

# NEW ERA OF INTELLIGENCE

2023 INTERIM REPORT



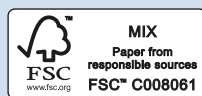
# GEELY

## 吉利汽車控股有限公司

GEELY AUTOMOBILE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

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



Official Prestige Partner of the 19th Asian Games Hangzhou 2022

A grayscale illustration of a hand holding a butterfly. The butterfly's wings are filled with binary code (0s and 1s), symbolizing digital technology. The background is a light gray with faint binary code scattered throughout.

# CONTENTS

Corporate Information	2
Independent Review Report	3
Condensed Consolidated Income Statement	4
Condensed Consolidated Statement of Comprehensive Income	5
Condensed Consolidated Statement of Financial Position	6
Condensed Consolidated Statement of Changes in Equity	8
Condensed Consolidated Statement of Cash Flows	10
Notes to the Unaudited Interim Financial Report	11
Management Discussion and Analysis	61

# CORPORATE INFORMATION

## Executive Directors:

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

## Independent Non-executive Directors:

Mr. An Qing Heng  
Mr. Wang Yang  
Ms. Lam Yin Shan, Jocelyn  
Ms. Gao Jie

## Audit Committee:

Ms. Gao Jie (*Committee's Chairman*)  
Mr. An Qing Heng  
Mr. Wang Yang  
Ms. Lam Yin Shan, Jocelyn

## Remuneration Committee:

Ms. Lam Yin Shan, Jocelyn (*Committee's Chairman*)  
Ms. Wei Mei  
(*Ceased to be a committee member on 16 May 2023*)  
Mr. Wang Yang  
Ms. Gao Jie

## Nomination Committee:

Mr. Wang Yang (*Committee's Chairman*)  
Mr. Gui Sheng Yue  
(*Ceased to be a committee member on 16 May 2023*)  
Ms. Lam Yin Shan, Jocelyn  
Ms. Gao Jie

## Sustainability Committee:

Mr. An Cong Hui (*Committee's Chairman*)  
Mr. Gui Sheng Yue  
Mr. Wang Yang

## Company Secretary:

Mr. Cheung Chung Yan, David

## Auditor:

Grant Thornton Hong Kong Limited

## Legal Advisor on Hong Kong Law:

Sidley Austin

## Legal Advisor on Cayman Islands Law:

Maples and Calder

## Principal Bankers in Hong Kong (in alphabetical order):

Bank of America, N.A.  
Bank of China (Hong Kong) Limited  
China CITIC Bank International Limited  
Citigroup Global Markets Asia Limited  
DBS Bank Limited  
Industrial and Commercial Bank of China (Asia) Limited  
ING Bank N.A., Hong Kong Branch  
Standard Chartered Bank (Hong Kong) Limited  
The Hongkong and Shanghai Banking Corporation Limited

## Principal Bankers in the People's Republic of China (in alphabetical order):

Bank of China Limited  
China Everbright Bank Company Limited  
Industrial Bank Company Limited  
Industrial and Commercial Bank of China Limited

## Head Office and Principal Place of Business:

Room 2301, 23<sup>rd</sup> Floor, Great Eagle Centre,  
23 Harbour Road, Wan Chai,  
Hong Kong  
Telephone: (852) 2598 3333  
Facsimile: (852) 2598 3399  
Email: [general@geelyauto.com.hk](mailto:general@geelyauto.com.hk)

## Registered Office:

P.O. Box 309, Uglan House,  
Grand Cayman, KY1-1104,  
Cayman Islands

## Hong Kong Share Registrars & Transfer Office:

Union Registrars Limited  
Suites 3301-04, 33/F.,  
Two Chinachem Exchange Square,  
338 King's Road, North Point  
Hong Kong

## Investor & Media Relations:

Prime International Consultants Limited

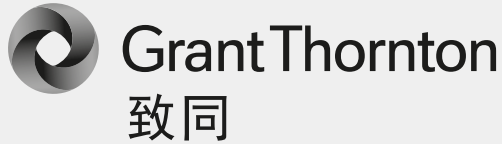
## Listing Information:

The Stock Exchange of Hong Kong Limited  
Stock Codes: 175 (HKD counter) and 80175 (RMB counter)

