations RMB'000</b>	<b>Unallocated RMB'000</b>	<b>Consolidated RMB'000</b>
<b>Total assets</b>	<b>169,042,390</b>	<b>62,455,935</b>	<b>(64,396,581)</b>	<b>51,347,026</b>	<b>218,448,770</b>
Total assets include:					
Investments in joint ventures and associates	30,424,304	6,735,564	-	-	37,159,868
<b>Total liabilities</b>	<b>98,928,387</b>	<b>48,469,682</b>	<b>(61,044,223)</b>	<b>7,641,112</b>	<b>93,994,958</b>
<b>Additions to non-current assets (other than investments in joint ventures and associates, deferred tax assets, FVPL, FVOCI and other long-term receivables)</b>	<b>18,384,468</b>	<b>100,257</b>	<b>-</b>	<b>-</b>	<b>18,484,725</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. SEGMENT INFORMATION (Continued)

The segment results for the year ended 31 December 2022 and other segment items included in the consolidated statement of comprehensive income are as follows:

	Vehicles and related operations RMB'000	Others RMB'000 (Restated)	Eliminations RMB'000	Unallocated RMB'000	Consolidated RMB'000 (Restated)
Total gross segment revenue	106,771,696	4,203,146	(702,919)	-	110,271,923
Inter-segment revenue	(336,229)	(366,690)	702,919	-	-
<b>Revenue (from external customers)</b>	106,435,467	3,836,456	-	-	110,271,923
<b>Segment results</b>	(5,895,702)	312,412	(76,523)	-	(5,659,813)
Unallocated income – Interest income of headquarters	-	-	-	35,026	35,026
Unallocated costs – Expenditure of headquarters	-	-	-	(1,050,737)	(1,050,737)
<b>Operating loss</b>					(6,675,524)
Finance costs	(272,553)	(8,309)	-	(70,919)	(351,781)
Interest income	170,236	12,771	-	147,513	330,520
Share of net profit of joint ventures and associates accounted for using the equity method	13,397,583	667,576	-	-	14,065,159
<b>Profit before income tax</b>					7,368,374
Income tax credit/(expense)	588,442	(45,179)	-	(7,723)	535,540
<b>Profit for the year</b>					7,903,914
<b>Other segment information</b>					
Depreciation and amortisation	6,548,644	52,148	-	88,971	6,689,763
Net impairment losses on financial assets	572,080	55,644	-	-	627,724
Impairment charges of investment in a joint venture	1,506,000	-	-	-	1,506,000
Impairment charges of inventories	254,468	-	-	-	254,468
Impairment charges of property, plant and equipment	141,613	-	-	-	141,613
Impairment charges of intangible assets	1,090,605	-	-	-	1,090,605

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. SEGMENT INFORMATION (Continued)

The segment assets and liabilities as at 31 December 2022 and additions to non-current assets (other than investments in joint ventures and associates, deferred tax assets, FVPL, FVOCI and other long-term receivables) for the year then ended are as follows:

	Vehicles and related operations RMB'000	Others RMB'000 (Restated)	Eliminations RMB'000	Unallocated RMB'000	Consolidated RMB'000 (Restated)
<b>Total assets</b>	143,769,818	55,888,395	(57,994,293)	48,221,721	189,885,641
Total assets include:					
Investments in joint ventures and associates	33,197,871	4,612,908	–	–	37,810,779
<b>Total liabilities</b>	69,235,885	44,744,899	(56,557,123)	10,130,525	67,554,186
<b>Additions to non-current assets (other than investments in joint ventures and associates, deferred tax assets, FVPL, FVOCI and other long-term receivables)</b>	10,269,205	90,049	–	–	10,359,254

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. SEGMENT INFORMATION (Continued)

Revenue from external customers by geographical location is as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000 (Restated)
Mainland China	<b>124,184,844</b>	107,142,788
Overseas	<b>5,521,323</b>	3,129,135
	<b>129,706,167</b>	110,271,923

Non-current assets (other than Investments in joint ventures and associates, deferred tax assets, FVPL, FVOCI and other long-term receivables) located by geographical location are as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Mainland China	<b>52,187,651</b>	44,023,726
Overseas	<b>415,508</b>	200,064
	<b>52,603,159</b>	44,223,790

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. SEGMENT INFORMATION (Continued)

Analysis of revenue by category:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000 (Restated)
<b>Recognised at a point in time</b>		
Sales of vehicles and related products	<b>118,607,920</b>	99,884,075
<b>Recognised over time</b>		
Maintenance, transportation and other services	<b>5,535,507</b>	5,990,628
Revenue under HKFRS 15	<b>124,143,427</b>	105,874,703
Revenue from other sources (Note (i))	<b>5,562,740</b>	4,397,220
	<b>129,706,167</b>	110,271,923

(i) Revenue from other sources includes insurance services, financing services and lease income.

#### (a) Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Contract liabilities		
– Related parties	<b>152,014</b>	80,808
– Third parties	<b>2,494,207</b>	1,944,074
	<b>2,646,221</b>	2,024,882

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. SEGMENT INFORMATION (Continued)

#### (a) Contract liabilities (Continued)

##### (i) Significant changes in contract liabilities

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided or the vehicles and related products are yet to be delivered. The increase in contract liabilities was mainly due to the increase of sales orders.

##### (ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
– Related parties	80,808	273,540
– Third parties	1,862,350	2,353,362
	<b>1,943,158</b>	2,626,902

##### (iii) Unsatisfied performance obligations

For the services the Group rendered, they are rendered in short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 6. SEGMENT INFORMATION (Continued)

### (b) Accounting policies of revenue recognition

The Group manufactures and sells a range of passenger vehicles, commercial vehicles, engines and automotive parts to its customers. Sales revenue are recognised when control of the goods has transferred to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Sales revenue are recorded based on the price stated in the sales contracts, net of the sales rebates and discounts.

Revenue from provision of services, primarily comprising transportation services, repair and maintenance services and optional warranty, etc., is recognised in the accounting period in which the services are rendered as the customers simultaneously receive and consume the benefits provided by the Group's performance when the Group performs.

In multiple element arrangements, the transaction price is allocated to the different performance obligations of the contract on the basis of relative standalone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

A contract asset is the Group's right to consideration in exchange for goods or services that the entity has transferred to the customer. A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers goods or services to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 7. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Moulds RMB'000	Office and other equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
<b>Year ended 31 December 2022</b>								
Opening net book amount	8,816,096	6,187,298	775,586	1,124,589	605,952	235,692	1,730,357	19,475,570
Additions	128,160	713,915	399,252	192,850	235,814	98,705	1,969,158	3,737,854
Transfer from investment properties (Note 9)	705,998	-	-	-	-	-	-	705,998
Disposals	-	(47,521)	(261,893)	(2,036)	(6,113)	-	-	(317,563)
Transfer to investment properties (Note 9)	(105,620)	-	-	-	-	-	-	(105,620)
Transfers	861,889	1,281,204	1,034	165,592	133,073	-	(2,442,792)	-
Depreciation charge (Note 29)	(544,798)	(996,283)	(317,047)	(393,843)	(248,774)	(93,263)	-	(2,594,008)
Impairment charge (Note 29)	(59)	(5,182)	(13,724)	(81,653)	(17,893)	-	(23,102)	(141,613)
Closing net book amount	9,861,666	7,133,431	583,208	1,005,499	702,059	241,134	1,233,621	20,760,618
<b>As at 31 December 2022</b>								
Cost	13,554,255	12,882,770	1,355,923	3,560,165	1,600,166	1,043,392	1,256,723	35,253,394
Accumulated depreciation and impairment	(3,692,589)	(5,749,339)	(772,715)	(2,554,666)	(898,107)	(802,258)	(23,102)	(14,492,776)
Net book amount	9,861,666	7,133,431	583,208	1,005,499	702,059	241,134	1,233,621	20,760,618
<b>Year ended 31 December 2023</b>								
Opening net book amount	9,861,666	7,133,431	583,208	1,005,499	702,059	241,134	1,233,621	20,760,618
Additions	1,481,968	205,254	205,655	349,523	763,355	247,518	3,083,673	6,336,946
Acquisition of subsidiaries	1,395,750	10,512	228	571	4,233	-	-	1,411,294
Transfer from investment properties (Note 9)	4,045	-	-	-	-	-	-	4,045
Disposals	(130,723)	(272,579)	(159,917)	(24,488)	(43,812)	-	(2,508)	(634,027)
Transfer to investment properties (Note 9)	(37,722)	-	-	-	-	-	(46,543)	(84,265)
Transfers	388,378	944,992	2,375	241,692	68,503	-	(1,645,940)	-
Depreciation charge (Note 29)	(611,213)	(1,269,326)	(73,766)	(427,647)	(232,645)	(109,989)	-	(2,724,586)
Impairment charge (Note 29)	-	(70,549)	(6,459)	(60,965)	(1,581)	-	(876)	(140,430)
Closing net book amount	12,352,149	6,681,735	551,324	1,084,185	1,260,112	378,663	2,621,427	24,929,595
<b>As at 31 December 2023</b>								
Cost	17,157,466	13,886,433	1,016,251	3,872,800	2,218,531	1,290,910	2,642,896	42,085,287
Accumulated depreciation and impairment	(4,805,317)	(7,204,698)	(464,927)	(2,788,615)	(958,419)	(912,247)	(21,469)	(17,155,692)
Net book amount	12,352,149	6,681,735	551,324	1,084,185	1,260,112	378,663	2,621,427	24,929,595

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 7. PROPERTY, PLANT AND EQUIPMENT (Continued)

#### (a) Depreciation methods and useful lives

Depreciation is calculated using the straight-line method to allocate their costs to their residual amounts, net of their residual values, over their estimated useful lives, as follows:

	<b>Useful lives</b>	<b>Residual rate</b>
– Buildings	20-50 years	0%-10%
– Machinery	5-15 years	0%-10%
– Vehicles	4-12 years	0%-10%
– Moulds	2-6 years	0%-10%
– Office and other equipment	3-20 years	0%-12%
– Leasehold improvements	2-20 years	0%

Furniture, fittings and equipment include assets received in the form of free store fit outs are recognised at their fair value. These assets and other leasehold improvements are depreciated over the shorter of their useful life or the lease term, unless the entity expects to use the assets beyond the lease term. See Note 45.5 for other accounting policies relevant to property, plant and equipment.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 7. PROPERTY, PLANT AND EQUIPMENT (Continued)

- (b) Depreciation expenses have been charged to the consolidated statement of comprehensive income as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Cost of sales	2,144,755	2,162,825
Selling and distribution costs	167,384	144,534
Administrative expenses	412,447	286,649
	<b>2,724,586</b>	2,594,008

- (c) As at 31 December 2023, certain bank borrowings (Note 26(a)) were secured by the Group's property, plant and equipment with the carrying value of approximately RMB381,042,000 (2022: RMB119,109,000).
- (d) As at 31 December 2023, the Group is in the process of applying for the title certificates of certain of its property with an aggregate carrying value of approximately RMB1,695,953,000 (2022: RMB2,789,710,000). The Directors consider that the Group is entitled to lawfully and validly occupy or use those properties.
- (e) During the year, the Group capitalised borrowing costs amounting to approximately RMB11,860,000 (2022: RMB12,255,000) on qualifying assets (construction in progress). Borrowing costs were capitalised at rate of its general borrowings of 3.00%-4.20% (2022: 3.15%-5.19%).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 8. LEASES

This note provides information for leases where the Group is a lessee.

#### (a) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>Right-of-use assets</b>		
Land-use rights (Notes (i), (ii), (iii) and (iv))	<b>6,617,307</b>	5,534,907
Properties	<b>1,816,276</b>	1,465,243
Vehicles	<b>57,387</b>	5,860
Others	<b>22,178</b>	8,474
	<b>8,513,148</b>	7,014,484
<b>Lease liabilities</b>		
Current	<b>449,688</b>	276,839
Non-current	<b>1,484,772</b>	1,297,402
	<b>1,934,460</b>	1,574,241

Total additions to the right-of-use assets during the 2023 financial year were approximately RMB2,661,178,000 (2022: RMB548,324,000). Non-cash transaction of acquisition and disposal of right-of-use assets during the 2023 financial year were approximately RMB1,429,051,000 and approximately RMB127,865,000, respectively (2022: RMB463,164,000 and RMB51,676,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 8. LEASES (Continued)

#### (a) Amounts recognised in the consolidated balance sheet (Continued)

- (i) The Group has land lease arrangement with mainland China government.

Land use rights represent the Group's interests in land which are held on leases between 15 to 50 years. Movements of the land use rights for the year are as follows:

	Year ended 31 December 2023 RMB'000	2022 RMB'000
<b>Beginning of the year</b>		
Cost	6,435,822	6,115,214
Accumulated depreciation and impairment	(900,915)	(690,527)
Net book amount	5,534,907	5,424,687
<b>For the year ended</b>		
Opening net book amount	5,534,907	5,424,687
Additions	231,457	85,159
Acquisition of subsidiaries	1,000,670	–
Transferred from investment properties (Note 9)	–	199,585
Depreciation charge	(149,067)	(174,524)
Impairment	(660)	–
Closing net book amount	6,617,307	5,534,907
<b>End of the year</b>		
Cost	7,766,140	6,435,822
Accumulated depreciation and impairment	(1,148,833)	(900,915)
Net book amount	6,617,307	5,534,907

- (ii) The amount of depreciation of the Group was primarily charged to cost of sales and administrative expenses in the consolidated statement of comprehensive income.
- (iii) As at 31 December 2023 and 2022, there was no bank borrowing secured by the Group's land use rights.
- (iv) As at 31 December 2023 and 2022, there was no title certificate in application.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 8. LEASES (Continued)

#### (b) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	Notes	Year ended 31 December	
		2023 RMB'000	2022 RMB'000
<b>Depreciation charge of right-of-use assets</b>			
Land-use rights		149,067	174,524
Properties		500,812	315,485
Vehicles		15,483	5,435
Others		4,704	3,922
	29	670,066	499,366
Interest expense (included in finance cost)	33	99,840	73,817
Expense relating to short-term leases (included in cost of sales, selling and distribution costs and administrative expenses)	29	43,105	75,203
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	29	–	28

The total cash outflow for leases in 2023 was approximately RMB719,988,000 (2022: RMB371,899,000).

#### (c) The Group's leasing activities and how these are accounted for

The Group leases various properties, vehicles, office and other equipment. Rental contracts are typically made for fixed periods of 6 months to 20 years, but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. See Note 45.21 for other accounting policies relevant to lease.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 9. INVESTMENT PROPERTIES

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
<b>Beginning of the year</b>		
Cost	1,369,862	2,486,541
Accumulated depreciation and impairment	(349,967)	(614,917)
Net book amount	1,019,895	1,871,624
<b>For the year ended</b>		
Opening net book amount	1,019,895	1,871,624
Transfer from property, plant and equipment (Note 7)	84,265	105,620
Acquisition of subsidiaries (Note 40)	6,697	–
Transfer to land use rights (Note 8)	–	(199,585)
Transfer to property, plant and equipment (Note 7)	(4,045)	(705,998)
Depreciation charge (Note 29)	(45,184)	(51,766)
Closing net book amount	1,061,628	1,019,895
<b>End of the year</b>		
Cost	1,467,716	1,369,862
Accumulated depreciation and impairment	(406,088)	(349,967)
Net book amount	1,061,628	1,019,895

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 9. INVESTMENT PROPERTIES (Continued)

**(a) Depreciation methods and useful lives**

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives of 20 to 50 years with residual value of 0% to 10%. See Note 45.7 for other accounting policies relevant to investment properties.

**(b)** The Group's investment properties at their net book values are analysed as follows:

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Mainland China	<b>1,048,339</b>	1,006,244
Hong Kong	<b>13,289</b>	13,651
	<b>1,061,628</b>	1,019,895

**(c)** As at 31 December 2023, the Group is in the process of applying for the title certificates of certain investment properties with an aggregate carrying value of approximately RMB142,347,000 (2022: RMB25,710,000). The Directors consider that the Group is entitled to lawfully and validly occupy or use those properties.

**(d)** Rental income from operating lease recognised in profit or loss for investment properties in 2023 was approximately RMB60,834,000 (2022: RMB34,891,000).

**(e) Leasing arrangements**

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease income from operating leases where the Group is a lessor is recognised in income on a straightline basis over the lease term. There are no variable lease payments that depend on an index or rate.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 10. INTANGIBLE ASSETS

	Patent, proprietary technology and franchise right RMB'000	Computer software RMB'000	Goodwill RMB'000	Development costs RMB'000	Total RMB'000
<b>Year ended 31 December 2022</b>					
Opening net book amount	390,587	826,125	127,099	12,237,408	13,581,219
Additions	740	447,389	–	5,078,379	5,526,508
Amortisation charge (Note 29)	(54,588)	(230,193)	–	(3,259,842)	(3,544,623)
Impairment charge (Note 29)	(142)	(1,992)	–	(1,088,471)	(1,090,605)
Disposals	–	–	(1,324)	–	(1,324)
Closing net book amount	336,597	1,041,329	125,775	12,967,474	14,471,175
<b>As at 31 December 2022</b>					
Cost	1,430,877	1,889,716	125,775	31,503,476	34,949,844
Accumulated amortisation and impairment	(1,094,280)	(848,387)	–	(18,536,002)	(20,478,669)
Net book amount	336,597	1,041,329	125,775	12,967,474	14,471,175
<b>Year ended 31 December 2023</b>					
Opening net book amount	336,597	1,041,329	125,775	12,967,474	14,471,175
Additions	5,310	6,196	–	6,857,048	6,868,554
Acquisition of subsidiaries (Note 40)	179	–	25,653	–	25,832
Amortisation charge (Note 29)	(35,249)	(334,716)	–	(3,484,558)	(3,854,523)
Impairment charge (Note 29)	–	(1,847)	(72,239)	(853,200)	(927,286)
Disposals	(38,132)	(75,919)	–	–	(114,051)
Closing net book amount	268,705	635,043	79,189	15,486,764	16,469,701
<b>As at 31 December 2023</b>					
Cost	1,398,234	1,819,993	151,428	38,360,524	41,730,179
Accumulated amortisation and impairment	(1,129,529)	(1,184,950)	(72,239)	(22,873,760)	(25,260,478)
Net book amount	268,705	635,043	79,189	15,486,764	16,469,701

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 10. INTANGIBLE ASSETS (Continued)

#### (a) Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

– Patent, proprietary technology and franchise right	5-10 years
– Computer software	2-10 years

See Note 45.8 for the other accounting policies relevant to intangible assets, and Note 45.9 for the Group’s policy regarding impairments.

(b) Amortisation of the Group’s intangible assets mainly charged to cost of sales.

#### (c) Goodwill arose from acquisition of businesses:

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB’000</b>	RMB’000
Guangzhou GAC Youlide Automobile Interior System Research and Development Co., Ltd. (“GAC Youlide”)	<b>25,653</b>	–
Denway	<b>90,299</b>	90,299
Others	<b>35,476</b>	35,476
Less: provision for impairment (Note (i))	<b>(72,239)</b>	–
	<b>79,189</b>	125,775

(i) For the year ended 31 December 2023, RMB72,329,000 of impairment provision was made against the goodwill relating to Denway.

