



广汽集团
GAC GROUP

匠于心 品于行
CRAFTED BY THE DRIVEN

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

2024

ANNUAL REPORT



CONTENTS

5	Chapter 1	<i>Chairman's Statement</i>
11	Chapter 2	<i>Corporate Profile and Summary of Business</i>
21	Chapter 3	<i>Management Discussion and Analysis</i>
55	Chapter 4	<i>Corporate Governance</i>
110	Chapter 5	<i>Report of the Directors</i>
117	Chapter 6	<i>Report of the Supervisory Committee</i>
122	Chapter 7	<i>Environmental and Social Responsibility</i>
125	Chapter 8	<i>Significant Events</i>
169	Chapter 9	<i>Changes in Shares and Information on Shareholders</i>
182	Chapter 10	<i>Bonds</i>
184	Chapter 11	<i>Financial Statements</i>

Definitions





IMPORTANT NOTICE

- 1. THE BOARD, SUPERVISORY COMMITTEE AND THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY, WARRANT THE AUTHENTICITY, ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED IN THE ANNUAL REPORT. THERE ARE NO MISREPRESENTATIONS, MISLEADING STATEMENTS CONTAINED IN OR MATERIAL OMISSIONS FROM THE ANNUAL REPORT AND THEY SHALL ASSUME JOINT AND SEVERAL RESPONSIBILITIES.**
- 2. ALL DIRECTORS OF THE COMPANY HAVE ATTENDED THE MEETING OF THE BOARD.**
- 3. KPMG ISSUED AN UNQUALIFIED AUDITOR'S REPORT FOR THE COMPANY.**
- 4. FENG XINGYA, THE PERSON IN CHARGE OF THE COMPANY, WANG DAN, THE PERSON IN CHARGE OF ACCOUNTING FUNCTION AND ZHENG CHAO, THE MANAGER OF THE ACCOUNTING DEPARTMENT (ACCOUNTING CHIEF), REPRESENT THAT THEY WARRANT THE TRUTHFULNESS, ACCURACY AND COMPLETENESS OF THE FINANCIAL STATEMENTS CONTAINED IN THIS ANNUAL REPORT.**
- 5. THE PROPOSAL FOR PROFIT DISTRIBUTION OR CONVERSION OF CAPITAL RESERVE INTO SHARES FOR THE REPORTING PERIOD AS RESOLVED BY THE BOARD**

The Board proposed payment of final cash dividend of RMB0.2 per 10 shares (tax inclusive). Together with the cash dividend of RMB0.3 per 10 shares (including tax) paid during the interim period, the ratio of total cash dividend payment for the year to net profit attributable to the shareholders' equity of listed company for the year would be approximately 62.43%.

IMPORTANT NOTICE

6. RISKS RELATING TO FORWARD-LOOKING STATEMENTS

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

7. NO APPROPRIATION OF FUNDS OF THE COMPANY BY THE CONTROLLING SHAREHOLDER OR ITS RELATED PARTIES FOR NON-OPERATIONAL ACTIVITIES

8. THERE ARE NO GUARANTEES GRANTED TO EXTERNAL PARTIES BY THE COMPANY IN VIOLATION OF THE PRESCRIBED DECISION-MAKING PROCEDURES

CHAIRMAN'S STATEMENT



Chapter 1

CHAIRMAN'S STATEMENT

Dear shareholders,

In 2024, the global automobile industry accelerated its restructuring amid the waves of intellectualisation and electrification, where the industry's competitive landscape underwent profound transformation. Confronted with the intricate challenges posed by the thorough reshuffle of the automobile industry alongside the reshaping of the market pattern, we have made every effort to promote strategic transformation and high-quality development in accordance with the working principle of "leveraging sales in the short term, products in the medium term, and reform in the long term", achieving critical breakthroughs in areas such as independent innovation, international expansion, and in-depth reform. On behalf of the Board, I would like to express my heartfelt gratitude to our shareholders, customers, employees, partners, and all those who are concerned with the development of the Group.



Feng Xingya *Chairman*

Production and operations forged forward under pressure. In the face of unprecedented challenges, the Group immediately initiated the campaign of "in-depth reform, strengthened management and facilitated development, aiming for improvement of quality and efficiency" to reverse the downward trajectory in operating performance. The Group's automobile sales have maintained growth compared to the previous period since August 2024, with cumulative annual automobile sales volume exceeding 2 million units. Its self-developed brands made every effort to enhance product competitiveness by launching a series of blockbuster models, such as GAC Trumpchi S7, GAC AION second-generation AION V, AION RT, AION UT, and Hyptec HL. GAC Trumpchi achieved an annual sales volume of approximately 415 thousand units, among which the sales volume of MPV models amounted to approximately 184 thousand units, ranking first among domestic MPV manufacturers. GAC AION achieved an annual sales volume of

CHAIRMAN'S STATEMENT

approximately 375 thousand units, ranking firmly in the forefront of pure electric new energy vehicle (NEV) manufacturers. Simultaneously, the Company is proactively broadening its industrial ecosystem, and has signed an enhanced cooperation agreement with Huawei to forge a new high-end smart NEV brand, offering consumers a more forward-looking intelligent travel experience. In 2024, the Group recorded a revenue of approximately RMB401.65 billion on an aggregated basis, being shortlisted on the Fortune Global 500 for the 12th consecutive year and ranking 181st.

Further advancement in overseas businesses. 2024 marked the “year of intensive cultivation” for GAC’s internationalisation strategy, with the overseas sales volume of automobiles reaching 127 thousand units, representing a year-on-year growth of 67.6%. Among them, the overseas sales volume of self-developed brand automobiles exceeded 100 thousand units for the first time, representing a year-on-year increase of 92.3%, which has entered the markets in 74 countries and regions around the world. By actively advancing localised production overseas and expanding our industrial ecosystem internationally, our CKD plant in Malaysia and GAC AION Thailand Smart Factory have successively commenced operations, marking the Group’s official entry into a new development phase in overseas market with equal emphasis placed on whole vehicle exports and overseas localised production. Moreover, the Group has established 6 after-sales parts warehouses across the globe. Its logistics, parts support system and energy ecosystem business have concurrently penetrated the Thai market. The global system encompassing “R&D, manufacturing, supply, sales and services” has begun to take shape.

Technological innovation spearheaded transformation.

Firmly committed to building a foundation in technology and establishing enterprises thereon, the Group has continuously enhanced its level of technological self-reliance and independent controllability over its industrial chain, expediting the cultivation of new quality productivity. Throughout the year, more than RMB7.15 billion was invested in the Group’s research and development (R&D), with the Group recording over 3,200 new patent applications. The accumulative number of patent applications exceeded 21,000 by the end of 2024. In the field of intellectualisation, during the reporting period, the Group launched multiple models equipped with urban Navigated Driving Assist (NDA) intelligent driving functions, achieving the nationwide rollout of urban NDA. The Group was approved as one of the first automobile enterprises in the country to carry out pilot programs of L3 autonomous driving on the road, accelerating its commercialisation of autonomous driving. In the field of new energy, key core



GoMate, an embodied intelligent robot

CHAIRMAN'S STATEMENT

components such as the self-developed and self-produced IMPOW's battery and Ruipai's electric drive have been put into mass production for installation. In the field of cutting-edge technology, the Group launched a new aerocar brand GOVY and the first composite-wing aerocar GOVY AirJet, accelerating the layout of three-dimensional travel modes. It also launched the industry's first embodied intelligent robot with variable wheel-foot configuration – GoMate, and expedited its industrial application.

Reforming to tackle challenges, enhancing quality and efficiency. The Group vigorously propelled the reform of its management control model and promoted the transition of its self-developed brands from strategic control towards operational governance, which fostered integrated operations across the fields of product, finance, procurement and marketing, and thus the comprehensive integrated reform plan began to take shape. The Group's headquarters was relocated entirely to the Panyu Auto City, where our self-developed brands are based, to facilitate the concentration of all elements towards frontline practices, allowing those “fighting in the trenches” to make decisions, further reducing operating costs and enhancing management efficiency. The Group vigorously advanced the mixed-ownership reform of its investment enterprises. Throughout the year, it successfully launched five mixed-ownership reform projects, including GAC Hino, aerocar, and Lisheng Technology. The successful listing of ON TIME on the Main Board of the Stock Exchange has stimulated fresh vitality and momentum for the Company.

Attaining win-win with steady returns. Since its listing, the Company has consistently maintained a long-term, sustainable, and stable dividend policy, distributing dividends twice each year and achieving cumulative cash dividends of more than RMB26 billion. The total cash dividends distributed throughout the year amounted to approximately RMB514 million, which, at an increased proportion, accounted for approximately 62.43% of the net profit attributable to shareholders of the listed company for the year. In order to improve the investor return mechanism and provide shareholders with diversified investment return channels, the Company has formulated and implemented its first share repurchase plan. As at the end of February 2025, the Company has cumulatively repurchased approximately 299 million Shares, accounting for 2.90% of the Company's total Shares. Among them, approximately 13.51 million A Shares have been repurchased for a total amount of approximately RMB100 million; and approximately 285 million H Shares have been repurchased for a total amount of approximately HK\$859 million.

At present, divergence in the global automobile industry is accelerating in the midst of reforms, where the competition in new energy and intellectualisation has entered a “deep-water zone”, and the automobile industry has entered the “knockout round”. In the face of complex and formidable internal and external situations, we will focus on the three core tasks of “stabilizing joint ventures, fortifying independence, and expanding the ecosystem”, with the determination and resolve of a “second entrepreneurship”, and take the three main initiatives of “transformation, reform and reconstruction” as a pivot to restructure and start afresh. We will spare no effort in pursuit of the goal of a 15% year-on-year growth in annual automobile sales volume, propelling the Group towards sustainable high-quality development in the long run.



CHAIRMAN'S STATEMENT

Ushering in a new horizon of development by fully advancing the “Panyu Action”. 2025 is the first year of the three-year “Panyu Action” and a critical year for its effectiveness upon implementation. The Group aims to accelerate the construction of five major guarantees, encompassing integrated organization, product development process, market-oriented system, high-level talents, and sufficient funds, through four major reformative measures, including brand leadership, product priority, cutting-edge technologies, and international market expansion, to reshape the characteristics of our self-developed brands and maintain our leading position in new energy and intelligent driving technologies. Over the next three years, we will strategically plan to launch 22 new vehicle models, striving to attain over 60% of the Group's total sales volume from its self-developed brands by 2027, and targeting sales of 2 million vehicles and exporting 500 thousand vehicles under self-developed brands.

Consolidating the foundation of businesses through “stabilizing joint ventures, fortifying independence, and expanding the ecosystem”. The Group is making every effort to promote the transformation and breakthrough of joint venture brands while seeking stability and recovery. GAC Honda will push forward the “nurturing innovation, envisioning intelligence” strategic transformation plan to accelerate the transition towards intellectualisation and electrification. GAC Toyota will steadily advance the implementation of the “Fusion 2030” strategy, closely targeting the goal of returning to one million units within three years. It will contrive and construct the reforms across multiple dimensions including products, operations, and systems to fundamentally enhance its enterprise competitiveness. The Group is set to accelerate the integrated operation of self-developed brands and the adjustment to product structure, comprehensively deploying mainstream forms of new energy power such as REEV, PHEV, EV, etc. Several new automobile models will be launched in 2025. The Group will strive to forge star models, so as to drive and prop up its self-developed brands to steadily surpass the million-vehicle benchmark throughout the year. By concentrating on innovation and industrial application of pivotal core technologies within the realms of “New Four Modernisations”, the Group aims to construct an independent and controllable industrial chain, catalyzing the emergence of an ICV and NEV industry cluster. It will also integrate and optimise supply chain resources by adhering to principles of “openness, co-creation, transparency, and reliability”, and foster a new supply chain ecosystem characterized by exceptional product competitiveness and superlative cost competitiveness. The Group is committed to its customer-oriented philosophy and focuses on enhancing customer experience throughout the entire lifecycle, strengthening user-driven operations, and innovating user ecosystem.

CHAIRMAN'S STATEMENT

Achieving strategic breakthrough in the fields of “transformation, reform and reconstruction”.

The Group will resolutely advance its strategic transformation, and accelerate the strategic transition towards electrification and intellectualisation. Every effort will be made to master pivotal core technologies, expedite the R&D innovation and industrial application of new generation battery technology, fortify a robust energy ecological chain from mineral resources to charging piles, and continuously consolidate and enhance its core competitive advantages in the field of electrification. A specialized mechanism tailored for intelligent transformation will be established and implemented to propel the rapid iteration and upgrading of self-developed intelligent driving product technologies. The Group strives to position itself as one of the global frontrunners in intelligent driving within three years. The Group will intensify reform in organisation to establish an operation-oriented headquarters. It aims to promote in-depth reforms and reconstruction in procedural, organizational and decision-making mechanisms driven by the introduction of IPD (integrated product development) and digitalisation transformation. This involves transitioning from a function-centric model to a project-centric approach, and from functional operations to matrix operations, ultimately establishing a process-driven organization. The Group will scientifically plan its major strategic tasks, key reform initiatives, and significant engineering projects, concurrently launch the “Ten-Hundred-Thousand Project” for strategic capability enhancement, and mobilise all divisions across the Group to comprehensively benchmark against industry leaders. It will identify critical capability gaps within each domain and formulate targeted improvement plans. Through quantified management and effective enhancement of organizational capabilities, we will ensure the successful implementation of strategic objectives. The Group will set to expedite business restructuring, continuously foster the implementation of integrated operation of self-developed brands, and carry out all-round and in-depth business restructuring of the self-developed brands across various domains such as product and technological innovation, production and manufacturing transformation, as well as the reshaping of marketing and service models, to form an integrated business operation system with effectiveness and synergy. The Group will remain steadfast in its commitment to internationalisation, refine its systematic approach to overseas expansion and enhance its localised operational capabilities, and invigorate the momentum of international business growth, while encouraging joint ventures to strengthen their localised R&D capabilities and exploring joint-ventured cooperation at a higher level. The Group will also step up in advancing the new high-end smart NEV brand in collaboration with Huawei, and explore paths to promote emerging cooperative development, thereby infusing new momentum into the Group's sustainable development.

Adversity polishes jade, forging excellence through fire. Confronted with a new round of technological revolution and industrial transformation, we shall firmly anchor ourselves in the strategic blueprint of “Trillion GAC” with the determination of a “second entrepreneurship”. We will vigorously propel the three-year “Panyu Action” to break through barriers, strive to lead amidst fierce competition, and create a new chapter of high-quality development.

CORPORATE PROFILE AND SUMMARY OF BUSINESS



Chapter 2

CORPORATE PROFILE AND SUMMARY OF BUSINESS

I. CORPORATE INFORMATION

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

II. CONTACT PERSON AND CONTACT METHOD

	Company Secretary/Secretary to the Board
Name	Liu Xiangneng
Address	No. 668 Jinshan Road East, Panyu District, Guangzhou
Telephone	020-83151139
E-mail	ir@gac.com.cn

III. BASIC INFORMATION

Registered address of the Company	23/F, Chengyue Building, 448-458 Dong Feng Zhong Road, Yuexiu District, Guangzhou
Office address of the Company	No. 668 Jinshan Road East, Panyu District, Guangzhou
Postal code of the Company's office address	511434
Head office and principal place of business in Hong Kong	Room 808, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong
Company's website	www.gac.com.cn
E-mail	ir@gac.com.cn
Investor hotline	020-83151139 Ext.3

IV. INFORMATION DISCLOSURE AND PLACE OF INSPECTION

Names of the media for annual report disclosure of the Company	China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
Website of the SSE for annual report disclosure of the Company	www.sse.com.cn
Website of the Stock Exchange for annual report disclosure of the Company	www.hkexnews.hk
Place of inspection of the annual report of the Company	No. 668 Jinshan Road East, Panyu District, Guangzhou

CORPORATE PROFILE AND SUMMARY OF BUSINESS

V. INFORMATION ON THE COMPANY'S SHARES

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

VI. OTHER RELEVANT INFORMATION

Auditors (domestic)	Name	ShineWing Certified Public Accountants LLP
	Business address	8/F, Block A, Fu Hua Mansion, No.8, Chaoyangmen Beidajie, Dongcheng District, Beijing
	Name of signatory accountants	Chen Jinqi, Luo Xiaming
Auditors (overseas)	Name	KPMG
	Business address	Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance 8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong
	Name of signatory accountant	Lam Kai Wa (林啟華)
Sponsor performing continuous supervisory duty during the reporting period	Name	China International Capital Corporation Limited
	Business address	27th Floor & 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing
	Name of the chief signatory of financial advisors	Tian Guining, Zhang Xiqing
	Period of continuous supervision	The Company completed the non-public issuance of A shares in November 2017, during which the corresponding continuous supervision period was from 17 November 2017 to 31 December 2018, and the sponsor continued to perform the relevant ongoing supervision obligations before the raised proceeds were fully utilised
H share registrar of the Company	Name Address of the registrar	Tricor Investor Services Limited 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

CORPORATE PROFILE AND SUMMARY OF BUSINESS

VII. SUMMARY OF BUSINESS

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

1. Research and development

The Group's R&D is based on GAEI, a directly funded and managed body of the Company. It is mainly responsible for the Group's general development plan of new products and new technologies, as well as implementation of material R&D projects.



2. Manufacture of vehicles

(1) Manufacture of passenger vehicles

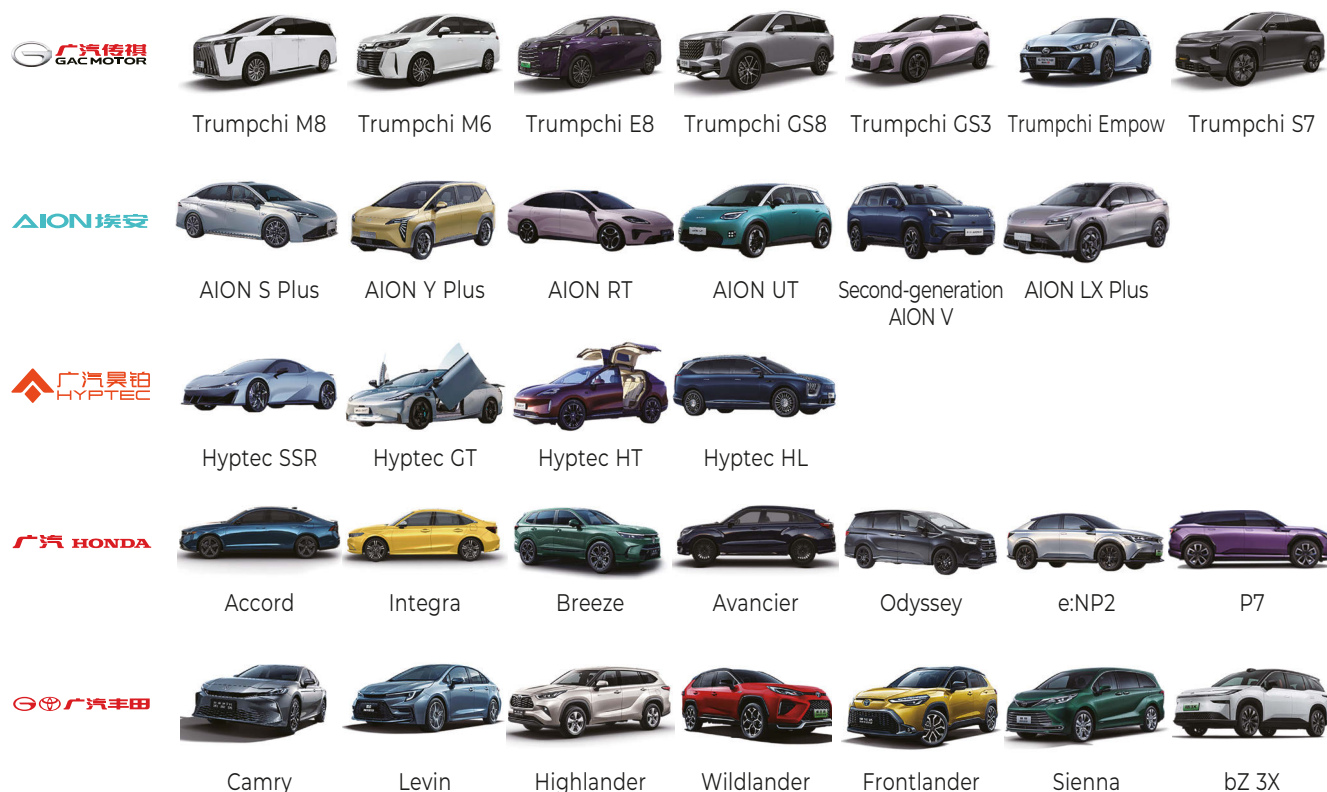
It is mainly conducted through subsidiaries, including GAC Trumpchi, GAC AION and joint ventures, including GAC Honda and GAC Toyota. During the reporting period, the Group launched new, upgraded or facelifted vehicle models such as GAC Trumpchi GS4 MAX, M6 MAX and S7, GAC AION second-generation AION V, AION RT, AION UT and Hyptec HL, GAC Toyota ninth-generation Camry, bZ3X, GAC Honda e:NP2, P7, etc.



CORPORATE PROFILE AND SUMMARY OF BUSINESS

- **Products:** The Group's passenger vehicles include 14 series of sedans, 20 series of SUV and 6 series of MPV.

The Group's products mainly comprise:



The commercial vehicles are mainly manufactured by the subsidiary, GAC Hino, with the main products being fuel-powered heavy-duty trucks, new energy heavy-duty trucks, new energy light-duty trucks, new energy buses, pickup trucks, etc.

- **Production capacity:** As at the end of the reporting period, the total vehicle production capacity amounted to 2,890 thousand units/year. During the reporting period, the Group upgraded certain production capacity, and the construction of GAC AION's Changsha Smart Eco Factory and GAC Honda's New Energy Factory have been completed and put into production.
- **Sales channel:** Centering around the consumer demand for online consumption, the Group focused on the operational management of new media and construction on digitalisation. It constantly launched and optimised its order

CORPORATE PROFILE AND SUMMARY OF BUSINESS

tools for online direct sales, and strived to improve the operational efficiency of APPs deployed in various original equipment manufacturers (OEMs) to provide a better automobile purchasing experience for customers. The Group conducts automobile sales through sales outlets and online channels. As at the end of the reporting period, the Company, together with its joint ventures and associated enterprises, had 2,419 4S sales outlets across 31 provinces, counties, autonomous regions and municipalities in the PRC. Overseas sales outlets of self-developed brands amounted to 490, with its sales and service operations covering 74 countries and regions.

(2) Motorcycles

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

3. Parts and components

The Group's production of parts and components of vehicles was mainly carried out through the subsidiaries, joint ventures and investee companies of GAC Component, a subsidiary of the Company, and Ruipai Power, a subsidiary held by the Group, and GAC Toyota Engine, CATL GAC, Lisheng Technology, etc., the Group's joint ventures and associated companies. The parts and components of vehicles include engines, gearboxes, car seats, micro motors, shifter, power battery, electric drive, electric controller, interior and exterior decorations, etc. The products were mainly accessories for manufacture of vehicles of the Group.



4. Commercial and mobility transportation services

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



CORPORATE PROFILE AND SUMMARY OF BUSINESS

5. Energy and ecosystem

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



6. Internationalisation

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



CORPORATE PROFILE AND SUMMARY OF BUSINESS

7. Investment and finance

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



VIII. ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD

1. Industry layout with complete industry chain and optimised structure

The Group has formed an industrial strategic layout based in South China and radiating across the country, centering upon manufacture of whole vehicles, and its business covers seven segments including R&D, manufacture of vehicles, parts and components, commercial and mobility transportation services, energy and ecosystem, internationalisation, and investment and finance. The Group is one of the automobile groups in the PRC with the most integrated industry chains and the most optimised industry layout. The synergies between the upstream and downstream of the industry chain have progressed gradually, new profit growth points have been continuously emerging and the overall competitiveness of the Group has been constantly enhanced. During the reporting period, GAC AION's Changsha Smart Eco-Factory, GAC AION's Thailand Smart Factory and GAC Honda's New Energy Factory were completed and put into production, further improving the Group's production capacity layout.



CORPORATE PROFILE AND SUMMARY OF BUSINESS

2. Advanced manufacturing, craftsmanship, quality and procedural management

The Group has comprehensive advantages in terms of manufacturing, craftsmanship, quality and procedural management which mainly include: (1) international leading quality advantage; (2) innovative advantage brought by “continuous improvement”; and (3) cost advantage originating from persistent refinement. By virtue of its strengths, such as flexible production of steel and aluminum bodies, digital autonomous decision-making, interactive customisation, and comprehensive energy utilization, GAC AION's Smart Eco-Factory has been awarded the title of the world's only “Lighthouse Factory” for new energy vehicle manufacturing, which represents the highest global benchmark for intelligent and digital manufacturing.

3. Continued enrichment of product line and optimisation of product structure

The Group has a full range of products including sedans, SUVs and MPVs, maintaining the market competitiveness of its products through continuous R&D, introduction of new vehicle models and product iterations, so as to adapt to changes in consumer demand, maintain customer loyalty and a widely recognised brand reputation. During the reporting period, the Group launched new, upgraded and facelifted models such as GAC Trumpchi GS4 MAX, M6 MAX and S7, GAC AION second-generation AION V, AION RT, AION UT and Hyptec HL, GAC Toyota ninth-generation Camry, bZ3X, GAC Honda e:NP2, P7, etc.

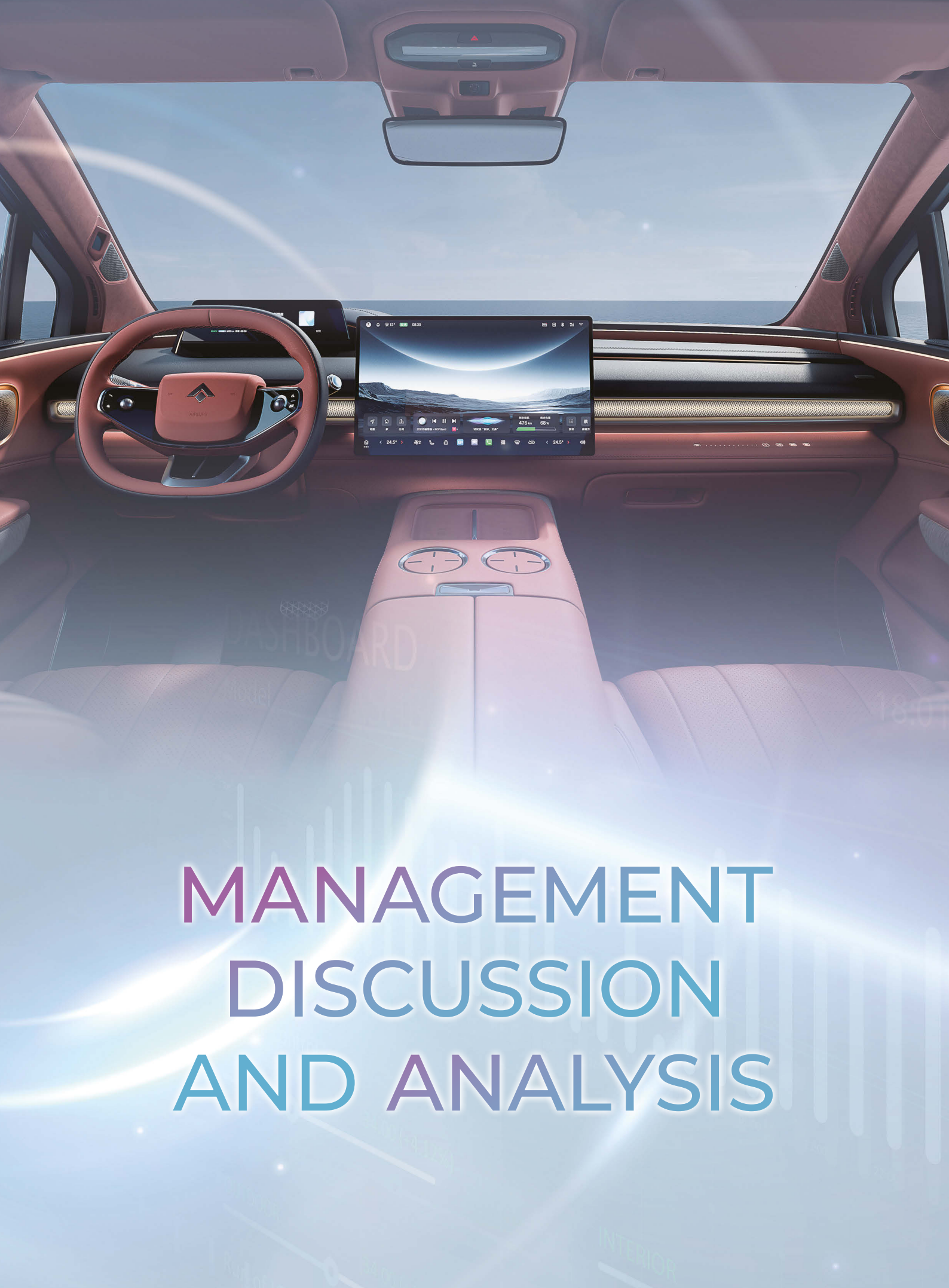
4. Initiated the “GAC Production Model” for the R&D and production system of self-developed brands

After years of introduction, digestion, absorption and innovation, the Group has accumulated funds, technologies, talents and experience, and formulated a world-class production system. For R&D, through the integration of advantageous global resources and the establishment of a global R&D network, the Group has formed a cross-platform and modular-structured forward development system, possessing the advantage of integrated innovation. The Group also owns the State-Certified Enterprise Technology Center, the overseas high-level talent innovation and entrepreneurship base, the national demonstration base for talent introduction, academician workstation, postdoctoral research workstation and other innovation platforms. GAC Group's powertrain independent R&D team was awarded the title of “National Outstanding Engineering Team”. During the reporting period, the Group comprehensively advanced the reform of integrated operation of its self-developed brands, and promoted in-depth reforms and reconstruction in procedural, organizational and decision-making mechanisms driven by the introduction of IPD and digitalisation transformation.

CORPORATE PROFILE AND SUMMARY OF BUSINESS

5. Leading independent R&D capabilities in new energy and ICV

In the field of new energy, the Group possesses a cutting-edge exclusive platform for pure electric vehicles. The Group deeply engaged in independent R&D as well as industrial application of power batteries, battery cells and electric drives, and self-developed power battery technologies such as sponge silicon anode battery technology, ultra-fast charging battery technology and the magazine battery system safety technology, as well as the deeply integrated “three-in-one” electric drive system and two-gear dual-motor “four-in-one” integrated electric drive system. This led to the creation of the “AION” series and the “Hyptec” series, which are NEV product systems based on the new exclusive platform of pure electricity. The Group has also successfully introduced a variety of new energy products to its joint ventures. In the field of energy conservation, the Group established the Mega Waves Hybrid Modular Architecture adopting platform-based modular designs, which can be assembled into a powertrain system suitable for all XEV models (i.e. hybrid models such as HEV and PHEV). In the field of ICV, the Group has self-developed the ADiGO PILOT intelligent driving system and the centralised computing electronic and electrical architecture “X-soul” equipped with vehicle-cloud integration. During the reporting period, key core components such as the self-developed and self-produced IMPOW battery and Ruipai electric drive were put into mass production for installation. The Company was selected as one of the first automobile enterprises in the country to carry out pilot programs of L3 autonomous driving on the road, and its urban Navigated Driving Assist (NDA) with advanced intelligent driving technology achieved nationwide coverage.



MANAGEMENT DISCUSSION AND ANALYSIS

Chapter 3

MANAGEMENT DISCUSSION AND ANALYSIS

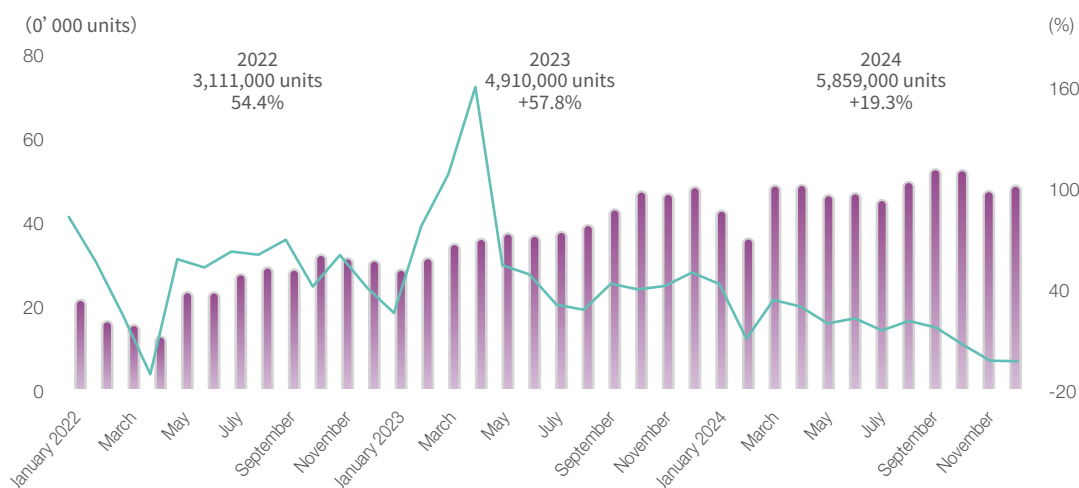
I. ANALYSIS ON INDUSTRY ENVIRONMENT*

In 2024, as the international trade protectionism phenomenon became more severe, the competition within the automobile industry further intensified. Even so, a series of policies continued to take effect, complemented by multiple measures aiming at stimulating the vitality of end consumers in the automobile market, which catalyzed a resurgence in the automobile industry while maintaining stability, with China's automobile production and sales volume sustaining a scale of more than 30,000 thousand vehicles. In 2024, China's automobile production and sales volume reached 31,282 thousand units and 31,436 thousand units respectively, representing a year-on-year increase of 3.7% and 4.5% respectively. The production and sales volumes reached new heights, with the total volume ranking first in the world for 16 consecutive years. Among them, domestic automobiles sales volume stood at 25,577 thousand units, representing a year-on-year increase of 1.6%; automobile exports came to 5,859 thousand units, representing a year-on-year increase of 19.3%.

Total Domestic Sales Volume of Automobiles and Growth Rate



Total Automobile Exports and Growth Rate

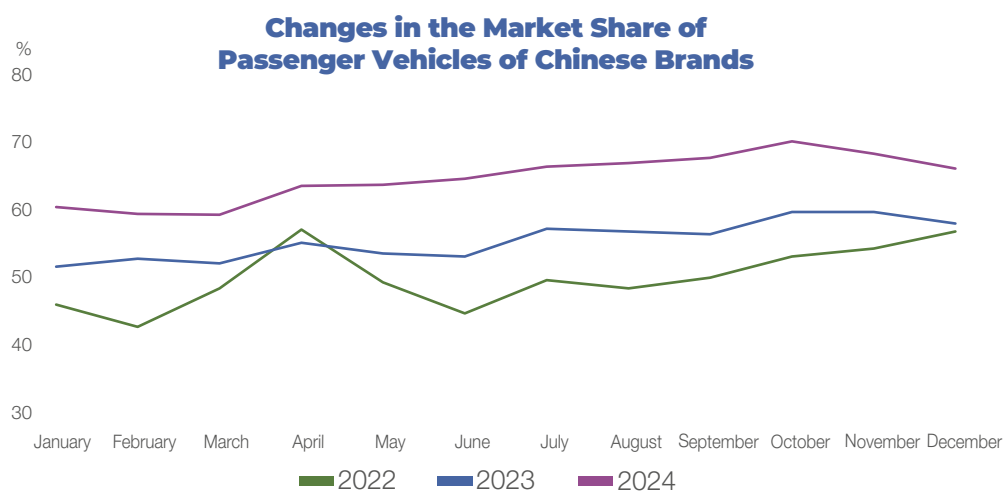


* Information on the industry is sourced from the China Association of Automobile Manufacturers.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2024, the production and sales volume of passenger vehicles reached 27,477 thousand units and 27,563 thousand units respectively, representing a year-on-year increase of 5.2% and 5.8% respectively. Among them, the domestic sales volume of passenger vehicles reached 22,608 thousand units, representing a year-on-year increase of 3.1%; and passenger vehicle exports reached 4,955 thousand units, representing a year-on-year increase of 19.7%. Among the main varieties of passenger vehicles, the sales volume of SUV amounted to 14,722 thousand units, representing a year-on-year increase of 11.5%; the sales volume of sedans amounted to 11,517 thousand units, representing a marginal year-on-year increase of 0.2%; the sales volume of MPV amounted to 1,050 thousand units, representing a slight year-on-year decrease of 4.75%; and the sales volume of cross passenger vehicles amounted to 274 thousand units, representing a year-on-year increase of 3.5%. In terms of energy categories, the domestic sales volume of traditional fuel-powered passenger vehicles was 11,558 thousand units, representing a year-on-year decrease of 17.4%; and the domestic sales volume of new energy passenger vehicles was 11,050 thousand units, representing a year-on-year increase of 40.2%, the proportion of which in the domestic sales volume of passenger vehicles further increased to 48.9%.

The proportion of sales volume for the passenger vehicles of Chinese brands experienced a significant increase compared with last year. In 2024, 17,970 thousand units of passenger vehicles of Chinese brands were sold, representing a year-on-year increase of 23.1% and accounting for 65.2% of the total sales volume of passenger vehicles, the proportion of which increased by 9.2 percentage points compared to last year. Among the major foreign brands, except for a slight increase in Korean brands, all others showed double-digit declines.

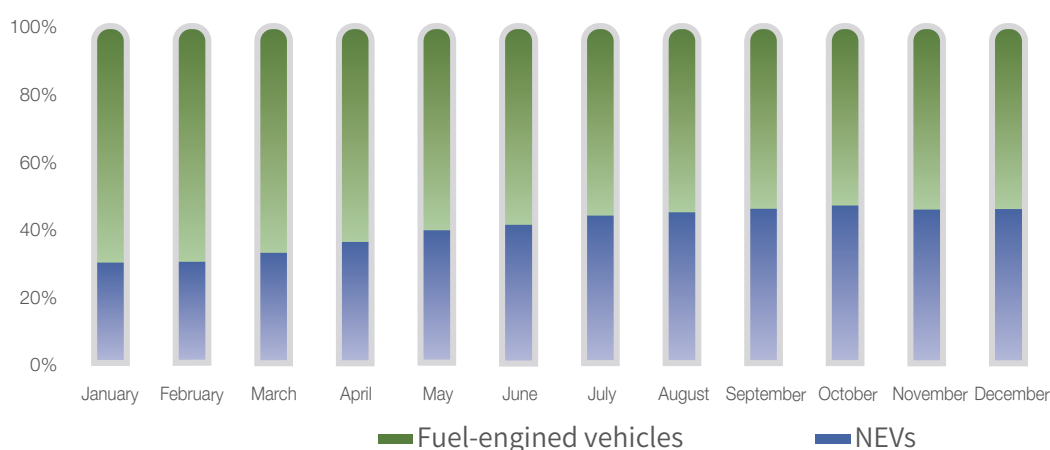


The market performance of commercial vehicles remained relatively weak. In 2024, the production and sales volume of commercial vehicles reached 3,805 thousand units and 3,873 thousand units respectively, representing a year-on-year decline of 5.8% and 3.9% respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Under the combined influence of favorable policies, abundant supply, reduced prices and continuous improvement of infrastructure, new energy vehicles continued to grow, with both production and sales volume exceeding 10,000 thousand units in 2024. The annual production and sales volume of NEVs reached 12,888 thousand and 12,866 thousand units respectively, representing a year-on-year increase of 34.4% and 35.5% respectively. The sales volume of new energy vehicles accounted for 40.9% of the total sales volume of new vehicles, representing an increase of 9.3 percentage points compared with 2023. Among them, the sales volume of pure electric vehicles accounted for 60% of NEVs, representing a decrease of 10.4 percentage points compared with last year; and the sales volume of PHEVs accounted for 40% of NEVs, representing an increase of 10.4 percentage points compared with last year. The rapid growth of PHEVs has emerged as a new driving force for the growth of NEVs.

Automobile Sales Proportion by Powertrain Type



The overseas expansion of Chinese automobile companies continued to yield results, with export volumes increasing rapidly, which has become a crucial force in driving the growth of China's total automobile production and sales volume. Throughout the year, automobile exports totaled 5,859 thousand units, representing a year-on-year increase of 19.3%. In particular, passenger vehicle exports were 4,955 thousand units, representing a year-on-year increase of 19.7%; and commercial vehicles exports were 904 thousand units, representing a year-on-year increase of 17.5%. In terms of energy categories, 4,574 thousand traditional fuel-powered vehicles were exported, representing a year-on-year increase of 23.5%; and 1,284 thousand NEVs were exported, representing a year-on-year increase of 6.7%.



MANAGEMENT DISCUSSION AND ANALYSIS

II. ANALYSIS ON OPERATION OF THE COMPANY

In the face of the external environment of extreme price involution and dramatic changes in the competitive landscape in the automobile industry, the Group has launched the campaign of “in-depth reform, strengthened management and facilitated development, battling for improvement of quality and efficiency” in full swing, with a view to comprehensively enhance its product strength, brand strength, marketing strength, sales strength, service strength, and execution strength. The Group's automobile sales volume has maintained growth compared to the previous cycle for five consecutive months since August 2024. During the year, the Group's production and sales volume of vehicles amounted to 1,916.6 thousand units and 2,003.1 thousand units respectively, of which the production and sales volume of NEVs reached 436.2 thousand units and 454.7 thousand units respectively. During the reporting period, the proportion of the Group's sales volume generated from energy-efficient vehicles and NEVs had increased to 45.21%, of which the proportion of energy-efficient vehicles stood at approximately 22.51% whereas that of NEVs amounted to approximately 22.70%.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Self-developed brands gained momentum to embrace transformation

In 2024, the Group's self-developed brands achieved production and sales volume of 762.3 thousand units and 789.5 thousand units respectively, and the proportion of self-developed brands in the Group's total vehicle sales volume increased to approximately 39.41%. During the reporting period, self-developed brands accelerated their transformation towards new energy and intellectualisation, achieving a NEV sales volume of 430.8 thousand units, with self-developed brands' NEV sales volume accounting for approximately 55%.

(1) GAC Trumpchi

During the year, GAC Trumpchi achieved production and sales volume of 405.5 thousand units and 414.6 thousand units respectively, and the proportion of high-value models increased constantly. Among them, the sales volume of MPVs amounted to approximately 184 thousand units, representing a year-on-year increase of approximately 12%, ranking first among domestic MPV manufacturers, where M8, M6 and other model series continued to rank at the forefront in the market segment. Sales volume of PHEV models reached approximately 56 thousand units, representing a year-on-year growth of nearly 84%, while E8 and E9 models continued to sell well. GS3 Shadow Speed achieved a sales volume of approximately 95 thousand units, marking a year-on-year growth of 40%. Focusing on the transformation towards new energy and intellectualisation, GAC Trumpchi launched the EV+ new energy platform and i-GTEC 2.0 smart electric technology, and released its first new automobile model equipped with advanced intelligent driving function, Trumpchi S7. GAC Trumpchi has also deepened cooperation and joint innovation with Huawei, and has scheduled three flagship models equipped with Huawei's HarmonyOS smart cockpit and QianKun ADS3.0 advanced smart driving function for mass production in 2025.



MANAGEMENT DISCUSSION AND ANALYSIS

(2) GAC AION

During the year, GAC AION achieved production and sales volume of 356.7 thousand units and 374.9 thousand units respectively, ranking firmly in the forefront of pure electric NEV manufacturers. Among them, AION S and AION Y ranked second¹ among domestic pure electric A-class sedans and pure electric A-class SUVs respectively in terms of terminal sales volume. During the reporting period, GAC AION unveiled its first global strategic model, the second-generation AION V as well as AION RT, taking the lead in popularising advanced intelligent driving function within the price range of RMB150 thousand. The launch of the third global strategic model AION UT and the new flagship model Hyptec HL under the Hyptec brand attracted great attention from the market. GAC AION's Changsha Smart Eco-Factory was completed and put into production to further improve the capacity layout. To promote the dual-brand operation, the AION letter logo was adopted for the AION brand and its products to shape globalised brand awareness. Hyper brand released its brand value 2.0, upgrading its English name to Hyptec, further consolidating the brand's premium image.

¹ The vehicle end-use sales data in the report are sourced from China Automotive Technology Research Centre Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS



Trumpchi S7

Trumpchi S7 is positioned as a mid-to-large sized intelligent SUV for elite families, with a length of 4,900mm, a height of 1,780mm, and a wheelbase of 2,880mm. It is equipped with seats of heated, ventilated and massaging functions and the maximum reclining angle of the second-row seats is 137 degrees. The entire series is equipped with standard configurations including the Qualcomm 8295P high-performance chip, a 27-inch high-definition HUD, a 17.3-inch 3K ceiling-mounted high-definition screen. The laser radar version features end-to-end mapless autonomous driving system, which can realize advanced intelligent driving functions such as NDA in urban areas. It is a plug-in hybrid/extended-range dual-mode vehicle that can be switched any time, with a maximum range of 1,150 km under comprehensive operating conditions.



Hyptec HL

Positioned as a neo-luxury intelligent SUV for families, Hyptec HL has a wheelbase of 3,088mm and is available in five-seater and 2+2+2 six-seater configurations. The exterior adopts the design concept of a land yacht and is equipped with mountain-sea horizon headlights, intelligent interactive lighting and through-type taillights. The entire series is equipped with standard configurations including the pneumatic suspension + SDC intelligent variable damping shock absorber, Qualcomm Snapdragon 8295P chip, advanced intelligent driving function with laser radar, and ADiGO Space 6.0 intelligent in-vehicle system. In terms of power, it offers two power versions including pure electric and extended range. The pure electric version has a maximum range of up to 750km, whereas the extended range version has a pure electric range of 350km or a combined range of more than 1,200km, which supports 800V 5C fast charging technology.



AION UT

AION UT was launched on 28 February 2025. It features a superior wheelbase of 2,750mm and a rear lateral space of 1,385mm compared to its counterparts. It is equipped with a 100kW Quark motor and 215mm wide tires for a smoother driving experience. It is equipped with an AI intelligent cockpit and a 14.6-inch + 8.8-inch high-definition dual large screen. It is designed in accordance with the Sino-European double-five-star vehicle body safety standards, and is fitted with safety configurations such as new-generation magazine battery and V-type side air curtains and reverse AEB.



AION RT

AION RT was launched on 6 November 2024, with a length of 4,865mm and a wheelbase of 2,775mm. It is equipped with a self-evolving AI cockpit and ADiGO SENSE AI large model. The laser radar version is equipped with high-speed NDA, urban NDA, automatic parking and other advanced intelligent driving functions. It is available in two versions with a cruising range of 520km and 650km, of which the 650km version is equipped with the carbon silicon technology, capable of replenishing up to 200km of range in 10 minutes.



Second-generation AION V

The second-generation AION V, AION's first global strategic model, was launched globally on 23 July 2024. The second-generation AION V is positioned as a neo-hardcore intelligent SUV, offering three types of range options: 520km, 650km, and 750km. With a wheelbase of 2,775mm, the maximum reclining angle of the second-row seats is 137 degrees. The vehicle adopts a large-area padded design to build a comfortable spacious space. It is equipped with magazine battery 2.0, ADiGO 5.0 intelligent driving and interconnected ecosystem, and self-evolving AI large model cockpit, the laser radar version is equipped with urban NDA and other advanced intelligent driving functions, bringing users a superior driving experience with long range, fast replenishment, and high intelligence.



MANAGEMENT DISCUSSION AND ANALYSIS

2. Joint venture brands accelerated transformation

During the year, GAC Toyota achieved production and sales volume of 736 thousand units and 738 thousand units respectively, among which the terminal sales volume of models such as Frontlander and Sienna ranked among the forefront in the domestic market segment. GAC Toyota continued to accelerate its electrification transformation, achieving sales of 369.4 thousand energy conservation and NEV models throughout the year, representing a year-on-year increase of 18%, with the proportion exceeding 50%. The terminal sales volume of HEV models ranked first in the domestic hybrid market. During the reporting period, GAC Toyota launched the ninth-generation Camry and released the pure electric model bZ3X. Simultaneously, GAC Toyota focused on cockpit intelligence and interior premiumisation to enhance several existing models such as Highlander and Sienna, thereby enhancing product competitiveness. The aggregate production and sales volume of GAC Honda amounted to 416.1 thousand units and 470.6 thousand units respectively, among which 20.6 thousand units were exported. During the reporting period, GAC Honda launched its new pure electric model e:NP2 and unveiled its new pure electric brand along with its first automobile model P7. GAC Honda's New Energy Factory was also completed and put into operation at the end of 2024, further accelerating its electrification process. GAC Hino completed its equity adjustment, and launched its first new energy heavy-duty truck T9 following obtaining approval for production of new energy trucks and buses, accelerating its transformation into intelligent new energy commercial vehicles. Wuyang Honda accelerated its product iteration and quickened the pace of intellectualisation, launching 17 new models throughout the year and achieving a sales volume of 643.9 thousand motorcycles (electric motorcycles inclusive), of which 155.8 thousand units were exported.