## Company's Website:

<http://www.geelyauto.com.hk>

# INDEPENDENT REVIEW REPORT



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

## Introduction

We have reviewed the interim financial report of Geely Automobile Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages 4 to 60 which comprises the condensed consolidated statement of financial position as at 30 June 2023 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial report in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

Our responsibility is to express a conclusion, based on our review, on this interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2023 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

### **Grant Thornton Hong Kong Limited**

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

22 August 2023

### **Ng Ka Kong**

Practising Certificate No.: P06919

# CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023

	Note	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Revenue</b>	3	<b>73,181,745</b>	58,183,773
Cost of sales		<b>(62,641,253)</b>	(49,707,971)
<b>Gross profit</b>		<b>10,540,492</b>	8,475,802
Other gains/(losses), net	4	<b>640,229</b>	896,133
Distribution and selling expenses		<b>(4,767,790)</b>	(3,303,773)
Administrative expenses		<b>(4,867,108)</b>	(4,660,511)
Reversal of impairment loss/(Impairment loss) on trade and other receivables		<b>59,265</b>	(24,089)
Share-based payments	25	<b>(436,429)</b>	(852,818)
Finance income, net	5(a)	<b>160,749</b>	214,872
Share of results of associates		<b>132,676</b>	(56,785)
Share of results of joint ventures		<b>12,016</b>	627,682
<b>Profit before taxation</b>	5	<b>1,474,100</b>	1,316,513
Taxation	6	<b>(200,592)</b>	(38,665)
<b>Profit for the period</b>		<b>1,273,508</b>	1,277,848
<b>Attributable to:</b>			
Equity holders of the Company		<b>1,570,728</b>	1,552,238
Non-controlling interests		<b>(297,220)</b>	(274,390)
<b>Profit for the period</b>		<b>1,273,508</b>	1,277,848
<b>Earnings per share</b>			
Basic	8	<b>RMB14.91 cents</b>	RMB14.83 cents
Diluted	8	<b>RMB14.75 cents</b>	RMB14.71 cents

The notes on pages 11 to 60 are an integral part of this interim financial report. Details of dividends payable to equity holders of the Company are set out in note 7.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Profit for the period</b>	<b>1,273,508</b>	1,277,848
<b>Other comprehensive (expense)/income:</b>		
Items that may be reclassified subsequently to profit or loss:		
– Notes receivable at fair value through other comprehensive income (“FVOCI”)		
Change in fair value	<b>3,410</b>	151,860
Income tax effect	<b>(783)</b>	(32,358)
– Share of other comprehensive income of associates and joint venture, net of related income tax	<b>18,815</b>	9,343
– Exchange differences on translation of financial statements of foreign operations	<b>(80,228)</b>	319,559
Item that will not be reclassified subsequently to profit or loss:		
– Equity investments at FVOCI		
Change in fair value	<b>(29,024)</b>	–
<b>Other comprehensive (expense)/income for the period, net of tax</b>	<b>(87,810)</b>	448,404
<b>Total comprehensive income for the period</b>	<b>1,185,698</b>	1,726,252
<b>Attributable to:</b>		
Equity holders of the Company	<b>1,506,117</b>	1,986,262
Non-controlling interests	<b>(320,419)</b>	(260,010)
<b>Total comprehensive income for the period</b>	<b>1,185,698</b>	1,726,252

The notes on pages 11 to 60 are an integral part of this interim financial report.

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	35,142,763	32,201,419
Intangible assets	10	25,473,260	22,547,705
Land lease prepayments		4,073,271	3,401,795
Goodwill		64,309	61,418
Interests in associates	11	5,502,731	3,967,117
Interests in joint ventures	12	10,125,367	10,268,201
Trade and other receivables	14	1,634,599	1,457,600
Financial assets at FVOCI	27	254,988	284,012
Deferred tax assets		5,407,340	4,573,149
		<b>87,678,628</b>	78,762,416
<b>Current assets</b>			
Inventories	13	11,737,592	10,822,330
Trade and other receivables	14	31,010,539	34,392,326
Income tax recoverable		209,661	121,020
Restricted and pledged bank deposits		794,336	386,898
Bank balances and cash		32,847,813	33,341,339
		<b>76,599,941</b>	79,063,913
<b>Current liabilities</b>			
Trade and other payables	15	73,101,570	65,480,717
Derivative financial instruments	27	61,908	80,509
Lease liabilities	16	697,713	556,579
Bonds payable	19	–	2,062,396
Income tax payable		397,229	773,013
		<b>74,258,420</b>	68,953,214
<b>Net current assets</b>		<b>2,341,521</b>	10,110,699
<b>Total assets less current liabilities</b>		<b>90,020,149</b>	88,873,115



