吉利汽車控股有限公司

GEELY AUTOMOBILE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

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

CHANGE IN ACCOUNTING POLICY

This announcement is made by Geely Automobile Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 10 April 2025, the board of directors of the Company (the "**Board**") approved a change in the accounting policy of the Company with respect to business combinations involving entities under common control (the "**Change**"), with effect from 1 January 2025. This Change follows the Company's prior announcement on 14 February 2025 (the "**Prior Announcement**") regarding the strategic integration between its subsidiaries, ZEEKR Intelligent Technology Holding Limited ("**ZEEKR**") and LYNK & CO Automotive Technology Co., Ltd. ("**LYNK & CO**") (the "**Strategic Integration**"), which was accounted for using the acquisition method under Hong Kong Financial Reporting Standard 3 (Revised) "Business Combination" ("**HKFRS 3 (Revised)**").

(1) THE CHANGE

Prior to the implementation of the Change, business combinations involving entities under common control were accounted for by the Company using the acquisition method in accordance with HKFRS 3 (Revised) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). Under this method, the identifiable assets and liabilities of the acquired entities were recognised at fair value as at the acquisition date, with any resulting goodwill or gain recorded in the consolidated financial statements.

With the implementation of the Change, effective from 1 January 2025, such business combinations will be accounted for using the pooling of interests method, applying the principles of merger accounting in accordance with Accounting Guideline 5 (Revised) "Merger Accounting for Common Control Combinations" ("**AG 5 (Revised)**") issued by the HKICPA. Under this method, the assets and liabilities of the combining entities are recorded at their existing carrying amounts from the controlling party's perspective, and no goodwill or gain on acquisition is recognised, reflecting the continuity of control within the Group. The Change will be applied retrospectively to all business combinations under common control, including those prior to 31 December 2024, with restatements reflected in comparative figures in the Group's consolidated financial statements.

(2) EFFECTS OF THE CHANGE

The Change requires retrospective adjustments to the Company's historical consolidated financial statements under Hong Kong Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors" ("**HKAS 8**"), including those related to the Strategic Integration announced on 14 February 2025 and prior business combinations under common control completed on or before 31 December 2024.

(a) Accounting treatment of the Strategic Integration between ZEEKR and LYNK & CO

The transaction:

As disclosed in the Prior Announcement, the Company completed the Strategic Integration on 14 February 2025. Prior to the Strategic Integration, ZEEKR was accounted for as a subsidiary of the Group, while LYNK & CO was accounted for as a 50%-owned joint venture using the equity method. Upon completion, LYNK & CO became a subsidiary of the Group, with both entities under common control of Mr. Li Shu Fu, an executive director and a substantial shareholder of the Company.

Treatment under the acquisition method (Prior Announcement):

The Strategic Integration was accounted for using the acquisition method. The Company disclosed in the Prior Announcement that it would record an unaudited gain of approximately RMB6.47 billion, arising from the remeasurement of the Group's pre-existing 50% equity interest in LYNK & CO upon gaining control. No goodwill was disclosed in the Prior Announcement, as the fair value purchase price allocation had not been initiated at that time.

Treatment under the pooling of interests method:

Under the pooling of interests method, the assets and liabilities of LYNK & CO will be recorded at their carrying amounts as at 14 February 2025, with no goodwill or gain recognised. For LYNK & CO, its net assets, previously equity-accounted, will be combined at book value with ZEEKR's, reflecting their status under common control from the earliest applicable date. This aligns with the accounting treatment adopted by ZEEKR under U.S. Generally Accepted Accounting Principles ("**US GAAP**") for its listing on the New York Stock Exchange ("**NYSE**").

(b) Accounting treatment

Under the pooling of interests method, the consolidated financial statements will incorporate the financial statement items of the combining entities as if they had been combined from the date when they first came under the control of the controlling party. The net assets of these entities will be consolidated using their existing book values from the controlling party's perspective, with no recognition of goodwill, gain on bargain purchase, or other intangible assets at the time of the common control combination. The consolidated statement of profit or loss and other comprehensive income will include the results of the combining entities from the earliest date presented or since the date they first came under common control, whichever is shorter. Comparative amounts in the consolidated financial statements will be restated as if the entities had been combined from the beginning of the previous reporting period or when they first came under common control, whichever is shorter.