MANAGEMENT DISCUSSION AND ANALYSIS



GAC Toyota bZ3X

bZ3X is GAC Toyota's first independently developed strategic model in China, deeply integrating Chinese localised solutions with global standards. Its advanced intelligent driving model is equipped with laser radar, OrinX intelligent driving chips, and adopts Momenta's latest "one-step end-to-end" advanced intelligent driving large model. The vehicle features a high-strength steel frame structure and incorporates nearly 100 Toyota safety components to ensure the security of batteries, providing all-round protection for passengers. The standard configurations include the 8155 chip, a 14.6-inch large screen, and four-zone voice recognition, creating a comfortable and entertaining cabin space. bZ3X offers seven variants with three CLTC range options (430km, 520km, and 610km).



GAC Toyota ninth-generation Camry

GAC Toyota ninth-generation Camry, as the flagship sedan of GAC Toyota, was launched on 6 March 2024. This product features comprehensive upgrades in smart cockpit, powertrain handling, and intelligent safety etc. Its 2.5L version stands out as the first large-displacement model of Toyota's latest fifth-generation intelligent electric dual-engine hybrid, offering dual-displacement hybrid options which comprehensively cover the market demands for both cost-effectiveness and premium performance. The entire series is equipped with Toyota's latest generation of intelligent driving assistance system, which supports the interconnection among the mobile platforms including Carlife, Hicar and Carplay.



GAC Honda P7

GAC Honda P7, the inaugural premium pure electric vehicle under the "Ye" brand, is forged based on Honda Yunchi's smart and efficient pure electric W Architecture, featuring high rigidity, low center of gravity, and light weight. The newly developed three-in-one high-power motor, offering both single-motor rear-wheel drive and dual-motor four-wheel drive power options. Its 50:50 front-rear weight distribution enables exceptional driving control, providing users with new driving pleasure in the electric era. Additionally, P7 integrates the latest Honda SENSING 360+ advanced intelligent driving system and Honda CONNECT 4.0 intelligent connectivity, marking a comprehensive upgrade in smart technology..



GAC Honda e: NP2

The e: NP2, GAC Honda's first pure electric coupe SUV, made its official debut at the Beijing Auto Show on 25 April 2024. While adhering to GAC Honda's consistent strengths in superior safety, reliability, premium quality and excellent handling performance, the e: NP2 introduces Honda's latest intelligent safety and interactive functions including gesture control, smart heating, automatic photo upload in the event of an accident and child presence detection, to create an intelligent electric product tailored specifically for the needs of Chinese consumers.



MANAGEMENT DISCUSSION AND ANALYSIS

3. Internationalisation ushered in a new phase

In 2024, the Group achieved an overseas sales volume of approximately 127 thousand units, representing a year-on-year increase of approximately 67.6%, of which overseas sales of self-developed brands were approximately 106 thousand units, representing a year-on-year increase of 92.3%. In terms of products, 7 new overseas automobile models were introduced throughout the year, contributing to sales volume of more than 50 thousand units. In terms of channels, the self-developed brands have established their presence in 74 countries and regions, with a total of 490 outlets built. By actively promoting localised production, the international business has entered a brand-new stage where vehicle exports and local manufacturing proceed in parallel. Our CKD plant in Malaysia was completed and put into operation in April 2024, and its first locally assembled model was the GS3 Shadow Speed. In July 2024, GAC AION's Thailand Smart Factory was officially completed and put into production, with an initial production capacity of 50 thousand units per year, positioning it as the Group's automobile manufacturing hub in Southeast Asia. The Group continued to accelerate its global layout for localised operations. In 2024, it completed the registration of 11 subsidiaries including GAC International's subsidiaries in Europe and Brazil, as well as overseas subsidiaries in the sectors of logistics, parts and components, and energy, accelerating the deployment of major strategic footholds. In terms of ecosystem and industrial chain collaboration, GAC Business's logistics subsidiary in Mexico was put into operation, and GAC Component's seat manufacturing project in Thailand was put into production.

4. Technological innovation achieved breakthroughs

In the field of ICV, the Group obtained the qualification for being one of the first automobile enterprises in the country to carry out pilot programs of L3 autonomous driving on the road, laying a foundation for promoting the commercialisation and industrial development of L3 autonomous driving. The Group achieved nationwide coverage for its urban NDA with advanced intelligent driving technology, and pioneered the installation of intelligent driving assistance systems with laser radar on models priced at around RMB150,000, accelerating the popularisation of advanced intelligent driving technology. The Group launched the ADiGO SENSE large-scale terminal-cloud integrated model. In virtue of its innovative product function design and smooth interactive experience based on the large-scale AI model, it obtained the first A+ class AI smart cockpit capability certification in the automobile industry issued by CAERI Kairui Testing & Certification (Chongqing) Co., Ltd. (中汽院凱瑞檢測認證(重慶)有限公司).

MANAGEMENT DISCUSSION AND ANALYSIS

In the fields of electrification and carbon reduction, the Group has pioneered the amorphous-carbon fiber electric drive, achieving a maximum motor efficiency of 98.5%, which will be mass-produced and installed on Hyptec HL. The Group has achieved major breakthrough in the research of efficient engine system technology, with the effective thermal efficiency of a multi-cylinder engine that can be equipped on a whole vehicle exceeding 46%, reaching the world's leading level in terms of technology.

In the field of forward-looking technology, driven by the needs for future three-dimensional travel and smart mobile life, the Group expedites the R&D of aerocar. The independently developed GOVE multi-rotor aerocar was awarded the special flight certificate for civil unmanned aerobat by the Civil Aviation Administration of China. The first composite-wing aerocar GOVY AirJet made its debut, and a new aerocar brand GOVY was released. The Group also actively explored the cutting-edge technologies of embodied intelligent robots and launched the embodied intelligent humanoid robot GoMate.



The aerocar GOVY AirJet

5. Perfecting the industry ecosystem

In the fields of parts and components, GAC Component accelerated the research and development of key system components, and strategically invested in Chenzhi Technology Co., Ltd. (辰致科技有限公司) to enhance the Group's software and hardware competitiveness in the field of intelligent digital chassis. It also pushed forward the construction of GAC Ogihara's new digital factory and accelerated the breakthrough of modular integrated die-casting technology. The construction of Lisheng Technology's Nansha factory was completed and the factory has been put into production, carrying out the mass production of products such as domain control units, T-BOX (on-board electrical components), and gateways.



MANAGEMENT DISCUSSION AND ANALYSIS

In the fields of commercial and mobility transportation services, GAC Business deepened its new media marketing, and upgraded its sales outlet image, so as to enhance both marketing strength and sales strength. It achieved a sales volume of approximately 140 thousand vehicles for end consumers throughout the year. GAC Business scientifically and rationally expanded and optimized its sales channel network, adding 14 outlets of first-tier channel throughout the year. By the end of 2024, GAC Business had set up a total of 127 outlets of first-tier sales channel in 46 cities in 21 provinces across the country. ON TIME achieved steady business growth. The number of orders in 2024 exceeded 100 million, and the cumulative number of registered users exceeded 34.50 million.

In the fields of energy and ecosystem, IMPOW Battery achieved rapid production capacity ramp-up and yield rate improvement, with over 40,000 sets of power batteries installed and delivered. GAC Energy rapidly built a nationwide energy replenishment network, with 620 new charging stations, 9,601 charging terminals, and 6 battery swapping stations. It has built and operated a total of over 1,400 charging stations, over 14,000 charging terminals, and 68 battery swapping stations. The Company signed strategic cooperation framework agreements with China Southern Power Grid, NIO Power, etc. to promote the integration and interaction of its NEVs with the power grid, and the sharing of charging and swapping infrastructure resources.

In the fields of investment and finance, GAC-SOFINCO formulated “one factory, one policy” based on the product characteristics and market demand of the original equipment manufacturers (OEMs), and launched innovative and differentiated financial products to precisely assist the OEMs in vehicle sales. It also actively developed inventory financing business to alleviate the financial pressure on dealers. Urtrust Insurance vigorously expanded its NEV insurance business, achieving a premium income of RMB1.78 billion for NEV insurance in 2024, representing a year-on-year increase of 37.5%. Through actively carrying out equity investment along the ICV and NEV industry chain, GAC Capital completed investments in three leading domestic autonomous driving technology companies, including DIDI Autonomous Driving, WeRide, and Pony.ai. GAC-SOFINCO Leasing appointed Société de Financement Industriel et Commercial (SOFINCO) as its strategic investor, thereby further improving its capital structure and enhancing its risk resistance.

MANAGEMENT DISCUSSION AND ANALYSIS

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

During the reporting period, the Group realised revenue of approximately RMB401.65 billion on an aggregated basis, representing a year-on-year decrease of approximately 20.04%.

During the reporting period, the revenue of the Group amounted to approximately RMB107.784 billion, representing a year-on-year decrease of approximately 16.90%. The net profit attributable to owners of the parent company amounted to approximately RMB824 million, representing a year-on-year decrease of approximately 81.40%. The basic earnings per Share amounted to approximately RMB0.08, representing a year-on-year decrease of approximately 80.95%.

The major factors accounting for the variation of results during the reporting period included:

1. In 2024, affected by many factors such as price involution in the automobile industry and dramatic changes in the competitive landscape, the Group achieved a sales volume of 2,003.1 thousand vehicles, representing a year-on-year decrease of 20.04%, of which the sales volume of vehicles under our self-developed brands amounted to 789.5 thousand units, representing a year-on-year decrease of 10.95%. At the same time, in order to cope with the market competitions, the relevant enterprises have made additional investment in business.
2. In 2024, the Group achieved an overseas sales volume of approximately 127 thousand vehicles, representing a year-on-year increase of approximately 67.6%, of which overseas sales of self-developed brands were approximately 106 thousand vehicles, representing a year-on-year increase of approximately 92.3%. Meanwhile, companies providing supporting functions such as automotive parts and commercial services were deeply involved in the Group's internationalisation strategy, further improving the international logistics and parts support system to empower the development of the principal businesses of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

(I) Analysis of Principal Business

Analysis of changes of items in the consolidated statement of profit or loss and the consolidated cash flow statement

Unit: 100 million Currency: RMB

Item	Current period	Corresponding period last year	Change (%)
Revenue	1,077.84	1,297.06	-16.90
Costs of sales	1,053.46	1,253.42	-15.95
Selling and distribution costs	54.17	50.32	7.65
Administrative expenses	58.34	56.57	3.13
Finance costs	5.63	4.67	20.56
Interest income	5.84	7.74	-24.55
Share of profits of joint ventures and associates	29.98	83.49	-64.09
Net cash flow generated from operating activities	82.99	46.04	80.26
Net cash flow generated from investing activities	-162.03	-53.33	203.83
Net cash flow generated from financing activities	48.18	60.25	-20.03

MANAGEMENT DISCUSSION AND ANALYSIS

1. Analysis on revenue and costs of sales

During the reporting period, revenue of the Group amounted to approximately RMB107.784 billion, representing a year-on-year decrease of approximately 16.90%. This was mainly due to the “price war” and “involution” in the automobile industry this year. Throughout the year, GAC Trumpchi achieved an annual sales volume of 414.6 thousand vehicles, representing a year-on-year increase of 1.99%, and GAC AION achieved an annual sales volume of 374.9 thousand vehicles, representing a year-on-year decrease of approximately 21.90%;

During the reporting period, the Group recorded costs of sales of approximately RMB105.346 billion, representing a year-on-year decrease of approximately 15.95%. The gross profit amounted to RMB2.438 billion, representing a year-on-year decrease of approximately 44.13%. Gross profit margin decreased year-on-year by 1.1 percentage points, which was mainly due to the combined effect of the “price war” and “involution” in the automobile industry and the decrease in gross profit of the OEMs under its self-developed brands.

Principal business by industry

Unit: 100 million Currency: RMB

By industry	Revenue	Cost of sales	Gross profit margin (%)	Changes in revenue compared with last year (%)	Changes in cost of sales compared with last year (%)	Changes in gross profit margin compared with last year (%)
Automobile manufacturing industry	789.34	789.28	0.01	-16.04	-14.93	-99.24
Parts and components manufacturing industry	39.32	36.24	7.83	-11.22	-12.21	15.15
Commercial services	197.59	182.79	7.49	-26.69	-26.78	1.49
Financial services and others	51.59	45.15	12.48	19.69	30.08	-35.90
Total	1,077.84	1,053.46	2.26	-16.90	-15.95	-32.74

MANAGEMENT DISCUSSION AND ANALYSIS

Principal business by product

Unit: 100 million Currency: RMB

By product	Revenue	Cost of sales	Gross profit margin (%)	Changes in revenue compared with last year (%)	Changes in cost of sales compared with last year (%)	Changes in gross profit margin compared with last year (%)
Passenger vehicles	789.34	789.28	0.01	-16.04	-14.93	-99.24
Vehicles related trades	236.91	219.03	7.55	-24.50	-24.71	3.57
Financial services and others	51.59	45.15	12.48	19.69	30.08	-35.90
Total	1,077.84	1,053.46	2.26	-16.90	-15.95	-32.74

Principal business by region

Unit: 100 million Currency: RMB

By region	Revenue	Cost of sales	Gross profit margin (%)	Changes in revenue compared with last year (%)	Changes in cost of sales compared with last year (%)	Changes in gross profit margin compared with last year (%)
Mainland China	960.44	953.34	0.74	-22.66	-20.94	-74.48
Overseas	117.40	100.12	14.72	112.64	110.25	7.05
Total	1,077.84	1,053.46	2.26	-16.90	-15.95	-32.74

MANAGEMENT DISCUSSION AND ANALYSIS

Analysis of sales and production volume

Unit: Vehicle

Major products	Production volume	Sales volume	Inventory	Increase/ decrease in production volume compared with last year (%)	Increase/ decrease in sales volume compared with last year (%)	Increase/ decrease in inventory compared with last year (%)
Sedans	181,632	193,975	2,087	-35.67	-29.14	-84.90
SUV	394,090	411,608	9,678	-14.09	-8.25	-59.78
MPV	186,555	183,892	9,615	14.24	12.02	39.29

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

Sales to major customers

Unit: 100 million Currency: RMB

Customers	Revenue	Ratio to revenue (%)
Total sales to top 5 customers	30.50	2.86

MANAGEMENT DISCUSSION AND ANALYSIS

Major suppliers

Unit: 100 million Currency: RMB

Suppliers	Amount of procurement fees	Ratio to total procurement (%)
Total procurement from the top 5 suppliers	99.54	9.89

Amount of procurement fees paid to the largest supplier of the Group accounted for 4.19% of the total amount of procurement fees of the Group for the year.

During the reporting period, to the best of the Directors' knowledge, no Directors, Supervisors or their close associates or shareholders holding more than 5% of the Company's issued Shares have any interest in the top 5 suppliers.

2. Expenses

- (1) The year-on-year increase of approximately RMB385 million in selling and distribution costs was mainly attributable to the combined effect of that the self-developed brands were facing new energy transformation and internationalisation, coupled with the increase in labor costs and advertising fees during the reporting period;
- (2) The year-on-year increase of approximately RMB177 million in administrative expenses was mainly attributable to the combined effect of the corresponding increase in the routine expenses resulting from the enterprise development, as well as the increase in the expenses arising from depreciation and amortisation during the reporting period;
- (3) The year-on-year increase of approximately RMB96 million in finance costs was mainly attributable to the increase in borrowings during the reporting period, which resulted in an increase in interest expenses on borrowings;
- (4) The year-on-year decrease of approximately RMB190 million in interest income was mainly attributable to the decrease in interest income resulting from lowering of the interest rates by the banks during the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Research and development expenditures

(1) Table of research and development expenditures

Unit: 100 million Currency: RMB

Expensed research and development expenses during the reporting period	14.39
Capitalised research and development expenses during the reporting period	57.15
Total research and development expenditures	71.54
Percentage of total research and development expenditures over total revenue (%)	6.64
Number of research and development staff	7,317
Number of research and development staff over total number of staff (%)	19.10
Percentage of capitalised research and development expenditures (%)	79.89

- (2) During the reporting period, expenditures in research and development amounted to approximately RMB7.154 billion, representing a year-on-year decrease of approximately RMB1.064 billion, which was mainly attributable to the combined effect of adjusting the pace of R&D investment based on changes in the market environment, and promoting cost reduction and efficiency improvement during the reporting period.

4. Share of profit of joint ventures and associated companies

During the reporting period, the Group's share of profit of joint ventures and associated companies amounted to approximately RMB2.998 billion, representing a year-on-year decrease of approximately RMB5.351 billion, which was mainly attributable to the combined effect of the decrease in earnings from joint ventures.

MANAGEMENT DISCUSSION AND ANALYSIS

5. Cash flows

- (1) During the reporting period, net cash inflow generated from operating activities amounted to RMB8.299 billion, representing an increase in net inflow of RMB3.695 billion as compared with the net cash inflow of RMB4.604 billion in the corresponding period last year, which was mainly attributable to the increase in net cash flows from operating activities of financial enterprises during the reporting period;
- (2) During the reporting period, net cash outflow generated from investing activities amounted to RMB16.203 billion, representing an increase in net outflow of RMB10.870 billion as compared with the net cash outflow of RMB5.333 billion in the corresponding period last year, which was mainly attributable to factors including the increased investments in financial enterprises and corporate certificates of deposit during the reporting period;
- (3) During the reporting period, net cash inflow generated from financing activities amounted to RMB4.818 billion, representing a decrease in net inflow of approximately RMB1.207 billion as compared with the net cash inflow of RMB6.025 billion in the corresponding period last year, which was mainly attributable to the decrease in cash flows received from borrowings, and the decrease in dividend payment by the Group during the reporting period;
- (4) As at 31 December 2024, cash and cash equivalent of the Group amounted to approximately RMB36.482 billion, representing a decrease of approximately RMB3.040 billion as compared with approximately RMB39.522 billion as at 31 December 2023.

6. Others

Income tax expenses amounted to approximately RMB-233 million, representing a year-on-year decrease of approximately RMB18 million, which was mainly attributable to the combined effect of changes in profit of certain enterprises and in deferred income tax during the reporting period.

To sum up, the Group's net profit attributable to equity shareholders of the Company for the reporting period amounted to approximately RMB824 million, representing a year-on-year decrease of approximately 81.40%. Basic earnings per Share amounted to approximately RMB0.08, representing a year-on-year decrease of approximately 80.95%.

MANAGEMENT DISCUSSION AND ANALYSIS

(II) Analysis of Assets and Liabilities

1. Analysis table of assets and liabilities

Unit: 100 million Currency: RMB

Item	Balance at the end of current period	Balance at the end of current period over total assets (%)	Balance at the end of the previous period	Balance at the end of the previous period over total assets (%)	Change (%)
Financial assets at fair value through other comprehensive income					
– non-current	117.16	5.04	50.94	2.33	130.00
Inventories	156.88	6.75	167.20	7.65	-6.17
Financial assets at fair value through other comprehensive income					
– current	142.38	6.12	56.34	2.58	152.72
Loans and borrowings – non-current	119.69	5.15	103.84	4.75	15.26
Loans and borrowings – current	233.22	10.03	177.32	8.12	31.52

MANAGEMENT DISCUSSION AND ANALYSIS

2. Analysis on change

- (1) Financial assets at fair value through other comprehensive income – non-current increased by 130.00% as compared with the balance at the end of the previous period, mainly attributable to the increase in large-value certificates of deposit held during the reporting period;
- (2) Inventories decreased by 6.17% as compared with the balance at the end of the previous period, mainly attributable to the combined effect of the decrease in inventories due to the decreases in automobile production and sales volumes during the reporting period;
- (3) Financial assets at fair value through other comprehensive income – current increased by 152.72% as compared with the balance at the end of the previous period, mainly attributable to the combined effect of the increase in interbank deposit certificates during the reporting period;
- (4) Loans and borrowings – non-current increased by 15.26% as compared with the balance at the end of the previous year, mainly attributable to the combined effect of the increased demand for long-term funds due to the business development of certain enterprises during the reporting period;
- (5) Loans and borrowings – current increased by 31.52% as compared with the balance at the end of the previous year, mainly attributable to the combined effect of the increase in the demand of certain enterprises to replenish their working capital through short-term borrowings during the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

(III) Analysis of Financial Position

1. Financial indicators

As at 31 December 2024, the Group's current ratio was approximately 1.22 times, representing a decrease from approximately 1.31 times as at 31 December 2023. The Group's quick ratio was approximately 1.05 times, representing a decrease from approximately 1.09 times as at 31 December 2023. Both ratios were within reasonable range.

2. Financial resources and capital structure

As at 31 December 2024, the Group's current assets amounted to approximately RMB111.086 billion, current liabilities amounted to approximately RMB90.778 billion and current ratio was approximately 1.22 times.

As at 31 December 2024, total loans and borrowings amounted to approximately RMB35.291 billion, mainly consisting of borrowings from bank and financial institutions with closing balance of approximately RMB35.111 billion, etc. The above borrowings are payable upon maturity. The Group generally funds its business and operational capital needs with its own operating cash flow.

As at 31 December 2024, the Group's gearing ratio was approximately 22.46% (calculation of gearing ratio: (loans and borrowings in non-current liabilities + loans and borrowings in current liabilities)/(total equity + loans and borrowings in non-current liabilities + loans and borrowings in current liabilities)).

3. Foreign exchange risk

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

4. Contingent liabilities

As at 31 December 2024, financial guarantee given by the Company to controlled and whole-owned subsidiaries of the Group amounted to RMB0 (31 December 2023: RMB0).

As at 31 December 2024, independent third-party financial guarantee given by the Company amounted to RMB0 (31 December 2023: RMB0).

As at 31 December 2024, financial guarantee given by the Group to related parties outside the consolidation scope amounted to RMB0 (31 December 2023: RMB0).

MANAGEMENT DISCUSSION AND ANALYSIS

(IV) Analysis of Automobile Manufacturing Industry Operation

1. Sales and production volume of whole vehicles

By vehicle model

Vehicle types	Sales volume (units)			Production volume (units)		
	Total number for the year	Total number for last year	Changes in total sales volume compared with the corresponding period last year	Total number for the year	Total number for last year	Changes in total production volume compared with the corresponding period last year
Passenger vehicle	2,002,035	2,504,415	-20.06%	1,915,602	2,528,652	-24.24%
Sedans	672,112	1,016,050	-33.85%	644,440	1,022,387	-36.97%
SUV	1,014,317	1,198,042	-15.34%	962,522	1,213,383	-20.67%
MPV	315,606	290,323	8.71%	308,640	292,882	5.38%
Commercial vehicle	1,023	560	82.68%	1,013	170	495.88%
Total	2,003,058	2,504,975	-20.04%	1,916,615	2,528,822	-24.21%

By region

Vehicle types	Domestic sales (units)			Oversea sales (units)		
	Total number for the year	Total number for last year	Changes in total sales volume compared with the corresponding period last year	Total number for the year	Total number for last year	Changes in total sales volume compared with the corresponding period last year
Passenger vehicle	1,874,972	2,428,619	-22.80%	127,063	75,796	67.64%
Sedans	657,982	1,010,340	-34.88%	14,130	5,710	147.46%
SUV	921,832	1,132,954	-18.63%	92,485	65,088	42.09%
MPV	295,158	285,325	3.45%	20,448	4,998	309.12%
Commercial vehicle	1,023	560	82.68%	0	0	-
Total	1,875,995	2,429,179	-22.77%	127,063	75,796	67.64%

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

MANAGEMENT DISCUSSION AND ANALYSIS

IV. MATERIAL INVESTMENT

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

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

Save as disclosed in the section headed “Material Disposal of Assets and Equity Interest” below, the Group did not have any material acquisitions or disposals of subsidiaries, associated companies or joint ventures during the reporting period.

VI. MATERIAL DISPOSAL OF ASSETS AND EQUITY INTEREST

Disposal of Certain Equity Interest in ON TIME to GAIG

On 19 January 2024, China Lounge Investments, a wholly-owned subsidiary of the Company, entered into an agreement with GAIG in relation to its disposal of 8,797,226 ordinary shares of ON TIME, representing 5% of the then issued shares of ON TIME, to GAIG at a consideration of RMB267,876,000. As GAIG is the controlling shareholder of the Company and therefore a connected person of the Company, the aforesaid transaction constituted a connected transaction of the Company. As one or more of the applicable percentage ratios (as defined in the Listing Rules) were more than 0.1% but all of them were less than 5%, the aforesaid disposal was subject to the reporting and announcement requirements, but was exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. For details, please refer to the Company's announcement dated 19 January 2024.

After the completion of the above disposal, the Company continued to indirectly hold 26,202,774 ordinary shares of ON TIME, representing 12.84% of the issued shares of ON TIME after its listing on the Main Board of the Stock Exchange on 24 July 2024.



MANAGEMENT DISCUSSION AND ANALYSIS

Capital Increase of GAC-SOFINCO Leasing, Constituting a Deemed Disposal by the Company of Equity Interest in Its Subsidiary

On 15 October 2024, GAC-SOFINCO Leasing (formerly abbreviated as GAC Leasing), a then indirect wholly-owned subsidiary of the Company, entered into a capital increase agreement with Crédit Agricole Personal Finance & Mobility (“Crédit Agricole”), pursuant to which the registered capital of GAC-SOFINCO Leasing was enlarged from RMB1.7 billion to RMB3.4 billion, and Crédit Agricole, as the successful bidder in the public tender, shall subscribe for the increased registered capital of GAC-SOFINCO Leasing of RMB1.7 billion at the consideration of RMB2.1325 billion. Parties completed the transfer of equity interest on 16 January 2025, and therefore GAC-SOFINCO Leasing has become a jointly-controlled entity of the Company and Crédit Agricole, and its financial results will cease to be consolidated into the financial results of the Group beginning from the financial year ending 31 December 2025.

As one of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the aforesaid deemed disposal was more than 5% but all of them were less than 25%, the aforesaid transaction constituted a discloseable transaction of the Company and was subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Crédit Agricole is a substantial shareholder of GAC-SOFINCO, a principal jointly-controlled entity of the Company. Accordingly, Crédit Agricole is regarded as a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, the aforesaid transaction was only subject to the reporting and announcement requirements but was exempted from the circular, independent financial advice and shareholders’ approval requirements under Chapter 14A of the Listing Rules.

For details, please refer to the Company’s announcements dated 15 October 2024 and 23 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Disposal of Equity Interests in an Associated Company, Guangzhou Juwan Technology Research Co., Ltd. (廣州巨灣技研有限公司) to GAIG

As approved by a resolution passed by the Board on 3 December 2024, and the relevant ordinary resolution being passed by the shareholders at the 2024 first extraordinary general meeting of the Company held on 20 December 2024, the Company, GAC Capital, GAIG and Guangzhou Juwan Technology Research Co., Ltd. ("Guangzhou Juwan") entered into an agreement on 30 December 2024, pursuant to which, the Company and GAC Capital, as vendors, shall dispose of 18.82% equity interest in Guangzhou Juwan to GAIG, the controlling shareholder of the Company, as purchaser, at the aggregate consideration of approximately RMB1,331 million. After completion of the above-mentioned disposal, the Group has continued to hold 15.60% of the equity interest in Guangzhou Juwan. For details, please refer to the Company's announcement and circular dated 3 December 2024, and the announcements dated 20 December 2024 and 30 December 2024.

Since GAIG is a controlling shareholder, and thus a connected person of the Company, the aforesaid transaction constituted a connected transaction of the Company. As one or more of the applicable percentage ratios (other than the profit ratio) exceeded 0.1% but all of them were less than 5%, the abovementioned disposal was only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but was exempted from the circular, independent financial advice and shareholders' approval requirements.

Save as disclosed above, the Group did not conduct any other material disposal of assets or equity interest during the year ended 31 December 2024.

VII. ANALYSIS OF MAJOR SUBSIDIARIES AND JOINT VENTURES

Company name	Production volume during the reporting period (units)	Changes compared with the corresponding period last year	Sales volume during the reporting period (units)	Changes compared with the corresponding period last year	Revenue (RMB100 million)	Changes compared with the corresponding period last year
GAC Honda	416,127	-36.10%	470,633	-26.52%	682.50	-27.03%
GAC Toyota	736,008	-22.53%	738,000	-22.32%	1,095.45	-28.34%
GAC Trumpchi	405,528	0.31%	414,591	1.99%	540.10	-5.98%
GAC AION	356,749	-28.66%	374,884	-21.90%	374.21	-29.70%



MANAGEMENT DISCUSSION AND ANALYSIS

VIII. STRUCTURED ENTITIES UNDER THE CONTROL OF THE COMPANY

N/A.

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

1. Industry layout and trend

At present, China's automobile industry landscape has entered a period of profound reshaping, where the industry's development, primarily characterised by optimisation and adjustment of the existing structure, is becoming increasingly prominent. Firstly, the market penetration rate of new energy passenger vehicles continues to increase, remaining above 50% for several consecutive months in 2024, and the annual penetration rate is also close to 50%. It is expected that the domestic NEV penetration rate will further increase in 2025. Secondly, the market share of self-developed brands has steadily ramped up. In 2024, the share of passenger vehicles of self-developed brands in the domestic market exceeded 65%, reaching a record high. Self-developed brands have firmly occupied a dominant position in the domestic market, whereas the market space for joint venture brands has been further compressed. Thirdly, the waves of intellectualisation and electrification are propelling the accelerated reconstruction of the automobile industry, and the application and promotion of new quality productive forces in the automobile industry are being accelerated, while original and disruptive technologies are constantly emerging, with technological iterations speeding up. Fourthly, industry competition has shifted from price involution to multi-dimensional involution. While the price war continues, the intensive release of new automobile models, the acceleration of product iterations, and the increasing diversification and personalisation of product functions as well as service levels, have turned the multi-dimensional involution in prices, configurations, traffic, and services into the norm. Fifthly, automobile brands will accelerate the survival of the fittest, and the market concentration is further increasing, presenting a landscape where winner takes all with polarisation intensifying. Sixthly, automobile exports are expected to maintain a growth trend. Despite facing challenges such as trade barriers in the short term, as China's automobile enterprises accelerate the deployment of overseas localised production and continuously refine their sales and service systems, their international competitiveness is expected to usher in continuous enhancement.

MANAGEMENT DISCUSSION AND ANALYSIS

According to the China Association of Automobile Manufacturers, it is predicted that China's automobile industry would maintain a basically stable and upward trend in 2025. It is preliminarily estimated that the annual automobile sales volume in 2025 would be around 32,900 thousand units, representing a year-on-year increase of 4.7%, of which passenger vehicles would be 28,900 thousand units, representing a year-on-year increase of 4.9%; commercial vehicles would be 4,000 thousand units, representing a year-on-year increase of 3.3%; NEVs would be 16,000 thousand units, representing a year-on-year increase of 24.4%; and automobile exports would be 6,200 thousand units, representing a year-on-year increase of 5.8%.

2. Development strategy of the Company

Looking forward, the Group will spare no effort to propel the "1578 Development Outline for Trillion GAC" and the objectives of the "14th Five-Year Plan". By 2030, the Group will endeavor to achieve one goal: annual production and sales volume exceeding 4,750 thousand vehicles, annual revenue (on a combined basis) amounting to RMB1 trillion, and profits tax amounting to RMB100 billion. The Group aims at becoming a world-class high-tech enterprise characterised by excellent products, distinguished brand image, cutting-edge innovation and modernised governance. The Group also aims to create momentum for five increment aspects, including transformative upgrading of whole vehicles, enhancement and extension of parts and components industry chain, intellectualisation of commerce and mobility transportation, energy and ecological empowerment, and courageous international expansion. The Group will consolidate seven segments, including research and development, manufacture of vehicles, parts and components, commercial services and mobility transportation, energy and ecology, internationalisation as well as investment and finance. The Group will implement eight initiatives, including deepening reform of the system and mechanism, paying equal attention to research and capital injection regarding technological innovation, fully upgrading its self-developed brands, reinforcing and extending the industry chain for structural optimisation, comprehensively developing energy ecology, arranging in-depth deployment of software business, seeking key breakthroughs in overseas markets, and exploring innovation in smart transportation models.

In order to deepen the implementation and execution of strategic planning, the Group has launched the three-year "Panyu Action" (2025-2027). It aims to accelerate the construction of five major guarantees, encompassing integrated organization, product development process, market-oriented system, high-level talents, and sufficient funds, through four major reformative measures, including brand leadership, product priority, cutting-edge technologies, and international market expansion, striving to attain over 60% of the Group's total sales volume from its self-developed brands by 2027, and targeting sales of 2 million vehicles under self-developed brands.



MANAGEMENT DISCUSSION AND ANALYSIS

The year 2025 not only marks the conclusion of the “14th Five-Year Plan”, but it is also the first year for GAC Group’s three-year “Panyu Action” to take effect. Looking ahead to the critical development period in the next five years, the Group will comprehensively benchmark against and learn from Huawei’s DSTE (Develop Strategy to Execute) management system, with a focus on the executability and practicality of strategic planning to formulate the “15th Five-Year” strategic plan for GAC Group.

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

3. Operational plan

In 2025, the Group will closely adhere to the goals of the three-year “Panyu Action”, accelerate reform and transformation, and spare no effort to stabilise and recover its business performance, challenging the goal of a 15% year-on-year increase in annual automobile sales volume.

The major operational measures are as follows:

- (1) The Group will seek progress while maintaining stability, bringing steady growth back on track. In accordance with the overall mission objectives and action roadmap formulated for the three-year “Panyu Action”, self-developed brands are striving to surpass the production and sales scale of one million units and accelerate their progress towards the two-million-unit mark. Joint venture brands are accelerating adjustments in pursuit of stabilisation, speeding up transformation to intellectualisation and electrification, and stabilising the foundation and improving profitability.
- (2) The Group will forge ahead courageously, blazing new trails through profound reforms. The Group will make every effort to promote the implementation of integrated operations, build an efficient operating system, achieve the integration of research, production, supply and marketing, human resources, finance and logistics, and promote centralised management, and intensive and efficient utilisation of human resources, finance and logistics. The Group will promote the three institutional reforms further and establish a remuneration distribution system based on value contribution and performance results.

MANAGEMENT DISCUSSION AND ANALYSIS

- (3) The Group will upgrade its brand value through brand leadership. It will complete the repositioning of its self-developed brands, and reshape the three inherent characteristics of the brand. The Group will improve the brand management system and mechanism, formulate the brand development path, and enrich the brand connotation. It will also innovate in brand communications, and enhance brand recognition and reputation.
- (4) The Group will construct a robust matrix of star products through product priority. The Group will take the introduction of the IPD system as the core to reshape the product development system, scientifically formulate product plans, precisely develop star products, and create ultimate product competitiveness. In 2025, the Group will launch over 20 new, upgraded or facelifted automobile models.
- (5) The Group will consolidate GAC's technological support with leading technologies. It will strengthen its R&D capabilities building with a focus on improving its software-defined vehicle capabilities. In the field of electrification, the Group will promote the R&D of new generation power battery technology. In the field of ICV, the Group will promote the mass production of cost-effective intelligent driving platforms, large-scale end-cloud integrated models and a new generation of multimodal interactive systems (ADiGO 6.0), and comprehensively improve their installation rate on intelligent equipment.
- (6) The Group will put experiences first, and impel reforms in both sales and service models. It will enhance the experience in the course of sales and service, expand channel coverage, improve channel capabilities, and promote the construction of the energy ecosystem. The Group will strengthen the audio-visual experience at information touchpoints, and improve the organizational structure of new media marketing. It will also reinforce user-centric thinking and co-creation with users, and continuously improve the digital marketing "golden triangle".
- (7) The Group will improve quality, increase quantity and accelerate the overseas expansion. It will adhere to the principle of product and service first, cultivate on-the-ground service teams, and enhance the capabilities of localised service self-reliance. The Group will accelerate its overseas market deployment, rapidly establish a network of distribution channels, increase user touchpoints, and build a high-quality overseas regional operation system. The Group will also optimise its overseas brand management system to improve the reputation of its brands and products.



MANAGEMENT DISCUSSION AND ANALYSIS

- (8) The Group will reduce loss, increase profitability and propel significant reductions in costs and expenses. It will strengthen the revenue management of automobile models and form a scientific automobile revenue model. The Group will deepen comprehensive budget management and rationally allocate resources. The Group will also consistently carry out cost reduction and efficiency enhancement, promote refined management and control over R&D costs, improve internal operation costs, control procurement costs, and accurately allocate sales expenses.
- (9) The Group will create a fair and transparent cost-effective supply chain. It will integrate supply chain resources and adopt a transparent management approach based on the principle of survival of the fittest. The Group will vigorously promote business cost reduction, platformisation, and cost reduction of differentiated technologies. The Group will also strengthen the cultivation of core suppliers, advance the implementation of industrial cooperation projects, and strengthen investment in the industrial chain.

4. Potential risks

(1) Macro-environmental level

Global trade protectionism has been on the rise, with an increasing number of trade restriction measures imposed by various countries in key technologies and strategic industries. In particular, the trade sanctions imposed by Europe and the United States on China's NEVs will pose a threat to the stability of China's automobile industry and the global industrial chain and supply chain. China's economy is anchored by solid foundation, diversified strengths, robust resilience, and vast potential. While the supporting conditions and fundamental trend for a long-term positive outlook remain intact, it currently faces difficulties and challenges such as insufficient domestic demand.

(2) Industry level

The market landscape is undergoing dramatic changes. The penetration rate of NEVs is rising rapidly, while the market share of fuel-powered vehicles is shrinking further. The market share of passenger vehicles under self-developed brands is steadily ramping up, while the market space for joint venture brands is further compressed. Market competition is intensifying, accelerating the survival of the fittest among automobile brands and increasingly narrowing the profitability for enterprises upstream and downstream of the supply chain. Meanwhile, heightened competition in overseas markets, the spillover of internal rivalry among automobile enterprises and the trade protectionism phenomenon are amplifying uncertainties for automobile exports.

MANAGEMENT DISCUSSION AND ANALYSIS

(3) Company level

The Group currently faces the following major issues and challenges:

- (1) Product competitiveness requires improvement. The product structure of self-developed brands needs to be optimised, and there is a lack of competitive mass-selling automobile models in the fast-growing PHEV and REEV market segments. Joint venture brands lack competitive products characterised by electrification and intellectualisation, whereas the product strength of traditional fuel-powered models is declining.
- (2) Weak global expansion capabilities. The overseas recognition of the Group's self-developed brands is insufficient, while its localised operations are still in the initial stage. The construction of on-the-ground teams and operation systems is still in the early stage of development. The integrated costs of our overseas products lack market competitiveness.
- (3) Marketing transformation still requires to be accelerated. The Group's awareness of new media marketing needs to be enhanced. Its ability to amplify brand presence, attract traffic, accumulate followers, and achieve customer conversion through new media is still relatively weak.
- (4) Inadequate cost competitiveness. The entire process of cost planning, from R&D to mass production, has not been fully integrated, and the independent decentralised procurement of multiple self-developed brands has not formed a scale effect of centralised procurement, so there is still room for improvement in cost reduction.

In response to the above issues and challenges, the Group will implement the following countermeasures:

- (1) The Group will accelerate the implementation of the three-year "Panyu Action", speed up the improvement of the PHEV and REEV product matrix under its self-developed brands, and take the introduction of the IPD system as the core to reshape the product development system, scientifically formulate product plans, and precisely develop star products. The joint ventures will make full use of the strength of their shareholders to strengthen localised development capabilities, consolidate the advantages of hybrid automobile models, enhance the product competitiveness in terms of new energy and intellectualisation, and prompt an all-round renewal and upgrade of brand image as well as sales and service models.



MANAGEMENT DISCUSSION AND ANALYSIS

- (2) The Group will intensify its research on key international markets, continuously enhance the market adaptability and product advancement of overseas automobile models. It will cultivate on-the-ground service teams, establish a matrix service support system, and enhance the capabilities of localised service self-reliance. It will also accelerate the overseas market deployment, orderly promote exploration of the international market, rapidly set up channel networks, and build a high-quality overseas regional operation system to facilitate efficient localised operations. Further, the Group will formulate standards for a globalised brand value system, optimise the overseas brand management system, and increase the brand and product visibility.
- (3) The Group will benchmark against outstanding enterprises in new media marketing, refine the organizational structure for new media marketing, forge a new media marketing matrix, and actively explore the creation of an integrated new media marketing model covering product packaging, customer acquisition, policies, finance and sales. It will strengthen user-centric thinking and co-creation with users, enhance platform content creation, increase brand traffic and promote sales conversion. It will also improve the design and content operation of each brand's APP, fully leverage the key role of APPs in marketing, and increase the application of cutting-edge technologies such as artificial intelligence.
- (4) The Group will integrate research, production, sales and supply, mobilise all resources to reduce the cost of vehicle models, and ensure the competitiveness of products. The Group will build a sustainable global industrial chain ecosystem by implementing an independent industrialisation strategy, deepening the layout of local supporting facilities, and integrating overseas advantageous resources. Meanwhile, it will strive to create a cost control system covering the entire product life cycle and value stream, promote the optimisation and upgrading of platform-based and modular technical solutions, and enhance the sustainable development capacity of the supply chain. This will achieve the ultimate cost optimisation under the economies of scale and continuously enhance the market competitiveness of products.

Chapter 4

CORPORATE GOVERNANCE

I. CORPORATE GOVERNANCE

The Group was in strict compliance with relevant corporate governance requirements under the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies, the SSE Listing Rules, the Listing Rules and its Appendix C1, the Corporate Governance Code. The Group constantly optimised the structure of corporate governance, regulated the operation of general meetings, the Board and the Supervisory Committee in an orderly manner, and disclosed information in compliance with laws and regulations so as to establish a modern corporate governance system with sound scientific norms, effective checks and balances, and efficient operation. A total of 22 Board meetings and 12 meetings of special committees of the Board were held during the year. In addition, in order to constantly improve governance, the Company has reviewed and revised the internal management system from time to time. The Company revised important management systems such as the Rules for the Independent Directors, the Medium- and Long-term Incentive Management Measures, the Investment Management Measures and the Compliance Management Measures in accordance with the regulatory requirements and the Company's development plan during the reporting period, which further optimised the governance structure and improved its governance.

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

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

(I) General Meeting

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



CORPORATE GOVERNANCE

Pursuant to Article 71 of the Articles of Association, shareholders individually and jointly holding over 3% of the shares of the Company are entitled to propose extraordinary motions to the Company and submit them in writing to the convener ten days before the general meeting. The convener of the general meeting shall issue supplementary notice of the general meeting to announce the content of the extraordinary motions within two days after receiving the proposed motions. The Company formulates efficient channels of communication with shareholders. All shareholders have the right to be informed and to participate in significant events of the Company; shareholders may raise enquiries and express their view to the Board in writing at any time (Contact address: The office of the Board of GAC Group, No. 668 Jinshan Road East, Panyu District, Guangzhou (Postal code: 511434), Telephone: 020-83151139, Email: ir@gac.com.cn).

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

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

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

CORPORATE GOVERNANCE

(II) Directors and the Board

1. Directors and Composition of the Board

Directors of the Company are elected or rotated at the general meeting. The sixth session of the Board consists of 11 directors, including 2 executive directors, namely Zeng Qinghong (former Chairman)¹ and Feng Xingya (Chairman and General Manager)¹; 5 non-executive directors, namely Chen Xiaomu, Ding Hongxiang, Guan Dayuan, Deng Lei and Wang Yiwei; and 4 independent directors, namely Zhao Fuquan, Xiao Shengfang, Wong Hakkun and Song Tiebo, accounting for over one-third of the total number of members of the Board. The election of the seventh session of the Board of Directors was held on 28 March 2025. The new session of the Board of Directors initially consists of 10 directors, including one executive director, namely Feng Xingya (Chairman and General Manager); five non-executive directors, namely Chen Xiaomu, Deng Lei, Zhou Kaiquan, Wang Yiwei and Hong Suli; and four independent directors, namely Zhao Fuquan, Xiao Shengfang, Wong Hakkun and Song Tiebo, accounting for over one-third of the total number of members of the Board. Other than Zhou Kaiquan and Hong Suli, all the other directors of the seventh session of the Board are members of the sixth session of the Board, and Mr. Ding Hongxiang and Mr. Guan Dayuan did not stand for re-election at the seventh session of the Board due to work reasons, and therefore they ceased to act as non-executive directors after the conclusion of the 2025 second extraordinary general meeting of the Company convened on 28 March 2025. There remains one vacancy for director after the change of session of the Board and as of the date of this report, and the Company will complete the by-election as soon as possible.

Independent directors have diverse professional backgrounds such as automobile industry, legal and compliance, audit and finance and strategic management respectively, coming from different areas, whereas certain independent directors have work experience as senior management in well-established enterprises of various countries and areas. During the reporting period, the Company had one female director, and there are two female directors following the commencement of the seventh session of the Board, thereby achieving diversity of the Board in terms of age, professional knowledge, work experience, region and gender. In the future, the Company will enhance the diversity of the Board in more aspects in view of the needs of Company's development.

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

¹ Mr. Zeng Qinghong ceased to serve as an executive director and the Chairman of the Board on 3 February 2025. Mr. Feng Xingya, an executive director, was appointed as the new Chairman of the Board on 3 February 2025.

CORPORATE GOVERNANCE

During the reporting period, the Company convened 22 Board meetings. The convening, holding and resolution procedures of the Board meetings have complied with the Company Law, the Articles of Association and the Rules of Procedures of the Board.

2. Powers of the Board

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

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

CORPORATE GOVERNANCE

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

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



CORPORATE GOVERNANCE

3. Responsibilities of Directors

The directors acknowledge their responsibility for the preparation of annual financial statements and true and fair presentation of the Company's business results and financial conditions. The Board, which is responsible for overseeing the preparation of annual financial statements, receives the Company's monthly management accounts in respect of operation and updates on the Group's performance, financial position and prospects. In preparing the financial statements for the year ended 31 December 2024, the Board adopted appropriate accounting policies consistently, made prudent and reasonable judgements and estimates, and ensured that the financial statements were prepared on a going concern basis and show a true and fair view of the financial position of the Company and of the Group as at 31 December 2024 and of the financial performance and cash flows for the year.

4. Corporate Governance Functions

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

For the year of 2024, the Board has performed the above corporate governance functions. During the year, the Company has complied with the code provisions in the Corporate Governance Code, the Appendix C1 of the Listing Rules.

On 3 February 2025, Mr. Zeng Qinghong resigned as the Chairman of the Board of the Company as he had reached the retirement age. On the same day, Mr. Feng Xingya was elected as the new Chairman of the Board. Pursuant to code provision C.2.1 of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual concurrently so as to achieve a balanced distribution of power and authority. The Company will implement relevant arrangements to comply with the aforesaid requirements depending on the needs of its business development.

CORPORATE GOVERNANCE

5. Director Training

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

Directors	Zeng Qinghong (resigned on 3 February 2025)	Feng Xingya	Zhao Fuquan	Xiao Shengfang	Wong Hakkun	Song Tiebo	Chen Xiaomu	Deng Lei	Ding Hongxiang	Guan Dayuan	Wang Yiwei
Training participated	BC	BC	ABC	ABC	ABC	ABC	BC	BC	BC	BC	BC

Notes:

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

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

After making specific enquiries with all directors, all directors have confirmed that they have fully complied with the rules as required by the Model Code throughout the year of 2024.



CORPORATE GOVERNANCE

6. Independence of Directors

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

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

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

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

Apart from regular meetings of the Board, the Chairman has met with the independent directors without the presence of other directors during the year ended 31 December 2024.

CORPORATE GOVERNANCE

7. Special Committees of the Board

The Board has set up Strategy Committee, Audit Committee, Remuneration and Assessment Committee and Nomination Committee. Composition of each of the committees of the sixth and seventh sessions of the Board is as follows:

- (1) The Strategy Committee of the sixth session of the Board comprises 6 directors, namely Zeng Qinghong, Feng Xingya, Zhao Fuquan, Song Tiebo, Guan Dayuan and Ding Hongxiang, while the Strategy Committee of the seventh session of the Board comprises 5 directors, namely Feng Xingya, Zhao Fuquan, Song Tiebo, Zhou Kaiquan and Hong Suli, with one position currently vacant, among whom, Zhao Fuquan and Song Tiebo are independent directors and Zeng Qinghong was the chairman of the committee, who has been subsequently succeeded by Feng Xingya². The committee is mainly responsible for conducting research and making recommendations on the long-term development strategy and major investment decision of the Company. During the reporting period, 1 meeting of the Strategy Committee was held and all members attended the meeting, at which the matters with respect to the ESG Report were considered and reviewed.
- (2) The Audit Committee of the sixth and seventh sessions of the Board comprises 3 independent directors, namely Wong Hakkun, Xiao Shengfang and Song Tiebo, among whom Wong Hakkun is the chairman of the committee. Their primary duties are to supervise and review the annual audit work and internal audit system of the Company, the financial information and disclosure of the Company, and compliance supervision. During the reporting period, 6 meetings of the Audit Committee were held and all members attended the meetings. The Audit Committee mainly reviewed and deliberated the regular reports and results, profit distribution and appointment of auditors, and also timely reviewed the internal control system at the meetings.

² Mr. Zeng Qinghong ceased to serve as the chairman of the Board's Strategic Committee on 3 February 2025. Mr. Feng Xingya was appointed as the new chairman of the Strategic Committee on 3 February 2025.



