吉利汽車控股有限公司

GEELY AUTOMOBILE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock codes: 175 (HKD counter) & 80175 (RMB counter)

IN CONNECTION WITH FUTURE

Annual Report
2023

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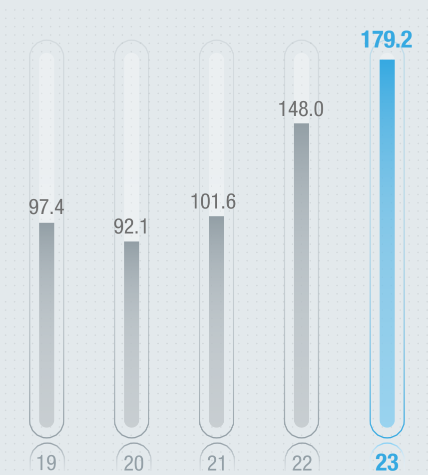
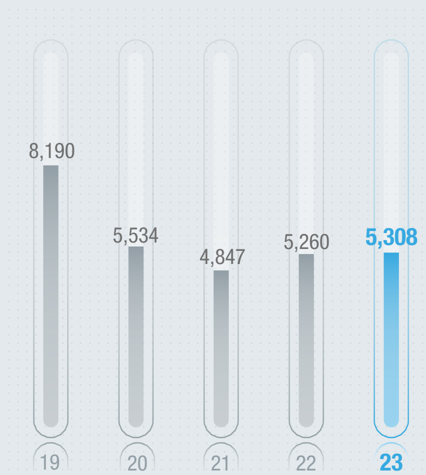
KEY FIGURES

FIVE YEARS FINANCIAL SUMMARY

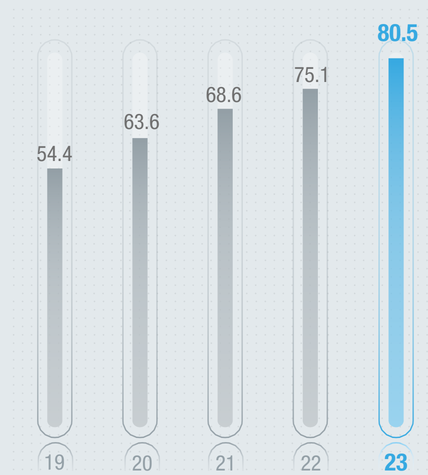
REVENUE
(RMB Billion)



PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY
(RMB Million)



EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY
(RMB Billion)



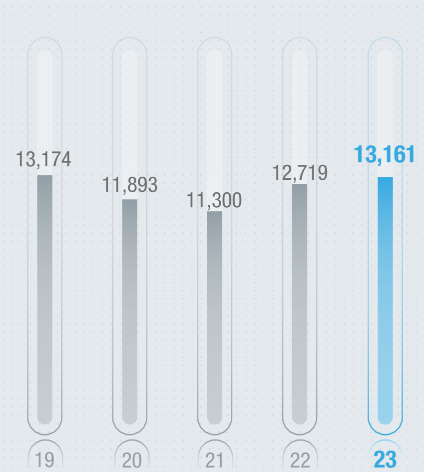
A summary of the results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, is set out below:

	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000
Revenue	179,203,592	147,964,647	101,611,056	92,113,878	97,401,248
Profit before taxation	4,949,942	4,681,941	4,665,175	6,440,978	9,636,268
Taxation	(14,924)	(32,278)	(312,167)	(866,348)	(1,374,910)
Profit for the year	4,935,018	4,649,663	4,353,008	5,574,630	8,261,358
Attributable to:					
Equity holders of the Company	5,308,408	5,260,353	4,847,448	5,533,790	8,189,638
Non-controlling interests	(373,390)	(610,690)	(494,440)	40,840	71,720
	4,935,018	4,649,663	4,353,008	5,574,630	8,261,358
Assets and liabilities					
Total assets	192,597,681	157,826,329	134,341,404	110,815,729	107,927,578
Total liabilities	(107,446,183)	(81,630,514)	(64,120,432)	(46,602,463)	(53,003,112)
Total equity	85,151,498	76,195,815	70,220,972	64,213,266	54,924,466
Represented by:					
Equity attributable to equity holders of the Company	80,508,824	75,130,455	68,606,146	63,631,114	54,435,626
Non-controlling interests	4,642,674	1,065,360	1,614,826	582,152	488,840
	85,151,498	76,195,815	70,220,972	64,213,266	54,924,466

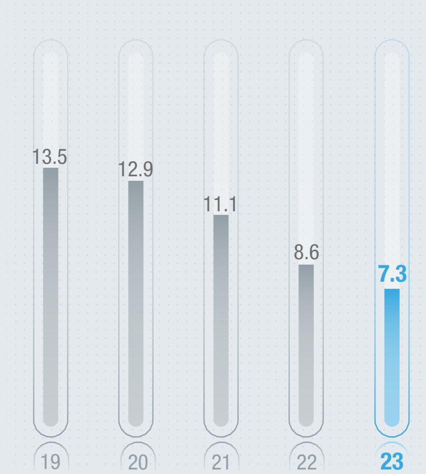
FIVE YEARS FINANCIAL SUMMARY

OTHER KEY FINANCIAL FIGURES

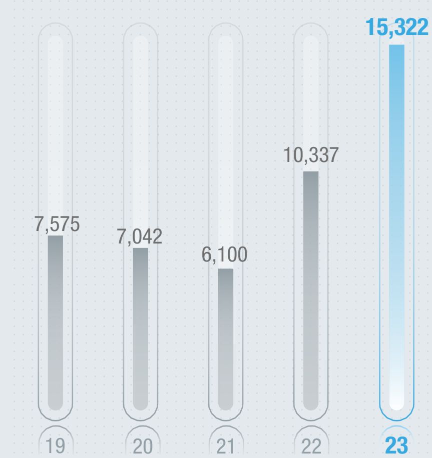
EBITDA[1]
(RMB Million)



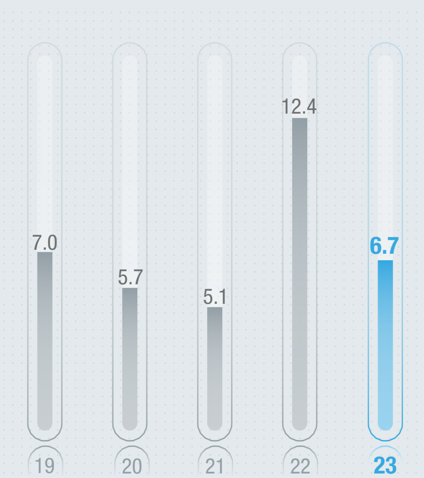
EBITDA Margin[2]
(%)



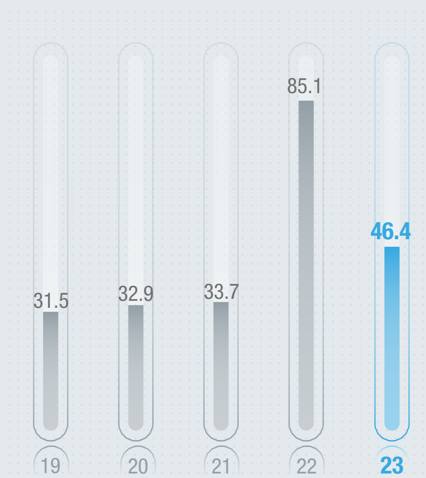
CAPEX[3]
(RMB Million)



TOTAL DEBT[4]/TOTAL CAPITAL[5]
(%)



TOTAL DEBT/EBITDA
(%)



(1) EBITDA is calculated by adding taxes, depreciation and amortisation, and finance cost, excluding other gains/(losses), net other than government subsidies to profit for the year.
(2) EBITDA margin is calculated by dividing EBITDA by turnover for the relevant year, expressed as a percentage.
(3) CAPEX includes cash outlays on additions to property, plant and equipment, intangible assets and land lease prepayments.
(4) Total debt is the sum of current and non-current borrowings, convertible bonds, bonds payable and senior notes.
(5) Total capital includes total non-current borrowings plus total equity.

FIVE YEARS FINANCIAL SUMMARY

	Formula	2023	2022	Change in Percentage Increase/ (Decrease)
For the year				
Revenue (RMB'000)		**179,203,592**	147,964,647	21
Profit attributable to equity holders of the Company (RMB'000)	(1)	**5,308,408**	5,260,353	1
Per share				
Basic earnings per share (RMB cents)		**51.36**	51.06	1
Diluted earnings per share (RMB cents)		**51.00**	50.49	1
Dividend per share (HK$)		**0.22**	0.21	5
Net asset value (NAV) per share (RMB)	(2)/(5)	**8.00**	7.47	7
At year end				
Equity attributable to equity holders of the Company (RMB'000)	(2)	**80,508,824**	75,130,455	7
Total assets (RMB'000)	(3)	**192,597,681**	157,826,329	22
Borrowings@ (including loan from a related company and bonds payable) (RMB'000)	(4)	**6,103,053**	10,820,356	(44)
Number of shares in issue	(5)	**10,063,382,383**	10,056,973,786	0
Share price during the year				
– High (HK$)		**13.50**	22.05	(39)
– Low (HK$)		**7.53**	8.30	(9)
Financial ratios				
Gearing ratio = (Borrowings@/Equity attributable to equity holders of the Company)	(4)/(2)	**7.6%**	14.4%	
Return on total assets	(1)/(3)	**2.8%**	3.3%	
Return on equity attributable to equity holders of the Company	(1)/(2)	**6.6%**	7.0%	

@: Borrowings comprise loans that are included in liabilities directly associated with assets classified as held for sale.

EDITORIAL

CHAIRMAN'S STATEMENT

During the year, Geely Automobile Holdings Limited (the "**Company**", together with its subsidiaries, collectively the "**Group**") made significant progress in electrification and intelligentization transformation, with both total sales volume and the sales volume of new energy vehicles (NEVs)* reaching record highs. Amid the fierce price war, the profit attributable to equity holders of the Company in 2023 still increased slightly by 1% from 2022 to RMB5.31 billion.

LI SHU FU, ERIC
Chairman

BUSINESS OVERVIEW

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

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

*: *NEVs include battery electric vehicles ("BEVs") and plug-in hybrid electric vehicles ("PHEVs").*

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

CHAIRMAN'S STATEMENT

FINANCIAL REVIEW

In 2023, against the backdrop of the full lifting of the pandemic lockdown, the Group successfully exceeded the sales target of 1,650,000 units set at the beginning of the year. The supply chain gradually stabilized, and the prices of batteries, chips and other components also began to fall. Demand for Internal Combustion Engine ("**ICE**") vehicles fell, but operating efficiency still improved. In addition, export sales increased significantly. However, the Group also faced unprecedented fierce competition, with price wars throughout the year. In this complex environment, the financial performance of the Group still improved. In 2023, the total revenue of the Group increased by 21% to RMB179.2 billion. The net profit was RMB4.94 billion, up by 6% YoY. After deducting non-controlling interests, profit attributable to equity holders of the Company was RMB5.31 billion, representing a YoY increase of 1%. If the impact of gain on bargain purchase upon subscription for an associate of Renault Korea of RMB1.75 billion on net profit in 2022 is excluded, profit attributable to equity holders of the Company would have increased by 51% YoY. As the product mix was continuously improved and the proportion of NEVs significantly increased, the Group's average ex-factory selling price ("**ASP**") increased by 2% over the last year. After incorporating the "Lynk&Co" and "Livan" vehicles sold by the Lynk&Co JV and the Livan Associate respectively on a proforma basis, the Group's combined ASP was flat YoY. During the year, despite the increase in the proportion of NEVs, the overall gross profit margin increased YoY by 1.2 percentage points to 15.3% as a result of cost reduction on a large scale and improvement in product structure. The Group continued to maintain sound operating cash flow during the year. This raised the Group's total cash level (bank balances and cash plus restricted bank deposits) by 13% to RMB37.96 billion at the end of 2023.

SUSTAINABILITY REVIEW

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

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

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

DIVIDENDS

Our board of directors recommended the payment of a final dividend of HK$0.22 (2022: HK$0.21) per share for 2023.

PROSPECTS

China is united in its effort to recover the economy and accelerate development. In the upsurge of building a new pattern, the automotive industry also ushered in a window period of adjusting value chain and reconstructing ecosystem, and entered a new round of elimination, with extremely fierce competition. Geely collaborated with its sub-brands to face challenges and forge ahead, and was committed to the

CHAIRMAN'S STATEMENT

transformation of electrification and intelligentization. Geely demonstrated a steady and high-quality development trend with accumulated tenacity and confidence, so as to achieve scientific and technological momentum. At present, we made a major breakthrough in the field of electrification. Geely's unique combination of products, technologies, brands and cross-border ecosystems has successfully met consumers' demand for high-quality innovative products and more personalized services. The total sales volume of Zhejiang Geely Holding Group in 2023 was 2.79 million units while the Group, being its most important listed company, contributed 60% of its total sales volume. The success of Geely Galaxy L7 & E8, ZEEKR 007, Lynk&Co 08 and a series of new products have proved the innovation ability of the Group in the field of NEVs, and the first half of the electrification transformation has achieved results.

In the global wave of NEVs, although Chinese automobiles have changed lanes and taken the lead, there is still a gap between them and the world's leading level. We must always maintain a sense of awe. In the new year, opportunities and challenges coexist. Geely's development strategy aims to achieve better growth while maintaining stability, pursing breakthroughs to the fullest extent. On one hand, ensuring excellence in the production and research of traditional ICE vehicles, encompassing technology, quality, cost, and service – this represents stability. Simultaneously, in the field of new energy, Geely strives not to lag behind in the application and development of new technologies and products such as electric, hybrid and methanol – this represents striving for progress while maintaining stability. Furthermore, on the premise of maintaining stability, Geely endeavors to enhance its development and pursuing breakthroughs to the fullest extent. This involves promoting stability through progress, exploring new technologies such as investing in low-earth orbit satellite internet and the production, manufacturing, and research of green methanol.

The path towards intelligent automobiles is boundless and the current intelligentization is still in its early stage. Whether it's smartphones, in-car systems, or low-earth orbit satellite internet, these aspects constitute the ultimate competition in the transformation toward intelligent automobiles. Safety is paramount in automobiles, and it constitutes a fundamental feature of luxury. However, safety goes beyond mere systems like Automatic Emergency Braking ("**AEB**"), Anti-lock Braking System ("**ABS**"), and airbags; these are just the basics. Geely invests in designing chips and satellite internet because achieving true intelligence in automobiles requires specialized chip design tailored to the vehicle's characteristics and intelligent needs, rather than adopting a standard, generic chip. Satellite internet connectivity is crucial for maintaining vehicle connectivity.

The transformation towards intelligent electrification in the automotive industry is inevitable, but we must acknowledge a reality: users consider the economics when purchasing a car. We must strike a balance between these two aspects, considering both the transformation towards intelligent electrification and the cost structure to provide consumers with value for money.

The automotive industry revolves around two key aspects: high technology and mass production. Both are indispensable, and everything we do is centered around these two facets. Running a small-scale car company is relatively easy to establish and manage, but for long-term sustainability, it must evolve into a large automotive group. Continuous investment and leadership in technology are essential.

Geely's overall market and product structure are unlikely to undergo significant changes in 2024, as the current pattern is already established. However, the global landscape, encompassing politics, economy, and the automotive industry, may continue to evolve. Despite facing uncertainties, we must exude confidence and self-assurance. In 2024, we have planned production and sales in alignment with the goal of 1.9 million units of vehicles, presenting certain challenges that we are confident in overcoming.

Li Shu Fu, Eric
Chairman
20 March 2024

MANAGEMENT REPORT

PERFORMANCE & GOVERNANCE

OVERALL PERFORMANCE

In 2023, according to the China Association of Automobile Manufacturers ("**CAAM**"), China's automobile market achieved an annual growth rate of 10.6% in terms of wholesale volume, with the wholesale sales of passenger cars reaching 26.06 million units, of which the sales volume of NEVs reached 9.05 million units, accounting for approximately 35%, representing a YoY increase of 38%. The market share of indigenous brands in China was approximately 56%, a record high. The export volume reached 4.14 million units, setting a new export record. These achievements were the result of the joint efforts of all automotive practitioners. However, China's automobile market also experienced the impact of price wars throughout the year in the context of destocking of ICE vehicles and intensifying competition among NEVs. The supply-side reform still needs to be further deepened. Geely is accelerating the transformation towards electrification and intelligentization and has made certain breakthroughs in these fields.

In 2023, Geely Automobile Holdings Limited (the "**Company**", together with its subsidiaries, collectively the "**Group**") sold a total of 1,686,516 units of vehicles (including the total sales volume# of "Lynk&Co" and "Livan" vehicles sold by Group's 50%-owned joint venture, namely LYNK & CO Investment Co., Ltd. ("**Lynk&Co JV**"), and 45%-owned associate, namely Chongqing Livan Automotive Technology Company Limited ("**Livan Associate**")), with a total sales volume of 1,412,415 units of vehicles in the Chinese market and its market share reaching 6.44%. Against the backdrop of a sharp decline in demand for the ICE vehicles, the Group has taken the initiative to reduce its investment in ICE vehicle business and focus on more profitable models, and has accelerated the phase-out of less profitable models. In the field of NEVs, the Group has adopted a multi-brand strategy and readjusted the market positioning of each brand. The Group has made important breakthroughs in covering the market from mass to luxury NEVs through the three major brands, namely Geely Galaxy, Lynk&Co and ZEEKR. The Group has basically completed the technical layout of electrification and intelligentization transformation, and has now focused on the launching of popular models.

As China's Belt and Road Initiative is being promoted and implemented, the automotive industry has made breakthroughs in gaining international presence. The Group has adopted a diversified global strategy, including cooperation with local automobile companies and dealers. Export sales in 2023 increased by 38% to 274,101 units.

The profit performance of the Group in 2023 was basically in line with management's expectation. Benefiting from the significant increase in sales volume and the decline in raw material prices, the profit attributable to equity holders of the Company for the year reached RMB5.31 billion, representing an increase of 51% compared with the profit attributable to equity holders of the Company of RMB3.51 billion in 2022 excluding the one-off gain on bargain purchase of RMB1.75 billion from the Group's subscription of Renault Korea Motors Co., Ltd. ("**Renault Korea**"). The profitability of NEVs was still in the process of climbing, and there was still a certain distance from that of ICE vehicles. In particular, as ZEEKR was positioned as a high-end brand, the investment in intelligence and marketing expenses was still large. The Lynk&Co brand is accelerating

PERFORMANCE & GOVERNANCE

its electrification transformation, and is also launching its overseas subscription business, which resulted in losses. Despite this, the gross profit margin level of the Group still improved compared to that of 2022. The Group is committed to business diversification. Research and development and related technological support services as well as licensing of intellectual properties continued to generate stable revenue and profits. In 2023, the government grants and subsidies increased by 196% compared to that of 2022 to RMB960 million. The government grants and subsidies during the year mainly represented the support provided by the government for the Group's operations, including but not limited to policies such as the additional value-added tax deduction for advanced manufacturing enterprises. The 54% decrease in taxation for the year was mainly attributable to the significant increase in research and development costs, which resulted in additional deductible tax available to the Group under the super deduction. Based on the above, the profit attributable to the equity holders of the Company increased slightly by 1% YoY to RMB5.31 billion in 2023. Diluted earnings per share increased slightly by 1% to RMB0.51.

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

Acquisition of 100% Equity of Xi'an Geely

On 12 December 2022, Zhejiang Jirun Automobile Company Limited ("**Jirun Automobile**"), an indirect 99%-owned subsidiary of the Group, entered into an acquisition agreement with Zhejiang Geely Automobile Manufacturing Company Limited ("**Geely Manufacturing**"), indirectly owned as to 72.4% interest by Zhejiang Geely Holding Group Company Limited (浙江吉利控股集團有限公司 or "**Geely Holding**"), the ultimate holding company of the Company with regard to the acquisition of the entire equity interest of Xi'an Geely Automobile Company Limited ("**Xi'an Geely**"). The cash consideration for this transaction is RMB382 million. Such transaction was approved by the independent shareholders of the Company at the extraordinary general meeting held on 28 April 2023 with a majority approval rate, and was completed by the end of the month.

For further details of the above transaction, including the determination basis of the consideration, business of Xi'an Geely and the rationale for the acquisition of Xi'an Geely, please see pages 014 to 015 of the annual report for the year ended 31 December 2022 of the Company.

Acquisitions of 49.9% Shares of PROTON and 49.9% Shares of DHG held by GIHK

On 20 January 2023, Linkstate Overseas Limited ("**Linkstate**"), a wholly-owned subsidiary of the Company, and Geely International (Hong Kong) Limited ("**GIHK**", to which Geely Holding being the sole shareholder), entered into the PROTON agreement. Pursuant to the agreement, GIHK conditionally agreed to sell 49.9% equity of and loan due from PROTON Holdings Berhad ("**PROTON**") at the consideration of RMB1,063 million and US$56,390,000 (approximately RMB387 million) respectively. On the same day, Linkstate and GIHK also entered into the DHG agreement. Pursuant to the agreement, GIHK conditionally agreed to sell the DRB-HICOM Geely Sdn. Bhd. ("**DHG**") Shares to Linkstate at a nominal consideration of US$1.00. These transactions were approved by the independent shareholders of the Company at the extraordinary general meeting held on 28 April 2023 with a majority approval rate, and were completed by the end of the month.

Upon the completion of the acquisition of PROTON and DHG equity, the Group held 49.9% issued and paid-up ordinary share capital of each of PROTON and DHG, and their financial results are accounted for by way of equity method.

For further details of the above transactions, including the determination basis of the considerations, business of each of PROTON and DHG and the rationale for the acquisition of PROTON and DHG, please see pages 015 to 016 of the annual report for the year ended 31 December 2022 of the Company.

Issuance of Series A Preferred Shares by ZEEKR

On 12 February 2023, ZEEKR entered into a share purchase agreement with five investors, including CATL, Professor Amnon Shashua who is the founder and chief executive officer of Mobileye Global Inc. (NASDAQ stock symbol: MBLY), Yuexiu Industrial Fund, Tongshang Fund and Xin'an Intelligent Manufacturing Fund, to issue and allot to such investors, in aggregate, 139,375,669 series A preferred shares ("**Share Purchase**") at an aggregate consideration of US$750,000,000 (equivalent to approximately RMB5.37 billion). Such shares will represent approximately 6.15% (on an as converted basis) and approximately 5.77% (on a fully diluted and as converted basis) of the enlarged issued share capital of ZEEKR.

Immediately after the closing, the Group's equity interest in ZEEKR is approximately 54.73% (on an as converted basis) and approximately 51.33% (on a fully diluted and as converted basis). ZEEKR remains an indirect non-wholly owned subsidiary of the Company and its financial results continue to be consolidated into the consolidated financial statements of the Group.

The Share Purchase will be beneficial to both the Group and ZEEKR as the raising of additional capital by ZEEKR to finance its future growth and expansion opportunities and its working capital requirements will benefit the Group. Leveraging on the introduction of well recognised investors that are market leaders in their respective industry, the Share Purchase will enhance the market image of ZEEKR, which in turn will promote the future prospects of ZEEKR. This marks an important step for ZEEKR to establish an ecosystem where all participants' interests are aligned, and opens doors for more strategic cooperation among ZEEKR and its partners. In addition, investors' investments represent an opportunity to broaden its investor base. The Group would continue to explore suitable investments from other investors to develop the business of ZEEKR.

Launch of RMB Trading Counter

The Company submitted an application to add a Renminbi ("**RMB**") trading counter to The Stock Exchange of Hong Kong Limited on 9 March 2023. The quotation has been in effect officially on 19 June 2023 with a stock code of 80175. The English short name is GEELY AUTO-R, and the Chinese short name is 吉利汽車-R. Each trading lot involves 1,000 shares. The Company believes that the launch of RMB trading counter will offer more investment choices and more liquidity for its shareholders and potential investors, and will facilitate the expansion of investor base.

Formation of Powertrain JV

On 11 July 2023, the Company, Geely Holding and Renault S.A.S. ("**Renault**", collectively known as the "**Parties**") entered into the contribution agreement and the joint venture agreement, pursuant to which the Parties conditionally agreed to establish the powertrain business joint venture ("**Powertrain JV**"). The Company, Geely Holding and Renault will directly or indirectly hold 33%, 17% and 50% interest of the Powertrain JV, respectively. These agreements were approved by shareholders at the extraordinary general meeting held by the Company on 22 September 2023.

PERFORMANCE & GOVERNANCE

The Parties will contribute all issued shares of the relevant entities engaging powertrain business into the Powertrain JV. The total contribution value of each party is measured by the enterprise value of the relevant entity, the debt, cash, minority interest, the difference between the working capital and the normalized working capital and other adjustments, if any, as of the closing date. The enterprise value of the relevant entities contributed to the Powertrain JV by the Company, Geely Holding and Renault are EUR3.066 billion (approximately RMB23.736 billion), EUR934 million (approximately RMB7.231 billion) and EUR4.0 billion (approximately RMB30.967 billion), respectively.

The Powertrain JV will integrate the Parties' businesses in internal combustion engine ("**ICE**"), hybrid, and plug-in hybrid engine and transmission. The Powertrain JV will benefit from significant strategic, product and geographic complementarity, as well as economies of scale between the businesses of the Parties, enabling the offering of a wide range of powertrain products and solutions to meet customer needs and comply with future regulations in different regions.

The Powertrain JV will achieve several areas of potential synergies including increasing top-line sales through external sales to third-party original equipment manufacturers, and standardizing product features and production processes.

Following the formation of the Powertrain JV, Aurobay Technology Co., Ltd. ("**Aurobay Technology**") will no longer be a subsidiary of the Group. This will allow the Group to reduce exposure to its ICE powertrain products manufacturing business while still maintaining control over its powertrain products supplies, which will enable the Company's management to be more concentrated on developing the next-generation battery electric vehicle product portfolio, thus accelerating its transformation into the leader in electric vehicle sector.

As of 31 December 2023, the disposal of Aurobay Technology has not yet been completed. The assets and liabilities of Aurobay Technology were classified as "Assets classified as held for sale" and "Liabilities directly associated with assets classified as held-for-sale", respectively in the Group's consolidated statement of financial position in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" ("**HKFRS 5**"). The Directors of the Company do not consider that Aurobay Technology represents a major separate line of business for the Group and accordingly it is not disclosed as a "Discontinued Operation" in accordance with HKFRS 5.

On 2 March 2023, the Parties and Saudi Aramco entered into a letter of intent, pursuant to which Saudi Aramco intended to invest for a minority stake in the Powertrain JV in cash. As of the date of this report, the Parties and Saudi Aramco have not entered into any binding definitive agreement.

Issuance of RMB1,500,000,000 Medium-Term Notes Due 2026

On 17 August 2023, the Company successfully issued a total of RMB1.5 billion medium-term notes in the China Interbank Bond Market. Unless terminated prematurely in accordance with their terms, these medium-term notes have a tenure of three years and will mature on 17 August 2026. The medium-term notes are issued at par with a face value of RMB100 each. The fixed annual interest rate for these medium-term notes is 3.25%, as determined by way of centralised book building. The medium-term notes will pay simple interest annually, without compound interest, and the principal will be repaid in full upon maturity. The entire proceeds from the issue of these medium-term notes will be invested domestically in China, to supplement the working capital of the Company's subsidiary, namely Jirun Automobile.

Disposal of Equity Interests in Livan Associate

On 20 February 2024, Jirun Automobile, a subsidiary of the Group, entered into an equity transfer agreement with Zhejiang Geely Qizheng Automotive Technology Co., Ltd. (浙江吉利啟征汽車科技有限公司 or "**Geely Qizheng**") to sell Jirun Automobile's 45% equity interests in Livan Associate to Geely Qizheng at a cash consideration of RMB504 million. Upon completion of the disposal, the Group will no longer own any equity interests in Livan Associate, and it is expected that the Group will record a gain of approximately RMB117 million from the disposal.

Livan is committed to establishing an intelligent battery swapping ecology and providing competitive products and services for the market. It commenced battery swapping business in 2022. At present, the battery swapping business of Livan Associate is still in its infancy, and it is expected that the main resources and continuous capital investment will be used to develop the intelligent battery swapping ecology and related infrastructure. In view of the Group's competitive advantage in the Chinese automobile market, the Group believes that concentrating most of its resources on supporting the growth of NEVs and the sale of battery swapping business can enhance the competitiveness of the Group.

The transaction is valued with a market approach, which is based on the average adjusted enterprise value-to-sales ratio (EV/S) of the exhaustive list of comparable companies carrying on similar businesses, adjusted for the risk country and the size and profitability of Livan Associate being valued. The estimated gain on the disposal of approximately RMB117 million is calculated based on the consideration minus the carrying amount of the long-term equity investment of Livan Associate on 31 December 2023. The expected gain of the Group is unaudited and is subject to review and final audit by the Group's auditor. It is expected that the net proceeds from the disposal will be used for the general working capital of the Group.

FINANCIAL RESOURCES

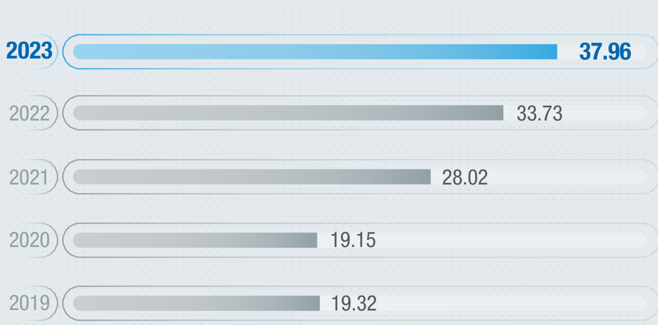
In 2023, the Group's net cash generated from operating activities were RMB22.3 billion as a result of an increase in overall sales volume, improved gross margin and other factors. Total capital expenditures of the Group, including property, plant and equipment, capitalised product development costs and land lease prepayments, amounted to RMB15.3 billion, which was higher than the budgeted amount of RMB14.0 billion planned at the beginning of the year, mainly attributable to the higher investment in research and development as the Group accelerated the pace of electrification and intelligentization transformation. During the year, the Group repaid a loan of relatively substantial amount from our parent company Geely Holding and senior notes of United States Dollar ("**US$**") 300 million (equivalent to approximately RMB2.06 billion). In addition, on 12 February 2023, ZEEKR reached an agreement with five investors to issue a total of 139,375,669 series A preferred shares and received financing of US$750 million (equivalent to approximately RMB5.37 billion). Taking into account the above and other factors, the Group's total cash level (including bank balances and cash plus restricted bank deposits) increased by 13% YoY to RMB37.96 billion at the end of 2023. The Group's total borrowings (including loan from a related company, bank borrowings[@] and bonds payable) decreased by 44% to RMB6.1 billion. As of the end of 2023, the Group's financial position remained solid. Net cash on hand (total cash minus total borrowings and perpetual capital securities) increased to RMB28.4 billion from a net cash of RMB26.1 billion six months ago. As of the end of 2023, the Group's total borrowings were primarily denominated in either RMB or US$. Among them, the foreign currency borrowings were well matched by the currency mix of the Group's export revenues. In addition, net notes receivable (notes receivable minus notes payable) at the end of 2023 amounted to RMB14.4 billion, which could provide the Group with additional cash reserves when needed through discounting the notes receivable with the banks.

[@]: Borrowings comprise loans that are included in liabilities directly associated with assets classified as held for sale.

PERFORMANCE & GOVERNANCE

BANK BALANCES AND CASH (INCLUDING RESTRICTED AND PLEDGED BANK DEPOSITS)

RMB Billion (As at 31 December)

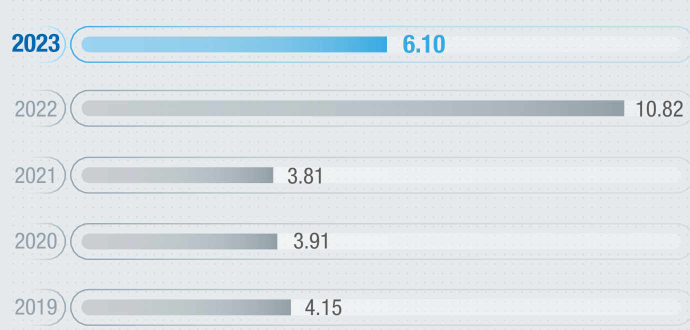


During the year, the Group continued to receive credit rating services from Standard & Poor's and Moody's. The two rating agencies maintained their investment grade credit ratings on the Group. Standard & Poor's affirmed its rating as "BBB-/Negative" and Moody's Investors Service assigned a rating of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

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

TOTAL BORROWINGS (INCLUDING LOAN FROM A RELATED COMPANY, BANK BORROWINGS AND BONDS PAYABLE)

RMB Billion (As at 31 December)



RESEARCH AND DEVELOPMENT

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

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

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

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

VEHICLE MANUFACTURING

The Group sold a total of 1,686,516 units of vehicles (including the total sales volume of "Lynk&Co" and "Livan" vehicles sold by the Lynk&Co JV and the Livan Associate) in 2023, representing an increase of 18% YoY, exceeding the annual sales target and achieving a record high annual sales volume. In terms of wholesale volume in 2023, the Group ranked fourth among the passenger vehicle manufacturers in China (source: CAAM), with a market share of 6.47%.

In 2023, the Group has completed the layout of electrification transformation, and launched a number of intelligent NEVs during the year. Therefore, NEVs (including Geely, Lynk&Co, ZEEKR and Livan) achieved positive YoY growth for 11 consecutive months. In 2023, the sales volume of NEVs was 487,461 units, an increase of 48% YoY.

The new mid-to-high-end NEV series – Geely Galaxy was launched in March 2023. Two PHEVs, Galaxy L7 and Galaxy L6, and one BEV, Galaxy E8, were launched during the year. Since the launch of its first product – Galaxy L7, the sales volume has exceeded more than 10,000 units for six consecutive months, with accumulated sales volume exceeding 83,000 units during the year.

Upholding the concept of "making smart refined vehicles for everyone", Geely has advanced the classic series in an all-round way by offering intelligent, electrified and energy-saving ICE vehicles. The Group's annual sales volume of ICE vehicles reached 1,199,055 units, representing a YoY increase of more than 8.6%. As of the end of 2023, the accumulated sales volume of the "China Star" premium series exceeded 870,000 units since its launch, making it a "high-value benchmark" for ICE vehicles in China.

The accumulated delivery of ZEEKR, a luxury smart pure electric vehicle brand, reached 118,685 units for the year, representing a YoY increase of 65%. In 2023, the product portfolio of ZEEKR accelerated its growth as ZEEKR X, ZEEKR 001 FR and ZEEKR 007 were launched successively. By the end of 2023, the ZEEKR brand had accumulatively delivered more than 190,000 units of vehicles and maintained a record of "zero spontaneous fire*".

*: It only refers that there are zero incidents of fire caused by the vehicle's EIC system itself without any human cause and without any external source of ignition.

PERFORMANCE & GOVERNANCE

The annual sales volume of Lynk&Co, a global premium brand, reached 220,250 units, representing a YoY increase of more than 22%, making it the fastest Chinese high-end car brand to exceed one million units. In 2023, Lynk&Co launched the EM-P super long range electric solution, offering a variety of driving modes for different road conditions, and also released the Flyme Auto OS, opening up the ecosystem of connectivity between mobile phone and vehicle.

In terms of electrification transformation, the ecological value advantages of the Group's full-stack self-developed new energy technologies have become increasingly obvious. Based on modular architectures such as SEA, e-CMA and CMA Evo, Geely successively released the world's first mass-produced 800V super-fast-charging LFP "Gold Brick Battery", the world's first mass-produced high-performance silicon carbide four-motor drive system, the next-generation V3 charging technology boasting the world's highest single-gun output power, a next-generation of NordThor electric hybrid technology, Aegis battery safety system, EM-P super long range electric solution, green methanol-powered vehicles and other in-house developed new energy technologies in 2023. Such achievements have fully empowered a new generation of intelligent NEVs across the Group's brands to be leading in performance, energy saving, intelligence, comfort, safety.

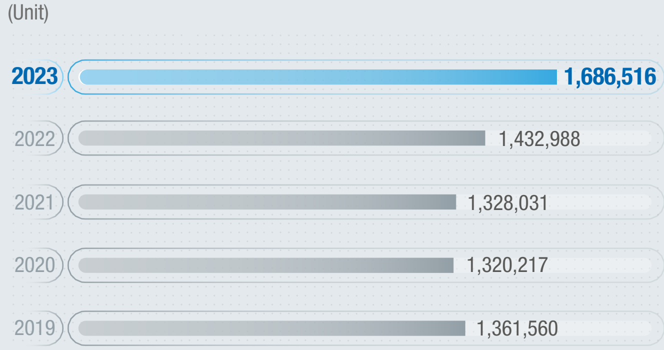
In terms of intelligence, Geely has made in-depth layouts in the fields of operating systems, intelligent cockpits, automotive chips, autonomous driving, connected vehicles, low-orbit satellites, and intelligent computing centers. Geely achieved major breakthroughs in many fields in 2023. Industry-leading integration solutions of mobile phone and vehicle such as Galaxy N OS, LYNK Flyme Auto and ZEEKR OS have been applied to Geely Galaxy series, Lynk&Co and other models to comprehensively improve the intelligent cockpit experience.

China's first automotive-grade 7nm cockpit chip "Dragon Eagle One" independently developed by Geely has been mass-produced and applied to brands such as Lynk&Co and Livan. The Xingrui Intelligent Computing Centre was officially opened, bringing cloud computing power to help Geely create advantages in the fields of intelligent driving, intelligent cockpit, new energy power management, and intrinsic security. Satellite communication technology has been mass-produced for the first time in the world, and applied to ZEEKR 001 FR and Geely Galaxy E8. During the Hangzhou Asian Games, Geely successfully operated Hangzhou's first high-end intelligent driving demonstration line, and provided star-based high-precision positioning services for all officially designated Geely vehicles in the Asian Games.

At the end of 2023, the sales network of the Group in China was further optimized and expanded. The Geely brand covered all regions of the country through various dealers. Geely Galaxy opened 517 new stores to provide exclusive sales channels for the series. ZEEKR served its customers in China, through 24 "ZEEKR Centres", 240 "ZEEKR Spaces", 31 delivery centres and 45 "ZEEKR Home". Through 350 "Lynk&Co Centres" and 67 "Lynk&Co Spaces", Lynk&Co served its customers in China.

ANNUAL SALES VOLUME*

(Unit)

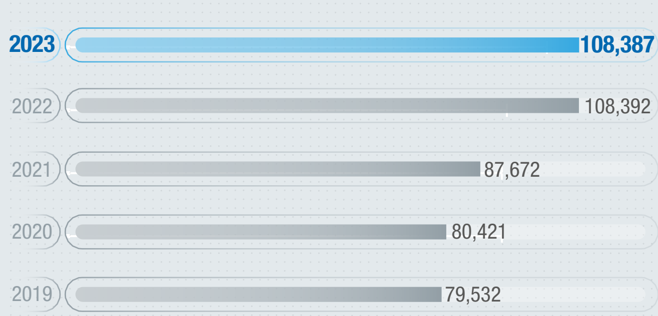


*: Including the total sales volume of "Lynk&Co" and "Livan" vehicles

PERFORMANCE & GOVERNANCE

AVERAGE PRE-TAX EX-FACTORY PRICES**

(RMB)



**: Including the total sales volume of "Lynk&Co" and "Livan" vehicles

Name	**Interests**	**Usable Annual Production Capacity** (Units Per Double Shift)	**Models**
Chunxiao plant	99.0%	200,000	Geely Boyue, Geely Boyue L
Xiangtan plant	99.0%	240,000	Binyue, Binyue COOL
Baoji plant	99.0%	200,000	Galaxy L7, Geely Boyue, Geely Boyue L
Linhai plant	99.0%	300,000	Galaxy L6, Emgrand L
Jinzhong plant	99.0%	180,000	Geometry A, Geometry C, Emgrand EV
Qiantang plant	99.0%	100,000	Galaxy E8, Geometry E, ICON
Hangzhou Bay DMA plant	99.0%	150,000	Xingyue, Xingrui, Xingrui L
Guiyang plant	99.0%	150,000	Haoyue L, Jiaji
Changxing plant	99.0%	180,000	New Emgrand, Binrui COOL
Xi'an plant	99.0%	300,000	Xingyue L, smart #1^, smart #2^
Total		2,000,000	

^: Collaborative manufacturing models

PERFORMANCE & GOVERNANCE

NEW PRODUCTS

In 2024, the Group will continuously enhance its deployment of NEVs, focusing on the launch of a variety of BEVs and PHEVs. By making full use of platforms such as SEA, CMA Evo and others, combined with the second-generation upgraded “NordThor 8848 Powertrain” and the latest research and development achievements in intelligent technologies, the Group will significantly improve its NEVs in terms of performance, driving range and intelligence level, thereby making NEVs more competitive.

The “Geely” brand

– Galaxy E5, a mainstream battery electric SUV.

– A Galaxy series mainstream plug-in hybrid SUV, developed under the NordThor powertrain.

– A compact battery electric SUV.

The “ZEEKR” brand

– ZEEKR Mix, a battery electric innovative model, developed under the SEA platform.

– ZEEKR 009 Grand, a top-class luxury battery electric MPV, developed under the SEA platform.

– A luxury mid-to-large size battery electric SUV, developed under the SEA platform.

The “Lynk&Co” brand

– Lynk&Co 07 EM-P, a mid-size super extended-range plug-in hybrid sedan, developed under the CMA Evo platform.

– A mid-to-large size battery electric flagship sedan, developed under the SEA platform.

– A compact battery electric SUV, developed under the SEA platform.

ZEEKR

ZEEKR was incorporated in March 2021 as a non-wholly-owned subsidiary of the Group. Currently, ZEEKR is jointly held by the Group, Geely Holding and external investors, which is devoted to the research and development, purchase and sale of intelligent electric vehicles and other electric mobility related products, as well as the provision of service relating thereto.

In 2023, ZEEKR launched two new models to continuously expand its product matrix, with a total of 118,685 units delivered for the year, representing a YoY increase of 65%. By the end of 2023, the accumulated delivery of the ZEEKR brand exceeded 190,000.

PERFORMANCE & GOVERNANCE

ZEEKR continued to expand its product matrix on the basis of its original luxury shooting brake coupe-ZEEKR 001 and luxury battery electric MPV-ZEEKR 009, and launched the new luxury all-round SUV-ZEEKR X, the battery electric shooting brake supercar-ZEEKR 001 FR, and the battery electric luxury sedan-ZEEKR 007 during the year. Among which, ZEEKR 001 has achieved 100,000 deliveries faster than any other luxury cars in history, winning the champion of the sales volume of BEVs above RMB300,000 among Chinese brands. ZEEKR 009 also ranks first in the sales volume of RMB500,000-level luxury MPVs in all categories.

2023 was also a year for ZEEKR to make a comprehensive breakthrough in intelligence. The full-stack in-house high-end intelligent driving assistance system – Haohan Intelligent Driving System was first equipped on the latest model ZEEKR 007, which covered all scenarios of intelligent parking, high-speed and urban areas, and achieving a performance exceeding the leading solutions in the market. ZEEKR NZP high-speed autonomous navigation assistance was available in 22 cities including Shanghai, Hangzhou and Guangzhou. ZEEKR 007 OS 6.0 introduced the Kr AI large model for the first time, opening up the intelligent cockpit application scenario in the era of AI large models. The industry-leading 8295 intelligent cockpit computing platform was mass-produced and launched by ZEEKR 001 FR and equipped on all ZEEKR 007 series.

The building of ZEEKR user service ecosystem has also reached a new milestone. As of the end of 2023, ZEEKR had a total of 342 directly-operated stores worldwide, of which 340 were directly operated in 79 cities in China. 7 ZEEKR centre stores won 18 international design awards. Self-built charging stations of ZEEKR energy were deployed in 137 cities across China with 882 terminals. The number of charging piles ranked among the top three pure electric brands in China, and the 800V ultra-fast charging network layout was the most extensive in the industry. The third-party high-quality charging network has access to over 610,000 charging guns, covering more than 340 cities. ZEEKR's after-sales service network covered 208 cities in 31 provinces across China, with nearly 300 high-quality service outlets.

In 2023, ZEEKR officially started the pace of going global, and ZEEKR 001 and ZEEKR X were delivered successively in the mainstream countries and regions such as Europe, Asia, and the Middle East. The first batch of overseas ZEEKR centre directly-operated stores were completed and opened in Sweden and the Netherlands. In addition to the European market, ZEEKR has signed distribution agreements with a number of Middle Eastern and Asian countries, with the products officially launched in Kazakhstan. The right-hand drive models of ZEEKR 009 and ZEEKR X will be launched in Singapore, Hong Kong and Macau regions in 2024.

For the year ended 31 December 2023, ZEEKR recorded a net loss of approximately RMB1.135 billion.

PERFORMANCE & GOVERNANCE

LYNK&CO JV

Lynk&Co JV, the Group's 50%-owned joint venture with Volvo Car Corporation and Geely Holding, was incorporated in October 2017 to facilitate the development, manufacture, sales and servicing of high-end passenger vehicles in both the China and international markets under the "Lynk&Co" brand. Positioned as a global brand with the state-of-the-art design and manufacturing capabilities, Lynk&Co JV aims to target at the premium mobility market segment globally through the provision of both passenger vehicles and mobility services.

In 2023, the Lynk&Co brand continued to maintain strong growth momentum, with annual sales growth of 22.3% to 220,250 units. The accumulated sales volume exceeded 1 million units, making it the fastest Chinese high-end car brand to exceed 1 million sales. Among them, the sales of NEVs increased by 60.1% YoY to 63,000 units, with the proportion reaching up to 28.5%, demonstrating an initial positive progress of the NEV strategy.

In terms of exports, Lynk&Co has established operations in many developed countries in Europe, including the Netherlands, France, Italy, Germany, Sweden, Belgium and Spain. As of the end of 2023, the accumulated number of subscriptions[##] in Europe has exceeded 38,000. In 2022 and 2023, more than 15,000 and 17,000 new subscriptions were achieved, respectively. The Asia-Pacific and Middle East regions are other two important markets, with sales increasing by 150% to 4,258 units in 2023, further expanding its presence. During the year, Lynk&Co expanded into countries and regions including Israel, Saudi Arabia, Oman, Qatar, Macau and Vietnam.

Lynk&Co JV maintained a dealer network in China with 350 stores called "Lynk&Co Centres" and 67 display and customer service centres called "Lynk&Co Spaces" in China at the end of December 2023. Outside China, Lynk&Co JV has set up 11 Clubs in Europe, offering innovative mobility services to local customers.

In 2023, Lynk&Co JV further accelerated the pace of electrification transformation on the basis of advancing electrification development strategies. On the one hand, it has increased investment in the research and development of electric vehicles and phased out some ICE models. Meanwhile, Lynk&Co JV is still actively optimising business models in mature markets. Although the expansion in investment and business have achieved certain results in technological innovation and service capacity building, the economies of scale of new business have not yet been fully realized. Affected by the above factors, Lynk&Co JV recorded a net loss of approximately RMB1.105 billion for the year. However, the management remains confident on the future development of Lynk&Co.

##: *Subscription means that consumers use vehicles and ancillary services during the subscription service period through regular payment of vehicle subscription fees, including vehicle insurance, daily maintenance, data services, road assistance, etc. Normally, the Lynk&Co JV recognises the revenue and corresponding profit or loss over time once the subscription consumers have received and consumed the economic benefits of the provided vehicles during the subscription service period.*

LIVAN ASSOCIATE

Livan Associate was established in January 2022 and was a joint venture jointly invested by the Group and Lifan Technology. As of the end of 2023, its equity interest was owned as to 45% by the Group and was an associate of the Group. The principal business of Livan is the research and development, sales and operation of vehicles (including but not limited to battery swapping vehicles). Livan is committed to creating a user-centric battery-swapping ecosystem. Livan Associate sold 38,001 units of vehicles for the year.

In order to enhance the efficiency of its operations and assets, the Group announced on 20 February 2024 that it had disposed of its 45% equity interest in Livan Associate. This will help the Group to focus in its core business and concentrate resources. It is also conducive to Livan to expand its battery swapping business.

GENIUS AFC

Genius Auto Finance Company Limited ("**Genius AFC**") is a vehicle financing joint venture held by the Company, BNP Paribas Personal Finance ("**BNPP PF**"), a wholly-owned subsidiary of BNP Paribas group, and Cofiplan S.A. Among them, the Company holds 75% of the shares, principally providing auto wholesale financing solutions and retail financing solutions to end customers, mainly supporting brands including "Geely", "ZEEKR", "Lynk&Co", "Livan" and "Volvo Cars", as well as cross-brands.

In 2023, under the complex and rapidly ever-changing economic environment, Genius AFC actively maintained steady development momentum in various businesses and strived to deliver full year results with satisfactory. In 2023, Genius AFC's new financed vehicle loan reached 594,000 units, representing a YoY increase of 10%. Among which, the business of brands beyond Geely Holding Group contributed new incremental volume, with contract volume reaching 71,300 units, representing a YoY increase of 176%, becoming a new business growth engine. In supporting the Group's electrification development plan, Genius AFC's NEV loans accounted for more than 33% (calculated by the retail loan value of NEVs divided by the total retail loan value). Moreover, Genius AFC kept exploring the extension of wholesale business to enrich product portfolio and has covered spare parts financing and dealer decoration financing into the business scope since 2023. However, with the narrowed margin and increasing marketing resources investment under competitive environment, the net profit of Genius AFC slightly decreased by 0.7% YoY to RMB1,213 million.

Leveraging on its quantitative data analysis capabilities in the vehicle loan sectors accumulated over the years, Genius AFC has successfully developed various credit assessment models, establishing a highly effective anti-fraud system, thereby achieving positive interaction of "asset quality, business scale and efficiency" in the vehicle loan business. By the end of 2023, the vehicle loan of Genius AFC achieved a growth of 4% YoY to RMB54.47 billion. However, the non-performing ratio on loan assets (i.e., overdue for more than 60 days) continued to improve to 0.22%, reaching a lower level.

PERFORMANCE & GOVERNANCE

Genius AFC is dedicated to the active management of funding costs. In 2023, Genius AFC continued to diversify its external funding channels, including syndicated loans, bilateral bank facilities and asset-backed security (ABS). During the year, Genius AFC successfully launched five rounds of ABS with a total amount of over RMB23 billion, providing solid support to its business growth and asset-liability management. In November 2023, Genius AFC issued a green ABS with revolving structure, marking the success of the first revolving green ABS in China auto finance industry.

On 11 July 2022, the Company entered into an equity transfer agreement with BNPP PF and its wholly-owned subsidiary. Pursuant to the agreement, the wholly-owned subsidiary of BNPP PF agreed to purchase from the Group an interest of 5% in the registered capital of Genius AFC at RMB577 million. Upon the completion of the transfer, Genius AFC is 75% owned by the Company, 20% owned by BNPP PF and 5% owned by Cofiplan S.A.

EXPORTS

In 2023, the accumulated export sales of the Group for the year were 274,101 units, representing a YoY increase of more than 38%.

In 2023, Geely brand ushered in a breakthrough in its international presence. The overseas product portfolio continued to grow, and 10 high-value products were launched in various countries around the world. Meanwhile, the Group established a subsidiary in Mexico to develop the Latin American market. As of the end of 2023, the Geely brand had 533 sales and service outlets in 70 countries around the world to expand the global market. The Group also actively explores its cooperation with local partners.

