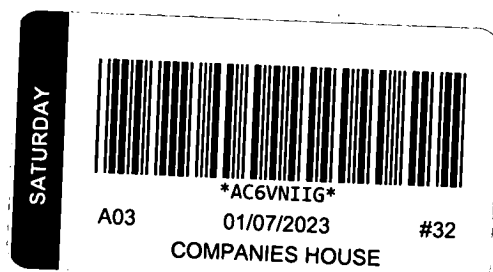


GROUP LOTUS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



GROUP LOTUS LIMITED

COMPANY INFORMATION

Directors	Li, Donghui Feng, Qingfeng
Registered number	00606189
Registered office	Potash Lane Hethel Norwich Norfolk NR14 8EZ
Independent auditor	Grant Thornton UK LLP 30 Finsbury Square London EC2A 1AG

GROUP LOTUS LIMITED

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GROUP LOTUS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their report and the financial statements for the year ended 31 December 2022.

Principal activity

The Company is an intermediate holding company which holds the Lotus brand and trademarks.

Results and dividends

The profit for the year, after taxation, amounted to £826 thousand (2021 - £105,134 thousand).

Normalised profit after the exclusion of the one off other income as per note 7, of £826k (2021 - £509k).

During the year ended 31 December 2022 the directors approved and paid a Dividend in Specie of £Nil (2021: £104,625k) to its immediate parent company, Lotus Group International Limited.

Directors

The directors who served during the year were:

Li, Donghui
Feng, Qingfeng

Directors' responsibilities statement

The directors are responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare the financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 101 'Reduced Disclosure Framework'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GROUP LOTUS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Going Concern

The Company's financial statements have been prepared on the going concern basis, which assumes that the Company will be able to meet its liabilities as they fall due for the foreseeable future.

The Company made a profit for the year ended 31 December 2022 of £0.8m (2021: £105.1m). As at 31 December 2022, the Company had shareholders' funds of £78.1m and net current assets of £78.1m.

Group Lotus Limited is a direct subsidiary of Lotus Group International Limited ("Lotus Group"), which requires a letter of parental support. The shareholders of the Company's intermediate holding company, Lotus Advance Technologies Sdn Bhd, Geely International (Hong Kong) Limited, to the extent of its 51% holding, and in conjunction with Etika Automotive Sdn Bhd who own 49%, have confirmed that they will provide the necessary financial support to the Lotus Group, so as to allow the Company and all of its subsidiaries to meet their liabilities as they fall due for at least 12 months from the date of signing of the audited financial statements to enable them to continue to trade and complete development projects. The directors have assessed the ability of both parties to provide such support.

The directors have prepared cash flow forecasts for the foreseeable future, being at least 12 months from the date of approval of these financial statements. The directors have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis.

Disclosure of information to auditor


The directors at the time when this Directors' Report is approved confirm that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 2023年6月28日 and signed on its behalf.

DocuSigned by:

QABE475F31F0412
Feng, Qingfeng
Director

GROUP LOTUS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GROUP LOTUS LIMITED

Opinion

We have audited the financial statements of Group Lotus Limited (the 'company') for the year ended 31 December 2022, which comprise the Statement of Profit or Loss, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of the company's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Covid-19 and the crisis in Ukraine, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

GROUP LOTUS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GROUP LOTUS LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company'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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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 financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our

GROUP LOTUS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GROUP LOTUS LIMITED

procedures are capable of detecting irregularities, including fraud, is detailed below:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and we further enquired of management and in-house legal counsel whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- Laws and regulations identified as being of significance in the context of the entity are Companies Act and Vehicle Regulations namely emissions law, fuel efficiency requirements and safety and security of the vehicles.
- We communicated relevant laws and regulations to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - knowledge of the industry in which the client operates; and
 - understanding of the legal and regulatory requirements specific to the entity including the provisions of the applicable legislation, the regulators rules and related guidance, including guidance issued by relevant authorities that interpret those rules, the applicable statutory provisions.
- It is the engagement partner's assessment that the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
 - Journal entries that increased revenues or that reclassified costs from the income statement to the balance sheet;
 - Potential management bias in determining accounting estimates, especially in relation to the calculation of impairment on intangible assets; and
 - Transactions with related parties.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - The entity's operations, including the nature of its revenue sources, products and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
 - The applicable statutory provisions; and
 - The entity's control environment, including the policies and procedures implemented to comply with the requirements of its regulations in place.