CORPORATE GOVERNANCE

- (3) The Remuneration and Assessment Committee of the sixth session of the Board comprises 3 directors, namely Xiao Shengfang, Song Tiebo and Ding Hongxiang, while the Remuneration and Assessment Committee of the seventh session of the Board comprises 3 directors, namely Xiao Shengfang, Song Tiebo and Zhou Kaiquan, among whom, Xiao Shengfang and Song Tiebo are independent directors and Xiao Shengfang is the chairman of the committee. Their primary duties are to formulate the assessment criteria and appraise the directors and senior management of the Company, as well as formulate and review the remuneration policies and proposals of directors and senior management of the Company. During the reporting period, 5 meetings of the Remuneration and Assessment Committee were held in total and all members attended the meetings. The Remuneration and Assessment Committee reviewed the remuneration and appraisal proposal of senior management for the year 2023 and the appraisal plan relating to the share option incentive schemes of the Company, and recommendations were provided to the Board.
- (4) The Nomination Committee of the sixth session of the Board comprises 3 directors, namely Xiao Shengfang, Song Tiebo and Ding Hongxiang, while the Nomination Committee of the seventh session of the Board comprises 3 directors, namely Xiao Shengfang, Song Tiebo and Zhou Kaiquan, among whom, Xiao Shengfang and Song Tiebo are independent directors and Xiao Shengfang is the chairman of the committee. Their duties are to make recommendations regarding the candidates of senior management, the selection standards and procedures as well as being responsible for reviewing the principle of diversified selection in nomination of directors, assisting and maintaining the diversified visions and various educational backgrounds and professional knowledge. There were no meetings of the Nomination Committee held during the year. During the year, the Nomination Committee continued to carry out its duties in accordance with its terms of reference, including reviewing the structure, size and composition of the Board of Directors based on the Group's business and diversity needs, and assessing the independence of independent directors, etc.

CORPORATE GOVERNANCE

8. Board Diversity Policy

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

As the Company stated in the 2022 and 2023 Annual Reports, the Company was aiming to add one or more female director(s) to the Board to achieve the gender diversity of members before 31 December 2024, through various channels (including appointing an independent professional recruitment agency to assist in identifying potential candidates, referring to the nomination policy, or inviting existing directors, senior management or shareholders of the Company to recommend appropriate candidates). With the appointment of Ms. Deng Lei as a non-executive director of the Company on 4 September 2023, the relevant objective has been achieved. Subsequently, Ms. Hong Suli was also appointed as a non-executive director of the Company on 28 March 2025. Nonetheless, the Company will continue to establish a potential director succession pipeline that empowers gender diversity in the long run.

The Group strictly adheres to the Rules for Recruitment and Employment and the Rules for Management of Employee Salary and Benefit, treats employees of different races, genders, and beliefs equally, and conducts recruitment of staff and salary management in a fair and objective manner, thereby achieving diversity in all employees (including senior management) in terms of gender, age, cultural and educational background, professional experience, skills and knowledge. As of 31 December 2024, the number of female employees in the Group was 15,010, accounting for approximately 17.36% of the total number of employees; the number of male employees was 71,441, accounting for approximately 82.64% of the total number of employees. The Group will continue to promote and achieve gender diversity within its employees.

CORPORATE GOVERNANCE

9. Nomination Policy

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

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

CORPORATE GOVERNANCE

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

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

CORPORATE GOVERNANCE

(III) Supervisors and the Board of Directors

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

At present, the Supervisory Committee comprises 5 supervisors, namely Cao Xiandong, Huang Cheng, Huang Zhuo, Wang Yuan and Zhu Chun³, among whom, Huang Zhuo, Wang Yuan and Zhu Chun are staff representative supervisors.

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

During the reporting period, the Supervisory Committee convened 7 meetings, the convening, holding and procedures of which are in compliance with relevant requirements under the Articles of Association and the Rules of Procedures of the Supervisory Committee. All supervisors attended the meetings of the Supervisory Committee held this year and performed their duties conscientiously.

(IV) The Management

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

- (1) to be responsible for the Company's production, operation and management, to organise resources to carry out the Board's resolutions, and to report to the Board;
- (2) to organise the implementation of the Company's annual business plan and investment plan;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to formulate the Company's basic management system;

³ Ms. Wang Lu has ceased to serve as a staff representative supervisor since 26 February 2024. Ms. Zhu Chun was appointed as a staff representative supervisor on 26 February 2024.

CORPORATE GOVERNANCE

- (5) to formulate the specific rules and regulations of the Company;
- (6) to propose the appointment or dismissal of the Company's deputy general manager(s) and chief financial officer;
- (7) to decide on the appointment or dismissal of management personnel and staff other than those required to be appointed or dismissed by the Board;
- (8) to propose the convening of extraordinary Board meeting; and
- (9) to exercise other powers conferred by the Articles of Association or the Board.

Pursuant to code provision E.1.5 of the Corporate Governance Code, the remuneration of the members of the senior management by band for the year 2024 is set out below:

Remuneration bands (RMB)	Number of persons
1,000,001 to 2,000,000	9
2,000,001 to 3,000,000	0
3,000,001 to 4,000,000	0
Total	9

(V) Company Secretary

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

(VI) Appointment and Remuneration of External Auditor

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



CORPORATE GOVERNANCE

(VII) Investor Relations

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

In 2024, the Group received a total of more than 1,200 person-times of surveys, 110 visits from investors and held 26 telephone communication with investors. In view of the growing trend of small and medium-sized shareholders and investors of the Company, the Group ensures smooth dialogue with small and medium-sized shareholders and individual investors through the SSE E-interactive platform, hotline, IR mailbox, and the Company's official website. In 2024, the Group responded to more than 200 investor inquiries through the SSE E-interactive platform and more than 161 investor consultations through the hotline. In view of the various channels for communicating with investors and shareholders, the Group believes that the implementation and effectiveness of relevant systems during the year are effective and sufficient.

(VIII) Amendments to the Articles of Association

There were no amendments to the Articles of Association during the reporting period.

CORPORATE GOVERNANCE

II. GENERAL MEETINGS

Session of the meeting	Date	Enquiry index of the designated website for the publication of the resolutions	Date of disclosure of the publication of the resolutions	Resolutions of meetings
2023 annual general meeting and 2024 first class meetings for A and H shareholders	20 May 2024	Websites of SSE and the Stock Exchange	20 May 2024	Resolutions of the 2023 annual general meeting and the 2024 first class meetings for A and H shareholders
2024 first extraordinary general meeting	20 December 2024	Websites of SSE and the Stock Exchange	20 December 2024	Resolutions of the 2024 first extraordinary general meeting

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

CORPORATE GOVERNANCE

III. PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

Unit: A share

Name	Position (Note)	Gender	Age	Commencement date of term	Expiry date of term	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Increase/decrease in number of shares during the year	Reason for the increase/decrease	Total remuneration (before tax) obtained from the Company during the reporting period (RMB0'000)	Remuneration from related parties of the Company
Feng Xingya	Chairman, General Manager and Party Secretary	Male	55	3 February 2025	27 March 2028	690,933	690,933	0	-	-	No
Feng Xingya	Director, General Manager and Deputy Party Secretary	Male	55	8 October 2021	3 February 2025	See above	See above	0	-	198.37	No
Zeng Qinghong	Chairman and Party Secretary	Male	63	8 October 2021	3 February 2025	398,000	398,300	0	-	118.97	No
Zhao Fuquan	Independent Director	Male	61	8 October 2021	27 March 2028	0	0	-	-	15	No
Xiao Shengfang	Independent Director	Male	55	8 October 2021	27 March 2028	0	0	-	-	15	No
Wong Hakkun	Independent Director	Male	58	8 October 2021	27 March 2028	0	0	-	-	15	No
Song Tiebo	Independent Director	Male	58	8 October 2021	27 March 2028	0	0	-	-	15	No
Chen Xiaomu	Director and Deputy Party Secretary	Male	49	8 October 2021	27 March 2028	97,367 (A shares) 98,000 (H shares)	97,367(A shares) 98,000 (H shares)	0	-	108.57	No
Deng Lei	Staff Representative Director and Chairman of the Labour Union	Female	48	4 September 2023	27 March 2028	229,620	229,620	0	-	171.33	No

CORPORATE GOVERNANCE

Name	Position (Note)	Gender	Age	Commencement date of term	Expiry date of term	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Increase/decrease in number of shares during the year	Reason for the increase/decrease	Total remuneration (before tax) obtained from the Company during the reporting period (RMB'000)	Remuneration from related parties of the Company
Ding Hongxiang	Director	Male	58	8 October 2021	27 March 2025	0	0	-	-	0	No
Guan Dayuan	Director	Male	61	8 October 2021	27 March 2025	0	0	-	-	0	No
Wang Yiwei	Director	Male	52	31 October 2023	27 March 2028	0	0	-	-	0	No
Cao Xiandong	Supervisor	Male	44	8 October 2021	Note	0	0	-	-	0	No
Huang Cheng	Supervisor	Male	50	8 October 2021	Note	0	0	-	-	0	No
Huang Zhuo	Staff Representative Supervisor	Male	44	8 October 2021	Note	0	0	-	-	96.73	No
Wang Yuan	Staff Representative Supervisor	Female	45	27 February 2023	Note	62,900	25,160	-37,740	Certain locked-up restricted shares granted to her were repurchased and cancelled	97.15	No
Wang Lu	Staff Representative Supervisor	Female	56	8 October 2021	26 February 2024	0	0	0	-	-	No
Yan Zhuangli	Deputy General Manager	Male	56	8 October 2021	Note	260,000	260,000	0	-	188.80	No
Wang Dan	Chief Accountant and Person in Charge of Accounting Function	Female	54	8 October 2021	Note	654,968	654,968	0	-	195.94	No
Gao Rui	Deputy General Manager	Male	45	8 October 2021	Note	168,000	168,000	0	-	193.00	No
Jiang Xiuyun	Deputy General Manager	Female	57	20 June 2022	Note	0	0	-	-	196.28	No
Yu Jun	Deputy General Manager	Male	58	20 June 2022	Note	343,000	343,000	0	-	188.08	No
Zheng Heng	Deputy General Manager	Male	54	20 June 2022	Note	350,979	350,979	0	-	187.90	No
Xia Xianqing	Deputy General Manager	Male	51	20 June 2022	Note	183,800	183,800	0	-	192.45	No
Liu Xiangneng	Secretary to the Board and Company Secretary	Male	53	24 October 2023	Note	53,880	53,880	0	-	170.85	No
Zhu Chun	Staff Representative Supervisor	Female	54	26 February 2024	Note	151,627 (A shares) 2,000 (H shares)	151,627 (A shares) 2,000 (H shares)	0	-	93.4	No
Total	/	/	/	/	/	3,745,374	3,707,634	-37,740	/	2,457.82	/

CORPORATE GOVERNANCE

Notes:

1. The original term of the sixth session of the Board, the Supervisory Committee and senior management of the Company expired on 8 October 2024. The Company held the election of the seventh session of the Board on 28 March 2025. On 30 September 2024, the Company announced that as the transition work for the new sessions of the Board of Directors and the Supervisory Committee was in the process of preparation, the election for the change of session of the sixth session of the Board of Directors and the Supervisory Committee would be postponed and held at an appropriate time, and the terms of each special committee under the Board and senior management would also be correspondingly extended.
2. On 26 February 2024, Ms. Wang Lu ceased to be a staff representative supervisor of the Company due to reaching the age of retirement. Ms. Zhu Chun was elected as a staff representative supervisor of the Company at the staff representative meeting.
3. On 3 February 2025, Mr. Zeng Qinghong ceased to be the Chairman of the Board of the Company due to reaching the age of retirement. Mr. Feng Xingya was elected as the new Chairman of the Board of the Company by the Board.
4. On 28 March 2025, the Company held the election of the seventh session of the Board. As Mr. Ding Hongxiang and Mr. Guan Dayuan did not stand for re-election for the seventh session of the Board due to work reasons, Mr. Zhou Kaiquan and Ms. Hong Suli were elected as new directors at the general meeting.
5. If the term of some directors, supervisors and senior management is less than one complete year, the total remuneration shall be annualised based on their actual term of office.
6. During the reporting period, Ms. Wang Lu ceased to serve as a supervisor of the Company. The aforementioned number of shares held at the end of the year by Ms. Wang Lu represents the number of shares held by her on the expiry date of tenure, being the last day of her appointment and the last day on which the Company was able to ascertain her interest in the Company.

CORPORATE GOVERNANCE

(II) Interests Required to be Disclosed under the SFO

The following are the interests or short positions of the current and resigned directors, supervisors and senior management of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (as defined in Part XV of the SFO) as at 31 December 2024, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she was deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange:

Name	Position	Class of shares	Capacity	Number of shares held	Number of interests in underlying shares held under equity derivatives	Total	Percentage in the class of issued share capital (%)	Percentage of total share capital (%)
Zeng Qinghong	Chairman and Party Secretary	A Shares	Beneficial owner	398,300	0	398,300	0.0054%	0.0039%
Feng Xingya	Director, General Manager, Deputy Party Secretary; Chairman, General Manager and Party Secretary ⁴	A Shares	Beneficial owner	690,933	487,000	1,177,933	0.0159%	0.0114%
Chen Xiaomu	Director and Deputy Party Secretary	A Shares	Beneficial owner	97,367	0	97,367	0.0013%	0.0009%
		H Shares	Beneficial owner	98,000	0	98,000	0.0033%	0.0009%
Deng Lei	Director	A Shares	Beneficial owner	229,620	378,490	608,110	0.0082%	0.0059%
Wang Yuan	Staff Representative Supervisor	A Shares	Beneficial owner	25,160	128,800	153,960	0.0021%	0.0015%
Wang Lu (resigned on 26 February 2024)	Staff Representative Supervisor ⁵	-	-	0	0	0	0.0000%	0.0000%

4 On 3 February 2025, Mr. Zeng Qinghong ceased to be the Chairman of the Board of the Company as he had reached the age of retirement. Mr. Feng Xingya was elected as the new Chairman of the Board of the Company by the Board.

5 Ms. Wang Lu ceased to serve as a staff representative supervisor on 26 February 2024. Ms. Zhu Chun was appointed as a staff representative supervisor on 26 February 2024.

CORPORATE GOVERNANCE

Name	Position	Class of shares	Capacity	Number of shares held	Number of interests in underlying shares held under equity derivatives	Percentage in		
						Total	the class of issued share capital (%)	Percentage of total share capital (%)
Zhu Chun (appointed on 26 February 2024)	Staff Representative Supervisor	A Shares	Beneficial owner	151,627	210,940	362,567	0.0049%	0.0035%
		H Shares	Beneficial owner	2,000	0	2,000	0.0001%	0.0000%
Yan Zhuangli	Deputy General Manager	A Shares	Beneficial owner	260,000	438,000	698,000	0.0094%	0.0067%
Wang Dan	Chief Accountant and Person in Charge of Accounting Function	A Shares	Beneficial owner	654,968	438,000	1,092,968	0.0148%	0.0106%
Gao Rui	Deputy General Manager	A Shares	Beneficial owner	168,000	408,000	576,000	0.0078%	0.0056%
Jiang Xiuyun	Deputy General Manager	A Shares	Beneficial owner	0	360,000	360,000	0.0049%	0.0035%
Yu Jun	Deputy General Manager	A Shares	Beneficial owner	343,000	433,500	776,500	0.0105%	0.0075%
Zheng Heng	Deputy General Manager	A Shares	Beneficial owner	350,979	433,500	784,479	0.0106%	0.0076%
Xia Xianqing	Deputy General Manager	A Shares	Beneficial owner	183,800	433,500	617,300	0.0083%	0.0060%
Liu Xiangneng	Secretary to the Board, Company Secretary	A Shares	Beneficial owner	53,880	210,940	264,820	0.0036%	0.0026%

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

CORPORATE GOVERNANCE

Name	Main work experiences
Zeng Qinghong	<p>Mr. Zeng is a senior engineer and a doctoral degree holder in management science and engineering. Mr. Zeng was the Chairman of the sixth session of the Board, an executive director, the party secretary of the Company and the chairman of the Strategy Committee (until 3 February 2025). He is also the chairman and party secretary of GAIG (until 7 March 2025). He first joined the Company in 1997. He had served as the vice chairman of the Company from June 2005 to October 2016, general manager of the Company from June 2005 to November 2016, and chairman of the Executive Committee of the Company from June 2013 to November 2016. Mr. Zeng was the vice chairman of GAIG from August 2008 to October 2016, general manager of GAIG from July 2013 to October 2016. He has been serving the current positions since October 2016. He was the chairman of GAC Toyota and vice chairman of GAC Toyota Engine from June 2013 to December 2016. He acted as the chairman of GAMC from August 2008 to June 2013. Prior to this, he held positions as chairman of GAC Business, GAC Component and GAC Hino, director and executive deputy general manager of GAC Honda and deputy general manager of GAIG and GAC Group. Mr. Zeng is a delegate of the 10th, 11th and 13th National People's Congress.</p>
Feng Xingya	<p>Mr. Feng holds a master's degree in business administration. He is an executive director of the sixth session of the Board, the general manager, the chairman of the Executive Committee of the Company and a member of the Strategy Committee. Mr. Feng Xingya has been elected as the new Chairman of the Board and the chairman of the Strategy Committee of the Board since 3 February 2025. He is also the chairman of GAC Trumpchi, GAC AION and GAC International. He has concurrently served as the chairman of GAIG since 7 March 2025. Mr. Feng joined the Group since December 2004, and he has held positions as the deputy head of the sales department, deputy general manager, executive deputy general manager and a director of GAC Toyota. He has been the deputy general manager of the Company since July 2008. He has been a director and the general manager of the Company since March 2015 and November 2016 respectively. Mr. Feng is a delegate of the 14th National People's Congress and the 16th People's Congress in Guangzhou.</p>

CORPORATE GOVERNANCE

Name	Main work experiences
Zhao Fuquan	<p>Mr. Zhao, a doctoral degree holder, is currently an independent non-executive director of the Company and a member of the Strategy Committee. He is a professor and PhD supervisor of the School of Vehicle and Mobility of Tsinghua University, the dean of Tsinghua Automotive Strategy Research Institute (TASRI), the Honorary Life Chairman of the International Federation of Automotive Engineering Societies (FISITA), and an independent director of China Automotive Engineering Research Institute Co., Ltd. (中國汽車工程研究院股份有限公司) and Weichai Power Co., Ltd. (濰柴動力股份有限公司). He successively served as the research director of USA DaimlerChrysler, the vice president and general manager of the R&D center of Shenyang Brilliance Jinbei Automobile Co., Ltd. (沈陽華晨金杯汽車有限公司), vice president of Zhejiang Geely Holding Group Co., Ltd. (浙江吉利控股集團) and an executive director of Geely Automobile Holdings Limited (吉利汽車控股有限公司), a director of BMW Brilliance Automotive Ltd. (華晨寶馬公司), the chairman of the board of Australia DSI Holdings Ltd. (澳大利亞DSI控股公司), a director of Manganese Bronze Holdings (英國錳銅公司) and an independent director of BAIC Motor Corporation Limited (北京汽車股份有限公司).</p>
Xiao Shengfang	<p>Mr. Xiao, a master of business administration, enjoys special allowances from the State Council. He is currently an independent non-executive director of the Company, the chairman of the Remuneration and Assessment Committee, the chairman of the Nomination Committee and a member of the Audit Committee. He is the chief of Guangdong Sino-Win Law Firm, the vice president of the All China Lawyers Association, the chairman of the Guangdong Lawyers Association, the vice chairman of the Guangdong Province Law Society, and a member of the Guangdong Provincial Judge Selection Committee. He concurrently serves as an independent director of Guangzhou Municipal Construction Group Co., Ltd. (廣州市建築集團有限公司) and Guangzhou Port Co., Ltd. (廣州港股份有限公司). He once served as a delegate of the 13th National People's Congress and a special supervisor of the Supreme People's Court and the Supreme People's Procuratorate.</p>

CORPORATE GOVERNANCE

Name	Main work experiences
Wong Hakkun	<p>Mr. Wong, a bachelor's degree holder, is currently an independent non-executive director of the Company and the chairman of the Audit Committee. He is a member of each of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Institute of Chartered Management Accountants and the Institute of Chartered Secretaries and Administrators, an independent non-executive director and the chairman of audit committee of Haier Smart Home Co., Ltd. (海爾智家股份有限公司), an independent non-executive director and the chairman of audit committee of Yue Yuen Industrial (Holdings) Limited (裕元工業(集團)有限公司), an independent non-executive director and the chairman of audit committee of Lung Kee (Bermuda) Holdings Limited (龍記(百慕達)集團有限公司), and an independent non-executive director and the chairman of audit committee of Hangzhou SF Intracity Industrial Co., Ltd. (杭州順豐同城實業股份有限公司). He served as an independent non-executive director and the chairman of audit committee of Zhejiang Cangnan Instrument Group Company Limited (浙江蒼南儀表集團股份有限公司) from June 2018 to 24 July 2021. He was an audit partner of Deloitte China from 1992 to 2013 and a national audit and assurance leading partner and a member of the management leadership team of Deloitte China from 2013 to 2017. Mr. Wong has extensive experience in auditing, assurance and management.</p>
Song Tiebo	<p>Mr. Song, a doctoral degree holder, is currently an independent non-executive director of the Company, the convener of independent directors, a member of the Strategy Committee, the Remuneration and Assessment Committee, the Nomination Committee and the Audit Committee. He is a professor and doctoral tutor of the China Enterprises Strategic Management Research Center of the South China University of Technology. He has been focusing on teaching and researching in the field of enterprise strategic management for a long time. He has recently focused on the research on the collaborative evolution of Chinese enterprises strategies and institutional environment. Mr. Song currently serves as an independent director of Guangdong Xinbao Electrical Appliances Holdings Co., Ltd. (廣東新寶電器股份有限公司) and Guangdong Sky Dragon Technology Group Co., Ltd. (廣東天龍科技集團股份有限公司), and a former independent director of Guangzhou Zhujiang Brewery Group Co., Ltd. (廣州珠江啤酒股份有限公司).</p>

CORPORATE GOVERNANCE

Name	Main work experiences
Chen Xiaomu	Mr. Chen, a doctoral degree holder, is currently a non-executive director, the deputy party secretary and the head of party work department of the Company. Mr. Chen is also a director of GAIG. He served as the head of human resources department of the Company, the party secretary, the secretary to the disciplinary committee, the chairman of labour union and a director of GAC Mitsubishi Motor Co., Ltd. (now known as Hunan Zhixiang Motor Management Services Limited (湖南智享汽車管理有限公司)) and a director of GAC Mitsubishi Motor Sales Co., Ltd. (廣汽三菱汽車銷售有限公司).
Deng Lei	Ms. Deng, a bachelor's degree holder, is currently a non-executive director (staff representative) and the chairwoman of the labour union of the Company. She previously served as the assistant to the general manager, a office director and the director of the general manager's office and party committee office of the Company, and a member of the Executive Committee of the Company.
Ding Hongxiang	Mr. Ding, a doctoral degree holder, is a non-executive director of the sixth session of the Board of the Company, a member of the Strategy Committee, the Remuneration and Assessment Committee, and the Nomination Committee (until 28 March 2025), and a director and the deputy party secretary of China National Machinery Industry Corporation Limited (中國機械工業集團有限公司). Mr. Ding is the vice president of China Association of Automobile Manufacturers, the vice president of Society of Automotive Engineers of China, and the former deputy general manager of China National Machinery Industry Corporation Limited (中國機械工業集團有限公司).

CORPORATE GOVERNANCE

Name	Main work experiences
Guan Dayuan	<p>Mr. Guan, a master's degree holder and a senior economist, is a non-executive director of the sixth session of the Board of the Company and a member of the Strategy Committee (until 28 March 2025). He is the deputy party secretary of Wanxiang Group (萬向集團), an executive director of Wanxiang 123 Holdings Co., Ltd. (萬向一二三股份公司), the chairman and general manager of Shangwan Clean Intelligent Vehicle Co., Ltd. (上萬清源智動車有限公司), the chairman of the board of supervisors of Shunfa Hengye Co., Ltd. (順發恒業股份公司), the chairman of the board of supervisors of Wanxiang Finance Co., Ltd. (萬向財務公司), the chairman of Wanxiang Resources Co., Ltd. (萬向資源有限公司), the chairman of Puxing Energy Limited, and a supervisor of Shanghai Advanced Traction Battery Systems Co.,Ltd.. He successively served as the general manager of Wanxiang 123 Holdings Co., Ltd., the chairman of Wanxiang Qianchao Co., Ltd. (萬向錢潮股份公司), an assistant to general manager and the director of the general manager's office of Wanxiang Group Corporation Ltd. (萬向集團公司), the general manager of Shenzhen Wanxiang Investment Co., Ltd. (深圳萬向投資有限公司), and the senior executive vice president of Wanxiang Group Corporation Ltd. (萬向集團公司).</p>
Wang Yiwei	<p>Mr. Wang, a bachelor's degree holder, is currently a non-executive director of the Company, the party committee, the chairman and a director of Guangzhou Industrial Investment Fund Management Co., Ltd. (廣州產業投資基金管理有限公司), a director of Guangzhou City Investment Co., Ltd. (廣州市城投投資有限公司), and the chairman and legal representative of Furong Fund Management Co., Ltd. (富榮基金管理有限公司). He previously acted as the deputy party committee secretary, general manager and a director of Guangzhou Industrial Investment Fund Management Co., Ltd. (廣州產業投資基金管理有限公司), the chairman and legal representative of Guangzhou New Central Axis Construction Co., Ltd. (廣州新中軸建設有限公司), the head of the investment and development department of Guangzhou City Infrastructure Investment Group Limited (廣州市城市建設投資集團有限公司), and the chairman and legal representative of Guangzhou City Investment Co., Ltd. (廣州市城投投資有限公司).</p>

CORPORATE GOVERNANCE

Name	Main work experiences
Cao Xiandong	Mr. Cao is currently a supervisor of the Company. Mr. Cao is currently the party secretary, chairman and legal representative of Wanli Tire Co., Ltd. (萬力輪胎股份有限公司), and also deputy head of the auto parts division of Guangzhou Industrial Holdings. He successively served as the deputy general manager of the strategic planning department and the deputy director of the general office of Guangzhou Industrial Holdings, as well as the deputy party secretary, director and the general manager of Wanli Tire Co., Ltd. (萬力輪胎股份有限公司).
Huang Cheng	Mr. Huang, a doctoral degree holder, is currently a supervisor of the Company, the general manager assistant of Guangzhou Finance Holdings Group Co., Ltd. (廣州金融控股集團有限公司), the chairman and legal representative of Guangzhou Jinkong Fund Management Co., Ltd. (廣州金控基金管理有限公司). He once served as the general manager of investment management department of Guangzhou Finance Holdings Group Co., Ltd. (廣州金融控股集團有限公司) and a director of Guangdong Equity Exchange Co., Ltd. (廣東股權交易中心股份有限公司).
Huang Zhuo	Mr. Huang, a master's degree holder, is currently a staff representative supervisor, the deputy head of compliance department and the head of each of the audit department and the risk control department of the Company. He concurrently acts as the chairman of the supervisory committee of GAC Finance Company, a supervisor of GAC Capital, GAC Honda, Da Sheng Technology and GAC International. Mr. Huang previously served as the chief financial officer of GAEI and the audit manager of KPMG Huazhen LLP Guangzhou branch.
Wang Yuan	Ms. Wang, a master of business administration, is currently a staff representative supervisor and the deputy secretary and the director of the general office of the disciplinary committee of the Company. She previously served as the deputy director of the general office of the disciplinary committee of the Company, the general party branch secretary of the technology centre of and the chairman of the labor union of GAC Component Co., Ltd. Technical Centre.

CORPORATE GOVERNANCE

Name	Main work experiences
Zhu Chun	Ms. Zhu, a bachelor's degree holder, is currently a staff representative supervisor, the vice chairwoman of the labour union, the head of the budget review committee of the labour union, the head of the female workers committee of the labour union, the head of the labour union office, and the chairwoman of the headquarters of the labour union of the Company. She previously served as the deputy head of the female workers committee of the labour union and the deputy head of the labour union office of the Company.
Yan Zhuangli	Mr. Yan, a master of business administration and a senior economist, is currently the deputy general manager and a member of the Executive Committee of the Company, a director of GAIG, GAC Trumpchi and GAC International. He previously served as a director and the deputy party secretary of the Company, the chairman of GAC Fiat Chrysler Automobiles Co., Ltd. (廣汽菲亞特克萊斯勒汽車有限公司) (formerly known as GAC FIAT Automobiles Co., Ltd. (廣汽菲亞特汽車有限公司)), Guangzhou Motor (now known as Zhicheng Industry (智誠實業)) and GAC Business, the party secretary of GAC Toyota, a director of GAC Honda, the chairman of GAC Component and a director of GAC Hino.
Wang Dan	Ms. Wang, an executive master of business administration (EMBA), senior accountant and a non-practicing registered accountant, is currently the deputy general manager, the chief financial officer, and a member of the Executive Committee of the Company. She is concurrently serves as the chairwoman of GAC Finance Company and a director of GAC Trumpchi and GAC International. Ms. Wang joined GAC Group in March 1999, and has been the Company's chief financial officer and financial controller since 2005. Prior to this, Ms. Wang served in the financial audit department of Guangzhou Junda Automobile Enterprise Group (廣州駿達汽車企業集團) and was the deputy head of the financial audit division of Guangzhou Automobile Group Company Limited (廣州汽車集團有限公司), the chairwoman of the supervisory committees of GAC Trumpchi and GAC Energy, the chairwoman of Guangyue Assets (廣悅資產), Guangzhou Zhicheng Industry Co., Ltd. (廣州智誠實業有限公司) and GAC-SOFINCO, and the deputy general manager of GAC Group.

CORPORATE GOVERNANCE

Name	Main work experiences
Gao Rui	<p>Mr. Gao, a master of business administration, is currently the deputy general manager, a member of the Executive Committee and the head of the strategic development department of the Company. He concurrently acts as the chairman of GAC Honda, Wuyang Honda, Guangzhou Chenqi Mobility Technology Co., Ltd. (廣州宸祺出行科技有限公司) and Guangzhou Chenqi Automobile Service Co., Ltd. (廣州宸祺汽車服務有限公司). He previously served as the head of the assets management department of the Company, the chairman and general manager of China Lounge Investments, the general manager of Denway Motors Limited (駿威汽車有限公司) and the chairman and general manager of Guangzhou Auto Group (Hong Kong) Limited (廣汽集團(香港)有限公司).</p>
Jiang Xiuyun	<p>Ms. Jiang, a bachelor's degree holder, is currently the deputy general manager, general legal counsel, a member of Executive Committee, the head of the compliance department of the Company, the head of the digital information department and concurrently serves as a director of GAC Toyota and the chairman of Da Sheng Technology. She previously served as the chief accountant, a staff representative supervisor, the deputy head of compliance department, the head of risk control department and the head (senior assistant level) of the audit department of the Company, the chairman of GAC Mitsubishi Motor Co., Ltd. (now known as Hunan Zhixiang Motor Management Services Limited (湖南智享汽車管理有限公司)), the chairman of the supervisory committees of Guangzhou Zhicheng Industry Co., Ltd. (廣州智誠實業有限公司) and Guangzhou Guangyue Assets Administration Co., Ltd. (廣州廣悅資產管理有限公司), the director of the financial tax audit office of the Audit Bureau of Guangzhou Municipality (廣州市審計局財政稅務審計處). She is a delegate of the 17th People's Congress in Yuexiu District, Guangzhou.</p>
Yu Jun	<p>Mr. Yu, an executive master of business administration (EMBA), is currently the deputy general manager, a member of the Executive Committee, the head of the finance department of the Company. He concurrently serves as the chairman of China Lounge Investments, Guangzhou Auto Group (Hong Kong) Limited (廣汽集團(香港)有限公司), GAC-SOFINCO, GAC Capital and GAC-SOFINCO Leasing. Mr. Yu previously served as a director and the general manager of GAC Trumpchi, a director and the executive deputy general manager of GAC Honda, a director and the chairman of GAC AION and the chairman of GAC International.</p>

CORPORATE GOVERNANCE

Name	Main work experiences
Zheng Heng	Mr. Zheng, a bachelor's degree holder, is currently the deputy general manager, and a member of the Executive Committee of the Company. He concurrently serves as the chairman of UPOWER Energy, and a director of GAC Trumpchi and GAC International. He previously served as the deputy general manager of GAC Toyota, a director of GAC Business, GAC-SOFINCO and GAC AION, a director and the executive deputy general manager of GAC Honda, and a director and the executive deputy general manager of GAC Honda Automobile Sales Co., Ltd. (廣汽本田汽車銷售有限公司).
Xia Xianqing	Mr. Xia, a bachelor's degree holder, is currently the deputy general manager, and a member of the Executive Committee of the Company. He concurrently serves as the chairman of GAC Honda, the vice chairman of GAC Toyota Engine, a director of GAC Trumpchi, GAC AION and GAC International. Mr. Xia previously served as the head of the strategic development department of the Company, the chairman and general manager of GAC Business, the deputy general manager and head of the sales department of GAC Honda, and a director of Wuyang Honda.
Liu Xiangneng	Mr. Liu, a master's degree holder and a non-practising member of the Chinese Institute of Certified Public Accountants, is currently a member of the Executive Committee and the secretary to the Board and the company secretary of the Company. He previously took office at the investment banking department of Guangdong Securities Co., Ltd. (廣東證券股份有限公司) and Guangzhou Baolong Motors Co., Ltd. (廣州東方寶龍汽車工業股份有限公司). He successively served as the director of the Board office and the Supervisory Committee office, and the deputy head and the head of the capital operation department of the Company, and a director and the general manager of GAC Capital.

CORPORATE GOVERNANCE

Name	Main work experiences
Zhou Kaiquan	<p>Mr. Zhou, a master's degree holder, has been appointed as a current non-executive director of the Company and a member of the Strategy Committee, the Remuneration and Assessment Committee and the Nomination Committee since 28 March 2025. He is currently the standing committee member of the Party Committee and a deputy general manager of China National Machinery Industry Corporation (中國機械工業集團有限公司), and once served as the chairman, the president and the party secretary of China Changan Automobile Group Co., Ltd. (中國長安汽車集團有限公司), a director of Chongqing Changan Automobile Co., Ltd. (重慶長安汽車股份有限公司) (stock code on the Shenzhen Stock Exchange: 000625), and a deputy general manager, the general manager, the deputy party secretary, the vice chairman and the party secretary of Chongqing Qingshan Industrial Co., Ltd. (重慶青山工業有限公司).</p>
Hong Suli	<p>Ms. Hong holds an MBA degree and has been appointed as a current non-executive director of the Company and a member of the Strategy Committee since 28 March 2025. She is currently the secretary to the board and the chief investment officer of Guangzhou Industrial Investment Holding Group Co., Ltd. (廣州工業投資控股集團有限公司), the chairman of Guangzhou Gongkong Automobile Parts Group Co., Ltd. (廣州工控汽車零部件集團有限公司), and a director of Guangzhou Energy Storage Group Co., Ltd. (廣州儲能集團有限公司), Guangzhou Gongkong Capital Management Co., Ltd. (廣州工控資本管理有限公司), Jinming Machinery (Guangdong) Co., Ltd. (廣東金明精機股份有限公司) and Guangzhou Gongkong Wanbao Financial Leasing Co., Ltd. (廣州工控萬寶融資租賃有限公司). She served as the office director and the general manager of the investment management department of Guangzhou Industrial Investment Holding Group Co., Ltd.</p>

Before Mr. Zhou Kaiquan and Ms. Hong Suli's appointments became effective, on 24 March 2025, they obtained the legal advice from a firm of solicitors qualified to advise on Hong Kong laws referred to in Rule 3.09D of the Listing Rules and confirmed that they have understood their responsibilities as non-executive directors and the requirements under the Listing Rules that are applicable to them as non-executive directors and the possible consequences of making a false declaration or giving false information to the Stock Exchange.

CORPORATE GOVERNANCE

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

1. Term of Office in Shareholders' Units

Name of staff	Name of shareholders' unit	Position held in shareholders' unit	Commencement date of term	Expiry date of term
Zeng Qinghong	GAIG	Chairman	October 2016	3 February 2025
Feng Xingya	GAIG	Director	August 2017	
Feng Xingya	GAIG	Chairman	3 February 2025	
Chen Xiaomu	GAIG	Director	March 2020	
Yan Zhuangli	GAIG	Director	November 2023	
Ding Hongxiang	China National Machinery Industry Corporation (中國機械工業集團有限公司)	Director and Deputy Party Secretary	July 2022	
Wang Yiwei	Guangzhou Industrial Investment Fund Management Co., Ltd.	Chairman and Party Secretary	December 2023	
Cao Xiangdong	Guangzhou Industrial Investment Holdings Group	Vice Minister of Autopart Division	December 2020	
Huang Cheng	Guangzhou Jinkong Fund Management Co., Ltd.	Chairman	June 2021	
Zhou Kaiquan	China National Machinery Industry Corporation (中國機械工業集團有限公司)	Deputy General Manager	May 2023	
Hong Suli	Guangzhou Industrial Investment Holdings Group	Secretary to the Board Chief Investment Officer, General Manager of Strategic Investment Department	December 2019	
Term of office in shareholders' units	If expiry date of term is not stated, the appointment of the staff will continue and there is no fixed expiry date of term.			

CORPORATE GOVERNANCE

2. Term of Office in Other Units

Name of staff	Name of other unit	Position held in such unit	Commencement date of term	Expiry date of term
Feng Xingya	Guangdong Automobile Industry Association	President	September 2020	
Zhao Fuquan	Weichai Power Co., Ltd.	Independent Director	June 2023	
Zhao Fuquan	China Automotive Engineering Research Institute Co., Ltd.	Independent Director	November 2023	
Xiao Shengfang	Guangdong Lawyers Association	President	December 2016	
Xiao Shengfang	Guangzhou Lingnan International Enterprise Group Co., Ltd.	Independent Director	March 2015	
Xiao Shengfang	Guangzhou Municipal Construction Group Co., Ltd.	Independent Director	January 2020	
Xiao Shengfang	Guangdong Fenghua High-tech Co., Ltd.	Independent Director	November 2021	January 2024
Xiao Shengfang	Kingfa Technology Co., Ltd.	Independent Director	January 2021	May 2024
Xiao Shengfang	Guangzhou Port Co., Ltd.	Independent Director	May 2022	
Wong Hakkun	Haier Smart Home Co., Ltd.	Independent Director	June 2020	
Wong Hakkun	Hangzhou SF Intra-city Industrial Co., Ltd.	Independent Director	November 2021	
Wong Hakkun	Yue Yuen Industrial (Holdings) Limited	Independent Director	June 2018	
Wong Hakkun	Lung Kee (Bermuda) Holdings Limited	Independent Director	June 2018	
Song Tiebo	Guangdong Sky Dragon Technology Group Co., Ltd.	Independent Director	July 2019	
Song Tiebo	Guangdong Xinbao Electrical Appliances Co., Ltd.	Independent Director	August 2020	
Guan Dayuan	Puxing Energy Limited	Chairman of the Board	February 2024	

CORPORATE GOVERNANCE

Name of staff	Name of other unit	Position held in such unit	Commencement date of term	Expiry date of term
Guan Dayuan	Shangwan Clean Intelligent Vehicle Co., Ltd.	Chairman of the Board and General Manager	January 2024	
Guan Dayuan	Wanxiang 123 Holdings Co., Ltd.	Director	April 2021	
Guan Dayuan	Shunfa Hengye Corporation	Chairman of the Supervisory Committee	April 2021	
Guan Dayuan	Wanxiang Resources Co., Ltd.	Chairman of the Board	April 2019	
Guan Dayuan	Wanxiang Finance Co., Ltd.	Chairman of the Supervisory Committee	February 2016	
Cao Xiandong	Wanli Tire Co., Ltd.	Party Secretary and Chairman of the Board	October 2024	
Hong Suli	Guangzhou Gongkong Capital Management Co., Ltd. (廣州工控資本管理有限公司)	Director	August 2020	
Hong Suli	Guangzhou Energy Storage Group Co., Ltd. (廣州儲能集團有限公司)	Director	May 2023	
Hong Suli	Jinming Machinery (Guangdong) Co., Ltd. (廣東金明精機股份有限公司)	Director	October 2022	
Hong Suli	Guangzhou Gongkong Wanbao Financial Leasing Co., Ltd. (廣州工控萬寶融資租賃有限公司)	Director	April 2024	
Hong Suli	Guangzhou Gongkong Automobile Parts Group Co., Ltd. (廣州工控汽車零部件集團有限公司)	Chairman of the Board	April 2024	
Term of office in other units	If expiry date of term is not stated, the appointment of the staff will continue and there is no fixed expiry date of term.			

CORPORATE GOVERNANCE

(V) Remuneration for Directors, Supervisors and Senior Management

Decision-making procedures for fixing the remuneration of the directors, supervisors and senior management

The Remuneration and Assessment Committee of the Board conducted appraisal of the remuneration of the senior management of the Company and formulated the incentive program, which shall be implemented after the approval of the Board. The allowance for independent directors is implemented after the approval of the Board and the general meeting. The remuneration of other directors and supervisors is determined in accordance with the related remuneration policy of the Company.

Whether directors abstain from discussions on their remuneration at the Board

Yes

Details of the Remuneration and Assessment Committee or special meetings of independent directors issuing recommendations on remuneration matters for directors, supervisors, and senior management

During the reporting period, the Remuneration and Assessment Committee of the Board expressed unequivocal approval opinions on the annual appraisal and remuneration plan for the Company's senior management submitted for deliberation.

Basis for determination of the remuneration of the directors, supervisors and senior management

The remuneration of independent directors of the Company is implemented in accordance with the plan approved at the general meeting; the remuneration of other directors and supervisors are determined by both the formulated remuneration policy of the Company and the yearly assessment results. The remuneration of senior management of the Company is determined in accordance with the relevant assessment program combined with the annual results of the Company and their individual performance.

CORPORATE GOVERNANCE

Actual payment of the remuneration of the directors, supervisors and senior management

The remuneration of independent directors is paid in accordance with the plan approved at the general meeting; no other directors or supervisors have received remuneration from the Company merely in their capacity as directors or supervisors; the remuneration of senior management is paid upon review and consideration by the Board and in accordance with relevant regulatory policies.

Total remuneration paid to all directors, supervisors and senior management as at the end of the reporting period

RMB24.5782 million

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

Name	Position	Way of Change	Reason for change
Zhu Chun	Supervisor	Assumption of office	Elected as the new staff representative supervisor at the staff representative meeting, due to the retirement of the former staff representative supervisor
Zhou Kaiquan	Director	Assumption of office	Elected as a new non-executive director of the seventh session of the Board in the 2025 1st extraordinary general meeting of the Company
Hong Suli	Director	Assumption of office	Elected as a new non-executive director of the seventh session of the Board in the 2025 1st extraordinary general meeting of the Company
Wang Lu	Supervisor	Resignation	Resignation
Zeng Qinghong	Chairman of the Board and director	Resignation	Retirement
Ding Hongxiang	Director	Resignation	Did not stand for re-election for the seventh session of the Board due to work arrangements
Guan Dayuan	Director	Resignation	Did not stand for re-election for the seventh session of the Board due to work arrangements

CORPORATE GOVERNANCE

(VII) Interests of Directors or Supervisors in Contracts

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

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

IV. BOARD MEETINGS HELD DURING THE REPORTING PERIOD

Session of the meeting	Date	Resolutions of the meeting
The 56th meeting of the 6th session of the Board	12 January 2024	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 57th meeting of the 6th session of the Board	24 January 2024	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 58th meeting of the 6th session of the Board	7 February 2024	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 59th meeting of the 6th session of the Board	20 March 2024	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.

CORPORATE GOVERNANCE

Session of the meeting	Date	Resolutions of the meeting
The 60th meeting of the 6th session of the Board	28 March 2024	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 61st meeting of the 6th session of the Board	12 April 2024	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 62nd meeting of the 6th session of the Board	26 April 2024	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 63rd meeting of the 6th session of the Board	17 May 2024	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 64th meeting of the 6th session of the Board	4 June 2024	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 65th meeting of the 6th session of the Board	14 June 2024	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.

CORPORATE GOVERNANCE

Session of the meeting	Date	Resolutions of the meeting
The 66th meeting of the 6th session of the Board	19 July 2024	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 67th meeting of the 6th session of the Board	9 August 2024	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 68th meeting of the 6th session of the Board	30 August 2024	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 69th meeting of the 6th session of the Board	13 September 2024	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 70th meeting of the 6th session of the Board	10 October 2024	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 71st meeting of the 6th session of the Board	25 October 2024	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.

CORPORATE GOVERNANCE

Session of the meeting	Date	Resolutions of the meeting
The 72nd meeting of the 6th session of the Board	30 October 2024	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 73rd meeting of the 6th session of the Board	22 November 2024	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 74th meeting of the 6th session of the Board	3 December 2024	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 75th meeting of the 6th session of the Board	10 December 2024	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 76th meeting of the 6th session of the Board	20 December 2024	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.
The 77th meeting of the 6th session of the Board	27 December 2024	For details about the resolutions, please refer to the resolution announcement published on the SSE website, the Stock Exchange website and the designated media for information disclosure on the same day.

CORPORATE GOVERNANCE

V. DIRECTORS' PERFORMANCE OF THEIR DUTIES

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

Name of directors	Independent director or not	Mandatory attendance in Board meetings during the year	Board meeting(s)				General meeting(s)	
			Attendance in person	Attendance by telecommunication	Attendance by proxy	Absent in person for two consecutive times or not	Attendance in general meetings	
Zeng Qinghong	No	22	22	19	0	0 No	2	
Feng Xingya	No	22	22	21	0	0 No	2	
Zhao Fuquan	Yes	22	22	20	0	0 No	2	
Xiao Shengfang	Yes	22	21	21	1	1 No	1	
Wong Hakkun	Yes	22	22	19	0	0 No	2	
Song Tiebo	Yes	22	22	20	0	0 No	0	
Chen Xiaomu	No	22	22	21	0	0 No	1	
Deng Lei	No	22	22	19	0	0 No	2	
Ding Hongxiang	No	22	21	20	1	1 No	0	
Guan Dayuan	No	22	22	21	0	0 No	1	
Wang Yiwei	No	22	22	19	0	0 No	0	

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

☐Applicable ☒N/A

Number of Board meetings held during the year	22
Of which: Number of physical meetings	3
Number of meetings held by remote means	19
Number of meetings held by way of combination of both	3

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

☐Applicable ☒N/A

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

☐Applicable ☒N/A

CORPORATE GOVERNANCE

VI. SPECIAL COMMITTEES OF THE BOARD

(I) Members of Special Committees of the Board

Types of committee	Names of members of the sixth session of the Board	Names of members of the seventh session of the Board
Audit Committee	Wong Hakkun, Xiao Shengfang and Song Tiebo	Wong Hakkun, Xiao Shengfang and Song Tiebo
Nomination Committee	Xiao Shengfang, Song Tiebo and Ding Hongxiang	Xiao Shengfang, Song Tiebo and Zhou Kaiquan
Remuneration and Assessment Committee	Xiao Shengfang, Song Tiebo and Ding Hongxiang	Xiao Shengfang, Song Tiebo and Zhou Kaiquan
Strategy Committee	Zeng Qinghong ⁶ , Feng Xingya, Zhao Fuquan, Song Tiebo, Guan Dayuan and Ding Hongxiang	Feng Xingya, Zhao Fuquan, Song Tiebo, Zhou Kaiquan and Hong Suli

(II) The Nomination Committee Did Not Hold Any Meeting during the Reporting Period

⁶ Mr. Zeng Qinghong ceased to serve as the chairman of the Board's Strategy Committee on 3 February 2025. Mr. Feng Xingya was appointed as the new chairman of the Strategy Committee on 3 February 2025.