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2023

	Note	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
<b>CAPITAL AND RESERVES</b>			
Share capital	20	183,686	183,686
Perpetual capital securities	21	3,413,102	3,413,102
Reserves		72,972,301	71,533,667
<b>Equity attributable to equity holders of the Company</b>		<b>76,569,089</b>	75,130,455
<b>Non-controlling interests</b>		<b>4,634,482</b>	1,065,360
<b>Total equity</b>		<b>81,203,571</b>	76,195,815
<b>Non-current liabilities</b>			
Trade and other payables	15	2,584,637	1,602,020
Lease liabilities	16	1,587,256	1,779,429
Bank borrowings	17	2,903,920	2,757,960
Loan from a related company	18	1,200,000	6,000,000
Deferred tax liabilities		540,765	537,891
		<b>8,816,578</b>	12,677,300
		<b>90,020,149</b>	88,873,115

The notes on pages 11 to 60 are an integral part of this interim financial report.



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to equity holders of the Company											
	Share capital	Perpetual capital securities	Share premium	Capital reserve	Statutory reserve	Fair value reserve (recycling)	Translation reserve	Share-based compensation reserve	Retained profits	Sub-total	Non-controlling interests	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
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance at 1 January 2022	183,015	3,413,102	17,205,492	(2,871,342)	708,079	(175,286)	(91,022)	1,562,619	48,671,489	68,606,146	1,614,826	70,220,972
Profit for the period	-	66,660	-	-	-	-	-	-	1,485,578	1,552,238	(274,390)	1,277,848
Other comprehensive income:												
Change in fair value of notes receivable at FVOCI	-	-	-	-	-	118,287	-	-	-	118,287	1,215	119,502
Share of other comprehensive income of associate and joint venture	-	-	-	-	-	-	9,343	-	-	9,343	-	9,343
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	306,394	-	-	306,394	13,165	319,559
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>66,660</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>118,287</b>	<b>315,737</b>	<b>-</b>	<b>1,485,578</b>	<b>1,986,262</b>	<b>(260,010)</b>	<b>1,726,252</b>
Transactions with owners:												
Capital contribution from non-controlling interests (note 28)	-	-	-	1,155,816	-	-	-	-	-	1,155,816	112,544	1,268,360
Shares issued under share option scheme (note 20)	39	-	11,481	-	-	-	-	(3,543)	-	7,977	-	7,977
Equity settled share-based payments (note 25)	-	-	-	-	-	-	-	1,159,973	-	1,159,973	-	1,159,973
Distribution paid on perpetual capital securities (note 7)	-	(66,660)	-	-	-	-	-	-	-	(66,660)	-	(66,660)
Final dividends declared and approved in respect of the previous year (note 7)	-	-	-	-	-	-	-	-	(1,787,669)	(1,787,669)	-	(1,787,669)
<b>Total transactions with owners</b>	<b>39</b>	<b>(66,660)</b>	<b>11,481</b>	<b>1,155,816</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,156,430</b>	<b>(1,787,669)</b>	<b>469,437</b>	<b>112,544</b>	<b>581,981</b>
Balance at 30 June 2022	183,054	3,413,102	17,216,973	(1,715,526)	708,079	(56,999)	224,715	2,719,049	48,369,398	71,061,845	1,467,360	72,529,205