(d) During the year ended 31 December 2023, the Group capitalised borrowing costs amounting to approximately RMB52,421,000 (2022: RMB87,143,000) on qualifying assets (development costs). Borrowing costs were capitalised at rate of its general borrowings of 2.45%-5.19% (2022: 2.45%-5.19%).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The amounts recognised in the consolidated balance sheet are as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Investments in joint ventures	27,521,810	28,095,173
Investments in associates	9,638,058	9,715,606
	<b>37,159,868</b>	37,810,779

The amounts recognised in the consolidated statement of comprehensive income are as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Share of profit of joint ventures (Note (i))	7,959,352	13,159,561
Share of profit of associates (Note (i))	389,654	905,598
	<b>8,349,006</b>	14,065,159

(i) Unrealised profits or losses resulting from upstream and downstream transactions are eliminated.

#### 11.1 Investments in Joint Ventures

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Investment in unlisted shares	27,521,810	28,095,173

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

#### 11.1 Investments in Joint Ventures (Continued)

(a) *Movements of investments in joint ventures are set out as follows:*

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Beginning of the year	<b>28,095,173</b>	26,904,507
Additions (Note (i))	<b>2,507,622</b>	1,208,777
Capital reduction	<b>(48,936)</b>	(20,646)
Disposals	<b>(362,815)</b>	(50,219)
Transfer to subsidiaries (Note (ii))	<b>(41,257)</b>	(121,555)
Share of profits	<b>7,935,650</b>	13,177,733
Impairment provision	–	(1,506,000)
Share of other reserves	<b>3,893</b>	12,370
Dividends declared	<b>(10,567,520)</b>	(11,509,794)
End of the year	<b>27,521,810</b>	28,095,173

(i) In 2023, the Group additionally invested an aggregate of approximately RMB1,469,539,000 in GAC Mitsubishi Motors Co., Ltd. (“GAC Mitsubishi”) among which approximately RMB1,151,531,000 was contributed by offsetting the entrusted loans previously granted by the Group. In addition, the Group contributed RMB550,000,000 to GAC-SOFINCO in proportion to its interest held.

(ii) On 28 December 2023, the Group acquired 50% equity interests of GAC Mitsubishi at a consideration of RMB2. Upon completion of the acquisition, GAC Mitsubishi became a wholly-owned subsidiary of the Group.

In November 2023, the Group acquired 50% equity interests of GAC Youlide at a consideration of approximately RMB86,620,000. Upon completion of the acquisition, GAC Youlide became a wholly-owned subsidiary of the Group.

For the details of acquisition of GAC Mitsubishi and GAC Youlide, please refer to Note 40.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

#### 11.1 Investments in Joint Ventures (Continued)

- (b) Set out below are the joint ventures of the Group collectively as “material joint ventures” as at 31 December 2023, which in the opinion of the directors, are material to the Group. The joint ventures as listed below are held directly by the Group. The country of incorporation or registration is also their principal place of business.

Name of joint ventures	Place of business/ country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
GAC Honda	Mainland China	50	Note 1	Equity
GAC Toyota	Mainland China	50	Note 1	Equity
GAC-SOFINCO	Mainland China	50	Note 1	Equity
Wuyang-Honda	Mainland China	50	Note 1	Equity

Note 1: GAC Honda and GAC Toyota are companies manufacturing and selling automobiles and automotive parts, GAC-SOFINCO is a company providing automotive financing services, and Wuyang-Honda is a company manufacturing and selling motorcycles and motorcycle parts. All of them are unlisted companies.

#### (c) Summarised financial information for joint ventures

Set out below is the summary of combined financial information for all the joint ventures of the Group (excluding goodwill). As restricted by the confidentiality agreements entered into with other shareholders of certain joint ventures, the Group has not disclosed certain financial data of material joint ventures separately. The aggregate of the financial information of the above four (2022: six) material joint ventures identified by Directors covers over 90% of combined financial information of all the joint ventures of the Group listed below.

The below financial information of the joint ventures has been consistently measured based on the fair values of the identifiable assets acquired and the liabilities assumed at the date of acquisition.

The information below reflects the amounts presented in the financial statements of the joint ventures (and not the Group’s share of those amounts) adjusted for differences in accounting policies between the Group and the joint ventures.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

#### 11.1 Investments in Joint Ventures (Continued)

##### (c) Summarised financial information for joint ventures (Continued)

##### Summarised balance sheet

	As at 31 December 2023 RMB'000	2022 RMB'000
<b>Assets</b>		
Non-current assets	94,119,421	90,548,547
Current assets		
– Cash and cash equivalents	57,624,954	56,897,368
– Other current assets	43,994,794	47,789,045
	<b>101,619,748</b>	104,686,413
<b>Total assets</b>	<b>195,739,169</b>	195,234,960
<b>Liabilities</b>		
Non-current liabilities		
– Financial liabilities (excluding trade and other payables)	32,252,756	23,621,472
– Other non-current liabilities (including trade and other payables)	7,576,218	8,931,280
	<b>39,828,974</b>	32,552,752
Current liabilities		
– Financial liabilities (excluding trade and other payables)	23,520,832	28,251,359
– Other current liabilities (including trade and other payables)	76,882,007	85,147,625
	<b>100,402,839</b>	113,398,984
<b>Total liabilities</b>	<b>140,231,813</b>	145,951,736
<b>Net assets</b>	<b>55,507,356</b>	49,283,224
Less: Non-controlling interests	(8,633)	(9,570)
	<b>55,498,723</b>	49,273,654

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

#### 11.1 Investments in Joint Ventures (Continued)

(c) *Summarised financial information for joint ventures (Continued)*

**Summarised statement of comprehensive income**

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Revenue	<b>270,326,493</b>	304,329,946
Cost of sales	<b>(234,174,673)</b>	(256,996,217)
Other expenditures	<b>(16,032,482)</b>	(27,626,934)
Profit after tax	<b>20,119,338</b>	19,706,795
Less: loss/(profit) attributable to non-controlling interests	<b>149</b>	(145)
	<b>20,119,487</b>	19,706,650
Other comprehensive income	<b>4,280</b>	13,850
Total comprehensive income	<b>20,123,767</b>	19,720,500

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

#### 11.1 Investments in Joint Ventures (Continued)

##### (c) Summarised financial information for joint ventures (Continued)

##### Summarised statement of comprehensive income (Continued)

Set out below are the assets, liabilities, revenue and dividends of the material joint ventures of the Group:

Name of joint ventures	Assets		Liabilities		Revenue		Dividends received	
	As at 31 December		As at 31 December		Year ended 31 December		Year ended 31 December	
	2023	2022	2023	2022	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
GAC Honda	41,882,840	40,812,462	29,058,090	30,435,611	93,528,217	115,112,513	3,503,074	4,209,208
GAC Toyota	67,911,549	70,758,395	40,853,336	41,577,741	152,868,714	163,533,729	9,980,438	7,521,182
GAC-SOFINCO	67,801,454	56,816,996	58,930,099	49,467,749	4,594,850	4,427,522	166,675	184,564
Wuyang-Honda	2,611,962	3,307,185	1,091,412	1,600,799	5,103,226	6,106,648	213,054	156,758
Total	180,207,805	171,695,038	129,932,937	123,081,900	256,095,007	289,180,412	13,863,241	12,071,712

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

#### 11.1 Investments in Joint Ventures (Continued)

##### (c) Summarised financial information for joint ventures (Continued)

##### Summarised statement of comprehensive income (Continued)

Reconciliation of share of the net assets to the carrying amount of the Group's interests in the material joint ventures:

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Assets	<b>180,207,805</b>	171,695,038
Less: Liabilities	<b>(129,932,937)</b>	(123,081,900)
Non-controlling interests	<b>(8,633)</b>	(9,570)
Net assets excluding non-controlling interests	<b>50,266,235</b>	48,603,568
Percentage of ownership interest	<b>50%</b>	50%
Interests in material joint ventures	<b>25,133,118</b>	24,301,784
Goodwill	<b>21,259</b>	21,259
– Wuyang-Honda	<b>21,259</b>	21,259
Carrying amount of investments in material joint ventures	<b>25,154,377</b>	24,323,043

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

#### 11.2 Investments in Associates

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Unlisted companies	9,638,058	9,715,606

(a) *Movements of investments in associates are set out as follows:*

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
<b>Beginning of the year</b>	<b>9,715,606</b>	10,022,480
Additions (Note (i))	<b>1,199,058</b>	182,141
Disposal	<b>(47,519)</b>	(110,675)
Capital reduction	<b>(14,408)</b>	(25,342)
Share of profits	<b>371,467</b>	918,455
Share of other reserves	<b>59,142</b>	205,933
Dividends declared	<b>(1,645,288)</b>	(1,477,386)
End of the year	<b>9,638,058</b>	9,715,606

- (i) The additions in 2023 mainly represent the Group's additional capital contribution of RMB600,000,000 to HYCAN Automotive Technology Co., Ltd. and approximately RMB216,154,000 to GAC Aisin Automatic Transmission Co., Ltd.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

#### 11.2 Investments in Associates (Continued)

(b) *In the opinion of the board, there are no associates individually material to the Group. Set out below is the Group's share of associates' results:*

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
<b>Associates</b>		
Profit	<b>389,654</b>	905,598
Other comprehensive income	–	51,271
Total comprehensive income	<b>389,654</b>	956,869

(c) *Particulars of the Group's principal associates are set out in Note 5.*



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 13. DEFERRED INCOME TAX

- (a) Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. The analysis of deferred tax assets and deferred tax liabilities is as follows:

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000 (Restated)
Deferred tax assets:	<b>4,728,990</b>	4,224,883
Set-off of deferred tax liabilities	<b>(362,860)</b>	(509,389)
Deferred tax assets – net	<b>4,366,130</b>	3,715,494
Deferred tax liabilities:	<b>(602,867)</b>	(641,789)
Set-off of deferred tax assets	<b>362,860</b>	509,389
Deferred tax liabilities – net	<b>(240,007)</b>	(132,400)

- (b) The net movements on the deferred income tax account are as follows:

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
As at 1 January	<b>3,583,094</b>	2,689,507
Tax recognised in profit or loss (Note 34)	<b>615,708</b>	856,688
Tax recognised in other comprehensive income (Note 35)	<b>(40,369)</b>	36,899
Acquisition of subsidiaries	<b>(32,310)</b>	–
<b>End of the year</b>	<b>4,126,123</b>	3,583,094

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 13. DEFERRED INCOME TAX (Continued)

- (c) The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax assets	Impairment provision RMB'000	Accrued expenses and others RMB'000 (Restated)	Provisions RMB'000	Intangible asset amortisation RMB'000	Tax losses RMB'000	Fair value changes of FVOCI RMB'000	Total RMB'000 (Restated)
<b>Year ended 31 December 2022</b>							
Opening book amount	413,531	1,370,921	148,718	336,049	868,300	130,543	3,268,062
Recognised in profit or loss	230,221	171,958	54,528	70,476	392,131	-	919,314
Recognised in other comprehensive income	-	-	-	-	-	37,507	37,507
Closing book amount	643,752	1,542,879	203,246	406,525	1,260,431	168,050	4,224,883
<b>Year ended 31 December 2023</b>							
Opening book amount	643,752	1,542,879	203,246	406,525	1,260,431	168,050	4,224,883
Recognised in profit or loss	156,044	183,733	80,037	146,076	(17,450)	-	548,440
Recognised in other comprehensive income	-	(895)	-	-	-	(43,438)	(44,333)
Closing book amount	799,796	1,725,717	283,283	552,601	1,242,981	124,612	4,728,990

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 13. DEFERRED INCOME TAX (Continued)

- (c) The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows: (Continued)

Deferred tax liabilities	Accelerated	Revaluation of	Fair value	Share of profit	Others	Total
	taxation		gains arising			
	depreciation	financial assets	from business	of associates		
	RMB'000	RMB'000	combination	RMB'000	RMB'000	RMB'000
			RMB'000	RMB'000	(Restated)	(Restated)
<b>Year ended 31 December 2022</b>						
Opening book amount	(123,856)	(27,949)	(20,134)	(89,783)	(316,833)	(578,555)
Recognised in profit or loss	(59,657)	24,700	(9,469)	(4,790)	(13,410)	(62,626)
Recognised in other comprehensive income	-	-	-	-	(608)	(608)
Closing book amount	(183,513)	(3,249)	(29,603)	(94,573)	(330,851)	(641,789)
<b>Year ended 31 December 2023</b>						
Opening book amount	(183,513)	(3,249)	(29,603)	(94,573)	(330,851)	(641,789)
Recognised in profit or loss	26,123	(338)	6,822	(197)	34,858	67,268
Recognised in other comprehensive income	-	-	-	-	3,964	3,964
Acquisition of subsidiaries	-	-	(23,448)	-	(8,862)	(32,310)
Closing book amount	(157,390)	(3,587)	(46,229)	(94,770)	(300,891)	(602,867)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 13. DEFERRED INCOME TAX (Continued)

- (d) In accordance with the PRC tax law, tax losses may be carried forward against future taxable income for a period of five years. As at 31 December 2023, the Group did not recognise deferred tax assets in respect of losses amounting to RMB11,670,314,000 (2022: RMB8,884,027,000), as it is uncertain that future taxable profit will be available against which the tax losses can be utilised. These tax losses will expire between 2024 and 2028.

<b>Expire year</b>	<b>Unused tax losses for which no deferred tax asset was recognised RMB'000</b>
2024	1,852,585
2025	2,634,780
2026	754,025
2027	2,713,691
2028	3,715,233
	<b>11,670,314</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
<b>Non-current assets</b>		
Listed bond investments	2,324,320	1,102,108
Unlisted financial products	2,043,252	–
Listed stocks	497,926	430,337
Unlisted stocks	228,868	181,181
	<b>5,094,366</b>	1,713,626
<b>Current assets</b>		
Listed bond investments	3,771,889	3,457,375
Unlisted notes receivable	1,812,480	632,301
Unlisted financial products	50,000	–
	<b>5,634,369</b>	4,089,676
	<b>10,728,735</b>	5,803,302

(i) FVOCI of the Group comprise equity instruments which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

(ii) Amounts recognised in profit or loss and other comprehensive income

During the year, the following gains or losses were recognised:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Gains/(losses) recognised in other comprehensive income		
– Related to equity investments (Note 35)	153,701	(140,356)
– Related to debt investments (Note 35)	20,210	(6,531)
Dividends from equity investments held at FVOCI recognised in other gains-net in profit or loss		
– Related to investments held at the end of the reporting period	10,388	10,388

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
<b>Non-current assets</b>		
Debt instruments		
Listed bond investments	72,510	185,069
Equity instruments		
Unlisted other equity investments	1,777,338	1,471,849
Listed preference shares	513,664	512,317
	2,291,002	1,984,166
	2,363,512	2,169,235
<b>Current assets</b>		
Debt instruments		
Unlisted financial products	852,862	2,547,124
Listed bond investments	32,167	33,423
	885,029	2,580,547
Equity instruments		
Unlisted fund investments	969,200	1,160,294
Listed fund investments	586,068	350,634
Listed stocks	350,497	128,249
	1,905,765	1,639,177
	2,790,794	4,219,724
	5,154,306	6,388,959

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

- (i) The Group classifies the following FVPL:
- debt investments that do not qualify for measurement at either amortised cost or FVOCI;
  - equity investments that are held for trading; and
  - equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

- (ii) Amounts recognised in profit or loss

During the year, the following gains or losses were recognised in profit or loss:

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Fair value losses on equity investments at FVPL recognised in other gains/(losses) – net (Note 31)	<b>(27,868)</b>	(326,832)
Fair value (losses)/gains on debt instruments at FVPL recognised in other gains/(losses) – net (Note 31)	<b>(13,263)</b>	8,175
	<b>(41,131)</b>	(318,657)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16. PREPAYMENTS AND OTHER LONG-TERM RECEIVABLES

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Prepayments	1,629,087	957,618
Finance lease receivables (Notes (a) and (c))	6,879,085	5,089,879
Other loans and receivables	963,185	993,360
Loan receivables (Note 18 (d))	3,550,000	–
Financial assets arising from continuing involvement (Notes (a) and (b))	397,160	195,160
Long-term deposits in a joint venture (Note 41 (b))	4,500,000	2,500,000
Long-term deposits	90,474	262,183
	<b>16,379,904</b>	9,040,582
Less: provision for other long-term receivables	<b>(628,806)</b>	(390,907)
	<b>17,380,185</b>	9,607,293

(a) As at 31 December 2023, certain bank borrowings (Note 26 (a)), borrowings related to automotive lease-back (Note 26(k)) and resource financing (Note 26(j)) were secured by the Group's short-term and long-term finance lease receivables with the carrying value of approximately RMB241,554,000 (2022: RMB450,928,000) and RMB81,080,000 (2022: RMB800,046,000).

As at 31 December 2023, certain securitization debt (Note 26(i)) were secured by the Group's short-term and long-term finance lease receivables with the carrying value of approximately RMB1,451,563,000 (2022: 937,212,000) and RMB2,361,788,000 (2022: 569,844,000) and financial assets arising from continuing involvement with the carrying value of RMB397,160,000 (2022: RMB195,160,000), respectively.

(b) Transferred financial assets that are not derecognised in their entirety

The Group has securitized certain finance lease receivables and issued RMB1,517,000,000 asset-backed securities ("ABS-2022-1") in June 2022. During the year ended 31 December 2022, the Group issued ABS-2022-1 of RMB1,517,000,000, out of which RMB1,420,000,000 represented senior tranche and RMB97,000,000 represented subordinate tranche, 79.38% of which was acquired by the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16. PREPAYMENTS AND OTHER LONG-TERM RECEIVABLES (Continued)

(b) Transferred financial assets that are not derecognised in their entirety (Continued)

The Group has securitized certain finance lease receivables and issued RMB820,000,000 asset-backed securities (“ABS-2022-2”) in August 2022. During the year ended 31 December 2022, the Group issued ABS-2022-2 of RMB820,000,000, out of which RMB763,000,000 represented senior tranche and RMB57,000,000 represented subordinate tranche, 71.93% of which was acquired by the Group.

The Group has securitized certain finance lease receivables and issued RMB662,000,000 asset-backed securities (“ABS-2022-3”) in September 2022. During the year ended 31 December 2022, the Group issued ABS-2022-3 of RMB662,000,000, out of which RMB618,000,000 represented senior tranche and RMB44,000,000 represented subordinate tranche, 76.14% of which was acquired by the Group.

The Group has securitized certain finance lease receivables and issued RMB1,082,000,000 asset-backed notes (“ABN-2022-2”) in November 2022. During the year ended 31 December 2022, the Group issued ABN-2022-2 of RMB1,082,000,000, out of which RMB1,023,000,000 represented senior tranche and RMB59,000,000, represented subordinate tranche, 74.00% of which was acquired by the Group.