CORPORATE GOVERNANCE

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

Date	Contents	Important opinions & advices	Other performance of duty
11 January 2024	Regarding the 2023 Working Report on Risk Management and the 2024 Work Plan, the 2023 Working Report on Compliance Management and the 2024 Work Plan	All members approved the 2023 Working Report on Risk Management and the 2024 Work Plan, the 2023 Working Report on Compliance Management and the 2024 Work Plan, and agreed to submit the same to the Board for deliberation.	Nil
26 March 2024	Regarding the matters such as the annual report, the profit distribution plan, the annual connected transaction report, the internal control evaluation report and internal control audit report, the report on deposit and use of raised funds, the annual audit work summary and plan, and the performance of duties of the Audit Committee	All members approved the matters proposed at the meeting for deliberation, and agreed to submit the same to the Board for deliberation.	Nil
25 April 2024	Regarding the matters such as the 2024 First Quarterly Report, and the appointment of the auditors in respect of the annual report and internal control	All members approved the matters proposed at the meeting for deliberation, and agreed to submit the same to the Board for deliberation.	Nil

CORPORATE GOVERNANCE

Date	Contents	Important opinions & advices	Other performance of duty
22 August 2024	Regarding the matters such as the interim report, the interim profit distribution plan, the report on the deposit and use of the raised funds, and the work reports on internal audit, internal control and risk management for the first half of the year	All members approved the matters proposed at the meeting for deliberation, and agreed to submit the same to the Board for deliberation.	Nil
6 September 2024	Regarding the matters related to the licensing of non-assurance services	All members approved the matters proposed at the meeting for deliberation.	Nil
28 October 2024	Regarding the 2024 Third Quarterly Report	All members approved the 2024 Third Quarterly Report, and agreed to submit the same to the Board for deliberation.	Nil

(IV) Strategy Committee's One Meeting during the Reporting Period

Date	Contents	Important opinions & advices	Other performance of duty
27 March 2024	Regarding the matters related to the 2023 Annual Social Responsibility/Social Value/ ESG Report	All members approved the relevant reports, and agreed to submit the same to the Board for deliberation.	Nil

CORPORATE GOVERNANCE

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

Date	Contents	Important opinions & advices	Other performance of duty
4 February 2024	Regarding the Annual Responsibility Statement for Professional Managers and Non-Professional Managers	All members expressed their agreement and submitted the same to the Board for deliberation.	Nil
14 March 2024	Regarding the matters related to the 2023 Annual Remuneration Assessment and Payment Plan for Senior Management	All members believed that the setting of assessment indicators, and the assessment and payment plans were scientific and reasonable, which matched the industry standards and the Company's operating circumstances, and agreed to submit the same to the Board for deliberation.	Nil
30 May 2024	Regarding the matters related to the adjustments to the exercise price of share options and the repurchase price of restricted shares	All members approved the matters related to the adjustments to the exercise price of share options and the repurchase price of restricted share under the share options incentive scheme of the Company, and agreed to submit the same to the Board for deliberation.	Nil
2 August 2024	Regarding the formulation of the Medium and Long-term Incentive Management Measures	All members approved the content of the measures, and agreed to submit the same to the Board for deliberation.	Nil
6 September 2024	Regarding the matters related to price adjustment and partial cancellation of equity under the share option incentive scheme	All members approved the price adjustment and partial cancellation of equity under the share option incentive scheme, and agreed to submit the same to the Board for deliberation.	Nil

CORPORATE GOVERNANCE

(VI) Details of Any Objections

☐Applicable ☒N/A

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

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

VIII. EMPLOYEE INFORMATION OF THE COMPANY AND MAJOR SUBSIDIARIES AND JOINT VENTURES AND ASSOCIATED COMPANIES

(I) Employees

Number of existing employees at the group level	361
Number of existing employees of major subsidiaries, joint ventures and associated companies	86,090
Total number of existing employees	86,451
Number of employees resigned or retired the pensions of which the parent company and major subsidiaries had to be responsible for	415

Professional composition

Category of professional composition	Number of employees
Production personnel	49,986
Salesperson	5,620
Technician	14,577
Financial staff	1,675
Administrative staff	4,578
Finance and insurance staff	1,628
Others	8,387
Total	86,451

Education level

Category of education level	Number of employees
Doctorate	153
Master's degree	5,127
Undergraduate (including double bachelor's degree)	21,774
College graduate	19,070
Secondary and below	40,329
Total	86,451

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



CORPORATE GOVERNANCE

(II) Remuneration Policy

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

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

(III) Training Program

During the reporting period, the Group continuously conducted stratified and categorised training programs in party building, management, technology, skills, and general competencies. The Group persistently promoted the implementation and application of the working methods with GAC's characteristics across the Company and its investment enterprises, expanded and deepened the school-enterprise collaboration, and advanced the in-depth integration of industry, academia, and research. The GAC Mobile Academy (廣汽移動學堂) was updated and iterated, while evaluation works for technical talents were consistently carried out. The Group strengthened the development of craftsman academies and delivered training courses on traffic marketing and new media operations. These efforts enhanced operational efficiency across the Company and its investment enterprises, providing talent and intellectual support for the Group's rapid response to market changes. Throughout the year, the cumulative number of participants in training programs exceeded 980,000.

CORPORATE GOVERNANCE

In 2025, the Group will target the implementation of the “328” Talent Project, aiming to restructure a combat-oriented training system guided by business objectives and customer needs. It will enrich internal and external training resources to create an ecosystem for talent cultivation. It will strive to build an integrated training system, curriculum resources, and instructor teams, compile the Ten Consciousness Manual of Working Methods with GAC’s Characteristics to provide explicit operational guidance, continuously carry forward training programs for middle-aged and young cadres, and implement stratified and categorised cultivating schemes. It will expand the depth and breadth of industry-academia-research collaboration to accelerate vocational skill and technical proficiency enhancement, and strengthen the national high-skilled personnel training base and the GAC craftsman academy to solidify the high-skilled talent development framework. Further, it will continuously optimise online learning platform functionalities and instructor management mechanisms to facilitate the sharing of high-quality training resources and inject robust momentum into the Group’s synergetic growth as a whole. The Group plans to provide trainings for 996,000 individuals in 2025.

(IV) Labour Outsourcing

Total working hours of labour outsourcing	15,815,008
Total remuneration paid for labour outsourcing(RMB 0'000)	128,920.12

Note: including joint ventures and associated enterprises



CORPORATE GOVERNANCE

(V) Production Safety

During the reporting period, under the guidance of the competent authorities at all levels, the Group consistently upheld the philosophy of “To address problems on both symptoms and root causes by giving priority to people and safety, so as to achieve a scientific development”. On the basis of refining the safety production responsibility system and regulatory framework system with the intensified implementation of double prevention as the core and the safety production management targets as the foothold, the Group earnestly performed the main responsibility of enterprises for production safety and investment. In accordance with the work procedures of supervision, guidance and service, the Group will continue to promote the strict implementation of the main responsibility of safety production by all investment enterprises, and promote the synchronisation of enterprise safety production management and business development. During the reporting period, the Group and each investment enterprise had experienced no major (or above) safety production accidents, and its production safety remained generally stable and was in an orderly manner.

In 2025, the Group will improve and implement the production safety responsibility system in accordance with the laws and regulations, taking into account the reform of integrated operation and business development of its self-developed brands. The Group will strengthen the standardization of production safety and strictly implement its main responsibilities of production safety, focusing on the plan for regulating production safety targets and taking the management on production safety responsibility targets as the foothold. The Group will implement the three-year action plan for addressing the root causes of production safety issues, strengthen the hierarchical management and control of safety risks as well as the investigation and management of hidden dangers to promote the Group’s digital construction of production safety and promote the synchronisation of production safety management of enterprises and business development, with a view to preventing the occurrence of major production safety accidents and ensuring the Group’s tasks in respect of production safety target controls are met.

CORPORATE GOVERNANCE

IX. PROPOSED PROFIT DISTRIBUTION PLAN OR CONVERSION OF CAPITAL RESERVES

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

During the reporting period, the Group strictly complied with the requirements of the Articles of Association and the Dividend Distribution Plans for Shareholders (2024-2026) of Guangzhou Automobile Group Co., Ltd.. During the reporting period, profit distribution plans for the year of 2023 and for the interim period of 2024 were implemented, among which the criteria and proportion of cash dividend were clear, and the related decision-making procedures and mechanisms were complete and in compliance with the regulations. Independent directors performed their duties diligently and expressed their independent opinions.

(II) Reserves Available for Distribution to Shareholders

According to the Articles of Association, the distributable reserves of the Company are based on the profit after taxation determined pursuant to the Generally Accepted Accounting Principles of the PRC and Hong Kong Financial Reporting Standards (whichever is lower). As at 31 December 2024, the Company's reserves available for distribution to shareholders amounted to RMB50,226,252,000 (2023: RMB48,000,799,000).

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

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

CORPORATE GOVERNANCE

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

The Group has formulated regulations and systems such as the Internal Control Management Manual and the Administrative Measures for the Reporting of Major Operational Risk Events and other systems in accordance with the Basic Principles for Internal Control of Enterprises and the Implementation Opinions on Strengthening the Construction and Supervision of the Internal Control System of Central State-owned Enterprises, and has further promoted the Company's internal audit work for standardisation, routinisation and normalisation. The Company's internal control is risk management-oriented with a focus on compliance management and supervision, and follows the basic principles of "comprehensiveness, materiality, checks and balances, adaptability, and cost-effectiveness" to establish and constantly improve a comprehensive and effective internal control system covering all business areas, departments and positions, as well as subsidiaries at all levels.

Explanation on material deficiencies in internal control during the reporting period

☐Applicable ☒N/A

XII. SELF-EVALUATION REPORT ON INTERNAL CONTROL

(I) Risk Management and Internal Control

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

The Board is responsible for the risk management and internal control system, and has conducted a review at least once a year on the effectiveness of the internal control system of the Company and its subsidiaries during the reporting period. The review covered the scope and quality of the systems, and also covered all significant control aspects, including financial

CORPORATE GOVERNANCE

control, operational control and compliance control. During the reporting period, the Board did not find any material drawbacks and major defects in the internal control, and considered that such systems (including procedures relating to financial reporting and compliance with the requirements of the Listing Rules) were effective and adequate.

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

(II) Whistle-blowing policy and system

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

(III) Anti-corruption policy

The Group is committed to establishing a sound incorruptible employment system for combating corruption and upholding integrity, ensuring the internal and external reporting channels are smooth, and promoting the construction of a more transparent, efficient, objective and unprejudiced business environment. The Group has formulated certain rules and regulations such as the Code of Conduct on Integrity Practice of the Headquarter Employees and the Measures for Disciplinary Inspection and Supervision, which strictly implements the Company's anti-corruption management system, and create a cultural atmosphere of integrity of “not daring to be corrupt, not being able to be corrupt, not wanting to be corrupt” within the Group.

CORPORATE GOVERNANCE

XIII. DETAILS ON THE REVIEW REPORT ON INTERNAL CONTROL MECHANISM

The Company engaged ShineWing Certified Public Accountants (Special General Partnership) for independent review of effectiveness of its internal control in 2024, which issued an opinion that “the internal control of the financial reporting of the Company was in compliance with the Basic Principles for Internal Control of Enterprises and relevant requirements and was effective in all material aspects as at 31 December 2024” (for full text of the review report, please refer to the announcement disclosed on the website of the Stock Exchange in form of overseas regulatory announcement on 28 March 2025).

XIV. DIVIDEND POLICY

Since 2012, the Company has formulated dividend distribution plans for Shareholders, which have been strictly implemented. To further improve the scientific, continuous and stable dividend distribution decisions and supervisory mechanism of the Company for higher transparency and practicability of profit distribution decisions, and to give guidance to investors to establish a concept of long-term and rational investment, pursuant to the “Regulatory Guidelines for Listed Companies No. 3 – Cash Dividends Distribution of Listed Companies (Revised in 2023)” issued by the CSRC (Securities Regulatory Commission Issue [2023] No. 61) and the requirements of the Company’s dividend distribution policy set out in the Articles of Association, the Board has formulated the “Dividend Distribution Plan for Shareholders of Guangzhou Automobile Group Co., Ltd. (2024-2026)” (the “Distribution Plan”), specific details of which are as follows:

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

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

2. The Principle of the Distribution Plan Formulation

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

CORPORATE GOVERNANCE

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

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

4. The Distribution Plan to Shareholders of the Company from 2024 to 2026

- (a) The Company may distribute profits by cash, shares, and combination of cash and shares.
- (b) The Company shall give priority to profit distribution by way of cash, i.e. profit distribution shall be made in the form of cash dividends if the cash dividend conditions subsist.
- (c) According to the laws and regulations in the Company Law and the provisions in the Articles of Association, provided that the profit and cash of the Company are able to fulfill the needs for continuous operation and long term development of the Company, the profit distributed in cash in each of the years between 2024 to 2026 shall be no less than 10% of the distributable profit realised in such year, whereas the cumulative profit distributed in cash for these three consecutive years shall be no less than 30% of the average distributable profits realised in such three years.
- (d) In principle, cash dividends shall be distributed by the Company annually from 2024 to 2026. The Board may propose to distribute interim cash dividend(s) based on the profitability and the capital requirements of the Company.
- (e) From 2024 to 2026, depending on the cumulative distributable profits, reserves and the condition of cash flow, the Company may distribute profits by way of shares to match share capital expansion with business growth provided that the minimum cash dividend payout ratio and a reasonable scale of share capital of the Company are maintained.



Chapter 5

REPORT OF THE DIRECTORS

The Board is pleased to submit the report of the directors together with the audited consolidated financial statements for the year ended 31 December 2024.

DIRECTORS AND SUPERVISORS

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

PRINCIPAL ACTIVITIES

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

PERMITTED INDEMNITY PROVISIONS

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

MANAGEMENT CONTRACTS

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

BUSINESS REVIEW

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

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

REPORT OF THE DIRECTORS

2. Significant Events Subsequent to the Reporting Period

Significant events of the Group subsequent to the reporting period are set out in note 38 to the consolidated financial statements. Such section forms part of this report of the directors.

3. Environmental Policies and Performance

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

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

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

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



REPORT OF THE DIRECTORS

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

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

5. Key Relationships

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

INTERESTS OF DIRECTORS AND SUPERVISORS

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

DONATIONS

Details of charitable and other donations made by the Group during the year are set out in the section titled "III. Details on Performance of Consolidation of Antipoverty Achievements and Rural Revitalisation" under Chapter 7 – "Environmental and Social Responsibility" of this report and the full text of 2024 Environmental, Social and Governance Report of the Company disclosed on the website of the Stock Exchange on 25 April 2025.

REPORT OF THE DIRECTORS

ISSUE OF SHARES

From 11 December 2023 to 10 December 2024, the 2020 A Share Option and Restricted Share Incentive Scheme entered the second exercise period and unlocking period, and entered the third exercise period and unlocking period since 11 December 2024. During the reporting period, there was an increase of 21,461,992 A shares due to the cumulative exercise of share options. Meanwhile, in accordance with the 2020 A Share Option and Restricted Share Incentive Scheme, on 29 February 2024, the Company completed the repurchase and cancellation of 3,330,156 restricted shares that failed to meet the unlocking conditions due to the retirement, resignation, etc. of certain incentive participants during the reporting period.

The resolution on the share repurchase plan through centralised bidding was passed by shareholders at the Company's 2023 annual general meeting held on 20 May 2024. According to this repurchase mandate, the Company may make on-market repurchases of in total not more than 738,828,395 A Shares and 309,862,030 H Shares at the then current market prices on the Shanghai Stock Exchange and the Stock Exchange respectively during the relevant period.

REPORT OF THE DIRECTORS

The monthly distribution of Shares repurchased under the repurchase mandate by the Company during the reporting period is as follows:

2024	A Shares (on-market repurchase on the Shanghai Stock Exchange)				H Shares (on-market repurchase on the Stock Exchange)			
	Number of Shares repurchased	Highest price (RMB)	Lowest price (RMB)	Total repurchase value (RMB) (excluding incidental transaction costs and expenses)	Number of Shares repurchased	Highest price (HKD)	Lowest price (HKD)	Total repurchase value (HKD) (excluding incidental transaction costs and expenses)
Month								
January	N/A	-	-	-	N/A	-	-	-
February	N/A	-	-	-	N/A	-	-	-
March	N/A	-	-	-	N/A	-	-	-
April	N/A	-	-	-	N/A	-	-	-
May	0	-	-	-	0	-	-	0
June	1,930,000	7.81	7.71	14,998,342	4,310,000	2.83	2.76	12,018,460
July	5,975,970	7.82	7.10	44,928,833.50	91,104,000	2.95	2.61	255,335,444
August	1,353,200	7.45	7.31	9,999,365	0	-	-	0
September	4,252,280	7.42	7.14	31,062,734.40	38,060,000	2.52	2.29	90,021,976
October	0	-	-	0	7,850,000	2.73	2.67	21,203,760
November	0	-	-	0	25,524,000	3.12	2.72	75,254,880
December	0	-	-	0	93,908,000	3.72	3.29	329,003,200
Total	13,511,450	7.82	7.10	100,989,274.90	260,756,000	3.72	2.29	782,837,720

To sum up, as at 31 December 2024, a total of 13,511,450 A Shares were repurchased at the aggregate consideration of RMB100,989,274.90 (excluding incidental transaction costs and expenses), and the Company had an increase of 13,511,450 A Shares as its treasury Shares. Meanwhile, a total of 260,756,000 H Shares were repurchased at the aggregate consideration of HK\$782,837,720 (excluding incidental transaction costs and expenses), and all such repurchased H Shares were cancelled.

Save as disclosed above, the Company has not redeemed any of its listed securities during the reporting period. Neither the Company nor any of its subsidiaries has purchased or sold any of the listed securities of the Company during the year.

REPORT OF THE DIRECTORS

ISSUE OF DEBENTURES, BONDS AND OTHER DEBT SECURITIES

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

EQUITY-LINKED AGREEMENTS

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

DIVIDENDS

During the year, an interim dividend of RMB0.03 per share (2023: RMB0.05) (tax inclusive) was distributed, totalling approximately RMB310,455,251 (2023: approximately RMB524,276,605). The Board recommends to distribute a final dividend of RMB0.02 per share (2023: RMB0.10) (tax inclusive) for the year ended 31 December 2024, totalling approximately RMB203,671,089 (2023: approximately RMB1,048,690,425).

REASONS FOR RESIGNATION

Ms. Wang Lu (“Ms. Wang”) ceased to serve as a staff representative supervisor of the Supervisory Committee of the Company with effect from 26 February 2024 due to reaching the retirement age. Ms. Wang confirmed that she has no disagreement with the Board, the Supervisory Committee or the Company, and there are no other matters in respect of her resignation that need to be brought to the attention of the shareholders of the Company. Ms. Zhu Chun has been appointed as a staff representative supervisor of the sixth session of the Supervisory Committee of the Company since 26 February 2024.



REPORT OF THE DIRECTORS

Mr. Zeng Qinghong (“Mr. Zeng”) ceased to serve as chairman of the Board, director, the chairman and member of the Strategy Committee and authorised representative of the Company with effect from 3 February 2025 due to reaching the retirement age. Mr. Zeng confirmed that he has no disagreement with the Board and the Company, and there are no other matters in respect of his resignation that need to be brought to the attention of the shareholders of the Company. Mr. Feng Xingya has been appointed as the new Chairman of the Board and the chairman of the Strategy Committee of the Company since 3 February 2025. On the same date, he took over as the authorised representative of the Company.

On 28 March 2025, Mr. Ding Hongxiang (“Mr. Ding”) and Mr. Guan Dayuan (“Mr. Guan”) did not stand for re-election to the seventh session of the Board due to work reasons and therefore they ceased to act as non-executive directors, with Mr. Ding ceasing to act as a member of the Remuneration and Assessment Committee, the Nomination Committee and the Strategy Committee of the Board and Mr. Guan ceasing to act as a member of the Strategy Committee of the Board. They confirmed that they have no disagreement with the Board, the Supervisory Committee of the Company and the Company and there are no other matters concerning their retirement that the shareholders need to be informed of. On the same day, Mr. Zhou Kaiquan (“Mr. Zhou”) and Ms. Hong Suli (“Ms. Hong”) were elected as non-executive directors of the seventh session of the Board of the Company, of which Mr. Zhou has been appointed as a member of the Remuneration and Assessment Committee, the Nomination Committee and the Strategy Committee of the Board; and Ms. Hong has been appointed as a member of the Strategy Committee.

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

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

TAX RELIEF

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

By order of the Board
Guangzhou Automobile Group Co., Ltd.
Feng Xingya
Chairman

Guangzhou, the PRC, 28 March 2025

Chapter 6

REPORT OF THE SUPERVISORY COMMITTEE

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

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

I. THE COMPOSITION AND CHANGES OF THE SUPERVISORY COMMITTEE

The sixth session of the Supervisory Committee is currently composed of Cao Xiandong, Huang Cheng, Wang Yuan (staff representative supervisor), Zhu Chun (staff representative supervisor) and Huang Zhuo (staff representative supervisor), with a vacancy of two supervisors. On 23 February 2024, due to the retirement of the former staff representative supervisor Wang Lu upon reaching the retirement age, the staff representative meeting of the Company elected Zhu Chun as a supervisor of the sixth session of the Supervisory Committee.

II. BASIC EVALUATION OF THE PERFORMANCE OF THE BOARD AND SENIOR MANAGEMENT IN 2024

The Supervisory Committee was of the view that the Board duly performed its operation in strict compliance with the requirements under the laws and regulations including the Company Law, the Articles of Association, the Listing Rules and the SSE Listing Rules, etc. during the reporting period. In the face of the external environment of extreme price involution and dramatic changes in the competitive landscape in the automobile industry during the reporting period, the Company actively promoted the transformation of its management and control model in accordance with the working principle of “leveraging sales in the short term, products in the medium term, and reform in the long term”, so as to reverse the downward trajectory in operating performance.

REPORT OF THE SUPERVISORY COMMITTEE

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

III. MEETINGS OF SUPERVISORY COMMITTEE CONVENED

During the reporting period, the Supervisory Committee of the Company convened 7 supervisory meetings with the details as follows:

1. The 19th meeting of the 6th session of the Supervisory Committee was held on 28 March 2024, at which the following resolutions were considered and approved:
 - (1) Resolution in respect of the annual report and its summary of 2023;
 - (2) Resolution in respect of the supervisory committee report of 2023;
 - (3) Resolution in respect of the financial report of 2023;
 - (4) Resolution in respect of the profit distribution plan of 2023;
 - (5) Resolution in respect of the self-evaluation report on internal control of 2023;
 - (6) Resolution in respect of internal control audit report of 2023;
 - (7) Resolution in respect of the report of deposit and the actual utilisation of proceeds from fundraising activities;
 - (8) Resolution in respect of the completion of certain investment projects funded by proceeds from non-public issuance of A shares and utilisation of the remaining proceeds for permanent replenishment of working capital;
 - (9) Resolution in respect of the change in use of part of the proceeds;
 - (10) The resolution on the related transactions concerning GAC Finance Company's provision of financial services to related parties.

REPORT OF THE SUPERVISORY COMMITTEE

2. The 20th meeting of the 6th session of the Supervisory Committee was held on 26 April 2024, at which the following resolutions were considered and approved:
 - (1) Resolution in respect of the first quarterly report of 2024;
 - (2) Resolution in respect of the appointment of auditors of 2024;
 - (3) Resolution in respect of the appointment of internal control auditors of 2024.
3. The 21st meeting of the 6th session of the Supervisory Committee was held on 4 June 2024, at which the resolution in respect of adjusting the exercise price of the share option and restricted share repurchase price was considered and approved.
4. The 22nd meeting of the 6th session of the Supervisory Committee was held on 30 August 2024, at which the following resolutions were considered and approved:
 - (1) Resolution in respect of the interim report of 2024;
 - (2) Resolution in respect of the profit distribution plan for the interim period of 2024;
 - (3) Resolution in respect of the report of deposit and utilisation of proceeds from fundraising activities for the first half of 2024.
5. The 23rd meeting of the 6th session of the Supervisory Committee was held on 10 October 2024, at which the resolution in respect of the price adjustment and partial cancellation of equity under the share option scheme was considered and approved.
6. The 24th meeting of the 6th session of the Supervisory Committee was held on 25 October 2024, at which the resolution in respect of the continuing use of part of the idle fund-raising proceeds for cash management was considered and approved.
7. The 25th meeting of the 6th session of the Supervisory Committee was held on 30 October 2024, at which the resolution in respect of the third quarterly report of 2024 was considered and approved.

REPORT OF THE SUPERVISORY COMMITTEE

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

1. Operation of the Company in Accordance with Law

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

2. Internal Control, Risk Management and Compliance Management

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

Evaluation Report on Internal Control of the Company for 2024 comprehensively, truthfully, accurately and objectively reflects the construction and operation of the internal control system.

The Company's compliance management work focuses on "operation and effectiveness". It adheres to the work core of strengthening the operation of the compliance management system and continuously improving the level of compliance risk control in company operations with unswerving dedication, and constantly enhances the effectiveness of compliance management. No significant compliance risk event occurred during the year.

REPORT OF THE SUPERVISORY COMMITTEE

3. Financial Conditions of the Company

The Supervisory Committee examined the financial conditions of the Company seriously and carefully and reviewed the 2023 annual financial report and the first quarterly report, interim report and the third quarterly report of 2024 during the reporting period, and considered the profit distribution plan implemented by the Company during the reporting period.

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

4. Utilisation and Management of Proceeds

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

5. Related-Party Transactions

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

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

I. ENVIRONMENTAL INFORMATION

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

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

For details about the policies and measures on the environmental protection of the Group, please refer to the full text of the 2024 Environmental, Social and Governance Report disclosed on the website of the Stock Exchange on 25 April 2025.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

II. FULFILLMENT OF SOCIAL RESPONSIBILITY

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

For details about the fulfillment of social responsibilities by the Group, please refer to the full text of the 2024 Social Responsibilities Report disclosed on the website of the Stock Exchange (in form of overseas regulatory announcement) on 28 March 2025.

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

1. Robust Fulfillment of Rural Revitalization Tasks via Town-Based Assistance and Village Support within the Province

1. Propelling Dongshi to transform the blueprint of rural revitalisation into a reality. According to the decision-making arrangements, the Group took the lead in pairing assistance to Dongshi Town, Pingyuan County, Meizhou. Oriented by the five-year plan, the Group has donated a total of RMB15.3 million for assistance and RMB2 million for disaster relief. The Group paid close attention to form a rural revitalisation demonstration zone and the development pattern of “one industry for one belt, one core alongside two wings” covering Dongshi Town, and focused on creating a characteristic town with “Brilliant Hakkas · Red Cultural Connotation” as its brand positioning.
2. Promoting the comprehensive revitalization of rural areas in Heyun Town. Starting from 2024, the Group, as a member unit, has newly paired up with Heyun Town in Qingyuan and dispatched a permanent official to be stationed locally to participate in the rural revitalization work. The Group has insisted on high-level planning and promotion, in-depth research and investigation and formulated the plans to introduce aromatic crops suitable for planting in Heyun Town by virtue of its successful assistance experience in Lizi Village, Bijie, Guizhou, thereby facilitating the establishment and development of the aromatic industry in Heyun Town.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

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

1. Boosting Bijie to comprehensively promote its rural revitalization. The Group has been deeply involved in the east-west cooperation in Bijie, Guizhou Province by successively assigning three supporting cadres to reside in Bijie on a long-term basis. As of the end of the reporting period, a total of RMB22.42 million has been invested as assistance funds, and the Group has established a pairing assistance relationship with one township and ten villages in Nayong County, Bijie.
2. Launching characteristic “GAC class”. The Group has been promoting the “Guangdong Technician” project and has collaboratively organised the intensive “GAC class” with Bijie Vocational and Technical College of Guizhou Province and Taijiang County Secondary Vocational School in Qiandongnan Prefecture. A total of 312 students have been recruited, 132 of which have joined GAC Group as an employee or intern.

3. Development of Aromatic Industry Projects

After planning in advance and multiple on-site investigations, drawing on the expert opinions of the Guizhou Academy of Agricultural Sciences, and considering the demand for vehicle-mounted products in the automobile aftermarket, the potential rapid growth of the fragrance industry market, and the natural conditions of Li Zi Village, the Group decided to focus on developing the aromatic industry and build a supply chain system for vehicle-mounted fragrance products in Li Zi Village, leading comprehensive rural revitalization through industrial revitalization. The Group supported Li Zi Village in piloting the cultivation of 200 mu of aromatic crops such as lavender, rosemary, phlox and highland snow chrysanthemum to develop the aromatic industry. Over 40 kinds of aromatic products have been developed in total. It is expected that the annual sales will exceed RMB11.2 million, representing a year-on-year growth of 11%. The direct assistance to farmers has increased their income by nearly RMB3 million, significantly raising the annual per capita net income. Meanwhile, the operating income has been shared through the industrial operation platform, effectively increasing the collective income of the village.

4. Consumption Assistance Propelling “Guizhou’s Agricultural Specialties Out of Mountainous Areas”

The Group has actively propelled “Guizhou’s agricultural specialties out of mountainous areas”. The newly established “GAC Qifu” agricultural product consumption platform, coordinates the introduction of characteristic agricultural products from the assisted regions such as Bijie, Lianzhou, Meizhou, and Xinjiang into the employees’ daily grocery purchases. More than 2,700 kinds of high-quality characteristic agricultural products have been developed vigorously in the assisted areas, with the amount of consumption assistance exceeding RMB30 million during the reporting period.

Chapter 8

SIGNIFICANT EVENTS

I. PERFORMANCE OF UNDERTAKINGS

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

Background of undertakings	Type of undertakings	Undertaker	Contents of undertakings	Time of undertaking	Period of undertaking	Is there a fulfillment time limit	Whether fulfilled strictly in time
Other commitments	Dividends	The Group	Provided that the profit and cash of the Company is sufficient for the continuous operation and long term development of the Company, the profit distributed in cash in each of the years between 2024 and 2026 shall be no less than 10% of the distributable profit realised in such year, whereas the cumulative profit distributed in cash for the three consecutive years shall be no less than 30% of the average distributable profits realised in these three years. Articles of Association: Profit distributed in cash shall be no less than 10% of the distributable profit realised in such year.	May 2024	2024-2026	Yes	Yes
	Non-competition	GAIG	(1) Directly or indirectly do or participate in (or assist in doing or participating in) any business or activities which compete or may compete with the principal business of the Company in any manner (including but not limited to investment, merger and acquisition, forming associates, joint venture, cooperation, partnership, trust, underwriting, operating lease, acquisition of equity or joint stock), whether solely or jointly with other parties, in the PRC or overseas; (2) support any person other than promoters of the Company or subsidiaries of the promoters to do or participate in any business which competes or may compete with the principal business of the Company in any manner in the PRC or overseas; (3) intervene in any business or activities which compete or may compete with the principal business of the Company by other means (whether directly or indirectly), provided that the above undertaking shall not be applicable where GAIG or its subsidiaries (other than the Company and its subsidiaries) acquire or hold for investment purpose not more than 5% interest in other company listed on an internationally recognised stock exchange whose principal business competes or may compete with the principal business of the Company; or where GAIG or its subsidiaries or investee company hold not more than 5% interest in a third party whose principal business competes or may compete with the principal business of the Company as a result of the debt restructuring of third parties; (4) if GAIG or its subsidiaries (other than the Company and its subsidiaries) come across any new business opportunity which competes or may compete with the principal business of the Company, it shall immediately inform the Company in writing, and shall use its best endeavours to procure such business opportunity be first offered to the Company or its subsidiaries on fair and reasonable terms and conditions. The Company shall, within 30 days from receiving the aforesaid notification, notify GAIG or its subsidiaries (other than the Company and its subsidiaries) in writing whether or not the Company or its subsidiaries intend to take up the aforesaid business opportunity. Upon receiving notification from the Company that it intends to take up such opportunity, GAIG or its subsidiaries shall refer such business opportunity to the Company or its subsidiaries; (5) if the Company or its subsidiaries decide not to take up such business opportunities for any reason, upon receiving notification from the Company of such intention or the Company fails to respond in writing to GAIG or its subsidiaries within the said 30-day period, GAIG or its subsidiaries (other than the Company and its subsidiaries) may operate such new business on its own; (6) in the future, when GAIG or its subsidiaries (other than the Company and its subsidiaries) operate such new business which competes or may compete with the principal business of the Company pursuant to paragraph (5) above, or due to adjustments in national policies or other force majeure or unexpected events, such that competition in the same business occurs or becomes inevitable, GAIG or its subsidiaries (other than the Company and its subsidiaries) shall offer an option to the Company or its subsidiaries, pursuant to which the Company or its subsidiaries shall have the right to acquire any equity, asset and other interest in the competing business from GAIG or its subsidiaries in accordance with statutory processes in one or multiple tranches, or the Company or its subsidiaries may elect to operate assets or businesses in the competing business by way of entrusted operation, operating lease or underwriting operation in accordance with statutory processes, provided that the relevant laws and regulations of the PRC and the listing rules of the relevant stock exchange then in force are complied with.	List date of A shares in 2012	Long-term	Yes	Yes

SIGNIFICANT EVENTS

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

☐Met ☐Unmet ☒N/A

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

☐Applicable ☒N/A

III. GUARANTEE NOT IN COMPLIANCE

☐Applicable ☒N/A

IV. APPOINTMENT OR DISMISSAL OF ACCOUNTANTS

Unit: Yuan Currency: RMB

Currently appointed

Name of domestic accounting firm	ShineWing Certified Public Accountants LLP
Remuneration of domestic accounting firm	1,020,000
Audit years of domestic accounting firm	4
Names of the Certified Public Accountants of domestic accounting firm	Chen Jinqi, Luo Xiaming
Continuing service years of certified public accountant of domestic accounting firm	4
Name of overseas accounting firm	KPMG
Remuneration of overseas accounting firm	3,100,000
Audit years of overseas accounting firm	1

SIGNIFICANT EVENTS

	Name	Remuneration
Internal control auditor	ShineWing Certified Public Accountants LLP	400,000

EXPLANATION ON APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

As considered and approved at the 62nd meeting of the 6th session of the Board, the 20th meeting of the 6th session of the Supervisory Committee and the 2023 annual general meeting of the Company, the Company appointed ShineWing Certified Public Accountants LLP and KPMG as auditors of the Company for the year 2024.

CHANGE OF ACCOUNTING FIRM DURING THE AUDITING PERIOD

According to the Measures for Administration of Selection and Engagement of Accounting Firms by State-Owned Enterprises and Listed Companies (Cai Kuai [2023] No. 4) (《國有企業、上市公司選聘會計師事務所管理辦法》(財會[2023]4號)), as the term of appointment of the original H-share auditor, PricewaterhouseCoopers, has reached the prescribed term, KPMG has been appointed as the H-share auditor of the Company for the year 2024 with the approval of the Board, the Supervisory Committee and the 2023 annual general meeting of the Company held on 20 May 2024, and PricewaterhouseCoopers retired on 20 May 2024 upon the closing of the annual general meeting. Save as disclosed above, there was no change of auditor during the past three financial years.

V. DESCRIPTION OF RISKS OF DELISTING

☐Applicable ☒N/A

VI. MATTERS RELATING TO INSOLVENCY OR RESTRUCTURING

On account of its insolvency, the joint venture of the Company, GAC Fiat Chrysler Automobiles Co., Ltd., filed for a winding-up in accordance with relevant requirements of existing laws and regulations in 2022. On 29 November 2022, Intermediate People's Court of Changsha, Hunan Province issued the Civil Judgement [(2022) Xiang 01 Po Shen No. 139] ((2022) 湘01破申139號) to formally accept its winding-up application. On 6 March 2023, Notice (2022) Xiang 01 Po No.214-1 ((2022) 湘01破 214-1號) was issued and Yingke (Changsha) Law Firm was designated to act as the administrator. During the reporting period, the administrator commenced the process of initiating the overall disposal of core assets.

VII. MATERIAL LITIGATIONS AND ARBITRATIONS

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

SIGNIFICANT EVENTS

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

☐Applicable ☒N/A

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

☐Applicable ☒N/A

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

A-SHARE OPTION

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

RESTRICTED SHARES

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

SIGNIFICANT EVENTS

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

1. Purpose

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

2. Scheme Participants

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

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

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

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

SIGNIFICANT EVENTS

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

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

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

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

SIGNIFICANT EVENTS

- Since 21 November 2022, as a result of the implementation of the final profit distribution plan for 2021 and the interim profit distribution plan for 2022, the exercise price of share options was adjusted to RMB9.55/A share accordingly and the repurchase price of restricted shares was adjusted to RMB4.56/A share accordingly under the 2020 Incentive Scheme. At the same time, in terms of the repurchase of restricted shares due to the resignation, retirement, assessment, etc. of participants, the repurchase prices are RMB4.56/A share and RMB4.67172/A share, respectively, depending on the circumstances of participants triggering the repurchase cancellation conditions (plus deposit interest for the same period). For details, please refer to the “Announcement on Adjusting the Equity Price, Equity Quantity and Personnel List of the 2020 A Share Options and Restricted Share Incentive Scheme” (Announcement No.: Lin 2022-077) disclosed on the websites of SSE and the Stock Exchange on 21 November 2022.
- Since 16 June 2023, as a result of the implementation of the final profit distribution plan for 2022, the exercise price of share options was adjusted to RMB9.37/A share accordingly and the repurchase price of restricted shares was adjusted to RMB4.38/A share accordingly under the 2020 Incentive Scheme. For details, please refer to the “Announcement on Adjusting the Exercise Price of the Share Option and Restricted Share Repurchase Price in the Share Option Incentive Scheme of the Company” (Announcement No.: Lin 2023-050) disclosed on the websites of SSE and the Stock Exchange on 8 June 2023.
- Since 18 September 2023, as a result of the implementation of the interim profit distribution plan for 2023, the exercise price of share options was adjusted to RMB9.32/A share accordingly and the repurchase price of restricted shares was adjusted to RMB4.33/A share accordingly under the 2020 Incentive Scheme. For details, please refer to the “Announcement on Adjusting the Exercise Price of the Share Option and Restricted Share Repurchase Price in the Share Option Incentive Scheme of the Company” (Announcement No.: Lin 2023-080) disclosed on the websites of SSE and the Stock Exchange on 8 September 2023.
- Since 13 June 2024, as a result of the implementation of the final profit distribution plan for 2023, the exercise price of share options was adjusted to RMB9.22/A share accordingly and the repurchase price of restricted shares was adjusted to RMB4.23/A share accordingly under the 2020 Incentive Scheme. For details, please refer to the “Announcement on Adjusting the Exercise Price of the Share Option and Restricted Share Repurchase Price” (Announcement No.: Lin 2024-042) disclosed on the websites of SSE and the Stock Exchange on 4 June 2024.



SIGNIFICANT EVENTS

- Since 18 October 2024, as a result of the implementation of the interim profit distribution plan for 2024, the exercise price of share options was adjusted to RMB9.19/A share accordingly and the repurchase price of restricted shares was adjusted to RMB4.20/A share accordingly under the 2020 Incentive Scheme. For details, please refer to the “Announcement on the Price Adjustment and Partial Cancellation of Equity under the Share Option Incentive Scheme” (Announcement No.: Lin 2024-080) disclosed on the websites of SSE and the Stock Exchange on 10 October 2024.

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

SIGNIFICANT EVENTS

4. Validity period, vesting period and exercise period

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

As at the date of this report (i.e., 25 April 2025), the total number of securities issuable under the 2020 Incentive Scheme was 0 shares, representing approximately 0% of the total issued shares of the Company then.

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

SIGNIFICANT EVENTS

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

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

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

SIGNIFICANT EVENTS

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

A share options under the 2020 Incentive Scheme

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

Name	Position/Type of Participants	Number of outstanding A share options held at the beginning of the reporting period	Number of A share options newly granted during the reporting period	Number of A share options exercisable during the reporting period	Shares issued upon exercise of A share options during the reporting period	Number of A share options cancelled during the reporting period ^(Note 4)	Number of A share options lapsed during the reporting period	Exercise price of A share options (RMB)	Weighted average closing price immediately before the dates on which the A share options were exercised (RMB)	Number of outstanding A share options held at the end of the reporting period
Feng Xingya	Director and General Manager	174,000	0	87,000 ^(Note 3)	0	87,000	87,000	N/A	N/A	0
Yan Zhuangli	Deputy General Manager	156,000	0	78,000 ^(Note 3)	0	78,000	78,000	N/A	N/A	0
Deng Lei	Non-executive Director, Chairwoman of the Labour Union	76,980	0	38,490 ^(Note 3)	0	38,490	38,490	N/A	N/A	0
Wang Dan	Chief Accountant and Person in Charge of Accounting Function	156,000	0	78,000 ^(Note 3)	0	78,000	78,000	N/A	N/A	0
Gao Rui	Deputy General Manager	96,000	0	48,000 ^(Note 3)	0	48,000	48,000	N/A	N/A	0
Yu Jun	Deputy General Manager	147,000	0	73,500 ^(Note 3)	0	73,500	73,500	N/A	N/A	0
Zheng Heng	Deputy General Manager	147,000	0	73,500 ^(Note 3)	0	73,500	73,500	N/A	N/A	0
Xia Xianqing	Deputy General Manager	147,000	0	73,500 ^(Note 3)	0	73,500	73,500	N/A	N/A	0
Liu Xiangneng	Secretary to the Board and Company Secretary	53,880	0	26,940 ^(Note 3)	0	26,940	26,940	N/A	N/A	0
	2020 Incentive Scheme Middle level and other core businesses, technical and management key personnel (i.e. 2,391 other employee participants in total)	47,553,137	0	24,161,467 ^(Note 3)	21,461,992 ^(Note 3)	23,391,670	2,699,475	From 18 September 2023 to 12 June 2024: RMB9.32; from 13 June to 17 October 2024: RMB9.22; from 18 October to 31 December 2024: RMB9.19	9.48	0
Total (together with that of the Directors and Senior Management): 2,400		48,706,997	0	24,738,397	21,461,992	23,968,600	3,276,405	/	/	0

SIGNIFICANT EVENTS

Notes:

1. All participants must be employed by the Company pursuant to employment contracts during the appraisal period of the 2020 Incentive Scheme and no participants are retired staff re-employed by the Company. Among the participants, none of them are substantial shareholders or controllers of the Company who individually or jointly hold 5% or more of the shares, or their spouse, parents or children. All A share options under the 2020 Incentive Scheme have been granted to the relevant participants on 4 December 2020 (i.e. the grant date). The vesting period for the relevant A share options is set out on pages 133 to 134 of this report.
2. Such A share options had become exercisable since the first exercise period commenced on 12 December 2022, expiring on 10 December 2023 (subject to the relevant restriction period).
3. Such A share options had become exercisable since the second exercise period commenced on 11 December 2023, expiring on 10 December 2024 (subject to the relevant restriction period). Share options that had not been exercised during the second exercise period became lapsed on 11 December 2024 and were cancelled on 16 January 2025.
4. Such A share options had become exercisable since the third exercise period commenced on 11 December 2024, expiring on 10 December 2025 (subject to the relevant restriction period). Due to the failure to satisfy the performance conditions during the reporting period, all such A share options designated to become exercisable in the third exercise period were cancelled. For details, please refer to the announcement (Announcement No.: Lin 2024-080) disclosed on the website of the Stock Exchange in form of overseas regulatory announcement on 10 October 2024.
5. None of the participants were granted or will be granted share options and awards in aggregate exceeding 1% of the total issued A shares of the Company within any 12 months under all effective share schemes of the Company and held throughout the scheme period.
6. Corresponding adjustments were made to the exercise prices of the A share options in accordance with the Company's profit distribution plan (please refer to the previous paragraphs on pages 130 to 132 for details in relation to the respective exercise price adjustments of each incentive scheme).

SIGNIFICANT EVENTS

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

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

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

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

SIGNIFICANT EVENTS

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

Restricted A shares under the 2020 Incentive Scheme

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

Name	Position/ Type of Participants	Number of locked-up restricted A shares held at the beginning of the reporting period	Number of restricted A shares newly granted during the reporting period	Number of restricted A shares unlocked (i.e. vested) during the reporting period (Note 2)	Weighted average closing price immediately before the vesting date of restricted A shares (RMB) (Note 2)	Number of restricted A shares cancelled and repurchased during the reporting period (Note 3)	Repurchase price of the cancelled restricted A shares (RMB)	Number of restricted A shares lapsed during the reporting period	Number of remaining locked-up restricted A shares held at the end of the reporting period
Feng Xingya	Director and General Manager	87,000	0	0	N/A	0	N/A	87,000	0
Yan Zhuangli	Deputy General Manager	78,000	0	0	N/A	0	N/A	78,000	0
Deng Lei	Non-executive Director, Chairwoman of the Labour Union	38,490	0	0	N/A	0	N/A	38,490	0
Wang Dan	Chief Accountant and Person in Charge of Accounting Function	78,000	0	0	N/A	0	N/A	78,000	0
Gao Rui	Deputy General Manager	48,000	0	0	N/A	0	N/A	48,000	0
Yu Jun	Deputy General Manager	73,500	0	0	N/A	0	N/A	73,500	0
Zheng Heng	Deputy General Manager	73,500	0	0	N/A	0	N/A	73,500	0
Xia Xianqing	Deputy General Manager	73,500	0	0	N/A	0	N/A	73,500	0
Liu Xiangneng	Secretary to the Board and Company Secretary	26,940	0	0	N/A	0	N/A	26,940	0
2020 Incentive Scheme	Middle level and other core businesses, technical and management key personnel (i.e. 2,463 other employee participants in total)	28,801,576	0	0	N/A	942,351 2,387,805	4.33 4.46423	25,471,420	0
Total (together with that of the Directors and Senior Management):									
	2,472	29,378,506	0	0	N/A	3,330,156	/	26,048,350	0

SIGNIFICANT EVENTS

Notes:

1. For the date of grant, grant price, validity period, vesting period and repurchase price of the abovementioned restricted A shares, please refer to the paragraph headed “X. Share Option Incentive Scheme, Employee Stock Ownership Scheme or Other Staff Incentives of the Company and the Impacts Thereof” set forth in Chapter 4-“Significant Events” of this report.
2. On 11 December 2023 (i.e. upon the expiry of the second unlocking period), such restricted A shares were unlocked and become unrestricted for trade.
3. Due to the failure to satisfy the performance assessment conditions, the restricted shares corresponding to the third unlocking period fully lapsed on 11 December 2024. The Company repurchased and cancelled such restricted shares on 16 January 2025. For details, please refer to the announcement disclosed on the website of the Stock Exchange in form of overseas regulatory announcement on 13 January 2025 (Announcement No.: Lin 2025-007).
4. Details of the repurchase price of the relevant restricted A shares which have to be cancelled and the corresponding adjustments to the repurchase price are set out on pages 130 to 132 of this report.

SIGNIFICANT EVENTS

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

1. Purpose

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

2. Scheme Participants

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

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

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

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

SIGNIFICANT EVENTS

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

- Since 16 June 2023, as a result of the implementation of the final profit distribution plan for 2022, the exercise price of share options was adjusted to RMB11.81/A share accordingly under the 2022 Incentive Scheme. For details, please refer to the “Announcement on Adjusting the Exercise Price of the Share Option and Restricted Share Repurchase Price in the Share Option Incentive Scheme of the Company” (Announcement No.: Lin 2023-050) disclosed on the websites of SSE and the Stock Exchange on 8 June 2023.
- Since 18 September 2023, as a result of the implementation of the interim profit distribution plan for 2023, the exercise price of share options was adjusted to RMB11.76/A share accordingly under the 2022 Incentive Scheme. For details, please refer to the “Announcement on Adjusting the Exercise Price of the Share Option and Restricted Share Repurchase Price in the Share Option Incentive Scheme of the Company” (Announcement No.: Lin 2023-080) disclosed on the websites of SSE and the Stock Exchange on 8 September 2023.
- Since 13 June 2024, as a result of the implementation of the final profit distribution plan for 2023, the exercise price of share options was adjusted to RMB11.66/A share accordingly under the 2022 Incentive Scheme. For details, please refer to the “Announcement on Adjusting the Exercise Price of the Share Option and Restricted Share Repurchase Price” (Announcement No.: Lin 2024-042) disclosed on the websites of SSE and the Stock Exchange on 4 June 2024.
- Since 18 October 2024, as a result of the implementation of the interim profit distribution plan for 2024, the exercise price of share options was adjusted to RMB11.63/A share accordingly under the 2022 Incentive Scheme. For details, please refer to the “Announcement on the Price Adjustment and Partial Cancellation of Equity under the Share Option Incentive Scheme” (Announcement No.: Lin 2024-080) disclosed on the websites of SSE and the Stock Exchange on 10 October 2024.

SIGNIFICANT EVENTS

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

4. Validity period, vesting period and exercise period

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

As of the date of this report (i.e., 25 April 2025), the total number of securities issuable under the 2022 Incentive Scheme was 186,764,320 shares, representing approximately 1.83% of the total issued shares of the Company then.

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

SIGNIFICANT EVENTS

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

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

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

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

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

SIGNIFICANT EVENTS

A share options under the 2022 Incentive Scheme

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

Name	Position/Type of Participants	Number of outstanding A share options held at the beginning of the reporting period (Note 1)	Number of A share options newly granted during the reporting period	Weighted average closing price immediately before the dates on which the A share options were granted (RMB)	Number of A share options exercisable during the reporting period (Note 2)	Shares issued upon exercise of A share options during the reporting period	Number of A share options cancelled during the reporting period	Number of A share options lapsed during the reporting period	Exercise price of A share options (RMB)	Number of outstanding A share options held at the end of the reporting period
Feng Xingya	Director and General Manager	500,000	0	N/A	0	0	100,000	0	N/A	400,000
Deng Lei	Non-executive Director, Chairwoman of the Labour Union	425,000	0	N/A	0	0	85,000	0	N/A	340,000
Yan Zhuangli	Deputy General Manager	450,000	0	N/A	0	0	90,000	0	N/A	360,000
Wang Dan	Chief Accountant and Person in Charge of Accounting Function	450,000	0	N/A	0	0	90,000	0	N/A	360,000
Gao Rui	Deputy General Manager	450,000	0	N/A	0	0	90,000	0	N/A	360,000
Jiang Xiuyun	Deputy General Manager	450,000	0	N/A	0	0	90,000	0	N/A	360,000
Yu Jun	Deputy General Manager	450,000	0	N/A	0	0	90,000	0	N/A	360,000
Zheng Heng	Deputy General Manager	450,000	0	N/A	0	0	90,000	0	N/A	360,000
Xia Xiangqing	Deputy General Manager	450,000	0	N/A	0	0	90,000	0	N/A	360,000
Liu Xiangneng	Secretary to the Board and Company Secretary	230,000	0	N/A	0	0	46,000	0	N/A	184,000
	Middle level and other core businesses, technical and management key personnel (i.e. 3,073 other employee participants in total)	229,150,400	0	N/A	0	0	45,830,080	0	N/A	183,320,320
Total (together with that of the Directors and Senior Management):										
	3,083	233,455,400	0	/	0	0	46,691,080	0	/	186,764,320

SIGNIFICANT EVENTS

Notes:

1. During the reporting period, A share options under the 2022 Incentive Scheme have not become exercisable yet. Details of the vesting period, the exercise period and exercise price for the relevant A share options under the 2022 Incentive Scheme are set out on pages 140 to 143 of this report.
2. All A share options under the 2022 Incentive Scheme has been granted to the participants (including the above-mentioned directors and senior management) on 20 January 2023. The above share options granted are subject to the fulfillment of the performance appraisal requirements and the individual performance appraisal requirements by the Company and participants respectively during each of the relevant exercise periods. For details, please refer to Appendix VI to the circular of the Company dated 4 January 2023 in relation to, among other things, the Fourth Share Option Incentive Scheme. As the Company's operating performance failed to meet the exercise conditions for the first exercise period of the Fourth Share Option Incentive Scheme, all share options granted to participants were cancelled. For details, please refer to the "Announcement on the Price Adjustment and Partial Cancellation of Equity under the Share Option Incentive Scheme" (Announcement No.: Lin 2024-080) disclosed on the websites of SSE and the Stock Exchange on 10 October 2024.