The Lynk&Co as an international brand adheres to the strategy of developing markets in Europe and the rest of the world. By the end of 2023, Lynk&Co had opened 11 offline experience stores in 6 European countries. Lynk&Co 01, Lynk&Co 03, Lynk&Co 05 performance car series, and the flagship model Lynk&Co 09 were successively launched in the Asia-Pacific market, which further enriched the overseas product portfolio.

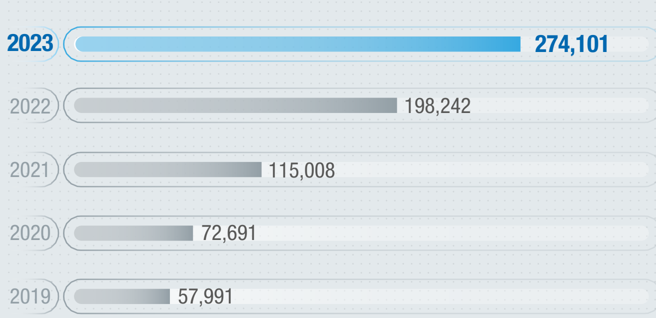
In 2023, ZEEKR officially started to go global, and accessed to a total of 12 international mainstream markets. Among them, ZEEKR X and ZEEKR 001 have been delivered overseas, and 2 ZEEKR centres have been completed in Europe.

PERFORMANCE & GOVERNANCE

The Group has also broadened its global export market presence through the brand cooperation model with its associates. The Group maintains a good strategic cooperation with PROTON, and through the export of platforms and technologies, we have helped PROTON to launch new vehicle models to further increase its sales volume and share in the right-hand drive market in Southeast Asia. During the year, the cumulative annual sales volume of PROTON reached 154,000 units, representing a year-on-year growth of 6%. The Group's share of the results of PROTON amounted to approximately RMB116 million. The Group also deepened its cooperation with another associate, Renault Korea, to form synergies in technology research and development and supply chain, with a view to expanding its export sales volume both locally and in developed countries. During the year, Renault Korea's cumulative annual sales volume amounted to 104,000 vehicles, of which 82,000 vehicles were exported. The Group's share of Renault Korea's results amounted to approximately RMB169 million and received dividends of RMB180 million. In 2023, the Group also provides related research and development and related technological support services and licensing of intellectual properties to Renault Korea, PROTON and other global brands of Geely Holding, the revenue from which reached RMB8.1 billion in total, continuing to generate stable revenue and profit.

Export Sales Volume*

(Unit)



*: Including the total sales volume of "Lynk&Co" and "Livan" vehicles

OUTLOOK

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

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

PERFORMANCE & GOVERNANCE

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

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

CAPITAL STRUCTURE AND TREASURY POLICIES

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

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

EXPOSURE TO FOREIGN EXCHANGE RISK

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

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

EMPLOYEES' REMUNERATION POLICY

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

[@]: Borrowings comprise loans that are included in liabilities directly associated with assets classified as held for sale.

DIRECTORS AND SENIOR MANAGEMENT PROFILES

EXECUTIVE DIRECTORS

Mr. Li Shu Fu, aged 60, joined the Company and its subsidiaries (collectively the "Group") on 9 June 2005 as the Chairman (the "Chairman") of the board of directors of the Company (the "Board") and Executive Director, and is responsible for the overall strategic planning, Board leadership, corporate governance and formulation of the corporate policies of the Group. Mr. Li holds a Master's Degree in Engineering from Yan Shan University. Currently, Mr. Li is the controlling shareholder, founder, chairman of the board of directors of Zhejiang Geely Holding Group Company Limited ("Geely Holding") (a company incorporated in the People's Republic of China ("PRC"), and is ultimately owned by Mr. Li and his associate, a substantial shareholder of the Company). Geely Holding and its subsidiaries are principally engaged in the sale of automobiles and related parts and components wholesale and retail business. Mr. Li also serves as the chairperson and member of the board of Volvo Car AB (Stock Code of Stockholm Stock Exchange: VOLCAR B) since 2010. Mr. Li has extensive experience in the investment and management of the automobile manufacturing business in the PRC. Mr. Li was accredited as one of the "50 Most Influential Persons in China's Automotive Industry in the 50 Years" by China Automotive News (中國汽車報).

Mr. Li Dong Hui, Daniel, aged 54, joined the Group on 15 July 2016 as an Executive Director and the Vice Chairman of the Board. Mr. Li has been an executive vice president and the Chief Financial Officer ("CFO") of Geely Holding since June 2016, and he was appointed as Chief Executive Officer ("CEO") of Geely Holding in November 2020. He also serves as a board member of Geely Holding from November 2011, a member of the board of directors of Volvo Car AB (Stock Code of Stockholm Stock Exchange: VOLCAR B) from April 2012, a member of the board of directors of Polestar Automotive Holding UK PLC (Stock Code of NASDAQ: PSNY) from June 2022, chairman of the board of Lotus Technology Inc. (Stock Code of NASDAQ: LOT) from November 2021, and a non-executive director of Aston Martin Lagonda Global Holdings plc (Stock Code of London Stock Exchange: AML) from July 2023. Mr. Li is also a director of certain subsidiaries of the Group. He is responsible for the coordination of the Board, strategic development and financial system of the Group. Mr. Li was a vice president and CFO of Geely Holding from April 2011 to March 2014, and an Executive Director of the Company from May 2011 to March 2014. Mr. Li has extensive professional and senior managerial experiences with both the PRC and sino-foreign multinational companies, particularly in the fields of accounting and financial management, financing structure, strategic planning and business development. Prior to joining Geely Holding, he held key accounting, financing and corporate management positions as vice president, CFO, general manager and business development director in the PRC companies including Guangxi Liugong Machinery Company Ltd. (2010), and sino-foreign multinational companies; his last position was the vice chairman and the president (finance) of 北京東方園林環境股份有限公司 (Beijing Orient Landscape & Environment Co., Ltd.) (Stock Code of Shenzhen Stock Exchange: 002310) (2014-2016). Mr. Li graduated from the Kelley School of Business of Indiana University in the USA with a Master's Degree in Business Administration in 2010 and graduated from Beijing Institute of Machinery Industry in the PRC with a Master's Degree in Management Engineering with a major in Financial Management in 1997. Also, Mr. Li graduated from Renmin University of China with a Bachelor's Degree in Philosophy in 1991. He is currently the independent non-executive director of YTO International Express and Supply Chain Technology Limited (Stock Code of Hong Kong Stock Exchange ("HKEx"): 6123).

DIRECTORS AND SENIOR MANAGEMENT PROFILES

Mr. Gui Sheng Yue, aged 60, joined the Group on 9 June 2005 as an Executive Director and is responsible for the overall administration, risk management and compliance of the Group. Mr. Gui was appointed as the CEO of the Company with effect from 23 February 2006. Mr. Gui was also the chairman of a former wholly-owned subsidiary of the Company. Mr. Gui has over 37 years of experience in administration and project management. Mr. Gui had also worked with China Resources (Holdings) Company Limited. Mr. Gui holds a Bachelor of Science Degree in Mechanical Engineering from Xi'an Jiaotong University and a Master's Degree in Business Administration from University of San Francisco. He was an independent non-executive director of Goldstone Investment Group Limited (formerly known as Eagle Ride Investment Holdings Limited, Stock Code of HKEx: 901).

Mr. An Cong Hui, aged 54, joined the Group on 30 December 2011 as an Executive Director, and is responsible for the overall administration of the Group. Mr. An has been a vice president of Geely Holding since 2003, and has been appointed as the president of Geely Holding since December 2011. Mr. An is currently the chairman of Geely Automobile Group Company Limited ("Geely Automobile Group") (a company incorporated in the PRC and is ultimately owned by Mr. Li Shu Fu, a substantial shareholder of the Company and his associate), the CEO of ZEEKR Intelligent Technology Holding Limited ("ZEEKR Holding"), and director of certain subsidiaries of the Group. Mr. An was previously in charge of the overall operation under the "Emgrand" product brand following the implementation of multi-brand strategy by the Group and production of gearboxes, engines and drivetrain systems of the Group. Mr. An has extensive professional knowledge and senior managerial experience in the automotive industry, particularly in the field of automotive engineering. He joined Geely Holding in 1996 after graduation from Hubei University of Economic and Management with a Diploma in Contemporary Accounting. From 1996 to now, Mr. An has held various key positions in Geely Holding including chief engineering officer and general manager.

Mr. Ang Siu Lun, Lawrence, aged 64, joined the Group on 23 February 2004 as an Executive Director and is mainly responsible for the international business development, capital market and investors' relationship of the Group. Mr. Ang holds a Bachelor of Science Degree in Physics and Computer Science and a Master of Business Administration Degree from The Chinese University of Hong Kong. Prior to joining the Group, Mr. Ang worked in a number of major international investment banks for seventeen years with extensive experience in equity research, investment banking and financial analysis. Mr. Ang was a non-executive director of Honbridge Holdings Limited (Stock Code of HKEx: 8137), and an independent non-executive director of Beijing Health (Holdings) Limited (formerly known as Beijing Enterprises Medical and Health Industry Group Limited, Stock Code of HKEx: 2389).

Ms. Wei Mei, aged 55, joined the Group on 17 January 2011 as an Executive Director. Ms. Wei has been a vice president of Geely Holding since June 2009, and is currently a senior vice president and chief operating officer of Geely Holding, being responsible for the operation management, digitalization, and information technology related works of Geely Holding. Ms. Wei holds a Doctoral Degree in Management from Northwest A&F University, a Master's Degree in Management and a Bachelor's Degree in Science from Ocean University of China. From 2003 to 2007, Ms. Wei was the group human resources director of Beiqi Foton Motor Co., Ltd. ("Foton Motor") and focused on Foton Motor's human resources management, control and training. Prior to that, Ms. Wei worked in the group of Qingdao Haier Co., Ltd. ("Qingdao Haier") from 1991 to 2002 and served a number of positions in the department of integration and dishwashers business unit of Qingdao Haier Refrigerator Co., Ltd., participating in the development, diversification and globalization of Qingdao Haier. Ms. Wei was in charge of organizational management, operation appraisal, quality system management and human resources and was also directing the operation management of Haier dishwashers and other small appliances.

DIRECTORS AND SENIOR MANAGEMENT PROFILES

Mr. Gan Jia Yue, aged 43, joined the Group on 25 July 2022 as an Executive Director. He has been the CEO of Geely Automobile Group since 23 March 2021. He is currently responsible for the operation management of Geely Automobile Group. Mr. Gan joined Geely Holding in February 2003. He has previously served as member of the management committee, senior director of management and head of group finance department of Geely Automobile Group, and has been the vice president of Geely Automobile Group since 11 June 2020 and was responsible for the procurement duties of Geely Automobile Group. As a core member of the product strategy committee, the investment committee, the procurement committee and the quality committee of Geely Automobile Group, Mr. Gan participated in critical strategic and business decisions, and made extraordinary contribution in enhancing finance management, operation optimisation, organizational transformation and supplier chain construction of Geely Automobile Group. Mr. Gan also serves as director of certain subsidiaries of the Group. Mr. Gan has extensive financial knowledge and practical experience in corporate governance. Mr. Gan graduated from Zhengzhou University of Aeronautics with a Bachelor's Degree in Management in 2003.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. An Qing Heng, aged 79, joined the Group as an Independent Non-executive Director on 17 April 2014. Mr. An has extensive professional and management experience in the automotive industry, particularly in the fields of automotive engineering and manufacturing. Since his graduation from the Faculty of Agricultural Machinery (currently known as the Faculty of Automotive Engineering) of Tsinghua University with a professional qualification in automotive tractors and engines in 1968, he had worked with Beijing Gear Works Factory (北京齒輪總廠), Beijing United Automobile and Motorcycle Manufacturing Company (北京汽車摩托車聯合製造公司) and Beijing Automotive Industry Company (北京汽車工業總公司) in various important positions as vice factory director, chief engineer and general manager. He then served as the chairman and the Communist Party Committee Secretary (黨委書記) of Beijing Automotive Industry Holding Company Limited (北京汽車工業控股有限責任公司); and was once concurrently the chairman of Beiqi Foton Motor Company Limited (北汽福田汽車股份有限公司), Beijing Jeep Corporation (北京吉普汽車有限公司) and Beijing Benz Automotive Company Limited (北京奔馳汽車有限公司). Mr. An has been a member of Beijing Political Consultative Conference (北京市政治協商委員會) (the 8th and 10th sessions), a representative of Beijing Municipal People's Congress (北京市人民代表大會) (the 11th session), and a member of the Standing Committee of Beijing Association for Science and Technology (北京市科學技術協會常委會) (the 4th, 5th, 6th and 7th sessions). Mr. An is currently the director of the Advisory Committee of China Automotive Industry (中國汽車工業諮詢委員會). Mr. An has also obtained the qualification of Senior Engineering (Professor Level) accredited by the Senior Vocational Title Inspecting Committee of Beijing Municipality (北京市高級專業技術職務評審委員會). Mr. An was the independent director of Yechiu Metal Recycling (China) Limited (A Share Stock Code of Shanghai Stock Exchange: 601388), Liaoning SG Automotive Group Co., Ltd. (A Share Stock Code of Shanghai Stock Exchange: 600303) and Feilong Auto Components Co., Ltd. (formerly known as Henan Province Xixia Automobile Water Pump Co., Ltd., Stock Code of Shenzhen Stock Exchange: 002536).

Mr. Wang Yang, aged 49, joined the Group as a Non-executive Director on 15 September 2010 and was then re-designated to an Independent Non-executive Director of the Company with effect from 17 May 2012. Mr. Wang is currently a partner of Primavera Capital Group, and the independent director of

DIRECTORS AND SENIOR MANAGEMENT PROFILES

Yum China Holdings, Inc. (Stock Code of HKEx: 9987) and the director of Sunlands Technology Group (Stock Code of New York Stock Exchange: STG). Mr. Wang holds a Bachelor of Engineering dual-degree in Management Engineering and Computer Science and a Master of Science Degree in Management Science and Engineering from Shanghai Jiao Tong University. Mr. Wang used to work in Goldman Sachs Group Inc. ("Goldman Sachs") Principal Investment Area as a managing director. From 2006 to 2010, working in Goldman Sachs, he focused on private equity investments in the PRC. During the period, he led the Goldman Sachs' US$245 million convertible bond investment transaction for the Company. Prior to that, Mr. Wang worked in China International Capital Corporation Limited ("CICC") investment banking division as a vice president from 2002 to 2006, focusing on China-based companies' initial public offerings and restructurings. Mr. Wang served major state-owned enterprises in various sectors during this period. Prior to joining CICC's investment banking division, Mr. Wang worked in CICC's Private Equity Group from 2000 to 2001.

Ms. Gao Jie, aged 49, joined the Group as an Independent Non-executive Director on 1 November 2021. Ms. Gao has extensive global accounting and management experience. Ms. Gao is currently the CFO of Lightspeed China Partners (Funds III and IV, Selected Fund I and RMB Fund I), and the partner and CFO of Soul Capital. Prior to that, she held key finance positions (as a finance director of McKinsey Greater China office from 2010 to 2019; as a financial controller of McKinsey China office from 2005 to 2010; and as a project manager of global Enterprise Resources Planning (ERP) system of McKinsey & Company from 2000 to 2005) within McKinsey & Company. Ms. Gao graduated with a Bachelor's Degree from the School of Business of Sun Yat-Sen University in 1996, a Master of Business Administration Degree in accounting from the Saunders College of Business of Rochester Institute of Technology in 1998, and a Master of Science Degree in Information Systems from the Stern School of Business of New York University in 2000. Ms. Gao is a designation holder of Chartered Global Management Accountant (CGMA), a fellow of the Chartered Institute of Management Accountants (FCMA) and a member of American Institute of Certified Public Accountants (USCPA). She is also a council member of the US Chapter of Shanghai Overseas Returned Scholars Association and the advisor of the New York University Shanghai Alumni Group.

Ms. Yu Li Ping, Jennifer, aged 60, joined the Group as an Independent Non-executive Director on 9 October 2023. Ms. Yu currently serves as the chairwoman and founding partner of Auster Capital Partners Limited (co-founded by Rothschild & Co and Ms. Yu). Over the past three decades, Ms. Yu has also held senior management roles in other international financial institutions, including United Overseas Bank, BNP Paribas, and Rothschild & Co. Previously, she served as a global executive committee member and global partner of Rothschild & Co, as well as the chairwoman of Rothschild & Co in Greater China. Ms. Yu has played a leading role in various landmark cross-border mergers and acquisitions for Chinese corporates during her time at Rothschild & Co, including Geely Holding's acquisition of Volvo Cars, which has made a significant contribution to the success of Chinese corporates' globalization strategy in the international market. Ms. Yu is also a Trustee of Shanghai University of Finance and Economics ("SHUFE"). Ms. Yu graduated from SHUFE with a Bachelor's Degree in Finance in 1987 and received a Master's Degree in Business Administration from SHUFE in 1999.

Mr. Zhu Han Song, aged 54, joined the Group as an Independent Non-executive Director on 9 October 2023. Mr. Zhu is currently the founder and chairman of Seekers Capital (Jiangyin) Co., Ltd. Mr. Zhu worked for Goldman Sachs from June 2000 to December 2019, holding various positions including associate, executive director, managing director, and partner. Before retiring from Goldman Sachs in December 2019, Mr. Zhu served as the Co-head of China Investment Banking, the Head of Industrial and Natural Resources Group

DIRECTORS AND SENIOR MANAGEMENT PROFILES

in Asia Ex-Japan, and the CEO of Goldman Sachs Gao Hua Securities Company Limited. He was also a member of the Asia Pacific Commitments Committee and Investment Banking Division Client and Business Standards Committee of Goldman Sachs. Prior to joining Goldman Sachs, he worked at CICC from 1995 to 2000. Mr. Zhu served as an independent director of Kidswant Children Products Co., Ltd. (Stock Code of Shenzhen Stock Exchange: 301078) and Missfresh Limited (Stock Code of NASDAQ: MF). Currently, he serves as an independent non-executive director of KE Holdings Inc. (Stock Code of HKEx: 2423 and Stock Code of New York Stock Exchange: BEKE). Mr. Zhu obtained a Bachelor's Degree in Economics from Nanjing University in 1991, and a Master's Degree in Economics from Peking University in 1994.

SENIOR MANAGEMENT

Mr. Dai Qing, aged 40, joined Geely in 2000 and currently serves as a vice president and chief operating officer of Geely Holding. He was in charge of operation management, finance and investment, strategic planning and other work at Geely Holding Group and led the establishment and revolution of the group's financial and risk control system; and served as finance head of a subsidiary, director of group financial management department, general manager of group financial management center, deputy chief financial officer of group and the senior director of the group operation management of Geely Holding Group and senior vice president and CFO of Geely Automobile Group. Mr. Dai has been a non-independent director of Lifan Technology (Group) Co. Ltd. (力帆科技(集團)股份有限公司) (stock code of Shanghai Stock Exchange: 601777) since September 2022, and an executive director of Honbridge Holdings Limited (Stock Code of HKEx: 8137) since March 2024. Mr. Dai graduated from Huaibei Finance School of Anhui Province in 2000, obtained a Bachelor's Degree in Accounting from China Central Radio and Television University in 2007, and obtained an Executive Master's Degree in Professional Accountancy from The Chinese University of Hong Kong. He is also a senior economist.

Mr. Cheung Chung Yan, David, aged 48, joined the Group as the Financial Controller and Company Secretary on 17 May 2005. Mr. Cheung is a director of two subsidiaries of the Group. He was an independent non-executive director of Ourgame International Holdings Limited (Stock Code of HKEx: 6899). Mr. Cheung holds a Bachelor's Degree in Business Administration in Accounting from The Hong Kong University of Science and Technology. He is a fellow member of the Association of Chartered Certified Accountants and a member of The Hong Kong Institute of Directors. Mr. Cheung has over 26 years of experience in auditing, accounting and financial management.

Mr. Poon Chi Kit, aged 44, joined the Group on 1 July 2011. He was appointed as the Head of Internal Audit of the Company with effect from 1 October 2015 and is in charge of risk assessment and monitoring, internal audit, and internal control infrastructure development of the Group. He is also the Head of Environmental, Social and Governance of the Company and supports the Sustainability Committee of the Company to promote the Group's sustainable development. Mr. Poon was the Group Financial Controller of Kandi Electric Vehicles Group Co., Ltd., a former joint venture of the Group. Mr. Poon holds a Bachelor's Degree in Civil Engineering from the National University of Singapore. He is a fellow of the Hong Kong Institute of Certified Public Accountants. Mr. Poon has over 18 years of experience in auditing, accounting and financial management.

Mr. Chiu Yeung, Adolph, aged 39, joined the Group on 18 August 2010 as a management trainee in support of the senior management and the Board. He was appointed as the Vice President responsible for investment and capital market since October 2015. Mr. Chiu holds a few professional accreditations granted by Hong Kong Securities and Investment Institute. Mr. Chiu obtained a Bachelor of Science Degree from University of Science and Technology of China Special Class for the Gifted Young, and later he carried out scientific research and was employed as teaching assistant independently lecturing the general chemistry courses in the Department of Chemistry of University of Florida.

CORPORATE GOVERNANCE REPORT

Geely Automobile Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") strive for a high standard of corporate governance with a view to upholding a strong and balanced board of directors of the Company (the "**Board**") and maintaining a transparent and open communication channel with the Company's shareholders (the "**Shareholders**").

Besides the corporate governance aspect, which will be further discussed in this report below, more details of the Group's environmental, social and governance ("**ESG**") measures including the relevant policies and performance in the areas of environmental, employment and labour standards, operating practices, and community, as well as the compliance with the relevant laws and regulations that have a significant impact on the Group will be covered in the Group's ESG report, which will be published on the websites of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Company at the same time of publication of its annual report for the year ended 31 December 2023.

For the year ended 31 December 2023, the Company has complied with the code provisions ("**CPs**") of the Corporate Governance Code ("**CG Code**"), as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), except for CPs C.2.7 and F.2.2. This report further illustrates as to how the CG Code has been applied, including the considered reasons for any deviation, in the year under review.

A. DIRECTORS

The directors of the Company (the "**Directors**") all possess extensive experience in the automobile industry, commercial management and the operation of the capital market. The Board, with its diverse composition, can provide the management with viewpoints and advices for effective decision making. For Directors' biographical information, please refer to pages 028 to 032 of this annual report.

The table below illustrates the major duties and responsibilities of the Directors together with their positions held in the Board and its committees, and the dates of their initial appointment and last re-election at the general meetings of the Company.

CORPORATE GOVERNANCE REPORT

Name of Directors	Position(s)	Date of Initial Appointment	Date of Last Re-election	Major Duties/Experience/Skills
Mr. Li Shu Fu	Chairman of the Board (the "**Chairman**") & ED[1]	9 June 2005	25 May 2023	Directs overall corporate strategic direction, Board leadership and corporate governance of the Group
Mr. Li Dong Hui, Daniel	Vice Chairman & ED[1]	15 July 2016	25 May 2023	Oversees the coordination of the Board, strategic development and financial system of the Group
Mr. Gui Sheng Yue	Chief Executive Officer, ED[1], member of SC[6] member of EC[7] & member of NC[5] *(ceased to be member of NC[5] from 16 May 2023)*	9 June 2005	24 May 2021	Oversees administrative management (Hong Kong), risk management (excluding China), compliance and internal controls of the Group
Mr. An Cong Hui	ED[1] & chairman of SC[6]	30 December 2011	25 May 2023	Oversees operational and risk management (China) of the Group
Mr. Ang Siu Lun, Lawrence	ED[1] & member of EC[7]	23 February 2004	25 May 2022	Oversees international business development, capital market and investor relation activities of the Group
Ms. Wei Mei	ED[1] & member of RC[4] *(ceased to be member of RC[4] from 16 May 2023)*	17 January 2011	25 May 2023	Oversees operation management, digitalization and information technology related works of the Group
Mr. Gan Jia Yue	ED[1]	25 July 2022	25 May 2023	Oversees the overall operation management of the Group
Mr. An Qing Heng	INED[2] & member of AC[3]	17 April 2014	24 May 2021	Provides independent advice on automobile industry and strategic deployment to the Board
Mr. Wang Yang	INED[2], chairman of NC[5], member of AC[3], member of RC[4] & member of SC[6]	15 September 2010	25 May 2022	Provides independent advice on corporate finance, investments and merger & acquisitions to the Board

CORPORATE GOVERNANCE REPORT

Name of Directors	Position(s)	Date of Initial Appointment	Date of Last Re-election	Major Duties/Experience/Skills
Ms. Lam Yin Shan, Jocelyn *(resigned on 16 October 2023)*	INED[2], chairperson of RC[4], member of AC[3], member of NC[5]	1 November 2021	25 May 2022	Provides independent advice on taxation, corporate finance to the Board
Ms. Gao Jie	INED[2], chairperson of AC[3], member of RC[4] & member of NC[5]	1 November 2021	25 May 2022	Provides independent advice on financial reporting, corporate finance and investment to the Board
Ms. Yu Li Ping, Jennifer *(appointed on 9 October 2023)*	INED[2], member of AC[3] & member of NC[5]	9 October 2023	–	Provides independent advice on investments and merger & acquisitions to the Board
Mr. Zhu Han Song *(appointed on 9 October 2023)*	INED[2], chairman of RC[4]	9 October 2023	–	Provides independent advice on corporate finance and investment to the Board

Notes:

1 ED: Executive Director
2 INED: Independent Non-executive Director
3 AC: Audit Committee
4 RC: Remuneration Committee
5 NC: Nomination Committee
6 SC: Sustainability Committee
7 EC: Executive Committee

Responsibilities of Directors

The Directors acknowledge their responsibilities to apply their relevant levels of skill, care and diligence when discharging duties. The Board also understands where potential conflicts of interests arise, the non-executive Directors (including the independent non-executive Directors) will lead in discussing the relevant transactions being contemplated when there is a Director or any of his/her associates having a material interest in the transactions and will abstain from voting.

In order to ensure every newly appointed Director to keep abreast of his/her responsibilities and conduct (especially in the cases of non-executive Directors and independent non-executive Directors as to bringing independent judgments to the Board), and to obtain a general understanding of the Company's business activities and development, the Company would arrange a comprehensive, formal and tailored induction for him/her upon appointment. Such induction training had been arranged for Ms. Yu Li Ping, Jennifer and Mr. Zhu Han Song, whom were appointed as independent non-executive Directors on 9 October 2023.

Ms. Yu Li Ping, Jennifer has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 26 September 2023 and Mr. Zhu Han Song has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 18 September 2023. Each of them has confirmed that he/she understood the obligations as a director of the Company.

CORPORATE GOVERNANCE REPORT

The Directors disclose to and update the Company the number and nature of offices they hold in public companies or organizations and other significant commitments, together with the time involved every year; any change of such during the year would be reflected in their profiles and disclosed in the Company's website, interim report and annual report in due course.

All Directors confirmed that they had given sufficient time and attention to the Group's affairs during the year. The independent non-executive Directors also declared their independence to make constructive and informed comments as to the development of the Company's strategy and policies by discharging their duties. The Board reviewed the relevant disclosure, confirmation and declaration together with their actual time contribution, and agreed that all Directors had taken active interests in the Group's affairs during the year.

Continuous Professional Development

CP C.1.4 provides that the Company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director. During the year, the Company hosted a continuous professional development ("**CPD**") session for the Directors in relation to directors' duties and liabilities. In addition, the Company has made arrangement so that the Directors may elect to participate in courses and topics of their own interests. To accommodate the Directors' development and to refresh their knowledge and skills for their ongoing contribution to the Board would remain informed and relevant, the Directors can submit their applications with details of the curriculum and the relevant course fees to the Chief Executive Officer of the Company ("**CEO**"). Once the training is considered acceptable, the course fees will be fully reimbursed.

In addition, as the Directors are geographically dispersed, the Company provided them with technical updates from the Securities and Futures Commission and listing compliance updates including, amongst other things, the continuing listing criteria and other rule amendments and review of issuers' ESG practice disclosure during the year. The Company received written confirmations from the Directors about their full understanding of such training materials. Records of the Directors' participation in other CPD or training sessions provided, if any, are maintained by the Company Secretary of the Company (the "**Company Secretary**").

Supply of and Access to Information

The Company provides the Directors with adequate information timely enabling them to make informed decisions and discharge their duties and responsibilities properly. The Company ensures that individual Director will have separate and independent access to the senior management whenever necessary, and any queries raised by the Directors should receive a prompt and full response.

For the notices, intended agendas, papers and materials related to the meetings of the Board and its committees, the management team provides complete, reliable and timely information to the Directors with proper briefing in respect of the matters and issues being contemplated by the Directors at the meetings of the Board and its committees. The Company also keeps the Directors well informed of the execution status and the latest developments of the respective matters and issues resolved by them in a timely manner. In addition to regular Board meetings, the Company also provides reports in relation to the Group's consolidated management accounts and sales volume on a monthly basis, and investor relations update together with share price performance on an ad hoc basis to the Board.

Securities Transactions of the Directors and the Senior Management

During the year, the Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules as its own guidelines for dealings in the Company's securities by its relevant employees.

The Directors, having been enquired specifically, confirmed their compliance with the required standard set out in the Model Code during the year and there had been no cases of non-compliance reported. As at 31 December 2023, details of the Directors' holding of the Company's securities are set out on pages 070 to 073 of this annual report.

Details of the senior management's holding of the Company's shares as at 31 December 2023 are set out in the table below:

Name	**Number of the Company's shares**
Mr. Dai Qing	343,793
Mr. Cheung Chung Yan, David	114,125
Mr. Poon Chi Kit	45,650
Mr. Chiu Yeung, Adolph	520,462

In addition, the Company issues notices to all Directors and relevant employees of the Group reminding them to comply with the Model Code 60 days prior to the publication of the annual results, 30 days prior to the publication of the interim results, and any time when they are in possession of or privy to any unpublished inside information of the Group before it is properly disclosed by means of announcement.

The Company also adopted an internal policy on handling inside information which is consistent with the relevant requirements of the Listing Rules. The policy sets out measures and procedures for the Directors and other relevant officers of the Company to assume duty when dealing with potential inside information and preservation of its confidentiality whenever applicable. It also sets out guidelines for the Board to disclose timely any material inside information according to the relevant statutory and regulatory requirements.

Insurance for Directors and Senior Management

During the year, the Company arranged liability insurance for the Directors and senior management to provide appropriate coverage based upon performance of duties by such persons; the Board considered the insured amount was adequate. The insured amount is subject to an annual review by the Audit Committee and the Board.

CORPORATE GOVERNANCE REPORT

B. THE BOARD

The Company is headed by the Board effectively through its strong leadership in strategic orientations and overall management of the corporate matters from a balanced and pragmatic standpoint.

Corporate Governance Duties

The Board performed the following corporate governance duties during the year: (i) reviewed the existing policies of the Company on corporate governance including the Whistleblowing Policy, Remuneration Policy, Shareholders' Communication Policy, Dividend Policy, Director Nomination Policy Board Diversity Policy, and Anti-corruption Policy; (ii) reviewed the coverage of knowledge and skills in the CPD arrangements made for the Directors and/or senior management by the Company; (iii) reviewed the effectiveness of internal procedures for overseeing timely disclosure of material inside information and perseverance of its confidentiality; (iv) monitored the compliance of Model Code by the Directors and relevant employees of the Group; (v) reviewed the code of conduct and compliance manual including the Code of Conduct and the Supplier Code of Conduct; and (vi) reviewed the Company's compliance with the CG Code and disclosure in this report.

Management Functions Delegated by the Board

The Board has delegated the responsibilities of the execution of strategies and decision making for day-to-day operation and administration functions of the Company to the management team headed by the CEO.

The Board has set out written guidelines for the management team as to matters where final authority on decision-making should rest with the Board and its prior approval should be obtained, in particular when entering into any major commitments; issues of such include but not limited to any proposed notifiable transactions, connected transactions, significant domestic and/or overseas investments, major business decisions related to operation and business strategy, change of key management of the Group, and disclosure of inside information.

Composition of the Board

The Company appoints independent non-executive Directors representing at least one-third of the Board and one of whom must have appropriate professional qualifications or accounting or related financial management expertise. As at 31 December 2023, the Board comprised seven executive Directors and five independent non-executive Directors, namely Mr. An Qing Heng, Mr. Wang Yang, Ms. Gao Jie (a designation holder of Chartered Global Management Accountant (CGMA), a fellow of the Chartered Institute of Management Accountants (FCMA) and a member of American Institute of Certified Public Accountants), Ms. Yu Li Ping, Jennifer and Mr. Zhu Han Song. Details of the compositions of the Board and its committees are set out on page 291 of this report.

CORPORATE GOVERNANCE REPORT

The independent non-executive Directors should be identified in all corporate communications that disclose the names of Directors. An updated list of Directors and their roles and functions is maintained on the Company's website (http://www.geelyauto.com.hk) under the "Investor Centre" of the section headed "Environmental, Social and Corporate Governance" and on the website of the Stock Exchange (http://www.hkexnews.hk) for Shareholders' inspection.

Appointments and Re-election of Directors

All Directors, including independent non-executive Directors, are appointed for a specific term of not more than three years and are subject to retirement by rotation at least once every three years at the Company's general meetings. Directors appointed to fill a casual vacancy should also be subject to election by Shareholders at the first general meeting after appointment.

In accordance with Article 116 of the second amended and restated articles of association of the Company (the "**Articles of Association**"), Mr. Gui Sheng Yue, Mr. An Qing Heng, Mr. Wang Yang, Ms. Gao Jie will retire by rotation and being eligible, offer themselves for re-election at the Company's forthcoming annual general meeting. In addition, in accordance with Article 99 of the Articles of Association, Ms. Yu Li Ping, Jennifer and Mr. Zhu Han Song shall hold office until the first annual general meeting after their appointment and being eligible for re-election at that annual general meeting of the Company. No Directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Meetings of the Board

As required by business needs, the Company held a total of 5 regular Board meetings, 12 ad hoc Board meetings, 1 meeting of the Executive Committee of the Board ("**EC**"), 4 meetings of the Audit Committee ("**AC**"), 7 meetings of the Remuneration Committee ("**RC**"), 4 meetings of the Nomination Committee ("**NC**"), 5 meetings of Sustainability Committee ("**SC**"), 1 annual general meeting ("**AGM**") and 5 extraordinary general meetings ("**EGMs**") for the financial year ended 31 December 2023.

Most of the meetings of the Board and its committees were duly attended by a majority of the Directors through electronic means pursuant to the Articles of Association as most of the Directors' business engagements were in the PRC. During the year, the Directors attended the meetings of the Board and its committees by themselves and they did not appoint any alternate director. For any Board resolution approving contract, arrangement or any other proposal in which a Director or any of his/her associates has a material interest ("**Interested Director**"), the Interested Director abstained from voting on the relevant resolutions at such Board meetings and the meetings of the Board committees, where presence of the non-interested independent non-executive Directors should be assured.

The following table illustrates the attendance of each Director at the meetings of the Board and its committees, and general meetings of the Company. The denominators indicate the number of respective meetings held during the year that each Director is entitled to attend to reflect the effective attendance rate applicable to any Director(s) whom appointed and/or retired part way during the year.

CORPORATE GOVERNANCE REPORT

Name of Directors	Regular Board Meetings	Ad hoc Board Meetings	EC Meeting	AC Meetings	RC Meetings	NC Meetings	SC Meetings	AGM	EGMs
	Attendance Rate for Meetings								
Executive Directors									
Mr. Li Shu Fu *(Chairman)*	5/5	12/12	–	–	–	–	–	0	0/5
Mr. Li Dong Hui, Daniel *(Vice Chairman)*	5/5	12/12	–	–	–	–	–	1	5/5
Mr. Gui Sheng Yue *(CEO)*	5/5	12/12	1/1	–	–	1/1	5/5	1	5/5
Mr. An Cong Hui	5/5	12/12	–	–	–	–	5/5	0	3/5
Mr. Ang Siu Lun, Lawrence	5/5	12/12	1/1	–	–	–	–	1	5/5
Ms. Wei Mei	5/5	12/12	–	–	3/3	–	–	1	5/5
Mr. Gan Jia Yue	5/5	12/12	–	–	–	–	–	1	5/5
Independent Non-executive Directors									
Mr. An Qing Heng	5/5	12/12	–	4/4	–	–	–	1	5/5
Mr. Wang Yang	5/5	12/12	–	4/4	7/7	4/4	4/5	0	5/5
Ms. Lam Yin Shan, Jocelyn *(resigned effective from 16 October 2023)*	3/3	10/10	–	3/3	4/4	2/2	–	1	4/4
Ms. Gao Jie	4/5	12/12	–	3/4	7/7	4/4	–	1	5/5
Ms. Yu Li Ping, Jennifer *(appointed on 9 October 2023)*	2/2	3/3	–	1/1	–	2/2	–	–	1/1
Mr. Zhu Han Song *(appointed on 9 October 2023)*	2/2	3/3	–	–	3/3	–	–	–	1/1

Relation of the Board Members

None of the members of the Board has any relationship (including financial, business, family or other material/relevant relationship(s)) with each other and in particular, with the Chairman and the CEO.

Existing Independent Non-executive Directors

Each of the independent non-executive Directors entered into a term of service of three years with the Company under a formal letter of appointment and is subject to retirement by rotation at least once every three years and offer himself/herself for re-election at the annual general meeting of the Company.

Having received annual confirmation from the five independent non-executive Directors for the year ended 31 December 2023 confirming that they had not been involved in any business which might fall under the factors for assessing their independence as set out in Rule 3.13 of the Listing Rules, the Company considers all of the independent non-executive Directors are still independent and they have the character, integrity, independence and experience to fulfill their roles effectively.

When a matter should be resolved in a meeting involving a substantial Shareholder or a Director having conflict of interest that determined to be material by the Board, the independent non-executive Directors who have no material interest in the subject matter would attend the meetings of the Board and its committees and lead the discussions.

Chairman and Chief Executive Officer

The Chairman and the CEO are Mr. Li Shu Fu and Mr. Gui Sheng Yue, respectively, to ensure a balance of power and authority.

The Chairman provides leadership for the effective running of the Board by delegating the Company Secretary to facilitate the proper convening of the meetings of the Board and its committees and the dissemination of adequate information, in order to ensure that the Directors would be properly briefed on issues being discussed at the meetings of the Board and its committees and that they are encouraged to discuss all key and appropriate issues of the Group timely. The Chairman has delegated the Company Secretary to draw up the agenda of the relevant meetings and circulate it to the Directors for comments, agenda items proposed by the Directors will then be included in the relevant meetings for further discussion. A culture of openness and a constructive relation between executive and independent non-executive Directors are promoted.

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

The CEO is primarily responsible for the daily operations of the Group with the assistance from other executive Directors and the management team. The division of responsibilities between the Board and the management team was clearly established in writing.

The Chairman has also endorsed the Company Secretary to draft relevant policies and guidelines as to upholding good corporate governance practices and procedures of the Group, such as the Shareholders' Communication Policy and Director Nomination Policy for maintaining effective communication with Shareholders and directing their views to the Board as a whole. For details of Shareholders' rights, please refer to pages 053 to 056 of this report.

C. BOARD COMMITTEES

The Company currently has five Board committees, namely Executive Committee, Remuneration Committee, Nomination Committee, Audit Committee and Sustainability Committee. The written terms of reference of Remuneration Committee, Nomination Committee, Audit Committee and Sustainability Committee are published on the Company's website (http://www.geelyauto.com.hk) under the "Investor Centre" of the section headed "Environmental, Social and Corporate Governance" and the Stock Exchange's website (http://www.hkexnews.hk) for Shareholders' inspection.

Executive Committee

An Executive Committee comprising Mr. Gui Sheng Yue and Mr. Ang Siu Lun, Lawrence was established in 2015 pursuant to the Articles of Association to primarily deal with matters pertinent to share incentives. Specific written terms of reference were set out to enable the committee to perform its functions properly. The Executive Committee should report back to the Board on their decisions made or recommendations given, if applicable, at least once every year. During the year, the Executive Committee held 1 meeting. During the year, the committee approved the issue and allotment of the Company's new shares upon vesting of restricted share awards. Full minutes of the Executive Committee are kept by the Company Secretary and were sent to all committee members for their comment and records, within a reasonable time after the meeting. The attendance record, on a named basis, at those meetings is set out in the table on page 040 of this report.

Remuneration Committee

The role and function of the Remuneration Committee is to determine the policy for the remuneration package of executive Directors and senior management with access to independent professional advice at the Company's expense if necessary; to assess the performance of executive Directors and senior management; to approve the terms of service contracts of executive Directors and senior management; to make recommendations to the Board on the remuneration of non-executive Directors; and to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules. The remuneration packages of executive Directors and senior management should include benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment at a reasonable and appropriate level); levels of which should be sufficient to attract, retain and/or compensate Directors and senior management to run the Company successfully without paying more than necessary. The terms of reference of the Remuneration Committee are published on the Company's website (http://www.geelyauto.com.hk) under the "Investor Centre" of the section headed "Environmental, Social and Corporate Governance" and the Stock Exchange's website (http://www.hkexnews.hk) for Shareholders' inspection.

Proceedings of the Remuneration Committee

The Remuneration Committee, being chaired by Mr. Zhu Han Song, an independent non-executive Director, currently comprises three independent non-executive Directors (including the chairman of the committee himself). Details of the compositions of the Board and its committees are set out on page 291 of this report.

During the year, the Remuneration Committee held 7 meetings. Full minutes of the Remuneration Committee are kept by the Company Secretary and were sent to all committee members for their comment and records, within a reasonable time after the meeting. The attendance record, on a named basis, at those meetings is set out in the table on page 040 of this report. The Remuneration Committee considered the following proposals and made recommendation to the Board whenever necessary during the year:

- Reviewed the basic monthly salary, benefits and year-end bonus of individual executive Directors with reference to their past contribution, experience and duties as well as the Company's Remuneration Policy and prevailing market conditions;

- Renewed the service agreements or the letters of appointment of the Directors;

- Approved the change of the committee member;

- Approved the remuneration package of the newly appointed Directors;

- Approved an extension of the service agreement for an executive Director;

- Approved the grant of share options to the eligible grantees; and

- Reviewed and revised Remuneration Policy of the Company, and reviewed the terms of reference of the committee.

Disclosure of Remuneration Payable to Directors and Senior Management

The Remuneration Committee adopts the model described in CP E.1.2(c)(i), which is to determine, with delegated responsibility, the remuneration packages of the Directors, in particular, the executive Directors and the senior management. In determining the remuneration packages of the Directors, the Remuneration Committee ensures no Director or any of his/her associate is involved in deciding his/her own remuneration.

The Directors conducted the self-evaluation on their individual performance and contribution to both the Board and the Group during the year.

Under the Company's Remuneration Policy, the remuneration packages of the Directors and senior management are made up of the following two tiers: 1) on short-term basis – basic monthly salaries and discretionary year-end bonus; and 2) on long-term incentive basis – share option scheme, share award scheme and retirement benefits. The diversified remuneration package can reflect the market value of the relevant duties of the Directors and senior management; encourage relevant Directors and senior management to achieve the corporate goal; attract and retain the experienced human resources of the Group; and provide competitive retirement protection.

For details of Directors' remuneration, please refer to pages 173 to 175 of this annual report.

No equity-based remuneration with performance-related elements was granted to independent non-executive Directors during the year.

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2023, the remuneration payable to members of senior management was within the following bands:

	Number of individuals
HK$1,500,001 – HK$2,000,000	**1**
HK$2,500,001 – HK$3,000,000	**1**
HK$7,000,001 – HK$7,500,000	**1**
HK$11,500,001 – HK$12,000,000	**1**
	4

The aggregate of the emoluments in respect of the above members of senior management was as follows:

	RMB'000
Basic salaries and allowances	**4,636**
Retirements benefits and scheme contributions	**81**
Share-based payment expenses	**16,764**
	21,481

Nomination Committee

The role and function of the Nomination Committee is to determine the policy for the nomination of Directors with the support from independent professional advice at the Company's expense where necessary. The terms of reference of the Nomination Committee are published on the Company's website (http://www.geelyauto.com.hk) under the "Investor Centre" of the section headed "Environmental, Social and Corporate Governance" and the Stock Exchange's website (http://www.hkexnews.hk) for Shareholders' inspection.

Proceedings of the Nomination Committee

The Nomination Committee, being chaired by Mr. Wang Yang, an independent non-executive Director, currently comprises three independent non-executive Directors (including the chairman of the committee himself). Details of the compositions of the Board and its committees are set out on page 291 of this report.

The Nomination Committee reviews the composition of the Board on an annual basis (or more frequently if it is determined necessary) so as to ensure that the Board has a good balance of expertise, skills, knowledge and experience which can complement the corporate strategy of the Company. When selecting and recommending candidates for directorship, the committee takes into account the qualification, ability, working experience, leadership, professional ethics and independence (as the case may be) of the candidates before nominating the candidates with high caliber to the Board for selection and appointment.

During the year, the Nomination Committee held 4 meetings. Apart from the nomination of two new independent non-executive Directors, the committee approved the change of the committee member, approved an extension of the service agreement for an executive Director; reviewed the existing structure, size and composition of the Board in accordance with the Board Diversity Policy; reviewed the Director Nomination Policy and the Board Diversity Policy; reviewed the independence of the existing five independent non-executive Directors; review the mechanism to ensure independent views and input are available to the Board; and reviewed the terms of reference of the committee. Full minutes of the Nomination Committee are kept by the Company Secretary and were sent to all committee members for their comment and records, within a reasonable time after the meeting. The attendance record, on a named basis, at those meetings is set out in the table on page 040 of this report.

CORPORATE GOVERNANCE REPORT

Procedures and Process for Nomination of Director by the Nomination Committee

In identifying and recommending nominees for positions on the Board, the Nomination Committee places primary emphasis on (i) judgment, character, expertise, skills and knowledge useful to the oversight of the Company's business; (ii) diversity of viewpoints, backgrounds, experiences and other demographics; (iii) business or other relevant experience; and (iv) the extent to which the interplay of the nominee's expertise, skills, knowledge and experience with that of other members of the Board will build a board that is active, collegial and responsive to the needs of the Company.

Upon identifying a director candidate, the Nomination Committee initially determines the need for additional or replacement Board members and evaluates the director candidate under a range of objective criteria described above based on the information the Nomination Committee receives with the recommendation or otherwise possesses, which may be supplemented by certain inquiries. If the Nomination Committee determines, in consultation with other Board members, including the Chairman, that a more comprehensive evaluation is warranted, the Nomination Committee may then obtain additional information about the director candidate's background and experience, including by means of interviews. The Nomination Committee will then evaluate the director candidate further, again using the evaluation criteria described above. The Nomination Committee receives input on such director candidates from other directors, including the Chairman, and recommends director candidates to the Board for nomination.

The Nomination Committee may engage an independent professional party to assist in the search for director candidates or to assist in gathering information regarding a director candidate's background and experience. If such professional party is engaged, the Company will pay for the services to enable the Nomination Committee discharging the duties.

Board Diversity Policy

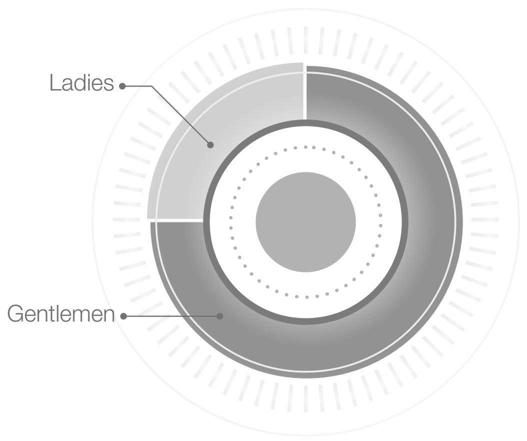
With a view to achieving a sustainable and balanced development, the Company regards increasing diversity at the Board level as an essential element. The Board Diversity Policy of the Company is published on the Company's website (http://www.geelyauto.com.hk) under the "Investor Centre" of the section headed "Environmental, Social and Corporate Governance".

In order to enhance the quality of the performance of the Board and achieve a sustainable and balanced development of the Group, the Board ensures that board diversity will be considered from various aspects when designing the Board's composition and that the nomination and selection of candidates as Board member will be considered against objective criteria based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

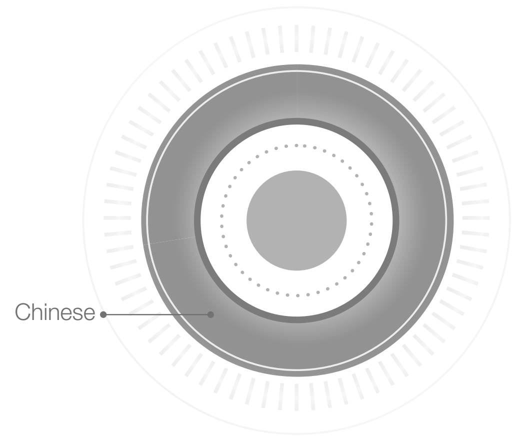
CORPORATE GOVERNANCE REPORT

The Board also reviews the Board Diversity Policy at least annually or whenever as appropriate, to ensure its effectiveness. Taking into account the vast development of the consumer products market, a range of diversity perspectives was analyzed for the Board's composition during the year as set out in the pie charts below.

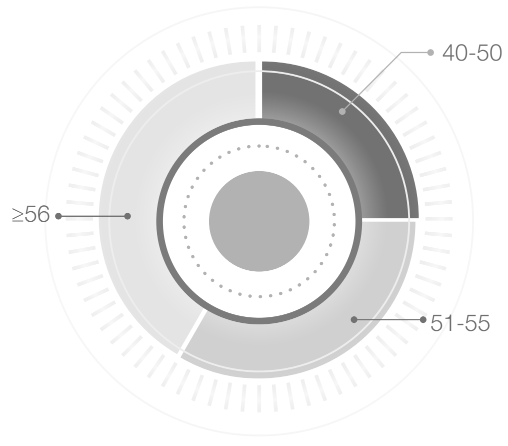
By Gender



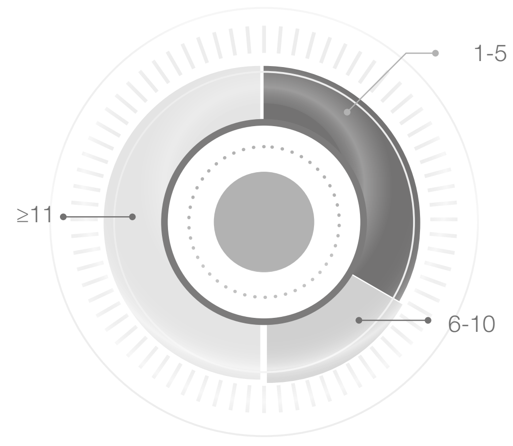
By Ethnicity



By Age Range (years old)



By Length of Service with the Company (years)



CORPORATE GOVERNANCE REPORT

The Board currently has three female Directors representing around 25% of the Board members, which has satisfied the requirement under the CG Code provisions. Having said that, the Company had set the target of achieving 30% or above female Directors on the Board by the end of 2025 for better corporate governance practices.

The Company had adopted the following measures to develop a pipeline of potential successors to the Board:

- Implementing flexible Board arrangements, such as virtual Board meetings or flexible meeting schedules, to help support the work-life balance of the Board members, including females, and to enable them to continue to advance in their Board careers;

- Providing access to the Board governance training and skill development opportunities, to help potential female Directors build the skills and experience necessary for the Board's service;

- Setting gender diversity targets in the boardroom, to ensure that there is a pipeline of potential female successors; and

- Using objective criteria in selecting Board members, such as skills, experience, qualifications and background, to help reduce bias and ensure that females are considered fairly.