Since the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial lease receivables and retained control of the underlying assets as at 31 December 2022, the Group only recognised the transferred assets to the extent of the continuing involvement of the ABS-2022-1, ABS-2022-2, ABS-2022-3, ABN-2022-2 amounting to RMB195,160,000 as continuing involvement assets, and the associated liabilities amounting to RMB195,160,000 (Note 25) as continuing involvement liabilities, which approximate the maximum exposure to losses from its involvement in the ABS-2022-1, ABS-2022-2, ABS-2022-3, ABN-2022-2.

The Group has securitized certain finance lease receivables and issued RMB1,200,000,000 asset-backed notes (“ABN-2023-1”) in April 2023. During the year ended 31 December 2023, the Group issued ABN-2023-1 of RMB1,200,000,000, out of which RMB1,140,000,000 represented senior tranche and RMB60,000,000, represented subordinate tranche, 75.00% of which was acquired by the Group.

The Group has securitized certain finance lease receivables and issued RMB1,602,000,000 asset-backed notes (“ABN-2023-2”) in May 2023. During the year ended 31 December 2023, the Group issued ABN-2023-1 of RMB1,602,000,000, out of which RMB1,482,000,000 represented senior tranche and RMB120,000,000, represented subordinate tranche, 75.00% of which was acquired by the Group.

The Group has securitized certain finance lease receivables and issued RMB1,323,000,000 asset-backed securities (“ABS-2023-1”) in July 2023. During the year ended 31 December 2023, the Group issued ABS-2023-1 of RMB1,323,000,000, out of which RMB1,223,000,000 represented senior tranche and RMB100,000,000 represented subordinate tranche, 67.00% of which was acquired by the Group.

Since the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial lease receivables and retained control of the underlying assets as at 31 December 2023, the Group only recognised the transferred assets to the extent of the continuing involvement of the ABS-2022-1, ABS-2022-2, ABS-2022-3, ABN-2022-2, ABN-2023-1, ABN-2023-2, ABS-2023-1 amounting to RMB397,160,000 as continuing involvement assets, and the associated liabilities amounting to RMB397,160,000 (Note 25) as continuing involvement liabilities, which approximate the maximum exposure to losses from its involvement in the ABS-2022-1, ABS-2022-2, ABS-2022-3, ABN-2022-2, ABN-2023-1, ABN-2023-2, ABS-2023-1.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16. PREPAYMENTS AND OTHER LONG-TERM RECEIVABLES (Continued)

- (c) The amount of finance lease receivables refers to the amount that the Group should collect from the lessee for the purpose of transferring the leased assets which mainly is passenger vehicles and commercial vehicles during the lease term. The effective interest rate as at 31 December 2023 is 10.19% (2022: 9.81%).

	<b>As at 31 December 2023</b>	2022
	<b>RMB'000</b>	RMB'000
Gross finance lease receivables balance	<b>12,453,140</b>	9,279,343
Less: Unearned finance income	<b>(1,231,555)</b>	(885,056)
Less: provision for impairment	<b>(469,948)</b>	(261,289)
	<b>10,751,637</b>	8,132,998
Less: current portion	<b>(4,315,330)</b>	(3,287,887)
Non-current portion	<b>6,436,307</b>	4,845,111

Movements of impairment allowances are as follows:

	<b>Year ended 31 December 2023</b>	2022
	<b>RMB'000</b>	RMB'000
At 1 January	<b>261,289</b>	108,456
Provision for impairment loss	<b>208,659</b>	152,833
<b>At 31 December</b>	<b>469,948</b>	261,289

Finance income on the net investment in the lease amounted to approximately RMB1,363,129,000 in the year ended 31 December 2023 (2022: RMB655,244,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 17. INVENTORIES

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Raw materials and consumables	4,515,596	5,510,950
Work-in-progress	168,950	335,321
Finished goods and merchandise	12,577,340	6,906,822
	17,261,886	12,753,093
Less: provision for impairment	(541,573)	(391,263)
	16,720,313	12,361,830

#### (a) Assigning costs to inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### (b) Amounts recognised in profit or loss

The cost of inventories recognised as expenses and included in cost of sales amounted to approximately RMB104,508,814,000 (2022: RMB77,643,707,000).

(c) As at 31 December 2023, certain bank borrowings (Note 26(a)) and notes payable (Note 25(d)) were secured by the Group's inventories with the carrying value of approximately RMB1,098,890,000 (2022: RMB1,111,239,000) and RMB2,046,017,000 (2022: RMB1,136,388,000), respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 18. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2023	2022
	RMB'000	RMB'000 (Restated)
Trade receivables (Notes (b) and (c))	<b>5,845,479</b>	8,639,123
Less: provision for impairment	<b>(541,526)</b>	(544,879)
Trade receivables – net	<b>5,303,953</b>	8,094,244
Loan receivables (Note (d))	<b>8,835,710</b>	10,365,047
Finance lease receivables (Note 16 (a) and (c))	<b>4,315,330</b>	3,287,887
Value added tax recoverable	<b>2,896,930</b>	1,296,989
Prepayments	<b>2,108,135</b>	1,238,629
Notes receivable	<b>451,682</b>	97,926
Reissuance contract assets	<b>221,895</b>	196,198
Consigned inventories (Note (e))	<b>187,547</b>	493,600
Entrusted loans (Note (g))	<b>106,472</b>	262,398
Financial assets held under resale agreements	<b>106,297</b>	448,677
Dividends receivable (Note 41(b))	<b>73,846</b>	3,674,120
Other receivables	<b>2,170,903</b>	1,951,671
	<b>26,778,700</b>	31,407,386

#### (a) Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 45.10.4 for a description of the Group's impairment policies.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 18. TRADE AND OTHER RECEIVABLES (Continued)

- (b) Sales of passenger vehicles were normally made with advances from customers. Sales of other products were made on credit terms ranging from 0 to 365 days. As at 31 December 2023 and 2022, the ageing analysis of these trade receivables is presented on the basis of the date of the relevant invoices as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000 (Restated)
Within 1 year	2,825,352	6,354,780
Between 1 and 2 years	2,480,595	1,400,268
Between 2 and 3 years	168,059	251,628
Between 3 and 4 years	53,341	345,020
Between 4 and 5 years	35,341	58,152
Over 5 years	282,791	229,275
	<b>5,845,479</b>	8,639,123

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2023, a provision of approximately RMB541,526,000 was made against the gross amounts of trade receivables (2022: RMB544,879,000).

(c) **Fair values of trade receivables**

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 18. TRADE AND OTHER RECEIVABLES (Continued)

- (d) The balance represents loans to related parties and third parties in relation to provision of financing services by a subsidiary of the Group. The effective interest rate as at 31 December 2023 is 3.63% (2022: 4.24%).

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Gross loan balance	<b>12,634,162</b>	10,576,921
Less: provision for impairment	<b>(279,286)</b>	(211,874)
	<b>12,354,876</b>	10,365,047
Less: current portion	<b>(8,835,710)</b>	(10,365,047)
Non-current portion	<b>3,519,166</b>	–

Movements of impairment allowances are as follows:

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000 (Restated)
At 1 January	<b>211,874</b>	128,627
Provision for impairment loss	<b>67,412</b>	83,247
<b>At 31 December</b>	<b>279,286</b>	211,874

- (e) The balance represents the consigned inventories from a joint venture to whom we provide entrusted processing services.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 18. TRADE AND OTHER RECEIVABLES (Continued)

- (f) The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000 (Restated)
RMB	26,679,075	31,245,223
HKD	82,303	82,141
USD	17,286	79,988
EUR	36	34
	<b>26,778,700</b>	31,407,386

- (g) The entrusted loans are mainly provided to related parties through financial institutions, which will be due in the year ended 31 December 2023. The effective interest rate as at 31 December 2023 is 3.45% (2022: 3.65%).

### 19. TIME DEPOSITS

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Denominated in:		
– RMB	6,758,193	3,179,348
– USD	49,872	143,477
– HKD	17,282	2,899
	<b>6,825,347</b>	3,325,724

The initial term of time deposits was over three months.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 20. RESTRICTED CASH

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Deposits for letters of credit and bank notes	883,755	192,396
Security and other deposits	178,414	48,701
Mandatory reserve deposits with the People's Bank of China ("PBOC") (Note (a))	1,776,614	1,735,492
	<b>2,838,783</b>	1,976,589

(a) A subsidiary of the Group is required to place mandatory reserve deposits with the PBOC for its provision of financing service. Those deposits with the PBOC are not available for use in the Group's daily operations.

The carrying amount of the Group's restricted cash is denominated in the following currencies:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
– RMB	2,837,506	1,974,293
– EUR	943	–
– JPY	334	–
– USD	–	2,296
	<b>2,838,783</b>	1,976,589

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 21. CASH AND CASH EQUIVALENTS

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Denominated in:		
– RMB	<b>38,637,594</b>	34,116,954
– THB	<b>537,747</b>	–
– RUB	<b>154,862</b>	–
– USD	<b>83,900</b>	54,514
– MXN	<b>72,524</b>	–
– EUR	<b>20,707</b>	28,911
– HKD	<b>9,864</b>	2,706
– JPY	<b>1,855</b>	19,020
– Others	<b>3,278</b>	8
	<b>39,522,331</b>	34,222,113

As at 31 December 2023 and 2022, the Group's cash and cash equivalents includes cash in hand, deposits held at call with banks and bank deposits with original maturities less than three months.

- (a) As at 31 December 2023 and 2022, the Group's cash and cash equivalents, restricted cash (Note 20) and time deposits (Note 19) were deposited in financial institutions without significant credit risk. Detail ratings of these financial institutions, as published by Shanghai Purang Financial Services Co., Ltd. are set out as follows:

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
AAA	<b>34,550,071</b>	39,355,372
AA+	<b>14,171,204</b>	67,563
Others and cash on hand	<b>465,186</b>	101,491
	<b>49,186,461</b>	39,524,426
<b>Representing</b>		
– Time deposits	<b>6,825,347</b>	3,325,724
– Restricted cash	<b>2,838,783</b>	1,976,589
– Cash and cash equivalents	<b>39,522,331</b>	34,222,113
	<b>49,186,461</b>	39,524,426

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 22. SHARE CAPITAL

	RMB ordinary shares of RMB1 each		Foreign ordinary shares listed outside mainland China of RMB1 each		Total	
	Number of shares (thousands)	Share capital RMB'000	Number of shares (thousands)	Share capital RMB'000	Number of shares (thousands)	Share capital RMB'000
<b>As at 31 December 2021</b>	7,271,973	7,271,973	3,098,620	3,098,620	10,370,593	10,370,593
Employee share-based awards scheme						
– Proceeds from share issued	23,206	23,206	–	–	23,206	23,206
Conversion of convertible bonds	93,365	93,365	–	–	93,365	93,365
<b>As at 31 December 2022</b>	7,388,544	7,388,544	3,098,620	3,098,620	10,487,164	10,487,164
<b>As at 31 December 2022</b>	<b>7,388,544</b>	<b>7,388,544</b>	<b>3,098,620</b>	<b>3,098,620</b>	<b>10,487,164</b>	<b>10,487,164</b>
Employee share-based awards scheme						
– Proceeds from share issued (Note 23)	10,398	10,398	–	–	10,398	10,398
– Repurchase and cancellation of restricted shares (Note 23)	(7,328)	(7,328)	–	–	(7,328)	(7,328)
<b>As at 31 December 2023</b>	<b>7,391,614</b>	<b>7,391,614</b>	<b>3,098,620</b>	<b>3,098,620</b>	<b>10,490,234</b>	<b>10,490,234</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 23. SHARE-BASED PAYMENTS

**(a) Equity-settled share-based payment – the Third A Share Options Scheme and Restricted Share Incentive Scheme**

According to the resolution of the extraordinary shareholders' meeting held on 4 December 2020, total 102,101,330 A Share Options ("SO-III") were granted to 2,872 individuals, including directors, senior management and selected key employees (the "SO-III Recipients"). The grant date is 4 December 2020 (the "Grant Date-SO-III").

According to the resolution of the extraordinary shareholders' meeting held on 4 December 2020, total 102,101,330 Restricted Shares ("RS") were granted to 2,872 individuals, including directors, senior management and selected key employees (the "RS Recipients"). The grant date is 4 December 2020 (the "Grant Date-RS").

**(i) The Third A Share Options Scheme**

Each share option represents the right granted to the SO-III Recipients to acquire one share of the Company at pre-determined exercise price of RMB9.98 and conditions in the validity period as set out in the Third A Share Options Scheme ("SO-III Scheme"). The weighted average fair value of SO-III, as estimated at the Grant Date-SO-III, was RMB4.98 per share option. This was calculated using the Black-Scholes share option pricing model. The significant inputs into the model are listed as follow:

Exercise price determined at the Grant Date-SO-III	RMB9.98
Expected option life (years)	3.4 years
Share price at Grant Date-SO-III	RMB13.29
Estimated volatility of the share price	27.33%
Estimated dividend yields	0.00%
Annual risk-free interest rate during the option life	3.06%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 23. SHARE-BASED PAYMENTS (Continued)

#### (a) Equity-settled share-based payment – the Third A Share Options Scheme and Restricted Share Incentive Scheme (Continued)

##### (i) The Third A Share Options Scheme (Continued)

The exercise price of SO-III will be adjusted when there is dividend payment, transfer from capital surplus to paid-in capital, distribution of dividends, share split, allotment of shares and share consolidation etc. As of 31 December 2023, the exercise price was adjusted from RMB9.98 to RMB9.32 per share.

40%, 30% and 30% of the SO-III granted to the SO-III Recipients will become exercisable once per year in three years starting two years from the Grant Date-SO-III, subject to the Group achieving the performance conditions as set out in the SO-III Scheme. The option has a contractual option term of 5 years starting from the grant date. The Company has no legal or constructive obligation to purchase or settle the granted share options in cash.

Movements in the number of SO-III outstanding and their related weighted average exercise prices are as follows:

	2023		2022	
	Average exercise price in RMB per share option	Number of share options (thousands)	Average exercise price in RMB per share option	Number of share options (thousands)
At 1 January	9.55	64,456	9.78	102,101
Exercised – Batch I of SO-III (Note (i))	9.42	(10,248)	9.55	(23,206)
Exercised – Batch II of SO-III (Note (i))	9.32	(150)	–	–
Forfeited – Batch I of SO-III (Note (ii))	9.32	(2,111)	9.55	(5,275)
Forfeited – Batch II of SO-III (Note (ii))	9.32	(1,160)	9.55	(4,582)
Forfeited – Batch III of SO-III (Note (ii))	9.32	(2,080)	9.55	(4,582)
<b>At 31 December</b>	<b>9.32</b>	<b>48,707</b>	9.55	64,456

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 23. SHARE-BASED PAYMENTS (Continued)

#### (a) Equity-settled share-based payment – the Third A Share Options Scheme and Restricted Share Incentive Scheme (Continued)

##### (I) The Third A Share Options Scheme (Continued)

- (i) On 12 December 2022 and 11 December 2023, the first one third of SO-III (“Batch I SO-III”) and second one third of SO-III (“Batch II SO-III”) became exercisable. As at 31 December 2023, accumulative 33,454,276 units of Batch I SO-III and 149,873 units of Batch II SO-III were exercised by the SO-III Recipients, of which 10,248,242 units and 149,873 units were exercised in 2023. Accordingly, share capital and share premium of the Company increased by RMB10,398,000 and RMB87,552,000, respectively. At the same time, the Company derecognised the accumulative employee share option scheme reserve relating to exercised share options of RMB51,782,000 and transferred this amount to share premium.
- (ii) On 16 November 2023, pursuant to a resolution of the Company’s meeting of directors, 1,160,008 units and 2,079,683 units of Batch II SO-III and third one third of SO-III (“Batch III of SO-III”) were forfeited due to resignation or retirement of recipients, respectively.

On 10 December 2023, pursuant to the exercise agreement of SO-III, 2,110,951 units of Batch I were forfeited due to expiry of exercise period.

##### (II) Restricted Share Incentive Scheme

All restricted shares granted are subject to a lock-up period of 24 months commencing from the grant date, followed by an unlocking period of 1 to 3 years (three batches in proportion of 40%, 30% and 30% for each 12 months). During the lock-up period, the RS Recipients shall not possess the right of disposal, such that the shares shall not be transferred, used as collateral or used for debt repayment. After the lock-up period, RS Recipients will be entitled to the related shares provided that all of the required performance conditions are met and the RS Recipients are still in employment with the Group.

On 4 December 2020, the Company issued 102,101,330 restricted shares at a price of RMB4.99 per share and received an amount of RMB509,486,000 in cash from participants, which was included in other payables as equity incentive repurchase obligation of the Company. The weighted average fair value of restricted shares, as estimated at the Grant Date-RS, was RMB8.30 per share. On 4 December 2020, as a result of the issuance of restricted shares, the Company’s share capital and share premium increased by RMB102,101,000 and RMB407,385,000, respectively. Accordingly, the Company’s treasury shares increased by RMB509,486,000.

As of 31 December 2023, the repurchased price was adjusted from RMB4.99 to RMB4.33 due to dividend distribution. Accordingly, the Company’s treasury shares and other payables as equity incentive repurchase obligation of the Company decreased by RMB12,197,000 and RMB12,964,000, respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 23. SHARE-BASED PAYMENTS (Continued)

#### (a) Equity-settled share-based payment – the Third A Share Options Scheme and Restricted Share Incentive Scheme (Continued)

##### (II) Restricted Share Incentive Scheme (Continued)

Movements in the number of RS outstanding and their related weighted average repurchased prices are as follows:

	2023		2022	
	Average repurchased price in RMB per restricted share	Number of restricted shares (thousands)	Average repurchased price in RMB per restricted share	Number of restricted shares (thousands)
Issued and unvested as of				
1 January	4.56	56,373	4.78	102,101
Vested – Batch I RS (Note (i))	4.56	(9)	4.56	(38,401)
Vested – Batch II RS (Note (i))	4.33	(26,985)	–	–
Forfeited but not repurchased (Note (ii))	4.33	(3,330)	4.56	(7,327)
Issued and unvested as of 31 December	4.33	26,049	4.56	56,373

(i) On 12 December 2022, 38,401,047 restricted shares (the first one third of RS (“Batch I RS”)) were vested. Accordingly, treasury shares and other payables as equity incentive repurchase obligation of the Company decreased by RMB175,150,000, respectively.

On 16 January 2023 and 11 December 2023, 9,040 restricted shares (Batch I RS) and 26,985,345 restricted shares (the second one third of RS (“Batch II RS”)) were vested. Accordingly, treasury shares and other payables as equity incentive repurchase obligation of the Company decreased by RMB116,847,000, respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 23. SHARE-BASED PAYMENTS (Continued)

#### (a) Equity-settled share-based payment – the Third A Share Options Scheme and Restricted Share Incentive Scheme (Continued)

##### (II) Restricted Share Incentive Scheme (Continued)

- (ii) On 21 November 2022, pursuant to a resolution of the Company's meeting of directors, 7,349,992 units of RS were forfeited due to resignation or retirement of recipients.