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2023

	Attributable to equity holders of the Company												
	Share capital	Perpetual capital securities	Share premium	Capital reserve	Statutory reserve	Fair value reserve (recycling)	Fair value reserve (non-recycling)	Translation reserve	Share-based compensation reserve	Retained profits	Sub-total	Non-controlling interests	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	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Balance at 1 January 2023</b>	183,686	3,413,102	18,020,191	(1,712,482)	1,084,593	(111,530)	(95,958)	(22,088)	2,740,758	51,630,183	75,130,455	1,065,360	76,195,815
Profit for the period	-	71,064	-	-	-	-	-	-	-	1,499,664	1,570,728	(297,220)	1,273,508
Other comprehensive expense:													
Change in fair value of notes receivable at FVOCI	-	-	-	-	-	5,952	-	-	-	-	5,952	(3,325)	2,627
Share of other comprehensive income of associates and joint venture	-	-	-	-	-	-	-	18,815	-	-	18,815	-	18,815
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	(60,354)	-	-	(60,354)	(19,874)	(80,228)
Change in fair value of equity investments at FVOCI	-	-	-	-	-	-	(29,024)	-	-	-	(29,024)	-	(29,024)
<b>Total comprehensive income for the period</b>	-	71,064	-	-	-	5,952	(29,024)	(41,539)	-	1,499,664	1,506,117	(320,419)	1,185,698
Transactions with owners:													
Share of capital reserve of a joint venture (note 12)	-	-	-	2,627	-	-	-	-	-	-	2,627	-	2,627
Capital contribution from non-controlling interests (note 28)	-	-	-	1,307,105	-	-	-	-	-	-	1,307,105	3,897,355	5,204,460
Equity settled share-based payments (note 25)	-	-	-	-	-	-	-	-	609,612	-	609,612	-	609,612
Distribution paid on perpetual capital securities (note 7)	-	(71,064)	-	-	-	-	-	-	-	-	(71,064)	-	(71,064)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(7,814)	(7,814)
Final dividends declared and approved in respect of the previous year (note 7)	-	-	-	-	-	-	-	-	-	(1,915,763)	(1,915,763)	-	(1,915,763)
<b>Total transactions with owners</b>	-	(71,064)	-	1,309,732	-	-	-	-	609,612	(1,915,763)	(67,483)	3,889,541	3,822,058
<b>Balance at 30 June 2023</b>	183,686	3,413,102	18,020,191	(402,750)	1,084,593	(105,578)	(124,982)	(63,627)	3,350,370	51,214,084	76,569,089	4,634,482	81,203,571

The notes on pages 11 to 60 are an integral part of this interim financial report.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Note	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Cash flows from operating activities</b>			
Profit before taxation		1,474,100	1,316,513
Adjustments for non-cash items		4,223,921	4,669,073
Operating profit before working capital changes		5,698,021	5,985,586
Net changes in working capital		6,532,670	5,140,640
Cash generated from operations		12,230,691	11,126,226
Income taxes paid		(1,531,719)	(1,318,680)
<i>Net cash generated from operating activities</i>		10,698,972	9,807,546
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(2,261,472)	(2,525,363)
Additions of intangible assets		(4,843,469)	(1,828,920)
Additions of land lease prepayments		(115,127)	(52,262)
Proceeds from disposal of property, plant and equipment		129,390	42,254
Net cash outflow on acquisition of a subsidiary		(193,198)	(666,205)
Dividend received from associates		220,387	–
Additional/initial capital injection in associates		(1,081,000)	(354,125)
Additional/initial capital injection in joint ventures		(355,825)	(373,200)
Acquisition of a loan to an associate		(387,354)	–
Advance to a joint venture		(100,000)	–
Change in restricted and pledged bank deposits		(407,438)	(269,977)
Interest received		408,792	418,627
<i>Net cash used in investing activities</i>		(8,986,314)	(5,609,171)
<b>Cash flows from financing activities</b>			
Distribution paid on perpetual capital securities	7	(71,064)	(66,660)
Capital contribution from non-controlling interests	28	5,204,460	1,268,360
Proceeds from bank borrowings		–	615,000
Repayment of bank borrowings		–	(332,769)
Repayment of bonds payable	19	(2,068,422)	–
Advance from a related company		1,898,730	6,000,000
Repayment of loan from a related company		(6,698,730)	–
Proceeds from issuance of shares upon exercise of share options	20	–	7,977
Settlement of payables for acquisition of additional interests in a subsidiary in previous year		–	(1,807,384)
Payment of lease liabilities		(296,312)	(301,204)
Interest paid		(174,885)	(105,533)
<i>Net cash (used in)/generated from financing activities</i>		(2,206,223)	5,277,787
<b>Net (decrease)/increase in cash and cash equivalents</b>		(493,565)	9,476,162
Cash and cash equivalents at the beginning of the period		33,341,339	28,013,995
Effect of foreign exchange rate changes		39	72,088
<b>Cash and cash equivalents at the end of the period, represented by bank balances and cash</b>		32,847,813	37,562,245

The notes on pages 11 to 60 are an integral part of this interim financial report.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2023

## 1. BASIS OF PREPARATION

The interim financial report (the “Interim Financial Report”) has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “SEHK”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 22 August 2023.