The Company granted a total of 0 A share option and 0 share award in respect of all share schemes (including the 2020 Incentive Scheme and the 2022 Incentive Scheme referred to above) during the reporting period, and the number of shares that may be issued in respect of all options granted (assuming that all the options are exercisable) could be 0 A share, representing 0% of the issued A shares (excluding treasury shares) during the reporting period, with the weighted average number of issued A shares (excluding treasury shares) during the reporting period being 7,382,475,428.

SIGNIFICANT EVENTS

XI. MATERIAL CONNECTED TRANSACTIONS

1. Certain categories of related party transactions as disclosed in note 36 to the consolidated financial statements, including (i) sales of goods (sales of automotive parts and steels, sales of passenger vehicles and sales of production facility), (ii) rendering of labour and insurance services, (iii) purchases of goods (purchases of automotive parts and materials and purchases of passenger vehicles), (iv) rental received from related parties and (v) rental paid to related parties, include transactions which also constituted connected transactions under the Listing Rules. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

2. TRANSACTIONS UNDER THE LISTING RULES

(A) Transactions in relation to principal joint ventures

At the time of listing of the Company, the Stock Exchange granted a conditional waiver from strict compliance with the requirements of Chapters 14 and 14A of the Listing Rules in respect of immaterial joint ventures. The Company is required to review whether the immaterial joint ventures met the conditions in the waiver on a yearly basis. For the 2024 financial year, the principal joint ventures of the Company were GAC Toyota, GAC Honda and GAC-SOFINCO.

As of 31 December 2024, calculated based on the proportion of shareholdings of the Group in the joint ventures, the total liabilities and total revenues of jointly controlled entities amounted to RMB53.998 billion and RMB98.646 billion respectively, which will be used in the calculation of waivers granted by the Stock Exchange to the Company in respect of asset and revenue ratios.

SIGNIFICANT EVENTS

(B) Connected transactions

For the year ended 31 December 2024, the Group and its associates (as defined in the Listing Rules) had entered into the following connected transactions:

Disposal of Certain Equity Interest in ON TIME to GAIG

On 19 January 2024, China Lounge Investments, a wholly-owned subsidiary of the Company, entered into an agreement with GAIG in relation to its disposal of 8,797,226 ordinary shares of ON TIME, representing 5% of the then issued shares of ON TIME, to GAIG at a consideration of RMB267,876,000. As GAIG is the controlling shareholder of the Company and therefore a connected person of the Company, the aforesaid transaction constituted a connected transaction of the Company. As one or more of the applicable percentage ratios (as defined in the Listing Rules) were more than 0.1% but all of them were less than 5%, the aforesaid disposal was subject to the reporting and announcement requirements, but was exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. For details, please refer to the Company's announcement dated 19 January 2024.

After the completion of the above disposal, the Company continued to indirectly hold 26,202,774 ordinary shares of ON TIME, representing 12.84% of the issued shares of ON TIME after its listing on the Main Board of the Stock Exchange on 24 July 2024.

Capital Increase of GAC-SOFINCO Leasing, Constituting a Deemed Disposal by the Company of Equity Interest in Its Subsidiary

On 15 October 2024, GAC-SOFINCO Leasing (formerly abbreviated as GAC Leasing), a then indirect wholly-owned subsidiary of the Company, entered into a capital increase agreement with Crédit Agricole Personal Finance & Mobility ("**Crédit Agricole**"), pursuant to which the registered capital of GAC-SOFINCO Leasing was enlarged from RMB1.7 billion to RMB3.4 billion, and Crédit Agricole, as the successful bidder in the public tender, shall subscribe for the increased registered capital of GAC-SOFINCO Leasing of RMB1.7 billion at the consideration of RMB2.1325 billion. Parties completed the transfer of equity interest on 16 January 2025, and therefore GAC-SOFINCO Leasing has become a jointly-controlled entity of the Company and Crédit Agricole, and its financial results will cease to be consolidated into the financial results of the Group beginning from the financial year ending 31 December 2025.

As one of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the aforesaid deemed disposal was more than 5% but all of them were less than 25%, the aforesaid transaction constituted a discloseable transaction of the Company and was subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

SIGNIFICANT EVENTS

Crédit Agricole is a substantial shareholder of GAC-SOFINCO, a principal jointly-controlled entity of the Company. Accordingly, Crédit Agricole is regarded as a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, the aforesaid transaction was only subject to the reporting and announcement requirements but was exempted from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

For details, please refer to the Company's announcements dated 15 October 2024 and 23 December 2024.

Disposal of Equity Interests in an Associated Company, Guangzhou Juwan Technology Research Co., Ltd. (廣州巨灣技研有限公司) to GAIG

As approved by a resolution passed by the Board on 3 December 2024, and the relevant ordinary resolution being passed by the shareholders at the 2024 first extraordinary general meeting of the Company held on 20 December 2024, the Company, GAC Capital, GAIG and Guangzhou Juwan Technology Research Co., Ltd. ("**Guangzhou Juwan**") entered into an agreement on 30 December 2024, pursuant to which, the Company and GAC Capital, as vendors, shall dispose of 18.82% equity interest in Guangzhou Juwan to GAIG, the controlling shareholder of the Company, as purchaser, at the aggregate consideration of approximately RMB1,331 million. After completion of the above-mentioned disposal, the Group has continued to hold 15.60% of the equity interest in Guangzhou Juwan. For details, please refer to the Company's announcement and circular dated 3 December 2024, and the announcements dated 20 December 2024 and 30 December 2024.

Since GAIG is a controlling shareholder, and thus a connected person of the Company, the aforesaid transaction constituted a connected transaction of the Company. As one or more of the applicable percentage ratios (other than the profit ratio) exceeded 0.1% but all of them were less than 5%, the abovementioned disposal was only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but was exempted from the circular, independent financial advice and shareholders' approval requirements.

Save as disclosed above, the Group did not conduct any other material disposal of assets or equity interest during the year ended 31 December 2024.

SIGNIFICANT EVENTS

(C) Continuing connected transactions

For the year ended 31 December 2024, the Group and its associates (as defined in the Listing Rules) had entered into the following continuing connected transactions:

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

For the year ended 31 December 2024, each of the JV Partner Group provided transport and logistics services (the “JV Partner Logistics Services”) in respect of vehicle products and vehicle parts and components to the Company, its subsidiaries and the principal joint ventures (including GAC Toyota and GAC Honda) according to the following pricing terms on a regular basis. The Company’s principal joint ventures purchase raw materials and components from the relevant joint venture partners, as well as selling some products to the relevant joint venture partners. The relevant joint venture partners will provide transportation and logistics services to complete the entire process. Such service will continue during the term of the joint ventures.

On 8 April 2022:

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

SIGNIFICANT EVENTS

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

SIGNIFICANT EVENTS

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

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

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

For the year ended 31 December 2024, the total amount of the consideration paid by the Group for the JV Partner Logistics Services was RMB875,526,000.



SIGNIFICANT EVENTS

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

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

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

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

SIGNIFICANT EVENTS

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

- (a) For the year ended 31 December 2024, members of the Group sold raw materials, parts and components and vehicles to the JV Partner Group according to the following pricing terms on a regular basis. Such service will continue during the term of the joint ventures.

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

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

- (b) For the year ended 31 December 2024, members of the JV Partner Group provided the sale of raw materials, parts and components and production equipment to the principal joint ventures according to the following pricing terms on a regular basis. Such service will continue during the term of the joint ventures.



SIGNIFICANT EVENTS

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

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

SIGNIFICANT EVENTS

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

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

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



SIGNIFICANT EVENTS

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

For the year ended 31 December 2024, the JV Partner Group provided technical support, research and development support and information enquiry (including production preparation support, local support, advisory services, and provisions of software) to the Group according to the following pricing terms on a regular basis. The Company's joint venture partners are the proprietors of the technology involved in the production of vehicle models manufactured by the principal joint ventures and they are primarily responsible for the research and development of all new models. The provision of technical support by the joint venture partners is to ensure that the latest technology is applied in the manufacturing process of the principal joint ventures and to ensure that the products remain competitive in the market. Such service will continue during the term of the joint ventures.

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

SIGNIFICANT EVENTS

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

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



SIGNIFICANT EVENTS

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

For the year ended 31 December 2024, the joint venture partners of the principal joint ventures provided the use of intellectual property rights (in relation to production and sales of vehicles) to the principal joint ventures according to the following pricing terms on a regular basis. The right to use intellectual property is key to the long-term profitability and competitiveness of the principal joint ventures and their products. The Group entered into several technology license agreements and trademark license agreements with the Company's joint venture partners during the track record period in the past. Such agreements will continue during the term of the joint ventures.

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

SIGNIFICANT EVENTS

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

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

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

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



SIGNIFICANT EVENTS

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

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

(D) Control Mechanism

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

SIGNIFICANT EVENTS

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

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

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

SIGNIFICANT EVENTS

(E) Confirmation by the Independent Non-executive Directors

The independent non-executive directors of the Company confirm that for the year ended 31 December 2024, the above continuing connected transactions entered into by the Company as one of the parties are:

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

(F) Auditor's Letter

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the aforesaid continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. Auditor of the Company confirmed in such letter that for the year ended 31 December 2024, in respect of the above continuing connected transaction to which the Company is one of the parties:

- (1) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors.

SIGNIFICANT EVENTS

- (2) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group.
- (3) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.
- (4) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

XII. MATERIAL CONTRACTS AND THEIR PERFORMANCE

(I) TRUSTS, CONTRACTS AND LEASE ARRANGEMENTS

1. Trusts

☐Applicable ☒N/A

2. Contracts

☐Applicable ☒N/A

3. Lease arrangements

☐Applicable ☒N/A

SIGNIFICANT EVENTS

(II) GUARANTEE

Unit: 0'000 Yuan Currency: RMB

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

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

Guarantee provided to subsidiaries by the Company and its subsidiaries

Total guarantee provided to subsidiaries of the Company during the reporting period	2,618
Total balance of guarantee provided to subsidiaries of the Company as at the end of the reporting period (B)	30,118

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

Total guarantee (A+B)	30,118
Proportion of total guarantee in the net assets of the Company (%)	0.25
Including:	
Amount of guarantees provided to shareholders, beneficial controllers and their related parties (C)	0
Amount of debt guarantees directly or indirectly provided for guaranteed parties with the gearing ratio exceeding 70% (D)	0
Amount of the total guarantees exceeding 50% of net assets (E)	0
Total amount of above three guarantees (C+D+E)	0
Description on unexpired guarantees that may be subject to joint liability	N/A
Description of guarantee	

Guarantees provided to subsidiaries during the reporting period mainly included the guarantee for customs duty issued to GAC Trumpchi and its subsidiary Guangzhou Qisheng Powertrain Co., Ltd. (廣州祺盛動力總成有限公司), and the performance guarantee issued to Guangzhou Youmei Recycling Technology Co., Ltd. (廣州優美再生技術有限公司) by GAC Finance Company, a subsidiary of the Group.

SIGNIFICANT EVENTS

(III) ENTRUSTED CASH ASSETS MANAGEMENT

1. Entrusted wealth management

☐Applicable ☒N/A

2. Entrusted loans

As of 31 December 2024, details of the undue entrusted loans are shown in the table below.

Unit: 0'000 Yuan Currency: RMB

Name of the borrower	Amount of entrusted loan	Commencement date of entrusted loans	Termination date of entrusted loans	Annualised rate of return	Actual recovery
Changsha Magna Automobile Exterior Decoration Co., Ltd. (長沙麥格納汽車外飾有限公司)	3,185.00	2023/10/14	2024/10/14	3.45%	Repaid
Changsha Magna Automobile Exterior Decoration Co., Ltd. (長沙麥格納汽車外飾有限公司)	2,695.00	2024/10/14	2025/10/14	3.45%	Not yet due

(IV) OTHER MATERIAL CONTRACTS

☐Applicable ☒N/A



SIGNIFICANT EVENTS

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

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

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

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

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

SIGNIFICANT EVENTS

Details of utilisation of the proceeds raised as at 31 December 2024 are set out below:

As of 31 December 2024

As of 31 December 2024, the amount of proceeds brought forward was RMB416,298,495.62 whereas the total cumulative amount of utilised proceeds was RMB13,187,067,807.54 (inclusive of issuance expenses). There was no inconsistency between the utilisation of the proceeds and the original intended use.

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

Unit: 0'000 Yuan Currency: RMB

No.	Investment project	Total amount of investment commitment from the proceeds raised	Amount invested for this year	Cumulative amount invested	Estimated time of completion
1	New energy vehicles and R&D of prospective technology project	480,000.00	0.00	479,422.30	Completed
2	GAEI phase 1 base expansion project	60,000.00	0.00	50,743.99	Completed
3	GAEI phase 2 base construction project	100,000.00	0.00	76,518.68	Completed
4	GAC proprietary brand project of Xinjiang	22,782.95	0.00	22,782.95	Completed
5	GAC improvement project of Hangzhou	220,000.00	0.00	152,350.38	Completed
6	GAC proprietary brands technological reformation project	250,000.00	0.00	212,165.22	Completed
7	GAC proprietary brands vehicle models projects	277,157.79	22,015.46	223,799.82	September 2025
8	GAMC engine project	50,000.00	0.00	48,581.73	Completed
9	GAMC gearbox project	30,000.00	0.00	29,036.72	Completed
10	P6 gearbox development project	15,000.00	0.00	15,000.00	Completed
	Issuance expenses	–	0.00	8,305.00	–
	Total	1,504,940.74	22,015.46	1,318,706.79	



SIGNIFICANT EVENTS

As at 28 March 2024, as approved by the 60th meeting of the sixth session of the Board and the 19th meeting of the sixth session of Supervisory Committee of the Company, the Company proposed to change the unused remaining proceeds (including interest and cash management revenue) of a total of approximately RMB621.5779 million of the original fund-raising project “GAC proprietary brand project of Xinjiang” to the new fund-raising project “GAC proprietary brands vehicle models projects”. The total investment of the new fund-raising project amounted to approximately RMB1,355.83 million (of which the total investment of the A66 project was approximately RMB671.92 million, and that of the T68 project was approximately RMB683.91 million). The proceeds intended for utilisation was approximately RMB621.5779 million (exact amount shall be subject to the balance in the special project account upon actual carrying forward), and the remaining funds were financed by the self-owned funds or self-raised funds. Reasons of the changes are that the second phase of investment in production capacity will be temporarily suspended in accordance with the development trend of the industry and the utilisation of the Company’s production capacity. Subsequently, feasibility studies will be further promoted combined with the industrial chain layout and sales volume, which shall be implemented with self-owned funds after being proved to be feasible. At the same time, the use of such certain proceeds raised will be adjusted to the development of new automobile models of self-developed brands.

For further information on the utilisation of proceeds raised from the non-public issuance, please refer to the “2024 Annual Specific Report on the Deposit and Utilisation of the Proceeds by Guangzhou Automobile Group Co., Ltd.” published by the Company on 28 March 2025 by way of overseas regulatory announcement. For information on the construction of GAC proprietary brand project of Xinjiang, please see “Announcement on the Changes of Use of Certain Proceeds Raised” published by the Company on 28 March 2024 by way of overseas regulatory announcement.

Chapter 9

CHANGES IN SHARES AND
INFORMATION ON SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

(I) STATEMENT OF CHANGES IN SHARES

Unit: share

	Before change		Increase/decrease in the change(+/-)					After change	
	Number	Percentage (%)	Issue of new shares	Bonus issue	Conversion from contributed capital surplus	Others	Subtotal	Number	Percentage (%)
I. Restricted Shares	29,378,506	0.28				-3,330,156	-3,330,156	26,048,350	0.25
1. State-owned Shares									
2. Shares held by state-owned legal person									
3. Shares held by other domestic entities	29,378,506	0.28							
Including: Shares held by domestic non-state-owned legal persons									
Shares held by domestic natural persons	29,378,506	0.28				-3,330,156	-3,330,156	26,048,350	0.25
4. Shares held by foreign entities									
Including: Shares held by overseas legal persons									
Shares held by overseas natural persons									
II. Non-restricted tradable shares	10,460,855,908	99.72				-145,386,008	-145,386,008	10,315,469,900	99.75
1. RMB-denominated ordinary shares	7,362,235,603	70.18				21,461,992	21,461,992	7,383,697,595	71.40
2. Domestically-listed foreign shares									
3. Overseas listed foreign shares	3,098,620,305	29.54				-166,848,000	-166,848,000	2,931,772,305	28.35
4. Others									
III. Total shares	10,490,234,414	100				-148,716,164	-148,716,164	10,341,518,250	100

CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

Explanation on changes in shares

From 11 December 2023 to 10 December 2024, the 2020 A Share Option and Restricted Share Incentive Scheme entered the second exercise period and unlocking period, and entered the third exercise period and unlocking period since 11 December 2024. During the reporting period, there was an increase of 21,461,992 A shares due to the cumulative exercise of share options. Meanwhile, in accordance with the 2020 A Share Option and Restricted Share Incentive Scheme, on 29 February 2024, the Company completed the repurchase and cancellation of 3,330,156 restricted shares that failed to meet the unlocking conditions due to the retirement, resignation, etc. of certain incentive participants during the reporting period. Besides, 166,848,000 H shares were repurchased and cancelled during the reporting period, in accordance with the share repurchase scheme of the Company.

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

☐ Applicable ☒ N/A

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

☐ Applicable ☒ N/A

CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

(II) CHANGES IN SHARES SUBJECT TO TRADING RESTRICTIONS

Unit: share

Name of shareholder	Number of restricted shares at the beginning of the year	Number of shares released from trading restrictions during the year	Increase in the number of shares subject to trading restrictions during the year	Number of restricted shares at the end of the year	Reasons for trading restrictions	Date of lifting trading restrictions
2020 A share and restricted share incentive scheme of the Company	29,378,506	0	-3,330,156	26,048,350	Share incentive scheme	11 December 2024
Total	29,378,506	0	-3,330,156	26,048,350	/	/

Note: Shares subject to trading restrictions of the Company were restricted shares granted to the participants pursuant to the 2020 A share option and restricted share incentive scheme of the Company. The Company completed the repurchase and cancellation of 3,330,156 restricted shares on 29 February 2024 that failed to meet the unlocking conditions due to the resignation, retirement, etc. of certain incentive participants. Besides, the Company completed the repurchase and cancellation of 26,048,350 restricted shares on 16 January 2025 due to the failure to meet the performance conditions for the third unlocking period, and after the completion of cancellation, the Company no longer has any restricted shares.

CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

II. ISSUE AND LISTING OF SECURITIES

(I) ISSUE OF SECURITIES DURING THE REPORTING PERIOD

☐Applicable ☒N/A

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

☐Applicable ☒N/A

III. INFORMATION ON SHAREHOLDERS AND ULTIMATE CONTROLLER

(I) TOTAL NUMBER OF SHAREHOLDERS

Total number of shareholders of ordinary shares as at the end of the reporting period	141,368
Total number of shareholders of ordinary shares as at the end of the month prior to the disclosure of the annual report	130,000

CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

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

Unit: Share

Shareholding of top ten shareholders (excluding shares lent under the margin refinancing transfer)							
Name of shareholder(Full name)	Increase/ decrease during the reporting period	Number of shares held at the end of the period	Percentage (%)	Number of shares held subject to trading restrictions	Pledged, tagged or frozen		
					Status	Number	Nature of shareholder
GAIG (Note 1)	–	5,508,160,069	53.26	0	Nil	0	State-owned shareholder
HKSCC NOMINEES LIMITED (Note 2)	-166,528,865	2,928,420,210	28.32	0	Unknown	–	Foreign legal person
Guangzhou Huiyin Tianyue Equity Investment Fund Management Co., Ltd. (廣州匯銀天譽股權投資基金管理有限公司)	–	396,030,558	3.83	0	Pledged	62,095,610	State-owned legal person
Guangzhou Industrial Investment and Capital Operation Holding Group Ltd. (廣州產業投資控股集團有限公司)	4,030,900	143,973,553	1.39	0	Nil	0	State-owned legal person
Guangzhou Finance Holdings Assets Management Co, Ltd. – GFHAM Wealth Management Select No. 3 Private Investment Fund (廣州金控資產管理有限公 司—廣金資產財富管理優選3號私募投資基金)	–	140,738,735	1.36	0	Nil	0	Other
HONG Zejun	92,300,000	132,300,000	1.28	0	Nil	0	Foreign natural person
Hong Kong Securities Clearing Company Limited	27,803,958	84,140,868	0.81	0	Nil	0	Foreign legal person
Guangzhou Light Industry & Trade Group Co., Ltd. (廣州輕工貿易集團有限公司)	–	51,084,691	0.49	0	Nil	0	State-owned legal person
ICBC-China AMC SSE-SZSE 300 Index Securities Investment Fund (中國工商銀 行股份有限公司—華泰柏瑞滬深300交易型開 放式指數證券投資基金)	21,872,712	38,246,732	0.37	0	Nil	0	Other
China Construction Bank Corporation – E FUND CSI 300 Trading Open Index Sponsored Securities Investment Fund (中國建設銀行股份有限公司—易方達滬深300 交易型開放式指數發起式證券投資基金)	20,893,051	26,394,171	0.26	0	Nil	0	Other

CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

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

Name of shareholder	Number of tradable shares not subject to trading restrictions	Class and number of shares	
		Class	Number
GAIG ^(Note 1)	5,508,160,069	A shares, H shares	5,508,160,069
HKSCC NOMINEES LIMITED ^(Note 2)	2,928,420,210	H shares	2,928,420,210
Guangzhou Huiyin Tianyue Equity Investment Fund Management Co., Ltd. (廣州匯垠天粵股權投資基金管理有限公司)	396,030,558	RMB ordinary shares	396,030,558
Guangzhou Industrial Investment and Capital Operation Holding Group Ltd. (廣州產業投資控股集團有限公司)	143,973,553	RMB ordinary shares	143,973,553
Guangzhou Finance Holdings Assets Management Co., Ltd. – GFHAM Wealth Management Select No. 3 Private Investment Fund (廣州金控資產管理有限公司－廣金資產財富管理優選3號私募投資基金)	140,738,735	RMB ordinary shares	140,738,735
HONG Zejun	132,300,000	RMB ordinary shares	132,300,000
Hong Kong Securities Clearing Company Limited	84,140,868	RMB ordinary shares	84,140,868
Guangzhou Light Industry & Trade Group Co., Ltd. (廣州輕工工貿集團有限公司)	51,084,691	RMB ordinary shares	51,084,691
ICBC-China AMC SSE-SZSE 300 Index Securities Investment Fund (中國工商銀行股份有限公司－華泰柏瑞滬深300交易型開放式指數證券投資基金)	38,246,732	RMB ordinary shares	38,246,732
China Construction Bank Corporation – E FUND CSI 300 Trading Open Index Sponsored Securities Investment Fund (中國建設銀行股份有限公司－易方達滬深300交易型開放式指數發起式證券投資基金)	26,394,171	RMB ordinary shares	26,394,171
Description of related relationship or concerted party relationship among the above shareholders	GAIG, the largest shareholder of the Company, is not related to any of the above shareholders, nor is it a party acting in concert with any of them, and it is not known to the Company whether other shareholders are related to each other or whether they are parties acting in concert.		

Note 1: GAIG held 5,206,932,069 A shares of the Company in total, representing approximately 70.27% of the A share capital of the Company. At the same time, GAIG held 301,228,000 H shares of the Company in total through Southbound Trading of Shanghai-Hong Kong Stock Connect and Guangzhou Auto Group (Hong Kong) Limited (a wholly-owned subsidiary), representing approximately 10.27% of the H share capital of the Company. The total number of A and H shares of the Company held by GAIG was 5,508,160,069 shares, representing approximately 53.26% of the total share capital of the Company;

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

CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

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

Unit: share

Name of shareholder (Full name)	Participation of top ten shareholders in shares lent under the margin refinancing transfer							
	Shareholdings held in the general account and credit account as at the beginning of period		Shares lent under the margin refinancing as at the beginning of period and not yet repaid		Shareholdings held in the general account and credit account as at the end of period		Shares lent under the margin refinancing as at the end of period and not yet repaid	
	Total number	Percentage (%)	Total number	Percentage (%)	Total number	Percentage (%)	Total number	Percentage (%)
Guangzhou Industrial Investment and Capital Operation Holding Group Ltd. (廣州產業投資控股集團有限公司)	139,942,653	1.33	4,030,900	0.04	143,973,553	1.39	0	0

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

☐Applicable ☒N/A

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

☐Applicable ☒N/A

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

☐Applicable ☒N/A

CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

IV. STATUS OF CONTROLLING SHAREHOLDER AND ULTIMATE CONTROLLER

(I) CONTROLLING SHAREHOLDER

1 Legal person

Name	Guangzhou Automobile Industry Group Co., Ltd.
Responsible person of the institution or legal representative	Feng Xingya
Date of establishment	18 October 2000
Principal business	Investment in the research and development, manufacturing and marketing of automobile, motorcycle and components, automobile service trade and other relevant industries; Investment in automobile finance and other financial sectors; Investment in self-owned land development projects and related real estate projects and property management.
Equity interests in other controlled and invested companies whose shares were listed in the PRC or overseas during the reporting period	Guangzhou Automobile Industry Group Co., Ltd. holds 22.68% equity interest of ON TIME (a company listed on the Stock Exchange, stock code: 9680).
Other matters	Nil

2 Natural person

☐ Applicable ☒ N/A

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

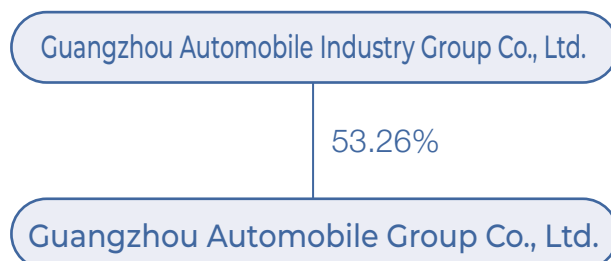
☐ Applicable ☒ N/A

CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

4 Explanation of changes of controlling shareholder during the reporting period

☐ Applicable ☒ N/A

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



(II) ULTIMATE CONTROLLER

1 Legal person

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

2 Natural person

☐ Applicable ☒ N/A

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

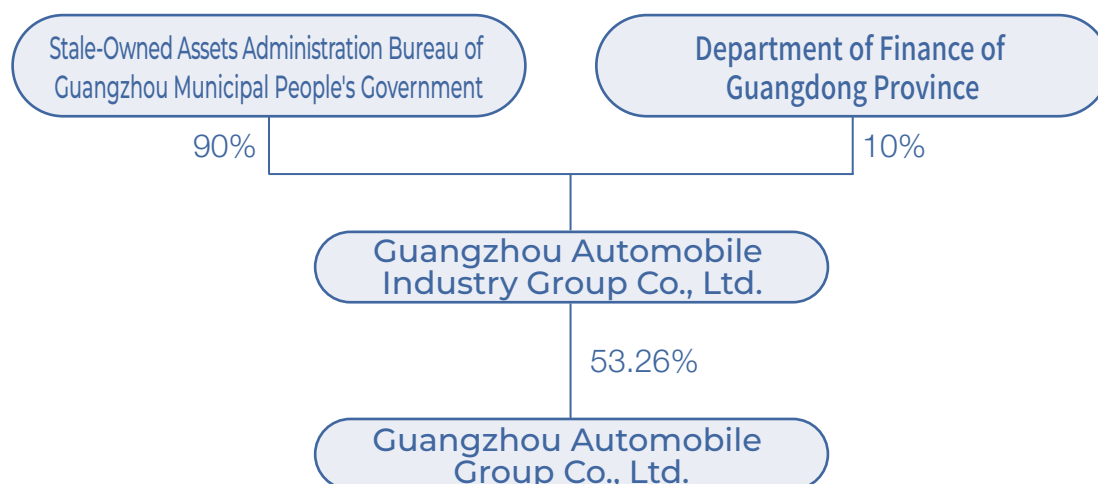
☐ Applicable ☒ N/A

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

☐ Applicable ☒ N/A

CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

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



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

☐ Applicable ☒ N/A

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

☐ Applicable ☒ N/A

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

☐ Applicable ☒ N/A

VI. RESTRICTION ON REDUCTION IN SHAREHOLDING

☐ Applicable ☒ N/A

CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

VII. SPECIFIC IMPLEMENTATION OF SHARE REPURCHASE DURING THE REPORTING PERIOD

Unit: 100 million Currency: RMB

Name of share repurchase plan	The plan on repurchase of shares by way of centralized bidding
Disclosure date of share repurchase plan	28 March 2024
Number of shares proposed to be repurchased and proportion to total share capital (%)	A total of 136,735,372 to 273,470,744 shares have been repurchased, accounting for 1.30% to 2.61% of the total share capital.
Amount of proposed repurchase	5-10
Period of proposed repurchase	No more than 12 months from the date when the Company's general meeting considered and approved the share repurchase plan
Purpose of repurchase	A shares were used for share incentives or employee shareholding, and H shares were used for cancellation.
Number of shares repurchased (share)	As of the end of the reporting period, a total of 274,267,450 shares were repurchased.
Number of shares repurchased as a percentage of the underlying shares under the share option incentive scheme (%)	N/A
Progress of the Company to reduce shareholding of shares repurchased through centralized bidding	Nil

Note: Number of shares proposed to be repurchased and proportion to total share capital were calculated based on the Company's total share capital and market price at the time of disclosure of the repurchase plan.

CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

VIII. INTERESTS REQUIRED TO BE DISCLOSED UNDER THE SFO

As at 31 December 2024, the names of the persons (other than directors and supervisors) entitled to exercise 5% or more of the voting rights at any general meeting of the Company and the number of shares, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO are set out below:

Name	Class of shares	Capacity	Number of shares (Note 1)	Percentage in	Percentage
				the class of issued share capital (%)	of total share capital (%)
GAIG ^{Note 2}	A shares	Beneficial owner	5,206,932,069 (L)	70.27	50.35
	H shares	Interest of a controlled corporation	301,228,000 (L)	10.27	2.91
HONG Zejun	H shares	Beneficial owner	354,666,000 (L)	12.10	3.43

Notes:

- (L) – Long Position, (S) – Short Position, (P) – Lending Pool
- As at 31 December 2024, the total number of A shares of the Company actually held by GAIG was 5,206,932,069 shares, representing approximately 70.27% of the A share capital of the Company. At the same time, through Southbound Trading of Shanghai-Hong Kong Stock Connect and Guangzhou Auto Group (Hong Kong) Limited (a wholly-owned subsidiary), GAIG held 301,228,000 H shares of the Company in total, representing approximately 10.27% of the H share capital of the Company. The total number of A and H shares of the Company held by GAIG was 5,508,160,069 shares, representing approximately 53.26% of the total share capital of the Company.

CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

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

The relevant information on the purchase, sale or redemption of the Company's listed securities during the year is set out in Chapter 5 – “Report of the Directors” – ISSUE OF SHARES of this report.

X. PRE-EMPTIVE RIGHTS AND PUBLIC FLOAT

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

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



Chapter 10

BONDS

I. CORPORATE BONDS (INCLUDING CORPORATE BONDS) AND NON-FINANCIAL CORPORATE DEBT FINANCING INSTRUMENTS

☐Applicable ☒N/A

II. CONVERTIBLE CORPORATE BONDS

☐Applicable ☒N/A

Financial Report



INDEPENDENT AUDITOR'S REPORT



To the members of Guangzhou Automobile Group Co., Ltd.

(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Guangzhou Automobile Group Co., Ltd. ("the Company") and its subsidiaries ("the Group") set out on pages 192 to 354, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory 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 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

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.

INDEPENDENT AUDITOR'S REPORT

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.

Accrual of warranty provisions

Refer to note 32 to the consolidated financial statements and the accounting policies on page 226.

The Key Audit Matter

How the matter was addressed in our audit

As of 31 December 2024, the Group's provision for warranty was RMB2,049,884,000.

A warranty provision is accrued for the future claim on the passenger vehicles sold, which involves management's estimates of the expected cost to repair or replace items under the warranty period based on the estimated unit warranty cost for each vehicle and the sales volume.

Our audit procedures to assess the warranty provisions included the following:

- obtaining an understanding of the design, implementation and operating effectiveness of key internal controls relating to the estimation of warranty provisions;
- evaluating the appropriateness of the Group's policy for warranty provisions with reference to the requirements of the prevailing accounting standards;
- involving our internal financial risk management specialists to assist us in:
 - (a) assessing the appropriateness of the model adopted by management to estimate the warranty provision with reference to the requirements of the prevailing accounting standards;
 - (b) challenging the reasonableness of the estimated unit warranty cost for each vehicle by comparing with the actual claims, on a sample basis;

INDEPENDENT AUDITOR'S REPORT

Accrual of warranty provisions (continued)

Refer to note 32 to the consolidated financial statements and the accounting policies on page 226.

The Key Audit Matter

How the matter was addressed in our audit

We identified the estimation of warranty provisions as a key audit matter because determining the warranty provisions requires the exercise of significant management judgement, which is inherently subjective.

- assessing the relevance and reliability of the information that management uses in the estimation, by comparing:
 - (a) the historical actual claims with claims documents, on a sample basis;
 - (b) the historical sales volume and sales date with sales receipts, on a sample basis; and
- re-performing the calculation of accrual of warranty provisions prepared by management.

INDEPENDENT AUDITOR'S REPORT

Impairment assessment of property, plant and equipment, land use rights and intangible assets associated with passenger vehicles production

Refer to notes 12, 13 and 14 to the consolidated financial statements and the accounting policies on page 219.

The Key Audit Matter

As at 31 December 2024, the aggregated carrying value of the Group's property, plant and equipment ("PP&E"), land use rights and intangible assets associated with passenger vehicles production amounted to RMB29,893,265,000.

An impairment loss of RMB1,253,707,000 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024.

The Group's PP&E, land use rights and intangible assets associated with passenger vehicles production are allocated to relevant cash generating units ("CGUs") for the purpose of assessing if there is any indication of impairment as at 31 December 2024.

Where indicators of impairment of the Group's CGUs are identified, management performs an impairment assessment of the CGUs by comparing the carrying value of each CGU with its recoverable amount, which is the higher of its fair value less costs of disposal and value in use based on discounted cash flow forecasts.

How the matter was addressed in our audit

Our audit procedures to assess impairment of PP&E, land use rights and intangible included the following:

- obtaining an understanding of the design and implementation of key internal controls relating to the impairment assessment of CGUs;
- assessing the management's evaluation of indicators of impairment, identification of CGU, the allocation of PP&E, land use rights and intangible assets to each CGU with reference to our understanding of the Group and the requirements of prevailing accounting standards;
- involving our internal valuation specialists, on a sample basis, to assist us in assessing the appropriateness of the valuation methodology adopted by management in the preparation of the discounted cash flow forecast with reference to the requirements of the prevailing accounting standards and the reasonableness of the discount rates applied in the discounted cash flow forecast by considering whether these were within the range adopted by other companies in the same industry;

INDEPENDENT AUDITOR'S REPORT

Impairment assessment of property, plant and equipment, land use rights and intangible assets associated with passenger vehicles production (continued)

Refer to notes 12, 13 and 14 to the consolidated financial statements and the accounting policies on page 219.

The Key Audit Matter

Management exercises significant judgement in determining certain key assumptions, which include growth rate of revenue, gross margin and the discount rates applied, when preparing the discounted cash flow forecasts.

We identified the impairment assessment of PP&E, land use rights and intangible assets associated with passenger vehicles production as a key audit matter because determining the level of impairment, if any, involves a significant degree of management judgement, which can be inherently uncertain and could be subject to management bias.

How the matter was addressed in our audit

- challenging the reasonableness of growth rate of revenue, gross margin and the discount rates by comparing these with the financial budget which was approved by the management, historical performance of relevant CGUs and our knowledge of the business of Group;
- comparing the assumptions used in discounted cash flow forecasts prepared in the prior year with the current year's performance and making enquiries of management as to the reasons for any significant variations identified to identify if there were any indications of management bias;
- performing sensitivity analyses on discount rates applied and other key assumptions, to assess the impact of changes on the conclusion reached in management's impairment assessments and considering whether there were any indications of management bias; and
- evaluating the reasonableness of the disclosures in the consolidated financial statements in respect of the impairment recognition with reference to the requirements of the prevailing accounting standards.

INDEPENDENT AUDITOR'S REPORT

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

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

RESPONSIBILITIES OF 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 are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.



INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

INDEPENDENT AUDITOR'S REPORT

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

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

The engagement partner on the audit resulting in this independent auditor's report is Lam Kai Wa.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended
31 December 2024
(Expressed in Renminbi)

	Note	2024 RMB'000	2023 RMB'000
Revenue	3	107,783,807	129,706,167
Cost of sales		(105,345,899)	(125,342,102)
Gross profit		2,437,908	4,364,065
Selling and distribution costs	6	(5,416,689)	(5,032,314)
Administrative expenses	6	(5,833,509)	(5,656,662)
Net impairment losses on financial assets	34(a)	(1,032,182)	(455,902)
Interest income	4	312,678	289,366
Other net gains	5	6,097,914	1,649,469
Operating loss		(3,433,880)	(4,841,978)
Interest income	4	271,571	484,993
Finance costs	6(a)	(562,994)	(467,323)
Share of net profit of joint ventures and associates	17	2,998,268	8,349,006
(Loss)/profit before taxation	6	(727,035)	3,524,698
Income tax credit	7	232,988	215,463
(Loss)/profit for the year		(494,047)	3,740,161

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the year ended 31 December 2024 (Expressed in Renminbi)	
	Note	2024 RMB'000	2023 RMB'000
Attributable to:			
Equity shareholders of the Company		823,579	4,428,845
Non-controlling interests		(1,317,626)	(688,684)
(Loss)/profit for the year		(494,047)	3,740,161
		2024 RMB	2023 RMB
Earnings per share (expressed in RMB per share)	11		
Basic		0.08	0.42
Diluted		0.08	0.42

The notes on pages 203 to 354 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 33(c).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended
31 December 2024
(Expressed in Renminbi)

	Note	2024 RMB'000	2023 RMB'000
(Loss)/profit for the year		(494,047)	3,740,161
Other comprehensive income for the year	10		
Items that will not be reclassified to profit or loss:			
Equity investments at FVOCI – net movement in fair value reserves (non-recycling)		(263,241)	153,701
Share of other comprehensive income of joint ventures and associates accounted for using the equity method		(4,333)	2,762
Remeasurement of defined benefit plan obligations	29	(5,033)	(10,320)
Income tax relating to these items		138,530	(35,886)
		(134,077)	110,257
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		15,351	(3,247)
Changes in the fair value of debt instruments at fair value through other comprehensive income		44,961	20,210
Impairment loss on debt instruments at fair value through other comprehensive income		5,167	–
Share of other comprehensive income of joint ventures and associates accounted for using the equity method		283	(2,122)
Income tax relating to these items		(12,607)	(4,483)
		53,155	10,358

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	For the year ended 31 December 2024 (Expressed in Renminbi)	
		2024 RMB'000	2023 RMB'000
Other comprehensive income for the year		(80,922)	120,615
Total comprehensive income for the year		(574,969)	3,860,776
Attributable to:			
Equity shareholders of the Company		740,765	4,546,450
Non-controlling interests		(1,315,734)	(685,674)
Total comprehensive income for the year		(574,969)	3,860,776

The notes on pages 203 to 354 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Renminbi)

	Note	31 December 2024 RMB'000	31 December 2023 RMB'000
Non-current assets			
Property, plant and equipment	12	28,395,996	24,929,595
Investment properties	12	984,353	1,061,628
Right-of-use assets	13	9,430,513	8,513,148
Intangible assets	14	16,990,615	16,390,512
Time deposits	22	940,000	—
Goodwill	15	93,706	79,189
Investments in joint ventures and associates	17	30,122,264	37,159,868
Financial assets at fair value through other comprehensive income ("FVOCI")	18(a)	11,716,266	5,094,366
Financial assets at fair value through profit or loss ("FVPL")	18(b)	1,972,042	2,363,512
Prepayments and other long-term receivables	21	15,003,461	17,380,185
Deferred tax assets	31(b)	5,777,101	4,366,130
		121,426,317	117,338,133
Current assets			
Financial assets at fair value through other comprehensive income	18(a)	14,238,125	5,634,369
Financial assets at fair value through profit or loss	18(b)	2,558,787	2,790,794
Inventories	19	15,688,476	16,720,313
Trade receivables and other current assets	20	28,002,526	26,778,700
Contract assets		18,790	—
Time deposits	22	9,939,925	6,825,347
Restricted cash	23	4,157,330	2,838,783
Cash and cash equivalents	24	36,482,090	39,522,331
		111,086,049	101,110,637

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Renminbi)			
	Note	31 December 2024 RMB'000	31 December 2023 RMB'000
Current liabilities			
Trade and other payables	25	63,226,725	55,742,477
Contract liabilities	26	2,573,115	2,520,615
Current taxation	31(a)	415,478	203,862
Loans and borrowings	27	23,321,740	17,731,673
Lease liabilities	28	456,396	449,688
Provisions	32	784,606	545,905
		90,778,060	77,194,220
Net current assets		20,307,989	23,916,417
Total assets less current liabilities		141,734,306	141,254,550
Non-current liabilities			
Trade and other payables	25	4,193,388	3,535,613
Loans and borrowings	27	11,968,855	10,384,250
Lease liabilities	28	1,727,522	1,484,772
Deferred tax liabilities	31(b)	579,744	240,007
Provisions	32	1,326,752	1,030,490
Contract liabilities	26	107,438	125,606
		19,903,699	16,800,738
NET ASSETS		121,830,607	124,453,812

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Renminbi)			
	Note	31 December 2024 RMB'000	31 December 2023 RMB'000
CAPITAL AND RESERVES			
Share capital	33(d)	10,341,518	10,490,234
Reserves	33(a)	46,647,855	47,317,286
Retained earnings	33	57,418,733	57,966,657
Total equity attributable to equity shareholders of the Company		114,408,106	115,774,177
Non-controlling interests		7,422,501	8,679,635
TOTAL EQUITY		121,830,607	124,453,812

Approved and authorised for issue by the board of directors on 28 March 2025.

Feng Xingya
Chairman

Chen Xiaomu
Director

The notes on pages 203 to 354 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

(Expressed in Renminbi)

Attributable to equity shareholders of the Company						
Note	Share capital RMB'000 (note33(d))	Reserves RMB'000 (note33(a))	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2023	10,487,164	46,750,366	56,066,781	113,304,311	9,027,144	122,331,455
Changes in equity for 2023:						
Profit/(loss) for the year	–	–	4,428,845	4,428,845	(688,684)	3,740,161
Other comprehensive income	10	117,605	–	117,605	3,010	120,615
Total comprehensive income	–	117,605	4,428,845	4,546,450	(685,674)	3,860,776
Appropriation to general risk reserve	33	118,332	(118,332)	–	–	–
Dividend declared by the Company and subsidiaries	33 (c)	–	(2,410,637)	(2,410,637)	(62,515)	(2,473,152)
Contributions from non-controlling shareholders of subsidiaries		–	–	–	382,990	382,990
Employee share-based awards scheme	30					
– Value of employee services	30(c)	60,553	–	60,553	1,767	62,320
– Proceeds from shares issued	30	87,552	–	97,950	–	97,950
– Vesting of restricted shares	30	129,044	–	129,044	–	129,044
– Repurchase and cancellation of restricted shares	30	7,328	–	–	–	–
Others		46,506	–	46,506	15,923	62,429
	3,070	449,315	(2,528,969)	(2,076,584)	338,165	(1,738,419)
Balance at 31 December 2023 and 1 January 2024	10,490,234	47,317,286	57,966,657	115,774,177	8,679,635	124,453,812

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company				Non-	
	Note	Share capital	Reserves	Retained earnings	Total	controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(note33(d))	(note33(a))				
Changes in equity for 2024:							
Profit/(loss) for the year		-	-	823,579	823,579	(1,317,626)	(494,047)
Other comprehensive income	10	-	(82,814)	-	(82,814)	1,892	(80,922)
Total comprehensive income		-	(82,814)	823,579	740,765	(1,315,734)	(574,969)
Appropriation to general risk reserve	33	-	24,112	(24,112)	-	-	-
Dividend declared by the Company and subsidiaries	33 (c)	-	-	(1,355,760)	(1,355,760)	(116,628)	(1,472,388)
Contributions from non-controlling shareholders of subsidiaries		-	-	-	-	128,502	128,502
Repurchase of shares	33(d)	(166,848)	(654,377)	-	(821,225)	-	(821,225)
Employee share-based awards scheme	30						
- Value of employee services	30(c)	-	(16,842)	-	(16,842)	-	(16,842)
- Proceeds from shares issued	30	21,462	175,775	-	197,237	-	197,237
- Repurchase and cancellation of restricted shares	30	(3,330)	3,330	-	-	-	-
Share of changes in investment in associates		-	(119,904)	-	(119,904)	-	(119,904)
Others		-	1,289	8,369	9,658	46,726	56,384
Balance at 31 December 2024		10,341,518	46,647,855	57,418,733	114,408,106	7,422,501	121,830,607

The notes on pages 203 to 354 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended
31 December 2024
(Expressed in Renminbi)

	Note	2024 RMB'000	2023 RMB'000
Operating activities			
Cash generated from operations	24(b)	9,314,578	5,403,386
Interest received		584,184	650,830
Interest paid		(1,096,754)	(1,091,806)
Income tax paid		(502,779)	(358,176)
Net cash generated from operating activities		8,299,229	4,604,234
Investing activities			
Purchases of property, plant and equipment, land use rights and intangible assets		(10,859,240)	(11,576,552)
Proceeds from sales of property, plant and equipment and intangible assets		159,660	139,119
Acquisition of subsidiaries, net of cash acquired		22,168	824,723
Investment in joint ventures and associates		(1,824,444)	(2,165,126)
Disposals or capital reduction of joint ventures and associates		877,932	85,171
Acquisition of investment in financial assets at fair value through profit or loss, other comprehensive income and at amortised cost		(43,685,659)	(20,858,477)
Proceeds from disposal of investment in financial assets at fair value through profit or loss, other comprehensive income and at amortised cost and investment income		30,187,598	19,085,113
Granting of entrusted loans		—	(2,028,441)
Proceeds from repayment of entrusted loans		42,629	248,596
Receipt of government grants related to assets		1,117,599	305,810
Dividends received		11,810,795	15,813,082
Increase in time deposits		(4,051,578)	(5,205,614)
Net cash used in investing activities		(16,202,540)	(5,332,596)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2024 (Expressed in Renminbi)			
	Note	2024 RMB'000	2023 RMB'000
Financing activities			
Proceeds from issuance of ordinary shares under employee share option scheme		197,237	97,950
Repurchase of restricted shares under employee incentive scheme		(127,209)	(34,179)
Repurchase of ordinary shares	33(d)(ii)	(821,225)	–
Contribution from non-controlling shareholders of subsidiaries		128,502	382,990
Dividend paid to shareholders of the Company	33(c)(i)/(ii)	(1,355,760)	(2,410,636)
Dividend paid to non-controlling interests in subsidiaries		(103,114)	(55,889)
Proceeds from loans and borrowings	24(c)	43,950,488	35,133,649
Repayments of loans and borrowings	24(c)	(36,287,098)	(26,576,466)
(Decrease)/increase in assets sold under agreements to repurchase – net	24(c)	(145,691)	64,148
Principal element of lease payments	24(c)	(617,923)	(577,043)
Net cash generated from financing activities		4,818,207	6,024,524
Net (decrease)/increase in cash and cash equivalents		(3,085,104)	5,296,162
Cash and cash equivalents at 1 January		39,522,331	34,222,113
Effect of foreign exchange rate changes		44,863	4,056
Cash and cash equivalents at 31 December	24(a)	36,482,090	39,522,331

The notes on pages 203 to 354 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) 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 accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the financial assets are stated at their fair value as explained in the note 1(g).

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.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements (Continued)

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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

(c) Changes in accounting policies

(i) New and amended HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* (“2020 amendments”) and amendments to HKAS 1, *Presentation of financial statements – Non-current liabilities with covenants* (“2022 amendments”)
- Amendments to HKFRS 16, *Leases – Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(o) or (r) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(l)), unless it is classified as held for sale (or included in a disposal Group classified as held for sale).

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(e) Associates and joint ventures

An associate is an entity in which the Group or the company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group or the company has joint control, whereby the Group or the company has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in an associate or a joint venture is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal Group classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture, after applying the ECL model to such other long-term interests where applicable (see note 1(l)(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in an associate or a joint venture is stated at cost less impairment losses (see note 1(l)), unless it is classified as held for sale (or included in a disposal Group classified as held for sale).

(f) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see note 1(l)(iii)).

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(g) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at financial assets at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 34(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) *Non-equity investments*

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

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 1(v)(ii)(c)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- 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. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL 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.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(g) Other investments in securities (Continued)

(ii) *Equity investments*

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see note 1(v)(ii)(b)).

(h) Investment property

Investment properties are stated at cost less accumulated depreciation and impairment losses (see note 1(l)(iii)). Depreciation is calculated to write off the costs of investment properties, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Buildings	20 – 50 years
-----------	---------------

Both the useful life of an asset and its residual value, if any, are reviewed annually.