Pursuant to a supplementary announcement issued on 5 January 2023, 22,600 units of one recipient's forfeited RS were restored, include 9,040 units, 6,780 units and 6,780 units of Batch I RS, Batch II RS and third one third of RS ("Batch III RS"), respectively. After revision, 7,327,392 units of RS were forfeited, and unvested restricted shares of Batch I, Batch II and Batch III of RS were 9,040 units, 28,181,923 units and 28,181,928 units, respectively. As at 31 December 2023, repurchase of forfeited RS has completed. As a result, share capital, share premium and treasury stock of the Company decreased by RMB7,328,000, RMB29,236,000 and RMB36,564,000, respectively.

On 16 November 2023, pursuant to a resolution of the Company's meeting of directors, 3,330,992 units of RS were forfeited due to resignation or retirement of recipients. As at 31 December 2023, repurchase of forfeited RS has not yet completed.

#### (b) Equity-settled share-based payment – the Fourth A Share Options Scheme

According to the resolution of the extraordinary shareholders' meeting held on 20 January 2023, total 233,896,200 A Share Options ("SO-IV") were granted to 3,089 individuals, including directors, senior management and selected key employees (the "SO-IV Recipients"). The grant date is 20 January 2023 (the "Grant Date-SO-IV").

Pursuant to a supplementary announcement issued on 8 March 2023, 440,800 units of 6 recipients were given up for personal reasons. After registration, total 233,455,400 units of SO-IV were granted to 3,083 recipients.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 23. SHARE-BASED PAYMENTS (Continued)

#### (b) Equity-settled share-based payment – the Fourth A Share Options Scheme (Continued)

Each share option represents the right granted to the SO-IV Recipients to acquire one share of the Company at pre-determined exercise price of RMB11.99 and conditions in the validity period as set out in the Fourth A Share Options Scheme (“SO-IV Scheme”). The weighted average fair value of SO-IV, as estimated at the Grant Date-SO-IV, was RMB2.72 per share option. This was calculated using the Black-Scholes share option pricing model. The significant inputs into the model are listed as follow:

Exercise price determined at the Grant Date-SO-IV	RMB11.99
Expected option life (years)	3.7 years
Share price at Grant Date-SO-IV	RMB11.53
Estimated volatility of the share price	28.20%
Estimated dividend yields	0.00%
Annual risk-free interest rate during the option life	2.54%

The exercise price of SO-IV will be adjusted when there is dividend payment, transfer from capital surplus to paid-in capital, distribution of dividends, share split, allotment of shares and share consolidation etc. As of 31 December 2023, the exercise price was adjusted from RMB11.99 to RMB11.76 per share.

20%, 40% and 40% of the SO-IV granted to the SO-IV Recipients will become exercisable once per year in three years starting two years from the Grant Date-SO-IV, subject to the Group achieving the performance conditions as set out in the SO-IV Scheme. The option has a contractual option term of 5 years starting from the grant date. The Company has no legal or constructive obligation to purchase or settle the granted share options in cash.

- (c) Total expenses reversed in profit or loss for SO-III and RS in 2023 were RMB27,926,000 and RMB50,356,000, respectively. Total expenses recognised in profit or loss for SO-IV in 2023 were RMB140,602,000.

Total expenses recognised in profit or loss for SO-III and RS in 2022 were RMB152,037,000 and RMB258,797,000, respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 24. RESERVES

	Investments										Remeasurement of post-employment benefit obligations			Total reserves	Retained earnings	Total
	Share premium	Treasury stock	Capital reserve	Special reserve	General reserve	FVOCI reserve	Investments in joint ventures and associates	Foreign currency translation	Share-based compensation reserve	Convertible bonds reserve	Statutory surplus reserve fund	RMB'000	RMB'000			
<b>As at 1 January 2022 as originally presented</b>	31,598,763	(609,466)	(8,983,005)	45,005	413,798	118,649	(64,630)	(7,789)	1,016,728	223,866	5,498,401	(4,240)	29,945,460	50,597,258	79,942,718	
Changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-	-	20,118	20,118	
<b>As at 1 January 2022 (Restated)</b>	31,598,763	(609,466)	(8,983,005)	45,005	413,798	118,649	(64,630)	(7,789)	1,016,728	223,866	5,498,401	(4,240)	29,945,460	50,617,376	79,962,836	
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	7,978,417	7,978,417	
Appropriation to general reserve fund	-	-	-	-	125,453	-	-	-	-	-	-	-	-	(125,453)	-	
Dividend declared by the Company	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,403,559)	(2,403,559)	
Revaluation-gross	-	-	-	-	-	(144,976)	-	-	-	-	-	-	(144,976)	-	(144,976)	
Deferred tax	-	-	-	-	-	36,899	-	-	-	-	-	-	36,899	-	36,899	
Impairment of debt instruments at FVOCI	-	-	-	-	-	1,579	-	-	-	-	-	-	1,579	-	1,579	
Share of other changes in net assets of joint ventures and associates	-	-	143,563	-	-	-	58,524	-	-	-	-	-	202,077	-	202,077	
Other currency translation differences	-	-	-	-	-	-	-	6,839	-	-	-	-	6,839	-	6,839	
Remeasurement of post-employment benefit obligations	-	-	-	-	-	-	-	-	-	-	-	860	860	-	860	
Employee share-based awards scheme	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(Note 23)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- Value of employee services	-	-	-	-	-	-	-	-	410,834	-	-	-	410,834	-	410,834	
- Proceeds from shares issued	313,978	215,903	-	-	-	-	-	-	(115,566)	-	-	-	414,315	-	414,315	
Transactions with non-controlling interests	-	-	15,061,788	-	-	-	-	-	-	-	-	-	15,061,788	-	15,061,788	
Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- Conversion of convertible bonds	1,406,945	-	-	-	-	-	-	-	-	(122,692)	-	-	1,284,253	-	1,284,253	
- Redemption of convertible bonds	101,174	-	-	-	-	-	-	-	-	(101,174)	-	-	-	-	-	
Others	-	-	-	4,985	-	-	-	-	-	-	-	-	4,985	-	4,985	
<b>As at 31 December 2022</b>	33,420,860	(293,563)	6,221,736	49,990	539,251	121,151	(6,106)	(930)	1,311,996	-	5,498,401	(3,380)	46,750,366	56,066,781	102,817,147	

## 24. RESERVES (Continued)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Investments										Total reserves	Retained earnings	Total	
	Share premium	Treasury stock	Capital reserve	Special reserve	General reserve	FVOCI reserve	Investments in joint ventures and associates reserve	Foreign currency translation	Share-based compensation reserve	Statutory surplus reserve fund				Remeasurement of post-employment benefit obligations
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023 (Restated)	33,420,860	(293,583)	6,221,736	49,390	539,251	12,151	(6,106)	(950)	1,311,996	5,498,401	(3,380)	46,750,366	56,066,781	102,817,147
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	4,428,845	4,428,845
Appropriation to general reserve fund	-	-	-	-	118,332	-	-	-	-	-	-	118,332	(118,332)	-
Dividend declared by the Company	-	-	-	-	-	-	-	-	-	-	-	-	(2,410,637)	(2,410,637)
Revaluation-gross	-	-	-	-	-	172,019	-	-	-	-	-	172,019	-	172,019
Deferred tax	-	-	-	-	-	(43,438)	(160)	-	-	-	3,229	(40,369)	-	(40,369)
Share of other changes in net assets of joint ventures and associates	-	-	62,555	-	-	-	640	-	-	-	-	63,195	-	63,195
Other currency translation differences	-	-	-	-	-	-	-	(4,365)	-	-	-	(4,365)	-	(4,365)
Remeasurement of post-employment benefit obligations	-	-	-	-	-	-	-	-	-	-	(10,320)	(10,320)	-	(10,320)
Employee share-based awards scheme (Note 23)	-	-	-	-	-	-	-	-	60,553	-	-	60,553	-	60,553
- Value of employee services	-	-	-	-	-	-	-	-	(51,782)	-	-	87,552	-	87,552
- Proceeds from shares issued	139,334	-	-	-	-	-	-	-	-	-	-	129,044	-	129,044
- Vesting of restricted shares	-	129,044	-	-	-	-	-	-	-	-	-	-	-	-
- Repurchase and cancellation of restricted shares	(29,236)	36,564	-	-	-	-	-	-	-	-	-	7,328	-	7,328
Others	-	-	(28,328)	12,279	-	-	-	-	-	-	-	(16,049)	-	(16,049)
As at 31 December 2023	33,530,958	(127,975)	6,255,983	62,269	657,583	140,732	(5,626)	(5,315)	1,320,767	5,498,401	(10,471)	47,317,286	57,986,657	105,283,943

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 25. TRADE AND OTHER PAYABLES

	As at 31 December	
	2023	2022
	RMB'000	RMB'000 (Restated)
Trade payables (Note (a))	<b>20,346,567</b>	16,781,918
Customer deposits (Note (c))	<b>8,113,924</b>	6,473,637
Notes payable (Note (d))	<b>7,237,278</b>	964,550
Employee benefits payable	<b>4,386,085</b>	3,458,508
Sales rebate	<b>2,648,626</b>	1,401,744
Insurance contract liabilities	<b>2,563,851</b>	1,932,270
Payable for mould expenses	<b>1,653,170</b>	1,274,838
Development cost payables	<b>1,392,202</b>	1,587,578
Advertising expense payables	<b>1,331,177</b>	599,537
Construction cost payables	<b>971,783</b>	616,528
Other taxes (Note (b))	<b>743,354</b>	577,752
Taxes related to contract liabilities	<b>497,909</b>	292,917
Financial liabilities arising from continuing involvement (Note 16(b))	<b>397,160</b>	195,160
Assets sold under agreements to repurchase	<b>380,704</b>	316,556
Deposit payables	<b>268,272</b>	327,961
Treasury stock payable	<b>127,209</b>	290,432
Government grants	<b>67,270</b>	112,280
Other payables	<b>4,040,590</b>	3,713,401
	<b>57,167,131</b>	40,917,567
Less: non-current portion of trade and other payables	<b>(1,424,654)</b>	(761,728)
Current portion	<b>55,742,477</b>	40,155,839

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 25. TRADE AND OTHER PAYABLES (Continued)

- (a) As at 31 December 2023 and 2022, ageing analysis of trade payables is presented on the basis of the date of the relevant invoices as follows:

	<b>As at 31 December 2023 RMB'000</b>	2022 RMB'000 (Restated)
Within 1 year	<b>20,096,320</b>	15,672,842
Between 1 and 2 years	<b>113,500</b>	951,895
Between 2 and 3 years	<b>34,250</b>	62,148
Over 3 years	<b>102,497</b>	95,033
	<b>20,346,567</b>	16,781,918

- (b) Balances of other taxes include value-added tax payables, consumption tax payables and other taxes payables.
- (c) The balance represents deposits mainly placed by customers to a subsidiary of the Group in relation to its provision of financing service. The interest rate as at 31 December 2023 is adjusted to the prevailing savings interest rate published by the PBOC.
- (d) As at 31 December 2023, certain notes payable were secured by the Group's inventories (Note 17).
- (e) The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	<b>As at 31 December 2023 RMB'000</b>	2022 RMB'000 (Restated)
RMB	<b>57,162,865</b>	40,856,181
HKD	<b>2,373</b>	3,828
USD	<b>1,893</b>	57,558
	<b>57,167,131</b>	40,917,567

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 26. BORROWINGS

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>Non-current</b>		
Borrowings from banks and other financial institutions		
– secured (Note (a))	–	72,909
– unsecured	<b>8,677,245</b>	4,780,643
	<b>8,677,245</b>	4,853,552
Securitization debts (Note (i))	<b>1,443,427</b>	498,767
Recourse financing (Note (j))	<b>38,108</b>	29,345
Borrowings related to automotive lease-back (Note (k))	–	315,619
Entrusted loans – unsecured	<b>225,470</b>	–
Total non-current borrowings	<b>10,384,250</b>	5,697,283
<b>Current</b>		
Borrowings from banks and other financial institutions		
– secured (Note (a))	<b>6,952,299</b>	2,842,946
– unsecured	<b>8,695,565</b>	6,394,159
	<b>15,647,864</b>	9,237,105
Corporate bonds-guaranteed (Note (h))	–	2,999,133
Securitization debts (Note (i))	<b>1,264,451</b>	899,773
Borrowings related to automotive lease-back (Note (k))	–	214,629
Recourse financing (Note (j))	<b>193,311</b>	206,943
Interest payables	<b>41,344</b>	155,245
Entrusted loans – unsecured	<b>584,703</b>	100,000
Total current borrowings	<b>17,731,673</b>	13,812,828
<b>Total borrowings</b>	<b>28,115,923</b>	19,510,111

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 26. BORROWINGS (Continued)

(a) As at 31 December 2023, the Group's borrowings were secured by the Group's certain property, plant and equipment, restricted cash, inventories and long-term receivables.

(b) The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	<b>As at 31 December 2023</b>	2022
	<b>RMB'000</b>	RMB'000
Within 1 year	<b>26,232,843</b>	17,101,664
Between 1 and 5 years	<b>1,883,080</b>	2,408,447
	<b>28,115,923</b>	19,510,111

(c) The maturities of the Group's total borrowings at respective balance sheet dates are set out as follows:

	<b>As at 31 December 2023</b>		As at 31 December 2022	
	<b>Bank borrowings RMB'000</b>	<b>Others RMB'000</b>	Bank borrowings RMB'000	Others RMB'000
Within 1 year	<b>15,647,864</b>	<b>2,083,809</b>	9,237,105	4,575,723
Between 1 and 2 years	<b>3,817,733</b>	<b>1,707,005</b>	1,846,197	675,360
Between 2 and 5 years	<b>4,620,620</b>	-	2,806,104	168,371
Over 5 years	<b>238,892</b>	-	201,251	-
	<b>24,325,109</b>	<b>3,790,814</b>	14,090,657	5,419,454

(d) The carrying amounts of the Group's borrowings are all denominated in RMB.

(e) The weighted average effective interest rates at the respective balance sheet dates are set out as follows:

	<b>As at 31 December 2023</b>	2022
Borrowings from banks and other financial institutions	<b>3.09%</b>	3.23%
Corporate bonds	-	5.23%
Borrowings related to automotive lease-back	-	4.50%
Recourse financing	<b>4.98%</b>	5.07%
Securitization debts	<b>2.95%</b>	3.66%
Entrusted loans from related parties	<b>0.08%</b>	2.25%

(f) As at 31 December 2023, the fair value of the non-current borrowings is approximately RMB10,034,055,000 (2022: RMB5,468,526,000). The carrying amount of the Group's current borrowings is approximate to their fair value.

(g) The Group has complied with the financial covenants of its borrowing facilities during the years ended 31 December 2023 and 2022.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 26. BORROWINGS (Continued)

(h) In March 2013, the Company issued ten-year period corporate bonds with par value of RMB3,000,000,000 at the weighted average effective interest rate of 5.23% per annum. The related interest is payable on an annual basis. These corporate bonds are with a full-amount, unconditional, irrevocable and jointly-liability guarantee by GAIG. These corporate bonds has been fully redeemed at par in March 2023.

(i) The Group has securitized certain finance lease receivables and issued RMB1,000,000,000 asset-backed securities (“ABS-2021”) in 2021. During the year ended 31 December 2021, the Group issued ABS-2021 of RMB1,000,000,000, out of which RMB950,000,000 represented senior tranche and RMB50,000,000 represented subordinate tranche, which was fully acquired by the Group. The ABS-2021 bore interest from 26 November 2021 at 2.8%-6.5% per annum. The Group has already repaid ABS-2021 of approximately RMB859,204,000 by the end of 31 December 2023.

The Group has securitized certain finance lease receivables and issued RMB1,501,000,000 asset-backed notes (“ABN-2022-1”) in 2022. During the year ended 31 December 2022, the Group issued ABN-2022-1 of RMB1,501,000,000, out of which RMB1,414,000,000 represented senior tranche and RMB87,000,000 represented subordinate tranche, which was fully acquired by the Group. The ABN-2022-1 bore interest from 16 January 2022 at 3.55%-6.30% per annum. The Group has already repaid ABN-2022-1 of approximately RMB1,226,691,000 by the end of 31 December 2023.

The Group has securitized certain finance lease receivables and issued RMB800,000,000 asset-backed notes (“ABN-2023-3”) in 2023. During the year ended 31 December 2023, the Group issued ABN-2023-3 of RMB800,000,000, out of which RMB745,000,000 represented senior tranche and RMB55,000,000 represented subordinate tranche, which was fully acquired by the Group. The ABN-2023-3 bore interest from 28 August 2023 at 2.50%-4.50% per annum. The Group has already repaid ABN-2023-3 of approximately RMB134,163,000 by the end of 31 December 2023.

The Group has securitized certain finance lease receivables and issued RMB1,542,200,000 asset-backed securities (“ABS-2023-2”) in 2023. During the year ended 31 December 2023, the Group issued ABS-2023-2 of RMB1,542,200,000, out of which RMB1,433,000,000 represented senior tranche and RMB109,200,000 represented subordinate tranche, which was fully acquired by the Group. The ABS-2023-2 bore interest from 5 September 2023 at 2.39%-4.20% per annum. The Group has already repaid ABS-2023-2 of approximately RMB318,024,000 by the end of 31 December 2023.

The Group has securitized certain finance lease receivables and issued RMB1,000,000,000 asset-backed securities (“ABS-2023-3”) in 2023. During the year ended 31 December 2023, the Group issued ABS-2023-3 of RMB1,000,000,000, out of which RMB860,000,000 represented senior tranche and RMB140,000,000 represented subordinate tranche, which was fully acquired by the Group. The ABS-2023-3 bore interest from 1 November 2023 at 2.80%-3.60% per annum. The Group has already repaid ABS-2023-3 of approximately RMB110,040,000 by the end of 31 December 2023.

As the Group retains substantially all the risks and rewards of ownership of the above financial lease receivables related to the ABS-2021, ABN-2022-1, ABN-2023-3, ABS-2023-2 and ABS-2023-3, the Group continues to recognise the finance lease receivables. The securities are repaid as collections on the underlying collateralized assets occur and the amounts are included in borrowings.

(j) As at 31 December 2023 and 2022, a subsidiary of the Group has entered into several factoring agreements. Those factoring borrowings were recourse to the finance lease receivables.

(k) As at 31 December 2022, a subsidiary of the Group has entered into several automotive lease-back agreements with several financial institutions. Those lease-back borrowings are recourse to the finance lease receivables, which have been repaid in 2023.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 27. PROVISIONS

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
<b>Non-current</b>		
Warranty provisions (Note (i))	923,713	590,987
Litigation provisions	45,293	42,843
Onerous contracts	53,157	41,361
Other provisions	8,327	7,077
<b>Total non-current provisions</b>	<b>1,030,490</b>	682,268
<b>Current</b>		
Warranty provisions (Note (i))	545,905	344,740
<b>Total provisions</b>	<b>1,576,395</b>	1,027,008

(i) Provision for product warranties granted by the Group for certain products is recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present value as appropriate.