These measures help create a supportive environment that enables females to develop the skills and experience necessary to advance to the Board level, and ensure a pipeline of potential female successors for achieving gender diversity on the Board.

The details of gender diversity at the workforce (including senior management) level will be covered in the Group's ESG report, which is published on the websites of the Stock Exchange and the Company at the same time of publication of its annual report for the year ended 31 December 2023.

Independent Views and Input

The Company has established a mechanism to ensure independent views and input are available to the Board by way of appointment of sufficient independent non-executive Directors, who all meet the independence requirements under Rule 3.13 of the Listing Rules. Five independent non-executive Directors representing more than one-third of the Board devote adequate time contribution to the affairs of the Group, and independent non-executive Directors share their views and opinions through Board and/or its committee(s) meetings with the management from time to time. Their involvement always ensure that decisions made by the Board and/or its committee(s) are in the interests of the Company and its Shareholders as a whole, rather than being influenced by personal or financial interests. To facilitate proper discharge of their duties, all the Directors are entitled to seek advice from the Company Secretary of the Company or, upon reasonable request, seek independent professional advice at the Company's expense. The monthly Board reports on the Group's business updates and financial performance are also provided to the Board for their independent views and inputs.

The Board will review the implementation and effectiveness of such mechanism(s) on an annual basis. During the year ended 31 December 2023, the Board reviewed and considered that such mechanisms in place are effective to ensure that independent views and input are provided to the Board.

CORPORATE GOVERNANCE REPORT

Audit Committee

The role and function of the Audit Committee is to investigate any activity within its terms of reference fairly and independently and take appropriate follow-up action if necessary; to seek any information it requires from any employee(s), whereas all employees are directed to cooperate with any request made by the committee; and to review and ensure that proper arrangements are in place for the Company's employees to use, in confidence, to raise concerns about possible improprieties in financial reporting, risk management and internal controls or other matters. The Audit Committee has the right to seek independent professional advice at the Company's expense where necessary. The Audit Committee also acts as the key representative body for overseeing the Company's relations with the external auditor. The terms of reference of the Audit Committee are published on the Company's website (http://www.geelyauto.com.hk) under the "Investor Centre" of the section headed "Environmental, Social and Corporate Governance" and the Stock Exchange's website (http://www.hkexnews.hk) for Shareholders' inspection.

Proceedings of the Audit Committee

The Audit Committee being chaired by an independent non-executive Director, who is a member of the American Institute of Certified Public Accountants, currently comprises four members (including the chairperson of the committee), solely the independent non-executive Directors. Details of the compositions of the Board and its committees are set out on page 291 of this report.

During the year, the Audit Committee held 4 meetings. Full minutes of the Audit Committee are kept by the Company Secretary and were sent to all committee members for their comment and records, within a reasonable time after the meeting. The attendance record, on a named basis, at those meetings is set out in the table on page 040 of this report. The Audit Committee considered the following businesses and/or made recommendation to the Board, when necessary, during the year:

- Reviewed the Group's audited annual results for the year ended 31 December 2022 including the major accounting and audit issues raised by the external auditor;
- Reviewed the Group's interim results for the six months ended 30 June 2023;
- Approved the change of the committee member;
- Assessed the independence and objectivity of the Company's external auditor and approved the annual audit fee for the year ended 31 December 2023;
- Approved the insurance of the Directors' and officers' liabilities of the Group and confirmed the adequacy of insurance coverage;
- Reviewed the internal audit findings conducted by the Internal Audit Department of the Company and assessed the effectiveness of the risk management and internal control system of the Group; and
- Reviewed the Whistleblowing Policy and the terms of reference of the committee.

Relationship with the External Auditor

Apart from meeting with the Company's external auditor twice a year for approving the interim results and the annual results, the Audit Committee also meets with the external auditor in the absence of the management team of the Company, including executive Directors, whenever necessary to discuss any issues related to the audit (e.g. nature and scope of the audit, key audit matters, reporting obligations, audit fee, nature and scope of non-audit services provided, those arising from the audit (e.g. judgment used in the financial reporting, compliance with financial reporting and auditing standards), etc.) so as to review and monitor the independence and objectivity of the Company's external auditor, and the effectiveness of the audit process in accordance with applicable standards.

Risk Management and Internal Control

For the year ended 31 December 2023, the Board conducted an annual review of the effectiveness of the Group's risk management and internal control systems based on the confirmation made by the management and inputs from the Audit Committee. The Board confirmed the risk management and internal control systems of the Group, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions as well as those relating to the Group's ESG performance and reporting, effective and adequate during the year.

The Board has an overall and ongoing responsibility for the Group's risk management and internal control systems, and reviewing their effectiveness at least annually. It is acknowledged that risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group's risk management framework and internal control systems are developed based on the "Three Lines of Defense" model and with reference to the Committee of Sponsoring Organizations of the Treadway Commission (COSO)'s "Internal Control – Integrated Framework" and the "Basic Standard for Enterprise Internal Control" issued by the Ministry of Finance of the People's Republic of China and other four Ministries.

The Board develops corporate culture with a strong commitment to integrity and ethical values and communicates the tone from the top within the Group by promoting the importance of integrity and ethical values in internal conferences, publication of Code of Business Conduct and other compliance-related policies, etc.

The Board, through its risk oversight role, ensures that the management establishes an effective risk management, consistent with the Group's strategy and risk appetite. The management establishes risk management policies and internal control processes to identify, evaluate and manage risks. Each business unit implements such policies and processes in the daily operations and reports significant risks (including ESG risks) identified to the management at least annually. After assessment and evaluation of these significant risks reported, the management then allocates sufficient resources to address these risks and monitors the risk management status reported from the relevant business unit from time to time. The management will communicate the risk management and internal control findings to the Board for their assessment of the effectiveness of the relevant risk management and internal control systems of the Group.

CORPORATE GOVERNANCE REPORT

The Internal Audit Department of the Company reviews material internal control aspects of the Group, including financial, operational and compliance controls as well as risk management function and reports the findings to the Audit Committee at least twice a year and on ad hoc basis, without the presence of management. The findings are communicated with the management and actions are taken to resolve defects as and when identified. No material internal control defects were identified during the year.

When the Board and the Audit Committee express concerns over the risk management and internal control matters of the Group, the Internal Audit Department of the Company will investigate and communicate the findings with and make recommendations to the management. The Internal Audit Department of the Company also maintains an effective communication with the external auditor of the Company on the Group's internal control system during interim review and annual audit.

The Group has a policy for handling and dissemination of inside information including relevant control processes and safeguards. The processes and safeguards are implemented on a monthly basis and as needed by relevant department heads and the management involved in the handling and dissemination of inside information.

Sustainability Committee

The role and function of the Sustainability Committee is to assist the Board in overseeing the Group's development in Environmental, Social and Governance and provide guidance in the implementation of related measures to promote the Group's sustainability. The terms of reference of the Sustainability Committee are published on the Company's website (http://www.geelyauto.com.hk) under the "Investor Centre" of the section headed "Environmental, Social and Corporate Governance" and the Stock Exchange's website (http://www.hkexnews.hk) for Shareholders' inspection.

Proceedings of the Sustainability Committee

The Sustainability Committee being chaired by Mr. An Cong Hui, an executive Director, comprises two executive Directors (including the chairman of the committee himself) and one independent non-executive Director. Details of the compositions of the Board and its committees are set out on page 291 of this report.

During the year, the Sustainability Committee held 5 meetings. The Sustainability Committee reviewed the Group's sustainability-related performance, risks and opportunities, resources and implementation including but not limited to carbon emission and climate change; engaged an external consultant for the ESG report 2023; reviewed and approved the ESG strategy; revised the Code of Conduct and the Anti-corruption Policy; and reviewed the ESG report 2022 and the terms of reference of the committee. Full minutes of the Sustainability Committee are kept by the Company Secretary and were sent to all committee members for their comment and records, within a reasonable time after the meeting. The attendance record, on a named basis, at those meetings is set out in the table on page 040 of this report.

D. ACCOUNTABILITY AND AUDIT

The Directors were provided with major financial information and the related explanation and information of the Company that would enable them to make an informed assessment. Such information would be provided on a monthly basis which includes but not limited to the background or explanatory information relating to disclosure, budgets, forecasts and other relevant internal financial information, such as consolidated financial statements of the Company.

The Directors acknowledge their responsibility for preparing the accounts of each financial period, which should give a true and fair view of the operating results and financial conditions of the Company, and for monitoring the integrity of the Company's financial statements and corporate communications. The Directors are also aware that a balanced, clear and understandable assessment in the Company's annual and interim reports and other financial disclosures required by the Listing Rules, other regulatory and statutory requirements should be presented. In preparing the financial statements for the year ended 31 December 2023, the Directors have selected appropriate accounting policies and applied them consistently; made judgements and estimates that are prudent and reasonable; and prepared accounts on a going concern basis. The reporting responsibilities of the independent external auditor of the Company regarding the consolidated financial statements of the Company for the year ended 31 December 2023 in the independent auditor's report set out on pages 108 to 113 of this annual report.

During the year, the Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The Board also conducted an annual review on the effectiveness of the risk management and internal control system of the Group. Besides, the Company has been announcing the monthly sales volume figures on a voluntary basis since January 2010 to improve the information transparency.

Long-term Strategy

The Company's long-term objective is to deliver sustainable growth in Shareholders' return and become a leading global automobile group with good reputation and integrity, winning respects from its customers. The strategies adopted to achieve these goals include:

- Achieving economies of scale through expansion of sales volume and production capacity;
- Broadening product range and expansion geographically in both domestic and international markets;
- Focusing on quality, technology, customer services and satisfaction;
- Organic expansion to be supplemented by mergers and acquisitions and strategic alliances;
- Attaining carbon neutrality and building an environmental-friendly mobility ecology that is consistent with the trend of clean, green and sustainable development; and
- Preservation of its competitive strength in cost effectiveness, flexibility and intellectual property resources.

CORPORATE GOVERNANCE REPORT

External Auditor and their Remuneration

Grant Thornton Hong Kong Limited, the independent external auditor of the Company, has declared its reporting responsibilities regarding the consolidated financial statements of the Company for the year ended 31 December 2023 in the independent auditor's report set out on pages 108 to 113 of this annual report.

During the year, there was no disagreement between the Board and the Audit Committee on the re-appointment of Grant Thornton Hong Kong Limited as well as their fees and terms of engagement after the assessment of their independence and objectivity conducted by the Audit Committee. Grant Thornton Hong Kong Limited will hold office until re-election by the Shareholders at the forthcoming annual general meeting of the Company.

For the year ended 31 December 2023, the remuneration for the provision of audit and non-audit services by the auditor (including any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally) to the Group was as follows:

	2023 **RMB'000**
Audit Service	
Annual audit	**7,192**
Non-audit Services	
Interim review	**780**
Tax compliance service	**100**
Total	**8,072**

E. COMPANY SECRETARY

The Company Secretary is an employee of the Company and is involved in the Company's affairs. He took more than 15 hours' professional training for the year ended 31 December 2023.

Reporting to the Chairman and/or the CEO, the Company Secretary plays an important role in ensuring proper Board procedures are tailored to the Company's business needs and compliance with all applicable laws, rules and regulations. The Directors could obtain advice and services from the Company Secretary for any updates and developments in corporate governance, applicable laws and regulations when necessary. Upon reasonable request by the Directors, the Company Secretary is delegated by the Board to seek independent professional advice in appropriate circumstances at the Company's expense to assist the Directors in discharging their duties.

The Company Secretary, as delegated by the Chairman, is responsible for preparing meeting agendas and serving notices to the Board and its committees at least 14 days before the regular meetings or at a reasonable time for other ad hoc meetings, as well as ensuring the management's provision of relevant Board papers to the Directors at least 3 days before the meetings. By doing so, the Directors would receive adequate, accurate, clear, complete and reliable information in a timely manner for effective and informed decision making.

The Company Secretary also ensures that the meetings of the Board and its committees are convened and constituted in accordance with all applicable laws, regulations and the procedural requirements set out in the Articles of Association and/or the relevant terms of reference at all times. In addition, the Company Secretary will take minutes of the meetings and circulate them to the Directors for comments at a reasonable time after the meetings. Minutes of the meetings record in sufficient detail the matters considered and decisions reached, including any concerns raised or dissenting views expressed by Directors. After incorporating Directors' comments, the executed version of the minutes will be maintained by the Company Secretary and are available for Directors' inspection upon request.

F. SHAREHOLDERS' RIGHTS

The Company had posted the updated Shareholders' Communication Policy, which sets out its policies of information dissemination and corporate communication, maintaining communications with Shareholders, Shareholders' rights and the procedures that Shareholders can use to propose a person for election as a Director and convene an extraordinary general meeting, formalities of the Shareholders' meetings, and Shareholders' privacy, on its website (http://www.geelyauto.com.hk) under the "Investor Centre" of the section headed "Environmental, Social and Corporate Governance" for Shareholders' inspection.

As part of its ongoing commitment to transparency and open communication, the Company conducted a comprehensive review of its Shareholders' Communication Policy and adopted the revised Shareholders' Communication Policy during the year. The review process involved an analysis of the Policy's effectiveness in facilitating timely and accurate communication between the Company and its shareholders, as well as gathering feedback from stakeholders on ways to improve the Policy. Based on this review, the Company found that the revised Policy has been successful in promoting transparency and maintaining positive relationships with its stakeholders. The Company arrived at this conclusion by evaluating

CORPORATE GOVERNANCE REPORT

the effectiveness of its communication channels, reviewing feedback from shareholders and other stakeholders, and analyzing the frequency and quality of communications throughout the year.

How can Shareholders convene an extraordinary general meeting and put forward proposals at the general meetings?

All general meetings other than the annual general meeting are called extraordinary general meetings. All general meetings may be held as a physical meeting in any part of the world, as a hybrid meeting or as an electronic meeting, as may be determined by the Board in its absolute discretion. An extraordinary general meeting may be convened at the request of Shareholders under the following conditions:

1. On the written requisition of any Shareholders holding as at the date of deposit of the requisition, 10 per cent or above of the voting rights, on a one vote per share basis, in the share capital of the Company;

2. The requisition must specify the objects of the meeting and resolutions to the meeting agenda (if any), be signed by the requisitionists, and be deposited at the principal place of business of the Company in Hong Kong as set out on page 292 of this annual report under the section headed "Corporate Information";

3. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves may convene the physical meeting at only one location which will be the principal meeting place, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company; and

4. If the Board fails to give Shareholders sufficient notice (i.e. not less than 21 days for the annual general meeting and/or for passing of special resolution(s) at the extraordinary general meeting, or not less than 14 days for passing of ordinary resolution(s) at the extraordinary general meeting), the meeting is deemed not to have been duly convened.

Enquiries to be properly directed to the Board

The Company's Investor Relations Department being led by an executive Director, namely Mr. Ang Siu Lun, Lawrence ("**Mr. Ang**"), is responsible for responding to general enquiries on the Company's business operations from Shareholders. Mr. Ang is delegated by the Board to handle enquiries from the Shareholders and report to the Board on enquiries gathered for further discussions from time to time, so as to ensure that those enquiries are properly directed.

When dealing with enquiries, the Investor Relations Department of the Company is in strict compliance with the internal policy of the Company on inside information at all times. Contact details of the Company's principal place of business are set out on page 292 of this annual report under the section headed "Corporate Information".

Communication with Shareholders

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

The Company held its annual general meeting ("**AGM**") on 25 May 2023. Due to conflict of his schedules and other prior business engagement in the PRC, Mr. Li Shu Fu, the Chairman, was unable to attend the AGM but he assigned an executive Director to report to him on any enquiries the Shareholders might have after the AGM. One executive Director and the Company's external auditor attended and answered questions raised by the Shareholders at the AGM physically. Three independent non-executive Directors and four executive Directors participated the AGM via conference call. Record of the attendance of the relevant Directors who physically attended the AGM or participated via conference call is set out on page 040 of this report.

Voting by Poll

For any resolutions proposed by the Company at the general meetings, bundling resolutions should be avoided. The Listing Rules stipulate that any vote of shareholders at all general meetings would be all taken by poll except where the chairman of the general meetings, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted by a show of hands.

The chairman of the general meetings will ensure that an explanation is provided with the detailed procedures for conducting a poll and answer any questions from the Shareholders on voting by poll to ensure that they are familiar with the procedures.

The Company arranges for the notice to Shareholders to be sent for annual general meetings and extraordinary general meetings called for the passing of a special resolution at least 21 clear days before the meeting, and to be sent at least 14 clear days for all other extraordinary general meetings.

Policy on Payment of Dividends

Subject to the Companies Act (as amended) of the Cayman Islands, the Company may from time to time in general meeting declare dividends in any currency to be paid to the members of the Company whose names appear on the register of members of the Company on a pre-determined date at the Board's discretion as the record date for the purpose of determining the entitlement to receive payment of any dividend but no dividend shall be declared in excess of the amount recommended by the Board.

The Board may also, without convening a general meeting, from time to time declare interim dividends as appear to the Board to be justified by the profits of the Company, and, in particular (but without prejudice to the generality of the foregoing), if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend. The Board may also pay half-yearly or at other intervals to be selected by it any dividend which may be payable at a fixed rate if the Board is of the opinion that the profits available for distribution justify the payment. The Board may in addition from time to time declare and pay special dividends on shares of any class of such amounts and on such dates as they think fit.

No dividend shall be declared or payable except out of the profits and reserves of the Company lawfully available for distribution, including share premium. No dividend shall carry interest against the Company. The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for meeting claims on or liabilities of the Company or contingencies or for paying off any loan capital or for equalising dividends or for any other purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit, and so that it shall not be necessary to keep any reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute by way of dividend.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the Board may further resolve that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment. In case of the Board elects to pay the dividend in shares, the Company shall abide by the provisions of the Articles of Association on scrip dividends.

G. INVESTOR RELATIONS

Constitutional documents of the Company

The Company's memorandum and articles of association is maintained on the Company's website (http://www.geelyauto.com.hk) under the "Investor Centre" of the section headed "Environmental, Social and Corporate Governance" and on the website of the Stock Exchange (http://www.hkexnews.hk) for Shareholders' inspection. During the year, no changes have been made to the Company's memorandum and articles of association.

Details of substantial Shareholders by aggregate shareholding

Details of Shareholders having a substantial interest in the Company's securities as defined in the Securities and Futures Ordinance as at the date of this report are set out on pages 076 to 077 of this annual report.

Details of the last AGM and EGMs in 2023

Event Date & Time	Venue	Major items discussed	Voting results
EGM on 28 April 2023 (Friday) at Hong Kong Time ("**HKT**") 9:30 a.m.	3/F., Great Eagle Centre, 23 Harbour Road, Wan Chai, Hong Kong	(i) approved the adoption of the 2023 Share Option Scheme (as defined in the circular of the Company dated 6 April 2023); (ii) approved the amendments to the Share Award Scheme (as defined in the circular of the Company dated 6 April 2023); and (iii) approved the Service Provider Sub-limit under the 2023 Share Option Scheme (as defined in the circular of the Company dated 6 April 2023).	all resolutions were duly passed by the Shareholders as ordinary resolutions by way of poll
EGM on 28 April 2023 (Friday) at HKT 10:00 a.m.	3/F., Great Eagle Centre, 23 Harbour Road, Wan Chai, Hong Kong	(i) approved, ratified and confirmed the Acquisition Agreement and the Supplemental Agreement (as defined in the circular of the Company dated 6 April 2023) and the transactions contemplated thereunder; and (ii) approved, ratified and confirmed the CKDs and Automobile Components Sales Agreement (as defined in the circular of the Company dated 6 April 2023), the transactions contemplated thereunder and the proposed annual cap amounts.	all resolutions were duly passed by the independent Shareholders as ordinary resolutions by way of poll
EGM on 28 April 2023 (Friday) at HKT 10:30 a.m.	3/F., Great Eagle Centre, 23 Harbour Road, Wan Chai, Hong Kong	(i) approved, ratified and confirmed the Proton Agreement and the Sale Loan (as defined in the circular of the Company dated 6 April 2023) and the transactions contemplated thereunder; and (ii) approved, ratified and confirmed the DHG Agreement (as defined in the circular of the Company dated 6 April 2023) and the transactions contemplated thereunder.	all resolutions were duly passed by the independent Shareholders as ordinary resolutions by way of poll

CORPORATE GOVERNANCE REPORT

Event Date & Time	Venue	Major items discussed	Voting results
AGM on 25 May 2023 (Thursday) at HKT 4:00 p.m.	Boardroom 8, Lower Lobby, Renaissance Hong Kong Harbour View Hotel, 1 Harbour Road, Wan Chai, Hong Kong	(i) received and considered the report of the directors, audited financial statements and auditor's report; (ii) declared a final dividend; (iii) re-election of directors; (iv) authorised the Board to fix the remuneration of the directors; (v) re-appointed Grant Thornton Hong Kong Limited as the auditor of the Company and authorised the Board to fix their remuneration; and (vi) granted a general mandate to the directors to repurchase shares and to issue new shares.	all resolutions were duly passed by the Shareholders as ordinary resolutions by way of poll
EGM on 22 September 2023 (Friday) at HKT 4:00 p.m.	Boardroom 8, Lower Lobby, Renaissance Hong Kong Harbour View Hotel, 1 Harbour Road, Wan Chai, Hong Kong	(i) approved, ratified and confirmed the Contribution Agreement (as defined in the circular of the Company dated 6 September 2023) and the transactions contemplated thereunder; (ii) approved, ratified and confirmed the Joint Venture Agreement (as defined in the circular of the Company dated 6 September 2023) and the transactions contemplated thereunder; and (iii) approved, ratified and confirmed the Powertrain Purchase Agreement (as defined in the circular dated 6 September 2023), the transactions contemplated thereunder and the annual caps.	all resolutions were duly passed by the independent Shareholders as ordinary resolutions by way of poll

CORPORATE GOVERNANCE REPORT

Event Date & Time	Venue	Major items discussed	Voting results
EGM on 27 November 2023 (Monday) at HKT 4:00 p.m.	Boardroom 8, Lower Lobby, Renaissance Hong Kong Harbour View Hotel, 1 Harbour Road, Wan Chai, Hong Kong	(i) approved, ratified and confirmed the Automobile Components Sales and Purchase Agreement (as defined in the circular of the Company dated 8 November 2023), the transactions contemplated thereunder and the annual caps; (ii) approved, ratified and confirmed the CBUs and CKDs Procurement Cooperation Agreement (as defined in the circular of the Company dated 8 November 2023), the transactions contemplated thereunder and the annual caps; (iii) approved, ratified and confirmed the R&D Services and Technology Licensing Agreement (as defined in the circular dated 8 November 2023), the transactions contemplated thereunder and the annual caps; and (iv) approved, ratified and confirmed the LYNK & CO Finance Cooperation Agreement, the ZEEKR Finance Cooperation Agreement, the Geely Holding Finance Cooperation Agreement, and the smart Finance Cooperation Agreement and the Lotus Finance Cooperation Agreement (as defined in the circular dated 8 November 2023), the transactions contemplated thereunder and their respective annual caps.	all resolutions were duly passed by the independent Shareholders as ordinary resolutions by way of poll

CORPORATE GOVERNANCE REPORT

Indication of important dates for the Shareholders in 2024/2025

Event		**Date**
Closure of the Company's register of members ("**Book Close**") for entitlement of voting rights at the forthcoming annual general meeting	:	28 May 2024 (Tuesday) to 31 May 2024 (Friday)
Forthcoming annual general meeting	:	31 May 2024 (Friday) at HKT 4:00 p.m. at Boardroom 8, Lower Lobby, Renaissance Hong Kong Harbour View Hotel, 1 Harbour Road, Wan Chai, Hong Kong
Ex-entitlement date for final dividend	:	11 June 2024 (Tuesday)
Book Close for entitlement of final dividend	:	13 June 2024 (Thursday) to 18 June 2024 (Tuesday)
Record date for final dividend entitlement	:	18 June 2024 (Tuesday)
Final dividend distribution	:	26 July 2024 (Friday)
2024 interim results announcement	:	Late August 2024 ***(to be confirmed)***
Financial year end	:	31 December 2024 (Tuesday)
2024 annual results announcement	:	Late March 2025 ***(to be confirmed)***

DIRECTORS' REPORT

DIRECTORS' REPORT

The directors of the Company (the "**Directors**") present their annual report together with the audited consolidated financial statements of Geely Automobile Holdings Limited (the "**Company**", together with its subsidiaries, collectively the "**Group**") for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Company's subsidiaries are set out in note 46 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2023 are set out in the consolidated income statement and consolidated statement of comprehensive income on page 114 and page 115, respectively of the annual report. The Directors recommend the payment of a final dividend of HK$0.22 per ordinary share to the shareholders on the register of members on 18 June 2024, amounting to approximately RMB2,033,286,000.

BUSINESS REVIEW

A fair review of the Group's business including an analysis using financial key performance indicators and the likely future development in the Group's business is set out in the Chairman's Statement on pages 007 to 009 and the Management Report – Performance & Governance on pages 011 to 027 of this annual report. An account of the Group's key relationships with its customers and suppliers, and on which the Group's success depends is set out on pages 100 to 101 of this annual report and notes 21 and 24 to the consolidated financial statements. Such disclosure forms part of this Directors' Report.

Particulars of important events affecting the Group that have occurred since the end of the year ended 31 December 2023 are set out in the Management Report – Performance & Governance on pages 011 to 027.

The principal risks and uncertainties facing the Group are discussed below:

1. **It is not certain that the Group may be able to identify or offer popular models to meet changing trends and consumer demands, or to gain market acceptance of the new models**

   Market trends, consumer demands and needs in the markets where the Group operates change and depend upon various factors, some of which are beyond the Group's control, such as prevailing economic conditions, consumption patterns, disposable income and inherent uncertainty in market. It is believed that the Group's ability to anticipate, identify and respond to those trends in a timely manner is critical to the Group's success.

   However, it is uncertain that the Group may accurately anticipate the shifts in customer needs, or fail to timely offer new models that meet those changing trends.

   To broaden the Group's model portfolio, the Group plans to continue to upgrade its existing models, and in the meantime, to develop new models. The Group plans to launch several new models in 2024 whilst a series of new models to be innovated from the technologies of various modular architectures and set of components based upon its platform strategy, standardization, and shared modularization in product development is scheduled to be launched in the coming years. In particular, the Group has accelerated its electrification transformation and launched new BEVs built on SEA and PHEVs powered by NordThor powertrains and Emotive Hybrid powertrains, in order to meet the customers'

DIRECTORS' REPORT

growing demand. In the future, the Group plans to provide more advanced powertrain and electrification options to its customers. However, it is not assured that the Group's model development will accurately reflect the prevailing market trends or customer needs at any given time, or that the new models to be launched will be well received by the market. If the new models fail to gain market acceptance, the Group's brand image, business, financial condition, results of operations and prospects will be materially and adversely affected.

2. **It is not certain that the Group's research and development capabilities, on which the Group's continued growth depends, and its research and development efforts may be successful**

The automobile market is characterized by changing technologies, periodic new model introductions and evolving end-user customer and industry requirements. The Group's competitors are continuously developing automobiles that have adopted advanced technologies to operate more efficiently and cost effectively. The Group's continued success, therefore, depends on its ability to continue developing new products that can successfully compete with those offered by the Group's competitors in terms of design, performance and price, which, in turn, depends largely on its research and development capabilities. In addition, the Group's research and development efforts may not be successful or yield the anticipated level of economic benefits. Even if the Group's research and development efforts are successful, the Group may not be able to apply these newly developed technologies to products that will be accepted by the market or apply them in a timely manner to take advantage of the opportunities presented in the market.

The Group is continuously strengthening its research and development capabilities by talent development and collaboration with various business partners, including but not limited to Volvo Car Corporation ("**Volvo Car**"), which is majority owned by the Group's parent company, Zhejiang Geely Holding Group Company Limited ("**Geely Holding**"), a contemplated formation of a powertrain joint venture with Geely Holding and Renault S.A.S. (an independent third party) ("**Renault**"), as well as other technological collaborations in intelligent new energy vehicles with industry-leading technology companies and suppliers. In the meantime, the Group will speed up its products offering on new energy vehicles to prepare itself for the challenge of the stringent statutory requirement on fuel consumption standard in the future and the booming new energy vehicle market.

3. **The Group is subject to product liability exposure which could harm its reputation and materially and adversely affect its business, financial condition and results of operations**

The Group's products can be exposed to potential product liability claims if they fail to perform as expected, or are proven to be defective, or if their use causes, results in or is alleged to have caused or resulted in personal injuries, project delays or damage or other adverse effects. The Group currently does not maintain product liability insurance to cover potential product liability arising from the use of its products and may be unable to obtain sufficient product liability insurance coverage on commercially reasonable terms, or at all.

Furthermore, certain product liability claims may be the result of defects from parts and components purchased from third party suppliers. Such third party suppliers may not indemnify the Group for defects as to such parts and components or would only provide the Group with limited indemnification that is insufficient to cover the Group's damages resulting from the product liability claim.

Product liability claims, with or without merit, may result in significant negative publicity and thus materially and adversely affect the marketability of the Group's products and its reputation, as well as its business, financial condition and results of operations. Moreover, a material design, manufacturing or quality-related failure or defect in the Group's products or other safety issues could warrant a product recall by the Group and result in increased product liability claims. If authorities in the jurisdictions in which the Group sells its products decide that its products fail to conform to applicable quality and safety requirements and standards, the Group could be subject to regulatory actions.

The Group regularly monitors the quality of its products via the collection of quality feedback from its customers and conduct of extensive product testing. Protective measures such as product recalls will be taken to rectify any concerns if product quality issues were to be found to mitigate further warranty liability and ensure the compliance of the relevant product safety regulations. The Group will continuously strengthen the selection of suppliers to ensure high quality automobile components are used to minimize the occurrence of product quality and safety issues.

4. The Group's business, financial condition and results of operations may be materially and adversely affected if it fails to manage its purchase costs or obtain raw materials, parts and components on a timely basis or at reasonable prices

Although the Group usually sources important raw materials and parts and components from multiple suppliers in order to achieve a stable supply, it cannot assure that the suppliers can always adequately serve its needs in a timely manner or at reasonable prices.

If there is any significant increase in the prices of raw materials, parts or components or if their supply is disrupted, the Group may incur additional costs to maintain its production schedules, which, in turn, may decrease its profitability and materially and adversely affect its business, financial condition and results of operations. In particular, due to the continual impact of economic downturn, there has been a global shortage of chip supply and the Group's supply chain has also been under great pressure.

DIRECTORS' REPORT

In order to remain competitive, the Group tries to manage the costs efficiently and aims to produce products at competitive costs. The Group has plan to further reduce the costs in purchasing raw materials, parts and components for production through the implementation of cost control policies such as streamlining the supply chain and localization of production. At the same time, the Group will continue to take advantage of globalized supply chain, establish strategic partnerships with major suppliers, to build manufacturing plants, and develop medium and long term risk identification system for supply chain so as to ensure sufficient supply of raw materials and components.

5. **Increasing competition in the PRC automobile market and volatility of consumer demand could have a material adverse effect on the Group's ability to maintain competitiveness**

Increasing consumer purchasing power in the PRC has resulted in significant growth in the demand for automobiles. Such growth in the automobile market has encouraged, and is likely to continue to encourage, foreign competitors, sino-foreign equity joint ventures established in the PRC and new domestic automobiles companies to further expand their production capacity. The Group's current market share and profit margin may be diluted or reduced if there is increasing competition for vehicles or further price reductions caused by increased competition. The pricing, recognition and loyalty to the Group's brand of products and the financial and technical resources allocated to the Group's products may be materially and adversely affected if competing automobile products, domestic or foreign, gain a competitive advantage.

The demand for automobiles in China and the rest of the world is cyclical in nature and is affected by various factors, including sales and financing incentives, costs of raw materials, parts and components, cost of fuel, environmental concerns and governmental regulations, including tariffs, import regulation and other taxes.

Fluctuations in demand may lead to lower vehicle sales and increased inventory, which may result in further downward price pressure which will inevitably adversely affect the Group's financial condition and results of operations.

Over the years, the Group has increased the Group's production capacities in anticipation of a continuous increase in demand for automobiles in the PRC. Any slowdown in demand for automobiles and the intense competition in the PRC may lead to an inventory surplus and could result in a significant under-utilization of the Group's production capacity, which would in turn, result in diminished returns to the substantial resources invested in the expansion of the Group's production capacities. If these events occur, the Group's results of operations and financial condition could be materially and adversely affected.

On the other hand, the market response to the Group's products may exceed the Group's expectation. Thus, the Group may not have sufficient production capacity to fulfil the customers' demands and as a result, suffer from loss of revenue as the Group cannot deliver the products in a timely manner.

The Group is committed to continuously develop products with improvement in quality and more advanced technologies and powertrain as well as enhancing its production efficiency. A series of new products to be developed from the aforementioned technologies of the modular architectures and set of components, as well as new energy vehicle products, will broaden the Group's model portfolio. Meanwhile, the Group has a robust sales and marketing strategies to respond to the dynamic market. Diversified campaigns and extensive development of sales network will continue to develop the brand image and provide better outreach to the Group's consumers.

6. **Risks of overseas operations**

The Group has operations in foreign countries and regions. In recent years, the amount and proportion of overseas operating income and overseas equity investment have been increasing. The Group cooperates with PROTON in Southeast Asia markets and mainly conducts overseas business in other regions through the export of complete vehicles and parts. However, if global trade friction continues to escalate, certain countries implement policies such as increasing tariffs or setting up non-tariff barriers, or geopolitical conflicts escalate, the Group's operations may be adversely affected.

To reduce the risks of overseas operations, the Group is committed to making efforts in several aspects: formulating prices and policies that are tailored to local conditions and controlling the inventory-to-sales ratio within a reasonable range; setting reasonable credit periods and managing overseas funds; adhering to the principle of exchange rate neutrality, reducing the impact of exchange rate fluctuations on business operations through a combination of forward hedging and spot exchange; and insuring overseas equity through Sinosure to prevent extreme situations such as exchange restrictions and wars from causing losses in equity.

The Group will consistently assess the risks and opportunities linked with its export businesses. It will adapt its foreign operations as necessary, adhering to the fundamental principle of global business development compliance. The Group will stay alert to changing conditions, ensuring the protection of its interests.

DIRECTORS' REPORT

7 **Foreign exchange risk of RMB exchange rate fluctuation**

The majority of the Group's export sales are settled in foreign currencies such as the US dollar and the Euro. Additionally, the Group has local affiliates, joint ventures, or partnerships in some overseas export markets. Since the implementation of the managed floating exchange rate mechanism in China in July 2005, RMB exchange rate fluctuations have mainly impacted the Group's operating performance in two aspects. Firstly, fluctuations in the RMB exchange rate directly affect the selling price of our export products, which affects the competitive pricing of our products. Secondly, RMB exchange rate fluctuations may also result in corresponding exchange gains or losses for the Group.

To mitigate or hedge foreign exchange risks, the Group has developed strict foreign exchange risk management policies. The Group primarily employs natural hedging through operational means. If foreign exchange risk exposure still exists, the Group will use financial instruments such as hedging, interest rate swaps, and currency swaps to manage foreign exchange risks.

8. **Significant adverse impacts due to climate change and regulatory environment changes**

The automotive and transportation industry is one of the major sources of global carbon emissions, and as such, the Group also faces risks related to climate change in areas such as policy and legal frameworks, technology, market dynamics, reputation, and physical infrastructure. Climate change also presents opportunities for the development of resilient business models and new products, such as providing new energy transportation services and products, and green financing. If the Group fails to effectively identify, assess, and manage climate-related risks and opportunities, as well as implement effective response measures, it may face adverse financial and non-financial impacts due to the aforementioned risks or missed business opportunities.

To address these issues, the Group has established a Sustainability Committee to oversee the management of climate-related risks and opportunities. Also, dedicated teams have been established to manage daily management work of carbon emission and monitor the progress. The Group further published emission reduction and carbon neutral targets and related measures in March 2022, as well as an ESG strategy that includes "climate neutrality" in March 2023, to effectively address climate change and promote sustainable development.

The implementation of more stringent regulatory requirements in fuel efficiency, product warranty, product recall and emissions standards in the PRC could put tremendous cost pressure on indigenous brands in the PRC. Further, more major cities in the

PRC are expected to introduce local policies to restrict new car licenses to ease traffic and combat air pollution, thus restricting the demand for passenger vehicles. The impact could be even bigger for indigenous brands, where their major competitive edges in pricing could be seriously undermined by the introduction of an auction and lottery system to curb the growth of new vehicles.

The Group is committed to its new energy vehicles strategy to respond to the challenge in the fuel efficiency and emission standards as well as taking advantage of the exemption of auction and lottery system granted to the new energy vehicles. The Group will also continue its development in powertrain technologies on the conventional vehicles to comply with the regulatory requirements.

The Group follows its company mission of "To Create an Intelligent Mobility Experience that Exceeds Users' Expectations" with an aim to build up the core values of "Truth-seeking & Practical, Hardworking & Enterprising, Collaborative & Innovative". The Group hopes to demonstrate its insight on the sustainable development of vehicle market, national economy and society and present happiness to every individual. In this respect, the Group details its manufacture from strength to strength through research and development on and design of vehicles. For the year ended 31 December 2023, the Group complied with the relevant laws and regulations that have a significant impact on the Group.

In addition to refining the Group's business strategies, the development goal requires participation of every staff member, customer, supplier and stakeholder. The Group hopes to become the pioneer to demonstrate the sustainable development of the vehicle industry, national economy and society.

The particulars of the Group's environment protection and climate change policies, behavior and compliance with the relevant laws and regulations that impose material influence on the Group are set out in Environmental, Social and Governance Report of the Company which will be published on the websites of Stock Exchange and the Company at the same time of publication of the its annual report for the year ended 31 December 2023.

CLOSING OF REGISTER OF MEMBERS

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

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

DIRECTORS' REPORT

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 003 of the annual report.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the year, details of movements in the property, plant and equipment and intangible assets of the Group are set out in notes 14 and 15, respectively, to the consolidated financial statements.

SHARE CAPITAL

During the year, details of the share capital of the Company are set out in note 30 to the consolidated financial statements.

BORROWINGS

Particulars of borrowings of the Group as at 31 December 2023 are set out in notes 28, 29 and 33, respectively, to the consolidated financial statements.

RETIREMENT SCHEMES

Particulars of the retirement schemes are set out in note 37 to the consolidated financial statements.

RESERVES

During the year, details of the movements in the reserves of the Group and the reserves of the Company are set out in the consolidated statement of changes in equity on page 119 and page 279 of the annual report, respectively.

As at 31 December 2023, the aggregate amount of reserves available for distribution to equity holders of the Company was RMB15,820,599,000 (2022: RMB13,343,505,000). After the end of the reporting period, the Directors proposed a final dividend of HK$0.22 (2022: HK$0.21) per ordinary share amounting to RMB2,033,286,000 (2022: RMB1,866,554,000). The final dividend proposed has not been recognised as a liability at the end of the reporting period as set out in note 11 to the consolidated financial statements.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive Directors:

Mr. Li Shu Fu *(Chairman)*
Mr. Li Dong Hui, Daniel *(Vice Chairman)*
Mr. Gui Sheng Yue *(Chief Executive Officer)*
Mr. An Cong Hui
Mr. Ang Siu Lun, Lawrence
Ms. Wei Mei
Mr. Gan Jia Yue

Independent Non-executive Directors:

Mr. An Qing Heng
Mr. Wang Yang
Ms. Lam Yin Shan, Jocelyn *(resigned on 16 October 2023)*
Ms. Gao Jie
Ms. Yu Li Ping, Jennifer *(appointed on 9 October 2023)*
Mr. Zhu Han Song *(appointed on 9 October 2023)*

DIRECTORS' REPORT

In accordance with Article 116 of the Company's Articles of Association, Mr. Gui Sheng Yue, Mr. An Qing Heng, Mr. Wang Yang and Ms. Gao Jie shall retire from office by rotation and being eligible, shall offer themselves for re-election at the forthcoming annual general meeting of the Company.

In accordance with Article 99 of the Company's Articles of Association, Ms. Yu Li Ping, Jennifer and Mr. Zhu Han Song shall hold office until the first annual general meeting after their appointment, and be eligible for re-election at that annual general meeting of the Company.

As Mr. An Qing Heng and Mr. Wang Yang have served the Company for more than 9 years, their further appointment should be subject to separate resolutions approved by the Shareholders at the forthcoming annual general meeting. Throughout their tenure, they have participated in Board meetings and various committees, providing impartial advice and exercising independent judgment. Considering their independent status and non-involvement in the day-to-day management of the Company, the Board believes they are still independent and should each be re-elected as the Company's independent non-executive Director. The Board also believes that their continuous appointment will help maintain the stability of the Board, as they have gained valuable insights into the business strategy and policies of the Group over time. These reasons will be set out in the circular for the Shareholders' consideration at the forthcoming annual general meeting.

To ensure a balance of skills, experience and diversity of perspectives appropriate to the requirements of the business of the Group among members of the Board, the nomination of Directors for appointment or re-election at the annual general meeting were made by the nomination committee of the Board in accordance with the Director Nomination Policy adopted by the Company and the selection criteria as set out in the Board Diversity Policy of the Company (including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service).

The nomination committee of the Board had nominated the retiring directors to the Board for the Board to make recommendation to the Shareholders for re-election at the annual general meeting, having reviewed the composition of the Board and having regard to the retiring Directors' professional experience, skills, knowledge and/or length of service, their commitment to their respective roles and functions, and their respective contributions brought and continued to be brought to the Group.

DIRECTORS' REPORT

The re-election of each of Mr. Gui Sheng Yue, Mr. An Qing Heng, Mr. Wang Yang, Ms. Gao Jie, Ms. Yu Li Ping, Jennifer and Mr. Zhu Han Song was recommended by the nomination committee of the Board, and the Board has accepted the recommendations following a review of their overall contribution and service to the Company including their attendance of Board meetings and general meetings, the level of participation and performance on the Board.

No Director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The independent non-executive Directors all have a fixed term of 3-year service and will be subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association.

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2023, the interests and short positions of the Directors in the securities of the Company and its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**"), which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to Part XV of the SFO, including interest and short positions which they were deemed or taken to have under such provisions of the SFO, or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") to be notified to the Company and the Stock Exchange were as follows:

(I) Interests and short positions in the shares of the Company

Name of Director	Nature of interests	Number or attributable number of shares *Long position*	*Short position*	Approximate percentage or attributable percentage of shareholding *(%)*
Shares				
Mr. Li Shu Fu *(Note 1)*	Interest in controlled corporations	4,215,888,000	–	41.89
Mr. Li Shu Fu	Personal	23,140,000	–	0.23
Mr. Li Dong Hui, Daniel	Personal	5,004,000	–	0.05
Mr. Gui Sheng Yue	Personal	17,877,000	–	0.18
Mr. An Cong Hui	Personal	7,876,000	–	0.08
Mr. Ang Siu Lun, Lawrence	Personal	4,000,000	–	0.04
Mr. Gan Jia Yue	Personal	2,230,200	–	0.02
Mr. Wang Yang	Personal	1,000,000	–	0.01

Note:

1. Proper Glory Holding Inc. ("**Proper Glory**") and its concert parties in aggregate hold interests of 4,215,888,000 shares (excluding those held directly by Mr. Li Shu Fu), representing approximately 41.89% of the total issued share capital of the Company as at 31 December 2023. Proper Glory is a limited liability company incorporated in the British Virgin Islands and is owned as to 68% by Geely Holding and as to 21.29% by Geely Group Limited.

DIRECTORS' REPORT

(II) Interests and short positions in the derivatives of the Company

Name of Director	Nature of interests	Number or attributable number of underlying shares *Long position*	 *Short position*	Approximate percentage or attributable percentage of shareholding *(%)*
Share Options/Share Awards				
Mr. Gui Sheng Yue	Personal	13,500,000 *(Note 1)*	–	0.13
Mr. Gui Sheng Yue	Personal	15,000,000 *(Note 2)*	–	0.15
Mr. Li Dong Hui, Daniel	Personal	14,000,000 *(Note 1)*	–	0.14
Mr. Li Dong Hui, Daniel	Personal	9,000,000 *(Note 2)*	–	0.09
Mr. An Cong Hui	Personal	22,000,000 *(Note 1)*	–	0.22
Mr. An Cong Hui	Personal	9,000,000 *(Note 2)*	–	0.09
Mr. Ang Siu Lun, Lawrence	Personal	3,000,000 *(Note 1)*	–	0.03
Ms. Wei Mei	Personal	7,000,000 *(Note 1)*	–	0.07
Ms. Wei Mei	Personal	3,500,000 *(Note 2)*	–	0.03
Mr. Gan Jia Yue	Personal	8,000,000 *(Note 1)*	–	0.08
Mr. Gan Jia Yue	Personal	15,000,000 *(Note 2)*	–	0.15
Mr. Gan Jia Yue	Personal	2,800,000 *(Note 3)*	–	0.03

Notes:

(1) The interest relates to share options granted on 15 January 2021 by the Company to the Directors. The share options are exercisable at a subscription price of HK$32.70 for each Share during the period from 15 January 2023 to 14 January 2028. The percentage of shareholding is calculated on the basis that (i) the options are fully exercised; and (ii) the number of issued share capital of the Company when the options are exercised is the same as that as at 31 December 2023.

(2) The interest relates to share options granted on 22 November 2023 by the Company to the Directors. The share options are exercisable at a subscription price of HK$9.56 for each Share during the period from 22 November 2024 to 21 November 2031. The percentage of shareholding is calculated on the basis that (i) the options are fully exercised; and (ii) the number of issued share capital of the Company when the options are exercised is the same as that as at 31 December 2023.

(3) The interest relates to the restricted share awards of the Company (which were unvested share awards granted under the share award scheme of the Company adopted on 30 August 2021), representing 0.03% of the issued share capital of the Company as at 31 December 2023.

(III) Interests and short positions in the securities of the associated corporations of the Company

Name of Director	Name of the associated corporations	Number of shares/amount of contribution to the registered capital in the associated corporations		Approximate percentage of shareholding
		Long position	*Short position*	*(%)*
Mr. Li Shu Fu	Proper Glory Holding Inc.	8,929 *(Note 1)*	–	89.29
Mr. Li Shu Fu	Geely Group Limited	50,000	–	100
Mr. Li Shu Fu	Zhejiang Geely Holding Group Company Limited	RMB938,074,545 *(Note 2)*	–	91.08
Mr. Li Shu Fu	Zhejiang Geely Automobile Company Limited	RMB2,069,907,337 *(Note 3)*	–	72.40
Mr. Li Shu Fu	Zhejiang Geely Maple Automobile Company Limited	RMB240,000,000 *(Note 4)*	–	100
Mr. Li Shu Fu	Zhejiang Haoqing Automobile Manufacturing Company Limited	RMB3,530,000,000 *(Note 5)*	–	100
Mr. Li Shu Fu	Zhejiang Jirun Automobile Company Limited	US$7,900,000 *(Note 6)*	–	1

DIRECTORS' REPORT

Name of Director	Name of the associated corporations	Number of shares/amount of contribution to the registered capital in the associated corporations		Approximate percentage of shareholding
		Long position	*Short position*	*(%)*
Mr. Li Shu Fu	Hunan Geely Automobile Components Company Limited	RMB6,123,488 *(Note 7)*	–	1
Mr. Li Shu Fu	ZEEKR Intelligent Technology Holding Limited	582,000,000 *(Note 8)*	–	24.09
Mr. An Cong Hui	ZEEKR Intelligent Technology Holding Limited	68,000,000 *(Note 9)*	–	2.81
Mr. Li Dong Hui, Daniel	ZEEKR Intelligent Technology Holding Limited	20,000,000 *(Note 10)*	–	0.83
Mr. Gui Sheng Yue	ZEEKR Intelligent Technology Holding Limited	10,000,000 *(Note 11)*	–	0.41
Ms. Wei Mei	ZEEKR Intelligent Technology Holding Limited	5,800,000 *(Note 12)*	–	0.24
Mr. Gan Jia Yue	ZEEKR Intelligent Technology Holding Limited	4,000,000 *(Note 13)*	–	0.17

Notes:

(1) Proper Glory Holding Inc. is a limited liability company incorporated in the British Virgin Islands and is owned as to 68% by Zhejiang Geely Holding Group Company Limited ("**Geely Holding**") and as to 21.29% by Geely Group Limited. Geely Group Limited is a limited liability company incorporated in the British Virgin Islands and is beneficially wholly-owned by Mr. Li Shu Fu. Geely Holding is a limited liability company incorporated in the PRC and is beneficially wholly-owned by Mr. Li Shu Fu and his associate.

(2) Geely Holding is a limited liability company incorporated in the PRC and is beneficially wholly-owned by Mr. Li Shu Fu and his associate.

(3) Zhejiang Geely Automobile Company Limited ("**Zhejiang Geely**") is a limited liability company incorporated in the PRC and is owned as to 72.40% by Geely Holding, as to 1.61% by other Mr. Li Shu Fu interested entities and as to 25.99% by independent third parties.

DIRECTORS' REPORT

(4) Zhejiang Geely Maple Automobile Company Limited ("**Zhejiang Maple**") is a limited liability company incorporated in the PRC and is beneficially wholly-owned by Mr. Li Shu Fu and his associate.

(5) Zhejiang Haoqing Automobile Manufacturing Company Limited ("**Zhejiang Haoqing**") is a limited liability company incorporated in the PRC and is beneficially wholly-owned by Mr. Li Shu Fu and his associate.

(6) Zhejiang Jirun Automobile Company Limited ("**Jirun Automobile**") is incorporated in the PRC and is 1%-owned by Zhejiang Geely.

(7) Hunan Geely Automobile Components Company Limited is incorporated in the PRC and is 1%-owned by Zhejiang Haoqing.

(8) ZEEKR Intelligent Technology Holding Limited is a limited liability company incorporated in the Cayman Islands and is beneficially 24.09%-owned by Mr. Li Shu Fu and his associate.

(9) ZEEKR Intelligent Technology Holding Limited is a limited liability company incorporated in the Cayman Islands and is beneficially 2.81%-owned by Mr. An Cong Hui, an executive Director, and his associate.

(10) ZEEKR Intelligent Technology Holding Limited is a limited liability company incorporated in the Cayman Islands and is beneficially 0.83%-owned by Mr. Li Dong Hui, Daniel, an executive Director, and his associate.

(11) ZEEKR Intelligent Technology Holding Limited is a limited liability company incorporated in the Cayman Islands and is beneficially 0.41%-owned by Mr. Gui Sheng Yue, an executive Director, and his associate.

(12) ZEEKR Intelligent Technology Holding Limited is a limited liability company incorporated in the Cayman Islands and is beneficially 0.24%-owned by Ms. Wei Mei, an executive Director, and her associate.

(13) ZEEKR Intelligent Technology Holding Limited is a limited liability company incorporated in the Cayman Islands and is beneficially 0.17%-owned by Mr. Gan Jia Yue, an executive Director, and his associate.

Save as disclosed above, as at 31 December 2023, none of the Directors nor the chief executives of the Company and their associates had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and any of its associated corporations (within the meaning of the SFO) which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV and the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or which are required, (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which are required, (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of listed issuers contained in the Listing Rules.

INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF OTHER PERSONS

As at 31 December 2023, according to the register of interests maintained by the Company pursuant to section 336 of the SFO and so far as is known to the Directors or the chief executives of the Company, the persons, other than the Directors or the chief executives of the Company, who had interests or a short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and any other members of the Group and the amount of each of such persons' interests in such securities, together with any options in respect of such capital, were as follows:

Substantial shareholders (as defined in the SFO)

		Number of shares held		Approximate percentage of shareholding
Name	**Nature of interests**	*Long position*	*Short position*	*(%)*
Proper Glory Holding Inc. *(Note 1)*	Beneficial owner	2,636,705,000	–	26.20
Geely Holding *(Note 1)*	Interest in controlled corporations	4,019,391,000	–	39.94
Geely Group Limited *(Note 1)*	Beneficial owner	196,497,000	–	1.95
Zhejiang Geely *(Note 2)*	Beneficial owner	796,562,000	–	7.92

Notes:

(1) Proper Glory Holding Inc. ("**Proper Glory**") is a limited liability company incorporated in the British Virgin Islands and is owned as to 68% by Geely Holding and as to 21.29% by Geely Group Limited. Geely Group Limited is a limited liability company incorporated in the British Virgin Islands and is beneficially wholly-owned by Mr. Li Shu Fu. Geely Holding is a limited liability company incorporated in the PRC and is beneficially wholly-owned by Mr. Li Shu Fu and his associate.

(2) Zhejiang Geely is a limited liability company incorporated in the PRC and is owned as to 72.40% by Geely Holding, as to 1.61% by other Mr. Li Shu Fu interested entities and as to 25.99% by independent third parties.

Mr. Li Shu Fu is a director of each of Proper Glory, Geely Holding and Geely Group Limited. Mr. Li Dong Hui, Daniel is a director of each of Geely Holding and Zhejiang Geely. Mr. An Cong Hui is a director of Zhejiang Geely. Mr. Gan Jia Yue is a director of Zhejiang Geely.

Save as disclosed above, as at 31 December 2023, the directors and the chief executives of the Company are not aware of any other person (other than the directors and the chief executives of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and of any other member of the Group.

EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered into during the year or subsisting at the end of the year are set out below:

SHARE OPTIONS

2012 Option Scheme

The Company adopted a share option scheme on 18 May 2012 (the "**2012 Option Scheme**"). Particulars of the 2012 Option Scheme and the related accounting policy are set out in notes 38 and 4(p) to the consolidated financial statements, respectively.

The 2012 Option Scheme has a term of ten years and expired on 18 May 2022. While options granted under the 2012 Option Scheme shall remain valid, no further options may be granted under the 2012 Option Scheme upon its expiry. There were 523,680,000 granted options under the 2012 Option Scheme remain outstanding as at 31 December 2023.

Adoption of 2023 Share Option Scheme and the Amendments to the Share Award Scheme

The amendments to Chapter 17 of the Listing Rules in relation to the governance of share schemes of listed issuers came effect from 1 January 2023 (the "**New Chapter 17**").

On 23 December 2022, the Board resolved to (i) adopt the 2023 share option scheme (the "**2023 Share Option Scheme**"); and (ii) amend the terms of the existing share award scheme of the Company adopted on 30 August 2021 (the "**Share Award Scheme**"), to be in compliance with the requirements under the New Chapter 17.

The 2023 Share Option Scheme and the amendments to the Share Award Scheme were approved by the Shareholders at the extraordinary general meeting of the Company held on 28 April 2023. Further details of the 2023 Share Option Scheme and the amendments to the Share Award Scheme were set out in the Company's circular dated 6 April 2023.

DIRECTORS' REPORT

In addition, particulars of the 2023 Share Option Scheme and the related accounting policy are set out in notes 38 and 4(p) to the consolidated financial statements, respectively.

Details of the share options and share awards granted to each participant or category of participants involving new Shares under the 2012 Option Scheme, the 2023 Share Option Scheme and the Share Award Scheme for the year are as follows:

	Date of grant	Vesting period	Exercise period		Exercise/ purchase price	Outstanding options/ unvested share awards as at 1.1.2023	Granted during the year	Share options exercised/ share awards vested during the year	Administrated during the year (Note 6)	Lapsed during the year	Outstanding options/ unvested share awards as at 31.12.2023	Price of share prior to the grant date of share options and share awards during the year	Price of share prior to the exercise/ vesting date of share options and share awards during the year (Note 7)
			From	To	*HK$*							*HK$*	*HK$*
Directors and their associates													
Mr. An Cong Hui													
– Share options													
– *Tranche 3*	15-01-21	(Note 1)	15-01-23	14-01-28	32.7	22,000,000	–	–	–	–	22,000,000	–	–
– *Tranche 4*	22-11-23	(Note 2)	22-11-24	21-11-31	9.56	–	9,000,000	–	–	–	9,000,000	9.45	–
Mr. Ang Siu Lun, Lawrence													
– Share options	15-01-21	(Note 1)	15-01-23	14-01-28	32.7	3,000,000	–	–	–	–	3,000,000	–	–
Mr. Gan Jia Yue													
– Share options													
– *Tranche 3*	15-01-21	(Note 1)	15-01-23	14-01-28	32.7	8,000,000	–	–	–	–	8,000,000	–	–
– *Tranche 4*	22-11-23	(Note 2)	22-11-24	21-11-31	9.56	–	15,000,000	–	–	–	15,000,000	9.45	–
– Share awards	30-08-21	(Note 3)	Not applicable		0.02	4,200,000	–	–	–	(1,400,000)	2,800,000	–	–
Mr. Gui Sheng Yue													
– Share options													
– *Tranche 3*	15-01-21	(Note 1)	15-01-23	14-01-28	32.7	13,500,000	–	–	–	–	13,500,000	–	–
– *Tranche 4*	22-11-23	(Note 2)	22-11-24	21-11-31	9.56	–	15,000,000	–	–	–	15,000,000	9.45	–

DIRECTORS' REPORT

	Date of grant	Vesting period	Exercise period From	Exercise period To	Exercise/ purchase price HK$	Outstanding options/ unvested share awards as at 1.1.2023	Granted during the year	Share options exercised/ share awards vested during the year	Administrated during the year (Note 6)	Lapsed during the year	Outstanding options/ unvested share awards as at 31.12.2023	Price of share prior to the grant date of share options and share awards during the year HK$	Price of share prior to the exercise/ vesting date of share options and share awards during the year (Note 7) HK$
Mr. Li Dong Hui, Daniel													
– Share options													
– *Tranche 3*	15-01-21	(Note 1)	15-01-23	14-01-28	32.7	14,000,000	–	–	–	–	14,000,000	–	–
– *Tranche 4*	22-11-23	(Note 2)	22-11-24	21-11-31	9.56	–	9,000,000	–	–	–	9,000,000	9.45	–
Ms. Wei Mei													
– Share options													
– *Tranche 3*	15-01-21	(Note 1)	15-01-23	14-01-28	32.7	7,000,000	–	–	–	–	7,000,000	–	–
– *Tranche 4*	22-11-23	(Note 2)	22-11-24	21-11-31	9.56	–	3,500,000	–	–	–	3,500,000	9.45	–
Other employee participants													
– Share options													
– *Tranche 1*	07-09-18	(Note 4)	07-09-19	06-09-23	15.96	600,000	–	–	–	(600,000)	–	–	–
– *Tranche 2*	14-01-20	(Note 5)	14-01-21	13-01-25	16.04	790,000	–	–	–	–	790,000	–	–
– *Tranche 3*	15-01-21	(Note 1)	15-01-23	14-01-28	32.7	476,100,000	–	–	–	(20,710,000)	455,390,000	–	–
– *Tranche 4*	22-11-23	(Note 2)	22-11-24	21-11-31	9.56	–	458,780,000	–	–	–	458,780,000	9.45	–
– Share awards	30-08-21	(Note 3)	Not applicable		0.02	109,022,047	–	(6,570,050)	161,453	(34,579,950)	68,033,500	–	9.82
Other related entity participants													
– Share options													
– *Tranche 4*	22-11-23	(Note 2)	22-11-24	21-11-31	9.56	–	68,150,000	–	–	–	68,150,000	9.45	–

DIRECTORS' REPORT

Note 1: Such share options will be vested in tranches of 20% each commencing from the second anniversary date following the date of grant for 5 years and could be exercised until the expiry of these share options on 14 January 2028. As at 31 December 2023, 418,312,000 share options were unvested.

Note 2: Such share options will be vested in tranches of 15% (or 10% in case of the seventh anniversary date following the date of grant) each commencing from the first anniversary date following the date of grant for 7 years and could be exercised until the expiry of these share options on 21 November 2031. As at 31 December 2023, all these share options were unvested.

Note 3: Such share awards would be vested in tranches of 25% each on each anniversary date following the date of grant for four years.

Note 4: Such share options would be vested in tranches of 25% each on each anniversary date following the date of grant for four years and could be exercised until the expiry of these share options on 6 September 2023. As at 31 December 2023, all these share options were lapsed upon the expiry.

Note 5: Such share options would be vested in tranches of 25% each on each anniversary date following the date of grant for four years and could be exercised until the expiry of these share options on 13 January 2025. As at 31 December 2023, 197,500 share options were unvested.

Note 6: Such share awards were retained and held by BOCI Trustee (Hong Kong) Limited, a professional and independent trustee appointed by the Company, for administration purpose.

Note 7: The stated price was the weighted average closing price of the ordinary shares immediately before the date on which the share options were exercised and share awards were vested.

Note 8: No share option or share award has been granted to service provider(s) (as defined under New Chapter 17).

SHARE AWARDS

Share Award Scheme of the Company

Particulars of the Share Award Scheme and the related accounting policy are set out in notes 38 and 4(p) to the consolidated financial statements, respectively.

The Company has adopted the Share Award Scheme pursuant to resolutions passed at the Board meeting of the Company held on 30 August 2021 for the purposes of attracting and retaining the high calibre employees whose contributions will be beneficial to the growth and development of the Group. Details of the Share Award Scheme were set out in the announcement of the Company dated 30 August 2021.

The maximum number of Shares which could be granted under the Share Award Scheme is 350,000,000, representing approximately 3.48% of the total number of issued shares of the Company as at the date of this annual report, which could be satisfied by way of new shares to be issued or existing shares to be purchased from the secondary market.

Following the adoption of the Share Award Scheme, the Company resolved to award an aggregate of 167,022,000 ordinary shares to 10,884 selected participants by way of issue and allotment of new Shares under the general mandate to issue Shares granted by its Shareholders to the Directors at the annual general meeting held on 24 May 2021. As at 31 December 2023, the number of Shares available for future grant under the Share Award Scheme was 236,630,657, representing 2.35% of the total issued share capital of the Company as at the date of this report.

Unless approved by the Company's Shareholders in a general meeting, the maximum number of Shares granted or cumulatively granted to a selected participant at any point in time shall not exceed 1% of the Company's issued share capital on the adoption date of the Share Award Scheme.

The Shares being granted with respect to a selected participant will vest in 4 tranches of 25% each year from 30 August 2022 to 30 August 2025, on the conditions that the employee will remain in service and meet the performance requirements, including but not limited to meeting the company-level performance target and the selected participant's level performance target. Subject to the satisfaction of the vesting conditions, such new Shares will be transferred to the selected participants at the nominal value of HK$0.02 per Share on the vesting date. The selected participants are required to pay the nominal value for the award Shares.

The selected participants are employees of the Company and its affiliates, and they are not connected persons of the Company. For the avoidance of doubt, Mr. Gan Jia Yue has subsequently become a connected person of the Company after his appointment as an executive Director of the Company since 25 July 2022.

As at 31 December 2023, the Company has appointed a professional and independent trustee, BOCI Trustee (Hong Kong) Limited ("**Trustee**"), to assist with the administration and vesting of award Shares granted pursuant to the Share Award Scheme.

The Trustee will not exercise the voting rights in respect of any ordinary shares held under the trust. The award Shares will be allotted and issued to the Trustee who will hold the award Shares in trust in accordance with the trust deed for the selected participants.

Movement in the number of award Shares during the year are as follows:

	2023
Balance at 1 January	**113,391,000**
Granted	**–**
Vested	**(6,570,050)**
Lapsed	**(35,979,950)**
Balance at 31 December	**70,841,000**

DIRECTORS' REPORT

The Share Award Scheme will be valid and effective from the adoption date (i.e. 30 August 2021) and will terminate on the earlier of (i) the tenth (10th) anniversary date of the adoption date; and (ii) such date of early termination as determined by the Board, provided that such termination will not affect any subsisting rights of any selected participant under the Share Award Scheme.

On 23 December 2022, the Board resolved to amend the Share Award Scheme to bring it in line with the New Chapter 17. The amendments to the Share Award Scheme were duly approved by the Shareholders at the extraordinary general meeting of the Company held on 28 April 2023.

Number of the share options and share awards available for grant as at 1 January 2023 and 31 December 2023 are as follows:

	As at 1 January 2023	As at 31 December 2023
Share options under the 2012 Option Scheme		
Under the mandate limit	–	–
Share options under the 2023 Share Option Scheme		
Under the mandate limit	–	**(Note A)**
Under the sub-limit for service provider(s)	–	**(Note B)**
Share awards under the Share Award Scheme		
Under the mandate limit	**200,650,707**	**(Note A)**
Under the sub-limit for service provider(s)	–	**(Note B)**

Note A: The aggregate of share options and share awards to be granted under the mandate limit should not exceed 427,267,378. In addition, the share awards to be granted under the mandate limit should not exceed 236,630,657.

Note B: The aggregate of share options and share awards to be granted under the sub-limit for service provider(s) should not exceed 100,569,737.

For the year ended 31 December 2023, 578,430,000 share options were granted. As at 31 December 2023, the number of shares that may be issued in respect of share options and share awards granted under all share schemes of the Company was 1,172,943,500, representing approximately 11.66% of the weighted average number of issued ordinary shares of the Company.

DIRECTORS' REPORT

Share award scheme of ZEEKR Intelligent Technology Holding Limited ("ZEEKR Holding")

On 20 August 2021, ZEEKR Holding also adopted a share award scheme (the "**ZEEKR Share Award Scheme**"). For the avoidance of doubt, ZEEKR Holding is not a principal subsidiary as defined under New Chapter 17. The purposes of the ZEEKR Share Award Scheme are to encourage the selected participants to continuously make greater contributions to the long-term growth of the ZEEKR Holding and its subsidiaries ("**ZEEKR Group**") and thereby enhancing the value of the Company for the benefit of the shareholders, and to attract and retain high calibre employees whose contributions will be beneficial to the growth and development of the ZEEKR Group. Details of the ZEEKR Share Award Scheme were set out in the announcement of the Company dated 20 August 2021.

The maximum number of ordinary shares of ZEEKR Holding ("**ZEEKR Shares**") which could be granted under the ZEEKR Share Award Scheme is 150,000,000 ZEEKR Shares by way of new ZEEKR Shares.

Immediately upon the adoption of the ZEEKR Share Award Scheme, ZEEKR Holding granted 56,560,400 ordinary shares (the "**ZEEKR Award Shares**") to 3,393 selected participants, who are not connected persons of the Company, under the ZEEKR Share Award Scheme by way of reservation and future issuance of new ordinary shares. Subject to the satisfaction of the conditions for vesting as provided under the ZEEKR Share Award Scheme, the ZEEKR Award Shares granted shall be vested in four batches as follows: (i) the first batch (being up to 25% of the ZEEKR Award Shares granted) will be vested on 15 April 2022; (ii) the second batch (being up to 25% of the ZEEKR Award Shares granted) will be vested on 15 April 2023; (iii) the third batch (being up to 25% of the ZEEKR Award Shares granted) will be vested on 15 April 2024; and (iv) the fourth batch (being up to 25% of the ZEEKR Award Shares granted) will be vested on 15 April 2025. The selected participants are required to pay the nominal value for the ZEEKR Award Shares.

ZEEKR Holding further granted 37,957,156 ZEEKR Award Shares to 7,761 selected participants, who are not connected persons of the Company, under the ZEEKR Share Award Scheme by way of reservation and future issuance of new ordinary shares. Subject to the satisfaction of the conditions for vesting as provided under the ZEEKR Share Award Scheme, the ZEEKR Award Shares granted shall be vested in four batches as follows: (i) the first batch (being up to 25% of the ZEEKR Award Shares granted) will be vested on 15 April 2023; (ii) the second batch (being up to 25% of the ZEEKR Award Shares granted) will be vested on 15 April 2024; (iii) the third batch (being up to 25% of the ZEEKR Award Shares granted) will be vested on 15 April 2025; and (iv) the fourth batch (being up to 25% of the ZEEKR Award Shares granted) will be vested on 15 April 2026. The selected participants are required to pay the nominal value for the ZEEKR Award Shares.

During the year ended 31 December 2023, ZEEKR Holding further granted 17,955,300 ZEEKR Award Shares to 4,427 selected participants, who are not connected persons of the Company, under the ZEEKR Share Award Scheme by way of reservation and future issuance of new ordinary shares. Subject to the satisfaction of the conditions for vesting as provided under the ZEEKR Share Award Scheme, the ZEEKR Award Shares granted shall be vested in four batches as follows: (i) the first batch (being up to 25% of the ZEEKR Award Shares granted) will be vested on 15 April 2024; (ii) the second batch (being up to 25% of the ZEEKR Award Shares granted) will be vested on 15 April 2025; (iii) the third batch (being up to 25% of the ZEEKR Award Shares granted) will be vested on 15 April 2026; and (iv) the fourth batch (being up to 25% of the ZEEKR Award Shares granted) will be vested on 15 April 2027. The selected participants are required to pay the nominal value for the ZEEKR Award Shares.

DIRECTORS' REPORT

As at 31 December 2023, the total number of ZEEKR Shares which were available for future grant under the ZEEKR Share Award Scheme was 56,988,269, representing 2.36% of the issued shares capital of ZEEKR Holding (assuming 150,000,000 ordinary shares of ZEEKR Holding reserved under ZEEKR Share Award Scheme have been fully issued) as at the date of this report.

For the year ended 31 December 2023, as the condition for the vesting of the ZEEKR Award Shares had not been satisfied, no ZEEKR Award Shares had been vested.

Movement in the number of ZEEKR Award Shares during the year are as follows:

	2023
Balance at 1 January	**86,027,076**
Granted	**17,955,300**
Lapsed	**(10,970,645)**
Balance at 31 December	**93,011,731**

The ZEEKR Share Award Scheme is valid and effective from the adoption date (i.e. 20 August 2021) and will terminate on the earlier of (i) the tenth (10th) anniversary date of the adoption date; and (ii) such date of early termination as determined by the board of ZEEKR Holding provided that such termination will not affect any subsisting rights of any selected participant under the ZEEKR Share Award Scheme.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the share options and share awards disclosed above, at no time during the year was the Company, its holding companies or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PERMITTED INDEMNITY PROVISION

Subject to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and the Companies Law of the Cayman Islands, every Director is entitled under the Company's Articles of Association to be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he or she may sustain or incur in or about the execution or discharge of his or her duties and/or the exercise of his or her powers and/or otherwise in relation to or in connection with his or her duties, powers or office. To the extent permitted by law, the Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of companies in the Group during the year and up to the date of this report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Details of transactions between the Group and other companies under the control of Mr. Li Shu Fu during the year are set out in note 39 to the consolidated financial statements.

Save as disclosed above and contracts amongst group companies, no other transaction, arrangement or contract of significance to which the Company, any of its holding companies, its subsidiaries, or fellow subsidiaries 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.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in this report and the section headed "Connected Transactions & Continuing Connected Transactions" and note 39 to the consolidated financial statements, there was no other contract of significance entered into between the Company or any of its subsidiaries and the controlling shareholders of the Company or any of its subsidiaries during the year ended 31 December 2023, and no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries was entered into during the year ended 31 December 2023.

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 or existed during the year ended 31 December 2023.

CONNECTED TRANSACTIONS & CONTINUING CONNECTED TRANSACTIONS

During the year, the Group entered into certain related party transactions which also constitute connected transactions under Chapter 14A of the Listing Rules. Save as disclosed below, other related party transactions set out in note 39 to the consolidated financial statements are not connected transactions under the Listing Rules. All the connected transactions and continuing connected transactions with disclosure requirements under the Listing Rules during the year were listed below and these transactions were also set out in note 39 to the consolidated financial statements. The directors of the Company confirm they have complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

Acquisition of PROTON and DRB-HICOM

Pursuant to the acquisition agreement dated 20 January 2023, Linkstate Overseas Limited ("**Linkstate**"), an indirect wholly-owned subsidiary of the Company, agreed to acquire, and Geely International (Hong Kong) Limited ("**GIHK**") agreed to sell, the PROTON Holdings Berhad ("**PROTON**") sale shares and the sale loan for an aggregate consideration of approximately RMB1,450.4 million.

DIRECTORS' REPORT

Pursuant to the acquisition agreement dated 20 January 2023, Linkstate agreed to acquire, and GIHK agreed to sell, the 49.9% of DRB-HICOM Geely Sdn. Bhd. ("**DRB-HICOM**") at a nominal consideration of US$1.00.

As at the date of the acquisition agreements, GIHK, ultimately wholly-owned by Mr. Li Shu Fu and his associate, was the substantial shareholder of the Company holding approximately 40% of the total issued share capital of the Company.

Formation of a joint venture company

Pursuant to the joint venture agreement dated 11 July 2023, the Company, Geely Holding and Renault S.A.S. (an independent third party) ("**Renault**") agreed to establish a joint venture company ("**JV Company**") engaging the powertrain business. Upon completion, the Company, Geely Holding and Renault will respectively hold 33%, 17% and 50% of the total issued share capital in the JV Company.

Pursuant to the contribution agreement dated 11 July 2023, the Company, Geely Holding and Renault agreed to contribute all of their respective shares, whether directly or indirectly held, in Aurobay Holding (a private limited company to be incorporated in Singapore and being an indirectly wholly-owned subsidiary of the Company), Aurobay International PTE. LTD. and New H Powertrain Holding, S.L.U. to the JV Company.

As at the date of the joint venture agreement and the contribution agreement, Geely Holding, ultimately wholly-owned by Mr. Li Shu Fu and his associate, was the substantial shareholder of the Company holding approximately 40% of the total issued share capital of the Company.

Transfer of assets

Pursuant to the assets transfer agreement dated 15 September 2023, (i) the Group agreed to purchase and the Geely Holding Group agreed to sell the assets (which comprise predominantly equipment to be used in the Group's research and development for the automobile parts and components under the LYNK & CO brand, the ZEEKR brand and the Geely brand, as well as small amount of other equipment and software system) for a maximum cash consideration of approximately RMB508.5 million; and (ii) the Group agreed to sell and the Geely Holding Group agreed to purchase the assets (which comprise vehicle testing-related machinery and equipment) for a maximum cash consideration of approximately RMB168.4 million.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2023, the Group entered into certain transactions with the following connected persons, which constitute its continuing connected transactions (CCTs) under the Listing Rules:

Name	Connected relationship as at 31 December 2023	Numeric point below for CCTs
Geely Holding	It was ultimately beneficially wholly-owned by Mr. Li Shu Fu, who was an executive director and a substantial shareholder of the Company, and his associate.	1, 3, 6, 8, 10, 11, 12, 13, 14, 16, 17, 18 & 20
Volvo Car Distribution (Shanghai) Co., Ltd. or "**VCDC**"	It was an indirect non-wholly-owned subsidiary of Geely Holding	2
Volvo Car (APAC) Investment Holding Co., Ltd. or "**VCIC**"	It was an indirect non-wholly-owned subsidiary of Geely Holding.	2
LYNK & CO	It was owned as to 50% by an indirect wholly-owned subsidiary of the Company, as to 20% by Geely Holding and as to 30% by an indirect non-wholly-owned subsidiary of Geely Holding, respectively.	3, 8, 11, 12 & 13
LYNK & CO Auto Sales Company Limited	It was a wholly-owned subsidiary of LYNK & CO.	4
Zhejiang Fengsheng Automobile Sales Company Limited	It was an indirect wholly-owned subsidiary of Geely Holding.	5
ZEEKR Intelligent Technology Holding Limited	It was a connected subsidiary of the Company.	7, 9 & 15
smart Automobile Sales (Nanning) Co., Limited	It was indirectly owned as to 50% by Geely Holding and directly owned as to 50% by an independent third party.	19

DIRECTORS' REPORT

1. **Services agreement and the supplemental services agreement both between the Company and Geely Holding (the services agreement and the supplemental services agreement both have an effective term until 31 December 2024)**

   - ***Sales of CKDs from the Group to the Geely Holding Group***

     Pursuant to the services agreement dated 15 October 2021 and the supplemental services agreement dated 9 September 2022, the Group agreed to supply to the Geely Holding Group the CKDs in accordance with the product specifications set out in the services agreement (as supplemented by the supplemental services agreement) with an aggregate largest annual cap of RMB163,930 million for the three years ending 31 December 2024.

     The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (d) had been determined to be RMB96,749.4 million for sales of CKDs which did not exceed the annual cap of RMB136,387 million for sales of CKDs for the year ended 31 December 2023 as approved by the independent shareholders of the Company.

   - ***Sales of complete build-up units ("CBUs") from the Geely Holding Group to the Group***

     Pursuant to the services agreement dated 15 October 2021 and the supplemental services agreement dated 9 September 2022, the Geely Holding Group agreed to sell to the Group the CBUs with the aggregate largest annual cap of RMB169,577 million for the three years ending 31 December 2024.

     The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (d) had been determined to be RMB105,071.7 million for purchases of the CBUs which did not exceed the annual caps of RMB141,315 million for purchases of CBUs for the year ended 31 December 2023 as approved by the independent shareholders of the Company.

2. **The Volvo finance cooperation agreements amongst Genius AFC, VCDC and VCIC (the Volvo finance cooperation agreements have an effective term until 31 December 2024) (capitalised terms were defined in the circular of the Company dated 16 November 2021)**

- ***Wholesale facility agreements between Genius AFC and Volvo wholesale dealers (the wholesale facility agreements have an effective term until 31 December 2024)***

  Pursuant to the wholesale facility agreement dated 11 December 2015, the Company's announcement dated 15 October 2021 and circular dated 16 November 2021, Genius AFC, a jointly controlled entity owned as to 75% by the Company, 20% by BNP Paribas Personal Finance and 5% by Cofiplan S.A., will provide vehicles financing to Volvo wholesale dealers to facilitate their purchase of Volvo-branded vehicles with the largest annual cap being RMB6,883.4 million for the three years ending 31 December 2024.

  The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (d) had been determined to be RMB1,803.3 million which, did not exceed the annual cap of RMB6,037.9 million for the year ended 31 December 2023 as approved by the independent shareholders of the Company.

- ***Retail loan cooperation agreements between Genius AFC and Volvo retail customers (the retail loan cooperation agreements have an effective term until 31 December 2024)***

  Pursuant to the retail loan cooperation agreement dated 11 December 2015, the Company's announcement dated 15 October 2021 and circular dated 16 November 2021, dealers of Volvo shall recommend the retail customers to use Genius AFC for obtaining vehicle loans to finance their purchase of Volvo-branded vehicles with the largest annual cap being RMB10,473.0 million for the three years ending 31 December 2024.

DIRECTORS' REPORT

The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (d) had been determined to be RMB2,746 million which, did not exceed the annual cap of RMB8,819.4 million for the year ended 31 December 2023 as approved by the independent shareholders of the Company.

3. **Powertrain sales agreement among the Company, 領克投資有限公司 (LYNK & CO Investment Company Limited) ("LYNK & CO") and Geely Holding (the powertrain sales agreement has an effective term until 31 December 2023)**

Pursuant to the powertrain sales agreement dated 4 November 2020, the Group agreed to sell vehicle engines, transmissions and related after-sales parts manufactured by it to LYNK & CO and its subsidiaries and the Geely Holding Group with the largest annual cap being RMB18,232.5 million for the three years ended 31 December 2023.

The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (d) had been determined to be RMB4,033.3 million which, did not exceed the annual cap of RMB18,232.5 million for the year ended 31 December 2023 as approved by the independent shareholders of the Company.

4. **LYNK & CO finance cooperation agreement between Genius AFC and 領克汽車銷售有限公司 (LYNK & CO Auto Sales Company Limited) (the LYNK & CO finance cooperation agreement has an effective term until 31 December 2023) (capitalised terms were defined in the circular of the Company dated 1 December 2020)**

- ***Wholesale facility agreements between Genius AFC and the LYNK & CO Dealers (as defined in the circular of the Company dated 1 December 2020) (the wholesale facility agreements have an effective term until 31 December 2023)***

  Pursuant to the LYNK & CO finance cooperation agreement dated 4 November 2020, Genius AFC will provide vehicle financing to the LYNK & CO Dealers to facilitate their purchase of LYNK & CO-branded vehicles with the largest annual cap being RMB1,125 million for the three years ended 31 December 2023.

The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (d) had been determined to be RMB98.8 million which, did not exceed the annual cap of RMB1,125.0 million for the year ended 31 December 2023 as approved by the independent shareholders of the Company.

- ***Retail loan cooperation agreements between Genius AFC and LYNK & CO Dealers (as defined in the circular of the Company dated 1 December 2020) (the retail loan cooperation agreements have an effective term until 31 December 2023)***

  Pursuant to the LYNK & CO finance cooperation agreement dated 4 November 2020, Genius AFC agreed to enter into retail loan cooperation agreements with the LYNK & CO Dealers pursuant to which the LYNK & CO Dealers shall recommend the retail customers to use Genius AFC for the obtaining of vehicle loans to finance their purchase of LYNK & CO-branded vehicles with the largest annual cap being RMB17,150 million for the three years ended 31 December 2023.

  The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (d) had been determined to be RMB4,343.3 million which, did not exceed the annual cap of RMB17,149.7 million for the year ended 31 December 2023 as approved the independent shareholders of the Company.

5. **Fengsheng finance cooperation agreement between Genius AFC and 浙江楓盛汽車銷售有限公司 (Zhejiang Fengsheng Automobile Sales Company Limited) (the Fengsheng finance cooperation agreement has an effective term until 31 December 2023) (capitalised terms were defined in the circular of the Company dated 1 December 2020)**

   Pursuant to the Fengsheng finance cooperation agreement dated 4 November 2020, Genius AFC agreed to enter into retail loan cooperation agreements with the Fengsheng Dealers pursuant to which the Fengsheng Dealers shall recommend the retail customers to use Genius AFC for the obtaining of vehicle loans to finance their purchase of Maple-Branded Vehicles with the largest annual cap being RMB241 million for the three years ended 31 December 2023.

DIRECTORS' REPORT

The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (d) had been determined to be RMBNil which, did not exceed the annual cap of RMB241.0 million for the year ended 31 December 2023 as approved by the independent shareholders of the Company.

6. **Geely Holding finance cooperation agreement between Genius AFC and Geely Holding (the Geely Holding finance cooperation agreement has an effective term until 31 December 2023) (capitalised terms were defined in the circular of the Company dated 1 December 2020)**

Pursuant to the Geely Holding finance cooperation agreement dated 4 November 2020, Genius AFC agreed to provide vehicle financing services to the Geely Retail Customers to assist them to purchase (a) Geely Holding-Owned Brands Vehicles from the Geely Holding Dealers; or (b) Geely Branded Vehicles from the Connected Geely Dealers. The largest annual cap under the Geely Holding finance cooperation agreement is RMB607 million for the three years ended 31 December 2023.

The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (d) had been determined to be RMB278.6 million which, did not exceed the annual cap of RMB606.5 million for the year ended 31 December 2023 as approved by the independent shareholders of the Company.

7. **ZEEKR finance cooperation agreement between Genius AFC and ZEEKR Intelligent Technology Holding Limited ("ZEEKR") (the ZEEKR finance cooperation agreement has an effective term until 31 December 2023) (capitalised terms were defined in the circular of the Company dated 5 August 2021)**

Pursuant to the ZEEKR finance cooperation agreement dated 2 July 2021, Genius AFC agreed to provide vehicle financing services to the ZEEKR Retail Customers to assist them to purchase ZEEKR Brand Vehicles. The largest annual cap under the ZEEKR finance cooperation agreement is RMB12,716 million for the three years ended 31 December 2023.

The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (d) had been determined to be RMB4,471.4 million which, did not exceed the annual cap of RMB12,715.9 million for the year ended 31 December 2023 as approved by the independent shareholders of the Company.

8. Automobile components sales agreement amongst the Company, Geely Holding and LYNK & CO (the automobile components sales agreement has an effective term until 31 December 2023)

Pursuant to the automobile components sales agreement dated 2 July 2021, the Group agreed to sell to the Geely Holding Group and LYNK & CO Group, automobile components (including batteries, motors, electronic control system products, headlights, car seats, components for charging stations, etc.), with the largest annual cap being RMB24,644.7 million for the three years ended 31 December 2023.

The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

9. Automobile components procurement agreement and the supplemental automobile components procurement agreement both between the Company and ZEEKR (the automobile components procurement agreement and the supplemental automobile components procurement agreement both have an effective term until 31 December 2023)

Pursuant to the automobile components procurement agreement dated 2 July 2021 and the supplemental automobile components procurement agreement dated 9 September 2022, the Group agreed to procure from the ZEEKR Group automobile components (including batteries, motors, electronic control system products, headlights, car seats, components for charging stations, etc.), with the largest annual cap being RMB3,942 million for the three years ended 31 December 2023.

DIRECTORS' REPORT

The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

10. Automobile components procurement agreement between the Company and Geely Holding (the automobile components procurement agreement has an effective term until 31 December 2024)

Pursuant to the automobile components procurement agreement dated 15 October 2021, the Group agreed to procure from the Geely Holding Group, automobile components, with the largest annual cap being RMB9,220.2 million for the three years ended 31 December 2024.

The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

On 15 September 2023, the Company executed an automobile components sales and purchase agreement with Geely Holding, LYNK & CO, and ZEEKR. This replaced the automobile components sales agreement dated 2 July 2021, the automobile components procurement agreement dated 15 October 2021, the automobile components procurement agreement dated 2 July 2021, and the supplemental automobile components procurement agreement dated 9 September 2022. The respective annual caps for these agreements were consolidated under the automobile components sales and purchase agreement. For the year ended 31 December 2023, the consolidated transactional amount for the sale of automobile components by the Group was determined to be RMB14,419.3 million, not exceeding the approved annual cap of RMB14,874.1 million by independent shareholders of the Company. Similarly, the consolidated transactional amount for the purchase of automobile components by the Group for the year ended 31 December 2023, was determined to be RMB15,022.2 million, staying within the annual cap of RMB17,691.2 million approved by independent shareholders of the Company.

DIRECTORS' REPORT

11. R&D services and technology licensing agreement amongst the Company, Geely Holding and the LYNK & CO (the R&D services and technology licensing agreement has an effective term until 31 December 2023)

Pursuant to the R&D services and technology licensing agreement dated 2 July 2021, the Group agreed to provide to the Geely Holding Group and LYNK & CO Group, R&D and related technological support services, including research and development of new technologies and new products, technical verification and testing, technical consultation services, technical support services and technology licensing, etc., with the largest annual cap being RMB10,053.1 million for the three years ended 31 December 2023.

The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (d) had been determined to be RMB8,235 million which, did not exceed the annual cap of RMB10,053.1 million for the year ended 31 December 2023 as approved by the independent shareholders of the Company.

12. R&D services and technology licensing agreement amongst the Company, Geely Holding and the LYNK & CO (the R&D services and technology licensing agreement has an effective term until 31 December 2023)

Pursuant to the R&D services and technology licensing agreement dated 2 July 2021, the Group agreed to procure from the Geely Holding Group, R&D and related technological support services, including research and development of new technologies and new products, technical verification and testing, and technical consultation services, technical support services and technology licensing, etc., with the largest annual cap being RMB4,364.0 million for the three years ended 31 December 2023.

The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (d) had been determined to be RMB3,659.3 million which, did not exceed the annual cap of RMB4,364.0 million for the year ended 31 December 2023 as approved by the independent shareholders of the Company.

DIRECTORS' REPORT

13. **Operation services agreement amongst the Company, Geely Holding and the LYNK & CO (the operation services agreement has an effective term until 31 December 2024)**

Pursuant to the operation services agreement dated 15 October 2021, the Group agreed to provide to the Geely Holding Group and the LYNK & CO Group, operation services that mainly include IT, logistics, finance, human resources and other administrative functions, with the largest annual cap being RMB2,708.3 million for the three years ended 31 December 2024.

The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

14. **Operation services agreement between the Company and Geely Holding (the operation services agreement has an effective term until 31 December 2024)**

Pursuant to the operation services agreement dated 15 October 2021, the Group agreed to procure from the Geely Holding Group, operation services that mainly include but not limited to business travel services and after-sales services, with the largest annual cap being RMB484.6 million for the three years ended 31 December 2024.

The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

15. **ZEEKR operation services agreement and the supplemental ZEEKR operation services agreement both between the Company and the ZEEKR (the ZEEKR operation services agreement and the supplemental ZEEKR operation services agreement both have an effective term until 31 December 2023)**

Pursuant to the ZEEKR operation services agreement dated 2 July 2021 and the supplemental ZEEKR operation services agreement dated 29 March 2022, the Group agreed to provide to the ZEEKR Group operation services that mainly include IT, logistics, procurement, finance, human resources and other administrative functions, with the largest annual cap being RMB930.9 million for the three years ended 31 December 2023.

The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

On 9 June 2023, the Company executed an operation services agreement with Geely Holding, LYNK & CO, and ZEEKR. This replaced the operation services agreement dated 15 October 2021, ZEEKR operation services agreement dated 2 July 2021, and the supplemental ZEEKR operation services agreement dated 29 March 2022. The respective annual caps for these agreements were consolidated under the operation services agreement. For the year ended 31 December 2023, the consolidated transactional amount for the operation services to be provided by the Group was determined to be RMB1,046.2 million, not exceeding the approved annual cap of RMB1,550.6 million by independent shareholders of the Company. Similarly, the consolidated transactional amount for the operation services to be received by the Group for the year ended 31 December 2023, was determined to be RMB1,499 million, staying within the annual cap of RMB1,581.4 million approved by independent shareholders of the Company.

16. CBUs sales agreement and the supplemental CBUs sales agreement both between the Company and Geely Holding (the CBUs sales agreement and the supplemental CBUs sales agreement both have an effective term until 31 December 2024)

Pursuant to the CBUs sales agreement dated 15 October 2021 and the supplemental CBUs sales agreement dated 9 June 2023, the Group agreed to sell to the Geely Holding Group, CBUs and related after-sales parts, components and accessories manufactured with the largest annual cap being RMB3,991.9 million for the three years ended 31 December 2024.

The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (d) had been determined to be RMB1,892.4 million which, did not exceed the annual cap of RMB3,991.9 million for the year ended 31 December 2023 as set by the Company.

DIRECTORS' REPORT

17. Master CKDs and automobile components sales agreement between the Company and Geely Holding (the master CKDs and automobile components sales agreement has an effective term until 31 December 2023)

Pursuant to the master CKDs and automobile components sales agreement dated 4 November 2020, the Group agreed to sell to the Geely Holding Group, CKDs and automobile components in relation to vehicle models including PROTON-branded vehicles, Maple-branded vehicles, Farizon-branded vehicles, etc. with the largest annual cap being RMB12,027 million for the three years ended 31 December 2023.

The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (d) had been determined to be RMB913.9 million which, did not exceed the annual cap of RMB12,027.1 million for the year ended 31 December 2023 as approved by the independent shareholders of the Company.

18. Master CKDs and automobile components purchase agreement and the supplemental master CKDs and automobile components purchase agreement both between the Company and Geely Holding (the master CKDs and automobile components purchase agreement and the supplemental master CKDs and automobile components purchase agreement both have an effective term until 31 December 2023)

Pursuant to the master CKDs and automobile components purchase agreement dated 4 November 2020 and the supplemental master CKDs and automobile components purchase agreement dated 15 October 2021, the Group agreed to purchase from the Geely Holding Group, CKDs and automobile components under the Geely brand with the largest annual cap being RMB58,836.5 million for the three years ended 31 December 2023.

The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (d) had been determined to be RMB34,659 million which, did not exceed the annual cap of RMB58,836.5 million for the year ended 31 December 2023 as approved by the independent shareholders of the Company.

19. smart finance cooperation agreement between Genius AFC and smart Automobile Sales (Nanning) Co., Limited) ("smart Sales") (the smart finance cooperation agreement has an effective term until 31 December 2023)

Pursuant to the smart finance cooperation agreement dated 9 September 2022, Genius AFC agreed to provide vehicle financing services to the smart retail customers to assist them to purchase smart-branded vehicles. The largest annual cap under the smart finance cooperation agreement is RMB670.0 million for the two years ended 31 December 2023.

The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (d) had been determined to be RMB428.0 million which, did not exceed the annual cap of RMB670.0 million for the year ended 31 December 2023 as set by the Company.

20. CKDs and automobile components sales agreement between the Company and Geely Holding (the CKDs and automobile components sales agreement has an effective term until 31 December 2025)

Pursuant to the CKDs and automobile components sales agreement dated 12 December 2022, the Group agreed to sell CKDs and automobile components in relation to vehicle models including smart-branded vehicles to the Geely Holding Group, CKDs and automobile components under the Geely brand with the largest annual cap being RMB34,109.6 million for the three years ended 31 December 2025.

The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (d) had been determined to be RMB6,169.5 million which, did not exceed the annual cap of RMB25,090.2 million for the year ended 31 December 2023 as approved by the independent shareholders of the Company.

DIRECTORS' REPORT

The Company has engaged its auditor to report on the aforesaid 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 (Revised) "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 their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions set out above in accordance with Rule 14A.56 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

DONATIONS

During the year ended 31 December 2023, the Group donated approximately RMB3,200,000 (2022: RMB2,457,000) to support the community activities.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the human resources department of the Group on the basis of their merits, qualifications and competence.

The emolument policy of the Directors of the Company is decided by the remuneration committee of the Board, having regard to the Company's operating results, individual duties and performance and comparable market statistics. The Company has adopted a share option scheme and two share award schemes (including the one adopted by its subsidiary, namely ZEEKR Holding) as incentives to Directors and eligible employees, details of the schemes are set out in note 38 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of purchases attributable to the Group's five largest suppliers and the largest supplier are 25.7% and 15.9%, respectively, of the Group's total purchases for the year. The percentage of revenue attributable to the Group's five largest customers and the largest customer are 9.5% and 2.6% respectively, of the Group's total revenue for the year.

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During the year, the following companies were the Group's largest customer, second-largest customer, third-largest customer, fifth-largest customer, largest supplier, second-largest supplier, third-largest supplier and fourth-largest supplier, respectively: Ningbo Geely Automobile R&D Company Limited (寧波吉利汽車研究開發有限公司), Valmet Automotive EV Power Ltd., Xi'an Geely Automobile Company Limited (西安吉利汽車有限公司)*, Kaiyue Auto Parts Manufacture (Zhangjiakou) Company Limited (凱悅汽車大部件製造(張家口)有限公司), Zhejiang Geely Automobile Company Limited (浙江吉利汽車有限公司), Zhejiang Haoqing Automobile Manufacturing Company Limited (浙江豪情汽車製造有限公司), Zhejiang Geely Automobile Parts and Components Company Limited (浙江吉利汽車零部件採購有限公司) and Geely Changxing Automatic Transmission Company Limited (吉利長興自動變速器有限公司). These related companies are controlled by Mr. Li Shu Fu, who is an executive director and substantial shareholder of the Company, and his associates.

Save as disclosed above, at no time during the year did the Directors, their associates, or Shareholders of the Company, which to the knowledge of the Directors own more than 5% of the Company's share capital, have an interest in any of the Group's five largest customers or suppliers.

*: *The company has been acquired by the Group as its subsidiary since late April 2023.*

CORPORATE GOVERNANCE REPORT

Details of the Corporate Governance Report are set out on pages 033 to 060 of the annual report.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting processes, risk management and internal controls. The audit committee comprises Ms. Gao Jie, Mr. An Qing Heng, Mr. Wang Yang and Ms. Yu Li Ping, Jennifer who are the independent non-executive directors of the Company.

FACILITY AGREEMENT WITH COVENANT OF THE CONTROLLING SHAREHOLDERS

On 26 August 2022, the Company as the borrower entered into a facility agreement (the "**Facility Agreement**") with The Hongkong and Shanghai Banking Corporation Limited (the "**Agent**") as the coordinator and agent for a syndicate of banks pursuant to which a term loan facility in the principal amount of up to US$400,000,000 has been granted to the Company for a term of three years. The purpose of the loan facility is to finance the general corporate purposes of the Group in accordance with the sustainable finance framework (the "**Sustainable Finance Framework**") of the Company to finance and/or refinance any Eligible Green Project (as defined in the Sustainable Finance Framework) and/or Eligible Social Project (as defined in the Sustainable Finance Framework).

Pursuant to the Facility Agreement, it will be an event of default if Mr. Li Shu Fu is (i) no longer the single largest beneficial shareholder of the Company, or (ii) no longer beneficially owns at least 25% of the entire issued share capital of the Company. In case of an event of default, the Agent may by notice to the Company (a) cancel the loan facility, (b) declare that all or part of the loan, together with accrued interest, be immediately due and payable, and/or (c) declare that all or part of the loans be payable on demand.

DIRECTORS' REPORT

SUFFICIENCY OF PUBLIC FLOAT

Rule 8.08 of the Listing Rules requires at least 25% of the issued share capital of the Company to be held in public hands.

Based on the information available and within the knowledge of the Directors as at the latest practicable date prior to the issue of the annual report, the Company has maintained the prescribed public float as required under the Listing Rules.

COMPETING BUSINESSES

The Group is principally engaged in the research, production, marketing and sales of vehicles and related automobile components in the PRC. Geely Holding, which is ultimately owned by Mr. Li Shu Fu and his associate, has signed agreements or been in negotiations with local governments in the PRC and other entities to set up production plants for the manufacturing and distribution of Geely-branded vehicles. The potential production and distribution of Geely-branded vehicles by Geely Holding will constitute competing businesses (the "**Competing Businesses**") to those currently engaged by the Group. Mr. Li Shu Fu has undertaken to the Company (the "**Undertaking**") on 20 November 2008 that upon being notified of any decision by the Company pursuant to a resolution approved by a majority of the independent non-executive Directors, he will, and will procure his associates (other than the Group) to, sell to the Group all of the Competing Businesses and related assets, subject to compliance with applicable requirements of the Listing Rules and other applicable laws and regulations upon terms to be mutually agreed as fair and reasonable. In addition, it is required that Mr. Li Shu Fu informs the Group of all potential Competing Businesses carried out by him or his associates.

In August 2010, Geely Holding completed the acquisition of Volvo Car Corporation, which manufactures Volvo cars, a range of family sedans, wagons and sport utility cars, and has 2,500 dealerships in 100 markets (the "**Volvo Acquisition**"). Although the Group is not a party to the Volvo Acquisition nor in any discussions with Geely Holding to cooperate with Geely Holding in relation to the Volvo Acquisition, Geely Holding has provided an irrevocable undertaking to the Company on 27 March 2010 to the effect that upon being notified of any decision by the Company pursuant to a resolution approved by a majority of the independent non-executive Directors, Geely Holding will, and will procure its associates (other than the Group) to sell to the Group all or any part of the businesses and related assets of the Volvo Acquisition, and such transfer will be subject to the terms and conditions being fair and reasonable, and being in compliance with applicable requirements of the Listing Rules, other applicable laws and regulations and other necessary approvals and consents on terms to be mutually agreed.

On 10 February 2020, the Company announced that the management of the Company was in preliminary discussions with the management of Volvo Car AB (publ) regarding a possible restructuring through a combination of the businesses of the two companies into a strong global group that could realise synergies in cost structure and new technology development to face the challenges in the future.

DIRECTORS' REPORT

On 24 February 2021, the Company announced that it will carry out a series of business combination and collaboration in respect of powertrain, electrification, autonomous driving and operational collaboration with Volvo Car AB (publ) (a company which is an indirect subsidiary of Geely Holding and is the parent company of the Volvo Car Group of companies) maintaining their respective existing independent corporate structures. The Board (including the independent non-executive Directors) is of the view that, through such business combination and collaboration, the major potential competition between the parties has been mitigated. Also, the Geely Holding's Letter of Undertaking made by Geely Holding has now been fully reflected and fulfilled. For details, please refer to the Company's announcement dated 24 February 2021.

Despite the fact that the Geely Holding Group is principally engaged in similar business activities as the Group, their respective product offerings do not overlap due to different market positioning and target customer base of each brand (see below for details). As such, the Competing Businesses of the Geely Holding Group can be defined and delineated from the business of the Group by different product offerings (i.e. high-end versus economy automobiles) and brand names.

In May 2017, Geely Holding entered into heads of agreement for the acquisition of 49.9% of the issued and paid-up ordinary share capital of PROTON Holdings Bhd. ("**PROTON**") (the "**PROTON Acquisition**"). PROTON is a manufacturer of a range of family sedans which is active in the Southeast Asia market and is a potential competitor of the Group. The PROTON Acquisition has been completed in October 2017. Although the Group is not a party to the PROTON Acquisition, to protect the interests of the Group, Geely Holding has provided an irrevocable undertaking to the Company on 29 November 2017 to the effect that upon being notified of any decision by the Company pursuant to a resolution resolved by a majority of the independent non- executive Directors, Geely Holding will, and will procure its associates (other than the Group) to transfer to the Group all or any part of the equity/ businesses and related assets of the PROTON Acquisition, and such transfer will be subject to the terms and conditions being fair and reasonable, and being in compliance with applicable requirements of the Listing Rules, other applicable laws and regulations and other necessary approvals and consents on terms to be mutually agreed. Although the vehicles being produced by PROTON occupy the same market segment as that of the Group, they could be distinguished from the products of the Group in that they are right-hand drive vehicles and are primarily being market to right-hand drive markets in Southeast Asia. At present, the Group primarily produces left-hand drive vehicles, which are mainly exported to developing countries such as Asia, Eastern Europe and the Middle East. As such, PROTON is considered to be operating in a different market that can be distinguished from the business of the Group.

On 20 January 2023, Linkstate Overseas Limited (as purchaser, a direct wholly-owned subsidiary of the Company) and Geely International (Hong Kong) Limited (as seller) entered into the agreement to purchase the sale shares of PROTON, representing 49.9% of the issued and paid-up ordinary share capital of PROTON, at a consideration of RMB1,063 million and the sale loan at a consideration of US$56,390,000 (equivalent to approximately RMB387.4 million) (the "**PHB Acquisition**").

After completing the PHB Acquisition, the Group holds 49.9% of the issued and paid-up ordinary share capital of PROTON and accounts for PROTON's financial results by way of equity method. Following the acquisition, any potential competition between the Group and PROTON no longer exists.

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Horizontal competition between the Group and Geely Holding together with corporations controlled by Geely Holding or it having an interest as a substantial shareholder

The Group's passenger vehicle products include two brands, namely, Geely and ZEEKR. Except for the Group, Geely Holding controls or has an interest as a substantial shareholder of Volvo, Lynk&Co, Lotus, Polestar, London Electric Vehicle Company, Livan, smart and Ji Yue, whose principal businesses are engaged in research and development, production and sales of passenger vehicles.

Save as disclosed above, there is no horizontal competition that casts material and adverse impact on the Group between the Group and other corporations having passenger vehicle brands controlled by Geely Holding or it having an interest as a substantial shareholder.