Any gain or loss on disposal of investment property is recognised in profit or loss. Rental income from investment properties is recognised in accordance with note 1(v)(ii)(a).

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(i) Property, plant and equipment

Property, plant and equipment and right-of-use assets are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses (see note 1(l)(iii)):

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads. No depreciation is provided against construction in progress.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values, if any, using the straight line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

– Buildings situated on leasehold land are depreciated over their estimated useful life, being no more than 50 years after the date of completion.	
– Machinery	5 – 15 years
– Vehicles	4 – 12 years
– Moulds	3 – 5 years
– Office and other equipment	3 – 20 years
– Leasehold improvements	2 – 20 years
– Right-of-use assets	Over the lease term

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(j) Intangible assets (other than goodwill)

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 1(l)(iii)).

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

- Capitalised development costs is amortised over the period of expected future sales from the related project for 3 to 6 years
- Patent, proprietary technology and trademarks 5 to 10 years
- Computer software and others 2 to 10 years

Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(k) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) *As a lessee*

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(i) and 1(l)(iii)).

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(k) Leased assets (Continued)

(i) *As a lessee (Continued)*

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see notes 1(g)(i), 1(v)(ii)(c) and 1(l)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(k) Leased assets (Continued)

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 1(v)(ii)(a).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 1(k)(i), then the Group classifies the sub-lease as an operating lease.

(l) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for expected credit losses ("ECL"s) on:

- financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables (excluding prepayment and value-added tax recoverable));
- non-equity securities measured at FVOCI (recycling) (see note 1(g)(i));
- lease receivables; and

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(I) Credit losses and impairment of assets (Continued)

(i) *Credit losses from financial instruments, contract assets and lease receivables (Continued)*

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;
- lease receivables: discount rate used in the measurement of the lease receivable;
- loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

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

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(I) Credit losses and impairment of assets (Continued)

(i) *Credit losses from financial instruments, contract assets and lease receivables (Continued)*

Measurement of ECLs (Continued)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(I) Credit losses and impairment of assets (Continued)

(i) *Credit losses from financial instruments, contract assets and lease receivables (Continued)*

Significant increases in credit risk (Continued)

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);

The Group considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position (see note 1g(i)).

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(I) Credit losses and impairment of assets (Continued)

(i) *Credit losses from financial instruments, contract assets and lease receivables (Continued)*

Credit-impaired financial assets

At each reporting date, 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.

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

- significant financial difficulties of the debtor;
- a breach of contract;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; 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, lease receivable is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the asset becomes 365 days past due or when the Group otherwise 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.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(I) Credit losses and impairment of assets (Continued)

(ii) *Credit losses from financial guarantees issued*

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised at fair value, which is determined by reference to fees charged in an arm’s length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

The Group monitors the risk that the specified debtor will default on the contract and remeasures the above liability at a higher amount when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees.

A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 1(I)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(I) Credit losses and impairment of assets (Continued)

(iii) *Impairment of other non-current assets*

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories and other contract costs, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are Grouped together into the smallest Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or Groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(l) Credit losses and impairment of assets (Continued)

(iv) *Interim financial reporting and impairment*

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(l)(i) and (ii)).

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.

(m) Inventories and other contract costs

(i) *Inventories*

Inventories are measured at the lower of cost and net realisable value as follows:

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) *Other contract costs*

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 1(m)(i)), property, plant and equipment (see note 1(i)) or intangible assets (see note 1(j)).

Incremental costs of obtaining a contract, e.g. sales commissions, are capitalised if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(m) Inventories and other contract costs (Continued)

(ii) Other contract costs (Continued)

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Otherwise, costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Amortisation of capitalised contract costs is recognised in profit or loss when the revenue to which the asset relates is recognised (see note 1(v)(i)).

(n) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 1(v)(i)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see note 1(l)(i)) and are reclassified to receivables when the right to the consideration becomes unconditional (see note 1(o)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 1(v)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see note 1(o)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 1(v)(i)).

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(o) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see note 1(l)(i)).

Insurance reimbursement is recognised and measured in accordance with note 1(u).

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions that are held for meeting short-term cash commitments, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see note 1(l)(i)).

(q) Trade and other payables (other than refund liabilities)

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(r) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 1(y).

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(s) Employee benefits

(i) *Short term employee benefits and contributions to defined contribution retirement plans*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are recognised as part of the cost of assets or expensed as the related service is provided.

(ii) *Defined benefit plan obligations*

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary under the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occur.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(s) Employee benefits (Continued)

(iii) *Share-based payments*

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the binomial lattice model. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(iv) *Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(t) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(t) Income tax (Continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(u) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see note 1(l)(iii)).

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 events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(v) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(v) Revenue and other income (Continued)

(i) *Revenue from contracts with customers*

The Group is the principal for its revenue transactions and recognises revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

(a) **Sale of vehicles and related products**

Sales of the Group's vehicles and related products are recognised as follows:

Revenue is recognised when the customer takes possession of and accepts the products. Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

The Group offers warranties for its products from the date of sale. A related provision is recognised in accordance with note 1(u). It also offers retrospective volume rebates to certain major customers of vehicles products when their purchases reach an agreed threshold. Such volume rebates give rise to variable consideration. The Group uses an expected value approach to estimate variable consideration based on the Group's current and future performance expectations and all information that is reasonably available. This estimated amount is included in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. At the time of sale of vehicles products, the Group recognises revenue after taking into account adjustment to transaction price arising from rebates as mentioned above.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(v) Revenue and other income (Continued)

(i) Revenue from contracts with customers (Continued)

(a) Sale of vehicles and related products (Continued)

If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis except when a variable consideration is allocated to a specific performance obligation in the contract. Generally, the Group establishes standalone selling prices with reference to the observable prices of products or services sold separately in comparable circumstances to similar customers.

(b) Rendering service

Revenue from provision of services, primarily comprising transportation services, repair and maintenance services and optional warranty, etc., is recognised in the accounting period in which the services are rendered as the customers simultaneously receive and consume the benefits provided by the Group's performance when the Group performs.

(ii) Revenue from other sources and other income

(a) Rental income from operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(b) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(v) Revenue and other income (Continued)

(ii) Revenue from other sources and other income (Continued)

(c) Interest income

Interest income is recognised using the effective interest method. The ‘effective interest rate’ is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(d) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group 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 asset by way of reduced depreciation expense.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(w) Insurance services

The Group underwrites property and casualty insurance contracts, mainly automobile insurance contracts with a coverage period of one year, through a general insurer subsidiary. Premium allocation approach has been applied to all these contracts.

Insurance revenue for the insurance contracts are generally recognised by allocating the total expected premiums over the coverage period on a straight-line basis and presented within “revenue” in the consolidated statement of profit or loss. Insurance service expenses, which are presented within “cost of sales” in the consolidated statement of profit or loss, are composed of (i) incurred claims and other non-acquisition costs directly related to fulfilling insurance contracts; (ii) insurance acquisition cash flows; and (iii) losses and reversal of losses on onerous contracts, if any.

Insurance acquisition cash flows are costs directly attributable to selling or underwriting a portfolio of insurance contracts which will be deferred and recognised over the coverage period of contracts.

Insurance contract liabilities, which are presented within “trade and other payables – non-current” and “trade and other payables – current” in the consolidated statement of financial position, are comprised of the liabilities for remaining coverage that relate to future services and the liabilities for incurred claims that relate to past services. The Group adjusts the estimates of future cash flows to reflect the time value of money and the financial risks related to those cash flows, to the extent that the financial risks are not included in the estimates of cash flows. No discounting has been applied to the measurement of the insurance contract liabilities for those contracts do not contain a significant financing component and the claims are expected to be paid in one year or less from the date they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(x) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(y) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(z) Asset acquisition

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the Group's policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

(aa) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.

NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(aa) Related parties (Continued)

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (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) Both entities 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.
 - (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 member of a Group of which it is a part, provides key management personnel services to the Group or to the Group'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.



NOTES TO THE FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES (Continued)

(bb) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management 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.

2 ACCOUNTING JUDGEMENTS AND ESTIMATES

Notes 15, 17, 21, 29, 30 and 34(e) contain information about the assumptions and their risk factors relating to assets impairment, long service payment liabilities, fair value of share options and restricted share granted and financial instruments. Other significant sources of estimation uncertainty are as follows:

(a) Determining the lease term

As explained in policy note 1(k), the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

NOTES TO THE FINANCIAL STATEMENTS

2 ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

(b) Warranty provisions

As explained in note 32, the Group makes provisions under the warranties it gives on sale of its products taking into account the Group's recent claim experience. As the Group is continually upgrading its product designs and launching new models it is possible that the recent claim experience is not indicative of future claims that it will receive in respect of past sales. Any increase or decrease in the provision would affect profit or loss in future years.

(c) Impairment of property, plant and equipment, intangible assets and right-of-use assets

Internal and external sources of information are reviewed at the end of each reporting period to assess whether there is any indication that property, plant and equipment, intangible assets and right-of-use assets may be impaired. If any such indication exists, the recoverable amount of the property, plant and equipment, intangible assets and right-of-use assets is estimated. Changes in facts and circumstances may result in revisions to the conclusion of whether an indication of impairment exists and revised estimates of recoverable amounts, which would affect profit or loss in future periods.

(d) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of businesses, less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products with similar nature. It could change significantly as a result of changes in customer preferences and competitor actions in response to severe industry cycles. Management reassesses these estimates at the end of each reporting period.

(e) Recognition of deferred tax assets

Deferred tax assets are recognised in respect of deductible temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the manufacturing and sale of vehicles and related products, rendering repair and maintenance service, transportation service and other services. Further details regarding the Group's principal activities are disclosed in note 3(b).

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines and from other sources is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Sales of vehicles and related products	95,569,307	118,607,920
– Maintenance, transportation and other services	5,864,451	5,535,507
	101,433,758	124,143,427
Revenue from other sources (note)	6,350,049	5,562,740
	107,783,807	129,706,167

Note: Revenue from other sources includes insurance services, financing services and lease income.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 3(b)(ii) and 3(b)(iii) respectively.

No revenue from individual customer contributing over 10% of total revenue of the Group for the years ended 31 December 2024 (for the years ended 31 December 2023: Nil).

NOTES TO THE FINANCIAL STATEMENTS

3 REVENUE AND SEGMENT REPORTING (Continued)

(a) Revenue (Continued)

(ii) *Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.*

As at 31 December 2024, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB2,680,553,000 (2023: RMB2,646,221,000). This amount represents revenue expected to be recognised in the future from the multiple performance obligations identified in the vehicle sales contract and the sales of packages, which is recorded as deferred revenue and advance from customers. The Group will recognise the expected revenue in future when or as the work is completed, of which RMB2,573,115,000 (2023: RMB2,520,615,000) is expected to occur within 12 months, and RMB107,438,000 (2023: RMB125,606,000) is expected to occur over 12 months.

The Group has also applied the practical expedient in paragraph 121(a) of HKFRS 15 to its sales contracts for products such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of electronic products that had an original expected duration of one year or less.

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments.

- Vehicles and related operations segment: production and sale of a variety of passenger vehicles, commercial vehicles, automotive parts and related operations.
- Others: mainly production and sale of motorcycles, automobile finance and insurance, other financing services and investing business.

NOTES TO THE FINANCIAL STATEMENTS

3 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(i) *Segment results, assets and liabilities*

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interests in joint venture and associates, investments in financial assets, deferred tax assets and other corporate assets. Segment liabilities include provision for product warranties, trade creditors, accruals, bills payable and lease liabilities attributable to the manufacturing and sales activities of the individual segments and bank borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortization of assets attributable to those segments. Segment profit includes the Group's share of profit arising from the activities of the Group's joint venture and associates. However, other than reporting inter-segment sales of vehicles and related products, assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

NOTES TO THE FINANCIAL STATEMENTS

3 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(i) Segment results, assets and liabilities (Continued)

Disaggregation of revenue from contracts with customers by the information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2024 and 2023 is set out below.

	Vehicles and related operations		Others		Unallocated		Eliminations		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue										
Revenue from external customers	102,713,296	126,512,493	5,070,511	3,193,674	-	-	-	-	107,783,807	129,706,167
Inter-segment revenue	346,300	313,302	341,935	426,638	-	-	(688,235)	(739,940)	-	-
Reportable segment revenue	103,059,596	126,825,795	5,412,446	3,620,312	-	-	(688,235)	(739,940)	107,783,807	129,706,167
Segment results	(7,351,616)	(4,805,647)	4,211,056	295,903	-	-	(34,643)	(150,907)	(3,175,203)	(4,660,651)
Unallocated income – Interest income of headquarters	-	-	-	-	194,565	141,544	-	-	194,565	141,544
Unallocated costs – Expenditure of headquarters	-	-	-	-	(453,242)	(322,871)	-	-	(453,242)	(322,871)
Operating loss									(3,433,880)	(4,841,978)
Interest income	241,095	426,382	10,188	21,431	20,288	37,180	-	-	271,571	484,993
Finance costs	(498,351)	(430,026)	(6,902)	(7,887)	(57,741)	(29,410)	-	-	(562,994)	(467,323)
Share of net profit of joint ventures and associates	2,822,764	7,791,887	175,504	557,119	-	-	-	-	2,998,268	8,349,006
(Loss)/profit before taxation									(727,035)	3,524,698
Income tax credit/(expense)	771,728	253,153	(365,823)	(34,259)	(172,917)	(3,431)	-	-	232,988	215,463
(Loss)/profit for the year									(494,047)	3,740,161

NOTES TO THE FINANCIAL STATEMENTS

3 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(i) Segment results, assets and liabilities (Continued)

	Vehicles and related operations		Others		Unallocated		Eliminations		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other segment information										
Depreciation and amortisation	8,533,438	7,102,119	96,822	52,519	184,381	139,721	-	-	8,814,641	7,294,359
Net impairment losses on financial assets	944,844	341,270	87,338	114,632	-	-	-	-	1,032,182	455,902
Impairment charges of an associate	163,965	-	-	-	-	-	-	-	163,965	-
Impairment charges of inventories	410,252	290,868	-	-	-	-	-	-	410,252	290,868
Impairment charges of property, plant and equipment	78,954	140,430	-	-	-	-	-	-	78,954	140,430
Impairment charges of goodwill	-	-	-	-	-	72,239	-	-	-	72,239
Impairment charges of intangible assets	1,224,780	855,046	-	-	-	-	-	-	1,224,780	855,046
Reportable segment assets	172,920,414	169,042,390	66,163,946	62,455,935	61,138,903	51,347,026	(67,710,897)	(64,396,581)	232,512,366	218,448,770
Total assets include:										
Investments in joint ventures and associates	22,862,495	30,424,304	7,259,769	6,735,564	-	-	-	-	30,122,264	37,159,868
Additions to non-current assets (other than investments in joint ventures and associates, deferred tax assets, FVPL, FVOCI and other long-term receivables)	15,176,049	18,384,468	624,715	100,257	232,995	-	-	-	16,033,759	18,484,725
Reportable segment liabilities	111,639,585	98,928,387	50,367,893	48,469,682	8,561,910	7,641,112	(59,887,629)	(61,044,223)	110,681,759	93,994,958

NOTES TO THE FINANCIAL STATEMENTS

3 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(ii) *Disaggregation of revenue from contracts with customers and other sources by the timing of revenue recognition*

	Consolidated	
	2024	2023
	RMB'000	RMB'000
Disaggregated by timing of revenue recognition		
Point in time	95,569,307	118,607,920
Over time	12,214,500	11,098,247
	107,783,807	129,706,167

(iii) *Geographic information*

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment property, property, plant and equipment, intangible assets, right-of-use assets, goodwill and prepayments for non-current assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and the location of operations, in the case of interests in associates and joint venture.

NOTES TO THE FINANCIAL STATEMENTS

3 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(iii) Geographic information (Continued)

	Revenues from external customers		Specified non-current assets	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Chinese Mainland	96,043,359	124,184,844	57,858,282	52,187,651
Overseas	11,740,448	5,521,323	423,201	415,508
	107,783,807	129,706,167	58,281,483	52,603,159

The analysis above includes property rental income from external customers in Chinese Mainland of RMB1,657,530,000 (2023: RMB1,599,638,000).

NOTES TO THE FINANCIAL STATEMENTS

4 INTEREST INCOME

	2024 RMB'000	2023 RMB'000
Interest income from time deposits	297,218	288,137
Interest income from entrusted loans	15,460	1,229
Interest income from cash and cash equivalents and restricted cash	271,571	484,993
	584,249	774,359

5 OTHER NET GAINS

	2024 RMB'000	2023 RMB'000
Gains on disposal of investments in joint ventures and associates (note (i))	3,862,860	1,517
Government grants	2,351,448	1,358,072
Net investment income related to investment in financial assets	442,251	263,479
Gains on disposal of non-current assets	112,253	49,480
Impairment loss on goodwill in a subsidiary (note 15)	–	(72,239)
Impairment losses on interest in an associate (note 17)	(163,965)	–
Foreign exchange (loss)/gain	(172,430)	1,063
Net fair value changes on financial assets at FVPL (note 18(d))	(405,452)	(41,131)
Others	70,949	89,228
	6,097,914	1,649,469

NOTES TO THE FINANCIAL STATEMENTS

5 OTHER NET GAINS (Continued)

Note:

- (i) Gains on disposal of investments in joint ventures and associates in 2024 mainly represents the gains from the below two transactions:

- (a) On 19 January 2024, the Group's wholly-owned subsidiary, China Lounge Investments Limited ("China Lounge"), and the Group's immediate parent, Guangzhou Automobile Industry Group Co., Ltd. ("GAIG"), entered into a mutual agreement. Pursuant to the agreement, China Lounge disposed of 8,797,226 shares it held in Chenqi Technology Limited ("Chenqi"), an associate of the Group, to GAIG. The difference of RMB267,876,000 between (1) the book value of the investment being disposed of, which is nil, and (2) the consideration of RMB267,876,000, which was determined based on a valuation report, was recognised as disposal gain in profit or loss by the Group.

Upon the completion of the disposal, Chenqi ceased to be an associate of the Group. The remaining shares held by the Group in Chenqi were subsequently recognised as a financial asset measured at FVOCI. A gain of RMB837,016,000 was recognised in profit or loss, which was calculated as the difference between the fair value and the carrying amount of the retained shares in Chenqi at the date on which significant influence was lost.

- (b) On 30 December 2024, the Company, the Group's wholly-owned subsidiary, GAC Capital Co., Ltd. ("GAC Capital"), and GAIG, entered into a share transfer agreement. Pursuant to the agreement, the Company and GAC Capital disposed of 18.82% in aggregate, equity interest held in Guangzhou Juwan Technology Research Co., Ltd. ("Juwan"), an associate of the Group, to GAIG. The difference of RMB1,330,668,000 between (1) the book value of the investment being disposed of, which is nil, and (2) the consideration of RMB1,330,668,000, which was determined based on a valuation report, was recognised as disposal gain in profit or loss by the Group.

Upon completion of the disposal, Juwan ceased to be an associate of the Group. The remaining interest held by the Group in Juwan were subsequently recognised as a financial asset measured at FVOCI. A gain of RMB1,102,998,000 was recognised in profit or loss, which was calculated as the difference between the fair value and the carrying amount of the retained interest in Juwan at the date on which significant influence was lost.

NOTES TO THE FINANCIAL STATEMENTS

6 (LOSS)/PROFIT BEFORE TAXATION

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

	2024 RMB'000	2023 RMB'000
(a) Finance costs		
Interest expense on loans and borrowings (note 24 (c))	519,882	431,764
Interest expense on lease liabilities (note 13)	88,154	99,840
Less: interest capitalised in qualifying assets*	(45,042)	(64,281)
	562,994	467,323

* The borrowing costs have been capitalised at a rate of 2.15% – 4.30% per annum (2023: 2.45% – 5.19%).

	2024 RMB'000	2023 RMB'000
(b) Staff costs		
Salaries, wages and other benefits	12,081,373	12,063,818
Contributions to defined contribution retirement plans	1,276,274	1,579,633
Expenses recognised in defined benefit plans (note 29)	2,716	18,040
Equity-settled share-based payment expenses (note 30(c))	(16,842)	62,320
	13,343,521	13,723,811

Pursuant to the relevant labour rules and regulations in the PRC, the PRC subsidiaries participate in defined contribution retirement schemes organised by the local government authorities, to which the PRC subsidiaries are required to make contributions based on certain percentages of the eligible employees' salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees. There is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

The Group also operates defined benefit plan, particulars are set out in note 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

6 (LOSS)/PROFIT BEFORE TAXATION (Continued)

	2024 RMB'000	2023 RMB'000
(c) Other items		
Amortisation of intangible assets (note 14)	4,531,376	3,854,524
Depreciation charge		
– investment property and other property, plant and equipment (note 12)	3,471,377	2,769,771
– right-of-use assets (note 13)	811,888	670,065
Impairment losses on non-financial assets		
– property, plant and equipment and investment property (note 12)	78,954	140,430
– intangible assets (note 14)	1,224,780	855,046
– right-of-use assets (note 13)	114	660
– goodwill (note 15)	–	72,239
Impairment losses on the investment in an associate (note 17))	163,965	–
Write-down of inventories (note 19)	410,252	290,868
Foreign exchange loss/(gain) (note 5)	172,430	(1,063)
Auditors' remuneration		
– audit services	18,009	21,081
– other services	7,233	8,362
Warranty expenses* (note 32)	1,835,106	1,163,377
Cost of inventories# (note 19)	98,792,001	117,800,847

Cost of inventories includes staff costs, depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

* For the year ended 31 December 2024, warranty expenses were included in cost of sales in profit or loss. Comparative figure that was previously recorded as selling and distribution costs for the year ended 31 December 2023 has also been adjusted to conform to current year's presentation.

NOTES TO THE FINANCIAL STATEMENTS

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2024 RMB'000	2023 RMB'000
Current income tax (note 31(a))		
Provision for the year		
– PRC income tax	656,583	403,174
– Other jurisdiction	91,082	33,237
Over-provision in respect of prior year	(33,270)	(36,166)
	714,395	400,245
Deferred tax (note 31(b))		
Reversal of accumulated tax loss and temporary differences	(947,383)	(615,708)
	(232,988)	(215,463)

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

NOTES TO THE FINANCIAL STATEMENTS

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

(b) Reconciliation between tax expense/(credit) and accounting (loss)/profit at applicable tax rates

	2024 RMB'000	2023 RMB'000
(Loss)/profit before taxation	(727,035)	3,524,698
Notional tax on profit before income tax, calculated at the rates applicable to profits in the tax jurisdictions concerned (note (i)&(ii))	354,441	1,188,122
Share of profit or loss of joint ventures and associates	(929,001)	(1,969,213)
Net change in fair value on financial assets at fair value through profit or loss	(3,220)	895
Expenses not deductible for corporate income tax	55,051	37,021
Utilisation of previously unrecognised tax losses	(63,737)	(70,072)
Unused tax losses and deductible temporary differences for which no deferred tax asset was recognised	683,334	843,675
Super deduction of research and development ("R&D") expenses (note (iii))	(296,586)	(209,725)
Over-provision in respect of prior year	(33,270)	(36,166)
Actual tax credit	(232,988)	(215,463)

NOTES TO THE FINANCIAL STATEMENTS

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

Note:

- (i) The majority of the Group's operations are based in the PRC, and taxable income for the Company and its subsidiaries in the PRC are subject to PRC corporate income tax rate of 25% for the year ended 31 December 2024, unless otherwise specified below.

Certain subsidiaries meet the criteria required for preferential income tax rate granted to the Certified High and New Technology Enterprises ("HNTE") in the PRC, and are entitled to a preferential income tax rate of 15%.

Certain subsidiaries meet the criteria required for preferential income tax rate granted to the encouraged industry that operates in western region in the PRC, and are entitled to a preferential income tax rate of 15% from 2021 to 2030.

- (ii) Under the current Hong Kong Inland Revenue Ordinance, the Hong Kong subsidiaries of the Group are subject to Hong Kong profit tax rate at 16.5% on their taxable income generated from operations in Hong Kong.
- (iii) According to relevant policies promulgated by the State Tax Bureau of the PRC, enterprises engaged in R&D activities are entitled to claim an additional tax deduction amounting to 100% of qualified R&D expenses incurred in determining its tax assessable profits for that year ("Super Deduction"). The additional deduction of 100% of qualified R&D expenses can only be claimed directly in the annual corporate income tax filing and subject to the approval from the relevant tax authorities.

NOTES TO THE FINANCIAL STATEMENTS

8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' and supervisors' emoluments disclosed pursuant to 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:

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-Total RMB'000	Share-based payments expense reversed (note (i)) RMB'000	2024 Total RMB'000
Chairman, Executive director							
Zeng Qinghong (retired in February 2025) (note (ii))	-	344	694	152	1,190	-	1,190
Executive director							
Feng Xingya (note (ii))	-	1,070	567	347	1,984	(43)	1,941
Non-executive directors							
Chen Xiaomu	-	317	624	144	1,085	(37)	1,048
Deng Lei	-	1,005	472	236	1,713	-	1,713
Ding Hongxiang	-	-	-	-	-	-	-
Guan Dayuan	-	-	-	-	-	-	-
Wong Yiwei	-	-	-	-	-	-	-
Independent non-executive directors							
Zhao Fuquan	-	150	-	-	150	-	150
Xiao Shengfang	-	150	-	-	150	-	150
Wong Hakkun	-	150	-	-	150	-	150
Song Tiebo	-	150	-	-	150	-	150
Supervisors							
Cao Xiandong	-	-	-	-	-	-	-
Huang Cheng	-	-	-	-	-	-	-
Huang Zhuo	-	718	84	166	968	-	968
Wang Yuan	-	736	92	144	972	-	972
Zhu Chun (appointed in February 2024)	-	703	81	149	933	-	933
	-	5,493	2,614	1,338	9,445	(80)	9,365

NOTES TO THE FINANCIAL STATEMENTS

8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments expense reversed (note (i))	2023 Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman, Executive director							
Zeng Qinghong	–	635	481	218	1,334	–	1,334
Executive director							
Feng Xingya	–	1,069	1,427	318	2,814	52	2,866
Non-executive directors							
Chen Xiaomu	–	626	433	163	1,222	–	1,222
Deng Lei (appointed in September 2023)	–	351	329	62	742	146	888
Ding Hongxiang	–	–	–	–	–	–	–
Guan Dayuan	–	–	–	–	–	–	–
Wong Yiwei	–	–	–	–	–	–	–
Chen Maoshan (retired in September 2023)	–	509	471	155	1,135	46	1,181
Liu Zhijun (retired in September 2023)	–	–	–	–	–	–	–
Independent non-executive directors							
Zhao Fuquan	–	150	–	–	150	–	150
Xiao Shengfang	–	150	–	–	150	–	150
Wong Hakkun	–	150	–	–	150	–	150
Song Tiebo	–	150	–	–	150	–	150
Supervisors							
Cao Xiandong	–	–	–	–	–	–	–
Huang Cheng	–	–	–	–	–	–	–
Huang Zhuo	–	658	84	125	867	–	867
Wang Yuan	–	689	90	103	882	–	882
Chen Tian (resigned in September 2023)	–	–	–	–	–	–	–
Shi Lei (resigned in February 2023)	–	69	7	12	88	–	88
Wang Lu (resigned in February 2024)	–	458	57	92	607	–	607
	–	5,664	3,379	1,248	10,291	244	10,535

NOTES TO THE FINANCIAL STATEMENTS

8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

Note:

- (i) These represent the expense recognised/(reversed) for the share options and restricted shares granted to the directors under the Company's share incentive schemes. The value of these share options and restricted shares is measured according to the Group's accounting policies for share-based payment transactions as set out in note 1(s)(iii) 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 note 30.

- (ii) Mr. Zeng Qinghong ceased to serve as an executive director and the Chairman of the Board on 3 February 2025. Mr. Feng Xingya, an executive director, was appointed as the new Chairman of the Board on 3 February 2025.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2023: one) is director whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other four (2023: four) individuals are as follows:

	2024 RMB'000	2023 RMB'000
Basic salaries, housing fund and other allowances	4,048	4,051
Employer's contributions to a retirement benefit scheme	1,151	1,094
Discretionary bonuses	2,577	4,589
	7,776	9,734

The emoluments of the four (2023: four) individuals with the highest emoluments are within the following bands:

	2024 Number of individuals	2023 Number of individuals
HKD2,000,001 – 2,500,000	4	–
HKD2,500,001 – 3,000,000	–	4
HKD3,000,001 – 3,500,000	–	–
HKD3,500,001 – 4,000,000	–	–

NOTES TO THE FINANCIAL STATEMENTS

10 OTHER COMPREHENSIVE INCOME, NET OF TAX

	2024 RMB'000	2023 RMB'000
Change in fair value of FVOCI (note 18(d))	(218,280)	173,911
Impairment loss on debt instruments at FVOCI (note 18(d))	5,167	—
Exchange difference on translation of foreign operations	15,351	(3,247)
Share of other comprehensive income of joint ventures and associates accounted for using the equity method (note 17)	(4,050)	640
Remeasurement of defined benefit plan obligations (note 29)	(5,033)	(10,320)
Income tax relating to these items (note 31)	125,923	(40,369)
Other comprehensive income	(80,922)	120,615

11 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB823,579,000 (2023: RMB4,428,845,000) and the weighted average of 10,392,326,000 (2023: 10,429,396,000) shares in issue less restricted shares during the year, calculated as follows:

Weighted average number of ordinary shares in issue less restricted shares

	2024 '000	2023 '000
Ordinary shares in issue less restricted shares at 1 January	10,460,855	10,423,463
Effect of shares repurchased (note 33(d))	(69,461)	—
Effect of share options exercised and restricted shares unlocked (note 30)	932	5,933
Weighted average number of ordinary shares in issue less restricted shares at 31 December	10,392,326	10,429,396

NOTES TO THE FINANCIAL STATEMENTS

11 EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB823,579,000 (2023: RMB4,428,845,000) and the weighted average number of ordinary shares in issue less restricted shares of 10,392,326,000 shares (2023: 10,450,694,000 shares), calculated as follows:

(i) Profit attributable to ordinary equity shareholders of the Company (diluted)

	2024 RMB'000	2023 RMB'000
Profit attributable to ordinary equity shareholders (diluted)	823,579	4,428,845

(ii) Weighted average number of ordinary shares in issue less restricted shares (diluted)

	2024 '000	2023 '000
Weighted average number of ordinary shares in issue less restricted shares at 31 December	10,392,326	10,429,396
Add: weighted average number of ordinary shares assuming conversion of all share options	—	21,298
Weighted average number of ordinary shares	10,392,326	10,450,694

NOTES TO THE FINANCIAL STATEMENTS

12 INVESTMENT PROPERTY AND OTHER PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Buildings held for own use RMB'000	Machinery RMB'000	Vehicles RMB'000	Moulds RMB'000	Office and other equipment RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Sub-total RMB'000	Investment property RMB'000	Total RMB'000
Cost										
At 1 January 2023	13,554,255	12,882,770	1,355,923	3,560,165	1,600,166	1,256,723	1,043,392	35,253,394	1,369,862	36,623,256
Additions	1,481,968	205,254	205,655	349,523	763,355	3,083,673	247,518	6,336,946	-	6,336,946
Acquisition of subsidiary	1,402,214	10,512	228	571	4,233	-	-	1,417,758	6,697	1,424,455
Disposals	(188,872)	(413,739)	(548,874)	(284,851)	(285,703)	(5,017)	-	(1,727,056)	-	(1,727,056)
Transfers from construction in progress	388,378	944,992	2,375	241,692	68,503	(1,645,940)	-	-	-	-
Transfer from investment properties	17,651	-	-	-	-	-	-	17,651	(17,651)	-
Transfer to investment properties	(49,335)	-	-	-	-	(46,543)	-	(95,878)	95,878	-
At 31 December 2023	16,606,259	13,629,789	1,015,307	3,867,100	2,150,554	2,642,896	1,290,910	41,202,815	1,454,786	42,657,601
At 1 January 2024	16,606,259	13,629,789	1,015,307	3,867,100	2,150,554	2,642,896	1,290,910	41,202,815	1,454,786	42,657,601
Additions	511,121	2,391,922	670,413	755,197	348,027	2,877,496	119,768	7,673,944	10,881	7,684,825
Acquisition of subsidiary (note 15(b))	784	36,216	208	-	12,050	-	-	49,258	-	49,258
Disposals	(74,907)	(119,423)	(309,755)	(201,625)	(564,814)	-	-	(1,270,524)	(51,790)	(1,322,314)
Transfers from construction in progress	631,549	1,927,921	3,263	106,306	54,239	(2,723,278)	-	-	-	-
Transfer from investment properties	52,618	-	-	-	-	-	-	52,618	(52,618)	-
Transfer to investment properties	(10,228)	-	-	-	-	(6,323)	-	(16,551)	16,551	-
Transfer from right-of-use assets(note 13)	-	-	-	-	-	-	-	-	22,245	22,245
At 31 December 2024	17,717,196	17,866,425	1,379,436	4,526,978	2,000,056	2,790,791	1,410,678	47,691,560	1,400,055	49,091,615

NOTES TO THE FINANCIAL STATEMENTS

12 INVESTMENT PROPERTY AND OTHER PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Reconciliation of carrying amount (Continued)

	Buildings held for own use RMB'000	Machinery RMB'000	Vehicles RMB'000	Moulds RMB'000	Office and other equipment RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Sub-total RMB'000	Investment property RMB'000	Total RMB'000
Accumulated amortisation and depreciation:										
At 1 January 2023	(3,689,930)	(5,659,016)	(754,112)	(2,197,492)	(876,473)	-	(802,258)	(13,979,281)	(332,165)	(14,311,446)
Charge for the year	(611,213)	(1,269,327)	(73,766)	(427,647)	(232,645)	-	(109,989)	(2,724,587)	(45,184)	(2,769,771)
Transfer from investment properties	(13,606)	-	-	-	-	-	-	(13,606)	13,606	-
Transfer to investment properties	11,613	-	-	-	-	-	-	11,613	(11,613)	-
Written back on disposals	51,685	114,871	377,608	236,239	241,459	-	-	1,021,862	-	1,021,862
At 31 December 2023	(4,251,451)	(6,813,472)	(450,270)	(2,388,900)	(867,659)	-	(912,247)	(15,683,999)	(375,356)	(16,059,355)
At 1 January 2024	(4,251,451)	(6,813,472)	(450,270)	(2,388,900)	(867,659)	-	(912,247)	(15,683,999)	(375,356)	(16,059,355)
Charge for the year	(877,352)	(1,390,088)	(242,826)	(493,356)	(298,167)	-	(120,743)	(3,422,532)	(48,845)	(3,471,377)
Transfer from investment properties	(5,312)	-	-	-	-	-	-	(5,312)	5,312	-
Transfer to investment properties	3,201	-	-	-	-	-	-	3,201	(3,201)	-
Transfer from right-of-use assets (note 13)	-	-	-	-	-	-	-	-	(5,370)	(5,370)
Written back on disposals	22,541	45,401	201,029	127,180	52,123	-	-	448,274	26,046	474,320
At 31 December 2024	(5,108,373)	(8,158,159)	(492,067)	(2,755,076)	(1,113,703)	-	(1,032,990)	(18,660,368)	(401,414)	(19,061,782)

NOTES TO THE FINANCIAL STATEMENTS

12 INVESTMENT PROPERTY AND OTHER PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Reconciliation of carrying amount (Continued)

	Buildings held for own use RMB'000	Machinery RMB'000	Vehicles RMB'000	Moulds RMB'000	Office and other equipment RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Sub-total RMB'000	Investment property RMB'000	Total RMB'000
Impairment:										
At 1 January 2023	(2,659)	(90,323)	(18,603)	(357,174)	(21,634)	(23,102)	-	(513,495)	(17,802)	(531,297)
Impairment loss (note 6(c))/note 12(b))	-	(70,549)	(6,459)	(60,965)	(1,581)	(876)	-	(140,430)	-	(140,430)
Written back on disposals	-	26,290	11,349	24,124	432	2,509	-	64,704	-	64,704
At 31 December 2023	(2,659)	(134,582)	(13,713)	(394,015)	(22,783)	(21,469)	-	(589,221)	(17,802)	(607,023)
At 1 January 2024	(2,659)	(134,582)	(13,713)	(394,015)	(22,783)	(21,469)	-	(589,221)	(17,802)	(607,023)
Impairment loss (note 6(c))/note 12(b))	(8,727)	(44,570)	(5,117)	(13,657)	(1,943)	(3,076)	(1,864)	(78,954)	-	(78,954)
Transfer from investment properties	(3,514)	-	-	-	-	-	-	(3,514)	3,514	-
Written back on disposals	878	15,297	4,439	4,698	11,181	-	-	36,493	-	36,493
At 31 December 2024	(14,022)	(163,855)	(14,391)	(402,974)	(13,545)	(24,545)	(1,864)	(635,196)	(14,288)	(649,484)
Net book value:										
At 31 December 2024	12,594,801	9,544,411	872,978	1,368,928	872,808	2,766,246	375,824	28,395,996	984,353	29,380,349
At 31 December 2023	12,352,149	6,681,735	551,324	1,084,185	1,260,112	2,621,427	378,663	24,929,595	1,061,628	25,991,223

NOTES TO THE FINANCIAL STATEMENTS

12 INVESTMENT PROPERTY AND OTHER PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Reconciliation of carrying amount (Continued)

As at 31 December 2024, none of bank borrowings (note 27(b)) were secured by the Group's property, plant and equipment (31 December 2023: RMB381,042,000).

As at 31 December 2024, the Group is in the process of applying for the title certificates of certain buildings held for own use with an aggregate carrying value of approximately RMB2,190,956,000 (31 December 2023: RMB1,695,953,000). The Directors consider that the Group is entitled to lawfully and validly occupy or use those properties.

(b) Impairment loss

During the year ended 31 December 2024, the Group recorded impairment loss of RMB78,954,000 (2023: RMB140,430,000) for its property, plant and equipment, among which RMB32,716,000 (2023: RMB116,800,000) was recorded as a result of the impairment assessment of the Group's long-term assets associated with passenger vehicles production. For details of such impairment assessment, please refer to note 14(a). Impairment loss for other property, plant and equipment was recorded because some of the assets were idle or damaged.

(c) Investment property

The Group leases out investment property under operating leases with rentals payable monthly. Lease income from operating leases where the Group is a lessor is recognised in income on a straightline basis over the lease term. There are no variable lease payments that depend on an index or rate.

NOTES TO THE FINANCIAL STATEMENTS

12 INVESTMENT PROPERTY AND OTHER PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Investment property (Continued)

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	123,042	111,076
After 1 year but within 2 years	96,000	69,748
After 2 years but within 3 years	70,016	68,820
After 3 years but within 4 years	62,971	65,237
After 4 years but within 5 years	50,645	52,714
After 5 years	180,868	323,997
	583,542	691,592

As at 31 December 2024, the Group is in the process of applying for the title certificates of certain investment properties with an aggregate carrying value of approximately RMB71,246,000 (31 December 2023: RMB142,347,000). The Directors consider that the Group is entitled to lawfully and validly occupy or use those properties.

Investment property of the Group were stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses. Fair value of these investment properties is RMB1,632,988,000 as at 31 December 2024 (31 December 2023: RMB2,191,341,000). The valuations of fair value were carried out by an independent firm of surveyors who have staff with recent experience in the location and category of property being valued.

NOTES TO THE FINANCIAL STATEMENTS

13 RIGHT-OF-USE ASSETS

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Land use rights RMB'000	Properties RMB'000	Vehicles RMB'000	Other leased assets RMB'000	Total RMB'000
Cost:					
At 1 January 2023	6,435,822	2,179,749	26,577	13,630	8,655,778
Additions	1,064,726	1,350,609	67,009	18,981	2,501,325
Acquisition of subsidiaries	872,726	(363,924)	–	–	508,802
Disposal	(797,656)	(274,139)	(20,471)	(2,387)	(1,094,653)
At 31 December 2023	7,575,618	2,892,295	73,115	30,224	10,571,252
At 1 January 2024	7,575,618	2,892,295	73,115	30,224	10,571,252
Additions	887,077	976,539	19,782	8,037	1,891,435
Acquisition of subsidiaries (note 15(b))	–	3,206	–	–	3,206
Transfer to investment property (note 12)	(22,245)	–	–	–	(22,245)
Disposal	(37,351)	(547,317)	(6,963)	(3,990)	(595,621)
At 31 December 2024	8,403,099	3,324,723	85,934	34,271	11,848,027
Accumulated depreciation:					
At 1 January 2023	(891,248)	(714,459)	(20,149)	(5,156)	(1,631,012)
Charge for the year	(149,067)	(500,812)	(15,482)	(4,704)	(670,065)
Written back on disposal	91,672	139,252	19,903	1,814	252,641
At 31 December 2023	(948,643)	(1,076,019)	(15,728)	(8,046)	(2,048,436)
At 1 January 2024	(948,643)	(1,076,019)	(15,728)	(8,046)	(2,048,436)
Charge for the year	(188,885)	(597,601)	(14,789)	(10,613)	(811,888)
Transfer to investment property (note 12)	5,370	–	–	–	5,370
Written back on disposal	13,925	415,421	4,670	3,538	437,554
At 31 December 2024	(1,118,233)	(1,258,199)	(25,847)	(15,121)	(2,417,400)

NOTES TO THE FINANCIAL STATEMENTS

13 RIGHT-OF-USE ASSETS (Continued)

	Land use rights RMB'000	Properties RMB'000	Vehicles RMB'000	Other leased assets RMB'000	Total RMB'000
Impairment					
At 1 January 2023	(9,668)	(47)	(568)	–	(10,283)
Charge for the year	(660)	–	–	–	(660)
Written back on disposal	660	47	568	–	1,275
At 31 December 2023	(9,668)	–	–	–	(9,668)
At 1 January 2024	(9,668)	–	–	–	(9,668)
Charge for the year	–	–	(114)	–	(114)
Written back on disposal	9,668	–	–	–	9,668
At 31 December 2024	–	–	(114)	–	(114)
Carrying amount:					
At 31 December 2024	7,284,866	2,066,524	59,973	19,150	9,430,513
At 31 December 2023	6,617,307	1,816,276	57,387	22,178	8,513,148

NOTES TO THE FINANCIAL STATEMENTS

13 RIGHT-OF-USE ASSETS (Continued)

The total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases that are not yet commenced are set out in notes 24(d) and 34(b), respectively.

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities (note 6(a))	88,154	99,840
Expense relating to short-term leases	54,184	43,105

(a) Leasehold land held for own use

The Group has land lease arrangement with mainland China government. Land use rights represent the Group's interests in land which are held on leases between 15 to 50 years.

(b) Other leases assets leased for own use

The Group leases various properties, vehicles, office and other equipment. Rental contracts are typically made for fixed periods of 6 months to 20 years, but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

NOTES TO THE FINANCIAL STATEMENTS

14 INTANGIBLE ASSETS

	Development costs RMB'000	Patents, proprietary technology and trademarks RMB'000	Computer software and others RMB'000	Total RMB'000
Cost:				
At 1 January 2023	31,503,476	1,430,877	1,889,716	34,824,069
Additions	6,857,048	5,310	6,196	6,868,554
Acquisition of subsidiaries	–	179	–	179
Disposals	–	(38,132)	(75,919)	(114,051)
At 31 December 2023	38,360,524	1,398,234	1,819,993	41,578,751
At 1 January 2024	38,360,524	1,398,234	1,819,993	41,578,751
Additions	5,714,615	7,948	667,851	6,390,414
Acquisition of subsidiaries (note 15(b))	–	103	–	103
Disposals	(26,145)	(6,573)	(1,540)	(34,258)
At 31 December 2024	44,048,994	1,399,712	2,486,304	47,935,010
Accumulated amortisation:				
At 1 January 2023	(14,542,670)	(1,084,436)	(845,982)	(16,473,088)
Charge for the year	(3,484,558)	(35,249)	(334,717)	(3,854,524)
At 31 December 2023	(18,027,228)	(1,119,685)	(1,180,699)	(20,327,612)
At 1 January 2024	(18,027,228)	(1,119,685)	(1,180,699)	(20,327,612)
Charge for the year	(4,034,969)	(58,573)	(437,834)	(4,531,376)
At 31 December 2024	(22,062,197)	(1,178,258)	(1,618,533)	(24,858,988)

NOTES TO THE FINANCIAL STATEMENTS

14 INTANGIBLE ASSETS (Continued)

	Development costs RMB'000	Patents, proprietary technology and trademarks RMB'000	Computer software and others RMB'000	Total RMB'000
Impairment				
At 1 January 2023	(3,993,332)	(9,844)	(2,405)	(4,005,581)
Charge for the year	(853,200)	–	(1,846)	(855,046)
At 31 December 2023	(4,846,532)	(9,844)	(4,251)	(4,860,627)
At 1 January 2024	(4,846,532)	(9,844)	(4,251)	(4,860,627)
Charge for the year	(1,220,991)	(3,424)	(365)	(1,224,780)
At 31 December 2024	(6,067,523)	(13,268)	(4,616)	(6,085,407)
Net book value:				
At 31 December 2024	15,919,274	208,186	863,155	16,990,615
At 31 December 2023	15,486,764	268,705	635,043	16,390,512

The amortisation charge for the year is mainly included in “cost of sales” in the consolidated statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

14 INTANGIBLE ASSETS (Continued)

(a) Impairment test for cash-generating units associated with production of passenger vehicles

As at the end of each reporting period, in view of the unfavourable future prospects of certain types of passenger vehicles, the Group's management performs impairment test for the non-current assets associated with the production of these types of vehicles where an impairment indication is identified. The Group's property, plant and equipment ("PP&E"), land use rights and intangible assets associated with passenger vehicles production are allocated to relevant cash generating units ("CGU"), and management estimates the recoverable amount of each CGU based on the value-in-use calculations by preparing cash flow projections of the relevant CGU derived from the most recent financial forecast approved by the management covering the remaining useful life.

Based on the result of the impairment test, the management of the Group determined that the recoverable amounts of certain CGUs are lower than their respective carrying amounts at 31 December 2024. An impairment loss was recognised to write down the carrying amounts of CGUs to their respective recoverable amounts, and was allocated to PP&E and intangible assets within CGUs. During the year ended 31 December 2024, an impairment loss of RMB1,220,991,000 (31 December 2023: RMB853,200,000) was recognised on development costs and RMB32,716,000 (31 December 2023: RMB116,800,000) was recognised on PP&E.

The cash flows are discounted using discount rates ranging from 13.0% to 13.5% as at 31 December 2024 (31 December 2023: 14.5% to 15.3%). The discount rates used are post tax and reflect specific risks relating to the relevant CGUs.

NOTES TO THE FINANCIAL STATEMENTS

15 GOODWILL

	RMB'000
Cost:	
At 1 January 2023	125,775
Acquisition of subsidiaries	25,653
At 31 December 2023 and 1 January 2024	151,428
Acquisition of subsidiaries (note (b))	14,517
At 31 December 2024	165,945
Accumulated impairment losses:	
At 1 January 2023	—
Charge for the year	(72,239)
At 31 December 2023, 1 January 2024 and 31 December 2024 (note(a))	(72,239)
Carrying amount:	
At 31 December 2024	93,706
At 31 December 2023	79,189

NOTES TO THE FINANCIAL STATEMENTS

15 GOODWILL (Continued)

Goodwill arose from acquisition of businesses:

	2024 RMB'000	2023 RMB'000
Guangzhou GAC Youlide Automobile Interior System Research and Development Co., Ltd.	25,653	25,653
Denway Motors Limited	90,299	90,299
Guangzhou Muqiao Automotive Parts Co., Ltd.(note (b))	14,517	—
Others	35,476	35,476
	165,945	151,428
Less: impairment losses (note(a))	(72,239)	(72,239)
	93,706	79,189

(a) Impairment losses

For the year ended 31 December 2023, impairment loss of RMB73,329,000 was made against the goodwill relating to Denway Motors Limited. No impairment loss was recorded for the year ended 31 December 2024.

(b) Acquisition of a subsidiary

At 31 December 2023, the Group owned 33.33% equity interest in an associate, Guangzhou Muqiao Automotive Parts Co., Ltd. ("Muqiao Automotive Parts"). In November 2024, by acquiring additional 18.67% interest, the Group in aggregate owned 52% equity interest in Muqiao Automotive Parts, and Muqiao Automotive Parts became the Group's subsidiary. The consideration paid by the Group to acquire 18.67% equity interest in 2024 was RMB21,470,000 and goodwill of RMB14,517,000 was recognised as a result of this business combination. The fair value of the net identifiable assets acquired and operating results of Muqiao Automotive Parts are not material to the Group's consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

16 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation and business	Particulars of issued and paid-up capital and debt securities/ registered capital	Proportion of ownership interest						Principal activity
			Group's effective interest		Held by the Company		Held by a subsidiary		
			2024	2023	2024	2023	2024	2023	
GAC Motor Co., Ltd.* 廣汽傳祺汽車有限公司	Mainland China	RMB16,006,735,000/ 16,006,735,000	100%	100%	100%	100%	0%	0%	Manufacture and sale of automobiles
GAC Business Co., Ltd.* 廣汽商貿有限公司	Mainland China	RMB4,242,262,000/ 4,242,262,000	100%	100%	100%	100%	0%	0%	Trading of automobiles, automotive parts and steel
GAC Finance Co., Ltd.* 廣州汽車集團財務有限公司	Mainland China	RMB2,090,000,000/ 2,000,000,000	100%	100%	90%	90%	10%	10%	Financial services
GAC AION New Energy Automobile Co., Ltd.* 廣汽埃安新能源汽車股份有限公司	Mainland China	RMB7,803,388,000/ 7,803,388,000	77%	77%	65%	65%	12%	12%	Manufacture and sale of automobiles
GAC Component Co., Ltd.* 廣汽零部件有限公司	Mainland China	RMB1,681,410,000/ 1,681,410,000	100%	100%	51%	51%	49%	49%	Manufacture and sale of automotive parts
Urtrust Insurance CO., LTD.* 眾誠汽車保險股份有限公司	Mainland China	RMB2,268,750,000/ 2,268,750,000	54%	54%	27%	27%	26%	26%	Insurance

* The official name of this entity is in Chinese. The English translation of the name is for identification only.