### 28. GOVERNMENT GRANTS

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Beginning of the year	2,182,978	2,195,521
Increase in grant	305,810	376,084
Amount recognised in profit or loss (Note 29)	(377,829)	(388,627)
<b>End of the year</b>	<b>2,110,959</b>	2,182,978

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 29. PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging/(crediting):

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
		(Restated)
Raw materials and consumables used	<b>110,088,386</b>	81,491,654
Changes in inventories of finished goods, merchandise and work-in-progress	<b>(5,579,572)</b>	(2,890,112)
Depreciation and amortisation (Notes 7, 8, 9 and 10)	<b>7,294,359</b>	6,689,763
Impairment charges of property, plant and equipment (Note 7)	<b>140,430</b>	141,613
Impairment charges of intangible assets (Note 10)	<b>927,286</b>	1,090,605
Impairment charges of inventories	<b>290,868</b>	254,468
Taxes and levies	<b>2,942,118</b>	2,242,201
Transportation and traveling expenses	<b>2,228,499</b>	2,169,089
Advertising costs	<b>3,133,897</b>	2,172,931
Warranty expenses (Note (iii))	<b>1,163,377</b>	548,204
Amortisation of government grants (Note 28)	<b>(377,829)</b>	(388,627)
Operating lease expenses (Note 8(b))	<b>43,105</b>	75,231
Auditors' remuneration		
– Audit service	<b>21,081</b>	19,449
– Non-audit service	<b>8,362</b>	6,702

(i) For the year ended 31 December 2023, the Group recognised research and development expenditure of approximately RMB4,845,904,000 (2022: RMB4,678,858,000) as cost of sales and administrative expenses in the profit or loss, including current year expensed research costs of approximately RMB1,361,346,000 (2022: RMB1,419,016,000) and amortisation of capitalised development costs of approximately RMB3,484,558,000 (2022: RMB3,259,842,000) (Note 10).

(ii) For the information of employee benefit expenses, please refer to Note 30.

(iii) For the year ended 31 December 2023, the Group recognised warranty expenses as selling and distribution costs in the profit or loss (2022: same).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 30. EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Wages and salaries	10,559,756	8,833,873
Pension scheme and other social security costs (Note (a))	1,579,633	1,228,068
(Reversal)/recognition of share-based compensation expenses for SO-III and RS (Note 23)	(78,282)	410,834
Recognition of share-based compensation expenses for SO-IV (Note 23)	140,602	–
Housing benefits (Note (b))	736,498	615,662
Welfare, medical and other expenses	785,604	1,191,767
	<b>13,723,811</b>	12,280,204

- (a) The Group's employees in the PRC are covered by certain defined contribution pension schemes regulated by the relevant municipal and provincial governments in the PRC, pursuant to which the municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and retired employees. The contributions to the scheme are expensed as incurred.

During the year ended 31 December 2022 and 2023, there were no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may be used to offset existing contributions under the defined contribution pension schemes.

The Group operates defined benefit pension plan and post-employment medical plans for certain employees. Expenses are recognised when employees have rendered services entitling them to the contribution.

The amount of defined benefit pension plan and post-employment medical plans represents the present value of the total estimated amount of future benefits that the Group is committed to pay for eligible employees as at the end of the reporting period. The Group's obligations were estimated using projected unit credit method by qualified staff (member of China Association of Actuaries and member of society of Actuaries in America) of an external independent actuary Willis Towers Watson Public Limited Company.

During the year ended 31 December 2023, a provision of approximately RMB111,603,000 (2022: RMB89,897,000) was recognised related to defined benefit pension plan and post-employment medical plans. For the year ended 31 December 2023, remeasurement losses arising from changes in actuarial assumptions of RMB10,320,000 (2022: gains of RMB860,000) are recognised in other comprehensive income. There were no plan assets related to the defined benefit pension plan and post-employment medical plans of the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 30. EMPLOYEE BENEFIT EXPENSES (Continued)

The significant actuarial assumptions for the defined benefit pension plan and post-employment medical plans were as follows:

	2023	2022
Discount rate	2.50%	3.00%
Annual increase rate of supplemental medical insurance	2.00%	2.00%
Annual increase rate of physical examination benefits	2.00%	2.00%
Death rate	China life Insurance life expectancy (2010-2013)	China life Insurance life expectancy (2010-2013)

As at 31 December 2023, if the discount rate had been 25 basis points higher/lower respectively, the present value of the established benefit plan obligation would have been RMB3,110,000 lower or RMB3,240,000 higher. The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the defined benefit liability recognised in the consolidated balance sheet.

- (b) The Group's contributions to the defined contribution housing fund scheme administered by a government agency are determined at a certain percentage of the salaries of the employees. The contributions to the scheme are expensed as incurred.
- (c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2023 include 1 director (2022: 1 director) whose emoluments are reflected in the analysis presented in Note 41. The emoluments to the remaining 4 (2022: 4) individuals during the year are as follows:

	Year ended 31 December 2023 RMB'000	2022 RMB'000
Basic salaries, housing fund and other allowances	4,051	4,039
Employer's contributions to a retirement benefit scheme	1,094	1,009
Discretionary Bonuses	4,589	8,019
	9,734	13,067

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 30. EMPLOYEE BENEFIT EXPENSES (Continued)

(c) Five highest paid individuals (Continued)

The number of non-directors/non-supervisors, highest paid employees whose remuneration fell within the following bands are as follows:

	Number of employees	
	Year ended 31 December 2023	2022
RMB2,000,001 – 2,500,000	4	–
RMB2,500,001 – 3,000,000	–	–
RMB3,000,001 – 3,500,000	–	3
RMB3,500,001 – 4,000,000	–	1
	<b>4</b>	<b>4</b>

### 31. OTHER GAINS/(LOSSES) – NET

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Government grants (Note (i))	<b>1,358,072</b>	671,332
Net investment income related to investment in financial assets	<b>263,479</b>	146,710
Gains on acquisition of subsidiaries (Note 40)	<b>53,274</b>	35,361
Gains on disposal of property, plant and equipment and intangible assets	<b>49,480</b>	5,084
Gains on disposal of investments in joint ventures and associates	<b>1,517</b>	10,425
Foreign exchange gains	<b>1,063</b>	51,027
Impairment loss of investments in a joint venture	–	(1,506,000)
Donations	<b>(3,505)</b>	(1,748)
Net fair value losses on financial assets at FVPL (Note 15)	<b>(41,131)</b>	(318,657)
Impairment loss on goodwill in a subsidiary (Note 10)	<b>(72,239)</b>	–
Others	<b>39,459</b>	(28,955)
	<b>1,649,469</b>	(935,421)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 31. OTHER GAINS/(LOSSES) – NET (Continued)

- (i) Deferral and presentation of government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment and intangible assets are included in non-current liabilities as deferred government grants and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Government grants are deducted in reporting the related expenses, when appropriate.

### 32. INTEREST INCOME

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Interest income from time deposits and long-term deposits	288,137	150,404
Interest income from cash and cash equivalents and restricted cash	484,993	330,520
Interest income from entrusted loans	1,229	10,252
	774,359	491,176

### 33. FINANCE COSTS

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000 (Restated)
Interest expense	431,764	376,852
Interest expense on lease liabilities	99,840	73,817
Interest capitalised in qualifying assets	(64,281)	(98,888)
	467,323	351,781

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 34. INCOME TAX CREDIT

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Current income tax	400,245	321,148
Deferred tax (Note 13)	(615,708)	(856,688)
	<b>(215,463)</b>	(535,540)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the average tax rate applicable to profits of the consolidated entities as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Profit before income tax	3,524,698	7,368,374
Notional tax on profit before income tax, calculated at the rates applicable to profits in the tax jurisdictions concerned (Note (i))	1,151,956	1,983,237
Share of profit of joint ventures and associates	(1,969,213)	(3,545,725)
Fair value losses on financial assets at fair value through profit or loss	895	85,726
Expenses not deductible for corporate income tax	37,021	41,171
Utilisation of previously unrecognised tax losses	(70,072)	(30,129)
Unused tax losses and deductible temporary differences for which no deferred tax asset was recognised	843,675	1,190,475
Super deduction of research and development expenses	(209,725)	(260,295)
Income tax credit	<b>(215,463)</b>	(535,540)

- (i) The tax rates applicable to the Company and its major subsidiaries for the year ended 31 December 2023 are 15% or 25% (2022: 15% or 25%).

Certain subsidiaries are subject to Hong Kong profits tax, which has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits for the year ended 31 December 2023.

The Group's subsidiaries, China Lounge Investment Ltd. and Denway, are recognised as PRC resident taxpayer by Guangzhou Yuexiu District Local Taxation Bureau, and are subject to the PRC Enterprise Income Tax Law.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 35. OTHER COMPREHENSIVE INCOME, NET OF TAX

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Change in fair value of FVOCI (Note 14)	173,911	(146,887)
Impairment loss on debt instruments at FVOCI	–	1,537
Exchange difference on translation of foreign operations	(3,247)	6,839
Share of other comprehensive income of joint ventures and associates accounted for using the equity method	640	58,524
Remeasurement of post-employment benefit obligations	(10,320)	860
Income tax relating to these items (Note 13)	(40,369)	36,899
	120,615	(42,228)

### 36. EARNINGS PER SHARE

#### (a) Basic

Basic earnings per share is calculated by dividing the consolidated profit attributable to owners of the Company by the weighted average number of ordinary shares in issue less restricted shares during the year.

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000 (Restated)
Profit attributable to owners of the Company	4,428,845	7,978,417
Weighted average number of ordinary shares in issue less restricted shares (thousands)	10,429,396	10,360,533
Basic earnings per share (RMB per share)	0.42	0.77

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 36. EARNINGS PER SHARE (Continued)

#### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had different categories of dilutive potential ordinary shares: convertible bonds, share options and restricted shares. 1) The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense. The convertible bonds were converted into shares of the Company by certain convertible bond holders and fully redeemed by the Company as at 24 January 2022. 2) For the share options and restricted shares, calculations are done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares for the year ended 31 December 2023) based on the monetary value of the subscription rights attached to outstanding share options, and at subscription price of restricted shares, respectively. The numbers of shares calculated as above are compared with the numbers of shares that would have been issued assuming the exercise of the share options, and the numbers of restricted shares that would have been unlocked assuming all related conditions fulfilled, respectively.

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000 (Restated)
Profit attributable to owners of the Company	4,428,845	7,978,417
Add: Interest expense on convertible bonds	–	5,131
Profit used to determine diluted earnings per share	4,428,845	7,983,548
Weighted average number of ordinary shares in issue less restricted shares (thousands)	10,429,396	10,360,533
Add: weighted average number of ordinary shares assuming conversion of all share-based awards (thousands)	21,298	54,390
Add: weighted average number of ordinary shares assuming conversion of all convertible bonds (thousands)	–	8,755
Weighted average number of ordinary shares for diluted earnings per share (thousands)	10,450,694	10,423,678
Diluted earnings per share (RMB per share)	0.42	0.77

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 37. DIVIDENDS

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Interim dividend paid of RMB0.05 (2022: RMB0.06) per ordinary share	524,277	627,837
Proposed final dividend of RMB0.10 (2022: RMB0.18) per ordinary share	1,048,690	1,888,243
	<b>1,572,967</b>	2,516,080

Dividends paid in 2023 and 2022 were approximately RMB2,411,402,000 and RMB2,406,710,000, respectively. A final dividend in respect of the year ended 31 December 2023 of RMB0.1 per ordinary share, amounting to a total dividend of approximately RMB1,048,690,000 is to be proposed at the forthcoming annual general meeting. These financial statements do not reflect this dividend payable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 38. CASH FLOWS INFORMATION

### (a) Cash generated from/(used in) operations

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000 (Restated)
Profit for the year	3,740,161	7,903,914
Adjustments for:		
– Income tax credit (Note 34)	(215,463)	(535,540)
– Depreciation (Notes 7, 8 and 9)	3,439,836	3,145,140
– Amortisation (Note 10)	3,854,523	3,544,623
– Amortisation of government grants related to assets (Note 28)	(377,829)	(388,627)
– Impairment losses on financial assets (Note 3.1.2)	455,902	627,724
– Impairment charges of inventories (Note 29)	290,868	254,468
– Impairment charges of property, plant and equipment (Note 7)	140,430	141,660
– Impairment charges of intangible assets (Note 10)	927,286	1,090,605
– Impairment charges of land use rights (Note 8)	660	–
– Impairment charges of the investment in a joint venture	–	1,506,000
– Gains on disposal of property, plant and equipment and intangible assets (Note 31)	(49,480)	(5,084)
– Interest income (Note 32)	(774,359)	(491,176)
– Finance costs (Note 33)	467,323	351,781
– Gains on disposal of investments in joint ventures and associates (Note 31)	(1,517)	(10,425)
– Gains on acquisition of subsidiaries (Note 31)	(53,274)	(35,361)
– Foreign exchange gains on cash and cash equivalents	(4,056)	(36,736)
– Share of profit of joint ventures and associates (Note 11)	(8,349,006)	(14,065,159)
– Net investment income related to investment in financial assets (Note 31)	(263,479)	(146,710)
– Net fair value losses on financial assets at FVPL (Note 31)	41,131	318,657
– Share-based compensation expenses (Note 24)	60,553	410,834
	<b>3,330,210</b>	<b>3,580,588</b>
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
– Inventories	(4,592,958)	(4,528,032)
– Trade and other receivables	(6,551,269)	(7,897,392)
– Restricted cash	(862,194)	(352,842)
– Trade and other payables	14,094,634	3,750,137
– Contract liabilities	615,755	(602,020)
– Provisions	549,387	109,805
– Financial assets at fair value through OCI	(1,180,179)	76,763
Cash generated from/(used in) operations	<b>5,403,386</b>	<b>(5,862,993)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 38. CASH FLOWS INFORMATION (Continued)

#### (b) Non-cash transaction

- (i) Non-cash transaction of acquisition and disposal of right-of-use assets is disclosed in Note 8.

#### (c) Reconciliation of liabilities

The reconciliation of liabilities arising from financing activities is as follows:

	Borrowings due within 1 year RMB'000	Borrowings due after 1 year RMB'000	Trade and other payables- assets sold under agreements to repurchase RMB'000	Leases liabilities RMB'000	Total RMB'000
<b>As at 1 January 2023</b>	<b>(13,812,828)</b>	<b>(5,697,283)</b>	<b>(316,556)</b>	<b>(1,574,241)</b>	<b>(21,400,908)</b>
Financing cash flows	2,374,384	(10,135,151)	(64,148)	577,043	(7,247,872)
Reclassification	(6,028,567)	6,028,567	-	-	-
Other changes:					
- Interest charge	(310,179)	(121,585)	-	(99,840)	(531,604)
- Interest payments (presented as operating cash flows)	991,966	-	-	99,840	1,091,806
- Acquisition of a subsidiary	(720,553)	(225,470)	-	363,924	(582,099)
- Acquisition of right-of-use assets	-	-	-	(1,429,051)	(1,429,051)
- Disposals of right-of-use assets	-	-	-	127,865	127,865
- Others (Note (i))	(225,896)	(233,328)	-	-	(459,224)
<b>As at 31 December 2023</b>	<b>(17,731,673)</b>	<b>(10,384,250)</b>	<b>(380,704)</b>	<b>(1,934,460)</b>	<b>(30,431,087)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 38. CASH FLOWS INFORMATION (Continued)

#### (c) Reconciliation of liabilities (Continued)

	Liabilities from financing activities						
	Borrowings due within 1 year RMB'000	Borrowings due after 1 year RMB'000	Trade and other payables- assets sold under agreements to repurchase RMB'000	Trade and other payables- other payables RMB'000	Trade and other payables- repayments of loan payable to a third-party RMB'000	Leases liabilities RMB'000	Total RMB'000
<b>As at 1 January 2022</b>	(9,888,738)	(7,526,724)	(528,976)	(136,112)	(200,000)	(1,463,727)	(19,744,277)
Financing cash flows	2,567,034	(5,525,833)	212,420	(78,196)	200,000	288,494	(2,336,081)
Reclassification	(7,359,286)	7,359,286	-	-	-	-	-
Other changes:							
- Interest charge	(372,595)	(4,012)	-	-	-	(73,817)	(450,424)
- Interest payments (presented as operating cash flows)	829,609	-	-	-	-	73,817	903,426
- Conversion of convertible bonds	1,377,618	-	-	-	-	-	1,377,618
- Acquisition of right-of-use assets	-	-	-	-	-	(463,164)	(463,164)
- Disposals of right-of-use assets	-	-	-	-	-	64,156	64,156
- Acquisition of inventories using domestic letter of credit	(900,000)	-	-	-	-	-	(900,000)
- Others (Note (i))	(66,470)	-	-	-	-	-	(66,470)
<b>As at 31 December 2022</b>	(13,812,828)	(5,697,283)	(316,556)	(214,308)	-	(1,574,241)	(21,615,216)

(i) Other changes mainly include interest cost of a subsidiary providing finance lease service.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 38. CASH FLOWS INFORMATION (Continued)

- (d) The Group has securitized certain finance lease receivables and issued RMB4,125,000,000 (2022: RMB4,081,000,000) asset-backed securities in 2023. Since the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial lease receivables and retained control of the underlying assets as at 31 December 2023, the Group derecognised the transferred finance lease receivables which is qualified for derecognition amounting to approximately RMB3,923,000,000 (2022: RMB3,885,840,000) with the consideration of approximately RMB3,923,000,000 (2022: RMB3,885,840,000). The Group received approximately RMB3,889,221,000 (2022: RMB3,796,535,000) after deducting the issue cost and classified as cash flows from financing activities in the consolidated statement of cash flow.

### 39. COMMITMENTS

#### (a) Capital commitments

The capital commitments as at the end of the reporting period are as follows:

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Property, plant and equipment		
– Contracted but not provided for	<b>1,611,633</b>	1,344,961
– Authorised but not contracted for	<b>472,184</b>	495,617
	<b>2,083,817</b>	1,840,578
Intangible assets		
– Contracted but not provided for	<b>520</b>	24,558
– Authorised but not contracted for	<b>1,889,040</b>	1,978,555
	<b>1,889,560</b>	2,003,113
	<b>3,973,377</b>	3,843,691

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 39. COMMITMENTS (Continued)

#### (b) Non-cancellable operating leases

The investment properties and certain property, plant and equipment are leased to tenants under operating leases with rentals payable monthly. For details of the leasing arrangements of investment properties, refer to Note 9.