We did not identify any matters relating to non-compliance with laws and regulations or relating fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

GROUP LOTUS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GROUP LOTUS LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Naylor BA ACA (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
Date: 28 June 2023

GROUP LOTUS LIMITED

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
Revenue	6	822	509
Gross profit		<u>822</u>	<u>509</u>
Other operating income	7	-	104,625
Administrative expenses		4	-
Profit from operations		<u>826</u>	<u>105,134</u>
Profit before tax		<u>826</u>	<u>105,134</u>
Profit for the year		<u><u>826</u></u>	<u><u>105,134</u></u>

The notes on pages 12 to 22 form part of these financial statements.

There were no recognised gains or losses for 2022 or 2021 other than those included in the Statement of profit and loss.

There was no Other comprehensive income for 2022 (2021: £Nil)


GROUP LOTUS LIMITED
REGISTERED NUMBER: 00606189

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Assets			
Current assets			
Trade and other receivables	13	106,531	106,509
Total assets		<u>106,531</u>	<u>106,509</u>
Liabilities			
Current liabilities			
Trade and other liabilities	14	28,463	29,267
Total liabilities		<u>28,463</u>	<u>29,267</u>
Net assets		<u>78,068</u>	<u>77,242</u>
Issued capital and reserves			
Share capital	15	36,978	36,978
Share premium reserve		8,120	8,120
Other reserves		210	210
Retained earnings		32,760	31,934
TOTAL EQUITY		<u>78,068</u>	<u>77,242</u>

The financial statements on pages 9 to 22 were approved and authorised for issue by the board of directors on and were signed on its behalf by:

2023年6月28日

DocuSigned by:

 0ABE475F31FD412

Feng, Qingfeng
 Director

The notes on pages 12 to 22 form part of these financial statements.

GROUP LOTUS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 January 2021	369,780	8,120	210	(301,377)	76,733
Comprehensive income for the year					
Profit for the year	-	-	-	105,134	105,134
Total comprehensive income for the year	-	-	-	105,134	105,134
Contributions by and distributions to owners					
Dividends	-	-	-	(104,625)	(104,625)
Purchase of own shares	-	-	-	332,802	332,802
Capital reduction	(332,802)	-	-	-	(332,802)
Total contributions by and distributions to owners	(332,802)	-	-	228,177	(104,625)
At 31 December 2021	36,978	8,120	210	31,934	77,242
At 1 January 2022	36,978	8,120	210	31,934	77,242
Comprehensive income for the year					
Profit for the year	-	-	-	826	826
Total comprehensive income for the year	-	-	-	826	826
At 31 December 2022	36,978	8,120	210	32,760	78,068

The notes on pages 12 to 22 form part of these financial statements.

GROUP LOTUS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Accounting policies

1.1 Going concern

The Company's financial statements have been prepared on the going concern basis, which assumes that the Company will be able to meet its liabilities as they fall due for the foreseeable future.

The Company made a profit for the year ended 31 December 2022 of £0.8m (2021: £105.1m). As at 31 December 2022, the Company had shareholders' funds of £78.1m and net current assets of £78.1m.

Group Lotus Limited is a direct subsidiary of Lotus Group International Limited ("Lotus Group"), which requires a letter of parental support. The shareholders of the Company's intermediate holding company, Lotus Advance Technologies Sdn Bhd, Geely International (Hong Kong) Limited, to the extent of its 51% holding, and in conjunction with Etika Automotive Sdn Bhd who own 49%, have confirmed that they will provide the necessary financial support to the Lotus Group, so as to allow the Company and all of its subsidiaries to meet their liabilities as they fall due for at least 12 months from the date of signing of the audited financial statements to enable them to continue to trade and complete development projects. The directors have assessed the ability of both parties to provide such support.

The directors have prepared cash flow forecasts for the foreseeable future, being at least 12 months from the date of approval of these financial statements. The directors have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis.

1.2 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably). Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

GROUP LOTUS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Accounting policies (continued)

1.3 Other income

Other income comprises the consideration received by the Group in respect of activities or events outside its ordinary activities, including government grants and licence income. The time period for recognition of the licence income has been deemed on issue as the performance obligation has been met and no further activities are expected that will affect the intellectual property to which the licence relates.