The details are as follows:

The Group owns two major brands, namely, Geely and ZEEKR. Geely-branded vehicles are mainly sold in the PRC, and exported to developing countries such as Asia, Eastern Europe and the Middle East. Geely-branded vehicles are positioned as economical passenger vehicles. The Groups' Geely brand includes three major product series, namely, China Star series, Geome series and Galaxy series, among which China Star series is focused on the ICE vehicle market, the Geome series targets the mass market for pure electric vehicle market and the Galaxy series is positioned as a mass market for mid-to-high-end new energy vehicles. The ZEEKR brand is the luxury high-end smart pure electric vehicle brand of the Group, focusing on the luxury electric vehicle market. It currently has multiple models on sale, targeting consumers who are enthusiastic about premium smart pure electric vehicles, meeting the mobility needs of different users in residential and commercial scenarios. Adhering to the user-centric enterprise philosophy, ZEEKR has developed a direct sales model for sales channel construction and energy service ecosystem layout, establishing an independent research and management system. ZEEKR has entered markets in Europe, the Middle East, Asia, and other countries and regions. The first batch of overseas direct stores has been completed and opened for business in Sweden and the Netherlands, starting product delivery.

(1) Volvo

Volvo is a luxurious global manufacture corporation based in Northern Europe, with a high-end brand image worldwide for high income group. Brand positioning: personalized, sustainable, safe, and people-oriented. Volvo's sales regions cover Europe, China, the United States and other major global automobile markets.

Due to the significant differences between the Group and Volvo in terms of product positioning, selling prices and other aspects, CBUs of the Group and Volvo target at different consumer groups. As for the automobile products, in general, consumers' decision over purchasing different brands of vehicle would largely be affected by the group they belong to. For consumers, switching between different groups would be relatively difficult and longer period of time would be needed since it usually requires certain accumulation of financial foundation and changes in their awareness, concepts, etc. over consumption. Therefore, the Group is different from Volvo in terms of the consumer group; the manufacture business operated by each party does not constitute a competitive relationship, and the possibility of mutually or unilaterally transferring business opportunities is small.

Having a history of nearly a century, Volvo brand has long been reputed as the "safest vehicle", shaping a high-end brand image throughout the world. The high-end image and product reputation of Volvo, being a corporation which, together with the Group, is controlled by Geely Holding, play an active and positive role in enhancing the brand image and market recognition of the Group and are beneficial to the enhancement of market awareness of the Group. Also, the Group and Volvo, both being a manufacture corporation focusing on passenger vehicle as its main product, create certain synergy effects in the research and development of related technology of CBUs and prospective technology. Leveraging the synergies in research and development with Volvo, the Group has the opportunity to learn and absorb Volvo's technology accumulated over the years, which in turn will help promote the enhancement of the Company's technological capability.

(2) Lynk&Co

Lynk&Co, being a mid-to-high-end passage vehicle brand established by Ningbo Geely (the Group's wholly-owned subsidiary), Geely Holding and VCI, as a joint venture company, adopts a more premium product positioning than the Group's economy passenger vehicles under Geely brand and the positioning of the luxury smart pure electric vehicles of the ZEEKR brand is higher-end than that of Lynk&Co brand, Lynk&Co targets younger users in pursuit of a stronger sense of fashion and technology as its customer base, representing certain discrepancy with the Group's brand positioning of popularization and target customer base.

As at 31 December 2023, the Group held 50% equity interests in Lynk&Co. It designated 2 of the 4 directors to Lynk&Co and participated in the corporate governance of Lynk&Co. The Group has joint control over Lynk&Co and has stronger influence over decision-making on Lynk&Co's material events. Therefore, if Lynk&Co's material events may have a material adverse effect on the Group, the Group can avoid such material adverse effect through its shareholder's rights entitled and the directors appointed by it in Lynk&Co.

(3) Lotus

Lotus is a manufacture brand under Lotus Advance Technologies Sdn. Bhd., which is controlled by Geely Holding. As at 31 December 2023, Geely Holding indirectly held 51% equity interests in Lotus Advance Technologies Sdn. Bhd. and controls Lotus Advance Technologies Sdn. Bhd.

Lotus is a well-known manufacturer of sports car and racing car. Its passenger vehicle products are mainly high-performance sports cars and racing cars, which display significant difference from the economic passenger vehicles of the Group in terms of product positioning. Since the target consumer groups of Lotus and the Group are mainly different, the manufacture business operated by each party does not constitute a competitive relationship, and the possibility of mutually or unilaterally transferring business opportunities is small.

Although the Group is not a party to the Lotus acquisition, to protect the interests of the Group, Geely Holding has provided an irrevocable undertaking to the Company in November 2017 to the effect that upon being notified of any decision by the Company pursuant to a resolution resolved by a majority of the independent non-executive Directors, Geely Holding will, and will procure its associates (other than the Group) to transfer to the Group all or any part of the equity/businesses and

DIRECTORS' REPORT

related assets of the Lotus acquisition, and such transfer will be subject to the terms and conditions being fair and reasonable, and being in compliance with applicable requirements of the Listing Rules, other applicable laws and regulations and other necessary approvals and consents on terms to be mutually agreed.

(4) Other corporations controlled by Geely Holding or it having an interest as a substantial shareholder

Polestar

Polestar is a manufacture brand under Polestar Automotive Holding UK PLC. Polestar Automotive Holding UK PLC is owned as to 39.3% by PSD Investment Limited and as to 48.3% by Volvo Cars. PSD Investment Limited is a company controlled by Mr. Li Shu Fu.

The positioning of Polestar is high-performance electric vehicle. Polestar adheres the concept of "technology-oriented", enjoys the technical engineering synergy advantages of Volvo Cars, with worldwide sales network. Polestar redefines luxury in the age of sustainability with design, driving experience, and eco-friendly, high-tech minimalism. Significant difference is shown with the products of the Group in terms of the target consumers group.

London Electric Vehicle Company

London Electric Vehicle Company ("**LEVC**") is a manufacture brand Geely Holding. LEVC is positioned as the VAN series of electrified models. As at 31 December 2022, LEVC has launched two models of TX5 and VN5 VANs. TX5 is for the travel market, while VN5 is targeted for the European market. Both customer base and pricing are different from the Group's major brands, namely Geely and ZEEKR.

Livan

Livan is an electric mobility brand focusing on battery swapping business models. Livan was is jointly established by the Group and Lifan Technology, as at 31 December 2023, its equity interest was owned as to 45% by the Group and is an associate of the Group. On 20 February 2024, the Group announced the disposal of 45% equity interest in Livan to Geely Qizheng (Geely Qizheng is a wholly-owned subsidiary ultimately controlled by Geely Holding) , and completed this disposal by the end of February. The vision of Livan is to create a new pattern of battery swapping in the new energy era. The goal is to shape the perception of intergenerational advantage, to advocate the life style of battery swapping, and to create new value and changes for the industry. Livan positions itself as popularizing convenient commute with battery swapping. Livan has released a number of battery swapping models, which not only focus on the operation market, but also provide more choices for consumers. The business-end and customer-end drive the business growth at the same time. Livan has obvious differentiations with the Group's major brands, namely Geely and ZEEKR, regarding product positioning, targeted market segment and business operation models.

smart

smart is a vehicle brand of the joint venture company and owned as to 50% each by Geely Holding Automobile and a third party, respectively. With more than 25 years of brand awareness, the tonality of the brand mainly emphasizes light luxury, fashionable interest and intelligence, highlighting internal and external style design, personalized use function and experience and aiming at the targeted user group that pursues light luxury/fashionable interest/technological experience.

The pricing of the first model of smart and the price range of other brands formed a strong complementary relationship. In terms of sales market, smart naturally have the advantage of centering on two major markets, China and Europe. Especially, the brand recognition is stronger in the European market than that of other brands. smart targets the middle class customers who prefer smaller size vehicles which are more applicable for individual use. There are clear differences between smart and the Group's major brands, namely Geely and ZEEKR, in terms of targeted users, brand positioning and sales market.

Ji Yue

Ji Yue is a premium intelligent ROBOCAR brand under Geely Holding with a commitment to creating unparalleled driving and riding experience for users through a leading intelligent ROBOCAR that incorporates advanced technologies in autonomous driving, intelligent cabin, and innovative AI. Ji Yue's inaugural model is "ROBOCAR 01", an intelligent AI electric SUV built on Geely's SEA platform. "ROBOCAR 01" is equipped with ROBO Drive Max, a pure vision-based autonomous driving system leveraging Baidu Apollo's advanced autonomous driving capabilities, and an intelligent cabin powered by AI large models. Ji Yue aims to build a unique value proposition with cutting-edge intelligent technology, catering to the rising consumer adoption of intelligent driving and innovative technology. Therefore, Ji Yue is significantly differentiated from other brands of the Group, such as Geely and ZEEKR, in terms of positioning and targeted customers.

In light of above, the businesses controlled by Geely Holding or it having an interest as a substantial shareholder, such as Lotus, Polestar, LEVC, smart and Ji Yue are significantly different from the Group in terms of product positioning, target consumer group, etc. such that no competitive relationship is constituted with the Group, and the likelihood of mutually or unilaterally transferring business opportunities is relatively small.

No horizontal competition was found between the Group and other enterprises (other than the controlling shareholders) controlled by the actual controller

Save as disclosed above, as at 31 December 2023, neither Mr. Li Shu Fu nor his associates engaged in the research and development, production or sales of passenger vehicle business which is the same or similar to that of the Group, and no horizontal competition was found between them and the Group.

Saved as disclosed above, as at 31 December 2023, none of the Directors nor any of their respective associates had any business or interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

AUDITOR

Grant Thornton Hong Kong Limited retires, and being eligible, offers themselves for re-appointment. A resolution will be submitted to the forthcoming annual general meeting to reappoint Messrs. Grant Thornton Hong Kong Limited as the auditor of the Company.

On behalf of the Board

Li Shu Fu
Chairman
20 March 2024

INDEPENDENT AUDITOR'S REPORT

Grant Thornton
致同

To the members of Geely Automobile Holdings Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Geely Automobile Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") set out on pages 114 to 290, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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 Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

Impairment assessment of intangible assets

Refer to note 5 to the consolidated financial statements and the accounting policies as set out in notes 4(e) and 4(k) to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
We identified the impairment of intangible assets as a key audit matter due to the judgement being made about future results of the business in assessing the recoverable amount of intangible assets. As at 31 December 2023, intangible assets of approximately RMB23,919,814,000 represented capitalised product development costs related to cash-generating unit ("**CGU**"). Management assessed whether there were any indicators that the intangible assets may be impaired. Intangible assets with impairment indicators were tested for impairment. Management calculated the recoverable amount of the CGU based on value in use calculations using future cash flow projections. Based on the results of the impairment assessment which involved significant management's judgement and key assumptions, including growth rate and discount rate applied to the value in use calculations, the Company's management has concluded that there was no impairment of intangible assets for the year ended 31 December 2023.	Our audit procedures to assess the impairment of the Group's intangible assets by the Company's management included the following: – Obtained an understanding of the Group's internal controls and processes of impairment assessment; – Assessed the valuation methodology adopted by management; – Compared the current year actual cash flows with the prior year cash flow projections to consider if the projections included any assumptions that were overly optimistic; – Assessed the reasonableness of key assumptions, including growth rate and discount rate, based on our knowledge of the business and industry; – Involved a valuation specialist to assess the reasonableness of discount rate used by management; and – Reconciled input data to supporting evidence, such as approved budgets and considered the reasonableness of these budgets.

INDEPENDENT AUDITOR'S REPORT

Key audit matters (Continued)

Revenue recognition on sales of automobiles, automobile parts and components and battery packs and related parts

Refer to note 6 to the consolidated financial statements and the accounting policy as set out in note 4(n) to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
For the year ended 31 December 2023, the revenue of the Group amounted to approximately RMB179,203,592,000 of which approximately RMB170,615,912,000 was contributed from the sales of automobiles, automobile parts and components and battery packs and related parts. Revenue recognition on sales of automobiles, automobile parts and components and battery packs and related parts is identified as a key audit matter because of its financial significance to the consolidated financial statements and is one of key performance indicators of the Group. Accordingly, there may be risks of material misstatements related to revenue recognition.	Our audit procedures in relation to revenue recognition on sales of automobiles, automobile parts and components and battery packs and related parts included the following: – Understood and evaluated the internal controls and processes of revenue recognition on sales of automobiles, automobile parts and components and battery packs and related parts and tested its operating effectiveness; – Reviewed sales agreements, on a sample basis, to understand the terms of the sales transactions to assess whether the Group's accounting policies in relation to revenue recognition were applied appropriately and consistently throughout the year; – Performed analytical review on revenue and gross margin by automobile products categories to identify significant or unusual fluctuation on revenue; – Assessed, on a sample basis, whether specific revenue transactions around the end of the reporting period had been recognised in the appropriate period by comparing the transactions selected with relevant underlying documentation, including customers' receipts, goods delivery notes and the terms of sales as set out in the distributor agreements; and – Obtained external confirmation to verify the outstanding trade receivables balances at the end of the reporting period directly from customers, on a sample basis.

Other information

The directors are responsible for the other information. The other information comprises all the information included in the 2023 annual report of the Company, but does not include 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 the directors for the consolidated financial statements

The directors 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 directors assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

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 HKSAs 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.

INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism 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.

- 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.

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

From the matters communicated with the Audit Committee, we determined 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.

Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

20 March 2024

Ng Ka Kong
Practising Certificate No.: P06919

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
Revenue	6	**179,203,592**	147,964,647
Cost of sales		**(151,788,523)**	(127,069,010)
Gross profit		**27,415,069**	20,895,637
Other gains/(losses), net	8	**1,367,181**	1,156,773
Distribution and selling expenses		**(11,831,977)**	(8,228,085)
Administrative expenses		**(12,020,137)**	(10,091,989)
Impairment loss on trade and other receivables	9(c)	**(160,300)**	(2,668)
Impairment loss on non-financial assets, net	9(c)	**(317,001)**	(340,400)
Gain on bargain purchase upon subscription for an associate	18	**–**	1,749,734
Share-based payments	38	**(646,336)**	(1,488,910)
Finance income, net	9(a)	**544,350**	380,472
Share of results of associates		**365,248**	(179,424)
Share of results of joint ventures		**233,845**	830,801
Profit before taxation	9	**4,949,942**	4,681,941
Taxation	10	**(14,924)**	(32,278)
Profit for the year		**4,935,018**	4,649,663
Attributable to:			
Equity holders of the Company		**5,308,408**	5,260,353
Non-controlling interests		**(373,390)**	(610,690)
Profit for the year		**4,935,018**	4,649,663
Earnings per share			
Basic	12	**RMB0.51**	RMB0.51
Diluted	12	**RMB0.51**	RMB0.50

The notes on pages 123 to 290 are an integral part of these consolidated financial statements. Details of dividends payable to equity holders of the Company attributable to the profit for the year are set out in note 11.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

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

The notes on pages 123 to 290 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment	14	**27,350,540**	32,201,419
Intangible assets	15	**23,919,814**	22,547,705
Land lease prepayments	16	**3,600,084**	3,401,795
Goodwill	17	**34,218**	61,418
Interests in associates	18	**5,971,984**	3,967,117
Interests in joint ventures	19	**9,730,978**	10,268,201
Trade and other receivables	21	**1,895,664**	1,457,600
Financial assets at FVOCI	26	**117,746**	284,012
Deferred tax assets	35	**6,341,753**	4,573,149
		78,962,781	78,762,416
Current assets			
Inventories	20	**15,422,219**	10,822,330
Trade and other receivables	21	**42,710,734**	34,392,326
Income tax recoverable		**164,412**	121,020
Restricted bank deposits	23	**943,433**	386,898
Bank balances and cash		**35,745,963**	33,341,339
		94,986,761	79,063,913
Assets classified as held for sale	25	**18,648,139**	–
		113,634,900	79,063,913
Current liabilities			
Trade and other payables	24	**87,398,188**	65,480,717
Derivative financial instruments	22	**12,702**	80,509
Lease liabilities	27	**753,611**	556,579
Bonds payable	33	**–**	2,062,396
Income tax payable		**774,408**	773,013
		88,938,909	68,953,214
Liabilities directly associated with assets classified as held for sale	25	**7,885,018**	–
		96,823,927	68,953,214
Net current assets		**16,810,973**	10,110,699
Total assets less current liabilities		**95,773,754**	88,873,115

	Note	2023 RMB'000	2022 RMB'000
CAPITAL AND RESERVES			
Share capital	30	**183,807**	183,686
Perpetual capital securities	31	**3,413,102**	3,413,102
Reserves	32	**76,911,915**	71,533,667
Equity attributable to equity holders of the Company		**80,508,824**	75,130,455
Non-controlling interests		**4,642,674**	1,065,360
Total equity		**85,151,498**	76,195,815
Non-current liabilities			
Trade and other payables	24	**2,721,668**	1,602,020
Lease liabilities	27	**1,906,338**	1,779,429
Bank borrowings	28	**2,840,240**	2,757,960
Loan from a related company	29	**1,100,000**	6,000,000
Bonds payable	33	**1,500,000**	–
Deferred tax liabilities	35	**554,010**	537,891
		10,622,256	12,677,300
		95,773,754	88,873,115

Approved and authorised for issue by the Board of Directors on 20 March 2024.

Li Shu Fu	**Gui Sheng Yue**
Director	Director

The notes on pages 123 to 290 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Attributable to equity holders of the Company												
	Share capital RMB'000 (note 30)	Perpetual capital securities RMB'000 (note 31)	Share premium RMB'000 (note 32(a))	Capital reserve RMB'000 (note 32(b))	Statutory reserve RMB'000 (note 32(c))	Fair value reserve (recycling) RMB'000 (note 32(e))	Fair value reserve (non-recycling) RMB'000 (note 32(f))	Translation reserve RMB'000 (note 32(g))	Share-based compensation reserve RMB'000 (note 32(h))	Retained profits RMB'000 (note 32(i))	Sub-total RMB'000	Non–controlling interests RMB'000	Total RMB'000
Balance at 1 January 2022	183,015	3,413,102	17,205,492	(2,871,342)	708,079	(175,286)	–	(91,022)	1,562,619	48,671,489	68,606,146	1,614,826	70,220,972
Profit for the year	–	137,476	–	–	–	–	–	–	–	5,122,877	5,260,353	(610,690)	4,649,663
Other comprehensive income:													
Change in fair value of notes receivable at FVOCI	–	–	–	–	–	63,756	–	–	–	–	63,756	644	64,400
Share of other comprehensive expense of associate and joint venture	–	–	–	–	–	–	–	(20,328)	–	–	(20,328)	–	(20,328)
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	–	89,262	–	–	89,262	(2,814)	86,448
Change in fair value of equity investments at FVOCI	–	–	–	–	–	–	(95,958)	–	–	–	(95,958)	–	(95,958)
Total comprehensive income for the year	–	137,476	–	–	–	63,756	(95,958)	68,934	–	5,122,877	5,297,085	(612,860)	4,684,225
Transactions with owners:													
Transfer of reserves	–	–	–	–	376,514	–	–	–	–	(376,514)	–	–	–
Share of capital reserve of a joint venture	–	–	–	3,044	–	–	–	–	–	–	3,044	–	3,044
Shares issued under share option scheme (note 30(a))	39	–	11,481	–	–	–	–	–	(3,543)	–	7,977	–	7,977
Shares issued under share award scheme (note 30(b))	632	–	803,218	–	–	–	–	–	(803,218)	–	632	–	632
Equity settled share-based payments (note 38)	–	–	–	–	–	–	–	–	1,984,900	–	1,984,900	–	1,984,900
Capital contribution from non-controlling interests (note 41)	–	–	–	1,155,816	–	–	–	–	–	–	1,155,816	108,441	1,264,257
Distribution paid on perpetual capital securities (note 11(c))	–	(137,476)	–	–	–	–	–	–	–	–	(137,476)	–	(137,476)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(45,047)	(45,047)
Final dividend approved and paid in respect of the previous year (note 11(b))	–	–	–	–	–	–	–	–	–	(1,787,669)	(1,787,669)	–	(1,787,669)
Total transactions with owners	671	(137,476)	814,699	1,158,860	376,514	–	–	–	1,178,139	(2,164,183)	1,227,224	63,394	1,290,618
Balance at 31 December 2022	183,686	3,413,102	18,020,191	(1,712,482)	1,084,593	(111,530)	(95,958)	(22,088)	2,740,758	51,630,183	75,130,455	1,065,360	76,195,815

For the year ended 31 December 2023

	Attributable to equity holders of the Company													
	Share capital RMB'000 (note 30)	Perpetual capital securities RMB'000 (note 31)	Share premium RMB'000 (note 32(a))	Capital reserve RMB'000 (note 32(b))	Statutory reserve RMB'000 (note 32(c))	Safety production fund reserve RMB'000 (note 32(d))	Fair value reserve (recycling) RMB'000 (note 32(e))	Fair value reserve (non-recycling) RMB'000 (note 32(f))	Translation reserve RMB'000 (note 32(g))	Share-based compensation reserve RMB'000 (note 32(h))	Retained profits RMB'000 (note 32(i))	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2023	183,686	3,413,102	18,020,191	(1,712,482)	1,084,593	-	(111,530)	(95,958)	(22,088)	2,740,758	51,630,183	75,130,455	1,065,360	76,195,815
Profit for the year	-	142,437	-	-	-	-	-	-	-	-	5,165,971	5,308,408	(373,390)	4,935,018
Other comprehensive expense:														
Change in fair value of notes receivable at FVOCI	-	-	-	-	-	-	(66,440)	-	-	-	-	(66,440)	(671)	(67,111)
Share of other comprehensive income of associates and joint venture	-	-	-	-	-	-	-	-	10,985	-	-	10,985	-	10,985
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	-	(74,212)	-	-	(74,212)	21,122	(53,090)
Change in fair value of equity investments at FVOCI	-	-	-	-	-	-	-	(166,266)	-	-	-	(166,266)	-	(166,266)
Total comprehensive income for the year	-	142,437	-	-	-	-	(66,440)	(166,266)	(63,227)	-	5,165,971	5,012,475	(352,939)	4,659,536
Transactions with owners:														
Transfer of reserves	-	-	-	-	1,254,766	-	-	-	-	-	(1,267,501)	(12,735)	-	(12,735)
Transfer to designated safety production fund	-	-	-	-	-	134,684	-	-	-	-	(134,684)	-	-	-
Utilisation of designated safety production fund	-	-	-	-	-	(134,684)	-	-	-	-	134,684	-	-	-
Share of capital reserve of an associate and joint venture	-	-	-	145,965	-	-	-	-	-	-	-	145,965	-	145,965
Shares issued under share award scheme (note 30(b))	121	-	146,758	-	-	-	-	-	-	(146,758)	-	121	-	121
Equity settled share-based payments (note 38)	-	-	-	-	-	-	-	-	-	900,655	-	900,655	-	900,655
Capital contribution from non-controlling interests (note 41)	-	-	-	1,390,088	-	-	-	-	-	-	-	1,390,088	3,983,030	5,373,118
Distribution paid on perpetual capital securities (note 11(c))	-	(142,437)	-	-	-	-	-	-	-	-	-	(142,437)	-	(142,437)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(52,777)	(52,777)
Final dividend approved and paid in respect of the previous year (note 11(b))	-	-	-	-	-	-	-	-	-	-	(1,915,763)	(1,915,763)	-	(1,915,763)
Total transactions with owners	121	(142,437)	146,758	1,536,053	1,254,766	-	-	-	-	753,897	(3,183,264)	365,894	3,930,253	4,296,147
Balance at 31 December 2023	183,807	3,413,102	18,166,949	(176,429)	2,339,359	-	(177,970)	(262,224)	(85,315)	3,494,655	53,612,890	80,508,824	4,642,674	85,151,498

The notes on pages 123 to 290 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
Profit before taxation		**4,949,942**	4,681,941
Adjustments for:			
Depreciation and amortisation		**8,202,762**	8,318,331
Equity settled share-based payments	38	**646,336**	1,488,910
Finance costs	9(a)	**417,013**	550,689
Gain on bargain purchase upon subscription for an associate	18	**–**	(1,749,734)
Gain from derecognition of financial assets at fair value through profit or loss ("**FVTPL**")	8	**–**	(28,324)
Gain on deemed disposal of investment accounted for using the equity method	8	**(10,208)**	–
Gain on partial disposal of investment accounted for using the equity method	8	**(175,721)**	–
Impairment loss on trade and other receivables	9(c)	**160,300**	2,668
(Reversal of impairment loss)/Impairment loss on interest in a joint venture	9(c)	**(138,632)**	138,632
Impairment loss on inventories	9(c)	**250,177**	2,742
Impairment loss on property, plant and equipment	9(c)	**205,456**	199,026
Interest income	9(a)	**(961,363)**	(931,161)
Net foreign exchange loss		**230,683**	219,202
Net loss on disposal/written off of property, plant and equipment and land lease prepayments	9(c)	**301,539**	39,869
Share of results of associates		**(365,248)**	179,424
Share of results of joint ventures		**(233,845)**	(830,801)
Unrealised (gain)/loss on derivative financial instruments		**(67,807)**	147,401
Operating profit before working capital changes		**13,411,384**	12,428,815
Inventories		**(4,472,165)**	(5,303,499)
Trade and other receivables		**(2,901,827)**	(131,682)
Trade and other payables		**18,612,169**	11,106,961
Cash generated from operations		**24,649,561**	18,100,595
Income taxes paid		**(2,307,192)**	(2,082,200)
Net cash generated from operating activities		**22,342,369**	16,018,395

	Note	2023 RMB'000	2022 RMB'000
Cash flows from investing activities			
Purchase of property, plant and equipment		**(5,711,295)**	(3,515,965)
Proceeds from disposal of property, plant and equipment and land lease prepayments		**102,049**	146,814
Additions of land lease prepayments		**(171,923)**	(52,262)
Additions of intangible assets		**(9,439,276)**	(6,768,761)
Initial/additional capital injection in associates		**(1,111,000)**	(1,812,310)
Initial/additional capital injection in joint ventures		**(355,825)**	(373,200)
Proceeds from partial disposal of interest in a joint venture	19	**577,101**	–
Acquisition of a loan to an associate	18	**(387,354)**	–
Advance to a joint venture		**(100,000)**	–
Dividend received from a joint venture		**300,000**	380,000
Dividend received from associates		**220,386**	–
Change in restricted bank deposits		**(796,267)**	(382,986)
Net cash outflows on acquisition of a subsidiary	40	**(193,198)**	(645,259)
Interest received		**921,956**	893,579
Net cash used in investing activities		**(16,144,646)**	(12,130,350)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2023 RMB'000	2022 RMB'000
Cash flows from financing activities			
Dividends paid to equity holders of the Company	11(b)	**(1,915,763)**	(1,787,669)
Dividends paid to non-controlling interests		**(47,814)**	(45,047)
Distribution paid on perpetual capital securities	11(c)	**(142,437)**	(137,476)
Settlement of payables for acquisition of additional interests in a subsidiary in previous year		**–**	(1,807,384)
Capital contribution from non-controlling interests	41	**5,373,118**	1,264,257
Proceeds from bank borrowings	34	**662,813**	3,819,402
Repayment of bank borrowings	34	**–**	(3,731,301)
Advances from related companies	34	**1,898,730**	7,600,000
Repayment of loan from a related company	34	**(6,798,730)**	(3,085,000)
Proceeds from issuance of bonds	34	**1,500,000**	–
Repayment of bonds payable	34	**(2,068,422)**	–
Proceeds from issuance of shares upon vesting of award shares	30(b)	**121**	632
Proceeds from issuance of shares upon exercise of share options	30(a)	**–**	7,977
Payment of lease liabilities	34	**(785,958)**	(611,065)
Interest paid	34	**(439,434)**	(162,243)
Net cash (used in)/generated from financing activities		**(2,763,776)**	1,325,083
Net increase in cash and cash equivalents		**3,433,947**	5,213,128
Cash and cash equivalents at the beginning of the year		**33,341,339**	28,013,995
Effect of foreign exchange rate changes		**7**	114,216
Cash and cash equivalents at the end of the year		**36,775,293**	33,341,339
Analysis of balance of cash and cash equivalents:			
Bank balances and cash		**35,745,963**	33,341,339
Bank balances and cash included in assets classified as held for sale	25	**1,029,330**	–
		36,775,293	33,341,339

The notes on pages 123 to 290 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL INFORMATION

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

The addresses of the registered office and principal place of business of the Company are disclosed in "Corporate Information" section to the annual report. As at 31 December 2023, the directors consider the immediate holding company of the Company is Proper Glory Holding Inc., which is incorporated in British Virgin Islands (the "**BVI**"). The ultimate holding company of the Company is Zhejiang Geely Holding Group Company Limited# 浙江吉利控股集團有限公司 ("**Geely Holding**"), which is incorporated in the People's Republic of China (the "**PRC**") and is beneficially owned by Mr. Li Shu Fu and his associates.

The Company is an investment holding company. The principal activities of the Company's subsidiaries are set out in note 46 to the consolidated financial statements.

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

2. STATEMENT OF COMPLIANCE

These consolidated financial statements on pages 114 to 290 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**"), and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

These consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the SEHK (the "**Listing Rules**"). Material accounting policies adopted by the Company and its subsidiaries (collectively the "**Group**") is set out in note 4 below. These policies have been consistently applied to all the years presented unless otherwise stated.

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

3. ADOPTION OF NEW AND AMENDED HKFRSs

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

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

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

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

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

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

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

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

3. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

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

Amendments to HKAS 8 "Definition of Accounting Estimates"

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

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

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

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

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

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

3. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

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

Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" (Continued)

Prior to the application of the amendments, the Group had recognised the deferred tax assets and liabilities arising from leases on a net basis. Following the requirements of the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets as at 1 January 2022. As the balances are qualified for offset under paragraph 74 of HKAS 12, there is no material impact on the opening retained profits as at 1 January 2022 as a result of the amendments. The key impact of the Group relates to disclosure of components of deferred tax assets and liabilities in note 35 of the consolidated financial statements.

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

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

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

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

3. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

3.2 Issued but not yet effective HKFRSs

As at the date of authorisation of these consolidated financial statements, certain amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

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

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

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

3 Effective date not yet determined

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

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

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

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

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

By following the Guidance, the Group has changed its accounting policy in connection with its LSP obligations. As a result of the Abolition, these contributions are no longer considered "linked solely to the employee's service in that period" since the employer's MPF contribution after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, the Group ceased to apply the Practical Expedient and reattribute the deemed employee contributions to periods of service in the same manner as the gross LSP benefit by applying paragraph 93(a) of HKAS 19. This change in accounting policy did not have any impact on the opening balance of equity as at 1 January 2022, and the earnings per share amounts for the year ended 31 December 2022. It also did not have a material impact on the company-level statements of financial position as at 31 December 2022 and 31 December 2023.

4. MATERIAL ACCOUNTING POLICIES

(a) Basis of preparation

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

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 5.

The consolidated financial statements are presented in thousands of Renminbi ("**RMB'000**"), which is also the functional currency of the Company.

(b) Basis of consolidation

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(b) Basis of consolidation (Continued)

A subsidiary is an entity, directly or indirectly, controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee). When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement and consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on sales of intra-group asset are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets. The Group elects to measure any non-controlling interest in the subsidiary at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets for all business combinations.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to equity holders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and equity holders of the Company.

Changes in the Group's interests in subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(b) Basis of consolidation (Continued)

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interests in that subsidiary. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to retained profits). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 "Financial Instruments" ("**HKFRS 9**") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, investments in subsidiaries are carried at cost less any impairment loss (see note 4(k)). Cost also includes direct attributable costs of investments.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the end of the reporting period. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

(c) Goodwill

Goodwill arising on a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree, if any, over the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is stated at cost less accumulated impairment losses (see note 4(k)). Goodwill arising on a business combination is allocated to each cash-generating unit or groups of cash-generating units, which is expected to benefit from the synergies of the combination and is tested at least annually for impairment. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the interests in associates and joint ventures.

On disposal of a cash-generating unit or an associate or a joint venture, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(d) Interests in associates and joint ventures

An associate is an entity over which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or the Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in these consolidated financial statements using the equity method. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. For this purpose, the Group's interest in the associate or joint venture is the carrying amount of the investment under the equity method together with the Group's other long-term interests that in substance form part of the Group's net investment in the associate or joint venture, after applying the expected credit loss ("**ECL**") model to such other long-term interests where applicable.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities measured and contingent liabilities assumed of an associate or a joint venture recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities measured over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the determination of the Group's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Where a group entity transacts with an associate or a joint venture of the Group, profits and losses are eliminated to the extent of the Group's interests in the relevant associate and joint venture. Where unrealised losses on assets sales between the Group and its associate or joint venture are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective.

Where necessary, adjustments are made to the financial statements of associates and joint ventures to bring their accounting policies in line with those used by the Group.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(d) Interests in associates and joint ventures (Continued)

After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associates or joint ventures. At the end of each reporting period, the Group determines whether there is any objective evidence that the investment in an associate or a joint venture is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (higher of value in use and fair value less costs of disposal) of the associate or joint venture and its carrying amount. In determining the value in use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including cash flows arising from the operations of the associate or joint venture and the proceeds on ultimate disposal of the investment.

The Group discontinues the use of equity method from the date when it ceases to have significant influence over an associate or joint control over a joint venture. The difference between (i) the fair value of any retained interest and any proceeds from disposing of the interest in the associate or joint venture; and (ii) the carrying amount of the investment at the date the equity method was discontinued, is recognised in the profit or loss.

In the Company's statement of financial position, interest in a joint venture is stated at cost less impairment losses (see note 4(k)).

(e) Intangible assets (other than goodwill) and research and development activities

Intangible assets acquired separately are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses (see note 4(k)). Amortisation for intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over their estimated useful lives. Amortisation begins when the asset is available for use (i.e. when it is in the location and condition necessary for it to be capable of operation).

Research and development costs

Costs associated with research activities are recognised as an expense in the period in which it is incurred. Costs that are directly attributable to the development phase are recognised as intangible assets provided they meet the following recognition requirements:

(i) demonstration of technical feasibility of the prospective product for internal use or sale;

(ii) there is an intention to complete the intangible asset and use or sell it;

(iii) the Group's ability to use or sell the intangible asset is demonstrated;

4. MATERIAL ACCOUNTING POLICIES (Continued)

(e) Intangible assets (other than goodwill) and research and development activities (Continued)

Research and development costs (Continued)

(iv) the intangible asset will generate probable economic benefits through internal use or sale;

(v) sufficient technical, financial and other resources are available for completion; and

(vi) the expenditure attributable to the intangible asset can be reliably measured.

The costs capitalised include employee costs incurred on development along with an appropriate portion of relevant overheads. The costs of internally generated product developments are recognised as intangible assets. They are subject to the same subsequent measurement method as externally acquired intangible assets.

Capitalised product development costs are amortised over 3 to 10 years. All other development costs are recognised as an expense in the period in which it is as incurred.

Both the period and method of amortisation are reviewed annually.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, cost of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average method. Net realisable value represents 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.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(g) Foreign currency translation

In preparing the financial statements of each individual entity, foreign currency transactions are translated into the functional currency of the individual entity at exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rate ruling at the transaction dates and not retranslated (i.e. only translated using the exchange rates at the transaction date). When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences arising on the settlement of monetary assets and liabilities, and on the translation of monetary assets and liabilities, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary assets and liabilities that forms part of the Company's net investment in a foreign operation, in which case such exchange differences are recognised in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Renminbi ("**RMB**")) at the exchange rates prevailing at the end of reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising from translation of functional currency to presentation currency, if any, are recognised in other comprehensive income and accumulated in a separate component of equity (i.e. the translation reserve). Such exchange differences are reclassified from equity to profit or loss as a reclassification adjustment in the period in which the foreign operation is disposed of.

(h) Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, in case of financial assets or liabilities not at FVTPL, are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

Financial assets

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held within a business model whose objective is to hold the investment and collect its contractual cash flows and the contractual terms of the investment give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from the investment is calculated using the effective interest method (note 4(n)).

– FVOCI (recycling), if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale, subsequent changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of ECLs, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– FVTPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group elects to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but only be made if the investment meets the definition of equity from the issuer’s perspective.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established. Dividends are recognised in profit or loss as “Other gains/(losses), net”.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

Financial assets (Continued)

Credit losses

The Group recognises a loss allowance for ECLs on the financial assets measured at amortised cost (including bank balances and cash, restricted bank deposits and trade and other receivables (excluding notes receivable)) and debt instruments measured at FVOCI (recycling) (including notes receivable).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls on bank balances and cash, restricted bank deposits and trade and other receivables (excluding notes receivable) are discounted using effective interest rate determined at initial recognition or an approximation thereof where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the end of reporting period; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs by using a simplified approach. The Group determines the ECLs on these financial assets collectively using a provision matrix with appropriate groupings and/or individually assessed for debtors with significant balances. Both provision matrix and individual assessment are based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the end of the reporting period.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

Financial assets (Continued)

<u>*Credit losses (Continued)*</u>

Measurement of ECLs (Continued)

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the end of the reporting period with that assessed at the date of initial recognition. In making this assessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without taking into account any collateral held by the Group; or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

– existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and

– an actual or expected significant deterioration in the operating results of the debtor.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

Financial assets (Continued)

Credit losses (Continued)

Significant increases in credit risk (Continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at the end of each reporting period to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment loss or reversal of impairment loss in profit or loss. The Group recognises an impairment loss or reversal of impairment loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for notes receivable that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Detailed analysis of the ECL assessment of trade receivables and other financial assets measured at amortised cost are set out in note 44.

Basis of calculation of interest income on financial assets

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At the end of each reporting period, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. MATERIAL ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

Financial assets (Continued)

Credit losses (Continued)

Basis of calculation of interest income on financial assets (Continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Financial liabilities

The Group's financial liabilities include bank borrowings, loan from a related company, bonds payable, lease liabilities, derivative financial instruments and trade and other payables.

All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs (see note 4(t)).

Accounting policies of lease liabilities are set out in note 4(r).

Trade and other payables

Trade and other payables are initially recognised at their fair values, and are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

Details of accounting policy of derivative financial instruments are set out note 4(m).

4. MATERIAL ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

Financial liabilities (Continued)

Interest bearing borrowings

Interest bearing borrowings, including bank borrowings, loan from a related company and bonds payable, are classified as financial liabilities and recognised initially at fair value, less transaction costs incurred. Interest bearing borrowings are subsequently stated at amortised cost, using the effective interest method.

Interest bearing borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of reporting period.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expired or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity, if any, is recognised in profit or loss.

For financial liabilities, they are derecognised from the Group's consolidated statement of financial position when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid or payable is recognised in profit or loss.

(i) Property, plant and equipment

Property, plant and equipment, other than construction in progress ("**CIP**") and cost of right-of-use assets (see note 4(r)), are stated at cost less subsequent accumulated depreciation and accumulated impairment loss (see note 4(k)). Cost comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation is provided to write off the cost of items of property, plant and equipment (other than CIP) over their estimated useful lives less their estimated residual values, if any, using the straight-line method as follows:

Buildings	30 years
Plant and machinery	7 to 10 years
Leasehold Improvements	Over the shorter of the unexpired lease terms and 3 years
Furniture and fixtures, office equipment and motor vehicles	5 to 10 years

Accounting policy for depreciation of right-of-use asset is set out in note 4(r).

4. MATERIAL ACCOUNTING POLICIES (Continued)

(i) Property, plant and equipment (Continued)

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gain or loss arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

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 costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

CIP is stated at cost less accumulated impairment losses (see note 4(k)). Cost includes all construction expenditure and other direct costs attributable to such projects. Costs on completed construction works are transferred to the appropriate asset category. No depreciation is provided in respect of CIP until it is completed and available for use.

(j) Land lease prepayments

"Land lease prepayments" (which meet the definition of right-of-use assets) represent the upfront payment for long-term land lease in which the payment can be reliably measured. It is stated at cost less accumulated depreciation and any accumulated impairment losses (see note 4(k)). Depreciation is calculated on a straight-line basis over the term of the right-of-use except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of the land.

(k) Impairment of non-current assets

Internal and external sources of information are reviewed at the end of the reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment (including right-of-use assets);

– land lease prepayments;

– intangible assets;

– interests in associates and joint ventures;

4. MATERIAL ACCOUNTING POLICIES (Continued)

(k) Impairment of non-current assets (Continued)

- goodwill; and

- investments in subsidiaries and interest in a joint venture in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the higher of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). As a result, some assets, are tested individually for impairment and some are tested at cash-generating unit level. Corporate assets are allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

4. MATERIAL ACCOUNTING POLICIES (Continued)

(k) Impairment of non-current assets (Continued)

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

Impairment losses recognised in an interim period in respect of goodwill, are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(l) Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note 4(h).

Bank balances for which used by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting the use of bank balances are disclosed in note 23.

(m) Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of each reporting period, the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for hedged accounting under HKFRS 9.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(n) Revenue recognition and other contract costs

(a) Revenue from contracts with customers

Sales of automobiles, automobile parts and components, battery packs and related parts and scrap materials

Revenue is generally recognised at a point in time when the customers obtain possession of and control of the promised goods in the contract. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Revenue excludes value added tax ("**VAT**") or related sales taxes and net of discounts.

A contract liability is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. The Group recognised its contract liabilities under "Trade and other payables" as receipts in advance from customers in the consolidated statement of financial position.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 "Revenue from Contracts with Customers" ("**HKFRS 15**") and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Sales-related warranties associated with automobiles cannot be purchased separately and are served as an assurance that the products sold comply with agreed-upon specifications (i.e. assurance-type warranties). Accordingly, the Group accounts for warranties in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

4. MATERIAL ACCOUNTING POLICIES (Continued)

(n) Revenue recognition and other contract costs (Continued)

(a) Revenue from contracts with customers (Continued)

Sales of automobiles, automobile parts and components, battery packs and related parts and scrap materials (Continued)

For warranties associated with automobiles that can be purchased separately or are served as a service in addition to assurance-type warranties (i.e. service-type warranties), the Group accounts for warranties as a separate performance obligation and allocate transaction price in accordance with relative standalone selling price of the warranties.

Services income related to sales of automobiles is recognised over time in the period in which the relevant services have been delivered to customers.

Research and development and related technological support services

Revenue from research and development and related technological support services is recognised over time using the output method, which is to recognise revenue on the basis of direct measurements of the value to the customer of the services transferred to date ("**value to the customer**"), provided that the value to the customer is established by reference to the completion status report confirmed by customers.

Licensing of intellectual properties

For granting of a license that is distinct from other promised goods or services, the nature of the Group's promise in granting a license is a promise to provide a right to access the Group's intellectual property if all of the following criteria are met:

(i) The contract requires, or the customer reasonably expects, that the Group will undertake activities that significantly affect the intellectual properties to which the customer has rights;

(ii) The rights granted by the license directly expose the customer to any positive or negative effects of the Group's activities; and

(iii) Those activities do not result in the transfer of a good or a service to the customer as those activities occur.

If the criteria above are met, the Group accounts for the promise to grant a license as a performance obligation satisfied over time. Otherwise, the Group considers the grant of license as providing the customers the right to use the Group's intellectual property and the performance obligation is satisfied at a point in time at which the license is granted.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(n) Revenue recognition and other contract costs (Continued)

(a) Revenue from contracts with customers (Continued)

Collaborative manufacturing income

Collaborative manufacturing income is recognised upon the subcontracting goods are delivered and the customer has accepted and obtained control of the goods. It is presented on a net basis in the consolidated income statement as the Group is acting as an agent.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Rental income

Accounting policy for rental income is set out in note 4(r).

Interest income

Interest income is recognised on a time proportion basis using the effective interest method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(n) Revenue recognition and other contract costs (Continued)

(b) Other contract costs

If the costs incurred in fulfilling a contract with a customer which are not capitalised as inventories, property, plant and equipment and intangible assets, the Group capitalises the costs incurred to fulfil a contract with a customer as an asset (included in trade and other receivables in the consolidated statement of financial position) if all of the following criteria are met:

(i) the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

(ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(iii) the costs are expected to be recovered.

An asset is amortised and charged to the profit or loss on a systematic basis (i.e. in line with the recognition of the respective revenue in accordance with the terms of the contracts that is consistent with the transfer to the customer of the goods or services to which the asset relates). The asset is subject to impairment review. Other costs of fulfilling a contract, which are not capitalised, are expensed as incurred.

(o) Taxation

Income tax expense comprises current tax and deferred tax.

Current tax and movement in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(o) Taxation (Continued)

Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures including existing taxable temporary differences, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies the requirements in HKAS 12 to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to the lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax is calculated, without discounting, at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

The carrying amount of a deferred tax asset is reviewed at the end of the reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(o) Taxation (Continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and current tax liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and deferred tax liabilities, if they relate to income taxes levied by the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(p) Equity settled share-based payments

The Company has operated share incentive plans including share option schemes and share award schemes. The fair value of share options and award shares granted to employees is recognised as an employee cost and/or capitalised with a corresponding increase in the share-based compensation reserve within equity. The fair value is measured at grant date using the valuation techniques, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options and award shares, the total estimated fair value of the share options and award shares is spread over the vesting period, taking into account the probability that the share options and award shares will vest.

During the vesting period, the number of share options and award shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged or credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share-based compensation reserve. On vesting date, the amount recognised as an expense and/or capitalised is adjusted to reflect the actual number of options and award shares that vest (with a corresponding adjustment to the share-based compensation reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share-based compensation reserve until either the share options and award shares are exercised/allotted (when it is included in the amount recognised in share premium for the shares issued) or the share options and award shares expire (when it is released directly to retained profits).

4. MATERIAL ACCOUNTING POLICIES (Continued)

(p) Equity settled share-based payments (Continued)

If the share options and award shares granted are cancelled or settled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the cancellation or settlement is accounted for as an acceleration of vesting, and the amount that otherwise would have been recognised for services received over the remainder of the vesting period is recognised immediately in profit or loss.

The Company grants its equity instruments to employees of its subsidiaries to exchange for their services related to the subsidiaries. Accordingly, the equity settled share-based payments, which are recognised in the financial statements, are treated as part of the "Investments in subsidiaries" in the Company's statement of financial position.

(q) Employee benefits

(i) Retirement benefits

Retirement benefits to employees are provided through defined contribution plans. In addition, the employees employed under the Hong Kong Employment Ordinance are also entitled to LSP if the eligibility criteria are met. The LSP are defined benefit plans.

Defined contribution plans

Payments to the Group's Mandatory Provident Fund Scheme ("**MPF Scheme**") in Hong Kong, the state-managed retirement benefit scheme in the PRC and defined contribution superannuation funds in other overseas countries are charged as expenses as they fall due.

Defined benefit plans

The amount of long service benefit that an employee will receive on cessation of employment in certain circumstances is defined by reference to the employee's length of service and corresponding salary. The legal obligations for any benefits remains with the Group.

The LSP obligations recognised in the consolidated statement of financial position is the present value of the LSP obligation at the end of the reporting period.

Management estimates the LSP obligations annually. This is based on the discount rate, the salary growth rate, turnover rate and the expected investment return on offsetable MPF accrued benefits. Discount factors are determined close to the end of each annual reporting period by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the terms of the related defined benefit liability.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(q) Employee benefits (Continued)

(ii) Short-term employee benefits

Salaries, discretionary bonuses, paid annual leave and the cost of non-monetary benefits are accrued and recognised as an expense in profit or loss in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(r) Leases

(i) Definition of a lease and the Group as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

4. MATERIAL ACCOUNTING POLICIES (Continued)

(r) Leases (Continued)

(i) Definition of a lease and the Group as a lessee (Continued)

Measurement and recognition of leases as a lessee (Continued)

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

On the consolidated statement of financial position, right-of-use assets have been included in "Property, plant and equipment", the same line as it presents the underlying assets of the same nature that it owns. The prepaid lease payments for leasehold land are presented as "Land lease prepayments" under non-current assets.

Refundable rental deposits paid are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(r) Leases (Continued)

(ii) The Group as a lessor

As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

The Group also earns rental income from operating leases of certain portion of its building and plant and machinery. Rental income is recognised on a straight-line basis over the term of lease.

(s) 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 are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

The government grants relating to the purchase of land lease prepayments, intangible assets and property, plant and equipment for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the assets by way of reduced depreciation and amortisation expenses.

Government grants relating to income is presented in gross under "Other gains/(losses), net" in the consolidated income statement.

(t) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

(u) Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(u) Provisions and contingent liabilities (Continued)

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(v) Share capital

Ordinary shares are classified as equity. Share capital is recognised at the amount of consideration of shares issued, after deducting any transaction costs associated with the issuing of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

Perpetual capital securities with no contracted obligation to repay its principal or to pay any distribution are classified as part of equity.

(w) Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

(a) the party, is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group.
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) the entity and the Group are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. MATERIAL ACCOUNTING POLICIES (Continued)

(w) Related parties (Continued)

(b) the party is an entity where any of the following conditions applies (Continued):

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any members of a group of which it is a part, provides key management personnel services to the Group or the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management, being the chief operating decision maker, for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. MATERIAL ACCOUNTING POLICIES (Continued)

(y) Disposal groups held for sale

Disposal groups comprising assets and liabilities, that are highly probable to be recovered principally through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets and deferred tax assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Impairment of long-lived assets

If circumstances indicate that the net book value of a long-lived asset, including property, plant and equipment, intangible assets and land lease prepayments (notes 14, 15 and 16), may not be recoverable, the asset may be considered "impaired" and an impairment loss may be recognised in accordance with HKAS 36 "Impairment of Assets" ("**HKAS 36**"). The carrying amounts of long-lived assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal and the value in use. It is difficult to precisely estimate selling prices because quoted market prices for the Group's assets are not readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant estimation relating to the level of sales volume, selling prices and the amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume, selling prices and the amount of operating costs. During the year ended 31 December 2023, the impairment loss of RMB205,456,000 (2022: RMB199,026,000) was provided for long-lived assets.

Estimation of impairment of trade and other receivables

The Group makes allowances on items subjects to ECL (including trade and other receivables) based on assumptions about risk of default and expected loss rates. The Group uses judgement 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 (as set out in notes 4(h) and 44). When the actual future cash flows are different from expected, such difference will impact the carrying amount of trade receivables and other items within the scope of ECL under HKFRS 9 and credit losses in the periods in which such estimate has been changed.

As at 31 December 2023 and 2022, the carrying amounts of trade and other receivables are set out in note 21. During the year ended 31 December 2023, impairment loss of RMB160,300,000 (2022: RMB2,668,000) was recognised for trade and other receivables.

Write-down of inventories

The Company's management reviews the condition of inventories, as stated in note 20 to the consolidated financial statements, at the end of each reporting period, and makes allowance for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. The Group carries out the inventory review on a product-by-product basis and makes allowances by reference to the latest market prices and current market conditions. Write-down for slow-moving inventories amounted to RMB250,177,000 (2022: RMB2,742,000) was recognised as an expense during the year ended 31 December 2023.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Depreciation and amortisation

Property, plant and equipment and intangible assets (notes 14 and 15) with finite useful lives are depreciated or amortised on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value, if any. The Group reviews the condition of property, plant and equipment and intangible assets (i.e. whether it is available for use) as well as the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expense to be recorded during the financial year. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

Impairment of investments

The Group assesses annually and at the end of each interim period if interests in associates and joint ventures (notes 18 and 19) have suffered any impairment in accordance with HKAS 36. Details of the approach are stated in the accounting policy as set out in note 4(d). The assessment of value in use requires an estimation of future cash flows, including expected dividends, from the investments and the selection of appropriate discount rates. Future changes in financial performance and position of these entities would affect the estimation of impairment loss and cause adjustments to their carrying amounts. During the year ended 31 December 2023, the reversal of impairment loss of RMB138,632,000 (2022: impairment loss of RMB138,632,000) and RMBNil (2022: RMBNil) were provided for interests in joint ventures and interests in associates, respectively.