(c) Retrospective financial impact treatment

With the adoption of the pooling of interests method, the Company will restate its historical consolidated financial statements from the earliest applicable date when the combining entities (including LYNK & CO) came under common control, including periods prior to 31 December 2024 covered by the issued 2024 annual results. Based on preliminary assessments, the Company expects to record:

Effect of the Change to prior business combinations under common control completed on or before 31 December 2024:

- a decrease in goodwill of approximately RMB34,218,000 as at 31 December 2024; and

- a decrease in property, plant and equipment, intangible assets, land lease prepayments, and interests in associates as at 31 December 2024 to reflect the shift from fair value to book value accounting, and related deferred tax assets and liabilities as at 31 December 2024. The Company had previously engaged independent valuers to conduct valuations of these assets under the acquisition method.

Effect of LYNK & CO becoming a subsidiary of the Group under the pooling of interests method:

- the unaudited one-time gain of approximately RMB6.47 billion related to the Strategic Integration between ZEEKR and LYNK & CO in 2025, as disclosed in the Prior Announcement, is being restated to RMB zero; and

- an increase in total assets, total liabilities, and total equity as at 31 December 2024 to reflect the impact of LYNK & CO becoming a subsidiary of the Group under the pooling of interests method.

The detailed adjustments, including restatements of comparative figures for the year ended 31 December 2024 and the effects of the Strategic Integration, will be disclosed in the Company's 2025 quarterly results, interim, and annual reports. These adjustments are non-cash accounting treatments and do not impact the underlying business operations or cash flows of the Group. The Company has elected not to segregate business combinations prior to 31 December 2024 from those after 1 January 2025 (such as the Strategic Integration), as HKAS 8 requires consistent retrospective application to ensure comparability across all periods presented.

(d) Directors' assessment of materiality

The Board has assessed the financial effects of the Change, including the restatement of the unaudited gain of approximately RMB6.47 billion. The Board considers that, while the restatement will significantly alter the reported financial position and operating results, it will enable investors to better understand the Company's operating results. This is because the adjustments are accounting treatments in nature, with no material impact on operational performance, or the strategic benefits derived from consolidating LYNK & CO as a subsidiary.

(3) REASONS FOR THE CHANGE AND TIMING

The Change is being implemented for the following reasons:

1. Enhanced transparency and investor understanding:

To actively promote the implementation of the Taizhou Declaration, the Group has undertaken strategic initiatives, including resource integration among its subsidiaries. To enable investors to better understand the economic substance of these internal integrations, the Company has decided to adjust its accounting policy for business combinations under common control from the acquisition method to the pooling of interests method. This reduces disclosure complexity, enhances financial transparency, and minimises the impact of such equity transactions on the consolidated income statement, facilitating clearer and more comprehensible financial statements for investors.

2. Improved reflection of operational performance:

Considering the Company's current operating conditions, the one-time gains or goodwill previously introduced by the acquisition method increased the difficulty for investors to understand the financial statements. The pooling of interests method avoids such items and is consistent with the accounting treatment under US GAAP for ZEEKR, more accurately reflecting the Group's fundamental performance. The Board believes this approach better serves investor understanding.

3. **Timing:**

The decision to implement the Change effective from 1 January 2025 follows the Strategic Integration and the need to align accounting policies ahead of further reporting obligations in 2025. The retrospective application, including restatement of 2024 comparative figures, ensures consistency and comparability across all periods presented.

The accounting policy adopted under the Change is permitted under HKFRS 3 (Revised) and AG 5 (Revised), and the retrospective application complies with HKAS 8. While some Hong Kong-listed peers favor the acquisition method for fair value transparency, the Board considers the pooling of interests method more appropriate given the Group's global structure and the continuity of control in its common control transactions. The Board (including the independent non-executive directors) believes the Change is appropriate and in the best interest of the Company and its shareholders as a whole.

Shareholders and investors are advised to exercise caution when interpreting historical financial statements, including the issued 2024 annual results, in light of the retrospective adjustments. They should refer to the forthcoming restated financials for an updated view of the Group's financial position.

By order of the Board
Geely Automobile Holdings Limited
David C.Y. Cheung
Company Secretary

Hong Kong, 10 April 2025

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