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Minimum lease payments receivable on leases of investment properties and certain property, plant and equipment are as follows:		
Within 1 year	111,076	117,462
Between 1 and 2 years	69,748	96,010
Between 2 and 3 years	68,820	64,230
Between 3 and 4 years	65,237	60,300
Between 4 and 5 years	52,714	57,816
Later than 5 years	323,997	360,324
	691,592	756,142

The Group leases various properties, vehicles, offices and other equipment under non-cancellable operating leases expiring within 6 months to 20 years. The leases have varying terms and renewal rights. On renewal, the terms of the leases are renegotiated.

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases, see Note 8 for further information.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 39. COMMITMENTS (Continued)

#### (b) Non-cancellable operating leases (Continued)

As at 31 December 2023, the Group's future aggregate minimum lease payments of leases not yet commenced to which the Group is committed are listed as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Within 1 year	11,186	6,276
Between 1 and 5 years	2,452	3,228
Over 5 years	114	3,024
	13,752	12,528

### 40. BUSINESS COMBINATION

#### 40.1 Acquisition of GAC Mitsubishi

##### (a) Summary of acquisition

On 28 December 2023, the Group acquired 50% of the equity interests on GAC Mitsubishi, a previous joint venture of the Group, with a purchase consideration of RMB2.

Details of the purchase consideration, the net assets acquired are as follows:

	RMB'000
Purchase consideration – Cash paid (refer to (b) below)	–

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 40. BUSINESS COMBINATION (Continued)

#### 40.1 Acquisition of GAC Mitsubishi (Continued)

##### (a) Summary of acquisition (Continued)

The assets and liabilities recognised as a result of the acquisition are as follows:

	<b>Fair value RMB'000</b>
Cash	873,634
Trade and other receivables (Note (i))	68,639
Inventories	9,332
Buildings	1,388,422
Land	894,113
Investment properties	6,697
Loans from previous shareholders (Note (ii))	(1,525,642)
Trade and other payables (Note (iii))	(1,497,046)
Bank borrowings	(205,850)
Deferred income tax liabilities	(8,862)
<b>Net identifiable assets acquired</b>	<b>3,437</b>
<b>Less: negative goodwill</b>	<b>(3,437)</b>
<b>Net assets acquired</b>	<b>–</b>

(i) Acquired receivables

Acquired receivables include trade receivables, other receivables, prepayments and other current assets. The fair value of acquired trade receivables is RMB35,449,000. The gross contractual amount for trade receivables due is RMB40,719,000 with a loss allowance of RMB5,270,000 recognised on acquisition. The fair value of acquired other receivables is RMB23,615,000. The gross contractual amount for other receivables due is RMB23,615,000 with no loss allowance recognised on acquisition.

(ii) Loans from previous shareholders

Acquired loans from previous shareholders include the entrusted loans from Mitsubishi Motors Corporation and Mitsubishi Corporation with the total fair value of RMB740,173,000, which are interest-free, unsecured and repayable in accordance with normal commercial terms. Loans from the Company with the total fair value of RMB785,469,000 has been eliminated upon the business combination.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 40. BUSINESS COMBINATION (Continued)

#### 40.1 Acquisition of GAC Mitsubishi (Continued)

##### (a) Summary of acquisition (Continued)

###### (iii) Trade and other payables

Acquired trade and other payables mainly include trade payables with fair value of RMB165,439,000, employee benefits payable with fair value of RMB580,880,000 and other payables with fair value of RMB688,246,000.

###### (iv) Revenue contribution and loss incurred

If the acquisition had occurred on 1 January 2023, consolidated pro-forma revenue and profit for the year ended 31 December 2023 would have been RMB130,938 millions and RMB825 millions, respectively. These amounts have been calculated using the subsidiary's results and adjusting them for the additional depreciation that would have been charged assuming the fair value adjustments to property, plant and equipment, right-of-use assets and investment properties had applied from 1 January 2023, together with the consequential tax effects.

##### (b) Purchase consideration – cash outflow

	<b>2023</b>
	<b>RMB'000</b>
Inflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	–
Less: Cash balances acquired	<b>873,634</b>
	<b>873,634</b>
Net inflow of cash – investing activities	<b>873,634</b>

#### 40.2 Acquisition of GAC Youlide

On 30 November 2023, the Group acquired 50% of the equity interests of GAC Youlide, a previous joint venture of the Group, with a purchase consideration of approximately RMB0.17 billion including cash paid of approximately RMB86,620,000 and 50% of equity interests previously held in GAC Youlide. The carrying value of previously held equity interests in GAC Youlide is RMB41,257,000 (Note 11.1 (a)(ii)) and the Group recognised remeasurement gain of RMB49,837,000 on the previously held equity interests in GAC Youlide to fair value at the acquisition date. The fair value of the net identifiable assets acquired is RMB152,061,000 and the goodwill is RMB25,653,000 (Note 10).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 40. BUSINESS COMBINATION (Continued)

### 40.2 Acquisition of GAC Youlide (Continued)

The fair value of acquired trade receivables is RMB32,778,000. The gross contractual amount for trade receivables due is RMB32,791,000 with a loss allowance of RMB13,000 recognised on acquisition.

If the acquisition had occurred on 1 January 2023, consolidated pro-forma revenue and profit for the year ended 31 December 2023 would have been RMB129,775 millions and RMB3,727 millions, respectively. These amounts have been calculated using the subsidiary's results and adjusting them for the additional depreciation that would have been charged assuming the fair value adjustments to property, plant and equipment and right-of-use assets had applied from 1 January 2023, together with the consequential tax effects.

Net outflow of cash in investing activities on the acquisition of GAC Youlide is RMB48,911,000.

## 41. RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. The Group is subject to the control of the PRC Government.

In accordance with HKAS 24 "Related Party Disclosures", other state-owned enterprises and their subsidiaries, directly or indirectly controlled by the PRC Government ("state-owned enterprises") are regarded as related parties of the Group.

In addition to the related party information shown elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary and usual course of business and balances between the Group and its related parties, during the year ended 31 December 2023.

The balances of trade and other receivables, prepayments, trade and other payables, contract liabilities and lease liabilities rose in the ordinary and usual course of business and were unsecured, interest free and receivable/repayable according to the mutual agreed credit terms.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 41. RELATED PARTY TRANSACTIONS (Continued)

(a) **Significant related party transactions**

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
<b>Sales of goods</b>		
<b>Sales of automotive parts and steels</b>		
– Joint ventures	1,332,964	1,871,663
– Associates	92,953	262,593
– Subsidiaries of GAIG	7,824	396
	<b>1,433,741</b>	2,134,652
<b>Sales of passenger vehicles</b>		
– Joint ventures	188,374	164,393
– Associates	1,209,505	1,578,832
	<b>1,397,879</b>	1,743,225
	<b>2,831,620</b>	3,877,877
<b>Loan interest from related parties</b>		
– Joint ventures	319,429	281,694
– Associates	6,741	1,108
	<b>326,170</b>	282,802

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 41. RELATED PARTY TRANSACTIONS (Continued)

#### (a) Significant related party transactions (Continued)

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
<b>Rendering of labour and insurance services</b>		
– Joint ventures	1,961,609	1,452,300
– Associates	478,386	1,133,738
– GAIG	381	–
– Subsidiaries of GAIG	827	5,448
	<b>2,441,203</b>	2,591,486
<b>Income of trustee management of equity assets</b>		
– GAIG (Note (i))	23,497	19,821
<b>Purchases of goods</b>		
<b>Purchases of automotive parts and materials</b>		
– Joint ventures	2,344,577	2,209,801
– Associates	10,328,166	12,466,509
	<b>12,672,743</b>	14,676,310
<b>Purchases of passenger vehicles</b>		
– Joint ventures	12,715,157	9,563,507
– Associates	2,620	5,196
	<b>12,717,777</b>	9,568,703
	<b>25,390,570</b>	24,245,013

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 41. RELATED PARTY TRANSACTIONS (Continued)

#### (a) Significant related party transactions (Continued)

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
<b>Interest on customer deposits</b>		
– Joint ventures	82,192	73,838
– Associates	20,518	16,832
	<b>102,710</b>	90,670
<b>Purchases of labour services and settlement of insurance claims</b>		
– Joint ventures	108,763	50,075
– Associates	81,629	13,256
– Subsidiaries of GAIG	21,911	26,010
	<b>212,303</b>	89,341
<b>Provision of entrusted loans to related parties</b>		
– Joint ventures	1,937,000	–
– Associates	31,850	41,650
	<b>1,968,850</b>	41,650
<b>Rental from related parties</b>		
– Joint ventures	53,646	58,533
– Associates	10,210	13,675
– Subsidiaries of GAIG	13,291	8,150
	<b>77,147</b>	80,358

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 41. RELATED PARTY TRANSACTIONS (Continued)

#### (a) Significant related party transactions (Continued)

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
<b>Interest charges for lease liabilities to related parties</b>		
– Joint ventures	7,366	37
– Associates	3	6
– GAIG	956	865
– Subsidiaries of GAIG	310	95
	<b>8,635</b>	1,003
<b>Addition of right-of-use assets to related parties</b>		
– Joint ventures	628,218	–
– Associates	320	340
– GAIG	90	40,103
– Subsidiaries of GAIG	13,738	2,647
	<b>642,366</b>	43,090
<b>Repayment of entrusted loans from related parties</b>		
– A joint venture	196,890	–
– An associate	36,750	36,750
	<b>233,640</b>	36,750
<b>Entrusted loan interest from related parties</b>		
– Joint ventures	–	5,874
– An associate	1,221	1,640
	<b>1,221</b>	7,514

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 41. RELATED PARTY TRANSACTIONS (Continued)

(a) **Significant related party transactions (Continued)**

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
<b>Entrusted loans from a related party</b>		
– A joint venture	70,000	100,000
<b>Repayment of entrusted loans to a related party</b>		
– A joint venture	100,000	100,000
<b>Entrusted loan interest to a related party</b>		
– A joint venture	1,838	2,275
<b>Borrowings from a related party</b>		
– A joint venture	3,696,807	2,972,841
<b>Repayment of borrowings to a related party</b>		
– A joint venture	3,747,165	2,668,411
<b>Borrowing interest to a related party</b>		
– A joint venture	39,866	27,452
<b>Loans to related parties</b>		
– Joint ventures	7,410,665	3,006,188
– Associates	402,217	115,494
	<b>7,812,882</b>	<b>3,121,682</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 41. RELATED PARTY TRANSACTIONS (Continued)

#### (a) Significant related party transactions (Continued)

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
<b>Repayment of loans from related parties</b>		
– Joint ventures	6,432,631	2,661,569
– Associates	402,853	130,856
	<b>6,835,484</b>	<b>2,792,425</b>
<b>Guarantee fees to a related party</b>		
– GAIG	–	3,000
<b>Sales of intangible assets</b>		
– Joint ventures	109,384	39,525
– An associate	37,751	32,391
	<b>147,135</b>	<b>71,916</b>

- (i) On 4 January 2023, the Board of Directors of the Company passed a resolution in relation to the Company being entrusted by its controlling shareholder GAIG to manage certain equity investments held by GAIG. The period of the entrusted management is three years. The annual management fee is made up of basic and floating portions, with an annual limit of RMB90,000,000.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 41. RELATED PARTY TRANSACTIONS (Continued)

#### (b) Significant balances with related parties

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
<b>Trade receivables</b>		
– Joint ventures	616,100	671,705
– Associates	657,467	614,837
– GAIG	24	–
– Subsidiaries of GAIG	598	4,572
	<b>1,274,189</b>	1,291,114
<b>Interest receivable</b>		
– Joint ventures	160,974	134,993
– Associates	19	49
	<b>160,993</b>	135,042
<b>Other receivables and prepayments</b>		
– Joint ventures	736,018	462,863
– Associates	35,777	39,728
– GAIG	5,248	19,872
– Subsidiaries of GAIG	9,447	14,532
	<b>786,490</b>	536,995
<b>Dividend receivable</b>		
– Joint ventures	–	3,503,074
– Associates	73,846	171,046
	<b>73,846</b>	3,674,120

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 41. RELATED PARTY TRANSACTIONS (Continued)

#### (b) Significant balances with related parties (Continued)

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
<b>Notes receivable</b>		
– Joint ventures	2,000	26,469
– Associates	71,398	35,000
	<b>73,398</b>	61,469
<b>Entrusted loans due from (Note (i))</b>		
– Joint ventures	43,445	240,334
– An associate	3,706	4,153
	<b>47,151</b>	244,487
<b>Loans to related parties – current (Note (ii))</b>		
– Joint ventures	1,060,399	3,602,582
– Associates	19,190	15,079
	<b>1,079,589</b>	3,617,661
<b>Loans to related parties – non-current (Note (ii))</b>		
– Joint ventures	3,519,166	–
<b>Long-term receivables (Note (iii))</b>		
– Joint ventures	187,784	18,045
<b>Long-term deposits</b>		
– A joint venture	4,500,000	2,500,000

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 41. RELATED PARTY TRANSACTIONS (Continued)

#### (b) Significant balances with related parties (Continued)

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
<b>Trade payables</b>		
– Joint ventures	768,244	310,846
– Associates	1,647,148	920,717
– Subsidiaries of GAIG	1,405	1,077
	<b>2,416,797</b>	1,232,640
<b>Other payables</b>		
– Joint ventures	141,195	121,157
– Associates	224,326	154,462
– GAIG	505,199	505,199
– Subsidiaries of GAIG	8,474	7,855
	<b>879,194</b>	788,673
<b>Contract liabilities</b>		
– Joint ventures	137,972	75,184
– Associates	13,958	5,516
– Subsidiaries of GAIG	84	108
	<b>152,014</b>	80,808
<b>Notes payable</b>		
– Joint ventures	1,486,306	579,289
– Associates	404,348	–
	<b>1,890,654</b>	579,289

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 41. RELATED PARTY TRANSACTIONS (Continued)

#### (b) Significant balances with related parties (Continued)

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
<b>Customer deposits</b>		
– Joint ventures	6,537,748	5,175,760
– Associates	1,365,388	1,058,372
	<b>7,903,136</b>	6,234,132
<b>Short-term borrowings (Note (iv))</b>		
– A joint venture	585,651	614,879
<b>Entrusted loans due to (Note (v))</b>		
– A joint venture	70,000	100,000
<b>Interest payable</b>		
– Joint ventures	9,309	12,678
– Associates	7,402	4,624
	<b>16,711</b>	17,302
<b>Lease liabilities</b>		
– Joint ventures	153,268	–
– Associates	45	91
– GAIG	24,249	10,909
– Subsidiaries of GAIG	5,148	1,545
	<b>182,710</b>	12,545

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 41. RELATED PARTY TRANSACTIONS (Continued)

#### (b) Significant balances with related parties (Continued)

- (i) The balances of entrusted loans due from related parties were with interest rate ranging from 3.45% to 4.35% (2022: from 3.65% to 4.35%), unsecured and receivable in accordance with normal commercial terms.
- (ii) The balances of loan receivables to related parties were with interest rate ranging from 3.33% to 5.99% (2022: from 3.65% to 5.63%) and receivable in accordance with normal commercial terms. Majority of loans to related parties were unsecured and certain loans to related parties were secured by certain inventories.

As at 31 December 2023, the balances represent the net carrying amount of loan receivables from related parties, after considering the loss allowance provision of approximately RMB41,079,000 for joint ventures and approximately RMB170,000 for associates (2022: RMB60,753,000 and RMB282,000).

- (iii) As at 31 December 2023, the balances represent the net carrying amount of long-term receivables from related parties, after considering the loss allowance provision of approximately RMB154,340,000 for joint ventures (2022: RMB154,905,000).
- (iv) Borrowings from a joint venture, which is a financial institution, are interest bearing and repayable in accordance with normal commercial terms. As at 31 December 2023, borrowings from a joint venture were secured by the Group's inventories with carrying value of approximately RMB491,768,000 (2022: RMB550,348,000).
- (v) The balances of entrusted loans due to a joint venture were with interest rate of 2.25% (2022: 2.25%), unsecured and repayable in accordance with normal commercial terms.

#### (c) Commitments for related parties

As at 31 December 2023, the bill acceptance provided by the Group to related parties amounted to approximately RMB15,637,000 (2022: RMB11,395,000).

#### (d) Key management compensation

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Salaries and other short-term employee benefits	28,652	38,592

In addition, net expense recognised in the consolidated statement of comprehensive income for share options and restricted shares granted to the key management for the year ended 31 December 2023 is approximately RMB1,102,000 (2022: RMB9,007,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 41. RELATED PARTY TRANSACTIONS (Continued)

#### (e) Transactions and balances with other state-owned enterprises in the PRC

The Group operates in an economic environment predominated by state-owned enterprises. During the year ended 31 December 2023, the Group had transactions with state-owned enterprises including, but not limited to, sales of automobiles and other automotive parts and purchases of raw materials and automotive parts.

For the purpose of related party transactions disclosure, the Group has in place procedures to assist the identification of the immediate ownership structure of its customers and suppliers as to whether they are state-owned enterprises. However, many state-owned enterprises have multi-layered corporate structure and the ownership structures change over time as a result of transfers and privatisation programs.

Nevertheless, the Directors consider that transactions with other state-owned enterprises are activities in the ordinary course of the Group's business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and other state-owned enterprises are ultimately controlled or owned by the PRC Government. The Group has also established pricing policies for products and services, and such pricing policies do not depend on whether or not the customers are state-owned enterprises. Having due regard to the substance of the relationships, the Directors are of the opinion that none of these transactions are material related party transactions that require separate disclosure except for the transactions with state-owned financial institutions as disclosed below.

#### (i) Balances with state-owned financial institutions

As at 31 December 2023 and 2022, majority part of the Group's bank balances and borrowings were deposited in or financed from various state-owned financial institutions. The Directors are of opinion that such transactions were conducted in the ordinary course of business and in accordance with normal commercial terms.

#### (ii) Guarantees given by state-owned enterprises and GAIG

As at 31 December 2023 and 2022, no guarantee was given by state-owned enterprises and GAIG.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 41. RELATED PARTY TRANSACTIONS (Continued)

#### (f) Guarantees to an associate

As at 31 December 2023, there is no financial guarantees provided by the Group (2022: RMB16,600,000) to an associate.

It is expected that the financial guarantees provided by the Group will not lead to any significant liabilities.