Income taxes

Subsidiaries of the Group are subject to income taxes according to different tax rates of different regions in the PRC. As certain tax affairs are pending from the confirmation of relevant tax authorities, the Group shall make reliable estimates and judgements for the expected tax adjustments and amounts resulting from such affairs based on the current tax laws and relevant policies. Subsequently, if differences exist between the initial estimates of such affairs and the actual amount of tax payable due to certain objective reasons, such difference will affect the taxes for the current period and tax payables of the Group. Details of income tax are set out in note 10.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Deferred tax

As at 31 December 2023, deferred tax assets of RMB3,655,630,000 (2022: RMB2,897,621,000) in relation to unused tax losses have been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised in respect of the remaining tax losses of RMB3,514,927,000 (2022: RMB1,499,643,000) as well as the deductible temporary differences of RMB2,629,929,000 (2022: RMB289,004,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less or more than expected, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in the profit or loss for the period in which such a reversal or further recognition takes place. Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised.

As at 31 December 2023, deferred tax liabilities of RMB490,427,000 (2022: RMB466,530,000) relating to the distributable profits not yet paid out as dividends that are generated by the PRC subsidiaries have been recognised in the Group's consolidated statement of financial position. Deferred tax liabilities have not been recognised in respect of temporary differences relating to the post-2007 undistributed profits of the PRC subsidiaries of RMB14,947,011,000 (2022: RMB10,406,927,000) as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future. Further details are disclosed in note 35.

Equity settled share-based payments

Equity-settled share awards are recognised as an expense and/or capitalised based on their fair value at date of grant. The fair value of equity-settled share options is estimated through the use of option valuation models – which require inputs such as the risk-free interest rate, expected dividends, expected volatility and the expected option life – and is expensed and/or capitalised over the vesting period. Some of the inputs used, such as the expected option life, are not market observable and are based on estimates derived from available data, such as employee exercise behaviour. The models utilised, such as the binomial option pricing model, are intended to value options traded in active markets. The share options issued by the Group, however, have a number of features that make them incomparable to such traded options. Using different input estimates or models could produce different option values, which would be material changes in the amount of equity settled share-based payments recorded in the profit or loss and/or the carrying amount of respective assets.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical accounting judgements

Interests in joint ventures

*Genius Auto Finance Company Limited# 吉致汽車金融有限公司 ("**Genius AFC**")*

The Group invested in Genius AFC as at 31 December 2023 and 2022. Unanimous consent from the Group and the other investor, BNP Paribas Personal Finance ("**BNPP PF**") or unanimous resolution of all directors (present in person or represented by proxy for the board meeting) of Genius AFC for certain key corporate matters is needed. Therefore, Genius AFC is under the joint control of the Group and BNPP PF, despite the Group has an equity interest of 75% (2022: 80%). Also, the Group and BNPP PF have rights to the net assets of Genius AFC. Accordingly, the investment in Genius AFC is classified as a joint venture of the Group and accounted for using equity method.

*LYNK & CO Investment Co., Ltd.# 領克投資有限公司 ("**LYNK & CO Investment**")*

The Group invested in LYNK & CO Investment as at 31 December 2023 and 2022. Unanimous consent from the Group and the two remaining shareholders of LYNK & CO Investment (the "**JV Parties**") or unanimous resolution of all directors (present in person or represented by proxy for the board meeting) of LYNK & CO Investment for certain key corporate matters is needed. Therefore, LYNK & CO Investment is under the joint control of the Group and the JV Parties. Accordingly, the investment in LYNK & CO Investment is classified as a joint venture of the Group and accounted for using equity method.

*Zhejiang Geely AISIN Automatic Transmission Company Limited# 浙江吉利愛信自動變速器有限公司 ("**Zhejiang AISIN**")*

The Group invested in Zhejiang AISIN as at 31 December 2023 and 2022. Unanimous resolution of all directors of Zhejiang AISIN for certain key corporate matters is needed. Therefore, Zhejiang AISIN is a joint venture of the Group and its financial results were accounted for using the equity method.

*Shandong Geely Sunwoda Power Battery Company Limited# 山東吉利欣旺達動力電池有限公司 ("**Geely Sunwoda**")*

The Group invested in Geely Sunwoda as at 31 December 2023 and 2022. Pursuant to the joint venture agreement, the registered capital of Geely Sunwoda is contributed as to 41.5% (equivalent to RMB41,500,000), 30% (equivalent to RMB30,000,000) and 28.5% (equivalent to RMB28,500,000)) by the Group, Sunwoda Electric Vehicle Battery Company Ltd.# 欣旺達電動汽車電池有限公司 ("**Sunwoda**") and Geely Automobile Group Company Limited# 吉利汽車集團有限公司 ("**Geely Automobile Group**"), respectively. Shareholders' meeting is the highest authority and the voting rights in the Shareholders' meeting are in proportion to respective shareholding ratio. Certain key corporate matters shall only be decided by more than 80% of the voting rights from shareholders of Geely Sunwoda. Geely Sunwoda is under the joint control of all shareholders because decisions about the key corporate matters cannot be made without the parties' agreement. Therefore, the investment in Geely Sunwoda is classified as a joint venture of the Group and accounted for using the equity method.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical accounting judgements (Continued)

Interests in joint ventures (Continued)

Guangdong Xinyueneng Semiconductor Company Limited# 廣東芯粵能半導體有限公司 *(“**Xinyueneng**”)*

The Group invested in Xinyueneng as at 31 December 2023 and 2022. Pursuant to the joint venture agreement, the registered capital of Xinyueneng is contributed as to 40% (equivalent to RMB160,000,000), 40% (equivalent to RMB160,000,000) and 20% (equivalent to RMB80,000,000) by the Group, Guangdong Xinjuneng Semiconductor Company Limited# 廣東芯聚能半導體有限公司 and Guangzhou Xinhe Technology Investment Partnership (Limited Partnership)# 廣州芯合科技投資合夥企業(有限合夥), respectively. Shareholders’ meeting is the highest authority and the voting rights in the shareholders’ meeting are in proportion to respective subscribed shareholding ratio. Certain key corporate matters shall only be decided by two-thirds of the voting rights from shareholders of Xinyueneng. Therefore, Xinyueneng is under the joint control of the Group and other shareholders because decisions about the key corporate matters cannot be made without the parties’ agreement. Accordingly, the investment in Xinyueneng is classified as a joint venture of the Group and accounted for using the equity method.

Further details are disclosed in note 19.

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

Determination of the discount rate for leases

In determining the discount rate, the Group is required to exercise considerable judgement taking into account the nature of the underlying assets and the terms and conditions of the leases, at both the commencement date and effective date of the modification.

6. REVENUE

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

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

7. SEGMENT INFORMATION

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. SEGMENT INFORMATION (Continued)

Geographical information

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

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

7. SEGMENT INFORMATION (Continued)

Information about a major customer

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

	2023 RMB'000	2022 RMB'000
Customer A#	**24,395,747**	21,580,845

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

8. OTHER GAINS/(LOSSES), NET

	2023 RMB'000	2022 RMB'000
Government grants and subsidies (note)	**958,900**	324,469
Net foreign exchange loss	**(125,827)**	(78,580)
Net realised and unrealised (loss)/gain on derivative financial instruments	**(143,278)**	281,961
Net loss on disposal/written off of property, plant and equipment and land lease prepayments	**(301,539)**	–
Gain from derecognition of financial assets at FVTPL	**–**	28,324
Logistic service income	**104,880**	130,151
Quality management and information technology service income	**111,374**	94,501
Gain on disposal of scrap materials	**46,765**	38,563
Gain on written off of long outstanding payable	**150,135**	–
Replacement service income	**17,695**	3,799
Gain on deemed disposal of investment accounted for using the equity method (note 18)	**10,208**	–
Gain on partial disposal of investment accounted for using the equity method (note 19)	**175,721**	–
Export services income	**10,160**	29,905
Rental income	**23,230**	35,975
Testing and inspection income	**10,712**	39,388
Sundry income	**318,045**	228,317
	1,367,181	1,156,773

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. PROFIT BEFORE TAXATION

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

	2023 RMB'000	2022 RMB'000
(a) Finance income and costs		
Finance costs		
Interest on bank and other borrowings	**129,118**	95,462
Interest on discounted notes receivable	**30,486**	83,002
Interest on lease liabilities	**75,643**	64,589
Interest on loans from related companies	**181,766**	211,329
Discounting effect on initial recognition of financial assets at amortised cost	**–**	96,307
	417,013	550,689
Finance income		
Bank and other interest income	**(961,363)**	(931,161)
Net finance income	**(544,350)**	(380,472)
(b) Staff costs (including directors' emoluments (note 13)) (note (a))		
Salaries, wages and other benefits	**9,069,223**	6,722,023
Retirement benefit scheme contributions (note (b))	**621,209**	504,617
Equity settled share-based payments (note 38)	**646,336**	1,488,910
	10,336,768	8,715,550

9. PROFIT BEFORE TAXATION (Continued)

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

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

Notes:

(a) Cost of inventories included RMB7,334,535,000 (2022: RMB7,396,679,000) relating to staff costs and depreciation, which amounts were also included in the respective total amounts disclosed separately for each of these types of expenses.

(b) As at 31 December 2023, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2022: RMBNil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. TAXATION

	2023 RMB'000	2022 RMB'000
Current tax:		
– PRC enterprise income tax	**2,232,217**	2,032,646
– Under-provision in prior years	**42,809**	9,160
	2,275,026	2,041,806
Deferred tax (note 35)	**(2,260,102)**	(2,009,528)
	14,924	32,278

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

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

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

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

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

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

10. TAXATION (Continued)

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

	2023 **RMB'000**	2022 RMB'000
Profit before taxation	**4,949,942**	4,681,941
Tax at the PRC enterprise income tax rate of 25% (2022: 25%)	**1,237,486**	1,170,485
Tax effect of expenses not deductible	**316,551**	453,393
Tax effect of non-taxable income	**(541,085)**	(370,558)
Tax effect of unrecognised tax losses	**306,135**	76,784
Tax effect of unrecognised deductible temporary differences	**5,599**	10,201
Utilisation of previously unrecognised tax losses/deductible temporary differences	**(62,981)**	(181,197)
Tax effect of different tax rates of entities operating in other jurisdictions	**(75,044)**	(246,973)
Deferred tax charge related to withholding tax on undistributed profits from the PRC subsidiaries (note 35)	**23,897**	67,123
Withholding tax on dividend declared by subsidiaries	**396,705**	218,857
Effect of tax concessions and lower tax rates for certain PRC subsidiaries	**(437,087)**	(576,336)
Super Deduction for research and development costs	**(893,097)**	(598,661)
Changes in opening balance of deferred tax assets/liabilities arising from changes in tax rate	**(304,964)**	–
Under-provision in prior years	**42,809**	9,160
Tax expense for the year	**14,924**	32,278

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. DIVIDENDS

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

	2023	2022
	RMB'000	RMB'000
Final dividend proposed after the end of reporting period of Hong Kong dollars ("**HK$**") 0.22 (2022: HK$0.21) per ordinary share	**2,033,286**	1,866,554

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

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

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

(c) Distribution on perpetual capital securities

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

12. EARNINGS PER SHARE

(a) Basic earnings per share

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

Profit attributable to ordinary equity holders of the Company

	2023 **RMB'000**	2022 RMB'000
Profit for the year attributable to the equity holders of the Company	**5,308,408**	5,260,353
Distribution paid on perpetual capital securities (note 11(c))	**(142,437)**	(137,476)
Profit for the year attributable to ordinary equity holders of the Company	**5,165,971**	5,122,877

Weighted average number of ordinary shares (basic)

	2023	2022
Issued ordinary shares as at 1 January (note 30)	**10,056,973,786**	10,018,441,540
Effect of share options exercised	**–**	2,315,814
Effect of award shares vested	**2,194,725**	13,263,153
Weighted average number of ordinary shares as at 31 December	**10,059,168,511**	10,034,020,507

12. EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share

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

Weighted average number of ordinary shares (diluted)

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

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's remuneration

Directors' and chief executive's emoluments, disclosed pursuant to the Listing Rules and section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

2023

Name of directors	Fees RMB'000	Salaries RMB'000	Discretionary bonus RMB'000	Rental allowance RMB'000	Retirement benefits scheme contribution RMB'000	Sub-total RMB'000	Equity settled share–based payments RMB'000 (note (i))	Total RMB'000
Executive directors								
Mr. An Cong Hui	9	–	–	–	–	9	28,898	28,907
Mr. Ang Siu Lun, Lawrence	–	3,814	1,291	–	33	5,138	3,803	8,941
Mr. Gan Jia Yue (note (ii))	9	–	–	–	–	9	13,229	13,238
Mr. Gui Sheng Yue (Chief Executive Officer)	–	4,112	1,392	586	33	6,123	18,796	24,919
Mr. Li Dong Hui, Daniel (Vice Chairman)	9	–	–	–	–	9	18,757	18,766
Mr. Li Shu Fu (Chairman)	–	353	–	–	16	369	–	369
Ms. Wei Mei	9	–	–	–	–	9	9,266	9,275
Independent non-executive directors								
Mr. An Qing Heng	325	–	–	–	–	325	–	325
Mr. Wang Yang	325	–	–	–	–	325	–	325
Ms. Gao Jie	325	–	–	–	–	325	–	325
Ms. Lam Yin Shan, Jocelyn (note (v))	256	–	–	–	–	256	–	256
Ms. Yu Li Ping, Jennifer (note (vi))	76	–	–	–	–	76	–	76
Mr. Zhu Han Song (note (vi))	76	–	–	–	–	76	–	76
	1,419	8,279	2,683	586	82	13,049	92,749	105,798

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' and chief executive's remuneration (Continued)

2022

Name of directors	Fees RMB'000	Salaries RMB'000	Discretionary bonus RMB'000	Rental allowance RMB'000	Retirement benefits scheme contribution RMB'000	Sub-total RMB'000	Equity settled share–based payments RMB'000 (note (i))	Total RMB'000
Executive directors								
Mr. An Cong Hui	9	–	–	–	–	9	41,871	41,880
Mr. Ang Siu Lun, Lawrence	–	3,628	925	–	31	4,584	5,710	10,294
Mr. Gan Jia Yue (note (ii))	4	–	–	–	–	4	20,461	20,465
Mr. Gui Sheng Yue (Chief Executive Officer)	–	3,912	998	556	31	5,497	25,694	31,191
Mr. Li Dong Hui, Daniel (Vice Chairman)	9	–	–	–	–	9	26,645	26,654
Mr. Li Shu Fu (Chairman)	–	390	–	–	18	408	–	408
Ms. Wei Mei	9	–	–	–	–	9	13,323	13,332
Mr. Yang Jian (note (iii))	3	–	–	–	–	3	2,379	2,382
Independent non-executive directors								
Mr. An Qing Heng	308	–	–	–	–	308	–	308
Mr. Lee Cheuk Yin, Dannis (note (iv))	118	–	–	–	–	118	–	118
Mr. Wang Yang	308	–	–	–	–	308	–	308
Mr. Yeung Sau Hung, Alex (note (iv))	118	–	–	–	–	118	–	118
Ms. Lam Yin Shan, Jocelyn	308	–	–	–	–	308	–	308
Ms. Gao Jie	308	–	–	–	–	308	–	308
	1,502	7,930	1,923	556	80	11,991	136,083	148,074

Notes:

(i) These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policy for equity settled share-based payments as set out in note 4(p) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under the paragraph "Share Options" in the Directors' Report and note 38 to the consolidated financial statements.

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' and chief executive's remuneration (Continued)

Notes: (Continued)

(ii) Mr. Gan Jia Yue was appointed as an executive director of the Company on 25 July 2022.

(iii) Mr. Yang Jian retired as an executive director of the Company on 25 May 2022.

(iv) Mr. Lee Cheuk Yin, Dannis and Mr. Yeung Sau Hung, Alex retired as independent non-executive directors of the Company on 25 May 2022.

(v) Ms. Lam Yin Shan, Jocelyn resigned as an independent non-executive director of the Company on 16 October 2023.

(vi) Ms. Yu Li Ping, Jennifer and Mr. Zhu Han Song were appointed as independent non-executive directors of the Company on 9 October 2023.

(vii) No director waived any emoluments during the years ended 31 December 2023 and 2022.

(viii) No emoluments were paid by the Group to any directors as an inducement to join or upon joining the Group or as compensation for loss or termination of their office during the years ended 31 December 2023 and 2022.

(b) Employees' emoluments

Of the five individuals with the highest emoluments, four (2022: four) were directors of the Company whose emoluments are included in the disclosures in note 13(a) above. The aggregate of the emoluments in respect of the remaining one (2022: one) individual are as follows:

	2023 **RMB'000**	2022 RMB'000
Salaries and allowances	**–**	–
Discretionary bonuses	**–**	–
Retirement benefits scheme contributions	**–**	–
Equity settled share-based payments	**10,698**	30,263
	10,698	30,263

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Employees' emoluments (Continued)

The emoluments of the one (2022: one) individual with the highest emoluments are within the following bands:

	2023 Number of individuals	2022 Number of individuals
HK$11,500,001 – HK$12,000,000	**1**	–
HK$35,000,001 – HK$35,500,000	**–**	1
	1	1

Note: No emoluments were paid by the Group to the remaining one (2022: one) individual as an inducement to join or upon joining the Group or as compensation for loss or termination of their office during the years ended 31 December 2023 and 2022.

14. PROPERTY, PLANT AND EQUIPMENT

	CIP RMB'000	Buildings RMB'000	Plant and machinery RMB'000	Leasehold improvements RMB'000	Furniture and fixtures, office equipment and motor vehicles RMB'000	Total RMB'000
COST						
At 1 January 2022	4,160,646	13,400,286	19,963,549	21,402	2,671,614	40,217,497
Additions	1,731,253	2,168,289	270,137	16,549	771,849	4,958,077
Transfer from CIP	(3,424,277)	283,012	3,022,435	–	118,830	–
Transfer to CIP	748,495	–	(1,152,181)	–	(2,110)	(405,796)
Disposals/Written off	–	(27,767)	(314,492)	(3,917)	(107,122)	(453,298)
Early termination/Expiration of leases	–	(195,587)	–	–	–	(195,587)
Exchange realignment	(1,161)	(9)	(2,384)	–	(1,269)	(4,823)
Acquisition through business combination (note 40)	86,224	177,783	56,503	–	26,437	346,947
At 31 December 2022	3,301,180	15,806,007	21,843,567	34,034	3,478,229	44,463,017

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	CIP RMB'000	Buildings RMB'000	Plant and machinery RMB'000	Leasehold improvements RMB'000	Furniture and fixtures, office equipment and motor vehicles RMB'000	Total RMB'000
At 1 January 2023	3,301,180	15,806,007	21,843,567	34,034	3,478,229	44,463,017
Additions	4,167,489	1,781,034	496,070	469,805	420,981	7,335,379
Transfer from CIP	(4,149,397)	749,520	3,070,860	–	329,017	–
Transfer to CIP	593,592	–	(1,027,266)	–	(18,180)	(451,854)
Disposals/Written off	(125,070)	(16,998)	(1,396,841)	(6,862)	(160,446)	(1,706,217)
Early termination/Expiration of leases	–	(268,517)	–	–	–	(268,517)
Exchange realignment	–	14,501	(239)	–	9	14,271
Acquisition through business combination (note 40)	12,852	1,804,347	401,780	–	21,696	2,240,675
Reclassified as held for sale (note 25)	(1,949,344)	(2,735,372)	(7,941,933)	(9,601)	(496,215)	(13,132,465)
At 31 December 2023	**1,851,302**	**17,134,522**	**15,445,998**	**487,376**	**3,575,091**	**38,494,289**
DEPRECIATION AND IMPAIRMENT						
At 1 January 2022	–	1,671,872	6,310,768	18,983	1,357,370	9,358,993
Charge for the year	–	1,019,865	1,965,180	1,068	446,757	3,432,870
Transfer to CIP	–	–	(404,179)	–	(1,617)	(405,796)
Written back on disposals/written off	–	(1,787)	(214,946)	–	(49,882)	(266,615)
Early termination/Expiration of leases	–	(56,880)	–	–	–	(56,880)
Impairment loss (note (c))	–	–	191,406	–	7,620	199,026
At 31 December 2022 and 1 January 2023	–	2,633,070	7,848,229	20,051	1,760,248	12,261,598
Charge for the year	–	1,375,340	1,448,665	334,363	502,232	3,660,600
Transfer to CIP	–	–	(435,566)	–	(16,288)	(451,854)
Written back on disposals/written off	–	(10,041)	(1,035,428)	(6,435)	(88,227)	(1,140,131)
Early termination/Expiration of leases	–	(69,590)	–	–	–	(69,590)
Exchange realignment	–	–	(156)	–	–	(156)
Impairment loss (note (c))	–	–	202,175	–	3,281	205,456
Reclassified as held for sale (note 25)	–	(341,181)	(2,708,348)	(4,913)	(267,732)	(3,322,174)
At 31 December 2023	–	**3,587,598**	**5,319,571**	**343,066**	**1,893,514**	**11,143,749**
NET BOOK VALUE						
At 31 December 2023	**1,851,302**	**13,546,924**	**10,126,427**	**144,310**	**1,681,577**	**27,350,540**
At 31 December 2022	3,301,180	13,172,937	13,995,338	13,983	1,717,981	32,201,419

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

(a) As at 31 December 2023 and 2022, included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	Carrying amount		Depreciation	
	2023 **RMB'000**	2022 RMB'000	**2023** **RMB'000**	2022 RMB'000
Buildings	**2,658,368**	2,322,944	**863,556**	606,212
Plant and equipment	**4,036**	–	**362**	–
Motor vehicles	**9,000**	11,000	**9,602**	5,997
	2,671,404	2,333,944	**873,520**	612,209

During the year ended 31 December 2023, the total additions (excluding through a business combination) to right-of-use assets included in property, plant and equipment amounting to RMB1,405,508,000 (2022: RMB2,214,735,000). The details in relation to these leases are set out in note 27.

(b) The title certificates of certain buildings with an aggregate carrying value of RMB1,227,611,000 (2022: RMB1,555,034,000) are yet to be obtained as at 31 December 2023. The directors of the Company are of the opinion that the relevant certificates would be obtained in the near future, the Group is entitled to lawfully and validly occupy and use the buildings, and therefore the aforesaid matter did not have any significant impact on the Group's financial positions as at 31 December 2023 and 2022.

(c) Due to some plants, machinery, and office equipment being idle or unused, the management of the Group conducted an impairment assessment of these assets. The impairment assessment involved a thorough analysis of the assets' remaining useful lives, market values, and future cash flows. Based on the assessment, it was determined that these assets had suffered a significant decline in their recoverable amounts. Therefore, a full impairment loss of RMB205,456,000 (2022: RMB199,026,000) was recognised for these assets.

15. INTANGIBLE ASSETS

	Capitalised product development costs RMB'000
COST	
At 1 January 2022	33,624,716
Acquisition through business combination (note 40)	20,511
Additions	6,424,582
Exchange realignment	(7,338)
At 31 December 2022 and 1 January 2023	40,062,471
Acquisition through business combination (note 40)	1,965
Additions	10,678,425
Reclassified as held for sale (note 25)	(7,267,385)
At 31 December 2023	**43,475,476**
AMORTISATION	
At 1 January 2022	12,723,538
Charge for the year	4,799,250
Exchange realignment	(8,022)
At 31 December 2022 and 1 January 2023	17,514,766
Charge for the year	4,449,212
Reclassified as held for sale (note 25)	(2,408,316)
At 31 December 2023	**19,555,662**
NET BOOK VALUE	
At 31 December 2023	**23,919,814**
At 31 December 2022	22,547,705

The amortisation charge for the year is included in "Administrative expenses" in the consolidated income statement.

As at 31 December 2023, the proportion of intangible assets not yet available for use to total intangible assets was approximately 54% (2022: 55%).

16. LAND LEASE PREPAYMENTS

	2023 RMB'000	2022 RMB'000
The Group's land lease prepayments comprise:		
Outside Hong Kong, held on:		
– Leases of between 10 to 50 years	**3,600,084**	3,401,795
Opening net carrying amount	**3,401,795**	3,435,744
Additions	**125,123**	52,262
Acquisition through business combination (note 40)	**617,860**	–
Disposals	**(33,949)**	–
Annual depreciation charges of land lease prepayments	**(92,950)**	(86,211)
Reclassified as held for sale (note 25)	**(417,795)**	–
Closing net carrying amount	**3,600,084**	3,401,795

The land lease prepayments fall into the scope of HKFRS 16 "Leases" ("**HKFRS 16**") as they meet the definition of right-of-use assets.

The land use right certificates of certain lands with an aggregate carrying value of RMB609,003,000 (2022: RMB65,086,000) are yet to be obtained as at 31 December 2023. The directors of the Company are of the opinion that the relevant certificates would be obtained in the near future, the Group is entitled to lawfully and validly occupy and use the lands, and therefore the aforesaid matter did not have any significant impact on the Group's financial positions as at 31 December 2023 and 2022.

17. GOODWILL

	2023 RMB'000	2022 RMB'000
Carrying amount		
At 1 January	**61,418**	58,193
Arising on business combination (note 40)	**2,891**	3,225
Reclassified as held for sale (note 25)	**(30,091)**	–
At 31 December	**34,218**	61,418

17. GOODWILL (Continued)

The carrying amount of goodwill is allocated to the cash-generating units of manufacturing and research and development of (a) complete knock-down kits, (b) powertrain and (c) battery packs. The recoverable amounts of the cash-generating units are determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management. The cash flows are discounted using a discount rate which is pre-tax and reflects specific risks relating to the relevant segments. The pre-tax discount rate used to determine the recoverable amounts is approximately 12.5% (2022: 12.5%). The values assigned to the key assumptions on market development and discount rates are consistent with external information sources. During the year ended 31 December 2023, the directors of the Company conducted a review of goodwill and no impairment loss in respect of goodwill has been recognised (2022: RMBNil).

The management considered and assessed that a reasonably possible change in the key assumption would not cause the carrying amounts of cash-generating units to exceed their recoverable amounts.

18. INTERESTS IN ASSOCIATES

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

18. INTERESTS IN ASSOCIATES (Continued)

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

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

18. INTERESTS IN ASSOCIATES (Continued)

Name of associates	Place of establishments and operations	Form of business structure	Particulars of issued and paid up/registered capital	Attributable equity interest held by the Group 2023	2022	Principal activities
Zhejiang Shuangli Automobile Intelligent Technology Company Limited# 浙江雙利汽車智能科技有限公司 ("**Shuangli Automobile**")	The PRC	Incorporated	RMB90,000,000	**35%**	35%	Research, development and manufacturing of automobile parts
Renault Korea Motors Co., Ltd. ("**Renault Korea**")	The Republic of Korea	Incorporated	South Korean Won ("**KRW**") 666,875,000,000	**34.02%**	34.02%	Design, development, manufacturing, production, assembly, sales, distribution, import, export and marketing of automobiles, related parts and accessories
Chongqing Livan Automotive Technology Company Limited# 重慶睿藍汽車科技有限公司 ("**Chongqing Livan**")	The PRC	Incorporated	RMB1,450,000,000 (2022: RMB600,000,000)	**45%**	– (Note 19)	Research and development, sales and operations of vehicles (including but not limited to battery swapping vehicles)
Zhejiang Xingchuang Automotive Software Technology Co., Ltd.# 浙江星創汽車軟件科技有限公司 ("**Xingchuang**")	The PRC	Incorporated	RMB40,000,000	**45%**	–	Research and development of automotive software
Hangzhou Qingwei Technology Company Limited# 杭州擎威科技有限公司 ("**Qingwei**")	The PRC	Incorporated	RMB100,000,000	**30%**	–	Research, development and manufacturing of automobile parts and electronic control system
Shangjian (Zhejiang) Motor Vehicle Inspection Technology Company Limited# 上檢(浙江)機動車檢測技術有限公司 ("**Shangjian**")	The PRC	Incorporated	RMB60,000,000	**30%**	–	Provision of high-quality testing and technical services for the development of new energy vehicles and intelligent connected vehicles

18. INTERESTS IN ASSOCIATES (Continued)

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

All associates are indirectly held by the Company.

PROTON and DHG

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

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

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

18. INTERESTS IN ASSOCIATES (Continued)

Chongqing Livan

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

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

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

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

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

Renault Korea

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

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

18. INTERESTS IN ASSOCIATES (Continued)

Renault Korea (Continued)

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

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

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

Haohan Energy

The Group was notified on 10 December 2021 that the amended articles of association of Haohan Energy, which was resolved to be amended by its shareholders, has become effective. Pursuant to the amended articles of association of Haohan Energy, the registered capital of Haohan Energy shall increase from RMB30,000,000 to RMB500,000,000. The amount of contribution to the registered capital of Haohan Energy made by the Group and another investor, Geely Automobile Group shall increase by RMB141,000,000 and RMB329,000,000, respectively, in proportion to their respective shareholding. The Group completed the capital contribution in May 2022.

18. INTERESTS IN ASSOCIATES (Continued)

Wuxi Xingqu

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

Shuangli Automobile

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

Times Geely

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

Xingchuang

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

Qingwei

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. INTERESTS IN ASSOCIATES (Continued)

Shangjian

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

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

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

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

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

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

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

18. INTERESTS IN ASSOCIATES (Continued)

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

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

Notes:

(a) The amounts represented the non-controlling interests in the subsidiary of PROTON and cumulative preference shares that are held by parties other than the Group in PROTON and the related undeclared dividend.

(b) The amount was included in interests in joint ventures as at 31 December 2022.

(c) During the year ended 31 December 2023, the Group recognised its share of loss of Chongqing Livan in the "Share of results of joint ventures" and "Share of results of associates" of approximately RMB148,791,000 and RMB146,125,000, respectively, in the consolidated income statement.

18. INTERESTS IN ASSOCIATES (Continued)

Aggregate financial information of associates that are not individually material:

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

19. INTERESTS IN JOINT VENTURES

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

19. INTERESTS IN JOINT VENTURES (Continued)

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

Name of joint ventures	Place of establishments and operations	Form of business structure	Particulars of registered capital	Proportion of ownership interest held by the Group 2023	Proportion of ownership interest held by the Group 2022	Principal activities
Genius AFC*	The PRC	Incorporated	RMB4,000,000,000	**75%**	80%	Vehicles financing business
LYNK & CO Investment	The PRC	Incorporated	RMB7,500,000,000	**50%**	50%	Manufacturing and sales of vehicles under the "Lynk&Co" brand
Zhejiang AISIN	The PRC	Incorporated	US$117,000,000	**40%**	40%	Manufacturing and sales of front-wheel drive 8-speed automatic transmissions and related parts and components
Geely Sunwoda	The PRC	Incorporated	RMB100,000,000	**41.5%**	41.5%	Development, production, sales and after-sales service of hybrid battery cells, battery modules and battery packs
Xinyueneng	The PRC	Incorporated	RMB400,000,000	**40%**	40%	Provision of integrated circuit design, manufacturing, sales and the manufacturing of semiconductors
Chongqing Livan	The PRC	Incorporated	RMB1,450,000,000 (2022: RMB600,000,000)	**– (Note 18)**	50%	Research and development, sales and operations of vehicles (including but not limited to battery swapping vehicles)

* Genius AFC is directly held by the Company.

19. INTERESTS IN JOINT VENTURES (Continued)

Genius AFC

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

On 11 July 2022, the Company entered into the equity transfer agreement (the "**Equity Transfer Agreement**") with BNPP PF and its wholly-owned subsidiary as purchaser in relation to the exercise of the Call Option by BNPP PF, pursuant to which the wholly-owned subsidiary of BNPP PF has conditionally agreed to purchase from the Company and the Company has conditionally agreed to sell to the wholly-owned subsidiary of BNPP PF an interest of 5% in the registered capital of Genius AFC at an initial cash consideration of approximately RMB420,706,000, which will be subsequently adjusted for any change in the book value of Genius AFC between 31 July 2020 and the completion date which will be determined and confirmed in the audited financial statements of Genius AFC as of the completion date. The transaction contemplated under the Equity Transfer Agreement has been completed in August 2023. The upward adjustment to the initial cash consideration is approximately RMB156,395,000, resulting in the total consideration of RMB577,101,000 under the Equity Transfer Agreement. The gain on partial disposal of investment in Genius AFC of RMB175,721,000 was recognised in "Other gains/(losses), net" in the consolidated income statement during the year ended 31 December 2023.

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

Geely Sunwoda

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

Xinyueneng

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

19. INTERESTS IN JOINT VENTURES (Continued)

Zhejiang AISIN

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

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

19. INTERESTS IN JOINT VENTURES (Continued)

Summarised financial information of the LYNK & CO Investment and its subsidiaries ("**LYNK & CO Group**") and Genius AFC, adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements, are disclosed below:

	LYNK & CO Group		Genius AFC	
	2023 RMB'000	2022 RMB'000	**2023 RMB'000**	2022 RMB'000
Non-current assets	**22,867,065**	16,879,085	**1,943,166**	1,900,081
Current assets	**23,199,325**	16,801,102	**57,447,756**	56,651,975
Current liabilities	**(34,363,313)**	(22,449,072)	**(27,713,732)**	(30,564,197)
Non-current liabilities	**(4,898,518)**	(3,229,351)	**(23,605,450)**	(20,728,964)
Net assets	**6,804,559**	8,001,764	**8,071,740**	7,258,895
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	**4,690,344**	2,894,042	**4,284,058**	5,557,605
Current financial liabilities (excluding trade and other payables and provisions)	**(4,670,930)**	(2,014,539)	**(24,659,553)**	(27,069,302)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(3,767,263)**	(1,988,666)	**(23,605,450)**	(20,728,964)
Revenue	**34,786,563**	29,108,984	**4,405,778**	4,393,613
(Loss)/Profit for the year	**(1,104,660)**	7,222	**1,212,845**	1,221,567
Other comprehensive (expense)/income for the year	**(92,546)**	9,966	**–**	–
Total comprehensive (expense)/income for the year	**(1,197,206)**	17,188	**1,212,845**	1,221,567
Dividend received from a joint venture	**–**	–	**300,000**	400,000
The above (loss)/profit for the year including the following:				
Depreciation and amortisation	**(3,436,035)**	(2,927,401)	**(54,406)**	(39,764)
Interest income	**113,880**	44,702	**4,216,499**	4,278,939
Interest expense	**(322,568)**	(98,645)	**(1,623,217)**	(1,734,233)
Income tax credit/(expense)	**497,971**	(93,002)	**(492,998)**	(424,193)

19. INTERESTS IN JOINT VENTURES (Continued)

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

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

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

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

20. INVENTORIES

	2023 RMB'000	2022 RMB'000
Raw materials	**2,760,459**	3,737,758
Work in progress	**164,071**	405,513
Finished goods	**12,750,608**	6,681,801
	15,675,138	10,825,072
Less: provision for inventories	**(252,919)**	(2,742)
	15,422,219	10,822,330

21. TRADE AND OTHER RECEIVABLES

	Note	2023 RMB'000	2022 RMB'000
Trade and notes receivables			
Trade receivables, net of loss allowance			
– Third parties		**2,093,037**	914,002
– Joint ventures		**2,310,242**	1,491,801
– Associates		**2,186,036**	1,083,478
– Related companies controlled by the substantial shareholder of the Company		**9,190,957**	8,176,897
	(a)	**15,780,272**	11,666,178
Notes receivable	(b)	**20,118,021**	17,047,131
		35,898,293	28,713,309

21. TRADE AND OTHER RECEIVABLES (Continued)

	Note	2023 RMB'000	2022 RMB'000
Deposit, prepayment and other receivables			
Prepayment to suppliers			
– Third parties		**1,116,843**	1,323,349
– Associates		**14,424**	85,635
– Related companies controlled by the substantial shareholder of the Company		**25,027**	158,635
		1,156,294	1,567,619
Deposits paid for acquisition of property, plant and equipment		**232,900**	382,489
Other contract costs	(c)	**667,482**	547,731
Utility deposits and other receivables		**1,954,066**	1,921,466
Loan to an associate	(d)	**416,726**	–
Loan to a joint venture	(e)	**100,000**	–
VAT and other taxes receivables		**4,085,200**	2,334,275
		8,612,668	6,753,580
Amounts due from related companies controlled by the substantial shareholder of the Company	(f)	**95,437**	383,037
		8,708,105	7,136,617
		44,606,398	35,849,926
Representing:			
– Current		**42,710,734**	34,392,326
– Non-current		**1,895,664**	1,457,600
		44,606,398	35,849,926

21. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables

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

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

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

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

21. TRADE AND OTHER RECEIVABLES (Continued)

(b) Notes receivable

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

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

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

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

(c) Other contract costs

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

21. TRADE AND OTHER RECEIVABLES (Continued)

(d) Loan to an associate

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

(e) Loan to a joint venture

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

(f) Amounts due from related companies

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

Further details on the Group's credit policy and credit risk arising from trade receivables, other financial assets measured at amortised cost and debt instruments at FVOCI (recycling) are set out in note 44.

22. DERIVATIVE FINANCIAL INSTRUMENTS

The Group held foreign exchange forward contracts classified as held for trading and not qualified under hedge accounting. Foreign exchange forward contracts entered into by the Group with banks were financial liabilities measured at FVTPL. The fair value of these contracts has been measured as described in note 44.

As at 31 December 2023 and 2022, the Group had entered into the following foreign exchange forward contracts, which remained outstanding at the end of the reporting period:

22. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

2023

Contracts	Notional amount	Settlement date	Term	Forward rate on foreign exchange
A	Euro ("**EUR**") 15,000,000	10 January 2024 to 17 April 2024	113 days to 160 days	RMB7.74 to RMB7.80 per EUR1.00
B	EUR31,000,000	20 February 2024 to 17 April 2024	113 days to 146 days	RMB7.82 to RMB7.85 per EUR1.00
C	EUR37,000,000	3 January 2024 to 20 May 2024	16 days to 153 days	RMB7.77 to RMB7.81 per EUR1.00
D	US$98,000,000	25 January 2024 to 10 October 2024	64 days to 336 days	RMB6.62 to RMB7.01 per US$1.00
E	Mexican Peso ("**MXN**") 131,000,000	25 January 2024 to 24 May 2024	29 days to 149 days	RMB0.40 to RMB0.42 per MXN1.00
F	US$98,000,000	4 January 2024 to 5 August 2024	31 days to 222 days	RMB6.96 to RMB7.13 per US$1.00
	MXN31,000,000	25 January 2024 to 25 March 2024	29 days to 120 days	RMB0.41 to RMB0.42 per MXN1.00
G	US$119,000,000	1 February 2024 to 10 October 2024	60 days to 335 days	RMB6.98 to RMB7.10 per US$1.00
H	US$50,000,000	12 August 2025 to 2 September 2025	1,077 days to 1,099 days	RMB6.82 per US$1.00
I	US$50,000,000	12 August 2025 to 2 September 2025	1,077 days to 1,099 days	RMB6.83 per US$1.00
J	US$100,000,000	12 August 2025 to 2 September 2025	1,077 days to 1,099 days	RMB6.82 per US$1.00

2022

Contracts	Notional amount	Settlement date	Term	Forward rate on foreign exchange
A	EUR16,000,000	9 February 2023 to 10 April 2023	105 days to 165 days	RMB7.22 to RMB7.23 per EUR1.00
B	EUR10,000,000	9 January 2023	74 days	RMB7.24 per EUR1.00
C	US$195,000,000	13 January 2023 to 24 November 2023	145 days to 333 days	RMB6.41 to RMB6.90 per US$1.00
D	US$38,000,000	13 January 2023 to 25 September 2023	270 days to 323 days	RMB6.41 to RMB6.82 per US$1.00
E	US$48,000,000	13 April 2023 to 25 October 2023	235 days to 329 days	RMB6.67 to RMB6.91 per US$1.00
F	US$33,000,000	25 August 2023 to 25 September 2023	333 days to 343 days	RMB6.98 to RMB7.01 per US$1.00
G	US$50,000,000	12 August 2025 to 2 September 2025	1,077 days to 1,099 days	RMB6.82 per US$1.00
H	US$50,000,000	12 August 2025 to 2 September 2025	1,077 days to 1,099 days	RMB6.83 per US$1.00
I	US$100,000,000	12 August 2025 to 2 September 2025	1,077 days to 1,099 days	RMB6.82 per US$1.00

23. RESTRICTED BANK DEPOSITS

The amounts represent deposits placed at banks as guarantee for notes payable and foreign exchange forward contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. TRADE AND OTHER PAYABLES

	Note	2023 RMB'000	2022 RMB'000
Trade and notes payables			
Trade payables			
– Third parties		**34,361,942**	34,052,204
– Associates		**327,926**	319,766
– Joint ventures		**806,737**	69,403
– Related companies controlled by the substantial shareholder of the Company		**17,880,490**	7,749,791
	(a)	**53,377,095**	42,191,164
Notes payable	(b)	**5,693,442**	3,365,739
		59,070,537	45,556,903
Other payables			
Receipts in advance from customers	(c)		
– Third parties		**13,949,928**	6,241,266
– Associates		**173,635**	444,649
– Joint ventures		**70,774**	47,536
– Related companies controlled by the substantial shareholder of the Company		**379,308**	540,736
		14,573,645	7,274,187
Deferred government grants which conditions have not been satisfied		**466,150**	887,754
Payables for acquisition of property, plant and equipment		**1,451,621**	1,881,966
Payables for capitalised product development costs	(d)	**2,188,584**	1,091,552
Accrued staff salaries and benefits		**2,614,265**	2,192,518
VAT and other taxes payables		**2,297,860**	1,834,242
Consideration payable for acquisition of a subsidiary (note 40)		**152,980**	–
Other accrued charges and payables	(e)	**6,666,555**	5,475,817
		30,411,660	20,638,036
Amounts due to related companies controlled by the substantial shareholder of the Company	(f)	**637,659**	887,798
		31,049,319	21,525,834
		90,119,856	67,082,737
Representing:			
– Current		**87,398,188**	65,480,717
– Non-current		**2,721,668**	1,602,020
		90,119,856	67,082,737

24. TRADE AND OTHER PAYABLES (Continued)

(a) Trade payables

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

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

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

(b) Notes payable

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

(c) Receipts in advance from customers

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

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

24. TRADE AND OTHER PAYABLES (Continued)

(c) Receipts in advance from customers (Continued)

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

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

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

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

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

(d) Payables for capitalised product development costs

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

(e) Other accrued charges and payables

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

(f) Amounts due to related companies

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

25. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

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

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

The contribution value of each entire issued share capital of the Contributed Subsidiaries of the Parties (the "**Contribution Values**") shall be determined by the enterprise value of each Contributed Subsidiary and the applicable adjustments for cash, debts, debt-like instruments, and minority interests in the relevant Contributed Subsidiaries. The maximum contribution values, as agreed by the Parties are EUR2,310,000,000, EUR1,190,000,000, and EUR3,500,000,000, respectively (the "**Maximum Contribution Values**"). Under the contribution agreement, the Parties agree to make adjustments to the Contribution Values in the ratio of 33:17:50, and at or below their respective Maximum Contribution Values. Such adjustments (if any) shall be satisfied by either (a) the relevant party making a cash payment to the JV at the completion date or (b) the JV recording a liability owing to the relevant party in the form of a shareholder loan at the completion date.

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

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

The Deemed Disposal is expected to be completed within one year. The assets and liabilities of Aurobay Holding were classified as "Assets classified as held for sale" and "Liabilities directly associated with assets classified as held for sale", respectively in the Group's consolidated statement of financial position in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" ("**HKFRS 5**"). The directors do not consider that Aurobay Holding represents a major separate line of business for the Group and accordingly it is not disclosed as a "Discontinued Operation" in accordance with HKFRS 5.

25. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (Continued)

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

	2023 RMB'000
Assets classified as held for sale	
Property, plant and equipment (note 14)	**9,810,291**
Intangible assets (note 15)	**4,859,069**
Land lease prepayments (note 16)	**417,795**
Goodwill (note 17)	**30,091**
Trade and other receivables	**1,196,477**
Deferred tax assets (note 35)	**498,213**
Inventories	**559,878**
Income tax recoverable	**7,263**
Restricted bank deposits	**239,732**
Bank balances and cash	**1,029,330**
	18,648,139
Liabilities directly associated with assets classified as held for sale	
Trade and other payables	**7,122,130**
Lease liabilities	**82,181**
Bank borrowings	**662,813**
Income tax payable	**17,094**
Deferred tax liabilities (note 35)	**800**
	7,885,018

26. FINANCIAL ASSETS AT FVOCI

	2023 RMB'000	2022 RMB'000
Equity investment stated at fair value		
Listed in the United States	**117,746**	284,012

The Group designated its investment in the listed equity securities as financial assets at FVOCI (non-recycling). Such investment is held for the strategic purpose and the Group considers this classification to be more relevant and appropriate.

The fair value of the Group's investment in the listed equity securities has been measured as described in note 44.

27. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	2023 RMB'000	2022 RMB'000
Total minimum lease payments:		
Due within one year	**831,149**	677,351
Due in the second to fifth years	**2,047,207**	1,842,974
	2,878,356	2,520,325
Future finance charges on lease liabilities	**(218,407)**	(184,317)
Present value of lease liabilities	**2,659,949**	2,336,008
Present value of minimum lease payments:		
Due within one year	**753,611**	556,579
Due in the second to fifth years	**1,906,338**	1,779,429
	2,659,949	2,336,008
Less: Portion due within one year included under current liabilities	**(753,611)**	(556,579)
Portion due after one year included under non-current liabilities	**1,906,338**	1,779,429

During the year ended 31 December 2023, the total cash outflows for the leases are RMB1,035,975,000 (2022: RMB743,512,000).

27. LEASE LIABILITIES (Continued)

Details of the lease activities

As at 31 December 2023, the Group has entered into leases for office and factory premises, retail and service centres and motor vehicles (2022: office and factory premises, retail and service centres and motor vehicles).

Types of right-of-use assets	Financial statements items of right-of-use assets included in	Number of leases	Range of remaining lease term	Particulars
Office and factory premises	Buildings in "Property, plant and equipment"	89 (2022: 60)	1 to 18 years (2022: 1 to 19 years)	• *Not contain any renewal and termination options* • *Fixed payments during the contract period*
Retail and service centres	Buildings in "Property, plant and equipment"	342 (2022: 221)	1 to 6 years (2022: 1 to 6 years)	• *Not contain any renewal and termination options* • *Fixed payments during the contract period*
Motor vehicles	Furniture and fixtures, office equipment and motor vehicles in "Property, plant and equipment"	85 (2022: 136)	Within 1 year (2022: 1 to 2 years)	• *Not contain any renewal and termination options* • *Fixed payments during the contract period*

28. BANK BORROWINGS

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

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

Notes:

(a) The amounts are based on the scheduled repayment dates set out in the loan agreements.

(b) As at 31 December 2023 and 2022, the bank loans were unsecured, carried at amortised cost, repayable in August 2025 and interest-bearing at Secured Overnight Financing Rate plus 0.7% per annum.

(c) Pursuant to the facility agreements, it will be an event of default if Mr. Li Shu Fu is (i) no longer the single largest beneficial shareholder of the Company, or (ii) no longer beneficially owns at least 25% of the issued share capital of the Company. In case of an event of default, the bank may by notice to the Company (a) cancel the loan facility, (b) declare that all or part of the loan, together with accrued interest, be immediately due and payable, and/or (c) declare that all or part of the loans be payable on demand.

(d) During the years ended 31 December 2023 and 2022, none of the covenants relating to drawn down facilities had been breached.

Further details of the Group's management of liquidity risk were set out in note 44.

29. LOAN FROM A RELATED COMPANY

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

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30. SHARE CAPITAL

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

Notes:

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

During the year ended 31 December 2022, share options were exercised to subscribe for 2,405,000 ordinary shares of the Company at a consideration of approximately RMB7,977,000 of which approximately RMB39,000 was credited to share capital and approximately RMB7,938,000 was credited to the share premium account. As a result of the exercise of share options, share-based compensation reserve of RMB3,543,000 has been transferred to the share premium account in accordance with the accounting policy set out in note 4(p).

(b) During the year ended 31 December 2023, award shares representing a total of 6,408,597 (2022: 36,127,246) ordinary shares were issued under the share award scheme. Meanwhile, 6,570,050 (2022: 35,958,293) award shares were vested to certain participants of the share award scheme of the Company at a consideration of approximately RMB121,000 (2022: RMB632,000). As at 31 December 2023, the remaining 7,500 (2022: 168,953) award shares were retained and administrated by the appointed trustee for the share award scheme. As a result of the vesting of award shares, share-based compensation reserve of RMB146,758,000 (2022: RMB803,218,000) has been transferred to the share premium account in accordance with the accounting policy set out in note 4(p).

31. PERPETUAL CAPITAL SECURITIES

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

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

32. RESERVES

(a) Share premium

Share premium represents the excess of the net proceeds from issuance of the Company's shares over its par value.

(b) Capital reserve

Capital reserve represents (i) differences between the consideration paid/received and the fair value of net assets acquired/disposed of by the Group from/to Geely Holding, the ultimate holding company of the Company in prior years; (ii) the differences between the considerations paid and the proportionate share of the carrying amount of the net assets attributable to the relevant interest upon the acquisition of additional interests in subsidiaries; and (iii) the differences between the considerations received and the proportionate share of the carrying amount of the net assets attributable to the relevant interests upon the deemed disposal of partial interest in subsidiaries.

(c) Statutory reserve

As stipulated by the relevant laws and regulations for foreign-invested enterprises in the PRC, the Company's subsidiaries incorporated in the PRC are required to maintain certain statutory reserves.

32. RESERVES (Continued)

(d) Safety production fund reserve

Pursuant to the relevant PRC regulation, the Group is required to transfer a certain percentage based on a progressive rate on revenue generated from manufacturing of automobiles into a designated fund. The fund will be used for installation and repair and maintenance of safety facilities. The movement during the year represents the difference between the amounts provided based on the relevant PRC regulation and the amount utilised during the year. The fund is earmarked for improving the safety of production and is accrued from retained profits to other reserves and converted back to retained profits when used. This reserve represents unutilised safety production fund at the end of the reporting period.

(e) Fair value reserve (recycling)

Fair value reserve (recycling) comprises the cumulative net change in the fair value of financial assets at FVOCI (recycling) (less related deferred tax charge) held at the end of the reporting period.

(f) Fair value reserve (non-recycling)

Fair value reserve (non-recycling) comprises the cumulative net change in the fair value of financial assets at FVOCI (non-recycling) (less related deferred tax charge) held at the end of the reporting period.

(g) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 4(g).

(h) Share-based compensation reserve

Share-based compensation reserve represents the fair value of share options and/or award shares granted to directors, employees and other related entity participants recognised and is dealt with in accordance with the accounting policy set out in note 4(p).

(i) Retained profits

Retained profits represent accumulated net profit or losses less dividends paid plus other transfers to or from other reserves.