NOTES TO THE FINANCIAL STATEMENTS

17 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The amounts recognised in the consolidated statement of financial position are as follows:

	2024 RMB'000	2023 RMB'000
Investments in joint ventures (note 17(a))	20,823,230	27,521,810
Investments in associates (note 17(b))	9,462,999	9,638,058
Less: impairment losses (note)	(163,965)	—
	30,122,264	37,159,868

Note: The Group's investment in Shanghai Hino Engine Co., Ltd. ("Shanghai Hino"), an equity-accounted associate, with a carrying amount of RMB163,965,000, has been fully impaired in 2024. This impairment arose as Shanghai Hino ceased production and was in liquidation process since September 2024.

The amounts recognised in the consolidated statement of profit or loss and other comprehensive income are as follows:

	2024 RMB'000	2023 RMB'000
Share of profit of joint ventures	2,770,167	7,959,352
Share of profit of associates	228,101	389,654
	2,998,268	8,349,006
Share of other comprehensive income of joint ventures	(4,050)	640

Unrealised profits or losses resulting from upstream and downstream transactions are eliminated.

NOTES TO THE FINANCIAL STATEMENTS

17 INTERESTS IN ASSOCIATES AND INTEREST IN JOINT VENTURES (Continued)

(a) Interests in joint ventures

The following list contains a material joint ventures of the Group and the Company, which is unlisted corporate entities whose quoted market price is not available:

Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest						Principal activity
				Group's effective interest		Held by the Company		Held by a subsidiary		
				2024	2023	2024	2023	2024	2023	
GAC Honda Automobile Co., Ltd. ("GAC Honda") * 廣汽本田汽車有限公司	Incorporated	Mainland China	RMB 3,948,625,000/ 3,948,625,000	50%	50%	50%	50%	0%	0%	Manufacture and sale of automobile and automotive parts
GAC Toyota Motor Co., Ltd. ("GAC Toyota") * 廣汽豐田汽車有限公司	Incorporated	Mainland China	RMB1,333,896,000/ 1,333,896,000	50%	50%	50%	50%	0%	0%	Manufacture and sale of automobile and automotive parts
GAC-SOFINCO Automobile Finance Co., Ltd. ("GAC-SOFINCO")* 廣汽匯理汽車金融有限公司	Incorporated	Mainland China	RMB 410,000,000,000/ 410,000,000,000	50%	50%	50%	50%	0%	0%	Provision of automotive financing services
Wuyang-Honda Motors (Guangzhou) Co., Ltd. ("Wuyang-Honda")* 五羊-本田摩托 (廣州) 有限公司	Incorporated	Mainland China	RMB49,000,000/ 49,000,000	50%	50%	50%	50%	0%	0%	Manufacture and sale of motorcycle and motorcycle parts

* The official name of this entity is in Chinese. The English translation of the name is for identification only.

NOTES TO THE FINANCIAL STATEMENTS

17 INTERESTS IN ASSOCIATES AND INTEREST IN JOINT VENTURES
(Continued)

(a) Interests in joint ventures (Continued)

As restricted by the confidentiality agreements entered into with other shareholders of certain joint ventures, the Group has not disclosed certain financial data of material joint ventures separately. The aggregate of the financial information of the above four (2023: four) material joint ventures identified by Directors covers around 90% of consolidated financial information of all the joint ventures of the Group listed below.

The below financial information of the joint ventures has been consistently measured based on the fair values of the identifiable assets acquired and the liabilities assumed at the date of acquisition.

Summarised assets, liabilities, revenue and dividends of the material joint ventures, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

Name of joint venture	Assets		Liabilities		Revenue		Dividends received	
	As at 31 December		As at 31 December		Year ended 31 December		Year ended 31 December	
	2024	2023	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
GAC Honda	30,497,287	41,882,840	20,850,429	29,058,090	68,249,981	93,528,217	1,193,244	3,503,074
GAC Toyota	48,517,036	67,911,549	33,875,111	40,853,336	109,544,921	152,868,714	8,859,211	9,980,438
GAC-SOFINCO	56,319,831	67,801,454	46,970,453	58,930,099	4,280,234	4,594,850	130,431	166,675
Wuyang-Honda	2,665,361	2,611,962	1,289,808	1,091,412	4,840,836	5,103,226	112,376	213,054
	137,999,515	180,207,805	102,985,801	129,932,937	186,915,972	256,095,007	10,295,262	13,863,241

NOTES TO THE FINANCIAL STATEMENTS

17 INTERESTS IN ASSOCIATES AND INTEREST IN JOINT VENTURES (Continued)

(a) Interests in joint ventures (Continued)

Reconciliation of share of the net assets to the carrying amount of the Group's interests in the material joint ventures:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Assets	137,999,515	180,207,805
Less: liabilities	(102,985,801)	(129,932,937)
Non-controlling interests	(8,641)	(8,633)
Net assets excluding non-controlling interests	35,005,073	50,266,235
Percentage of ownership interest	50%	50%
Interests in material joint ventures	17,502,537	25,133,118
Goodwill of Wuyang-Honda	21,259	21,259
Carrying amount of investments in material joint ventures	17,523,796	25,154,377

NOTES TO THE FINANCIAL STATEMENTS

17 INTERESTS IN ASSOCIATES AND INTEREST IN JOINT VENTURES (Continued)

(b) Interests in associates

The associates of the Group that is not individually material, which is unlisted corporate entities whose quoted market prices are not available:

All of the associates are accounted for using the equity method in the consolidated financial statements.

Summarised financial information of the associates, are disclosed below:

	2024 RMB'000	2023 RMB'000
Aggregate carrying amount of associates in the consolidated financial statements	9,462,999	9,638,058
Aggregate amounts of the Group's share of those associates'		
Profit from continuing operations and total comprehensive income	228,101	389,654

NOTES TO THE FINANCIAL STATEMENTS

18 OTHER INVESTMENTS IN FINANCIAL ASSETS

(a) Equity securities designated at FVOCI

	2024 RMB'000	2023 RMB'000
Non-current assets		
Listed bond investments	3,791,900	2,324,320
Unlisted financial products	5,073,751	2,043,252
Unlisted stocks	1,407,515	228,868
Listed stocks	1,443,100	497,926
	11,716,266	5,094,366
Current assets		
Listed bond investments	10,388,191	3,771,889
Unlisted notes receivable	1,506,479	1,812,480
Unlisted financial products	2,343,455	50,000
	14,238,125	5,634,369

NOTES TO THE FINANCIAL STATEMENTS

18 OTHER INVESTMENTS IN FINANCIAL ASSETS (Continued)

(b) Financial assets measured at FVPL

	2024 RMB'000	2023 RMB'000
Non-current assets		
Debt instruments		
– Unlisted financial products	72,197	–
– Listed bond investments	–	72,510
Equity instruments		
– Unlisted other equity investments	1,373,868	1,777,338
– Listed preference shares	525,977	513,664
	1,972,042	2,363,512
Current assets		
Debt instruments		
– Unlisted financial products	1,647,408	852,862
– Listed bond investments	169,624	32,167
Equity instruments		
– Unlisted fund investments	340,875	969,200
– Listed fund investments	76,827	586,068
– Listed stocks	324,053	350,497
	2,558,787	2,790,794

NOTES TO THE FINANCIAL STATEMENTS

18 OTHER INVESTMENTS IN FINANCIAL ASSETS (Continued)

(c) Financial assets measured at amortised cost

	2024 RMB'000	2023 RMB'000
Prepayments and long-term receivables (excluding prepayments) (note 21)	12,617,161	15,751,098
Trade and other receivables (excluding prepayments and value added tax recoverable) (note 20)	22,510,285	21,773,635
Time deposits (note 22)	10,879,925	6,825,347
Restricted cash (note 23)	4,157,330	2,838,783
Cash and cash equivalents (note 24)	36,482,090	39,522,331
	86,646,791	86,711,194

(d) Amounts recognised in profit or loss and other comprehensive income

	2024 RMB'000	2023 RMB'000
Fair value losses on equity investments at FVPL (note 5)	(422,041)	(27,868)
Fair value gains/(losses) on debt instruments at FVPL (note 5)	16,589	(13,263)
	(405,452)	(41,131)
	2024 RMB'000	2023 RMB'000
Fair value (losses)/gains on equity investments at FVOCI (note 10)	(263,241)	153,701
Fair value gains on debt instruments at FVOCI (note 10)	44,961	20,210
	(218,280)	173,911
Impairment loss on debt instruments at FVOCI (note 10)	5,167	–

NOTES TO THE FINANCIAL STATEMENTS

19 INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials and consumables	3,569,966	4,515,596
Work in progress	461,931	168,950
Finished goods and merchandise	12,284,747	12,577,340
	16,316,644	17,261,886
Less: write down of inventories	(628,168)	(541,573)
	15,688,476	16,720,313

(a) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount of inventories sold	98,792,001	117,800,847
Write down of inventories	410,252	290,868
Write off of inventories	(323,657)	(140,557)
	98,878,596	117,951,158

All of the inventories are expected to be recovered within one year.

As at 31 December 2024, certain bank borrowings (note 27(b)) and bills payable (note 25) were secured by the Group's inventories with the carrying value of approximately RMB879,099,000 (2023: RMB1,098,890,000) and RMB1,004,736,000 (2023: RMB2,046,017,000), respectively.

NOTES TO THE FINANCIAL STATEMENTS

20 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

(a) Trade receivables and other current assets

	2024 RMB'000	2023 RMB'000
Trade receivables	4,439,007	5,845,479
Less: loss allowance (note 34(a))	(1,086,068)	(541,526)
Trade receivables – net	3,352,939	5,303,953
Loan receivables (note 21(a))	10,250,883	8,835,710
Finance lease receivables (note 21(b))	4,671,517	4,315,330
Value added tax recoverable	3,768,444	2,896,930
Prepayments	1,723,797	2,108,135
Receivables from disposal of an associate (note 5(i)(b))	651,999	–
Financial assets held under resale agreements	493,402	106,297
Reissuance contract assets	363,335	221,895
Dividends receivable	122,727	73,846
Bill receivable	80,265	451,682
Entrusted loans (note i)	4,493	47,122
Other receivables	2,518,725	2,417,800
	28,002,526	26,778,700

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

Notes

- i: The entrusted loans are mainly provided to related parties through financial institutions, which will be due in the year ended 31 December 2024. The effective interest rate as at 31 December 2024 is 3.85% (2023: 3.45%).
- ii: As at 31 December 2024, loss allowance on other current assets amounted to RMB614,394,000 (31 December 2023: RMB609,750,000) (note 34(a)).

NOTES TO THE FINANCIAL STATEMENTS

20 TRADE RECEIVABLES AND OTHER CURRENT ASSETS (Continued)

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	3,165,129	2,825,352
1 to 2 years	376,446	2,480,595
2 to 3 years	592,550	168,059
3 to 4 years	56,821	53,341
4 to 5 years	31,066	35,341
Over 5 years	216,995	282,791
	4,439,007	5,845,479
Less: loss allowance	(1,086,068)	(541,526)
	3,352,939	5,303,953

Trade receivables are due when the receivables are recognised. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 34(a).

NOTES TO THE FINANCIAL STATEMENTS

21 PREPAYMENTS AND OTHER LONG-TERM RECEIVABLES

	2024 RMB'000	2023 RMB'000
Prepayments for non-current assets	2,386,300	1,629,087
Loan receivables (note (a))	307,738	3,550,000
Finance lease receivables (note (b))	7,392,677	6,879,085
Financial assets arising from continuing involvement (note (c))	397,160	397,160
Long-term deposits in a joint venture	4,536,929	4,500,000
Long-term deposits	90,474	90,474
Other loans and receivables	657,167	963,185
	13,382,145	16,379,904
Less: loss allowance (note 34(a))	(764,984)	(628,806)
	15,003,461	17,380,185

(a) Loan receivables

The balance represents loans to related parties and third parties in relation to provision of financing services by a subsidiary of the Group. The effective interest rate as at 31 December 2024 is 2.87% (2023: 3.63%).

NOTES TO THE FINANCIAL STATEMENTS

21 PREPAYMENTS AND OTHER LONG-TERM RECEIVABLES (Continued)

(b) Finance lease receivables

The amount of finance lease receivables refers to the amount that the Group should collect from the lessee for the purpose of transferring the leased assets which mainly is passenger vehicles and commercial vehicles during the lease term. The effective interest rate as at 31 December 2024 is 10.24% (2023: 10.19%).

	2024 RMB'000	2023 RMB'000
Gross finance lease receivables balance	14,392,974	12,453,140
Less: unearned finance income	(2,322,530)	(1,231,555)
Less: loss allowance	(609,557)	(469,948)
	11,460,887	10,751,637
Less: amount included under "current assets" (note 20)	(4,671,517)	(4,315,330)
Amount included under non-current assets	6,789,370	6,436,307

Movements of loss allowances are as follows:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
At 1 January	469,948	261,289
Add: impairment loss for the year	139,609	208,659
At 31 December	609,557	469,948

Finance income on the net investment in the lease amounted to approximately RMB1,381,277,000 in the year ended 31 December 2024 (2023: RMB1,363,129,000).

NOTES TO THE FINANCIAL STATEMENTS

21 PREPAYMENTS AND OTHER LONG-TERM RECEIVABLES (Continued)

(c) Transferred financial assets that are not derecognised in their entirety

The Group securitises various financial lease receivables, which generally results in the sale of these assets to special purpose entities, which issue debt securities to third party investors. The rights and interests of securitized financial assets are embodied in the form of senior tranche or subordinated tranche. Subordinated asset backed securities and notes shall not be transferred. When the asset securitization transaction leads to the derecognition or partial derecognition of financial assets, gains or losses on asset securitization transactions depend in part on the carrying amount of the transferred financial assets, allocated between the financial assets derecognised and the retained interests based on their relative fair values at the date of the transfer. Gains or losses on asset-backed securities are recorded in profit or loss.

In applying its policies on securitised financial assets, the Group has considered both the degree of transfer of risks and rewards on assets transferred and the degree of control exercised by the Group over the financial assets:

- when the Group transfers substantially all the risks and rewards of ownership of the financial assets, the Group shall derecognise the financial assets;
- when the Group retains substantially all the risks and rewards of ownership of the financial assets, the Group shall continue to recognise the financial assets; and
- when the Group neither transfers nor retains substantially all the risk and rewards of ownership of the financial assets, the Group would determine whether it has retained control of the financial assets.
- If the Group has not retained control, it shall derecognise the financial assets and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer. If the Group has retained control, it continues to recognise the financial assets to the extent of its continuing involvement in the financial assets.

The Group has securitized certain finance lease receivables and issued RMB1,517,000,000 asset-backed securities (“ABS-2022-1”) in June 2022. During the year ended 31 December 2022, the Group issued ABS-2022-1 of RMB1,517,000,000, out of which RMB1,420,000,000 represented senior tranche and RMB97,000,000 represented subordinate tranche, 79.38% of which was acquired by the Group.

NOTES TO THE FINANCIAL STATEMENTS

21 PREPAYMENTS AND OTHER LONG-TERM RECEIVABLES (Continued)

(c) Transferred financial assets that are not derecognised in their entirety (Continued)

The Group has securitized certain finance lease receivables and issued RMB820,000,000 asset-backed securities (“ABS-2022-2”) in August 2022. During the year ended 31 December 2022, the Group issued ABS-2022-2 of RMB820,000,000, out of which RMB763,000,000 represented senior tranche and RMB57,000,000 represented subordinate tranche, 71.93% of which was acquired by the Group.

The Group has securitized certain finance lease receivables and issued RMB662,000,000 asset-backed securities (“ABS-2022-3”) in September 2022. During the year ended 31 December 2022, the Group issued ABS-2022-3 of RMB662,000,000, out of which RMB618,000,000 represented senior tranche and RMB44,000,000 represented subordinate tranche, 76.14% of which was acquired by the Group.

The Group has securitized certain finance lease receivables and issued RMB1,082,000,000 asset-backed notes (“ABN-2022-2”) in November 2022. During the year ended 31 December 2022, the Group issued ABN-2022-2 of RMB1,082,000,000, out of which RMB1,023,000,000 represented senior tranche and RMB59,000,000, represented subordinate tranche, 74.00% of which was acquired by the Group.

The Group has securitized certain finance lease receivables and issued RMB1,200,000,000 asset-backed notes (“ABN-2023-1”) in April 2023. During the year ended 31 December 2023, the Group issued ABN-2023-1 of RMB1,200,000,000, out of which RMB1,140,000,000 represented senior tranche and RMB60,000,000, represented subordinate tranche, 75.00% of which was acquired by the Group.

The Group has securitized certain finance lease receivables and issued RMB1,602,000,000 asset-backed notes (“ABN-2023-2”) in May 2023. During the year ended 31 December 2023, the Group issued ABN-2023-1 of RMB1,602,000,000, out of which RMB1,482,000,000 represented senior tranche and RMB120,000,000, represented subordinate tranche, 75.00% of which was acquired by the Group.

NOTES TO THE FINANCIAL STATEMENTS

21 PREPAYMENTS AND OTHER LONG-TERM RECEIVABLES (Continued)

(c) Transferred financial assets that are not derecognised in their entirety (Continued)

The Group has securitized certain finance lease receivables and issued RMB1,323,000,000 asset-backed securities (“ABS-2023-1”) in July 2023. During the year ended 31 December 2023, the Group issued ABS-2023-1 of RMB1,323,000,000, out of which RMB1,223,000,000 represented senior tranche and RMB100,000,000 represented subordinate tranche, 67.00% of which was acquired by the Group.

Since the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial lease receivables and retained control of the underlying assets as at 31 December 2024 and 2023, the Group only recognised the transferred assets to the extent of the continuing involvement of the ABS-2022-1, ABS-2022-2, ABS-2022-3, ABN-2022-2, ABN-2023-1, ABN-2023-2, ABS-2023-1 amounting to RMB397,160,000 as continuing involvement assets, and the associated liabilities amounting to RMB397,160,000 (note 25) as continuing involvement liabilities, which approximate the maximum exposure to losses from its involvement in the ABS-2022-1, ABS-2022-2, ABS-2022-3, ABN-2022-2, ABN-2023-1, ABN-2023-2, ABS-2023-1.

- (d) As at 31 December 2024, certain bank borrowings (note 27(a)) and resource financing (note 27(c)(ii)) were secured by the Group’s short-term and long-term finance lease receivables with the carrying value of approximately RMB57,205,000 (2023: RMB241,554,000) and RMB7,429,000 (2023: RMB81,080,000).

As at 31 December 2024, certain securitization debt (note 27(c)(i)) were secured by the Group’s short-term and long-term finance lease receivables with the carrying value of approximately RMB1,326,958,000 (2023: RMB1,451,563,000) and RMB1,753,645,000 (2023: 2,361,788,000) and financial assets arising from continuing involvement with the carrying value of RMB397,160,000 (2023: RMB397,160,000), respectively.

NOTES TO THE FINANCIAL STATEMENTS

22 TIME DEPOSITS

	2024 RMB'000	2023 RMB'000
Denominated in:		
– RMB	10,447,382	6,758,193
– USD	70,546	49,872
– HKD	361,997	17,282
	10,879,925	6,825,347
Less: amount included under “current assets” (note 18(c))	(9,939,925)	(6,825,347)
Amount included under “non-current assets” (note 18(c))	940,000	–

The initial term of time deposits was over three months.

23 RESTRICTED CASH

	2024 RMB'000	2023 RMB'000
Deposits for letters of credit and bank notes	927,948	883,755
Security and other deposits	1,035,066	178,414
Mandatory reserve deposits with the People's Bank of China (“PBOC”) (note (a)&18(c))	2,194,316	1,776,614
	4,157,330	2,838,783

NOTES TO THE FINANCIAL STATEMENTS

23 RESTRICTED CASH (Continued)

- (a) A subsidiary of the Group is required to place mandatory reserve deposits with the PBOC for its provision of financing service. Those deposits with the PBOC are not available for use in the Group's daily operations.

The carrying amount of the Group's restricted cash is denominated in the following currencies:

	2024 RMB'000	2023 RMB'000
– RMB	4,086,662	2,837,506
– EUR	–	943
– HKD	70,360	–
– JPY	308	334
	4,157,330	2,838,783

NOTES TO THE FINANCIAL STATEMENTS

24 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2024 RMB'000	2023 RMB'000
Denominated in:		
– RMB	35,473,368	38,637,594
– THB	118,656	537,747
– RUB	237,789	154,862
– USD	435,235	83,900
– MXN	125,186	72,524
– EUR	28,421	20,707
– HKD	54,292	9,864
– JPY	6,378	1,855
– Others	2,765	3,278
	36,482,090	39,522,331

As at 31 December 2024 and 2023, the Group's cash and cash equivalents includes cash in hand, deposits held at call with banks and bank deposits with original maturities less than three months.

As at 31 December 2024, cash and cash equivalents situated in Chinese Mainland amounted to RMB35,543,046,938. Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

NOTES TO THE FINANCIAL STATEMENTS

24 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(b) **Reconciliation of (loss)/profit before taxation to cash generated from operations:**

	Note	2024 RMB'000	2023 RMB'000
(Loss)/profit before taxation		(727,035)	3,524,698
Adjustments for:			
– Depreciation	12/13	4,283,265	3,439,836
– Amortisation	14	4,531,376	3,854,524
– Amortisation of government grants related to assets		(390,962)	(377,829)
– Net impairment losses on financial assets	34(a)	1,032,182	455,902
– Write-down of inventories	19	410,252	290,868
– Impairment charges of property, plant and equipment	12	78,954	140,430
– Impairment charges of intangible assets	14	1,224,780	855,046
– Impairment charges of goodwill	15	–	72,239
– Impairment charges of right-of-use assets	13	114	660
– Impairment charges of the investment in an associate	17	163,965	–
– Gains on disposal of non-current assets	5	(112,253)	(49,480)
– Interest income	4	(584,249)	(774,359)
– Finance costs	6(a)	562,994	467,323
– Gains on disposal of investments in joint ventures and associates	5	(3,862,860)	(1,517)
– Gains on acquisition of subsidiaries		–	(53,274)
– Foreign exchange gains on cash and cash equivalents		–	(4,056)
– Share of net profit of joint ventures and associates	17	(2,998,268)	(8,349,006)
– Net investment income related to investment in financial assets	5	(442,251)	(263,479)
– Net fair value changes on financial assets at FVPL	18(d)	405,452	41,131
– Share-based compensation expenses	30(c)	(16,842)	60,553
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):			
– Inventories		759,301	(4,592,958)
– Trade and other receivables		811,745	(6,551,269)
– Restricted cash		(1,318,547)	(862,194)
– Trade and other payables		4,628,169	14,094,634
– Contract liabilities		34,332	615,755
– Provisions		534,963	549,387
– Financial assets at FVOCI		306,001	(1,180,179)
Cash generated from operations		9,314,578	5,403,386

NOTES TO THE FINANCIAL STATEMENTS

24 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)**(c) 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 cash flow statement as cash flows from financing activities.

	Loans and borrowings RMB'000	Trade and other payables – Assets sold under agreements to repurchase RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2023	19,510,111	316,556	1,574,241	21,400,908
Changes from financing cash flows:				
Net proceeds from loans and borrowings	7,760,767	–	–	7,760,767
Capital element of lease rentals paid	–	–	(577,043)	(577,043)
Increase in assets sold under agreements to repurchase – net	–	64,148	–	64,148
Total changes from financing cash	7,760,767	64,148	(577,043)	7,247,872
Other changes:				
Increase in loans and borrowings due to acquisition of a subsidiary during the year	946,023	–	–	946,023
Increase in lease liabilities from entering into new leases during the year	–	–	1,429,051	1,429,051
Decrease in lease liabilities due to acquisition of a subsidiary during the year	–	–	(363,924)	(363,924)
Decrease in lease due to lease termination	–	–	(127,865)	(127,865)
Interest expenses	431,764	–	99,840	531,604
Interest paid	(991,966)	–	(99,840)	(1,091,806)
Others	459,224	–	–	459,224
Total other changes	845,045	–	937,262	1,782,307
At 31 December 2023	28,115,923	380,704	1,934,460	30,431,087

NOTES TO THE FINANCIAL STATEMENTS

24 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(c) Reconciliation of liabilities arising from financing activities (Continued)

	Loans and borrowings RMB'000	Trade and other payables – Assets sold under agreements to repurchase RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2024	28,115,923	380,704	1,934,460	30,431,087
Changes from financing cash flows:				
Proceeds from loans and borrowings	43,950,488	–	–	43,950,488
Repayment of loans and borrowings	(36,287,098)	–	–	(36,287,098)
Capital element of lease rentals paid	–	–	(617,923)	(617,923)
Decrease in assets sold under agreements to repurchase – net	–	(145,691)	–	(145,691)
Total changes from financing cash	7,663,390	(145,691)	(617,923)	6,899,776
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	–	1,004,358	1,004,358
Increase in lease liabilities from acquisition of subsidiaries during the year	–	–	3,206	3,206
Decrease in lease due to lease termination	–	–	(140,183)	(140,183)
Interest expenses	519,882	–	88,154	608,036
Interest paid	(1,008,600)	–	(88,154)	(1,096,754)
Total other changes	(488,718)	–	867,381	378,663
At 31 December 2024	35,290,595	235,013	2,183,918	37,709,526

NOTES TO THE FINANCIAL STATEMENTS

24 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2024 RMB'000	2023 RMB'000
Within operating cash flows	54,184	43,105
Within investing cash flows	489,878	1,064,726
Within financing cash flows	706,077	676,883
	1,250,139	1,784,714

These amounts relate to the following:

	2024 RMB'000	2023 RMB'000
Lease rentals paid	760,261	719,988
Addition in land use rights	489,878	1,064,726
	1,250,139	1,784,714

NOTES TO THE FINANCIAL STATEMENTS

25 TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Trade Payables	21,429,013	20,346,567
Bills payables (note (a))	14,066,761	7,237,278
Customer deposits (note (b))	5,395,429	8,113,924
Employee benefits payable (note 29)	4,237,686	4,386,085
Insurance contract liabilities	2,784,421	2,563,851
Payable for mould expenses	1,654,906	1,653,170
Development cost payables	1,844,390	1,392,202
Advertising expense payables	758,162	1,331,177
Construction cost payables	1,290,116	971,783
Other taxes	1,071,631	743,354
Taxes related to contract liabilities	591,028	497,909
Financial liabilities arising from continuing involvement (note 21(c))	397,160	397,160
Assets sold under agreements to repurchase	235,013	380,704
Deposit payables	364,592	268,272
Treasury stock payable	–	127,209
Government grants	2,880,270	2,178,229
Other payables	4,912,101	4,040,590
	63,912,679	56,629,464
Refund liabilities:		
– arising from volume rebates	3,507,434	2,648,626
Less: amount included under “current liabilities”	(63,226,725)	(55,742,477)
Amount included under “non-current liabilities”	4,193,388	3,535,613

NOTES TO THE FINANCIAL STATEMENTS

25 TRADE AND OTHER PAYABLES (Continued)

As of the end of the reporting period, the ageing analysis of trade payables and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	2024	2023
	RMB'000	RMB'000
Within 1 year	34,973,535	27,333,598
Between 1 and 2 years	358,409	113,500
Between 2 and 3 years	49,634	34,250
Over 3 years	114,196	102,497
	35,495,774	27,583,845

- (a) As at 31 December 2024, certain bills payable were secured by the Group's inventories (note 19).
- (b) The balance represents deposits mainly placed by customers to a subsidiary of the Group in relation to its provision of financing service. The interest rate is adjusted to the prevailing savings interest rate published by the PBOC.

NOTES TO THE FINANCIAL STATEMENTS

26 CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Billings in advance of performance	2,354,066	2,353,572
Unsatisfied performance obligations	326,487	292,649
	2,680,553	2,646,221
Less: amount included under "current liabilities"	(2,573,115)	(2,520,615)
Amount included under "non-current liabilities"	107,438	125,606

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided or the vehicles and related products are yet to be delivered. The increase in contract liabilities was mainly due to the increase of sales orders.

Movements in contract liabilities

	2024 RMB'000	2023 RMB'000
Balance as 1 January	2,646,221	1,943,158
Increase by cash received	300,480,296	346,040,626
Increase by unsatisfied performance obligations	221,484	606,232
Decrease in contract liabilities as a result of recognising revenue during the year	(300,667,448)	(345,943,795)
Balance at 31 December	2,680,553	2,646,221

The amount of contract liabilities expected to be recognised as income after more than one year is RMB107,438,000 (2023: RMB125,606,000). All of the other contract liabilities are expected to be recognised as income within one year.

NOTES TO THE FINANCIAL STATEMENTS

27 LOANS AND BORROWINGS

(a) The analysis of the carrying amount of loans and borrowings is as follows:

	2024 RMB'000	2023 RMB'000
Bank loans		
– secured (note (b))	4,875,355	6,952,299
– unsecured	28,236,018	17,372,810
	33,111,373	24,325,109
Securitization debts (note (c)(i))	1,939,810	2,707,878
Recourse financing (note (c)(ii))	38,108	231,419
Borrowings related to lease-back (note (c)(iii))	741	–
Interest payables	20,390	41,344
Entrusted loans – unsecured	180,173	810,173
	35,290,595	28,115,923
Less: amount included under “current liabilities”	(23,321,740)	(17,731,673)
Amount included under “non-current liabilities”	11,968,855	10,384,250

All of the above Loans and borrowings are carried at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

27 LOANS AND BORROWINGS (Continued)

(b) The analysis of the repayment schedule of bank loans is as follows:

	As at 31 December 2024		As at 31 December 2023	
	Bank borrowings RMB'000	Others RMB'000	Bank borrowings RMB'000	Others RMB'000
Within 1 year	21,597,203	1,724,537	15,647,864	2,083,809
Between 1 and 2 years	4,452,444	454,685	3,817,733	1,707,005
Between 2 and 5 years	6,775,063	—	4,620,620	—
Over 5 years	286,663	—	238,892	—
	33,111,373	2,179,222	24,325,109	3,790,814

As at 31 December 2024, the Group's borrowings of RMB4,875,354,000(31 December 2023:6,952,299,000) were secured by the Group's certain inventories (note 19), long-term receivables (note 21) and restricted cash (note 23).

Certain of the Group's banking facilities are subject to the fulfilment of covenants. Some of those relating to the Group's financial metrics which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the related loans would become payable on demand. The Group did not identify any difficulties complying with the covenants. Further details of the covenants and the Group's management of liquidity risk are set out in note 34(b). As at 31 December 2024, none of the covenants relating to drawn down facilities had been breached.

NOTES TO THE FINANCIAL STATEMENTS

27 LOANS AND BORROWINGS (Continued)

(c) Significant terms and repayment schedule of non-bank borrowings

(i) Securitization debts

- 1) The Group has securitized certain finance lease receivables and issued RMB1,000,000,000 asset-backed securities ("ABS-2021") in 2021. During the year ended 31 December 2021, the Group issued ABS-2021 of RMB1,000,000,000, out of which RMB950,000,000 represented senior tranche and RMB50,000,000 represented subordinate tranche, which was fully acquired by the Group. The ABS-2021 bore interest from 26 November 2021 at 2.8%-6.5% per annum. The Group has already repaid ABS-2021 of RMB1,000,000,000 by the end of 31 December 2024 (2023: RMB859,204,000).
- 2) The Group has securitized certain finance lease receivables and issued RMB1,501,000,000 asset-backed notes ("ABN-2022-1") in 2022. During the year ended 31 December 2022, the Group issued ABN-2022-1 of RMB1,501,000,000, out of which RMB1,414,000,000 represented senior tranche and RMB87,000,000 represented subordinate tranche, which was fully acquired by the Group. The ABN-2022-1 bore interest from 16 January 2022 at 3.55%-6.30% per annum. The Group has already repaid ABN-2022-1 of RMB1,501,000,000 by the end of 31 December 2024 (2023: RMB1,226,691,000).
- 3) The Group has securitized certain finance lease receivables and issued RMB800,000,000 asset-backed notes ("ABN-2023-3") in 2023. During the year ended 31 December 2023, the Group issued ABN-2023-3 of RMB800,000,000, out of which RMB745,000,000 represented senior tranche and RMB55,000,000 represented subordinate tranche, which was fully acquired by the Group. The ABN-2023-3 bore interest from 28 August 2023 at 2.50%-4.50% per annum. The Group has already repaid ABN-2023-3 of approximately RMB420,757,400 by the end of 31 December 2024 (2023: RMB134,163,000).
- 4) The Group has securitized certain finance lease receivables and issued RMB1,542,200,000 asset-backed securities ("ABS-2023-2") in 2023. During the year ended 31 December 2023, the Group issued ABS-2023-2 of RMB1,542,200,000, out of which RMB1,433,000,000 represented senior tranche and RMB109,200,000 represented subordinate tranche, which was fully acquired by the Group. The ABS-2023-2 bore interest from 5 September 2023 at 2.39%-4.20% per annum. The Group has already repaid ABS-2023-2 of approximately RMB883,974,000 by the end of 31 December 2024 (2023: RMB318,024,000).

NOTES TO THE FINANCIAL STATEMENTS

27 LOANS AND BORROWINGS (Continued)

(c) Significant terms and repayment schedule of non-bank borrowings (Continued)

(i) Securitization debts (Continued)

- 5) The Group has securitized certain finance lease receivables and issued RMB1,000,000,000 asset-backed securities ("ABS-2023-3") in 2023. During the year ended 31 December 2023, the Group issued ABS-2023-3 of RMB1,000,000,000, out of which RMB860,000,000 represented senior tranche and RMB140,000,000 represented subordinate tranche, which was fully acquired by the Group. The ABS-2023-3 bore interest from 1 November 2023 at 2.80%-3.60% per annum. The Group has already repaid ABS-2023-3 of approximately RMB437,873,000 by the end of 31 December 2024 (2023: RMB110,040,000).
- 6) The Group has securitized certain finance lease receivables and issued RMB1,250,000,000 asset-backed notes ("ABN-2024-1") in 2024. During the year ended 31 December 2024, the Group issued ABN-2024-1 of RMB1,250,000,000, out of which RMB890,000,000 represented senior tranche and RMB360,000,000 represented subordinate tranche, which was fully acquired by the Group. The ABN-2024-1 bore interest from 7 November 2024 at 2.50% – 2.80% per annum. The Group has already repaid ABN-2024-1 of approximately RMB206,588,000 by the end of 31 December 2024.

As the Group retains substantially all the risks and rewards of ownership of the above financial lease receivables related to the ABN-2023-3, ABS-2023-2, ABS-2023-3 and ABN-2024-1, the Group continues to recognise the finance lease receivables. The securities are repaid as collections on the underlying collateralized assets occur and the amounts are included in borrowings.

(ii) Recourse financing

As at 31 December 2024 and 2023, a subsidiary of the Group has entered into several factoring agreements. Those factoring borrowings were recourse to the finance lease receivables.

(iii) Borrowings related to lease-back

As at 31 December 2024 and 2023, a subsidiary of the Group has entered into lease-back agreements with financial institutions. Those lease-back borrowings are recourse to the finance lease receivables.

NOTES TO THE FINANCIAL STATEMENTS

28 LEASE LIABILITIES

At 31 December 2024, the lease liabilities were repayable as follows:

	2024 RMB'000	2023 RMB'000
Amount included under "current liabilities"	456,396	449,688
Amount included under "non-current liabilities"	1,727,522	1,484,772
Lease liabilities	2,183,918	1,934,460

29 EMPLOYEE BENEFIT PLANS

The Group operates defined benefit pension plan and post-employment medical plans for certain employees. Expenses are recognised when employees have rendered services entitling them to the contribution.

The amount of defined benefit pension plan and post-employment medical plans represents the present value of the total estimated amount of future benefits that the Group is committed to pay for eligible employees as at the end of the reporting period.

As at 31 December 2024, a provision of approximately RMB113,414,000 (2023: RMB111,603,000) was recognised related to defined benefit pension plan and post-employment medical plans and included in employee benefits payable within trade and other payables (note 25).

For the year ended 31 December 2024, remeasurement arising from changes in actuarial assumptions of RMB5,033,000 (2023: RMB10,320,000) (note 33(a)) are recognised in other comprehensive income. There were no plan assets related to the defined benefit pension plan and post-employment medical plans of the Group.

NOTES TO THE FINANCIAL STATEMENTS

29 EMPLOYEE BENEFIT PLANS (Continued)

The significant actuarial assumptions for the defined benefit pension plan and post-employment medical plans were as follows:

	2024	2023
Discount rate	2.00%	2.50%
Annual increase rate of supplemental medical insurance	2.00%	2.00%
Annual increase rate of physical examination benefits	0.00%	2.00%
Death rate	China life Insurance life expectancy (2010-2013)	China life Insurance life expectancy (2010-2013)

As at 31 December 2024, if the discount rate had been 25 basis points higher/lower respectively, the present value of the established benefit plan obligation would have been RMB3,190,000 (2023: RMB3,110,000) lower or RMB3,360,000 (2023: RMB3,240,000) higher. The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the defined benefit liability recognised in the consolidated statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

30 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) The Third A Share Options Scheme and Restricted Share Incentive Scheme

According to the resolution of the extraordinary shareholders' meeting held on 13 November 2020, total 102,101,330 A Share Options ("SO-III") were granted to 2,872 individuals, including directors, senior management and selected key employees (the "SO-III Recipients"). The grant date is 4 December 2020 (the "Grant Date-SO-III").

According to the resolution of the extraordinary shareholders' meeting held on 13 November 2020, total 102,101,330 Restricted Shares ("RS") were granted to 2,872 individuals, including directors, senior management and selected key employees (the "RS Recipients"). The grant date is 4 December 2020 (the "Grant Date-RS").

(i) The Third A Share Options Scheme

Each share option represents the right granted to the SO-III Recipients to acquire one share of the Company at pre-determined exercise price of RMB9.98 and conditions in the validity period as set out in the Third A Share Options Scheme ("SO-III Scheme"). The weighted average fair value of SO-III, as estimated at the Grant Date-SO-III, was RMB4.98 per share option. This was calculated using the Black-Scholes share option pricing model. The significant inputs into the model are listed as follow:

Exercise price determined at the Grant Date-SO-III	RMB9.98
Expected option life (years)	3.4 years
Share price at Grant Date-SO-III	RMB13.29
Estimated volatility of the share price	27.33%
Estimated dividend yields	0.00%
Annual risk-free interest rate during the option life	3.06%
Exercise price determined at the Grant Date-SO-III	RMB9.98

The exercise price of SO-III will be adjusted when there is dividend payment, transfer from capital surplus to paid-in capital, distribution of dividends, share split, allotment of shares and share consolidation etc. As of 31 December 2024, the exercise price was adjusted from RMB9.98 to RMB9.19 per share.

NOTES TO THE FINANCIAL STATEMENTS

30 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(a) The Third A Share Options Scheme and Restricted Share Incentive Scheme (Continued)

(i) The Third A Share Options Scheme (Continued)

40%, 30% and 30% of the SO-III granted to the SO-III Recipients will become exercisable once per year in three years starting two years from the Grant Date-SO-III, subject to the Group achieving the performance conditions as set out in the SO-III Scheme. The option has a contractual option term of 5 years starting from the grant date. The Company has no legal or constructive obligation to purchase or settle the granted share options in cash.

Movements in the number of SO-III outstanding and their related weighted average exercise prices are as follows:

	2024		2023	
	Weighted average exercise price	Number of options '000	Weighted average exercise price	Number of options '000
At 1 January	9.32	48,707	9.55	64,456
Exercised – Batch I of SO-III	–	–	9.42	(10,248)
Exercised – Batch II of SO-III	9.19	(21,462)	9.32	(150)
Forfeited – Batch I of SO-III	–	–	9.32	(2,111)
Forfeited – Batch II of SO-III	9.19	(3,276)	9.32	(1,160)
Forfeited – Batch III of SO-III	9.19	(23,969)	9.32	(2,080)
At 31 December	–	–	9.32	48,707

NOTES TO THE FINANCIAL STATEMENTS

30 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(a) The Third A Share Options Scheme and Restricted Share Incentive Scheme (Continued)

(i) The Third A Share Options Scheme (Continued)

On 12 December 2022, 12 December 2023 and 11 December 2024, the first batch of SO-III ("Batch I SO-III"), the second batch of SO-III ("Batch II SO-III") and third batch of SO-III ("Batch III SO-III") became exercisable. As at 31 December 2024, in aggregate, 33,454,276 units of Batch I SO-III, 21,611,865 units of Batch II SO-III and nil units of Batch III SO-III were exercised by the SO-III Recipients, of which 21,461,992 units of Batch II SO-III were exercised in 2024. Accordingly, share capital and share premium of the Company increased by RMB21,461,992 and RMB282,655,519 respectively. At the same time, the Company derecognised the accumulative employee share option scheme reserve relating to exercised share options of RMB106,881,000 and transferred this amount to share premium.

On 10 October 2024, pursuant to a resolution of the Company's meeting of directors, 23,968,600 units of third batch of SO-III ("Batch III of SO-III") were forfeited due to failure to meet the performance conditions. On 10 December 2024, pursuant to the exercise agreement of SO-III, 3,276,000 units of Batch II were forfeited due to expiry of exercise period.

(ii) Restricted Share Incentive Scheme

All restricted shares("RS") granted are subject to a lock-up period of 24 months commencing from the grant date, followed by an unlocking period of 1 to 3 years (three batches in proportion of 40%, 30% and 30% for each 12 months). During the lock-up period, the RS Recipients shall not possess the right of disposal, such that the shares shall not be transferred, used as collateral or used for debt repayment. After the lock-up period, RS Recipients will be entitled to the related shares provided that all of the required performance conditions are met and the RS Recipients are still in employment with the Group.

On 4 December 2020, the Company issued 102,101,330 restricted shares at a price of RMB4.99 per share and received an amount of RMB509,486,000 in cash from participants, which was included in other payables as equity incentive repurchase obligation of the Company. The weighted average fair value of restricted shares, as estimated at the Grant Date-RS, was RMB8.30 per share. On 4 December 2020, as a result of the issuance of restricted shares, the Company's share capital and share premium increased by RMB102,101,000 and RMB407,385,000, respectively. Accordingly, the Company's treasury shares increased by RMB509,486,000.

NOTES TO THE FINANCIAL STATEMENTS

30 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(a) The Third A Share Options Scheme and Restricted Share Incentive Scheme (Continued)

(ii) Restricted Share Incentive Scheme (Continued)

As of 31 December 2023, the repurchased price was adjusted from RMB4.99 to RMB4.33 due to dividend distribution. Accordingly, the Company's other payables as equity incentive repurchase obligation of the Company decreased by RMB767,000.

As of 31 December 2024, the repurchased price was adjusted from RMB4.33 to RMB4.20. Accordingly, the Company's other payables as equity incentive repurchase obligation of the Company decreased by RMB3,386,000.

Movements in the number of RS outstanding and their related weighted average repurchased prices are as follows:

	2024		2023	
	Weighted average repurchased price	Number of options '000	Weighted average repurchased price	Number of options '000
Issued and unvested as of 1 January	4.33	26,049	4.56	56,373
Vested – Batch I RS	–	–	4.56	(9)
Vested – Batch II RS	–	–	4.33	(26,985)
Forfeited	4.20	(26,049)	4.33	(3,330)
Issued and unvested as of 31 December	–	–	4.33	26,049

NOTES TO THE FINANCIAL STATEMENTS

30 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(a) The Third A Share Options Scheme and Restricted Share Incentive Scheme (Continued)

(ii) Restricted Share Incentive Scheme (Continued)

- (1) On 16 January 2023 and 11 December 2023, 9,040 restricted shares (Batch I RS) and 26,985,345 restricted shares (Batch II RS) were vested. Accordingly, treasury shares and other payables as equity incentive repurchase obligation of the Company decreased by RMB116,847,000.
- (2) On 21 November 2022, pursuant to a resolution of the Company's meeting of directors, 7,349,992 units of RS were forfeited due to resignation or retirement of recipients.

Pursuant to a supplementary announcement issued on 5 January 2023, 22,600 units of one recipient's forfeited RS were restored, include 9,040 units, 6,780 units and 6,780 units of Batch I RS, Batch II RS and third one third of RS ("Batch III RS"), respectively. After revision, 7,327,392 units of RS were forfeited, and unvested restricted shares of Batch I, Batch II and Batch III of RS were 9,040 units, 28,181,923 units and 28,181,928 units, respectively. As at 31 December 2023, repurchase of forfeited RS has completed. As a result, share capital, share premium and treasury stock of the Company decreased by RMB7,328,000, RMB29,236,000 and RMB36,564,000, respectively.

On 16 November 2023, pursuant to a resolution of the Company's meeting of directors, 3,330,156 units of RS were forfeited due to resignation or retirement of recipients. As at 31 December 2024, repurchase of forfeited RS has been completed. As a result, share capital, share premium and treasury stock of the Company decreased by RMB3,330,000, RMB11,856,000 and RMB15,186,000, respectively.

On 10 October 2024, 26,048,350 restricted shares (Batch III RS) were forfeited due to failure to meet the performance conditions. As at 31 December 2024, cancellation of forfeited RS has not yet completed.

NOTES TO THE FINANCIAL STATEMENTS

30 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(b) The Fourth A Share Options Scheme

According to the resolution of the extraordinary shareholders' meeting held on 20 January 2023, total 233,896,200 A Share Options ("SO-IV") were granted to 3,089 individuals, including directors, senior management and selected key employees (the "SO-IV Recipients"). The grant date is 20 January 2023 (the "Grant Date-SO-IV").

Pursuant to a supplementary announcement issued on 8 March 2023, 440,800 units of 6 recipients were given up for personal reasons. After registration, total 233,455,400 units of SO-IV were granted to 3,083 recipients.

Each share option represents the right granted to the SO-IV Recipients to acquire one share of the Company at pre-determined exercise price of RMB11.99 and conditions in the validity period as set out in the Fourth A Share Options Scheme ("SO-IV Scheme"). The weighted average fair value of SO-IV, as estimated at the Grant Date-SO-IV, was RMB2.72 per share option. This was calculated using the Black-Scholes share option pricing model. The significant inputs into the model are listed as follow:

Exercise price determined at the Grant Date-SO-IV	RMB11.99
Expected option life (years)	3.7 years
Share price at Grant Date-SO-IV	RMB11.53
Estimated volatility of the share price	28.20%
Estimated dividend yields	0.00%
Annual risk-free interest rate during the option life	2.54%
Exercise price determined at the Grant Date-SO-IV	RMB11.99

The exercise price of SO-IV will be adjusted when there is dividend payment, transfer from capital surplus to paid-in capital, distribution of dividends, share split, allotment of shares and share consolidation etc. As of 31 December 2024, the exercise price was adjusted from RMB11.99 to RMB11.63 per share.

20%, 40% and 40% of the SO-IV granted to the SO-IV Recipients will become exercisable once per year in three years starting two years from the Grant Date-SO-IV, subject to the Group achieving the performance conditions as set out in the SO-IV Scheme. The option has a contractual option term of 5 years starting from the grant date. The Company has no legal or constructive obligation to purchase or settle the granted share options in cash.

NOTES TO THE FINANCIAL STATEMENTS

30 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(b) The Fourth A Share Options Scheme (Continued)

On 10 October 2024, pursuant to a resolution of the Company's meeting of directors, 46,691,080 units of Batch I SO-IV ("Batch I of SO-IV") were forfeited due to failure to meet the performance conditions.

(c) Total expenses

Total expenses reversed in profit or loss for SO-III and RS in 2024 were nil and nil, respectively (Total expenses reversed in 2023: RMB27,926,000 and RMB50,356,000). Total expenses reversed in profit or loss for SO-IV in 2024 were RMB16,842,300 as a result of failure to meet performance conditions. (2023: recognised RMB140,602,000).