1.4 Taxation

Tax is recognised in the Statement of profit and loss except that a charge attributable to an item of income and expense recognised as Other Comprehensive Income or to an item recognised directly in equity is also recognised in Other Comprehensive Income or directly in equity respectively.

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Profit and Loss Account because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

GROUP LOTUS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Accounting policies (continued)

1.4 Taxation (continued)

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

GROUP LOTUS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Accounting policies (continued)

1.5 Investments

Investments in subsidiary undertakings and joint ventures are measured at cost less provision for impairment.

1.6 Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.7 Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

2. Reporting entity

Group Lotus Limited (the 'Company') is a limited company incorporated in England & Wales. The Company's registered office is at Potash Lane, Hethel, Norwich, Norfolk, NR14 8EZ. The Company's principal activity is that of a holding Company.

GROUP LOTUS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. Basis of preparation

The financial statements of Group Lotus Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1; and
 - (ii) paragraph 73E of IAS 16 Property, plant and equipment.
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - 10(d), (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 40A-D (requirements for a third statement of financial position)
 - 111 (cash flow statement information); and
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- The requirements of IFRS 7 'Financial Instruments: Disclosures';
- The requirements of paragraphs 91-99 of IFRS 13, 'Fair Value Measurement' new IFRS that has been issued but is not yet effective; and
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135E to 135 E of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

The Company is a wholly owned subsidiary of Lotus Group International Limited. It is included in the consolidated financial statements of Lotus Group International Limited which are publicly available. Therefore, the Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

4. Functional and presentation currency

These financial statements are presented in pound sterling, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

GROUP LOTUS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

5. Accounting estimates and judgments

5.1 Judgment

The preparation of the Financial statements requires management to make judgements and estimates that affect the amounts reported for assets and liabilities at the reporting date and amounts reported for revenue and expenses during the period. These assumptions and judgements are based on experience and analysis of future events, but by their nature will differ from actual events.

Management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Deferred tax asset recognition

Management have determined not to recognise a deferred tax asset, upon consideration of recoverability against future sources of taxable income.

Other income

The time period of the licence income has been deemed on issue as the performance obligation has been met and no further activities are expected that will affect the intellectual property to which the licence relates.

5.2 Estimates and assumptions

The following estimates and assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of receivables

The Company makes an estimate of the recoverable value of trade and other receivables (both third parties and other group undertakings).

6. Revenue

The following is an analysis of the Company's revenue for the year from continuing operations:

	2022	<i>2021</i>
	£000	<i>£000</i>
Royalty income	822	509
	<u>822</u>	<u>509</u>

Revenue arose within the United Kingdom.

GROUP LOTUS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

7. Other operating income

	2022	2021
	£000	£000
Trademark licensing	-	104,625
	<u>-</u>	<u>104,625</u>
	<u>-</u>	<u>104,625</u>

Other income recognised in the year ended 31 December 2021 represents the licence income on issuance of the agreement where all performance obligations have been met, no future activity is expected that will impact the intellectual property.

8. Auditor's remuneration

Fees payable to the Company's auditor for the audit of the financial statements were £14,000 (2021: £13,000). Fees were borne by Lotus Cars Limited, a fellow group undertaking, without right of recharge.

9. Employees

The directors' services to this Company are non-executive in nature and their emoluments are deemed to be wholly attributable to their qualifying services as directors of other group companies. Accordingly, these financial statements include no emoluments in respect of the directors (2021: £Nil).

Other than the directors, the Company had no employees (2021: none)

GROUP LOTUS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Tax expense

10.1 Income tax recognised in profit or loss

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2022	<i>2021</i>
	£000	<i>£000</i>
Profit for the year	826	105,134
Profit before income taxes	<u>826</u>	<u>105,134</u>
Tax using the Company's domestic tax rate of 19% (2021:19%)	157	19,975
Group relief received for nil consideration	(157)	(19,975)
Total tax expense	<u><u>-</u></u>	<u><u>-</u></u>

Changes in tax rates and factors affecting the future tax charges

As a result of the Finance Bill 2021 (published 24 May 2021) the standard rate of corporation tax in the UK will increase from 19% to 25% for the financial year beginning 1 April 2023.

11. Subsidiaries

Details of the Company's material subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Company (%)	
			2022	2021
1) Lotus Cars USA, Inc.	Car sales and servicing	USA	100	100
2) Lotus Pension Trustees Limited	Pension Trustee	England and Wales	100	100

During the year the Company sold the share in the joint venture arrangement, Lotus Finance Limited, in which it held 49.9% of the ordinary shares.