33. BONDS PAYABLE

Bonds 2018

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

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

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

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

MTNs

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. BONDS PAYABLE (Continued)

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

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

34. CASH FLOW INFORMATION

Reconciliation of liabilities arising from financing activities

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

	Dividends payable RMB'000	Lease liabilities RMB'000 (note 27)	Bank borrowings RMB'000 (note 28)	Loan from a related company RMB'000 (note 29)	Bonds payable RMB'000 (note 33)	Total RMB'000
At 1 January 2022	–	700,776	1,906,740	–	1,901,137	4,508,653
Changes from financing cash flows:						
Advances from related companies	–	–	–	7,600,000	–	7,600,000
Repayment to related companies	–	–	–	(3,085,000)	–	(3,085,000)
Proceeds from bank borrowings	–	–	3,819,402	–	–	3,819,402
Repayments of bank borrowings	–	–	(3,731,301)	–	–	(3,731,301)
Capital element of lease rentals paid	–	(611,065)	–	–	–	(611,065)
Other borrowing costs paid	–	(64,589)	(11,874)	(19,964)	(65,816)	(162,243)
Dividends paid	(1,787,669)	–	–	–	–	(1,787,669)
Total changes from financing cash flows	(1,787,669)	(675,654)	76,227	4,495,036	(65,816)	2,042,124
Exchange adjustments	–	–	111,195	–	157,727	268,922
Other changes:						
Entering into new leases	–	2,214,735	–	–	–	2,214,735
Termination of leases	–	(138,707)	–	–	–	(138,707)
Interest expenses	–	64,589	23,489	211,329	71,973	371,380
Dividends declared (note 11(b))	1,787,669	–	–	–	–	1,787,669
Acquisition through business combination (note 40)	–	170,269	651,924	1,485,000	–	2,307,193
Others (note)	–	–	(11,615)	(191,365)	(2,625)	(205,605)
Total other changes	1,787,669	2,310,886	663,798	1,504,964	69,348	6,336,665
At 31 December 2022	–	2,336,008	2,757,960	6,000,000	2,062,396	13,156,364

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. CASH FLOW INFORMATION (Continued)

Reconciliation of liabilities arising from financing activities (Continued)

	Dividends payable RMB'000	Lease liabilities RMB'000 (note 27)	Bank borrowings RMB'000 (note 28)	Loan from a related company RMB'000 (note 29)	Bonds payable RMB'000 (note 33)	Total RMB'000
At 1 January 2023	–	2,336,008	2,757,960	6,000,000	2,062,396	13,156,364
Changes from financing cash flows:						
Advances from related companies	–	–	–	1,898,730	–	1,898,730
Repayment to related companies	–	–	–	(6,798,730)	–	(6,798,730)
Proceeds from bank borrowings	–	–	662,813	–	–	662,813
Proceeds from issuance of bonds	–	–	–	–	1,500,000	1,500,000
Repayment of bonds payable	–	–	–	–	(2,068,422)	(2,068,422)
Capital element of lease rentals paid	–	(785,958)	–	–	–	(785,958)
Other borrowing costs paid	–	(90,022)	(96,562)	(209,572)	(43,278)	(439,434)
Dividends paid	(1,915,763)	–	–	–	–	(1,915,763)
Total changes from financing cash flows	(1,915,763)	(875,980)	566,251	(5,109,572)	(611,700)	(7,946,764)
Exchange adjustments	–	14,379	82,280	–	5,728	102,387
Other changes:						
Entering into new leases	–	1,391,007	–	–	–	1,391,007
Termination of leases	–	(198,927)	–	–	–	(198,927)
Interest expenses	–	75,643	100,098	181,766	29,020	386,527
Dividends declared (note 11(b))	1,915,763	–	–	–	–	1,915,763
Reclassified as held for sale (note 25)	–	(82,181)	(662,813)	–	–	(744,994)
Others (note)	–	–	(3,536)	27,806	14,556	38,826
Total other changes	1,915,763	1,185,542	(566,251)	209,572	43,576	2,788,202
At 31 December 2023	**–**	**2,659,949**	**2,840,240**	**1,100,000**	**1,500,000**	**8,100,189**

Note:

Others include interest accruals.

35. DEFERRED TAX ASSETS AND LIABILITIES

The following is the deferred tax liabilities/(assets) recognised in the consolidated statement of financial position and the movements thereon during the year:

	2023 RMB'000	2022 RMB'000
At 1 January	**(4,035,258)**	(2,030,637)
Acquisition through business combination (note 40)	**34,602**	(8,289)
Recognised in other comprehensive income or expense	**(24,398)**	13,196
Recognised in profit or loss (note 10)	**(2,260,102)**	(2,009,528)
Reclassified as held for sale (note 25)	**497,413**	–
At 31 December	**(5,787,743)**	(4,035,258)

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the years is as follow:

Deferred tax assets

	Unused tax losses RMB'000	Amortisation of intangible assets RMB'000	Unrealised profit on inventories RMB'000	Change in fair value of notes receivable RMB'000	Lease liabilities RMB'000	Provisions and accrued charges RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022	1,216,395	1,163,947	11,504	41,196	–	51,697	128,821	2,613,560
Adoption of Amendments to HKAS 12	–	–	–	–	138,518	–	–	138,518
At 1 January 2022 (restated)	1,216,395	1,163,947	11,504	41,196	138,518	51,697	128,821	2,752,078
Recognised in profit or loss	1,681,226	77,043	92,568	–	225,590	(5,811)	194,392	2,265,008
Recognised in other comprehensive income or expense	–	–	–	(13,196)	–	–	–	(13,196)
Acquisition through business combination (note 40)	–	–	–	–	–	–	11,141	11,141
At 31 December 2022 (restated) and 1 January 2023	2,897,621	1,240,990	104,072	28,000	364,108	45,886	334,354	5,015,031
Recognised in profit or loss	1,044,349	555,906	210,258	–	89,271	132,419	282,151	2,314,354
Recognised in other comprehensive income or expense	–	–	–	24,398	–	–	–	24,398
Acquisition through business combination (note 40)	–	34	–	–	–	–	–	34
Reclassified as held for sale (note 25)	(286,340)	(155,895)	–	(145)	–	–	(55,833)	(498,213)
At 31 December 2023	**3,655,630**	**1,641,035**	**314,330**	**52,253**	**453,379**	**178,305**	**560,672**	**6,855,604**

35. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax liabilities

	Withholding tax on undistributed profits from the PRC subsidiaries RMB'000	Fair value adjustments arising from business combination RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022	399,407	64,284	–	119,232	582,923
Adoption of Amendments to HKAS 12	–	–	138,518	–	138,518
At 1 January 2022 (restated)	399,407	64,284	138,518	119,232	721,441
Recognised in profit or loss	67,123	–	225,590	(37,233)	255,480
Acquisition through business combination (note 40)	–	–	–	2,852	2,852
At 31 December 2022 and 1 January 2023	466,530	64,284	364,108	84,851	979,773
Recognised in profit or loss	23,897	(19,620)	78,829	(28,854)	54,252
Acquisition through business combination (note 40)	–	34,636	–	–	34,636
Reclassified as held for sale (note 25)	–	–	–	(800)	(800)
At 31 December 2023	**490,427**	**79,300**	**442,937**	**55,197**	**1,067,861**

The amounts recognised in the consolidated statement of financial position are as follows:

	2023 RMB'000	2022 RMB'000
Deferred tax assets recognised in the consolidated statement of financial position	**(6,341,753)**	(4,573,149)
Deferred tax liabilities recognised in the consolidated statement of financial position	**554,010**	537,891
Net deferred tax assets	**(5,787,743)**	(4,035,258)

35. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

Deferred tax liabilities (Continued)

Withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred tax liabilities have been provided in the consolidated financial statements in respect of temporary differences attributable to the profits earned by the PRC subsidiaries based on the expected dividends payout ratio of these PRC subsidiaries. Deferred tax liabilities have not been recognised in respect of temporary differences relating to the post-2007 profits earned by the PRC subsidiaries amounting to approximately RMB14,947,011,000 (2022: RMB10,406,927,000).

As at the end of the reporting period, the Group has not recognised deferred tax assets in respect of tax losses and deductible temporary differences of approximately RMB3,514,927,000 (2022: RMB1,499,643,000) and RMB2,629,929,000 (2022: RMB289,004,000), respectively. Of the total unrecognised tax losses, approximately RMB3,183,597,000 (2022: RMB1,234,064,000) may be carried forward for five years from the year of incurring the loss, and the remaining unrecognised tax losses have no expiry dates. No deferred tax asset has been recognised in respect of those tax losses and deductible temporary differences due to the unpredictability of future profit streams.

36. COMMITMENTS

Capital commitments

As the end of the reporting period, the capital commitments not provided for in the consolidated financial statements were as follows:

	2023 **RMB'000**	2022 RMB'000
Contracted but not provided for, net of deposits/investments paid		
– purchase of property, plant and equipment	**1,961,259**	2,207,798
– acquisition of a subsidiary	**–**	382,450
– investment in an associate	**244,510**	244,510
– investment in a joint venture	**664,561**	648,121
	2,870,330	3,482,879

36. COMMITMENTS (Continued)

Capital commitments (Continued)

Notes:

(a) On 20 December 2018, the Group entered into an investment agreement (the "**Investment Agreement 1**") with Contemporary Amperex Technology Company Limited# 寧德時代新能源科技股份有限公司 ("**CATL Battery**"), an independent third party, pursuant to which the parties agreed to establish an associate company, Times Geely. Pursuant to the terms of the Investment Agreement 1, Times Geely is owned as to 49% by the Group and as to 51% by CATL Battery, respectively. The registered capital of Times Geely is RMB1,000,000,000, and is contributed as to 49% (equivalent to RMB490,000,000) in cash by the Group and as to 51% (equivalent to RMB510,000,000) in cash by CATL Battery, respectively. As at 31 December 2023 and 2022, the Group and CATL Battery contributed RMB245,490,000 (2022: RMB245,490,000) and RMB255,510,000 (2022: RMB255,510,000), respectively, to Times Geely.

(b) On 12 June 2019, ZEEKR Automobile (Shanghai) Company Limited# 極氪汽車(上海)有限公司 ("**ZEEKR Automobile (Shanghai)**"), an indirect non-wholly-owned subsidiary of the Company, entered into an investment agreement (the "**Investment Agreement 2**") with LG Chem Ltd. ("**LG Chem**"), an independent third party, pursuant to which the parties agreed to establish a joint venture company (the "**JV 1**") to principally engage in the production and sales of batteries for electric vehicles. Pursuant to the terms of the Investment Agreement 2, the registered capital of the JV 1 will be US$188,000,000 (equivalent to approximately RMB1,296,242,000), and will be contributed as to 50% (US$94,000,000 or equivalent to approximately RMB664,561,000) and 50% (US$94,000,000 or equivalent to approximately RMB664,561,000) by ZEEKR Automobile (Shanghai) and LG Chem, respectively. As at 31 December 2023, the formation of the JV 1 had not yet been completed. Please refer to the Company's announcement dated 12 June 2019 for further details.

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

As lessee

At the end of the reporting period, the lease commitments for short-term leases are as follows:

	2023	2022
	RMB'000	RMB'000
Office and factory premises		
– Within one year	**29,017**	49,769

As at 31 December 2023 and 2022, the Group leases a number of office and factory premises which are qualified to be accounted for under short-term lease exemption under HKFRS 16. Details of the leases are set out in note 27.

36. COMMITMENTS (Continued)

As lessor

As the end of the reporting period, the total future minimum lease receipts in respect of certain portion of buildings under non-cancellable operating leases are receivable as follows:

	2023 **RMB'000**	2022 RMB'000
Buildings		
– Within one year	**922**	1,630
– After one year but within two years	**–**	407
	922	2,037

Leases are negotiated and rental are fixed for an initial period of one to three years (2022: two to three years).

37. RETIREMENT BENEFITS SCHEME

The Group participates in the MPF Scheme established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the scheme are held separately from those of the Group in funds under the control of trustees.

For members of the MPF Scheme, the Group contributes 5% of the employees' relevant income to the MPF Scheme. Both the employer's and the employees' contributions are subject to a maximum of monthly relevant income of HK$30,000 (equivalent to RMB27,000) per employee. Contributions to the plan vest immediately.

The employees of the Company's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute a fixed percentage of the employees' basic salary to the retirement benefit scheme to fund the benefit. The only obligation of the Group in respect of the retirement benefit scheme is to make the specified contributions.

Contributions are made by the Company's subsidiaries in other overseas countries to defined contribution superannuation funds in accordance with the relevant laws and regulations in those countries.

During the year, the aggregate employer's contributions made by the Group amounted to RMB621,209,000 (2022: RMB504,617,000).

Besides, the Group had no forfeited contributions under its retirement benefit schemes which may be used to reduce the existing level of contributions during the years ended 31 December 2023 and 2022.

38. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS

Share option scheme of the Company

A share option scheme was adopted by the Company on 18 May 2012 (the "**2012 Option Scheme**") pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 18 May 2012 and is valid and effective for a period of ten years until 18 May 2022. Pursuant to the ordinary resolution, a total of 747,486,045 shares were available for grant under the 2012 Option Scheme.

The 2012 Option Scheme was adopted for the purpose of providing eligible participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. All directors, full-time employees and any other persons who, in the sole discretion of the Board of Directors, have contributed or will contribute to the Group are eligible to participate in the 2012 Option Scheme.

The subscription price for the shares under the 2012 Option Scheme is a price determined by the directors, but not less than the highest of (i) the closing price of shares as stated on the SEHK on the date of the offer of grant; and (ii) the average closing price of the shares as stated on the SEHK's daily quotations sheet for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares.

The 2012 Option Scheme expired on 18 May 2022 and therefore there was no shares available for future grant under the 2012 Option Scheme as at 31 December 2022.

In substitution of the 2012 Option Scheme, the Board resolved on 23 December 2022 to adopt the 2023 share option scheme (the "**2023 Share Option Scheme**"). The 2023 Share Option Scheme was approved by the Company's shareholders at the extraordinary general meeting of the Company held on 28 April 2023 and is valid and effective for a period of ten years until 28 April 2033. Pursuant to the ordinary resolution, a total of 1,005,697,378 shares could be available for future grant under the 2023 Share Option Scheme and other share scheme of the Company (e.g. share award scheme of the Company adopted on 30 August 2021 (the "**Share Award Scheme**")).

The purpose of the 2023 Share Option Scheme is to enable the Company to grant the Company's share options to the eligible participants as incentives or rewards for their contribution to the Group. The eligible participants of the 2023 Share Option Scheme include all directors or employees (including full-time or part-time) of the Group or the holding companies, fellow subsidiaries or associated companies of the Company or service providers to the Group who, in the sole discretion of the Board of Directors or its remuneration committee, have contributed or will contribute to the Group.

38. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS (Continued)

Share option scheme of the Company (Continued)

The total number of shares which may be issued in respect of all options and awards which may be granted under the 2023 Share Option Scheme and any other share scheme(s) (including the Share Award Scheme) shall not exceed 10% of the total number of shares in issue on 28 April 2023 (the "**Overall Scheme Limit**"). Within the Overall Scheme Limit, the total number of shares which may be issued in respect of all options and awards which may be granted to the services providers to the Group under the 2023 Share Option Scheme and any other share scheme(s) (including the Share Award Scheme) shall not exceed 1% of the total number of shares in issue on 28 April 2023 (the "**Service Provider Sub-limit**"). Options lapsed in accordance with the terms of the 2023 Share Option Scheme will not be regarded as utilised for the purpose of calculating the aforesaid limits. The Company may obtain an approval from its shareholders for refreshing the Overall Scheme Limit and the Service Provider Sub-limit after three years from the date of the approval for the aforesaid limits.

The total number of shares of the Company issued and to be issued in respect of all options and awards granted to each eligible participant under the 2023 Share Option Scheme and any other share scheme(s) (including the Share Award Scheme) (excluding any options or awards lapsed in accordance with the terms of the respective share schemes) in the twelve-month period up to and including the date of such grant must not exceed 1% of the issued share capital of the Company. Where any options and awards granted to each eligible participant may result in exceeding 1% of the issued share capital of the Company, the Company shall not grant such options or awards unless it is separately approved by the Company's shareholders in general meeting, with such eligible participant and his/her close associates (or associates if the participant is a connected person) abstaining from voting.

The subscription price for the shares under the 2023 Share Option Scheme is a price determined by the directors, but not less than the highest of (i) the closing price of shares as stated on the SEHK on the date of the offer of grant; and (ii) the average closing price of the shares as stated on the SEHK's daily quotations sheet for the five trading days immediately preceding the date of the offer of grant.

Under the 2012 Option Scheme and the 2023 Share Option Scheme, the period within which the options must be exercised will be specified by the Company at the time of grant. This period must expire no later than ten years from the date of grant of the options. At the time of grant of the options, the Company may specify a minimum period for which an option must be held before it can be exercised. The offer of a grant of share options may be accepted within five business days from the date of offer, the offer is delivered to that participant and the amount payable on acceptance of share options is HK$1 per participant.

38. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS (Continued)

Share option scheme of the Company (Continued)

For those share options granted after 1 January 2010 and prior to 1 January 2015, one-tenth of share options granted will vest in every year from the grant date with one-tenth of options being vested immediately at the date of grant. For those share options granted after 1 January 2015 and prior to 1 January 2021, none of the share options will be vested in the first year, one-fourth of share options granted will vest in every year after the first year of the grant date. For those share options granted after 1 January 2021 and prior to 1 January 2023, none of the share options will be vested in the first two years, one-fifth of share options granted will vest in every year after the second year of the grant date. For those share options granted after 1 January 2023, 15% of share options granted will vest in every year after the first year of the grant date and 10% of share options granted will vest after the seventh years of the grant date.

No options may be granted under the 2012 Option Scheme and the 2023 Share Option Scheme after the date of the tenth anniversary of its adoption.

The following table discloses details of the Company's share options under the schemes held by each participant or category of participants:

2023

	Exercisable period	Exercise price per share HK$	Outstanding at 1 January	Granted during the year	Lapsed during the year	Outstanding at 31 December
Directors						
Mr. Li Dong Hui, Daniel	15 January 2023 to 14 January 2028	**32.70**	**14,000,000**	**–**	**–**	**14,000,000**
	22 November 2024 to 21 November 2031	**9.56**	**–**	**9,000,000**	**–**	**9,000,000**
Ms. Wei Mei	15 January 2023 to 14 January 2028	**32.70**	**7,000,000**	**–**	**–**	**7,000,000**
	22 November 2024 to 21 November 2031	**9.56**	**–**	**3,500,000**	**–**	**3,500,000**
Mr. An Cong Hui	15 January 2023 to 14 January 2028	**32.70**	**22,000,000**	**–**	**–**	**22,000,000**
	22 November 2024 to 21 November 2031	**9.56**	**–**	**9,000,000**	**–**	**9,000,000**
Mr. Ang Siu Lun, Lawrence	15 January 2023 to 14 January 2028	**32.70**	**3,000,000**	**–**	**–**	**3,000,000**

38. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS (Continued)

Share option scheme of the Company (Continued)

The following table discloses details of the Company's share options under the schemes held by each participant or category of participants (Continued):

2023 (Continued)

	Exercisable period	Exercise price per share HK$	Outstanding at 1 January	Granted during the year	Lapsed during the year	Outstanding at 31 December
Mr. Gui Sheng Yue	15 January 2023 to 14 January 2028	32.70	13,500,000	–	–	13,500,000
	22 November 2024 to 21 November 2031	9.56	–	15,000,000	–	15,000,000
Mr. Gan Jia Yue	15 January 2023 to 14 January 2028	32.70	8,000,000	–	–	8,000,000
	22 November 2024 to 21 November 2031	9.56	–	15,000,000	–	15,000,000
			67,500,000	51,500,000	–	119,000,000
Employees	7 September 2019 to 6 September 2023	15.96	600,000	–	(600,000)	–
	14 January 2021 to 13 January 2025	16.04	790,000	–	–	790,000
	15 January 2023 to 14 January 2028	32.70	476,100,000	–	(20,710,000)	455,390,000
	22 November 2024 to 21 November 2031	9.56	–	526,930,000	–	526,930,000
			477,490,000	526,930,000	(21,310,000)	983,110,000
			544,990,000	578,430,000	(21,310,000)	1,102,110,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS (Continued)

Share option scheme of the Company (Continued)

The following table discloses details of the Company's share options under the schemes held by each participant or category of participants (Continued):

2023 (Continued)

	Outstanding at 1 January HK$	Granted during the year HK$	Lapsed during the year HK$	Outstanding at 31 December HK$
Weighted average exercise price per share	**32.66**	**9.56**	**32.23**	**20.54**
Weighted average remaining contractual life of options outstanding as at 31 December 2023				**6.07 years**
Number of options exercisable as at 31 December 2023				**320,374,301**
Weighted average exercise price per share of options exercisable as at 31 December 2023				**HK$32.69**

2022

	Exercisable period	Exercise price per share HK$	Outstanding at 1 January	Exercised during the year	Lapsed during the year	Reallocated upon appointment or retirement during the year	Outstanding at 31 December
Directors							
Mr. Li Dong Hui, Daniel	15 January 2023 to 14 January 2028	32.70	14,000,000	–	–	–	14,000,000
Ms. Wei Mei	23 March 2012 to 22 March 2022	4.07	105,000	(105,000)	–	–	-
	15 January 2023 to 14 January 2028	32.70	7,000,000	–	–	–	7,000,000
Mr. An Cong Hui	15 January 2023 to 14 January 2028	32.70	22,000,000	–	–	–	22,000,000
			43,105,000	(105,000)	–	–	43,000,000

38. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS (Continued)

Share option scheme of the Company (Continued)

The following table discloses details of the Company's share options under the schemes held by each participant or category of participants (Continued):

2022 (Continued)

	Exercisable period	Exercise price per share HK$	Outstanding at 1 January	Exercised during the year	Lapsed during the year	Reallocated upon appointment or retirement during the year	Outstanding at 31 December
Mr. Ang Siu Lun, Lawrence	15 January 2023 to 14 January 2028	32.70	3,000,000	–	–	–	3,000,000
Mr. Gui Sheng Yue	15 January 2023 to 14 January 2028	32.70	13,500,000	–	–	–	13,500,000
Mr. Gan Jia Yue	15 January 2023 to 14 January 2028	32.70	–	–	–	8,000,000	8,000,000
Mr. Yang Jian	15 January 2023 to 14 January 2028	32.70	3,000,000	–	–	(3,000,000)	–
			62,605,000	(105,000)	–	5,000,000	67,500,000
Employees	23 March 2012 to 22 March 2022	4.07	2,300,000	(2,300,000)	–	–	–
	31 March 2018 to 30 March 2022	12.22	1,300,000	–	(1,300,000)	–	–
	7 September 2019 to 6 September 2023	15.96	600,000	–	–	–	600,000
	14 January 2021 to 13 January 2025	16.04	790,000	–	–	–	790,000
	15 January 2023 to 14 January 2028	32.70	511,600,000	–	(30,500,000)	(5,000,000)	476,100,000
			516,590,000	(2,300,000)	(31,800,000)	(5,000,000)	477,490,000
			579,195,000	(2,405,000)	(31,800,000)	–	544,990,000

38. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS (Continued)

Share option scheme of the Company (Continued)

The following table discloses details of the Company's share options under the schemes held by each participant or category of participants (Continued):

2022 (Continued)

	Outstanding at 1 January HK$	Exercised during the year HK$	Lapsed during the year HK$	Outstanding at 31 December HK$
Weighted average exercise price per share	29.14	4.07	31.86	32.66
Weighted average remaining contractual life of options outstanding as at 31 December 2022				5.22 years
Number of options exercisable as at 31 December 2022				4,352,500
Weighted average exercise price per share of options exercisable as at 31 December 2022				HK$8.28

During the year ended 31 December 2023, 578,430,000 options were granted on 22 November 2023 with total estimated fair values of approximately RMB2,019,089,000. The closing price of the Company's shares on the date on which the options were granted was HK$9.34. The exercise price of the share options granted was HK$9.56 per share.

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair values were measured based on Binomial Option Pricing Model. The inputs into the model were as follows:

Grant date	**22 November 2023**	15 January 2021
Share price	**HK$9.34**	HK$31.20
Exercise price	**HK$9.56**	HK$32.70
Expected volatility	**46.20%**	38.95%
Expected life (expressed as weighted average life used in the modelling under Binomial Option Pricing Model)	**8 years**	7 years
Risk-free interest rate	**3.74%**	0.55%
Expected dividend yield	**1.49%**	2%

38. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS (Continued)

Share option scheme of the Company (Continued)

Expected volatility was determined by using historical volatility of the comparable companies' share price. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There was no market conditions associated with the share options granted.

Share award scheme of the Company

The Company has adopted the Share Award Scheme pursuant to resolutions passed by the Board at the board meeting of the Company held on 30 August 2021 for the purposes of attracting and retaining the high calibre employees whose contributions will be beneficial to the growth and development of the Group. The Share Award Scheme has a term of 10 years from 30 August 2021.

Pursuant to the proposed amendments to Listing Rules relating to share schemes of listed issuers and housekeeping rule amendment published by the SEHK in July 2022, Chapter 17 of the Listing Rules has been amended to govern both share option schemes and share award schemes with effect from 1 January 2023 (the "**New Chapter 17**").

On 23 December 2022, the Board resolved to amend the terms of the Share Award Scheme in compliance with the requirements of the New Chapter 17. The amendments to the Share Award Scheme were approved by the Company's shareholders at the extraordinary general meeting of the Company held on 28 April 2023.

The eligible participants of the Share Award Scheme included all directors or employees (including full-time or part-time) of the Group or the holding companies, fellow subsidiaries or associated companies of the Company or service providers to the Group.

The maximum number of shares which could be granted under the Share Award Scheme is 350,000,000, which could be satisfied by way of new shares to be issued or existing shares to be purchased from the secondary market.

The shares being granted with respect to a selected participant will vest in 4 tranches of 25% each year from 30 August 2022 to 29 August 2025, on the conditions that the employee will remain in service and meet the performance requirements, including but not limited to meeting the company-level performance target and the selected participant's level performance target. Subject to the satisfaction of the vesting conditions, such new award shares will be transferred to the selected participants at nominal value on the vesting date. The selected participants are required to pay the nominal value for the award shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS (Continued)

Share award scheme of the Company (Continued)

As at 31 December 2023 and 2022, the Company has appointed a professional and independent trustee ("**Trustee**"), to assist with the administration and vesting of award shares granted pursuant to the Share Award Scheme. The Trustee will not exercise the voting rights in respect of any ordinary shares held under the trust. The award shares will be allotted and issued to the Trustee who will hold the award shares in trust in accordance with the trust deed for the selected participants. As at 31 December 2023, the total number of award shares available for grant under the Share Award Scheme is 236,630,657 (2022: 200,650,707) and the remaining life of the Share Award Scheme is approximately 7 years and 8 months (2022: 8 years and 8 months).

Movements in the number of award shares outstanding are as follows:

	2023	2022
Balance at 1 January	**113,391,000**	159,499,299
Vested	**(6,570,050)**	(35,958,293)
Lapsed	**(35,979,950)**	(10,150,006)
Balance at 31 December	**70,841,000**	113,391,000

The fair value of each award shares was calculated based on the market price of the Company's shares at the grant date.

Share award scheme of ZEEKR Intelligent Technology Holding Limited ("ZEEKR Holding")

On 20 August 2021, ZEEKR Holding adopted a share award scheme (the "**ZEEKR Share Award Scheme**"). The purposes of the ZEEKR Share Award Scheme are to encourage the selected participants to continuously make greater contributions to the long-term growth of the ZEEKR Holding and its subsidiaries ("**ZEEKR Group**") and thereby enhancing the value of the Company for the benefit of the shareholders, and to attract and retain high calibre employees whose contributions will be beneficial to the growth and development of the ZEEKR Group.

The participants of the ZEEKR Share Award Scheme include directors, employees, officers or consultants of the ZEEKR or its affiliates.

The maximum number of ordinary shares of ZEEKR Holding ("**ZEEKR Shares**") which could be granted under the ZEEKR Share Award Scheme is 150,000,000 ZEEKR Shares by way of new ZEEKR Shares.

38. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS (Continued)

Share award scheme of ZEEKR Intelligent Technology Holding Limited ("ZEEKR Holding") (Continued)

The vesting schedule of the award shares under the ZEEKR Share Award Scheme (the "**ZEEKR Award Shares**") granted would be subject to both the initial public offering condition and service-and-performance-based condition. Subject to the satisfaction of the conditions for vesting as provided under the ZEEKR Share Award Scheme, the ZEEKR Award Shares granted shall vest in four batches as follows: (i) the first batch (up to 25% of the ZEEKR Award Shares granted) will vest on the following 15 April after the grant date; (ii) the second batch (up to 25% of the ZEEKR Award Shares granted) will vest on the second 15 April after the grant date; (iii) the third batch (up to 25% of the ZEEKR Award Shares granted) will vest on the third 15 April after the grant date; and (iv) the fourth batch (up to 25% of the ZEEKR Award Shares granted) will vest on the fourth 15 April after the grant date. Selected participants are required to pay the nominal value for the ZEEKR Award Shares.

During the year ended 31 December 2023, ZEEKR Holding resolved to further grant 17,955,300 (2022: 37,957,156) ZEEKR Award Shares to 4,427 (2022: 7,761) selected participants under the ZEEKR Share Award Scheme by way of reservation and future issuance of new ZEEKR Shares.

As at 31 December 2023, the total number of ZEEKR Shares available for issue under the ZEEKR Share Award Scheme is 56,988,269 (2022: 63,972,924) and the remaining life of the ZEEKR Share Award Scheme is approximately 7 years and 8 months (2022: 8 years and 8 months).

Back-solve method was used to determine the underlying equity fair value of the ZEEKR Holding and the option-pricing method was used to determine the fair value of the underlying shares. The fair value of ZEEKR Award Shares granted at grant date was approximately US$80,103,000 (equivalent to approximately RMB581,532,000) (2022: RMB724,727,000). Key assumptions adopted in determining the fair value are as follows:

Grant date	**30 June 2023**	30 September 2022
Expected volatility	**51.70% to 57.66%**	55.13% to 59.09%
Risk-free interest rate	**4.37% to 5.47%**	4.16% to 4.23%
Expected dividend yield	**0.00%**	0.00%

Expected volatility was determined by using average historical volatilities of comparable companies in the same industry. Expected dividend yield is based on the management's estimate at valuation date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS (Continued)

Share award scheme of ZEEKR Intelligent Technology Holding Limited ("ZEEKR Holding") (Continued)

Movements in the number of ZEEKR Award Shares outstanding are as follows:

	2023	2022
Balance at 1 January	86,027,076	52,964,800
Granted	17,955,300	37,957,156
Lapsed	(10,970,645)	(4,894,880)
Balance at 31 December	93,011,731	86,027,076

Equity settled share-based payments have been recorded in the consolidated financial statements as follows:

	2023			2022		
	Expensed RMB'000	Capitalised as product development cost of intangible assets RMB'000	Total RMB'000	Expensed RMB'000	Capitalised as product development cost of intangible assets RMB'000	Total RMB'000
Share option scheme of the Company	601,376	226,540	827,916	891,688	260,845	1,152,533
Share award scheme of the Company	44,960	27,779	72,739	597,222	235,145	832,367
Share award scheme of ZEEKR Holding (note)	–	–	–	–	–	–
	646,336	254,319	900,655	1,488,910	495,990	1,984,900

Note: The Group had not recognised any equity settled share-based payments for share award scheme of ZEEKR Holding as the management considers that it is not probable that the condition related to the initial public offering of ZEEKR Holding will be satisfied until the event occurs.

39. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2023 and 2022, the Group had the following material transactions with connected and related parties:

(a) Transactions

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Related companies (notes (a) and (b))			
Zhejiang Geely Automobile Company Limited# 浙江吉利汽車有限公司	Sales of complete knock-down kits (note (d))	**30,730,416**	41,603,317
	Sales of complete build-up units, complete knock-down kits and related after-sales parts (note (d))	**128,894**	1,381,611
	Purchase of complete build-up units (note (d))	**31,601,474**	51,298,948
	Purchase of complete knock-down kits and automobile components (note (d))	**28,858,758**	–
	Claims income on defective materials purchased	**–**	227,440
	Claims paid on defective materials sold	**–**	199,071
	Sales of automobile parts and components (note (d))	**–**	119,878
	Acquisition of a subsidiary (note 40)	**–**	720,328

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2023 and 2022, the Group had the following material transactions with connected and related parties (Continued):

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Related companies (notes (a) and (b)) (Continued)			
Zhejiang Haoqing Automobile Manufacturing Company Limited# 浙江豪情汽車製造有限公司	Sales of complete knock-down kits (note (d))	**63,420,165**	54,828,887
	Sales of complete knock-down kits and automobile components (CKDs and Automobile Components Sales Agreement) (note (d))	**6,169,520**	–
	Purchase of complete build-up units (note (d))	**70,407,875**	54,456,151
	Sales of complete build-up units, complete knock-down kits and related after-sales parts (note (d))	**583,647**	1,855,533
	Purchase of automobile parts and components (note (d))	**50,745**	–
	Purchase of complete knock-down kits and automobile components (note (d))	**4,620,539**	3,894,946
	Claims income on defective materials purchased	**–**	192,145
	Claims paid on defective materials sold	**–**	222,950

39. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2023 and 2022, the Group had the following material transactions with connected and related parties (Continued):

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Related companies (notes (a) and (b)) (Continued)			
Geely Automobile Group	Operational service fee (note (d))	**267,601**	38,920
	Operational service income (note (d))	**101,809**	150,279
	Acquisition of property, plant and equipment (note (h))	**19,762**	–
	Research, development and technology licensing service fee (note (d))	**38,167**	–
Zhejiang Geely Automobile Parts and Components Company Limited# 浙江吉利汽車零部件採購有限公司	Purchase of automobile parts and components (note (d))	**3,848,666**	1,002,561
	Sales of automobile components (Automobile Components Sales Agreement) (note (d))	**–**	736,123
	Sales of powertrain and related components (note (d))	**26,590**	–
Linyi Lingji Chunhua Automobile Sales Service Company Limited# 臨沂領吉春華汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories (note (d))	**169,670**	195,455

39. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2023 and 2022, the Group had the following material transactions with connected and related parties (Continued):

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Related companies (notes (a) and (b)) (Continued)			
Ningbo Geely Automobile	Purchase of automobile parts and components (note (d))	–	40,766
	Research, development and technology licensing service income (note (d))	4,710,109	4,200,988
	Research, development and technology licensing service fee (note (d))	2,790,106	3,347,027
	Operational service income (note (d))	34,610	–
	Acquisition of property, plant and equipment (notes (e), (f) and (i))	266,876	24,992
	Sales of automobile components (Automobile Components Sales Agreement) (note (d))	–	68,905
Hangzhou Geely New Energy Automobile Sales Company Limited# 杭州吉利新能源汽車銷售有限公司	Sales of complete build-up units and related after-sales parts, components and accessories (note (d))	–	94,989

39. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2023 and 2022, the Group had the following material transactions with connected and related parties (Continued):

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Related companies (notes (a) and (b)) (Continued)			
Shanxi New Energy Automobile Industrial Company Limited# 山西新能源汽車工業有限公司	Sales of complete knock-down kits (note (d))	**1,658,412**	1,372,521
	Purchase of complete build-up units (note (d))	**1,720,321**	1,274,362
Hangzhou Geely Yiyun Technology Company Limited# 杭州吉利易雲科技有限公司	Operational service fee (note (d))	**286,414**	–
	Acquisition of property, plant and equipment (note (h))	**–**	22,716
Zhejiang Geely Business Services Company Limited# 浙江吉利商務服務有限公司	Operational service fee (note (d))	**237,167**	97,463
Fengsheng Automobile (Jiangsu) Company Limited# 楓盛汽車(江蘇)有限公司	Purchase of automobile parts and components (note (d))	**–**	61,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2023 and 2022, the Group had the following material transactions with connected and related parties (Continued):

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Related companies (notes (a) and (b)) (Continued)			
Shanghai Meihuan Trade Company Limited# 上海美寰貿易有限公司	Sales of complete build-up units, complete knock-down kits and related after-sales parts (note (d))	**201,355**	975,642
	Sales of powertrain and related components (note (d))	**56,624**	74,555
	Sales of automobile components (Automobile Components Sales Agreement) (note (d))	**18,116**	59,374
	Operational service income (note (d))	**–**	229,417
London EV Company Limited	Sales of powertrain and related components (note (d))	**19,827**	25,079
Zhejiang Jichuang Industrial Development Co., Limited# 浙江吉創產業發展有限公司	Purchase of automobile parts and components (note (d))	**–**	1,841,090
Zhejiang Jizhi New Energy Automobile Technology Company Limited# 浙江吉智新能源汽車科技有限公司	Research, development and technology licensing service fee (note (d))	**–**	137,507
Hangzhou Xuanyu Human Resources Company Limited# 杭州軒宇人力資源有限公司	Operational service fee (note (d))	**134,926**	–

39. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2023 and 2022, the Group had the following material transactions with connected and related parties (Continued):

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Related companies (notes (a) and (b)) (Continued)			
Geely Changxing Automatic Transmission Company Limited# 吉利長興自動變速器有限公司	Purchase of automobile parts and components (note (d))	**3,378,126**	1,285,222
	Research, development and technology licensing service income (note (d))	**35,435**	241,642
	Operational service income (note (d))	**33,030**	25,254
	Sales of powertrain and related components (note (d))	**13,300**	–
Zhejiang Yizhen Automobile R&D Company Limited# 浙江翼真汽車研究開發有限公司	Research, development and technology licensing service income (note (d))	**–**	30,564
Feixian Lingji Chunhua Automobile Sales Service Company Limited# 費縣領吉春華汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories (note (d))	**39,403**	47,540
Yishui Lingji Yuantong Automobile Sales Service Company Limited# 沂水領吉遠通汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories (note (d))	**38,399**	38,147

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2023 and 2022, the Group had the following material transactions with connected and related parties (Continued):

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Related companies (notes (a) and (b)) (Continued)			
Dongying Lingji Kaihua Automobile Sales Service Company Limited# 東營領吉凱華汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories (note (d))	**50,681**	47,172
Linyi Lingji Maohua Automobile Sales Service Company Limited# 臨沂領吉茂華汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories (note (d))	**190,140**	190,352
Qingdao Lingjixing Automobile Sales Service Company Limited# 青島領吉星汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories (note (d))	**96,938**	43,301
Zhejiang Joint Control Technology Company Limited# 浙江聯控技術有限公司	Research, development and technology licensing service income (note (d))	**1,503,003**	860,454
	Research, development and technology licensing service fee (note (d))	**750,289**	366,674

39. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2023 and 2022, the Group had the following material transactions with connected and related parties (Continued):

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Related companies (notes (a) and (b)) (Continued)			
Hangzhou Jidian Electronic Technology Company Limited# 杭州極電電子科技有限公司	Sales of automobile components (Automobile Components Sales Agreement) (note (d))	**393,867**	48,270
	Research, development and technology licensing service income (note (d))	**83,146**	–
	Purchase of automobile parts and components (note (d))	**989,377**	–
Lingji Automobile Trading Company Limited# 領吉汽車商貿有限公司	Sales of complete build-up units and related after-sales parts, components and accessories (note (d))	**1,006,506**	1,053,102
	Purchase of automobile parts and components (note (d))	**31,343**	30,886
Shandong Geely New Energy Commercial Vehicle Company Limited# 山東吉利新能源商用車有限公司	Sales of automobile components (Automobile Components Sales Agreement) (note (d))	**–**	255,038
Chengdu Gaoyuan Automobile Industries Company Limited# 成都高原汽車工業有限公司	Sales of complete knock-down kits (note (d))	**906,845**	247,820
	Purchase of complete build-up units (note (d))	**941,418**	–

39. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2023 and 2022, the Group had the following material transactions with connected and related parties (Continued):

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Related companies (notes (a) and (b)) (Continued)			
Zhejiang Jirun Meishan Automobile Parts Company Limited# 浙江吉潤梅山汽車部件有限公司	Purchase of complete build-up units (note (d))	**91,515**	19,558
	Sales of automobile components (Automobile Components Sales Agreement) (note (d))	**52,879**	345,476
	Sales of powertrain and related components (note (d))	**260,606**	329,834
	Purchase of automobile parts and components (note (d))	**42,026**	–
	Research, development and technology licensing service fee (note (d))	**22,301**	–

39. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2023 and 2022, the Group had the following material transactions with connected and related parties (Continued):

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Related companies (notes (a) and (b)) (Continued)			
Ningbo Hangzhou Bay Geely Automobile Components Company Limited# 寧波杭州灣吉利汽車部件有限公司	Purchase of automobile parts and components (note (d))	**42,677**	46,477
	Purchase of complete knock-down kits and automobile components (note (d))	**112,233**	18,605,099
	Sales of automobile components (Automobile Components Sales Agreement) (note (d))	**2,694,812**	2,402,657
	Purchase of complete build-up units (note (d))	**161,705**	–
	Acquisition of property, plant and equipment (note (f))	**–**	27,376
	Operational service income (note (d))	**–**	49,160
	Research, development and technology licensing service fee (note (d))	**–**	73,741
Guangzhou Lingjixing Automobile Sales Service Company Limited# 廣州領吉行汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories (note (d))	**–**	58,021
Zhongjia Automobile Manufacturing (Chengdu) Company Limited# 中嘉汽車製造(成都)有限公司	Sales of automobile components (Automobile Components Sales Agreement) (note (d))	**812,621**	583,050

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2023 and 2022, the Group had the following material transactions with connected and related parties (Continued):

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Related companies (notes (a) and (b)) (Continued)			
Wuhan Lingjixing Automobile Sales Service Company Limited# 武漢領吉行汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories (note (d))	**10,050**	55,372
Suzhou Lingjixin Automobile Sales Service Company Limited# 蘇州領吉鑫汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories (note (d))	**–**	38,875
Shanghai Jijin Mechanical and Electrical Equipment Company Limited# 上海吉津機電設備有限公司	Acquisition of property, plant and equipment (notes (f), (h) and (i))	**27,433**	46,713
Xi'an Geely Automobile Company Limited# 西安吉利汽車有限公司 ("**Xi'an Geely**") (note (g))	Purchase of complete build-up units (note (d))	**31,140**	66,410
	Sales of automobile components (Automobile Components Sales Agreement) (note (d))	**2,490,368**	1,703,707
	Sales of powertrain and related components (note (d))	**431,116**	1,948,376
	Operational service income (note (d))	**–**	38,807
	Purchase of complete knock-down kits and automobile components (note (d))	**–**	10,868,229
	Purchase of automobile parts and components (note (d))	**21,559**	21,821

39. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2023 and 2022, the Group had the following material transactions with connected and related parties (Continued):

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Related companies (notes (a) and (b)) (Continued)			
Polestar Performance AB	Research, development and technology licensing service income (note (d))	–	25,862
	Sales of automobile components (Automobile Components Sales Agreement) (note (d))	–	27,199
Jizhi (Hangzhou) Cultural Creativity Company Limited# 吉智(杭州)文化創意有限公司	Operational service fee (note (d))	124,487	114,430
Volvo Personvagnar AB	Sales of powertrain and related components (note (d))	150,289	497,120
	Research, development and technology licensing service income (note (d))	473,105	–
Volvo Car Corporation	Research, development and technology licensing service income (note (d))	114,000	768,226
	Sales of automobile components (Automobile Components Sales Agreement) (note (d))	14,983	540,209
Volvo Manufacturing Malaysia Sdn. Bhd.	Sales of automobile components (Automobile Components Sales Agreement) (note (d))	109,580	92,408

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2023 and 2022, the Group had the following material transactions with connected and related parties (Continued):

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Related companies (notes (a) and (b)) (Continued)			
Beijing Lingjisheng Automobile Sales Service Company Limited# 北京領吉盛汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories (note (d))	**–**	52,636
Valmet Automotive EV Power Ltd.	Sales of automobile components (Automobile Components Sales Agreement) (note (d))	**4,172,352**	2,219,340
Daqing Volvo Car Manufacturing Co., Limited# 大慶沃爾沃汽車製造有限公司	Sales of automobile components (Automobile Components Sales Agreement) (note (d))	**197,131**	176,195
Zhejiang Geely Automobile Manufacturing Co., Ltd.# 浙江吉利汽車製造有限公司	Interest expense	**178,840**	182,276
	Acquisition of a subsidiary (note 40)	**382,450**	–
Nanjing Lingjixing Automobile Sales Company Limited# 南京領吉行汽車銷售有限公司	Sales of complete build-up units and related after-sales parts, components and accessories (note (d))	**10,545**	25,082

39. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2023 and 2022, the Group had the following material transactions with connected and related parties (Continued):

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Related companies (notes (a) and (b)) (Continued)			
Zhejiang Haowu Network Technology Co., Ltd.# 浙江浩物網絡科技有限公司	Operational service fee (note (d))	**–**	81,001
	Purchase of automobile parts and components (note (d))	**248,245**	–
Binzhou Lingjixin Automobile Sales Company Limited# 濱州領吉欣汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories (note (d))	**48,241**	35,517
Zhangjiakou Aurobay Engine Manufacturing Co., Ltd.# 張家口極光灣發動機製造有限公司	Sales of powertrain and related components (note (d))	**53,651**	40,628
Taizhou Geely Automobile Manufacturing Co., Ltd.# 台州吉利汽車製造有限公司	Purchase of complete build-up units (note (d))	**11,025**	–
Ningbo Qianwan New District Jiyan Logistics Service Co., Ltd.# 寧波前灣新區吉研後勤服務有限公司	Operational service income (note (d))	**23,462**	–
	Operational service fee (note (d))	**29,784**	–

39. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2023 and 2022, the Group had the following material transactions with connected and related parties (Continued):

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Related companies (notes (a) and (b)) (Continued)			
Quzhou Jidian New Energy Technology Co., Ltd.# 衢州極電新能源科技有限公司	Purchase of automobile parts and components (note (d))	**12,316**	–
	Research, development and technology licensing service income (note (d))	**122,034**	–
Zhejiang Green Smart Technology Innovation Co., Ltd.# 浙江綠色智行科創有限公司	Research, development and technology licensing service income (note (d))	**12,779**	–

39. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2023 and 2022, the Group had the following material transactions with connected and related parties (Continued):

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Related companies (notes (a) and (b)) (Continued)			
Zhejiang Geely Education Technology Co., Ltd.# 浙江吉利教育科技有限公司	Operational service income (note (d))	**27,237**	–
	Operational service fee (note (d))	**14,079**	–
	Research, development and technology licensing service fee (note (d))	**12,612**	–
Zhejiang Jisu Supply Chain Management Co., Ltd.# 浙江吉速供應鏈管理有限公司	Operational service fee (note (d))	**50,872**	–
Geely Zhixing Technology (Chengdu) Co., Ltd.# 吉利智行科技(成都)有限公司	Research, development and technology licensing service fee (note (d))	**45,863**	–
Shanghai Xingya Shuhai Technology Co., Ltd.# 上海星矢數海科技有限公司	Operational service fee (note (d))	**15,300**	–

39. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2023 and 2022, the Group had the following material transactions with connected and related parties (Continued):

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Related companies (notes (a) and (b)) (Continued)			
Quzhou Jidian E-Mobility Technology Company Limited# 衢州極電電動汽車技術有限公司	Purchase of automobile parts and components (note (d))	**2,577,616**	–
	Sales of automobile components (Automobile Components Sales Agreement) (note (d))	**187,862**	–
Linyi Lingji Jianhua Automobile Sales and Service Co., Ltd.# 臨沂領吉建華汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories (note (d))	**43,973**	–
Qizheng New Energy Vehicle (Jinan) Co., Ltd.# 啟征新能源汽車(濟南)有限公司	Operational service income (note (d))	**20,231**	–
	Purchase of automobile parts and components (note (d))	**17,317**	–
Leida New Energy Automobile (Zhejiang) Company Limited# 雷達新能源汽車(浙江)有限公司	Sales of automobile components (Automobile Components Sales Agreement) (note (d))	**19,163**	–

39. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2023 and 2022, the Group had the following material transactions with connected and related parties (Continued):

(a) Transactions (Continued)

Name of related parties	Nature of transactions	**2023** **RMB'000**	2022 RMB'000
Related companies (notes (a) and (b)) (Continued)			
Linyi Lingjixing Automobile Sales Co., Ltd.# 臨沂領吉行汽車銷售有限公司	Sales of complete build-up units and related after-sales parts, components and accessories (note (d))	**21,029**	–
Volvo Car Sales (Shanghai) Co., Ltd.# 沃爾沃汽車銷售(上海)有限公司	Sales of powertrain and related components (note (d))	**83,419**	–
Guangyi Mingdao Digital Technology Co., Ltd.# 廣域銘島數字科技有限公司	Operational service fee (note (d))	**81,434**	–

39. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2023 and 2022, the Group had the following material transactions with connected and related parties (Continued):

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Related companies (notes (a) and (b)) (Continued)			
Wuhan Geely Auto Parts Co., Ltd.# 武漢吉利汽車部件有限公司	Sales of automobile components (Automobile Components Sales Agreement) (note (d))	**12,807**	–
	Research, development and technology licensing service income (note (d))	**21,359**	–
Zhejiang Xuan Fu Technology Company Limited# 浙江軒孚科技有限公司	Purchase of automobile parts and components (note (d))	**63,773**	–
GIHK	Acquisition of associates and the loan receivable from an associate (note 18)	**1,450,400**	–

39. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2023 and 2022, the Group had the following material transactions with connected and related parties (Continued):

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Associates			
Hanna Mando (Ningbo)	Purchase of automobile parts and components	**157,125**	389,005
	Research, development and technology licensing service fee	**11,419**	–
BELGEE	Sales of automobile parts and components	**1,601,767**	67,102
Haohan Energy	Purchase of automobile parts and components (note (d))	**67,705**	203,382
Renault Korea	Research, development and technology licensing service income	**489,766**	292,450
PROTON Group	Sales of complete build-up units	**765,094**	–
	Sales of automobile parts and components	**126,283**	–
	Interest income	**16,498**	–
Chongqing Livan Automobile Sales Company Limited#* 重慶睿藍汽車銷售有限公司	Sales of automobile parts and components	**40,961**	–
	Operational service income	**18,117**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2023 and 2022, the Group had the following material transactions with connected and related parties (Continued):

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Associates (Continued)			
Chongqing Livan Automobile Research Institute Limited#* 重慶睿藍汽車研究院有限公司	Research, development and technology licensing service income	**14,658**	–
Chongqing Livan	Operational service income	**28,077**	–
Joint ventures			
LYNK & CO Automobile Sales Company Limited#^ 領克汽車銷售有限公司	Sales of powertrain and related components (note (d))	**16,517**	–
	Purchase of automobile parts and components (note (d))	**93,506**	42,360
	Operational service income (note (d))	**259,381**	92,639
	Sales of complete build-up units and related after-sales parts, components and accessories (note (d))	**166,804**	80,777
	Sales of automobile components (Automobile Components Sales Agreement) (note (d))	**45,153**	61,974

39. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2023 and 2022, the Group had the following material transactions with connected and related parties (Continued):

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Joint ventures (Continued)			
Kaiyue Auto Parts Manufacture (Zhangjiakou) Co., Ltd.#^ 凱悅汽車大部件製造(張家口)有限公司	Sales of powertrain and related components (note (d))	**586,677**	963,778
	Operational service income (note (d))	**39,458**	40,475
	Purchase of automobile parts and components (note (d))	**67,128**	–
	Research, development and technology licensing service income (note (d))	**32,166**	339,191
	Sales of automobile components (Automobile Components Sales Agreement) (note (d))	**1,873,256**	–
	Purchase of complete build-up units (note (d))	**91,204**	–
Sichuan LYNK & CO Automobile Manufacturing Company Limited#^ 四川領克汽車製造有限公司	Sales of powertrain and related components (note (d))	**813,006**	1,110,066
	Purchase of complete knock-down kits and automobile components (note (d))	**1,067,504**	2,678,667
	Sales of automobile components (Automobile Components Sales Agreement) (note (d))	**601,197**	295,610
	Operational service income (note (d))	**15,382**	31,985
	Purchase of automobile parts and components (note (d))	**24,721**	–
	Sales of automobile parts and components (note (d))	**–**	23,041

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2023 and 2022, the Group had the following material transactions with connected and related parties (Continued):

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Joint ventures (Continued)			
LYNK & CO Investment	Operational service income (note (d))	**150,105**	55,703
	Research, development and technology licensing service income (note (d))	**905,276**	–
	Sales of powertrain and related components (note (d))	**29,308**	–
Yuyao LYNK & CO Auto Parts Company Limited#^ 余姚領克汽車部件有限公司	Sales of powertrain and related components (note (d))	**1,492,416**	1,405,673
	Purchase of complete build-up units (note (d))	**14,039**	39,188
	Research, development and technology licensing service income (note (d))	**114,566**	894,376
	Operational service income (note (d))	**44,068**	60,342
	Sales of automobile components (Automobile Components Sales Agreement) (note (d))	**723,195**	1,396,105
	Purchase of automobile parts and components (note (d))	**152,556**	–

39. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2023 and 2022, the Group had the following material transactions with connected and related parties (Continued):

(a) Transactions (Continued)

Name of related parties	Nature of transactions	**2023 RMB'000**	2022 RMB'000
Joint ventures (Continued)			
Chengdu LYNK & CO Automobile Company Limited#^ 成都領克汽車有限公司	Operational service income (note (d))	**11,980**	–
	Research, development and technology licensing service income (note (d))	**54,950**	163,693
LYNK & CO (Zhangjiakou) Co., Ltd.#^ 領克汽車(張家口)有限公司	Operational service income (note (d))	**–**	47,447
LYNK & CO International Sales (Yuyao) Co., Ltd.#^ 領克汽車國際銷售(余姚)有限公司	Operational service income (note (d))	**–**	319,118
LYNK & CO Automobile Technology (Ningbo Meishan Bonded Port Area) Co., Ltd. (formerly known as Geely Yaou (Ningbo Meishan Bonded Port Area) Technology Co., Ltd.)#^ 領克汽車科技(寧波梅山保稅港區)有限公司(前稱吉利亞歐(寧波梅山保稅港區)科技有限公司)	Research, development and technology licensing service income (note (d))	**25,225**	667,561

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2023 and 2022, the Group had the following material transactions with connected and related parties (Continued):

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Joint ventures (Continued)			
LYNK & CO International AB^	Research, development and technology licensing service income (note (d))	–	22,439
Genius AFC	Interest income	310,803	233,018
	Service charge	12,188	17,984
Ultimate holding company			
Geely Holding	Acquisition of property, plant and equipment (note (i))	94,826	20,222
	Research, development and technology licensing service income (note (d))	–	234,054
	Interest expense	2,926	–
	Operational service fee (note (d))	256,901	–

39. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2023 and 2022, the Group had the following material transactions with connected and related parties (Continued):

(a) Transactions (Continued)

Notes:

(a) The Group and the related companies are under the common control of the substantial shareholder of the Company's ultimate holding company.