The Interim Financial Report is presented in thousands of Renminbi (“RMB’000”), unless otherwise stated.

The Interim Financial Report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company and its subsidiaries’ (together referred to as the “Group”) annual financial statements for the year ended 31 December 2022.

## 2. ADOPTION OF NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### New or amended HKFRSs that are effective for annual periods beginning on 1 January 2023

The accounting policies and methods of computation used in the preparation of the Interim Financial Report are consistent with those used in the annual financial statements for the year ended 31 December 2022, except for the adoption of the following new or amended HKFRSs effective as of 1 January 2023.

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

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

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 2. ADOPTION OF NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

### **New or amended HKFRSs that are effective for annual periods beginning on 1 January 2023 (Continued)**

#### *Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”*

The amendments to HKAS 1 require entities to disclose material accounting policy information instead of significant accounting policies in its financial statements. The amendments also provide some guidance on how material policy information are being identified and provide some examples of when accounting policy information is likely to be material.

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

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

#### *Amendments to HKAS 8 “Definition of Accounting Estimates”*

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

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

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

#### *Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”*

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

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

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 2. ADOPTION OF NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

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

#### *Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction” (Continued)*

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

### Accounting policy newly applied by the Group

In addition, the Group has applied the following accounting policy which became relevant to the Group in the current interim period.

#### *Revenue recognition*

##### *Subcontracting income*

Revenue is generally recognised at a point in time when the customers gain possession and control of the contracted services. A receivable is recognised upon the provision of services, as it signifies the point at which the consideration becomes unconditional due to the passage of time before payment is due. Revenue excludes value-added tax (“VAT”) or related sales taxes and is presented net of discounts.

Subcontracting income is recognised upon the successful delivery of subcontracted services and the customers’ acceptance and attainment of control over the rendered services.

### Issued but not yet effective HKFRSs

As at the date of authorisation of this Interim Financial Report, certain amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 <sup>1</sup>
Amendments to HKAS 31	Non-current Liabilities with Covenants <sup>1</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group’s accounting policies for the first period beginning on or after the effective date of the pronouncement. 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 Group’s condensed consolidated financial statements.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 3. REVENUE AND SEGMENT INFORMATION

### Revenue

Revenue represents sales of automobiles, automobile parts and components, battery packs and related parts, provision of subcontracting services, research and development and related technological support services and licensing of intellectual properties, net of VAT or related sales taxes and net of discounts. Revenue was mainly derived from customers located in the People's Republic of China (the "PRC").

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Revenue from contracts with customers within the scope of HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15")</b>		
<b>Disaggregated by major products/services</b>		
– Sales of automobiles and related services	<b>60,284,330</b>	49,202,613
– Sales of automobile parts and components	<b>4,100,887</b>	4,727,305
– Sales of battery packs and related parts	<b>5,954,587</b>	1,686,566
– Research and development and related technological support service	<b>1,883,870</b>	1,838,922
– Licensing of intellectual properties	<b>823,385</b>	728,367
– Subcontracting income	<b>134,686</b>	–
	<b>73,181,745</b>	58,183,773
<b>Disaggregated by timing of revenue recognition</b>		
– At a point in time	<b>71,206,671</b>	56,214,324
– Over time	<b>1,975,074</b>	1,969,449
	<b>73,181,745</b>	58,183,773

### Segment information

The chief operating decision-maker has been identified as the executive directors of the Company collectively, who determine the operating segments of the Group and review the Group's internal reporting in order to assess performance and allocate resources. All of the Group's business operations relate to the production and sales of automobiles, automobile parts and components and battery packs and related parts, provision of subcontracting services, research and development and related technological support services and licensing of related intellectual properties with similar economic characteristics. Accordingly, the executive directors review the performance of the Group as a single business segment. No separate analysis of the segment results by reportable segment is necessary.