GROUP LOTUS LIMITED

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12. Investments

	Subsidiaries £'000	Joint Venture £'000	Total £'000
Cost			
At 1 January 2022	7,049	1	7,050
Disposal	-	(1)	(1)
At 31 December 2022	<u>7,049</u>	<u>-</u>	<u>7,050</u>
Provision			
At 1 January 2022	(7,049)	(1)	(7,050)
Disposal	-	1	1
At 31 December 2022	<u>(7,049)</u>	<u>-</u>	<u>(7,049)</u>
Net Book Value			
At 31 December 2022	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

The Company had a joint venture arrangement, Lotus Finance Limited, a company incorporated in England and Wales, in which it has a 49.9% interest. During the year the investment, previously fully impaired, was disposed. The entity's financial year end is 31 December and its principal activity was the provision of finance to dealers for the acquisition of Lotus cars. At 31 December 2021, the directors considered the carrying value of the Company's share of the net assets of Lotus Finance Limited, a joint venture undertaking, and concluded that an impairment charge was required following a review of the net assets of Lotus Finance Limited.

13. Trade and other receivables

	2022 £000	2021 £000
Receivables from related parties	106,491	106,491
Total financial assets other than cash and cash equivalents classified as loans and receivables	<u>106,491</u>	<u>106,491</u>
Prepayments and accrued income	40	18
Total trade and other receivables	<u>106,531</u>	<u>106,509</u>

The amounts owed by the immediate parent undertaking is unsecured, non-interest bearing and has no fixed repayment date.

GROUP LOTUS LIMITED

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14. Trade and other payables

	2022 £000	2021 £000
Payables to related parties	28,367	29,128
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	<u>28,367</u>	<u>29,128</u>
Other payables - tax and social security payments	2	1
Deferred income	94	138
Total trade and other payables	<u>28,463</u>	<u>29,267</u>

The amounts owed to the immediate parent undertaking is unsecured, non-interest bearing and has no fixed repayment date.

15. Share capital**Authorised**

	2022 Number	2022 £000	2021 Number	2021 £000
Shares treated as equity				
Ordinary shares of £0.01 each	3,697,796,353	36,978	3,697,796,353	36,978
	<u>3,697,796,353</u>	<u>36,978</u>	<u>3,697,796,353</u>	<u>36,978</u>

On 16 December 2021 the Company completed a capital reduction by cancelling and extinguishing capital to the extent of £0.09 on each issued ordinary share.

Issued and fully paid

	2022 Number	2022 £000	2021 Number	2021 £000
Ordinary shares of £0.01 each				
At 1 January and 31 December	<u>3,697,796,353</u>	<u>36,978</u>	<u>3,697,796,353</u>	<u>36,978</u>

16. Reserves

Profit and loss reserves represent accumulated profits and losses less any dividends paid.

During the year no dividends were paid and for the year ended 31 December 2021 the directors approved and paid a Dividend in Specie of £104,625k to its immediate parent company, Lotus Group International Limited.

GROUP LOTUS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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16. Reserves (continued)**Share premium**

Share premium represents the excess of proceeds received over the nominal value of new shares issued.

Other reserves

Share premium represents the excess of proceeds received over the nominal value of new shares issued.

17. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Trading transactions

During the year, group entities entered into the following trading transactions with related parties that are not members of the Group:

	Sales of goods	
	2022	2021
	£000	£000
Wuhan Lotus Technologies Co Ltd	-	104,625
	<u>-</u>	<u>104,625</u>
	<u>-</u>	<u>104,625</u>

18. Controlling party

The immediate holding company and controlling party is Lotus Group International Limited, a company incorporated in England and Wales. Copies of their consolidated financial statements may be obtained from Companies House.

The smallest group to consolidate the financial statements of the Company is headed by Lotus Group International Limited. Consolidated accounts are publicly available from Companies House, Cardiff, CF14 3UZ. The largest group to consolidate the financial statements of the Company is headed by Zhejiang Geely Holding Group Co, Ltd, a company incorporated in China. Copies of their consolidated financial statements are publicly available under PRC GAAP.

The directors regard Zhejiang Geely Holding Group Co, Ltd, a company incorporated in China, as the ultimate parent undertaking and controlling party.