(b) The Group does not have the automobile catalogue issued by the National Development Reform Commission in the PRC which is required to facilitate payment of the PRC consumption tax. The related parties referred to above have the relevant automobile catalogue license and therefore the sales of complete knock-down kits to and purchase of complete build-up units from related parties as set out above have been presented on a net basis in the consolidated income statement (to the extent that they are back-to-back transactions) since the said related parties in effect only act as a channel to facilitate the payment of the PRC consumption tax. For the same reason, the related claims income from and claims expenses paid to these related parties have also been presented on a net basis as long as they are back-to-back transactions.

(c) The related party transactions were conducted in the Group's normal course of business and at prices and terms no less than those charged to and contracted with other third parties of the Group.

(d) The related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are disclosed in "Directors' Report" section to the annual report.

(e) Pursuant to the acquisition agreement dated 5 October 2018, the Company entered into a transaction with Geely Holding, pursuant to which the Group agreed to acquire and the Geely Holding Group agreed to sell the assets comprising predominantly imported equipment for use in the Group's production and research and development, as well as a small amount of office equipment and software system for a maximum consideration of approximately RMB679,871,000.

(f) Pursuant to the acquisition agreement dated 4 November 2020, the Company entered into a transaction with Geely Holding, pursuant to which the Group agreed to acquire and the Geely Holding Group agreed to sell the assets comprising predominantly imported equipment for use in the Group's production and research and development, as well as a small amount of office equipment and software system for a maximum consideration of approximately RMB743,918,000.

(g) Xi'an Geely had been acquired by the Group in April 2023. The amount disclosed represented the transactions entered into before the acquisition.

(h) Pursuant to the assets transfer agreement dated 15 October 2021, the Company entered into a transaction with Geely Holding, pursuant to which the Group agreed to purchase and the Geely Holding Group agreed to sell the assets (which comprise predominantly equipment for use in the Group's research and development for the LYNK & CO-branded, ZEEKR-branded and Geely-branded vehicles related products such as vehicles engines and transmissions, as well as a small amount of office equipment and software system) for a maximum cash consideration of approximately RMB632,800,000; and the Group agreed to sell and the Geely Holding Group agreed to purchase the assets (which comprise vehicle testing related machinery and equipment which are idle for use) for a maximum cash consideration of approximately RMB357,900,000.

39. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2023 and 2022, the Group had the following material transactions with connected and related parties (Continued):

(a) Transactions (Continued)

Notes: (Continued)

(i) Pursuant to the assets transfer agreement dated 15 September 2023, the Company entered into a transaction with Geely Holding, pursuant to which the Group agreed to purchase and the Geely Holding Group agreed to sell the assets (which comprise predominantly equipment for use in the Group's research and development for the LYNK & CO-branded, ZEEKR-branded and Geely-branded vehicles related products such as vehicles engines and transmissions, as well as a small amount of office equipment and software system) for a maximum cash consideration of approximately RMB508,500,000; and the Group agreed to sell and the Geely Holding Group agreed to purchase the assets (which comprise vehicle testing related machinery and equipment) for a maximum cash consideration of approximately RMB168,400,000.

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

^ The companies are the wholly-owned subsidiaries of LYNK & CO Investment.

* The companies are the wholly-owned subsidiaries of Chongqing Livan.

(b) Remuneration of key management personnel

The remuneration of directors (as disclosed in note 13) and other members of key management personnel during the year are as follows:

	2023 **RMB'000**	2022 RMB'000
Short-term benefits	**20,497**	18,585
Retirement benefits scheme contribution	**248**	208
Equity settled share-based payments	**110,749**	214,507
	131,494	233,300

The remuneration of directors and key management personnel are determined by the remuneration committee having regard to the performance of individuals and market trends. Total remuneration is included in "Staff costs" (see note 9(b)).

Other than the material related party transactions disclosed above, no other transaction, arrangement or contract of significance to which the Company was a party and in which a director of the Company or a connected entity of the 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.

40. BUSINESS COMBINATION

2023

Acquisition of Xi'an Geely

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

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

	Pre-acquisition carrying amounts RMB'000	Fair value adjustments RMB'000	Recognised fair values on acquisition RMB'000
The net assets acquired:			
Property, plant and equipment (note 14)	2,243,007	(2,332)	2,240,675
Intangible assets (note 15)	1,907	58	1,965
Land lease prepayments (note 16)	385,529	232,331	617,860
Trade and other receivables	6,524,674	–	6,524,674
Inventories	936,928	851	937,779
Deferred tax assets (note 35)	34	–	34
Bank balances and cash	36,272	–	36,272
Trade and other payables	(9,945,064)	–	(9,945,064)
Deferred tax liabilities (note 35)	–	(34,636)	(34,636)
	183,287	196,272	379,559
Goodwill arising on acquisition (note 17):			
Cash consideration transferred			229,470
Consideration payable (notes (a) and 24)			152,980
Fair value of identifiable net assets acquired			(379,559)
			2,891
Net cash outflow arising on acquisition of a subsidiary:			
Cash consideration paid			(229,470)
Bank balances and cash acquired			36,272
			(193,198)

40. BUSINESS COMBINATION (Continued)

2023 (Continued)

Acquisition of Xi'an Geely (Continued)

Notes:

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

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

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

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

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

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

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

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

40. BUSINESS COMBINATION (Continued)

2022

Acquisition of China-Euro Vehicle Technology AB ("CEVT")

On 2 July 2021, ZEEKR Holding and a fellow subsidiary owned by the Company's ultimate holding company entered into an acquisition agreement pursuant to which ZEEKR Holding conditionally agreed to acquire 100% of the equity interests in CEVT for a cash consideration of approximately 1,057.8 million Swedish Krona ("**SEK**") (equivalent to approximately RMB720.3 million). CEVT is principally engaged in automotive design, software systems development, modular development, virtual engineering of intelligent electric vehicles and provision of mobility technology solutions. The acquisition of CEVT was completed in February 2022. Please refer to the Company's announcement dated 2 July 2021 for further details.

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

	Pre-acquisition carrying amounts RMB'000	Fair value adjustments RMB'000	Recognised fair values on acquisition RMB'000
The net assets acquired:			
Property, plant and equipment (note 14)	347,824	(877)	346,947
Intangible assets (note 15)	11,564	8,947	20,511
Trade and other receivables	3,170,961	(27,448)	3,143,513
Deferred tax assets (note 35)	7,149	3,992	11,141
Bank balances and cash	75,069	–	75,069
Trade and other payables	(570,033)	–	(570,033)
Bank borrowings	(651,924)	–	(651,924)
Loan from a related company	(1,485,000)	–	(1,485,000)
Lease liabilities	(170,269)	–	(170,269)
Deferred tax liabilities (note 35)	(2,852)	–	(2,852)
	732,489	(15,386)	717,103
Goodwill arising on acquisition (note 17):			
Cash consideration transferred			720,328
Fair value of identifiable net assets acquired			(717,103)
			3,225
Net cash outflow arising on acquisition of a subsidiary:			
Cash consideration paid			(720,328)
Bank balances and cash acquired			75,069
			(645,259)

Note: The receivables acquired in this transaction with a fair value of RMB3,143,513,000 had gross contractual amounts of RMB3,170,961,000. The best estimate at acquisition date of the contractual cash flows not expected to be collected were RMB27,448,000.

40. BUSINESS COMBINATION (Continued)

2022 (Continued)

Acquisition of China-Euro Vehicle Technology AB ("CEVT") (Continued)

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

As a result of the acquisition, the Group is expected to increase the speed of update and iteration of the automobiles, and provide continuous and stable technical support for product research and development. Goodwill arose because the consideration paid included amounts in relation to the revenue growth and future market development of the businesses acquired. These benefits are not recognised separately from goodwill, because they do not meet the recognition criteria for identifiable intangible assets. Goodwill arising from the acquisition is not expected to be deductible for tax purpose.

CEVT has contributed revenue of RMB791,570,000 and profit of RMB86,137,000, respectively from the completion date of the acquisition to 31 December 2022.

41. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Non-controlling interests arising on change in ownership interests in subsidiaries upon issuance of new shares

On 27 August 2021, ZEEKR Holding entered into a share purchase agreement with five investors, pursuant to which such investors agreed to subscribe for 126,470,585 series pre-A preferred shares ("**Series Pre-A Preferred Shares**") at a total consideration of US$500,000,000. Three of the investors completed the subscription for 75,882,351 Series Pre-A Preferred Shares at a total consideration of US$300,000,000 (equivalent to approximately RMB1,938,150,000) in September 2021. The remaining two investors completed the subscription for 50,588,234 Series Pre-A Preferred Shares at a total consideration of US$200,000,000 (equivalent to approximately RMB1,264,257,000) in January 2022.

41. TRANSACTIONS WITH NON-CONTROLLING INTERESTS (Continued)

Non-controlling interests arising on change in ownership interests in subsidiaries upon issuance of new shares (Continued)

The major terms of the Series Pre-A Preferred Shares are set out below:

(i) The Series Pre-A Preferred Shares carry voting rights and can vote together with ordinary shares as a single class on a fully diluted, as converted and as exercised basis.

(ii) The holders of Series Pre-A Preferred Shares are entitled to dividend on each share held on a *pari passu* basis with the ordinary shares and the dividend declared or paid is non-cumulative.

(iii) The Series Pre-A Preferred Shares are non-redeemable.

(iv) The Series Pre-A Preferred Shares are convertible into ordinary shares of ZEEKR Holding on a one-to-one basis at the options of the holder.

In January 2022, immediately after the issuance of 50,588,234 Series Pre-A Preferred Shares, the carrying amount of ZEEKR Holding was RMB4,730,775,000 and subsequent to the issuance of Series Pre-A Preferred Shares, the equity interests of the Group and other investors in ZEEKR Holding was reduced from approximately 59.73% to 58.31% and from approximately 40.27% to 39.31%, respectively, and the corresponding carrying amount of approximately 2.38% non-controlling interests in ZEEKR Holding was RMB108,441,000. The Group recognised an increase in non-controlling interests of RMB108,441,000 and an increase in equity attributable to equity holders of the Company of RMB1,155,816,000.

On 12 February 2023, ZEEKR entered into a new share purchase agreement with five investors, pursuant to which such investors agreed to subscribe for 139,375,669 Series A preferred shares ("**Series A Preferred Shares**") at a total consideration of US$750,000,000. The subscription for 139,375,669 Series A Preferred Shares was completed at a total consideration of US$750,000,000 (equivalent to approximately RMB5,373,118,000).

The major terms of the Series A Preferred Shares are set out below:

(i) The Series A Preferred Shares carry voting rights and can vote together with ordinary shares as a single class on a fully diluted, as converted and as exercised basis.

(ii) The holders of Series A Preferred Shares are entitled to dividend on each share held on a *pari passu* basis with the ordinary shares and the dividend declared or paid is non-cumulative.

(iii) The Series A Preferred Shares are non-redeemable.

(iv) The Series A Preferred Shares are convertible into ordinary shares of ZEEKR on a one-to-one basis at the options of the holder.

41. TRANSACTIONS WITH NON-CONTROLLING INTERESTS (Continued)

Non-controlling interests arising on change in ownership interests in subsidiaries upon issuance of new shares (Continued)

Immediately after the issuance of 139,375,669 Series A Preferred Shares, the carrying amount of ZEEKR was RMB7,739,989,000 and subsequent to the issuance of Series A Preferred Shares, the equity interests of the Group in ZEEKR was reduced from approximately 58.31% to 54.73%. The Group recognised an increase in non-controlling interests of RMB3,983,030,000 and an increase in equity attributable to equity holders of the Company of RMB1,390,088,000. The effect of changes in ownership interest of ZEEKR on the equity attributable to equity holders of the Company during the years is summarised as follows:

	2023 RMB'000	2022 RMB'000
Consideration received from non-controlling interests	**5,373,118**	1,264,257
Carrying amount of non-controlling interests deemed to be disposed of	**(3,983,030)**	(108,441)
Increase in capital reserve	**1,390,088**	1,155,816

42. NON-CASH TRANSACTIONS

The Group entered into the following non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

During the year ended 31 December 2023, the Group entered into certain lease contracts in which additions to right-of-use assets and lease liabilities amounting to RMB1,391,007,000 (2022: RMB2,214,735,000) was recognised at the lease commencement date.

During the year ended 31 December 2023, the Group capitalised share-based payment expenses as product development costs of intangible assets, amounting to RMB254,319,000 (2022: RMB495,990,000).

43. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of debt (which includes bonds payable, bank borrowings (note) and loan from a related company) and equity attributable to equity holders of the Company, comprising issued perpetual capital securities, share capital and reserves.

Gearing ratio

The Company's Board of Directors reviews the capital structure on a regular basis. As part of this review, the Board of Directors considers the cost of capital and the risks associated with each class of capital. The Group does not have a specific target gearing ratio determined as the proportion of debt to equity but will closely monitor the fluctuations of the gearing ratio.

The gearing ratio as at the end of the reporting period was as follows:

	2023 **RMB'000**	2022 RMB'000
Debt	**6,103,053**	10,820,356
Equity attributable to equity holders of the Company	**80,508,824**	75,130,455
Debt to equity ratio	**8%**	14%

Note: Bank borrowings comprise loans that are included in liabilities directly associated with assets classified as held for sale.

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to market risks (including interest rate risk and currency risk), credit risk and liquidity risk arise in the normal course of the Group's business. Market risk exposures are measured using sensitivity analysis. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

These risks are limited by the Group's financial management policies and practices described below.

Categories of financial assets and liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities:

	2023 RMB'000	2022 RMB'000
Financial assets		
Financial assets at FVOCI (recycling)		
– Trade and other receivables	**20,118,021**	17,047,131
Financial assets at FVOCI (non-recycling)		
– Listed equity investments	**117,746**	284,012
Financial assets carried at amortised cost		
– Trade and other receivables	**18,346,501**	13,970,681
– Restricted bank deposits	**943,433**	386,898
– Bank balances and cash	**35,745,963**	33,341,339
	75,271,664	65,030,061
Financial liabilities		
Financial liabilities measured at amortised cost		
– Trade and other payables	**72,782,201**	57,086,554
– Bank borrowings	**2,840,240**	2,757,960
– Bonds payable	**1,500,000**	2,062,396
– Loan from a related company	**1,100,000**	6,000,000
– Lease liabilities	**2,659,949**	2,336,008
Financial liabilities measured at FVTPL		
– Derivative financial instruments	**12,702**	80,509
	80,895,092	70,323,427

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Group's maximum exposure to credit risk without taking into account any collateral held is represented by the carrying amount of each financial asset, in the consolidated statement of financial position after deducting any loss allowance. The Group does not provide any guarantees which would expose the Group to credit risk.

Trade receivables

The Group's policy is to deal only with credit worthy counterparties. Credit terms are granted to new customers after a credit worthiness assessment by the credit control department. When considered appropriate, customers may be requested to provide proof as to their financial position. Where available at reasonable cost, external credit ratings and/or reports on customers are obtained and used. Customers who are not considered creditworthy are required to pay in advance or on delivery of goods. Payment record of customers is closely monitored. It is not the Group's policy to request collateral from its customers. As at 31 December 2023, 27% (2022: 32%) of the total trade receivables was due from the Group's five largest customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is assessed individually or based on provision matrix, as appropriate. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

As at 31 December 2023, the Group has adopted average expected loss rate of 0.3% to 3.0% (2022: 0.3% to 3.5%) on the gross carrying amounts of the trade receivables amounted to RMB16,011,607,000 (2022: RMB11,891,624,000). The loss allowance as at 31 December 2023 is RMB231,335,000 (2022: RMB225,446,000).

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. In applying the forward-looking information, the Group has taken into account the possible impacts associated with the overall change in the economic environment arising from volatility or disruptions in energy, financial, foreign currency or commodity markets.

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Credit risk (Continued)

Trade receivables (Continued)

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2023 **RMB'000**	2022 RMB'000
Balance at 1 January	**225,446**	222,778
Impairment losses recognised during the year	**5,889**	2,668
Balance at 31 December	**231,335**	225,446

Debts instruments at FVOCI (recycling) and other financial assets at amortised cost

Other financial assets at amortised cost include utility deposits and other receivables, loans to an associate and a joint venture, restricted bank deposits and bank balances and cash. In order to minimise the credit risk of utility deposits and other receivables, the management makes periodic collective and individual assessment on their recoverability based on historical settlement records and past experience as well as current external information and adjusted to reflect probability-weighted forward-looking information, including the default rate where the relevant debtors operate. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In these regards, the credit risk of utility deposits and other receivables are considered to be low.

Besides, management is of opinion that there is no significant increase in credit risk on utility deposits and other receivables and loans to an associate and a joint venture since initial recognition as the risk of default is low after considering the factors as set out in note 4(h) and, thus ECL recognised is based on 12-month ECLs. As at 31 December 2023, 12-month ECL allowance of RMB154,411,000 (2022: RMBNil) was made against the gross carrying amount of utility deposits and other receivables while no 12-month ECL allowance was provided on loans to an associate and a joint venture (2022: RMBNil), taking into account the debtors' creditworthiness, financial strength, past collection records, etc. No lifetime ECL was provided on utility deposits and other receivables (2022: RMBNil) and loans to an associate and a joint venture (2022: RMBNil).

The credit risks on restricted bank deposits and bank balances and cash are considered to be insignificant because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies.

The credit risk on notes receivable is considered to be insignificant because there was no material default by the counterparties in the past.

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade and other payables and its financing obligations, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

Analysed below is the Group's remaining contractual maturities for its non-derivative financial liabilities as at 31 December 2023 and 2022. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay.

The contractual maturity analysis below is based on the undiscounted cash flows of the financial liabilities.

	Weighted average effective interest rate %	Within one year or on demand RMB'000	More than one year but less than two years RMB'000	More than two years RMB'000	Total contractual undiscounted cash flows RMB'000	Total carrying amount as at 31 December RMB'000
2023						
Financial liabilities measured at amortised cost:						
Trade and other payables	N/A	72,782,201	–	–	72,782,201	72,782,201
Bank borrowings	6.17	175,220	2,957,053	–	3,132,273	2,840,240
Bonds payable	3.25	48,750	48,750	1,548,750	1,646,250	1,500,000
Loan from a related company	4.50	52,786	52,786	1,517,896	1,623,468	1,100,000
Lease liabilities	4.11	831,149	1,505,609	541,598	2,878,356	2,659,949
		73,890,106	4,564,198	3,608,244	82,062,548	80,882,390

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Liquidity risk (Continued)

	Weighted average effective interest rate %	Within one year or on demand RMB'000	More than one year but less than two years RMB'000	More than two years RMB'000	Total contractual undiscounted cash flows RMB'000	Total carrying amount as at 31 December RMB'000
2022						
Trade and other payables	N/A	57,086,554	–	–	57,086,554	57,086,554
Bank borrowings	5.01	138,289	138,289	2,850,153	3,126,731	2,757,960
Bonds payable	3.83	2,073,135	–	–	2,073,135	2,062,396
Loan from a related company	4.50	270,000	270,000	8,013,750	8,553,750	6,000,000
Lease liabilities	4.15	677,351	1,088,237	754,737	2,520,325	2,336,008
		60,245,329	1,496,526	11,618,640	73,360,495	70,242,918

Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from long-term borrowings. Lease liabilities (note 27), loan from a related company (note 29) and bonds payable (note 33) bearing fixed rates and bank borrowings (note 28) bearing variable rates expose the Group to fair value interest rate risk and cashflow interest rate risk, respectively. The interest rate risk for the Group's short-term bank deposits is considered immaterial.

The interest rate profile of the Group as at the end of the reporting period has been set out in the liquidity risk section of this note.

As at 31 December 2023, it is estimated that an increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after taxation and retained profits by approximately RMB28,402,000 (2022: RMB27,580,000).

The assumed changes in interest rates are considered to be reasonably possible based on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rate over the next twelve-month period.

The calculations are based on a change in average market interest rates for each period, and the financial instruments held at the end of each reporting period that are sensitive to changes in interest rates. All other variables are held constant. The analysis is performed on the same basis as 2022.

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to currency risks primarily through sales and purchases which give rise to receivables, payables, interest bearing borrowings and bank balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The foreign currencies giving rise to this risk are primarily HK$, US$, SEK, EUR and Russian Rubles ("**RUB**").

The Group has entered into certain foreign exchange forward contracts as set out in note 22 to mitigate part of its foreign exchange exposure. These foreign exchange forward contracts do not qualify for hedge accounting and are accounted for financial liabilities at FVTPL.

The following table details the Group's exposure as at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	2023					2022				
	HK$	US$	SEK	EUR	RUB	HK$	US$	SEK	EUR	RUB
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank balances and cash	93,814	3,977,652	67,586	168,528	416,123	281,489	3,120,930	43,941	85,314	367,025
Trade and other receivables	–	709,308	647,337	859,558	281,190	–	437,866	943,474	332,679	24,631
Bonds payable	–	–	–	–	–	–	(2,062,396)	–	–	–
Bank borrowings	–	(2,840,240)	–	–	–	–	(2,757,960)	–	–	–
Trade and other payables	–	(83,597)	(185,828)	(2,260)	(764,409)	–	(255,147)	(357,025)	(118)	(411,755)
Net exposure arising from recognised assets and liabilities	93,814	1,763,123	529,095	1,025,826	(67,096)	281,489	(1,516,707)	630,390	417,875	(20,099)

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Currency risk (Continued)

As the Group is mainly exposed to the effects of fluctuation in HK$/US$/SEK/EUR/RUB, the following table indicates the approximate change in the Group's profit after taxation and retained profits. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rate. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2022. Results of the analysis as presented in the below table represent an aggregation of the effects on each of the Group entities' profit after taxation and retained profits measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

	Impact of HK$		Impact of US$		Impact of SEK		Impact of EUR		Impact of RUB	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Profit after taxation/Retained profits	4,690	14,074	58,359	(89,476)	19,841	23,640	39,142	15,729	(2,851)	(853)

Fair value measurements of financial instruments

Financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.
- Level 3: significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments (Continued)

The financial assets measured at fair value in the consolidated statement of financial position on a recurring basis are grouped into the fair value hierarchy as follows:

	Fair value as at 31 December		Fair value hierarchy
	2023	2022	
	RMB'000	RMB'000	
Financial assets at FVOCI (recycling)			
Notes receivable measured at FVOCI (recycling)	**20,118,021**	17,047,131	Level 2
Financial assets at FVOCI (non-recycling)			
Listed equity investments	**117,746**	284,012	Level 1
Financial liabilities at FVTPL			
Foreign exchange forward contracts not designated as hedging instruments	**12,702**	80,509	Level 2

There were no transfer between the different levels of the fair value hierarchy during the year ended 31 December 2023 (2022: Nil).

The methods and valuation techniques used for the purpose of measuring fair values categorised in Level 1, Level 2 and Level 3 are unchanged compared to the previous reporting periods and are described below.

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments (Continued)

Listed equity investments

The fair value of listed equity investments in Level 1 is determined by reference to published price quotations in an active market.

Notes receivable measured at FVOCI (recycling)

The fair value of notes receivable in Level 2 is determined by discounting its future cash flows. The discount rates used are reference to rates currently available for instruments issued by commercial banks/government with similar terms, credit risk and remaining maturities.

Foreign exchange forward contracts not designated as hedging instruments

Where derivatives are traded either on exchanges or liquid over-the-counter markets, the Group uses the closing price at the end of the reporting period. Normally, the derivatives entered into by the Group are not traded on active markets. The fair values of such contracts are estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the current contract using a risk-free interest rate. The effects of non-observable inputs are not significant for the derivative financial instruments.

Fair value of financial assets and liabilities carried at amortised cost

The directors of the Company consider that the carrying amounts of financial instruments carried at amortised cost at of the Group are not materially different from their fair values as at 31 December 2023 and 2022.

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2023	2022
	RMB'000	RMB'000
Non-current assets		
Property, plant and equipment	**3,619**	1,617
Investments in subsidiaries	**10,575,029**	9,713,206
Interest in a joint venture	**6,053,805**	5,807,116
Financial assets at FVOCI	**117,746**	284,012
	16,750,199	15,805,951
Current assets		
Prepayments and other receivables	**1,153**	1,879
Derivative financial instruments	**12,374**	–
Amounts due from subsidiaries	**13,906,622**	8,747,048
Bank balances and cash	**740,924**	2,062,928
	14,661,073	10,811,855
Current liabilities		
Other payables	**45,899**	52,037
Derivative financial instruments	**–**	20,347
Bonds payable	**–**	2,062,396
Amounts due to subsidiaries	**4,109,401**	2,042,530
Lease liabilities	**2,118**	1,485
	4,157,418	4,178,795
Net current assets	**10,503,655**	6,633,060
Total assets less current liabilities	**27,253,854**	22,439,011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

	2023 RMB'000	2022 RMB'000
Capital and reserves		
Share capital	**183,807**	183,686
Perpetual capital securities	**3,413,102**	3,413,102
Reserves (note)	**19,315,254**	16,084,263
Total equity	**22,912,163**	19,681,051
Non-current liabilities		
Lease liabilities	**1,451**	–
Bonds payable	**1,500,000**	–
Bank borrowings	**2,840,240**	2,757,960
	4,341,691	2,757,960
	27,253,854	22,439,011

Approved and authorised for issue by the Board of Directors on 20 March 2024.

Li Shu Fu	**Gui Sheng Yue**
Director	*Director*

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

The movement of reserves represents:

	Share premium# RMB'000	Share-based compensation reserve RMB'000	Fair value reserve (non-recycling)# RMB'000	Accumulated losses# RMB'000	Total RMB'000
Balance at 1 January 2022	17,205,492	1,562,619	–	(4,323,882)	14,444,229
Profit for the year	–	–	–	1,530,823	1,530,823
Other comprehensive expense:					
Change in fair value of equity investments at FVOCI	–	–	(95,958)	–	(95,958)
Total comprehensive income for the year	–	–	(95,958)	1,530,823	1,434,865
Transactions with owners:					
Equity settled share-based payments (note 38)	–	1,984,900	–	–	1,984,900
Shares issued under share option scheme (note 30(a))	11,481	(3,543)	–	–	7,938
Shares issued under share award scheme (note 30(b))	803,218	(803,218)	–	–	–
Dividends paid to equity holders of the Company (note 11(b))	–	–	–	(1,787,669)	(1,787,669)
Total transactions with owners	814,699	1,178,139	–	(1,787,669)	205,169
Balance at 31 December 2022	18,020,191	2,740,758	(95,958)	(4,580,728)	16,084,263
Balance at 1 January 2023	**18,020,191**	**2,740,758**	**(95,958)**	**(4,580,728)**	**16,084,263**
Profit for the year	**–**	**–**	**–**	**4,412,365**	**4,412,365**
Other comprehensive expense:					
Change in fair value of equity investments at FVOCI	**–**	**–**	**(166,266)**	**–**	**(166,266)**
Total comprehensive income for the year	**–**	**–**	**(166,266)**	**4,412,365**	**4,246,099**
Transactions with owners:					
Equity settled share-based payments (note 38)	**–**	**900,655**	**–**	**–**	**900,655**
Shares issued under share award scheme (note 30(b))	**146,758**	**(146,758)**	**–**	**–**	**–**
Dividends paid to equity holders of the Company (note 11(b))	**–**	**–**	**–**	**(1,915,763)**	**(1,915,763)**
Total transactions with owners	**146,758**	**753,897**	**–**	**(1,915,763)**	**(1,015,108)**
Balance at 31 December 2023	**18,166,949**	**3,494,655**	**(262,224)**	**(2,084,126)**	**19,315,254**

As at 31 December 2023, the aggregate amount of reserves available for distribution to equity holders of the Company was RMB15,820,599,000 (2022: RMB13,343,505,000).

46. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries represent unlisted shares at cost. Particulars of the principal subsidiaries at 31 December 2023 and 2022 are as follows:

Name of companies	Place of incorporation/ registration and operations	Type of legal entity	Issued and fully paid up/registered capital	Percentage of equity interests held in 2023		Percentage of equity interests held in 2022		Principal activities
				Directly	Indirectly	Directly	Indirectly	
Centurion Industries Limited	British Virgin Islands	Limited liability company	US$2	100%	-	100%	–	Investment holding
Value Century Group Limited	British Virgin Islands	Limited liability company	US$1	100%	-	100%	–	Investment holding
ZEEKR Holding	Cayman Islands	Limited liability company	US$425,294	-	54.73%	–	58.31%	Investment holding
Geely Auto International Limited 吉利汽車國際有限公司	Hong Kong	Limited liability company	2 shares	-	100%	–	100%	Investment holding
Zhejiang Fulin Guorun Automobile Parts & Components Co., Ltd#* 浙江福林國潤汽車零部件有限公司	The PRC	Limited liability company	US$93,851,017	-	100%	–	100%	Research, production, marketing and sales of automobile parts and related components in the PRC
Zhejiang Geely Automobile Sales Company Limited# 浙江吉利汽車銷售有限公司	The PRC	Limited liability company	RMB15,000,000	-	99%	–	99%	Sales of automobile parts and components in the PRC
Jirun Automobile^	The PRC	Limited liability company	US$790,000,000	-	99%	–	99%	Research, development, production, marketing and sales of vehicles and related automobile components in the PRC
ZEEKR Automobile (Shanghai)*	The PRC	Limited liability company	RMB1,855,538,567	-	54.73%	–	58.31%	Research, development, production, marketing and sales of vehicles and related automobile components in the PRC

46. INVESTMENTS IN SUBSIDIARIES (Continued)

Investments in subsidiaries represent unlisted shares at cost. Particulars of the principal subsidiaries at 31 December 2023 and 2022 are as follows (Continued):

Name of companies	Place of incorporation/ registration and operations	Type of legal entity	Issued and fully paid up/registered capital	Percentage of equity interests held in 2023		Percentage of equity interests held in 2022		Principal activities
				Directly	Indirectly	Directly	Indirectly	
Zhejiang Geely Holding Group Automobile Sales Company Limited# 浙江吉利控股集團汽車銷售有限公司	The PRC	Limited liability company	RMB60,559,006	-	99%	–	99%	Marketing and sales of vehicles in the PRC
Geely International Corporation# 上海吉利美嘉峰國際貿易股份有限公司	The PRC	Limited liability company	RMB100,000,000	-	99%	–	99%	Export of vehicles outside the PRC
Xi'an Jirun Automobile Manufacturing Company Limited# 西安吉潤汽車製造有限公司	The PRC	Limited liability company	RMB500,000,000	-	99%	–	99%	Research, development, production, marketing and sales of vehicles and related automobile components in the PRC
Zhejiang Ruhoo Automobile Company Limited# 浙江陸虎汽車有限公司	The PRC	Limited liability company	RMB521,676,992	-	99%	–	99%	Research, development, production, marketing and sales of vehicles and related automobile components in the PRC
Shanghai Jicining Mechanical and Electrical Equipment Company Limited# 上海吉茨寧機電設備有限公司	The PRC	Limited liability company	RMB20,000,000	-	99%	–	99%	Procurement of mechanical and electrical equipment in the PRC
Hunan Geely Automobile Components Company Limited# 湖南吉利汽車部件有限公司	The PRC	Limited liability company	RMB612,348,777 (2022: US$88,500,000)	-	99%	–	99%	Research, development, production, marketing and sales of vehicles and related automobile components in the PRC

46. INVESTMENTS IN SUBSIDIARIES (Continued)

Investments in subsidiaries represent unlisted shares at cost. Particulars of the principal subsidiaries at 31 December 2023 and 2022 are as follows (Continued):

Name of companies	Place of incorporation/ registration and operations	Type of legal entity	Issued and fully paid up/registered capital	Percentage of equity interests held in 2023		Percentage of equity interests held in 2022		Principal activities
				Directly	Indirectly	Directly	Indirectly	
Zhejiang Vision Auto-parts Fittings Company Limited# 浙江遠景汽配有限公司	The PRC	Limited liability company	RMB50,000,000	-	99%	–	99%	Procurement of automobile parts and components in the PRC
Zhejiang Geely Automobile Spare Parts Company Limited (formerly known as Ningbo Vision Automobile Parts and Components Company Limited)# 浙江吉利汽車備件有限公司（前稱寧波遠景汽車零部件有限公司）	The PRC	Limited liability company	RMB1,500,000,000	-	99%	–	99%	Research, development, production, marketing and sales of vehicles and related automobile components in the PRC
Baoji Geely Engine Company Limited# 寶雞吉利發動機有限公司	The PRC	Limited liability company	RMB300,000,000	-	100%	–	99%	Research, development, production and sales of vehicle engines and related after-sales parts in the PRC
Ningbo Shangzhongxia Automatic Transmission Company Limited# 寧波上中下自動變速器有限公司	The PRC	Limited liability company	RMB1,000,000,000	-	100%	–	99%	Research, development, production and sales of vehicle transmissions and related after-sales parts in the PRC
Zhejiang Yili Automobile Components Company Limited# 浙江義利汽車零部件有限公司	The PRC	Limited liability company	RMB500,000,000	-	100%	–	99%	Research, development, production and sales of vehicle engines and related after-sales parts in the PRC

46. INVESTMENTS IN SUBSIDIARIES (Continued)

Investments in subsidiaries represent unlisted shares at cost. Particulars of the principal subsidiaries at 31 December 2023 and 2022 are as follows (Continued):

Name of companies	Place of incorporation/ registration and operations	Type of legal entity	Issued and fully paid up/registered capital	Percentage of equity interests held in 2023		Percentage of equity interests held in 2022		Principal activities
				Directly	Indirectly	Directly	Indirectly	
Limited Liability Company "Borisov Engine Plant <<Geely>>"	Belarus	Limited liability company	BYN1,000,000	-	50.49%	–	50.49%	Production, marketing and sales of vehicles
Limited Liability Company "Geely Motors"	Russia	Limited liability company	RUB14,010,000	-	99%	–	99%	Marketing and sales of vehicles in Russia
Zhejiang Fengrui Engine Company Limited# 浙江鋒銳發動機有限公司	The PRC	Limited liability company	RMB100,000,000	-	100%	–	99%	Production of automobile engines in the PRC
Chengdu Geely Automobile Manufacturing Company Limited# 成都吉利汽車製造有限公司	The PRC	Limited liability company	RMB200,000,000	-	99%	–	99%	Research and development, manufacturing, promotion and sales of vehicles and related automobile components and provision of related after-sales and technical services in the PRC
Aurobay Technology Company Limited# 極光灣科技有限公司	The PRC	Limited liability company	RMB500,000,000	-	100%	–	99%	Production of automobile engines in the PRC
Ningbo Geely Luoyou Engine Components Company Limited# 寧波吉利羅佑發動機零部件有限公司	The PRC	Limited liability company	RMB282,800,000	-	100%	–	99%	Production of automobile components in the PRC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46. INVESTMENTS IN SUBSIDIARIES (Continued)

Investments in subsidiaries represent unlisted shares at cost. Particulars of the principal subsidiaries at 31 December 2023 and 2022 are as follows (Continued):

Name of companies	Place of incorporation/ registration and operations	Type of legal entity	Issued and fully paid up/registered capital	Percentage of equity interests held in 2023		Percentage of equity interests held in 2022		Principal activities
				Directly	Indirectly	Directly	Indirectly	
Hunan Geely Automobile International Corporation# 湖南吉利汽車國際貿易有限公司	The PRC	Limited liability company	RMB10,000,000	**-**	**99%**	–	99%	Export of vehicles outside the PRC
Geometry Automobile (Shanxi) Co., Ltd.# 幾何汽車(山西) 有限公司	The PRC	Limited liability company	RMB500,000,000	**-**	**99%**	–	99%	Marketing and sales of vehicles in the PRC
Yiwu Geely Automatic Transmission Co., Ltd.# 義烏吉利自動變速器有限公司	The PRC	Limited liability company	RMB500,000,000	**-**	**100%**	–	99%	Research, development, production and sales of vehicle transmissions and related after-sales parts in the PRC
Baoji Geely Automobile Components Company Limited# 寶雞吉利汽車部件有限公司	The PRC	Limited liability company	RMB1,500,000,000	**-**	**99%**	–	99%	Research, development, production, marketing and sales of vehicles and related automobile components in the PRC
Shanxi Geely Automobile Components Company Limited# 山西吉利汽車部件有限公司	The PRC	Limited liability company	RMB1,500,000,000	**-**	**99%**	–	99%	Research, development, production, marketing and sales of vehicles and related automobile components in the PRC

46. INVESTMENTS IN SUBSIDIARIES (Continued)

Investments in subsidiaries represent unlisted shares at cost. Particulars of the principal subsidiaries at 31 December 2023 and 2022 are as follows (Continued):

Name of companies	Place of incorporation/ registration and operations	Type of legal entity	Issued and fully paid up/registered capital	Percentage of equity interests held in 2023 Directly	Percentage of equity interests held in 2023 Indirectly	Percentage of equity interests held in 2022 Directly	Percentage of equity interests held in 2022 Indirectly	Principal activities
Zhejiang Geely International Limited# 浙江吉利汽車國際貿易有限公司	The PRC	Limited liability company	RMB10,000,000	-	99%	–	99%	Export of vehicles outside the PRC
Geely Automobile Research Institute (Ningbo) Company Limited# 吉利汽車研究院(寧波)有限公司	The PRC	Limited liability company	RMB30,000,000	-	99%	–	99%	Research and development of vehicles and related automobile components in the PRC
Ningbo Jirun Automobile Components Company Limited# 寧波吉潤汽車部件有限公司	The PRC	Limited liability company	RMB1,500,000,000	-	99%	–	99%	Research and development, manufacturing, promotion and sales of vehicles and related automobile components and provision of related after-sales and technical services in the PRC
Hangzhou Geely Automobile Company Limited# 杭州吉利汽車有限公司	The PRC	Limited liability company	RMB1,500,000,000	-	99%	–	99%	Research and development, manufacturing, promotion and sales of vehicles and related automobile components and provision of related after-sales and technical services in the PRC
Guizhou Geely Automobile Manufacturing Company Limited# 貴州吉利汽車製造有限公司	The PRC	Limited liability company	RMB1,500,000,000	-	99%	–	99%	Research and development, manufacturing, promotion and sales of vehicles and related automobile components and provision of related after-sales and technical services in the PRC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46. INVESTMENTS IN SUBSIDIARIES (Continued)

Investments in subsidiaries represent unlisted shares at cost. Particulars of the principal subsidiaries at 31 December 2023 and 2022 are as follows (Continued):

Name of companies	Place of incorporation/ registration and operations	Type of legal entity	Issued and fully paid up/registered capital	Percentage of equity interests held in 2023		Percentage of equity interests held in 2022		Principal activities
				Directly	Indirectly	Directly	Indirectly	
Guizhou Geely Engine Company Limited# 貴州吉利發動機有限公司	The PRC	Limited liability company	RMB480,000,000	-	100%	–	99%	Preparation and construction of engine manufactory project in the PRC
Taizhou Binhai Geely Engine Company Limited# 台州濱海吉利發動機有限公司	The PRC	Limited liability company	RMB770,000,000	-	100%	–	99%	Preparation and construction of engine manufactory project in the PRC
Geely Automobile Holdings (Shanghai) Co., Ltd.# 吉利汽車控股(上海)有限公司	The PRC	Limited liability company	RMB30,000,000	-	99%	–	99%	Provision of vehicles design services in the PRC
Yiwu Geely Powertrain Company Limited# 義烏吉利動力總成有限公司	The PRC	Limited liability company	RMB320,000,000	-	100%	–	99%	Technology research and development, technology consultancy services, manufacture and sales of vehicle engines and provision of after-sales services in the PRC
Zhejiang Jisu Logistics Company Limited# 浙江吉速物流有限公司	The PRC	Limited liability company	RMB50,000,000	-	99%	–	99%	General logistic, packing, and storage services in the PRC

46. INVESTMENTS IN SUBSIDIARIES (Continued)

Investments in subsidiaries represent unlisted shares at cost. Particulars of the principal subsidiaries at 31 December 2023 and 2022 are as follows (Continued):

Name of companies	Place of incorporation/ registration and operations	Type of legal entity	Issued and fully paid up/registered capital	Percentage of equity interests held in 2023 Directly	Percentage of equity interests held in 2023 Indirectly	Percentage of equity interests held in 2022 Directly	Percentage of equity interests held in 2022 Indirectly	Principal activities
ZEEKR Automobile (Ningbo Hangzhou Bay New Zone) Company Limited# 極氪汽車(寧波杭州灣新區)有限公司	The PRC	Limited liability company	RMB500,000,000	-	**54.73%**	–	58.31%	Research and development, purchase and sales of the electric mobility related products under the ZEEKR brand in the PRC
Changxing Geely Automobile Components Company Limited# 長興吉利汽車部件有限公司	The PRC	Limited liability company	RMB600,000,000	-	**99%**	–	99%	Research, development, production and sales of complete knock-down kits, related automobile components and provision of after-sales services in the PRC
Viridi E-Mobility Technology (Ningbo) Company Limited# 威睿電動汽車技術(寧波)有限公司	The PRC	Limited liability company	RMB122,448,980	-	**27.91%**	–	29.74%	Research, development, production and sales of automobile components including electric powertrain and battery systems and related products and provision of after-sales services in the PRC
CEVT	Sweden	Limited liability company	SEK10,000,000	-	**54.73%**	–	58.31%	Automotive design, software systems development, modular development, virtual engineering of intelligent electric vehicles and provision of mobility technology solutions

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46. INVESTMENTS IN SUBSIDIARIES (Continued)

Investments in subsidiaries represent unlisted shares at cost. Particulars of the principal subsidiaries at 31 December 2023 and 2022 are as follows (Continued):

Name of companies	Place of incorporation/ registration and operations	Type of legal entity	Issued and fully paid up/registered capital	Percentage of equity interests held in 2023		Percentage of equity interests held in 2022		Principal activities
				Directly	Indirectly	Directly	Indirectly	
Xi'an Geely	The PRC	Limited liability company	RMB350,000,000	-	99%	–	–	Manufacturing and sales of complete knock-down kits, automobile parts and components in the PRC
Geely Auto Middle East FZE	The United Arab Emirates	Limited liability company	United Arab Emirates Dirham 10,000,000	-	100%	–	100%	Marketing and sales of vehicles in Middle East

* The Company's subsidiary is wholly foreign-owned enterprise established in the PRC with an operation period of 30 years.

^ The Company's subsidiary is sino-foreign equity joint venture established in the PRC with an unlimited operation period.

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

None of the subsidiaries had issued any debt securities during the year or at the end of the year except for the issuance of Series A Preferred Shares by ZEEKR Holding (note 41).

46. INVESTMENTS IN SUBSIDIARIES (Continued)

The following table lists out the information related to subgroup of Jirun Automobile and ZEEKR Holding, the subsidiaries of the Group which have material non-controlling interests. The summarised financial information presented below represents the amounts before any inter-company elimination.

	Jirun Automobile	
	2023	2022
	RMB'000	RMB'000
Non-controlling interests percentage	**1%**	1%
Non-current assets	**41,782,181**	54,767,698
Current assets	**115,206,852**	114,411,785
Current liabilities	**(98,617,591)**	(110,339,587)
Non-current liabilities	**(1,845,623)**	(2,123,989)
Net assets	**56,525,819**	56,715,907
Carrying amount of non-controlling interests	**565,628**	567,393
Revenue	**226,222,768**	204,208,634
Profit for the year	**3,923,111**	3,705,056
Other comprehensive (expense)/income for the year	**(99,641)**	44,782
Total comprehensive income for the year	**3,823,470**	3,749,837
Profit allocated to non-controlling interests	**39,231**	37,051
Other comprehensive (expense)/income allocated to non-controlling interests	**(996)**	448
Dividend paid to non-controlling interest	**(40,000)**	–
Cash flows generated from operating activities	**10,094,174**	14,781,374
Cash flows used in investing activities	**(178,446)**	(6,790,370)
Cash flows used in financing activities	**(4,502,843)**	(2,188,779)
Net cash inflows	**5,412,885**	5,802,225

46. INVESTMENTS IN SUBSIDIARIES (Continued)

The following table lists out the information related to subgroup of Jirun Automobile and ZEEKR Holding, the subsidiaries of the Group which have material non-controlling interests. The summarised financial information presented below represents the amounts before any inter-company elimination. (Continued)

	ZEEKR Holding	
	2023	2022
	RMB'000	RMB'000
Non-controlling interests percentage	**45.27%**	41.69%
Non-current assets	**22,546,145**	13,729,613
Current assets	**20,442,028**	15,717,521
Current liabilities	**(31,842,809)**	(18,432,832)
Non-current liabilities	**(3,501,629)**	(7,772,477)
Net assets	**7,643,735**	3,241,825
Carrying amount of non-controlling interests	**4,093,970**	486,140
Revenue	**51,635,601**	31,787,080
Loss for the year	**(1,134,642)**	(2,038,832)
Other comprehensive income for the year	**49,765**	11,562
Total comprehensive expense for the year	**(1,084,877)**	(2,027,270)
Loss allocated to non-controlling interests	**(416,902)**	(648,838)
Other comprehensive income allocated to non-controlling interests	**20,919**	4,820
Cash flows generated from operating activities	**9,260,904**	2,733,153
Cash flows used in investing activities	**(9,117,223)**	(7,524,851)
Cash flows (used in)/generated from financing activities	**(439,809)**	4,581,258
Net cash outflows	**(296,128)**	(210,440)

47. EVENT AFTER THE REPORTING PERIOD

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

48. COMPARATIVE FIGURES

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

CORPORATE INFORMATION

Executive Directors:

Mr. Li Shu Fu *(Chairman)*
Mr. Li Dong Hui, Daniel *(Vice Chairman)*
Mr. Gui Sheng Yue *(Chief Executive Officer)*
Mr. An Cong Hui
Mr. Ang Siu Lun, Lawrence
Ms. Wei Mei
Mr. Gan Jie Yue

Independent Non-executive Directors:

Mr. An Qing Heng
Mr. Wang Yang
Ms. Gao Jie
Ms. Yu Li Ping, Jennifer *(Appointed on 9 October 2023)*
Mr. Zhu Han Song *(Appointed on 9 October 2023)*

Audit Committee:

Ms. Gao Jie *(Committee's Chairperson)*
Mr. An Qing Heng
Mr. Wang Yang
Ms. Yu Li Ping, Jennifer

Remuneration Committee:

Mr. Zhu Han Song *(Committee's Chairman)*
Mr. Wang Yang
Ms. Gao Jie

Nomination Committee:

Mr. Wang Yang *(Committee's Chairman)*
Ms. Gao Jie
Ms. Yu Li Ping, Jennifer

Sustainability Committee:

Mr. An Cong Hui *(Committee's Chairman)*
Mr. Gui Sheng Yue
Mr. Wang Yang

Executive Committee:

Mr. Gui Sheng Yue
Mr. Ang Siu Lun, Lawrence

Company Secretary:

Mr. Cheung Chung Yan, David

Auditor:

Grant Thornton Hong Kong Limited

CORPORATE INFORMATION

Legal Advisor on Hong Kong Law:

Sidley Austin

Legal Advisor on Cayman Islands Law:

Maples and Calder

Principal Bankers in Hong Kong (in alphabetical order):

Australia and New Zealand Banking Group Limited
Bank of America, N.A.
Bank of China (Hong Kong) Limited
Bank of China Limited, Singapore Branch
Barclays Bank PLC
BNP Paribas
CLSA Limited
DBS Bank Limited
Nanyang Commercial Bank, Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
UBS AG Hong Kong Branch

Principal Bankers in the People's Republic of China (in alphabetical order):

Bank of China Limited
BNP Paribas (China) Limited
China CITIC Bank Corporation Limited
CITIC Securities Company Limited
Industrial and Commercial Bank of China Limited

Head Office and Principal Place of Business:

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Hong Kong
Telephone: (852) 2598 3333
Facsimile: (852) 2598 3399
Email: general@geelyauto.com.hk

Registered Office:

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Grand Cayman, KY1-1104,
Cayman Islands

Hong Kong Share Registrars & Transfer Office:

Union Registrars Limited
Suites 3301-04, 33/F.,
Two Chinachem Exchange Square,
338 King's Road, North Point,
Hong Kong

Investor & Media Relations:

Prime International Consultants Limited

Listing Information:

The Stock Exchange of Hong Kong Limited
Stock codes: 175 (HKD counter) & 80175 (RMB counter)

Company's Website:

http://www.geelyauto.com.hk

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