### 42. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 12 January 2024, the Board of Directors of the Company approved China Lounge Investments Limited, the Company's wholly-owned subsidiary, to dispose its 8,797,226 shares held on Chenqi Technology Limited, the Group's associate, to GAIG at a consideration of approximately RMB270 million by reference to a valuation report. Upon the completion of the disposal, the rest of the shares held on Chenqi Technology Limited by the Group would be recognised as a financial instrument. It is estimated that the disposal would increase the Group's profit for the year ended 31 December 2024 of approximately RMB887 million, which may be adjusted according to the fair value of the shares disposed on the completion date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 43. BALANCE SHEET AND RESERVES MOVEMENTS OF THE COMPANY

#### Balance sheet of the Company

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,453,939	3,392,427
Right-of-use assets	773,652	481,228
Investment properties	564,869	592,171
Intangible assets	5,480,679	5,179,603
Investments in subsidiaries	44,001,644	41,615,466
Investments in joint ventures and associates	28,471,312	28,930,449
Financial assets at fair value through profit or loss	931,318	929,970
Prepayments and long-term receivables	4,952,427	2,736,960
	<b>88,629,840</b>	83,858,274
<b>Current assets</b>		
Inventories	21,051	37,194
Trade and other receivables	3,760,652	6,219,504
Contract assets	160,233	419,087
Financial assets at fair value through profit or loss	623,270	1,197,090
Time deposits	127,000	–
Cash and cash equivalents	15,919,572	14,026,028
	<b>20,611,778</b>	21,898,903
<b>Total assets</b>	<b>109,241,618</b>	105,757,177

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 43. BALANCE SHEET AND RESERVES MOVEMENTS OF THE COMPANY (Continued)

#### Balance sheet of the Company (Continued)

	Note	As at 31 December 2023 RMB'000	2022 RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		3,000,000	1,700,000
Lease liabilities		340,533	1,926
Government grants		153,968	325,729
		<b>3,494,501</b>	2,027,655
<b>Current liabilities</b>			
Trade and other payables		6,848,988	6,637,112
Contract liabilities		4,257	478,166
Borrowings		252,802	3,119,202
Lease liabilities		–	3,851
		<b>7,106,047</b>	10,238,331
<b>Total liabilities</b>		<b>10,600,548</b>	12,265,986
<b>Net assets</b>		<b>98,641,070</b>	93,491,191
<b>EQUITY</b>			
Share capital		10,490,234	10,487,164
Reserves	(a)	40,150,037	39,837,462
Retained earnings	(a)	48,000,799	43,166,565
<b>Total equity</b>		<b>98,641,070</b>	93,491,191

The balance sheet of the Company was approved by the Board of Directors on 28 March 2024 and was signed on its behalf:

**Zeng Qinghong**  
Director

**Feng Xingya**  
Director

### 43. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

#### (a) Reserve movements of the Company

	Share premium	Treasury stock	Capital reserve	FVOCI reserve	Investments in joint ventures and associates reserve	Statutory surplus reserve fund	Share-based compensation reserve	Convertible bonds reserve	Remeasurement of post-employment benefit obligations	Total reserves	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at 1 January 2022</b>	31,441,818	(509,486)	18,282	(33)	(24,953)	5,498,401	1,016,728	223,868	(2,760)	37,661,843	35,332,425	72,994,268
Profit for the year	-	-	-	-	-	-	-	-	-	-	10,237,689	10,237,689
Dividend declared by the Company	-	-	-	-	-	-	-	-	-	-	(2,403,559)	(2,403,559)
Share of other changes in net assets of joint ventures and associates	-	-	-	-	18,795	-	-	-	-	18,795	-	18,795
Remeasurement of post-employment benefit obligations	-	-	-	-	-	-	-	-	750	750	-	750
Employee share-based awards scheme (Note 23)	-	-	-	-	-	-	410,834	-	-	410,834	-	410,834
- Value of employee services	-	-	-	-	-	-	(115,566)	-	-	414,315	-	414,315
- Proceeds from shares issued	313,978	215,903	-	-	-	-	-	-	-	-	-	-
Convertible bonds	-	-	-	-	-	-	-	(122,692)	-	1,284,253	-	1,284,253
- Conversion of convertible bonds	1,406,945	-	-	-	-	-	-	-	-	-	-	-
- Redemption of convertible bonds	101,174	-	-	-	-	-	-	(101,174)	-	-	-	-
Others	-	-	-	-	46,672	-	-	-	-	46,672	-	46,672
<b>As at 31 December 2022</b>	33,263,915	(283,583)	18,282	(33)	40,514	5,498,401	1,311,986	-	(2,010)	39,837,462	43,166,565	83,004,027

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 43. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

#### (a) Reserve movements of the Company (Continued)

	Share premium		Treasury stock	Capital reserve	FVOCI reserve	Investments in joint ventures and associates		Statutory surplus reserve	Share-based compensation reserve	Remeasurement of post-employment benefit obligations		Total retained earnings
	RMB'000	RMB'000				RMB'000	RMB'000			RMB'000	RMB'000	
<b>As at 1 January 2023</b>	33,263,915	(293,583)	18,262	(33)	40,514	5,498,401	1,311,996	(2,010)	39,837,462	43,166,565	83,004,027	
Profit for the year	-	-	-	-	-	-	-	-	-	7,244,871	7,244,871	
Dividend declared by the Company	-	-	-	-	-	-	-	-	-	(2,410,637)	(2,410,637)	
Share of other changes in net assets of joint ventures and associates	-	-	-	-	2,072	-	-	-	-	2,072	2,072	
Remeasurement of post-employment benefit obligations	-	-	-	-	-	-	-	(5,398)	(5,398)	-	(5,398)	
Employee share-based awards scheme (Note 23)	-	-	-	-	-	-	60,553	-	60,553	-	60,553	
- Value of employee services	139,334	-	-	-	-	-	(51,782)	-	87,552	-	87,552	
- Proceeds from shares issued	-	129,044	-	-	-	-	-	-	129,044	-	129,044	
- Vesting of restricted shares	-	36,564	-	-	-	-	-	-	7,328	-	7,328	
- Repurchase and cancellation of restricted shares	-	-	-	-	31,424	-	-	-	31,424	-	31,424	
Others	-	-	-	-	-	-	-	-	-	-	-	
<b>As at 31 December 2023</b>	33,374,013	(127,975)	18,262	(33)	74,010	5,498,401	1,320,767	(7,408)	40,150,037	48,000,799	88,150,836	

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 44. BENEFITS AND INTERESTS OF DIRECTORS

#### (a) Directors', supervisors' and general manager's emoluments

The remuneration of every director, supervisor and the general manager for the year ended 31 December 2023 is set out as below:

Name	Fees RMB'000	Basic salaries, housing fund and other allowances RMB'000	Employer's contributions to a retirement benefit scheme RMB'000	Discretionary bonuses RMB'000	Remunerations paid or receivable in respect of	Total RMB'000
					accepting office as director RMB'000	
<b>Name of director</b>						
Zeng Qinghong	-	635	218	481	-	1,334
Feng Xingya	-	1,069	318	1,427	-	2,814
Zhao Fuquan	-	150	-	-	-	150
Xiao Shengfang	-	150	-	-	-	150
Wong Hakkun	-	150	-	-	-	150
Song Tiebo	-	150	-	-	-	150
Chen Xiaomu	-	626	163	433	-	1,222
Deng Lei (Note (a)(ii))	-	351	62	329	-	742
Ding Hongxiang	-	-	-	-	-	-
Guan Dayuan	-	-	-	-	-	-
Wong Yiwei (Note (a)(ii))	-	-	-	-	-	-
Chen Maoshan (Note (a)(iii))	-	509	155	471	-	1,135
Liu Zhijun (Note (a)(iii))	-	-	-	-	-	-
<b>Name of supervisor</b>						
Cao Xiandong	-	-	-	-	-	-
Huang Cheng	-	-	-	-	-	-
Huang Zhuo	-	658	125	84	-	867
Wang Yuan (Note (a)(ii))	-	689	103	90	-	882
Chen Tian (Note (a)(iii))	-	-	-	-	-	-
Shi Lei (Note (a)(iii))	-	69	12	7	-	88
Wang Lu	-	458	92	57	-	607

The above emoluments do not include the fair value of share options granted under SO-III and RS in 2020 and SO-IV in 2023.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 44. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

#### (a) Directors', supervisors' and general manager's emoluments (Continued)

The remuneration of every director, supervisor and the general manager for the year ended 31 December 2022 is set out as below:

Name	Fees RMB'000	Basic salaries, housing fund and other allowances RMB'000	Employer's contributions to a retirement benefit scheme RMB'000	Discretionary bonuses RMB'000	Remunerations paid or receivable in respect of accepting office as director RMB'000	Total RMB'000
<b>Name of director</b>						
Zeng Qinghong	-	631	112	478	-	1,221
Feng Xingya	-	1,065	308	2,608	-	3,981
Zhao Fuquan	-	150	-	-	-	150
Xiao Shengfang	-	150	-	-	-	150
Wong Hakkun	-	150	-	-	-	150
Song Tiebo	-	150	-	-	-	150
Chen Xiaomu	-	584	106	430	-	1,120
Chen Maoshan	-	1,008	302	1,700	-	3,010
Ding Hongxiang	-	-	-	-	-	-
Guan Dayuan	-	-	-	-	-	-
Liu Zhijun	-	-	-	-	-	-
<b>Name of supervisor</b>						
Chen Tian	-	-	-	-	-	-
Cao Xiandong	-	-	-	-	-	-
Huang Cheng	-	-	-	-	-	-
Shi Lei	-	647	113	170	-	930
Wang Lu	-	607	128	153	-	888
Huang Zhuo	-	533	116	137	-	786

The above emoluments do not include the fair value of share options granted under SO-III and RS in 2020.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 44. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

#### (a) Directors', supervisors' and general manager's emoluments (Continued)

Expense recognised in the consolidated statement of comprehensive income for share options granted to the above directors, supervisors and the general manager for the year ended 31 December 2023 and 2022 is set out as below:

Name	Year ended 31 December			2022		
	2023	2023	2023	2022	2022	2022
	Number of share options	Number of restricted shares	Net expense recognised for the share options and restricted shares granted RMB'000	Number of share options	Number of restricted shares	Net expense reversed for the share options and restricted shares granted RMB'000
<b>Name of director</b>						
Feng Xingya	674,000	87,000	52	290,000	174,000	1,380
Chen Maoshan (Note (a)(iii))	498,500	73,500	46	147,000	147,000	1,166
Deng Lei (Note (a)(ii))	501,980	38,490	146	–	–	–

- (i) The amount represented emoluments throughout their terms of directors or supervisors in 2023 and 2022.
- (ii) In September 2023, Ms. Deng Lei was appointed as director. In October 2023, Mr. Wong Yiwei was appointed as director. In February 2023, Ms. Wang Yuan was appointed as supervisor.
- (iii) In September 2023, Mr. Chen Maoshan and Mr. Liu Zhijun retired from directors. In February 2023, Mr. Shi Lei resigned from supervisor. In September 2023, Ms. Chen Tian resigned from supervisor.
- (iv) In 2023 and 2022, there was no emoluments paid to or receivable by directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertaking.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 44. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

**(b) Directors' retirement benefits**

None of the directors received or will receive any retirement benefits for the year ended 31 December 2023 (2022: Nil).

**(c) Directors' termination benefits**

None of the directors received or will receive any termination benefits for the year ended 31 December 2023 (2022: Nil).

**(d) Consideration provided to third parties for making available directors' services**

For the year ended 31 December 2023, the Group did not pay consideration to any third parties for making available directors' services (2022: Nil).

**(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors.**

As at 31 December 2023, there are no loans, quasi-loans and other dealing arrangements in favor of directors, controlled bodies corporate by and connected entities with such directors (2022: Nil).

**(f) Directors' material interests in transactions, arrangements or contracts**

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2022: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 45. SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES

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

### 45.1 Principles of consolidation and equity accounting

#### 45.1.1 *Subsidiaries*

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

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 45.2).

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

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

#### 45.1.2 *Associates*

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (Note 45.1.4), after initially being recognised at cost.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 45. SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (Continued)

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

##### 45.1.3 *Joint ventures*

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

Interests in joint ventures are accounted for using the equity method (Note 45.1.4), after initially being recognised at cost in the consolidated balance sheet.

##### 45.1.4 *Equity method*

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

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

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 45.9.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 45. SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (Continued)

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

#### 45.1.5 Changes in ownership interests

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

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

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

### 45.2 Business combinations

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 45. SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (Continued)

#### 45.2 Business combinations (Continued)

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

Acquisition-related costs are expensed as incurred.

The excess of the

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

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 45. SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (Continued)

#### 45.3 Separate financial statements

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

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

#### 45.4 Foreign currency translation

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

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

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 45. SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (Continued)

#### 45.4 Foreign currency translation (Continued)

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

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

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

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

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 45. SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (Continued)

#### 45.4 Foreign currency translation (Continued)

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

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

#### 45.5 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other (losses)/gains – net" in the consolidated statement of comprehensive income.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 45. SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (Continued)

#### 45.6 Construction in progress

Construction in progress represents property, plant and equipment and investment properties under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, the cost of plant and machinery and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing, if any. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and investment properties and depreciated in accordance with the policy as stated in the preceding paragraphs.

#### 45.7 Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group, are classified as investment properties. The Group applies cost model for recognition of investment properties.

Investment properties are measured initially at its cost, including related transaction costs. After initial recognition, investment properties are stated at historical cost less accumulated depreciation and impairment losses.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated statement of comprehensive income during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

#### 45.8 Intangible assets

##### (a) Goodwill

Goodwill is measured as described in Note 45.2. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 45. SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (Continued)

#### 45.8 Intangible assets (Continued)

**(a) Goodwill (Continued)**

Goodwill is allocated to cash-generating units (“CGUs”) for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. Each unit or group of units are identified at the lowest level at which the goodwill is monitored for internal management purposes, being the operating segment.

**(b) Patent, proprietary technology and franchise right**

Purchased patents, proprietary technology and franchise right are initially recorded at actual cost.

**(c) Computer software**

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

**(d) Research and development costs**

Research costs are expensed as incurred. An intangible asset arising from development expenditure on the Group’s proprietary brands project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure capitalised is amortised over the period of expected future sales from the related project for 3 to 6 years.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indication of impairment arises during a financial period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 45. SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (Continued)

#### 45.9 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### 45.10 Investments and other financial assets

##### 45.10.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 45. SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (Continued)

#### 45.10 Investments and other financial assets (Continued)

##### 45.10.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

##### 45.10.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

##### **Debt instruments**

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in “other (losses)/gains – net”, together with foreign exchange gains and losses. Impairment losses are presented in the statement of comprehensive income.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 45. SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (Continued)

#### 45.10 Investments and other financial assets (Continued)

##### 45.10.3 Measurement (Continued)

###### Debt instruments (Continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other (losses)/gains – net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other (losses)/gains – net" and impairment expenses are presented in the statement of comprehensive income gains and losses. Impairment losses are presented in the statement of comprehensive income.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within "other (losses)/gains – net" in the period in which it arises.

###### Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in "other (losses)/gains – net" in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 45. SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (Continued)

#### 45.10 Investments and other financial assets (Continued)

##### 45.10.4 Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 18 for further details.

#### 45.11 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### 45.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

The fair value of the liability component of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 45. SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (Continued)

#### 45.13 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### 45.14 Installment credit and nonrecourse securitization debt

The Group securitises various financial lease receivables, which generally results in the sale of these assets to special purpose entities, which issue debt securities to third party investors. The rights and interests of securitized financial assets are embodied in the form of senior tranche or subordinated tranche. Subordinated asset backed securities and notes shall not be transferred.

When the asset securitization transaction leads to the derecognition or partial derecognition of financial assets, gains or losses on asset securitization transactions depend in part on the carrying amount of the transferred financial assets, allocated between the financial assets derecognised and the retained interests based on their relative fair values at the date of the transfer. Gains or losses on asset-backed securities are recorded in profit or loss.

In applying its policies on securitised financial assets, the Group has considered both the degree of transfer of risks and rewards on assets transferred and the degree of control exercised by the Group over the financial assets:

- when the Group transfers substantially all the risks and rewards of ownership of the financial assets, the Group shall derecognise the financial assets;
- when the Group retains substantially all the risks and rewards of ownership of the financial assets, the Group shall continue to recognise the financial assets; and

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 45. SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (Continued)

#### 45.14 Installment credit and nonrecourse securitization debt (Continued)

- when the Group neither transfers nor retains substantially all the risk and rewards of ownership of the financial assets, the Group would determine whether it has retained control of the financial assets. If the Group has not retained control, it shall derecognise the financial assets and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer. If the Group has retained control, it continues to recognise the financial assets to the extent of its continuing involvement in the financial assets.

#### 45.15 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

##### (a) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated balance sheet date in the countries where the Company's subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 45. SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (Continued)

#### 45.15 Current and deferred income tax (Continued)

##### (b) *Deferred income tax*

###### **Inside basis differences**

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the consolidated balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

###### **Outside basis differences**

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

##### (c) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 45. SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (Continued)

#### 45.16 Employee benefits

##### (a) *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheet.

##### (b) *Post-employment obligations*

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

#### **Pension obligations**

The liability or asset recognised in the consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the consolidated statement of changes in equity and in the consolidated balance sheet.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 45. SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (Continued)

#### 45.16 Employee benefits (Continued)

##### (b) *Post-employment obligations (Continued)*

###### **Pension obligations (Continued)**

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

The Group participates in the defined contribution employee retirement schemes regarding pension benefits required under existing PRC legislation. The defined contribution plan is a pension plan under which the Group pays contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

###### **Other post-employment obligations**

Some group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

##### (c) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 45. SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (Continued)

#### 45.17 Share-based payments

##### *Equity-settled share-based payment transactions*

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (share options and restricted shares, collectively, “Share-based Awards”) of the Group. The fair value of the employee services received in exchange for the grant of the Share-based Awards is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the Share-based Awards granted:

- including any market performance conditions (for example, an entity’s share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of Share-based Awards that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 45. SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (Continued)

#### 45.18 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provision for product warranties granted by the Group for certain products are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present value as appropriate.

Provision for off-balance sheet related activities of a subsidiary providing financing services are recognised based on expected credit loss assessed based on a forward looking basis.

#### 45.19 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 45. SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (Continued)

#### 45.20 Insurance services

The Group underwrites property and casualty insurance contracts, mainly automobile insurance contracts with a coverage period of one year, through a general insurer subsidiary. Premium allocation approach has been applied to all these contracts.

Insurance revenue for the insurance contracts are generally recognised by allocating the total expected premiums over the coverage period on a straight-line basis and presented within “revenue” in the consolidated statement of the comprehensive income. Insurance service expenses, which are presented within “cost of sales” in the consolidated statement of the comprehensive income, are composed of (i) incurred claims and other non-acquisition costs directly related to fulfilling insurance contracts; (ii) insurance acquisition cash flows; and (iii) losses and reversal of losses on onerous contracts, if any.

Insurance acquisition cash flows are costs directly attributable to selling or underwriting a portfolio of insurance contracts which will be deferred and recognised over the coverage period of contracts.