31 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2024 RMB'000	2023 RMB'000
At 1 January	203,862	184,999
Provisions for income tax	714,395	377,039
– Provision of PRC income tax	623,313	343,802
– Provision for income tax of other jurisdictions	91,082	33,237
Income tax paid	(502,779)	(358,176)
At 31 December	415,478	203,862

31 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognised:

(i) *Movement of each component of deferred tax assets and liabilities*

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Deferred tax arising from:	Impairment provision	Accrued expenses and others	Intangible asset amortisation	Tax losses	Fair value changes of FVOCI	Provisions	Revaluation of financial assets	Accelerated taxation	Fair value gains arising from business combination	Share of profit of associates	Others	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023		643,732	1,542,879	406,325	1,280,431	188,050	203,246	(3,249)	(183,513)	(29,603)	(94,573)	(330,851)	3,553,094
Effect on deferred tax balances resulting from a change in tax rate													
(Credited)/charged to profit or loss		156,044	183,733	146,076	(17,450)	-	80,037	(338)	26,123	6,822	(197)	34,858	615,708
(Credited)/charged to reserves		-	(895)	-	-	(43,438)	-	-	-	-	-	3,964	(40,369)
Acquisition of subsidiaries		-	-	-	-	-	-	-	-	(23,448)	-	(8,862)	(32,310)
At 31 December 2023 and 1 January 2024		799,796	1,725,717	552,601	1,242,981	124,612	283,283	(3,587)	(157,390)	(46,229)	(94,770)	(300,891)	4,126,123
(Credited)/charged to profit or loss (note 7)		287,650	(190,724)	73,096	961,400	-	26,736	(17,576)	55,695	4,571	(243,095)	(10,370)	947,383
(Credited)/charged to reserves (note 10)		-	129,715	-	-	(3,792)	-	-	-	-	-	-	125,923
Acquisition of subsidiaries		-	-	-	-	-	-	-	-	(2,072)	-	-	(2,072)
At 31 December 2024		1,087,446	1,664,708	625,697	2,204,381	120,820	310,019	(21,163)	(101,695)	(43,730)	(337,865)	(311,261)	5,197,357

NOTES TO THE FINANCIAL STATEMENTS

31 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognised: (Continued)

(ii) *Reconciliation to the consolidated statement of financial position*

	2024 RMB'000	2023 RMB'000
Net deferred tax assets in the consolidated statement of financial position	5,777,101	4,366,130
Net deferred tax liabilities in the consolidated statement of financial position	(579,744)	(240,007)
	5,197,357	4,126,123

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 1(t), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB19,446,427,000 (2023: RMB11,670,314,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. These tax losses will expire between 2025 and 2029.

Expire year	2024 RMB'000	2023 RMB'000
2024	—	1,852,585
2025	3,255,309	2,634,780
2026	1,922,050	754,025
2027	3,443,274	2,713,691
2028	8,691,544	3,715,233
2029	2,134,250	—
	19,446,427	11,670,314

NOTES TO THE FINANCIAL STATEMENTS

32 PROVISIONS

	2024 RMB'000	2023 RMB'000
Warranty provisions (note (a))	2,049,884	1,469,618
Litigation provisions	12,317	45,293
Onerous contracts	40,466	53,157
Other provisions	8,691	8,327
	2,111,358	1,576,395
Less: amount included under "current liabilities"	(784,606)	(545,905)
	1,326,752	1,030,490

NOTES TO THE FINANCIAL STATEMENTS

32 PROVISIONS (Continued)

(a) Warranty provisions

	Provision RMB'000
At 1 January 2023	935,727
Additional provisions made	1,163,377
Provisions utilised	(629,486)
At 31 December 2023	1,469,618
Included: amount included under "current liabilities"	545,905
At 1 January 2024	1,469,618
Additional provisions made	1,835,106
Provisions utilised	(1,254,840)
At 31 December 2024	2,049,884
Included: amount included under "current liabilities"	784,606

The Group undertakes to repair or replace the product components that fail to perform satisfactorily for automobiles and other products with warranty. Provisions are the estimated amount of warranties based on sales volume as well as the past maintenance level and return and replacement records. The Group reviews the basis for estimating its provisions arising from the amount of warranties on an ongoing basis and revises the same when necessary.

Provision for product warranties granted by the Group for certain products is recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present value as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

33 CAPITAL, RESERVES AND DIVIDENDS

(a) Reserves

	Share premium RMB'000	Capital reserve RMB'000	Treasury stock RMB'000	Other reserves RMB'000	Statutory surplus reserve fund RMB'000	General reserve RMB'000	Special reserve RMB'000	Total reserves RMB'000
As at 1 January 2023	33,420,860	7,533,732	(293,583)	1,715	5,498,401	539,251	49,990	46,750,366
Appropriation to general reserve fund	-	-	-	-	-	118,332	-	118,332
Dividend declared by the Company	-	-	-	-	-	-	-	-
Changes in the fair value of financial assets at fair value through other comprehensive income	-	-	-	172,019	-	-	-	172,019
Deferred tax	-	-	-	(40,369)	-	-	-	(40,369)
Share of changes in investment in joint ventures and associates	-	62,555	-	640	-	-	-	63,195
Other currency translation differences	-	-	-	(4,365)	-	-	-	(4,365)
Remeasurement of post-employment benefit obligations	-	-	-	(10,320)	-	-	-	(10,320)
Employee share-based awards scheme (note 30)								
- Value of employee services	-	60,553	-	-	-	-	-	60,553
- Proceeds from shares issued	139,334	(51,782)	-	-	-	-	-	87,552
- Vesting of restricted shares	-	-	129,044	-	-	-	-	129,044
- Repurchase and cancellation of restricted shares	(29,236)	-	36,564	-	-	-	-	7,328
Others	-	(28,328)	-	-	-	-	12,279	(16,049)
As at 31 December 2023	33,530,958	7,576,730	(127,975)	119,320	5,498,401	657,583	62,269	47,317,286

NOTES TO THE FINANCIAL STATEMENTS

33 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(a) Reserves (Continued)

	Share premium RMB'000	Capital reserve RMB'000	Treasury stock RMB'000	Other reserves RMB'000	Statutory surplus reserve fund RMB'000	General reserve RMB'000	Special reserve RMB'000	Total reserves RMB'000
As at 1 January 2024	33,530,958	7,576,730	(127,975)	119,320	5,498,401	657,583	62,269	47,317,286
Appropriation to general reserve fund	-	-	-	-	-	24,112	-	24,112
Changes in the fair value of financial assets at fair value through other comprehensive income	-	-	-	(216,062)	-	-	-	(216,062)
Deferred tax	-	-	-	125,923	-	-	-	125,923
Share of changes in joint ventures and associates	-	(119,904)	-	(4,050)	-	-	-	(123,954)
Other currency translation differences	-	-	-	11,241	-	-	-	11,241
Remeasurement of post-employment benefit obligations	-	-	-	(5,033)	-	-	-	(5,033)
Repurchase of common shares	(248,669)	-	(405,708)	-	-	-	-	(654,377)
Employee share-based awards scheme								
- Value of employee services	-	(16,842)	-	-	-	-	-	(16,842)
- Proceeds from shares issued	282,656	(106,881)	-	-	-	-	-	175,775
- Repurchase and cancellation of restricted shares	(11,856)	-	15,186	-	-	-	-	3,330
Others	-	(13,322)	-	5,167	-	-	14,611	6,456
As at 31 December 2024	33,553,089	7,319,781	(518,497)	36,506	5,498,401	681,695	76,880	46,647,855

NOTES TO THE FINANCIAL STATEMENTS

33 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

Company

	Share capital RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2023	10,487,164	39,837,462	43,166,565	93,491,191
Changes in equity for 2023:				
Total comprehensive income for the year	–	28,098	7,244,871	7,272,969
Employee share-based awards scheme	3,070	284,477	–	287,547
Dividends declared in respect of the current year	–	–	(2,410,637)	(2,410,637)
Balance at 31 December 2023 and 1 January 2024	10,490,234	40,150,037	48,000,799	98,641,070
Changes in equity for 2024:				
Total comprehensive income for the year	–	(67,582)	3,581,213	3,513,631
Repurchase of common shares	(166,848)	(654,377)	–	(821,225)
Employee share-based awards schemes	18,132	162,263	–	180,395
Dividends declared in respect of the current year	–	–	(1,355,760)	(1,355,760)
Balance at 31 December 2024	10,341,518	39,590,341	50,226,252	100,158,111

NOTES TO THE FINANCIAL STATEMENTS

33 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Dividends

- (i) Dividends payable to equity shareholders of the Company attributable to the year

	2024 RMB'000	2023 RMB'000
Interim dividend declared and paid of RMB0.03 per ordinary share (2023: RMB0.05 per ordinary share)	310,455	524,277
Final dividend proposed after the end of the reporting period of RMB0.02 per ordinary share (2023: RMB0.10 per ordinary share)	203,671	1,048,690
	514,126	1,572,967

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

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2024 RMB'000	2023 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB0.10 per share (2023: RMB0.18 per share)	1,048,690	1,888,107

NOTES TO THE FINANCIAL STATEMENTS

33 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Share capital

(i) Issued share capital

	2024		2023	
	No. of shares (‘000)	RMB’000	No. of shares (‘000)	RMB’000
Ordinary shares, issued and fully paid:				
At 1 January	10,490,234	10,490,234	10,487,164	10,487,164
Shares repurchased	(166,848)	(166,848)	–	–
Employee share-based awards scheme				
– Proceeds from share issued	21,462	21,462	10,398	10,398
– Repurchase and cancellation of restricted shares	(3,330)	(3,330)	(7,328)	(7,328)
At 31 December	10,341,518	10,341,518	10,490,234	10,490,234

The ordinary shares of the Company has a par value of RMB1 per share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company’s residual assets.

NOTES TO THE FINANCIAL STATEMENTS

33 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Share capital (Continued)

(ii) Purchase of own shares

During the year ended 31 December 2024, the Company repurchased its own ordinary shares on The Stock Exchange as follows:

	Number of shares repurchased (note)	Highest price paid per share	Lowest price paid per share	Aggregate price paid RMB'000
A shares	13,511,450	RMB7.82	RMB7.10	100,999
H shares	260,756,000	HKD3.72	HKD2.29	720,226
				821,225

Note: Among the total 274,267,450 shares repurchased in 2024, 166,848,000 shares were cancelled and reflected as a reduction of share capital. The rest of 107,419,000 shares was reflected as Treasury stock at 31 December 2024, including relating premium of RMB298,289,000 (note 33(a)).

(e) Nature and purpose of reserves

(i) Share premium

The share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company.

(ii) Capital reserve

The capital reserve mainly comprises the portion of the grant date fair value of unexercised share options granted to employees of the Group and the proportional share of its joint ventures and associates that has been recognised in accordance with the accounting policy adopted for share-based payments in note 1(s)(iii).

NOTES TO THE FINANCIAL STATEMENTS

33 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(e) Nature and purpose of reserves (Continued)

(iii) Other reserves

Other reserves mainly included in reserve comprises the following:

– Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 1(x).

– Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see note 1(g)).

(iv) Distributability of reserves

According to the Articles of Association, the distributable reserves of the Company are based on the retained earnings determined pursuant to the Generally Accepted Accounting Principles of the PRC and Hong Kong Financial Reporting Standards (whichever is lower). As at 31 December 2024, the Company's reserves available for distribution to shareholders amounted to RMB50,226,252,000 (2023: RMB48,000,799,000).

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

NOTES TO THE FINANCIAL STATEMENTS

33 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(f) Capital management (Continued)

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes loans and borrowings, and lease liabilities) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital comprises all components of equity and less unaccrued proposed dividends.

During 2024, the Group's strategy, which was unchanged from 2023.

The Group's adjusted net debt-to-capital ratio at 31 December 2024 and 2023 was as follows:

	Note	2024 RMB'000	2023 RMB'000
Current liabilities:			
Loans and borrowings	27	23,321,740	17,731,673
Lease liabilities	28	456,396	449,688
		23,778,136	18,181,361
Non-current liabilities:			
Loans and borrowings	27	11,968,855	10,384,250
Lease liabilities	28	1,727,522	1,484,772
Total debt		37,474,513	30,050,383
Add: Unaccrued proposed dividends	33(c)	203,671	1,048,690
Less: Cash and cash equivalents	24(a)	(36,482,090)	(39,522,331)
Adjusted net debt		1,196,094	(8,423,258)
Total equity		121,830,607	124,453,812
Less: Unaccrued proposed dividends	33(c)	(203,671)	(1,048,690)
Adjusted capital		121,626,936	123,405,122
Adjusted net debt-to-capital ratio		0.98%	-6.83%



NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities and movements in its own equity share price.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and debt investments at amortised cost and FVOCI; and other financial assets at amortised cost. The Group's exposure to credit risk arising from cash and cash equivalents, bills receivable and derivative financial assets is limited because the counterparties are banks and financial institutions with a minimum credit rating, which the Group considers to represent low credit risk. Deposit with banks, including time deposits, restricted cash, cash and cash equivalents, are also subject to the impairment requirements of HKFRS 9, identified impairment loss was immaterial.

The Group does not provide any other guarantees which would expose the Group to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

- (i) As at 31 December 2024 and 2023, the loss allowance provision for trade receivables, current and long-term other receivables and debt instruments at FVOCI reconciled to the opening loss allowance for that provision as follows:

	Trade receivables RMB'000 note 20	Other current assets RMB'000 note 20	Debt instruments at FVOCI RMB'000 note 10	Other long-term receivables RMB'000 note 21	Total RMB'000
At 1 January 2023	544,879	557,230	–	390,907	1,493,016
Provision for loss allowance recognised in profit or loss	(3,278)	52,520	–	406,660	455,902
Write-off in the year	(75)	–	–	(168,761)	(168,836)
At 31 December 2023	541,526	609,750	–	628,806	1,780,082
Provision for loss allowance recognised in profit or loss	542,688	4,644	5,167	479,683	1,032,182
Acquisition of a subsidiary (note 15(b))	1,854	–	–	–	1,854
Write-off in the year	–	–	–	(343,505)	(343,505)
At 31 December 2024	1,086,068	614,394	5,167	764,984	2,470,613

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

(ii) Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been assessed on individual basis or grouped based on shared credit risk characteristics and the days past due.

On that basis, the loss allowance as at 31 December 2024 and 2023 were determined as follows for trade receivables:

	As at 31 December 2024			As at 31 December 2023		
	Expected loss rate %	Grossing carrying amount RMB'000	Loss allowance RMB'000	Expected loss rate %	Grossing carrying amount RMB'000	Loss allowance RMB'000
On individual basis	71.90%	1,218,441	876,009	94.38%	395,799	373,570
On customer group						
– Related parties	1.86%	730,759	13,575	0.39%	639,734	2,510
– Government	1.15%	508,923	5,828	0.22%	2,154,265	4,819
– Third parties						
Within 1 year	0.12%	1,659,630	2,062	0.05%	2,300,637	1,176
1 – 2 years	13.05%	83,445	10,890	6.37%	198,058	12,616
2 – 3 years	33.03%	85,669	28,294	19.21%	10,859	2,086
3 – 4 years	72.50%	9,928	7,198	69.38%	4,501	3,123
4 – 5 years	100.00%	612	612	100.00%	8,267	8,267
Over 5 years	100.00%	141,600	141,600	100.00%	133,359	133,359
		4,439,007	1,086,068		5,845,479	541,526

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

(ii) Trade receivables (Continued)

Expected loss rates are based on actual loss experience over the past. 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.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	RMB'000
Balance at 1 January 2023	544,879
Impairment losses recognised	(3,278)
Write-off bad debts	(75)
Balance at 31 December 2023	541,526
Balance at 1 January 2024	541,526
Impairment losses recognised	542,688
Acquisition of a subsidiary	1,854
Balance at 31 December 2024	1,086,068

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

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

All of the Group's debt investments at amortised cost and FVOCI are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. The Group expects that there is no significant credit risk associated with debt investments at amortised cost and FVOCI since the Group furnishes investment mandates to commercial banks, trust companies and asset management companies. These mandates require them to invest in such debt investments with high market credit rating, liquidity and stable return. Management does not expect that there will be any significant losses from non-performance by these counterparties.

(iv) *Debt investments at FVPL*

The Group is also exposed to credit risk in relation to debt investments that are measured at fair value through profit or loss. The maximum exposure as at 31 December 2024 is the carrying amount of these investments, amounting to approximately RMB1,889,229,000 (31 December 2023: RMB957,539,000).

(v) *Other financial assets at amortised cost*

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

Except for certain long aging receivables for which the debtors failed to make demanded repayment and the Group has made specific provision on a case-by-case basis, the expected credit loss provision for the financial assets included in the above balances is based on the 12-month expected credit loss. It is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data, including real GDP, current account balance, nominal retail sales growth rate and exchange rate. As at 31 December 2024 and 2023, except for certain default receivables, management considers that the expected credit loss is immaterial.

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)**(a) Credit risk (Continued)****(v) Other financial assets at amortised cost (Continued)**

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

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

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses, participation in supplier finance arrangements with banks and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants and its relationship with finance providers, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

As disclosed in note 27(b), certain of the Group's banking facilities are subject to the fulfilment of covenants. Some of those relating to the Group's financial metrics which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the related loans would become payable on demand. The Group did not identify any difficulties complying with the covenants.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on:

- contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the date the Group is contractually required to pay, or if the counterparty has the choice of when the amount should be paid (irrespective of the fulfilment of covenants), the earliest date the Group can be required to pay; and
- expected undiscounted cash flows provided to the Group's key management personnel and the date the Group is expected to pay, shown as adjustments to the contractual undiscounted cash flows if the timing and/or amount to the cash flows are expected to be different from the contractual undiscounted cash flows.

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000	Carrying amount as 31 December RMB'000
As at 31 December 2024						
Loans and borrowings	24,120,032	5,187,787	6,966,464	293,836	36,568,119	35,290,595
Trade and other payables (excluding employee benefits payable, other taxes, government grants and taxes related to contract liabilities)	57,306,524	371,848	757,362	203,764	58,639,498	58,639,498
Lease liabilities	560,311	363,624	793,462	812,957	2,530,354	2,183,918
As at 31 December 2023						
Loans and borrowings	18,353,224	5,814,547	4,809,473	247,213	29,224,457	28,115,923
Trade and other payables (excluding employee benefits payable, other taxes, government grants and taxes related to contract liabilities)	50,159,962	403,548	708,415	200,588	51,472,513	51,472,513
Lease liabilities	578,094	358,092	749,475	664,467	2,350,128	1,934,460

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future 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. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate risk profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table, as reported to the management of the Group, details the interest rate profile of the Group's interest-bearing borrowings at the end of the reporting period.

	2024		2023	
	Effective interest rates	Amount '000	Effective interest rates	Amount '000
Fixed rate borrowings:				
Loans and borrowings	2.5% – 4.9%	20,082,486	1.60% – 4.90%	12,130,165
Variable rate borrowings:				
Loans and borrowings	2.15% – 4.0%	15,208,109	2.75% – 4.90%	15,985,758
Fixed rate loans and borrowings as a percentage of total borrowings		57%		43%

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk (Continued)

(ii) Sensitivity analysis

At 31 December 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB114,061,000 (2023: RMB119,893,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis as 2023.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash 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 currencies giving rise to this risk are primarily United States dollars, Hong Kong dollars and Japanese Yen. The Group manages this risk as follows:

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Currency risk (Continued)

(i) Exposure to currency risk

The following table details the Group's exposure 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. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency and the exposure arising from the secured bank loan.

	Exposure to foreign currencies (expressed in RMB)					
	2024			2023		
	United States Dollars RMB'000	Japanese Yen RMB'000	Hong Kong currency RMB'000	United States Dollars RMB'000	Japanese Yen RMB'000	Hong Kong currency RMB'000
Trade and other receivables	2,132	-	42,956	2,361	-	23,924
Cash and cash equivalents	435,235	6,378	54,292	83,900	1,855	9,864
Time deposit	70,546	-	361,997	49,872	-	17,282
Restricted cash	-	308	70,360	-	334	-
Trade and other payables	(8,776)	-	(3,106)	(267)	-	(2,618)
Net exposure arising from recognised assets and liabilities	499,137	6,686	526,499	135,866	2,189	48,452

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Currency risk (Continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2024		2023	
	Increase/ (decrease) in foreign exchange rate	Effect on profit after tax and retained profit '000	Increase/ (decrease) in foreign exchange rate	Effect on profit after tax and retained profit '000
Hong Kong Dollars	5%	19,744	5%	1,817
United States Dollars	5%	18,718	5%	5,095
Japanese Yen	5%	251	5%	82

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, and then translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis is performed on the same basis for 2023.

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(e) Fair value measurement

(i) *Financial assets and liabilities measured at fair value*

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(e) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

	Fair value at 31 December 2024 RMB'000	Fair value measurements as at 31 December 2024 categorised into			Fair value at 31 December 2023 RMB'000	Fair value measurements as at 31 December 2023 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements								
Assets:								
Financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss:								
Bond investments	14,349,715	14,349,715	-	-	6,200,886	6,200,886	-	-
Fund investments	417,702	76,827	340,875	-	1,555,268	-	1,555,268	-
Financial products	9,136,811	-	-	9,136,811	2,946,114	-	-	2,946,114
Listed stocks	1,767,153	1,767,153	-	-	1,077,291	1,077,291	-	-
Other equity investments	2,781,383	-	-	2,781,383	1,777,338	-	-	1,777,338
Others	2,032,456	-	525,977	1,506,479	2,326,144	-	513,664	1,812,480

During the years ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(e) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Valuation techniques and inputs used in Level 2 fair value measurements

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

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

Specific valuation techniques used to value financial instruments include:

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

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Range	Weighted average
Financial products	Discounted cashflow	Discounted rate	1.35% to 3.30% (2023: 2.60% to 3.30%)	2.41% (2023: 2.95%)
	Summation method	Value of each asset/liability	N/A	N/A
Unlisted equity instruments	Summation method	Value of each asset/liability	N/A	N/A
Unlisted notes receivable	Discounted cashflow	Discounted rate	0.14% to 5.99% (2023: 0.60% to 2.30%)	0.83% (2023: 1.45%)

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(e) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Information about Level 3 fair value measurements (Continued)

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	2024 RMB'000	2023 RMB'000
Financial products:		
At 1 January	2,946,114	2,547,124
Acquisition	9,372,677	2,814,545
(Losses)/gains for the period recognised in profit or loss	(10,423)	21,978
Disposal	(3,171,557)	(2,437,533)
At 31 December	9,136,811	2,946,114
Unlisted equity securities:		
At 1 January	1,777,338	1,471,849
Acquisition	2,508,993	300,607
(Losses)/gains for the period recognised in profit or loss	(513,309)	59,927
Disposal	(991,639)	(55,045)
At 31 December	2,781,383	1,777,338
Unlisted notes receivable:		
At 1 January	1,812,480	632,301
Acquisition	26,872,727	30,076,660
Disposal	(27,178,728)	(28,896,481)
At 31 December	1,506,479	1,812,480

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(e) Fair value measurement (Continued)

(i) *Financial assets and liabilities measured at fair value (Continued)*

Information about Level 3 fair value measurements (Continued)

Any gain or loss arising from the remeasurement of the Group's unlisted equity securities held for strategic purposes are recognised in the fair value reserve (non-recycling) in other comprehensive income and profit or loss. Upon disposal of the equity securities, the amount accumulated in other comprehensive income is transferred directly to retained earnings.

The gains arising from the remeasurement of the financial products are presented in the "Other net gains" line item in the consolidated statement of profit or loss.

(ii) *Fair value of financial assets and liabilities carried at other than fair value*

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2024 and 2023.

(f) Equity price risk

The Group is exposed to equity price changes arising from equity investments held for trading and non-trading purposes (see note 18). Other than unquoted securities held for strategic purposes, all of these investments are listed. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the Index and other industry indicators, as well as the Group's liquidity needs. Listed investments that are not held for trading purposes have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations. The portfolio is diversified in terms of industry distribution, in accordance with the limits set by the Group.

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(f) Equity price risk (Continued)

At 31 December 2024, it is estimated that an increase/(decrease) of 1% (2023: 1%) in the relevant stock market index (for listed investments), the price/earning ratios of comparable listed companies (for unquoted investments) or the company's own share price (for the conversion option of certain convertible bonds) as applicable, with all other variables held constant, would have increased/decreased the Group's profit after tax (and retained profits) and other components of consolidated equity as follows:

	2024		2023	
	Effect of profit after tax and retained RMB'000	Effect on other components of equity RMB'000	Effect of profit after tax and retained RMB'000	Effect on other components of equity RMB'000
Change in the relevant equity price risk variable	1%	1%	1%	1%
Increase	20,298	21,380	33,360	5,451
Decrease	20,298	21,380	33,360	5,451

The sensitivity analysis indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, and that all other variables remain constant. The analysis is performed on the same basis for 2023.

NOTES TO THE FINANCIAL STATEMENTS

35 COMMITMENTS

(a) Capital commitment

Commitments outstanding at 31 December 2024 not provided for in the financial statements were as follows:

	2024 RMB'000	2023 RMB'000
Contracted for:		
– acquisition of property, plant and equipment	3,495,525	1,611,633
– acquisition of intangible assets	101,308	520
– outbound investment	3,600	–
Authorised but not contracted for:		
– acquisition of property, plant and equipment	539,621	472,184
– acquisition of intangible assets	2,050,963	1,889,040
	6,191,017	3,973,377

36 MATERIAL RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. The Company's holding company is GAIG, a state-owned enterprise incorporated in the People's Republic of China. The Group is subject to the control of the PRC Government.

In accordance with HKAS 24 "Related Party Disclosures", other state-owned enterprises and their subsidiaries, directly or indirectly controlled by the PRC Government ("state-owned enterprises") are regarded as related parties of the Group.

In addition to the related party information shown elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary and usual course of business and balances between the Group and its related parties, during the year ended 31 December 2024.

The balances of trade and other receivables, prepayments, trade and other payables, contract liabilities and lease liabilities rose in the ordinary and usual course of business and were unsecured, interest free and receivable/repayable according to the mutual agreed credit terms.

NOTES TO THE FINANCIAL STATEMENTS

36 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Significant related party transactions

	2024 RMB'000	2023 RMB'000
Sales of goods		
Sales of automotive parts and steels		
– Joint ventures	922,477	1,332,964
– Associates	103,080	92,953
– Subsidiaries of GAIG	15,236	7,824
	1,040,793	1,433,741
Sales of passenger vehicles		
– Joint ventures	76,360	188,374
– Associates	303,806	1,209,505
	380,166	1,397,879
	1,420,959	2,831,620
Loan interest from related parties		
– Joint ventures	158,795	319,429
– Associates	2,961	6,741
	161,756	326,170
Gains on disposal of investments in associates		
– GAIG (note 5 (i))	3,538,558	–

NOTES TO THE FINANCIAL STATEMENTS

36 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Significant related party transactions (Continued)

	2024 RMB'000	2023 RMB'000
Rendering of labour and insurance services		
– Joint ventures	1,795,548	1,961,609
– Associates	239,204	478,386
– GAIG	390	381
– Subsidiaries of GAIG	5,829	827
	2,040,971	2,441,203
Income of trustee management of equity assets		
– GAIG (note (i))	19,430	23,497
– Subsidiaries of GAIG	4,717	–
	24,147	23,497
Purchases of goods		
Purchases of automotive parts and materials		
– Joint ventures	2,490,995	2,344,577
– Associates	7,248,030	10,328,166
	9,739,025	12,672,743
Purchases of passenger vehicles		
– Joint ventures	9,276,927	12,715,157
– Associates	13,240	2,620
	9,290,167	12,717,777
	19,029,192	25,390,520

NOTES TO THE FINANCIAL STATEMENTS

36 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Significant related party transactions (Continued)

	2024 RMB'000	2023 RMB'000
Interest on customer deposits		
– Joint ventures	79,806	82,192
– Associates	27,935	20,518
	107,741	102,710
Purchases of labour services and settlement of insurance claims		
– Joint ventures	219,574	108,763
– Associates	76,882	81,629
– Subsidiaries of GAIG	45,770	21,911
	342,226	212,303
Provision of entrusted loans to related parties		
– Joint ventures	250,000	1,937,000
– Associates	26,950	31,850
	276,950	1,968,850
Rental from related parties		
– Joint ventures	67,893	53,646
– Associates	15,848	10,210
– Subsidiaries of GAIG	14,272	13,291
	98,013	77,147

NOTES TO THE FINANCIAL STATEMENTS

36 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Significant related party transactions (Continued)

	2024 RMB'000	2023 RMB'000
Interest charges for lease liabilities to related parties		
– Joint ventures	2,738	7,366
– Associates	13	3
– GAIG	422	956
– Subsidiaries of GAIG	752	310
	3,925	8,635
Addition of right-of-use assets to related parties		
– Joint ventures	10,608	628,218
– Associates	4,477	320
– GAIG	4,010	90
– Subsidiaries of GAIG	51,866	13,738
	70,961	642,366
Repayment of entrusted loans from related parties		
– A joint venture	43,110	196,890
– An associate	31,850	36,750
	74,960	233,640
Entrusted loan interest from related parties		
– Joint ventures	14,378	–
– An associate	1,082	1,221
	15,460	1,221

NOTES TO THE FINANCIAL STATEMENTS

36 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Significant related party transactions (Continued)

	2024 RMB'000	2023 RMB'000
Entrusted loans from a related party		
– A joint venture	–	70,000
Repayment of entrusted loans to a related party		
– A joint venture	70,000	100,000
Entrusted loan interest to a related party		
– A joint venture	639	1,838
Borrowings from a related party		
– A joint venture	1,764,740	3,696,807
Repayment of borrowings to a related party		
– A joint venture	1,933,409	3,747,165
Borrowing interest to a related party		
– A joint venture	67,057	39,866
Loans to related parties		
– Joint ventures	1,813,315	7,410,665
– Associates	99,256	402,217
	1,912,571	7,812,882

NOTES TO THE FINANCIAL STATEMENTS

36 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Significant related party transactions (Continued)

	2024 RMB'000	2023 RMB'000
Repayment of loans from related parties		
– Joint ventures	2,240,581	6,432,631
– Associates	96,356	402,853
	2,336,937	6,835,484
Guarantee fees to a related party		
– GAIG	–	–
Sales of intangible assets		
– Joint ventures	236,783	109,384
– An associate	10,600	37,751
	247,383	147,135

- (i) On 4 January 2023, the Board of Directors of the Company passed a resolution in relation to the Company being entrusted by its controlling shareholder GAIG to manage certain equity investments held by GAIG. The period of the entrusted management is three years. The annual management fee is made up of basic and floating portions, with an annual limit of RMB90,000,000.

NOTES TO THE FINANCIAL STATEMENTS

36 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Significant balances with related parties

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade receivables		
– Joint ventures	517,795	616,100
– Associates	432,364	657,467
– GAIG	24	24
– Subsidiaries of GAIG	134	598
	950,317	1,274,189
Interest receivable		
– Joint ventures	11,878	160,974
– Associates	16	19
	11,894	160,993
Other receivables and prepayments		
– Joint ventures	274,953	736,018
– Associates	46,477	35,777
– GAIG	652,044	5,248
– Subsidiaries of GAIG	4,813	9,447
	978,287	786,490
Dividend receivable		
– Joint ventures	–	–
– Associates	122,262	73,846
	122,262	73,846

NOTES TO THE FINANCIAL STATEMENTS

36 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Significant balances with related parties (Continued)

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Notes receivable		
– Joint ventures	1,150	2,000
– Associates	57,416	71,398
	58,566	73,398
Entrusted loans due from (note (i))		
– Joint ventures	3,351	43,445
– An associate	1,142	3,706
	4,493	47,151
Loans to related parties – current (note (ii))		
– Joint ventures	343,623	1,060,399
– Associates	26,730	19,190
	370,353	1,079,589
Loans to related parties – non-current (note (ii))		
– Joint ventures	3,810,088	3,519,166
Long-term receivables (note (iii))		
– Joint ventures	89,175	187,784
Long-term deposits		
– A joint venture	4,500,000	4,500,000

NOTES TO THE FINANCIAL STATEMENTS

36 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Significant balances with related parties (Continued)

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade payables		
– Joint ventures	758,523	768,244
– Associates	1,537,454	1,647,148
– Subsidiaries of GAIG	994	1,405
	2,296,971	2,416,797
Other payables		
– Joint ventures	95,158	141,195
– Associates	188,297	224,326
– GAIG	505,249	505,199
– Subsidiaries of GAIG	29,484	8,474
	818,188	879,194
Contract liabilities		
– Joint ventures	228,194	137,972
– Associates	153,363	13,958
– Subsidiaries of GAIG	60	84
	381,617	152,014
Notes payable		
– Joint ventures	1,051,534	1,486,306
– Associates	3,058,295	404,348
	4,109,829	1,890,654

NOTES TO THE FINANCIAL STATEMENTS

36 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Significant balances with related parties (Continued)

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Customer deposits		
– Joint ventures	3,661,717	6,537,748
– Associates	1,525,262	1,365,388
	5,186,979	7,903,136
Short-term borrowings (note (iv))		
– A joint venture	366,084	585,651
Entrusted loans due to		
– A joint venture	–	70,000
Interest payable		
– Joint ventures	3,753	9,309
– Associates	12,412	7,402
	16,165	16,711
Lease liabilities		
– Joint ventures	149,507	153,268
– Associates	3,487	45
– GAIG	4,573	24,249
– Subsidiaries of GAIG	48,604	5,148
	206,171	182,710

NOTES TO THE FINANCIAL STATEMENTS

36 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Significant balances with related parties (Continued)

Note:

- (i) The balances of entrusted loans due from related parties were with interest rate ranging from 2.20% to 3.85% (2023: from 3.45% to 4.35%), unsecured and receivable in accordance with normal commercial terms.
- (ii) The balances of loan receivables to related parties were with interest rate ranging from 0.00% to 5.63% (2023: from 3.33% to 5.99%) and receivable in accordance with normal commercial terms. Majority of loans to related parties were unsecured and certain loans to related parties were secured by certain inventories.

As at 31 December 2024, the balances represent the net carrying amount of loan receivables from related parties, after considering the loss allowance provision of approximately RMB58,750,000 for joint ventures and approximately RMB1,740,000 for associates (2023: RMB41,079,000 and RMB170,000).

- (iii) As at 31 December 2024, the balances represent the net carrying amount of long-term receivables from related parties, after considering the loss allowance provision of approximately RMB154,383,000 for joint ventures (2023: RMB154,340,000).
- (iv) Borrowings from a joint venture, which is a financial institution, are interest bearing and repayable in accordance with normal commercial terms.

As at 31 December 2024, borrowings from a joint venture were secured by the Group's inventories with carrying value of approximately RMB662,551,000 (2023: RMB491,768,000).

(c) Transactions and balances with other state-owned enterprises in the PRC

The Group operates in an economic environment predominated by state-owned enterprises. During the year ended 31 December 2024, the Group had transactions with state-owned enterprises including, but not limited to, sales of automobiles and other automotive parts and purchases of raw materials and automotive parts.

For the purpose of related party transactions disclosure, the Group has in place procedures to assist the identification of the immediate ownership structure of its customers and suppliers as to whether they are state-owned enterprises. However, many state-owned enterprises have multi-layered corporate structure and the ownership structures change over time as a result of transfers and privatisation programs. Nevertheless, the Directors consider that transactions with other state-owned enterprises are activities in the ordinary course of the Group's business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and other state-owned enterprises are ultimately controlled or owned by the PRC Government.

NOTES TO THE FINANCIAL STATEMENTS

36 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions and balances with other state-owned enterprises in the PRC (Continued)

The Group has also established pricing policies for products and services, and such pricing policies do not depend on whether or not the customers are state-owned enterprises. Having due regard to the substance of the relationships, the Directors are of the opinion that none of these transactions are material related party transactions that require separate disclosure except for the transactions with state-owned financial institutions as disclosed below.

(i) Balances with state-owned financial institutions

As at 31 December 2024 and 2023, majority part of the Group's bank balances and borrowings were deposited in or financed from various state-owned financial institutions. The Directors are of opinion that such transactions were conducted in the ordinary course of business and in accordance with normal commercial terms.

(ii) Guarantees given by state-owned enterprises and GAIG

As at 31 December 2024 and 2023, no guarantee was given by state-owned enterprises and GAIG.

(d) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

	2024 RMB'000	2023 RMB'000
Short-term employee benefits	24,578	28,652

Total remuneration is included in "staff costs" (see note 6(b)).

NOTES TO THE FINANCIAL STATEMENTS

37 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	31 December 2024 RMB'000	31 December 2023 RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,375,386	3,453,939
Right-of-use assets	679,394	773,652
Investment properties	553,612	564,869
Intangible assets	4,792,506	5,480,679
Investments in subsidiaries	47,125,860	44,001,644
Investments in joint ventures and associates	21,068,504	28,471,312
Financial assets at fair value through profit or loss	942,695	931,318
Prepayments and long-term receivables	5,019,303	4,952,427
	83,557,260	88,629,840
Current assets		
Inventories	18,893	21,051
Trade and other receivables	3,684,101	3,760,652
Contract assets	179,022	160,233
Financial assets at fair value through profit or loss	1,035,279	623,270
Held for Sale Assets	1,362	—
Time deposits	4,000,000	127,000
Cash and cash equivalents	20,719,529	15,919,572
	29,638,186	20,611,778
Total assets	113,195,446	109,241,618
LIABILITIES		
Non-current liabilities		
Borrowings	4,400,000	3,000,000
Lease liabilities	28,469	340,533
Government grants	462,427	153,968
	4,890,896	3,494,501

NOTES TO THE FINANCIAL STATEMENTS

37 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (Continued)

	31 December 2024 RMB'000	31 December 2023 RMB'000
Current liabilities		
Trade and other payables	7,243,505	6,848,988
Contract liabilities	788,428	4,257
Borrowings	114,506	252,802
Lease liabilities	—	—
	8,146,439	7,106,047
Total liabilities	13,037,335	10,600,548
NET ASSETS	100,158,111	98,641,070
CAPITAL AND RESERVES		
Share capital (note 33(b))	10,341,518	10,490,234
Reserves (note 33(b))	39,590,341	40,150,037
Retained earnings	50,226,252	48,000,799
TOTAL EQUITY	100,158,111	98,641,070

Approved and authorised for issue by the board of directors on 28 March 2025.

Feng Xingya
Chairman

Chen Xiaomu
Director

NOTES TO THE FINANCIAL STATEMENTS

38 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

- (i) After the end of the reporting period the directors proposed a final dividend. Further details are disclosed in note 33(c).
- (ii) After the end of the reporting period, the Company cancelled 26,048,350 shares of its own restricted shares through the China Securities Depository & Clearing Corporation Limited at a total consideration of approximately RMB109,403,070.
- (iii) During the year ended 31 December 2024, the Group's wholly-owned subsidiary, Guangzhou GAC Leasing Co., Ltd. ("GAC Leasing"), entered into an equity subscription agreement with Crédit Agricole Personal Finance & Mobility (the "Subscriber"), pursuant to which GAC Leasing will increase its registered capital from RMB1,700,000,000 to RMB3,400,000,000, and the Subscriber will subscribe all the incremental registered capital at a consideration of RMB2,132.5 million payable to GAC Leasing.

The transaction was completed in January 2025.

39 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2024, the directors consider the immediate parent of the Group to be Guangzhou Automobile Industry Group Co., Ltd., which is incorporated in PRC. This entity does not produce financial statements available for public use.

The Group is subject to the control of the PRC Government.

NOTES TO THE FINANCIAL STATEMENTS

40 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	<i>Effective for accounting periods beginning on or after</i>
Amendments to HKAS 21, <i>The effects of changes in foreign exchange rates – Lack of exchangeability</i>	1 January 2025
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRSs – <i>Volume 11</i>	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

FINANCIAL SUMMARY

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

	Year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	107,783,807	129,706,167	110,271,923	75,675,765	63,156,985
Cost of sales	(105,345,899)	(125,342,102)	(106,507,364)	(71,776,845)	(60,860,992)
Gross profit	2,437,908	4,364,065	3,764,559	3,898,920	2,295,993
Selling and distribution costs	(5,416,689)	(5,032,314)	(3,922,909)	(4,339,756)	(3,641,480)
Administrative expenses	(5,833,509)	(5,656,662)	(5,114,685)	(4,556,045)	(3,850,327)
Net impairment losses on financial assets	(1,032,182)	(455,902)	(627,724)	(143,468)	(55,110)
Interest income	312,678	289,366	160,656	257,438	304,233
Other net gains	6,097,914	1,649,469	(935,421)	1,257,349	1,379,690
Operating loss	(3,433,880)	(4,841,978)	(6,675,524)	(3,625,562)	(3,567,001)
Interest income	271,571	484,993	330,520	58,558	127,551
Finance costs	(562,994)	(467,323)	(351,781)	(425,316)	(439,567)
Share of profit of joint ventures and associates	2,998,268	8,349,006	14,065,159	11,403,900	9,570,978
(Loss)/profit before taxation	(727,035)	3,524,698	7,368,374	7,411,580	5,691,961
Income tax credit	232,988	215,463	535,540	154,117	355,990
(Loss)/profit for the year	(494,047)	3,740,161	7,903,914	7,565,697	6,047,951
Attributable to:					
Equity shareholders of the Company	823,579	4,428,845	7,978,417	7,511,030	5,964,055
Non-controlling interests	(1,317,626)	(688,684)	(74,503)	54,667	83,896
	(494,047)	3,740,161	7,903,914	7,565,697	6,047,951
Assets, liabilities and non-controlling interests					
Total assets	232,512,366	218,448,770	189,885,641	154,250,589	142,860,688
Total liabilities	110,681,759	93,994,958	67,554,186	61,601,804	56,147,060
Non-controlling interests	7,422,501	8,679,635	9,027,144	2,335,474	2,338,597

DEFINITIONS

In this report, unless the context otherwise requires, the following terms used shall have the following meanings set out below:

“A Share(s)”	domestic listed shares with par value of RMB1.00 each in the ordinary share capital of the Company which are listed on the Shanghai Stock Exchange (Stock Code: 601238)
“Articles of Association”	the articles of association of the Company, as amended from time to time
“associate(s)”, “associated company(ies)” or “associated enterprise(s)”	all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights of such entities
“Board”	the board of directors of the Company
“CATL GAC”	CATL GAC Energy Battery System Co., Ltd. (時代廣汽動力電池有限公司), an associated company jointly funded and established by the Company, GAC AION and Contemporary Amperex Technology Co., Ltd. in December 2018 under PRC law, in which the Company and GAC AION hold 49% equity interests in total
“China Lounge Investments”	China Lounge Investments Limited (中隆投資有限公司), a wholly- owned subsidiary of the Company incorporated in Hong Kong
“Company” or “GAC”	Guangzhou Automobile Group Co., Ltd. (廣州汽車集團股份有限公司)
“Company Law”	the Company Law of the People’s Republic of China
“CSRC”	China Securities Regulatory Commission
“Da Sheng Technology”	Da Sheng Technology Co., Ltd. (大聖科技股份有限公司), a subsidiary of the Company established in June 2016 under PRC law, in which the Company and Urtrust Insurance holds 85% and 15% equity interests, respectively
“GAC AION”	GAC AION New Energy Automobile Co., Ltd. (廣汽埃安新能源汽車股份有限公司) (formerly known as Guangzhou Automobile New Energy Automobile Co., Ltd. (廣汽新能源汽車有限公司), a subsidiary of the Company incorporated in July 2017 under PRC law

DEFINITIONS

“GAC Business”	GAC Business Co., Ltd. (廣汽商貿有限公司) (formerly known as Guangzhou Automobile Group Business Co., Ltd. (廣州汽車集團商貿有限公司)), a wholly-owned subsidiary of the Company incorporated in March 2000 under PRC law
“GAC Capital”	GAC Capital Co., Ltd. (廣汽資本有限公司), a wholly-owned subsidiary of the Company incorporated in April 2013 under PRC Law
“GAC Component”	GAC Component Co., Ltd. (廣汽零部件有限公司) (formerly known as Guangzhou Automobile Group Component Co., Ltd. (廣州汽車集團零部件有限公司)), a wholly-owned subsidiary incorporated in August 2000 under PRC law by the Company and its subsidiaries
“GAC Energy”	GAC Energy Technology Co., Ltd. (廣汽能源科技有限公司), a subsidiary incorporated in July 2022 under PRC law, in which UPOWER Energy and GAC AION hold 55% and 45% equity interests, respectively
“GAC Finance Company”	Guangzhou Automobile Group Finance Co., Ltd. (廣州汽車集團財務有限公司), a wholly-owned subsidiary incorporated in January 2017 under PRC law by the Company
“GAC Hino”	GAC Hino Motors Co., Ltd. (廣汽日野汽車有限公司), a subsidiary of the Company, in which the Company holds 89.72% equity interests
“GAC Honda”	GAC Honda Automobile Co., Ltd. (廣汽本田汽車有限公司) (formerly known as Guangzhou Honda Automobile Co., Ltd. (廣州本田汽車有限公司)), a jointly controlled entity incorporated in May 1998 under PRC law by the Company, Honda Motor Co., Ltd. and Honda Motor (China) Investment Co., Ltd.
“GAC International”	GAC International Automobile Sales & Service Co., Ltd. (廣汽國際汽車銷售服務有限公司), a subsidiary incorporated in May 2022 under PRC law by the Company
“GAC Ogihara”	GAC Ogihara Mold Stamping Co., Ltd. (廣州廣汽荻原模具沖壓有限公司), a subsidiary incorporated in 2009 under PRC law by the Company
“GAC Toyota Engine”	GAC Toyota Engine Co., Ltd. (廣汽豐田發動機有限公司), an associated company incorporated in February 2004 under PRC law by the Company and Toyota Motor Company, in which the Company holds 30% equity interests

DEFINITIONS

“GAC Toyota”	GAC Toyota Motor Co., Ltd. (廣汽豐田汽車有限公司) (formerly known as Guangzhou Toyota Motor Co., Ltd. (廣州豐田汽車有限公司)), a jointly controlled entity incorporated in September 2004 under PRC law by the Company, Toyota Motor Company and Toyota Motor (China) Investment Co., Ltd.
“GAC Trumpchi”	GAC Motor Co., Ltd. (廣汽傳祺汽車有限公司) (formerly known as GAC Motor Co., Ltd. (廣汽乘用車有限公司)), a wholly-owned subsidiary of the Company incorporated in July 2008 under PRC law
“GAC-SOFINCO”	GAC-SOFINCO Automobile Finance Co., Ltd. (廣汽匯理汽車金融有限公司), a jointly controlled entity incorporated in May 2010 under PRC law by the Company and Crédit Agricole Personal Finance & Mobility
“GAC-SOFINCO Leasing”	GAC-SOFINCO Financial Leasing Co., Ltd. (廣州廣汽匯理融資租賃有限公司) (formerly known as Guangzhou GAC Leasing Co., Ltd. (廣州廣汽融資租賃有限公司)), a limited liability company incorporated in February 2004 under PRC law, being a jointly controlled entity of the Company and Crédit Agricole Personal Finance & Mobility
“GAEI”	Guangzhou Automobile Group Company Automotive Engineering Institute (廣州汽車集團股份有限公司汽車工程研究院), a branch company of the Company established in June 2006 for the purpose of conducting research and development of the products and technology in which the Company has proprietary rights
“GAIG”	Guangzhou Automobile Industry Group Co., Ltd. (廣州汽車工業集團有限公司), a state-owned enterprise incorporated under the laws of the PRC in October 2000 and the controlling shareholder of the Company
“Group” or “GAC Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign shares with nominal value of RMB1.00 each in the ordinary share capital of the Company which are listed on the Stock Exchange (Stock Code: 2238)
“HEV”	hybrid electric vehicles
“independent director”	has the same meaning as that of independent non-executive director

DEFINITIONS

“IMPOW Battery”	IMPOW Battery Technology Co., Ltd. (因湃電池科技有限公司), a subsidiary incorporated in October 2022 under PRC law
“joint venture(s)” or “jointly controlled entity(ies)”	joint venture companies under direct or indirect joint control, and no participating party has unilateral control power over the economic activities of such jointly controlled entity as a result of such direct or indirect joint control
“Lisheng Technology”	Lisheng Automotive Technology (Guangzhou) Co., Ltd. (立昇汽車科技(廣州)有限公司), established in June 2023 under PRC law by the Company, GAC Component and Luxshare Precision Industry Co., Ltd., and in which the Company and its wholly-owned subsidiary, GAC Component collectively hold 45% equity interests
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules
“MPV”	multi-purpose passenger vehicle
“ON TIME”	a mobile mobility platform established in April 2019 and launched by the Company through Chenqi Technology Limited (including its subsidiaries) established by China Lounge Investments and Tencent, and its controlling company, the shares of which are listed on the Stock Exchange (Stock Code: 9680), in which the Group indirectly holds 12.84% equity interests
“PHEV”	plug-in hybrid electric vehicles
“PRC” or “China”	the People’s Republic of China
“REEV”	range extend electric vehicle
“RMB”	Renminbi, the lawful currency of the PRC
“Ruipai Power”	Ruipai Power Technology Co., Ltd. (銳湃動力科技有限公司), a subsidiary established in October 2022 under PRC law
“Securities Law”	the Securities Law of the People’s Republic of China

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SSE”	the Shanghai Stock Exchange
“SSE Listing Rules”	the Rules Governing the Listing of Shares on the SSE, as amended from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to “subsidiary” under the Listing Rules
“Supervisory Committee”	The supervisory committee of the Company
“SUV”	sports utility vehicle
“Urtrust Insurance”	Urtrust Insurance Co., Ltd. (眾誠汽車保險股份有限公司), a subsidiary incorporated in June 2011 under PRC law by the Company, in which the Company directly and indirectly holds a total of 53.55% equity interests
“Wuyang Honda”	Wuyang Honda Motors (Guangzhou) Co., Ltd. (五羊—本田摩托(廣州)有限公司), a jointly controlled entity incorporated in July 1992 under PRC law by the Company, Honda Motor Co., Ltd. and Honda Motor (China) Investment Co., Ltd.
“UPOWER Energy”	UPOWER Energy Technology (Guangzhou) Co., Ltd. (優湃能源科技(廣州)有限公司) (formerly known as Guangzhou GAC Business Renewable Resources Co., Ltd. (廣州廣汽商貿再生資源有限公司)), a wholly-owned subsidiary of the Company established in September 2010 under PRC law