Insurance contract liabilities, which are presented within “trade and other payables – non-current” and “trade and other payables – current” in the consolidated balance sheet, are comprised of the liabilities for remaining coverage that relate to future services and the liabilities for incurred claims that relate to past services. The Group adjusts the estimates of future cash flows to reflect the time value of money and the financial risks related to those cash flows, to the extent that the financial risks are not included in the estimates of cash flows. No discounting has been applied to the measurement of the insurance contract liabilities for those contracts do not contain a significant financing component and the claims are expected to be paid in one year or less from the date they are incurred.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 45. SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (Continued)

#### 45.21 Lease

##### (a) *Operating lease*

##### (i) **The Group as a lessee under operating lease**

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 45. SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (Continued)

#### 45.21 Lease (Continued)

##### (a) Operating lease (Continued)

##### (i) The Group as a lessee under operating lease (Continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- makes adjustments specific to the lease, e.g. term, country, currency and security
- If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 45. SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (Continued)

#### 45.21 Lease (Continued)

##### (a) Operating lease (Continued)

##### (i) The Group as a lessee under operating lease (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

##### (ii) The Group as a lessor under operating lease

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term (Note 9(c)). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated balance sheet based on their nature.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 45. SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (Continued)

#### 45.21 Lease (Continued)

##### (b) *Finance lease*

###### **The Group as a lessor under finance lease**

At the commencement of the lease term, the aggregate of the minimum lease receivable at the inception of the lease and the initial direct costs is recognised as finance lease receivables, and the unguaranteed residual value is recorded at the same time. The difference between the aggregate of the minimum lease receivable, the initial direct costs and the unguaranteed residual value, and the aggregate of their present values is recognised as unearned finance income. The net amount of finance lease receivables less unearned finance income is divided into long-term receivable and the portion of long-term receivable due within one year for presentation.

Lease income from finance lease is recognised using the effective interest method (Note 16(c)).

# FINANCIAL SUMMARY

A summary of the published financial results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements of the Group, is set out below:

	Year ended 31 December				
	2023 RMB'000	2022 RMB'000 (Restated)	2021 RMB'000	2020 RMB'000	2019 RMB'000
Revenue	129,706,167	110,271,923	75,675,765	63,156,985	59,704,322
Cost of sales	(124,178,725)	(106,507,364)	(71,776,845)	(60,860,992)	(57,181,363)
<b>Gross profit</b>	<b>5,527,442</b>	3,764,559	3,898,920	2,295,993	2,522,959
Selling and distribution costs	(6,195,691)	(3,922,909)	(4,339,756)	(3,641,480)	(4,553,402)
Administrative expenses	(5,656,662)	(5,114,685)	(4,556,045)	(3,850,327)	(3,589,516)
Net impairment losses on financial assets	(455,902)	(627,724)	(143,468)	(55,110)	(53,831)
Interest income	289,366	160,656	257,438	304,233	290,694
Other gains – net	1,649,469	(935,421)	1,257,349	1,379,690	2,620,340
<b>Operating loss</b>	<b>(4,841,978)</b>	(6,675,524)	(3,625,562)	(3,567,001)	(2,762,756)
Interest income	484,993	330,520	58,558	127,551	171,565
Finance costs	(467,323)	(351,781)	(425,316)	(439,567)	(516,481)
Share of profit of joint ventures and associates	8,349,006	14,065,159	11,403,900	9,570,978	9,399,343
<b>Profit before income tax</b>	<b>3,524,698</b>	7,368,374	7,411,580	5,691,961	6,291,671
Income tax credit	215,463	535,540	154,117	355,990	417,186
<b>Profit for the year</b>	<b>3,740,161</b>	7,903,914	7,565,697	6,047,951	6,708,857
<b>Profit is attributable to:</b>					
Owners of the Company	4,428,845	7,978,417	7,511,030	5,964,055	6,616,265
Non-controlling interests	(688,684)	(74,503)	54,667	83,896	92,592
	<b>3,740,161</b>	7,903,914	7,565,697	6,047,951	6,708,857

	As at 31 December				
	2023 RMB'000	2022 RMB'000 (Restated)	2021 RMB'000	2020 RMB'000	2019 RMB'000
<b>Assets, liabilities and non-controlling interests</b>					
<b>Total assets</b>	<b>218,448,770</b>	189,885,641	154,250,589	142,860,688	137,463,551
<b>Total liabilities</b>	<b>93,994,958</b>	67,554,186	61,601,804	56,147,060	54,955,305
Non-controlling interests	8,679,635	9,027,144	2,335,474	2,338,597	2,320,135

# AWARDS AND HONOURS

Subject	Honours won by the Group and its major investees	Organiser/theme
The Company	2023 Best Practice Case for Corporate Governance	China Association for Public Companies
	2023 Best Practice Case for the Board of Directors of Listed Companies	China Association for Public Companies
	6th New Fortune Best IR of Hong Kong Listed Companies (A+H Share)	New Fortune
	The 18th "Golden Roundtable Award"- "Best Board of Directors" among the Board of Directors of Listed Companies in China	Directors & Boards
	2023 Future Business of the Year in China --Excellence Award, Brilliance Award; Future Business of the Year in the Asia-Pacific Region-- Brilliance Award	IDC
GAEI	Independent Research and Development Group of Powertrain won the "National Outstanding Engineer Group" Award	the Central Committee of the Communist Party, State Council of the PRC
	The 24th China Patent Excellence Award in recognition of the invention patent "Shift Control System for Automatic Transmission"	China National Intellectual Property Administration
	First Prize of Machinery Industry Science and Technology Award for "Key Technologies and Applications of Series-parallel Hybrid Transmission System for Passenger Cars"	China Machinery Industry Federation/China Mechanical Engineering Society
	First Prize of Metallurgical Science and Technology Award for "Development and Application of High-performance Automotive Body-in-white Steel for Carbon Neutrality"	China Iron and Steel Association, The Chinese Society for Metals
	International CMF Design Award-Gold Award (Hyper SSR Models)	International CMF Design Award Committee
GAMC	No. 1 among self-developed brands in 2023 China Fuel-engined Automobile Customer Satisfaction Index (CACSI)	China Association for Quality

## AWARDS AND HONOURS

Subject	Honours won by the Group and its major investees	Organiser/theme
GAC AION	No.1 among self-developed brands in J.D. Power 2023 Customer Service Index (CSI) Study	J.D.Power
	Selected into the latest batch of "Light-house Factories" listed by the World Economic Forum (WEF)	World Economic Forum (WEF)
GAC Honda	Innovative Enterprise of the Year	Nanfang Daily
	2023 China Automobile Quality Award-Quality After-sales Service Award	aqsiqauto.com
GAC Toyota	No. 1 among 2023 Mass Market Brands in the Initial Quality Study (IQS)	J.D. Power
	No. 1 among 2023 Mass Market Brands in Customer Service Index (CSI) Study	J.D. Power
	No.1 among car manufacturers of joint venture brands in value preservation rate for 2023 China's Automobile Value Preservation Rate Ranking	J.D.Power, 58 Auto
	Gold Award and Innovative Award in Toyota Global Service Excellence Recognition	Toyota Motor Corporation
GAC-SOFINCO Auto Finance GAC Capital	No.1 for CAACS After-sales Satisfaction Research in 2023 China Automobile Customer Service Index (Joint Venture Brand)	China Automotive Maintenance and Repair Trade Association
	Tied for No. 1 for after-sales service satisfaction in 2023 China Automobile Customer Satisfaction Index (CACSI) (Joint Venture Brand)	China Association for Quality
	Benchmark Enterprise for Social Responsibility Influence of the Year	China News Weekly
	2023 Prominent Auto Finance Companies	21st Century Business Herald
GAC Capital	2023 Top 50 State-owned Investment Institutions	Zero2IPO Research
	TOP 10 Industrial Investment in "2023 Top 100 Industrial Investment" List	FOFWEEKLY
	Active CVC Institution of the Year for 2023 China Venture Capital Golden Eagle Award	Securities Times

## AWARDS AND HONOURS

### VEHICLE MODELS AND OTHER AWARDS

Vehicle Models	Name of Honour	Awarded by
GAC Trumpchi E9	2023 Low Carbon Leader Model	Energy Saving and Green Development Assessment Center of Automobile Industry
GAC Trumpchi E8	Top Ten Carbody	CATARC and China Iron & Steel Research Institute Group Co., Ltd.
GAC Trumpchi M8 series	Security Pinnacle Challenge Award	China Automotive Technology & Research Center
GAC AION Hyper HT	Family Luxury Smart Electric SUV of the Year	Carso2o, Red Dot New Energy
GAC AION Hyper GT	The Most Popular Pure Electric Coupe	Cheshenghuo Auto List
GAC AION Hyper SSR	Top Ten Recommended Cars of the Year Nationwide	Automobile Industry Branch of China Council for the Promotion of International Trade, Bitauto
GAC AION V Plus	2023 China Automobile Quality Award-Compact SUV	aqsiqauto.com
GAC Honda Accord	Sedan of the Year	Sohu Auto
GAC Honda Accord	No.1 Mid-sized High-end Sedan in Initial Quality Study (IQS)	J.D.Power
GAC Honda Breeze	Best SUV	China Media Group
GAC Honda new Accord e:PHEV	2023 Plug-in Hybrid B-Class Car of the Year	National Business Daily
GAC Honda Avancier	No.1 for Mid-sized SUV of Joint Venture	12365auto.com
GAC Toyota Sienna	2023 Quality MPV Favored by Consumers in ZheJiang Province	Automobile Pioneer
GAC Toyota Sienna	Luxury Smart Hybrid MPV of the Year	huanqiu.com
GAC Toyota ninth-generation Camry	2023 Best (Global) Debuting Car Award at Guangzhou Auto Show	Sohu Auto

# DEFINITIONS

In this report, unless the context otherwise requires, the following terms used shall have the following meanings set out below:

“2020 Incentive Scheme”	2020 A Share Option and Restricted Share Incentive Scheme of the Company
“Articles of Association”	the articles of association of the Company, as amended from time to time
“associate(s)”, “associated company(ies)” or “associated enterprise(s)”	all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights of such entities
“Board”	the board of directors of the Company
“CATL GAC”	CATL GAC Energy Battery System Co., Ltd. (時代廣汽動力電池有限公司), an associated company jointly funded and established by the Company, GAC AION and Contemporary Amperex Technology Co., Ltd. in December 2018 under PRC law, in which the Company and GAC AION hold 49% equity interests in total
“China Lounge Investments”	China Lounge Investments Limited (中隆投資有限公司), a wholly- owned subsidiary of the Company incorporated in Hong Kong
“Company” or “GAC”	Guangzhou Automobile Group Co., Ltd. (廣州汽車集團股份有限公司)
“Company Law”	the Company Law of the People’s Republic of China
“CSRC”	China Securities Regulatory Commission
“Da Sheng Technology”	Da Sheng Technology Co., Ltd.(大聖科技股份有限公司), a subsidiary of the Company established in June 2016 under PRC law, in which the Company and Urtrust Insurance holds 85% and 15% equity interests, respectively
“Fourth Share Option Incentive Scheme”	2022 Fourth Share Option Incentive Scheme of the Company

## DEFINITIONS

“GAC AION”	GAC AION New Energy Automobile Co., Ltd. (廣汽埃安新能源汽車股份有限公司) (formerly known as Guangzhou Automobile New Energy Automobile Co., Ltd. (廣汽新能源汽車有限公司), a subsidiary of the Company incorporated in July 2017 under PRC law, and in which the Company directly and indirectly holds a total of 76.89% equity interests as at the date of this report
“GAC Business”	GAC Business Co., Ltd. (廣汽商貿有限公司) (formerly known as Guangzhou Automobile Group Business Co., Ltd. (廣州汽車集團商貿有限公司)), a wholly-owned subsidiary of the Company incorporated in March 2000 under PRC law
“GAC BYD”	Guangzhou GAC BYD New Energy Passenger Vehicle Co., Ltd. (廣州廣汽比亞迪新能源客車有限公司), a jointly controlled entity incorporated in August 2014 under PRC law by the Company and BYD Company Limited, and the Company holds 49% of its equity interests
“GAC Capital”	GAC Capital Co., Ltd. (廣汽資本有限公司), a wholly-owned subsidiary of the Company incorporated in April 2013 under PRC Law
“GAC Component”	GAC Component Co., Ltd. (廣汽零部件有限公司) (formerly known as Guangzhou Automobile Group Component Co., Ltd. (廣州汽車集團零部件有限公司)), a wholly-owned subsidiary incorporated in August 2000 under PRC law by the Company and its subsidiaries
“GAC Energy”	GAC Energy Technology Co., Ltd. (廣汽能源科技有限公司), a subsidiary incorporated in July 2022 under PRC law, in which UPOWER Energy and GAC AION, the subsidiaries of the Company holds 55% and 45% equity interests, respectively
“GAC FCA”	GAC Fiat Chrysler Automobiles Co., Ltd. (廣汽菲亞特克萊斯勒汽車有限公司) (formerly known as GAC FIAT Automobiles Co., Ltd. (廣汽菲亞特汽車有限公司), a jointly controlled entity incorporated in March 2010 under PRC law by the Company and Fiat Chrysler Automobiles (Fiat Chrysler Automobiles merged with the former Groupe PSA to form Stellantis Group in January 2021)
“GAC Finance Company”	Guangzhou Automobile Group Finance Co., Ltd. (廣州汽車集團財務有限公司), a wholly-owned subsidiary incorporated in January 2017 under PRC law by the Company

## DEFINITIONS

“GAC Hino”	GAC Hino Motors Co., Ltd. (廣汽日野汽車有限公司), a jointly controlled entity incorporated in November 2007 under PRC law by the Company and Hino Motors, Ltd.
“GAC Honda”	GAC Honda Automobile Co., Ltd. (廣汽本田汽車有限公司) (formerly known as Guangzhou Honda Automobile Co., Ltd. (廣州本田汽車有限公司)), a jointly controlled entity incorporated in May 1998 under PRC law by the Company, Honda Motor Co., Ltd. and Honda Motor (China) Investment Co., Ltd.
“GAC International”	GAC International Automobile Sales & Service Co., Ltd. (廣汽國際汽車銷售服務有限公司), a wholly-owned subsidiary incorporated in May 2022 under PRC law by the Company
“GAC Mitsubishi”	Hunan Zhixiang Motor Management Services Limited (湖南智享汽車管理有限公司), previously known as GAC Mitsubishi Motor Co., Ltd. (廣汽三菱汽車有限公司), a limited liability company incorporated in the PRC
“GAC Toyota”	GAC Toyota Motor Co., Ltd. (廣汽豐田汽車有限公司) (formerly known as Guangzhou Toyota Motor Co., Ltd. (廣州豐田汽車有限公司)), a jointly controlled entity incorporated in September 2004 under PRC law by the Company, Toyota Motor Company and Toyota Motor (China) Investment Co., Ltd.
“GAC Toyota Engine”	GAC Toyota Engine Co., Ltd. (廣汽豐田發動機有限公司), an associated company incorporated in February 2004 under PRC law by the Company and Toyota Motor Company, and the Company holds 30% of its equity interests
“GAC-SOFINCO”	GAC-SOFINCO Automobile Finance Co., Ltd. (廣汽滙理汽車金融有限公司), a jointly controlled entity incorporated in May 2010 under PRC law by the Company and Société de Financement Industriel et Commercial (SOFINCO)
“GAEI”	Guangzhou Automobile Group Company Automotive Engineering Institute, a branch company of the Company established in June 2006 for the purpose of conducting research and development of the products and technology in which the Company has proprietary rights

## DEFINITIONS

“GAIG”	Guangzhou Automobile Industry Group Co., Ltd. (廣州汽車工業集團有限公司), a state-owned enterprise incorporated in October 2000 under PRC law and the controlling shareholder of the Company
“GAMC”	GAC Motor Co., Ltd. (廣汽乘用車有限公司) (formerly known as Guangzhou Automobile Group Motor Co., Ltd. (廣州汽車集團乘用車有限公司)), a wholly-owned subsidiary of the Company incorporated in July 2008 under PRC law
“Group” or “GAC Group”	the Company and its subsidiaries
“HYCAN Automobile”	HYCAN Automobile Technology Co., Ltd. (合創汽車科技有限公司) (formerly known as GAC Nio New Energy Automobile Technology Co., Ltd. (廣汽蔚來新能源汽車科技有限公司)), a company jointly funded and established by the Company and Nio, Inc. in April 2018 under PRC law, in which 25% of its equity interests are jointly held by the Company and its subsidiaries after the completion of capital injection in January 2021
“IMPOW Battery”	IMPOW Battery Technology Co., Ltd. (因湃電池科技有限公司), a subsidiary incorporated in October 2022 under PRC law, in which UPOWER Energy and GAC AION, both being subsidiaries of the Company, holds 49% and 51% equity interests, respectively
“independent director”	has the same meaning as that of independent non-executive director
“joint venture(s)” or “jointly controlled entity(ies)”	joint venture companies under direct or indirect joint control, and no participating party has unilateral control power over the economic activities of such jointly controlled entity as a result of such direct or indirect joint control
“Lisheng Technology”	Lisheng Automotive Technology (Guangzhou) Co., Ltd. (立昇汽車科技(廣州)有限公司), incorporated in June 2023 under PRC law by the Company, GAC Component and Luxshare Precision Industry Company Limited, and in which the Company and its wholly-owned subsidiary, GAC Component collectively hold 45% equity interests
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C4 of the Listing Rules

## DEFINITIONS

“MPV”	multi-purpose passenger vehicle
“ON TIME”	a mobile mobility platform established in April 2019 and launched by the Company through Chenqi Technology Limited (including its subsidiaries) established by China Lounge Investments and Tencent, and its controlling company
“PRC” or “China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Ruipai Power”	Ruipai Power Technology Co., Ltd. (銳湃動力科技有限公司), a subsidiary incorporated in October 2022 under PRC law, in which the Company, GAMC and GAC AION holds 23%, 26% and 51% equity interests, respectively as at the date of this report
“Securities Law”	the Securities Law of the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Hino”	Shanghai Hino Engine Co., Ltd. (上海日野發動機有限公司), an associated company incorporated in October 2003 under PRC law by the Company and Hino Motors, Ltd., in which the Company holds 30% equity interests
“SSE”	the Shanghai Stock Exchange
“SSE Listing Rules”	the Rules Governing the Listing of Shares on the SSE, as amended from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisory Committee”	The supervisory committee of the Company
“SUV”	sports utility vehicle
“Tong Fang Logistics”	Tong Fang Global (Tianjin) Logistics Co., Limited (同方環球(天津)物流有限公司), an associated company incorporated by the Company, China First Automobile Works Group and Toyota Motor Company in July 2007

## DEFINITIONS

<b>“UPOWER Energy”</b>	<b>UPOWER Energy Technology (Guangzhou) Co., Ltd. (優湃能源科技(廣州)有限公司) (formerly known as Guangzhou GAC Business Renewable Resources Co., Ltd. (廣州廣汽商貿再生資源有限公司)), a wholly-owned subsidiary of the Company incorporated in September 2010 under PRC law</b>
<b>“Urtrust Insurance”</b>	<b>Urtrust Insurance Co., Ltd. (眾誠汽車保險股份有限公司), a subsidiary incorporated in June 2011 under PRC law by the Company, and in which the Company directly and indirectly holds a total of 53.55% equity interests</b>
<b>“Wuyang-Honda”</b>	<b>Wuyang-Honda Motors (Guangzhou) Co., Ltd. (五羊-本田摩托(廣州)有限公司), a jointly controlled entity incorporated in July 1992 under PRC law by the Company, Honda Motor Co., Ltd. and Honda Motor (China) Investment Co., Ltd.</b>