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 3. REVENUE AND SEGMENT INFORMATION *(Continued)*

### Information about a major customer

Revenue from a customer which individually contributed over 10% of the Group's revenue is as follows:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Customer A <sup>#</sup>	<b>11,904,647</b>	9,696,925

<sup>#</sup> It includes a group of entities which are under common control by Mr. Li Shu Fu and his associates.

## 4. OTHER GAINS/(LOSSES), NET

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Government grants and subsidies (note)	<b>313,835</b>	235,282
Net foreign exchange (loss)/gain	<b>(114,584)</b>	38,132
Net realised and unrealised (loss)/gain on derivative financial instruments	<b>(44,081)</b>	406,591
Net loss on disposal/written off of property, plant and equipment and land lease prepayments	<b>(55,235)</b>	–
Fair value changes on financial assets at fair value through profit or loss (“FVTPL”)	–	26,906
Logistics service income	<b>127,790</b>	32,499
Quality management and information technology service income	<b>54,034</b>	10,694
Gain on disposal of scrap materials	<b>27,441</b>	14,282
Net gain on written off of long outstanding payable	<b>45,153</b>	–
Replacement service income	<b>10,405</b>	575
Gain on deemed disposal of investment accounted for using the equity method (note 11)	<b>10,208</b>	–
Export service income	<b>8,497</b>	1,203
Rental income	<b>2,168</b>	1,585
Sundry income	<b>254,598</b>	128,384
	<b>640,229</b>	896,133

Note: Government grants and subsidies mainly related to cash subsidies from government in respect of operating and research and development activities which are either unconditional grants or grants with conditions having been satisfied.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 5. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>(a) Finance income and costs</b>		
<b>Finance costs</b>		
Effective interest expense on bonds payable	298	1,722
Coupon expense on bonds payable	5,408	35,606
Interest on discounted notes receivable	4,065	52,309
Interest on lease liabilities	31,745	30,716
Interest on loans from related companies	156,178	49,916
Interest on bank borrowings wholly repayable within five years	69,890	38,320
	<b>267,584</b>	208,589
<b>Finance income</b>		
Bank and other interest income	(428,333)	(423,461)
<b>Net finance income</b>	<b>(160,749)</b>	(214,872)

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 5. PROFIT BEFORE TAXATION (Continued)

Profit before taxation has been arrived at after charging/(crediting) (Continued):

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>(b) Staff costs (including directors' emoluments) (note (a))</b>		
Salaries, wages and other benefits	<b>3,557,247</b>	2,788,778
Retirement benefit scheme contributions (note 24) (note (b))	<b>266,367</b>	195,669
Equity settled share-based payments (note 25)	<b>436,429</b>	852,818
	<b>4,260,043</b>	3,837,265
<b>(c) Other items</b>		
Depreciation (note (a)):		
– Owned assets	<b>1,530,960</b>	1,369,278
– Right-of-use assets (including land lease prepayments)	<b>380,028</b>	317,921
<b>Total depreciation</b>	<b>1,910,988</b>	1,687,199
Amortisation of intangible assets (related to capitalised product development costs)	<b>2,146,394</b>	2,339,000
Research and development costs	<b>843,808</b>	926,194
Cost of inventories recognised as an expense (note (a)), including:	<b>60,681,865</b>	48,044,111
– Reversal of write-down of inventories to net realisable value	<b>(1,225)</b>	(3,676)
Lease charges on short term leases	<b>77,232</b>	57,787
Net loss on disposal/written off of property, plant and equipment and land lease prepayments	<b>55,235</b>	35,462
Net foreign exchange loss/(gain)	<b>114,584</b>	(38,132)

Notes:

- (a) Cost of inventories included RMB3,003,670,000 (six months ended 30 June 2022: RMB2,958,903,000) relating to staff costs and depreciation, which amounts were also included in the respective total amounts disclosed separately for each of these types of expenses.
- (b) As at 30 June 2023, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future periods/years (as at 31 December 2022: RMBNil).

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 6. TAXATION

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Current tax:</b>		
– PRC enterprise income tax	1,087,911	673,440
– Over-provision in prior years	(20,617)	(38,495)
	<b>1,067,294</b>	634,945
<b>Deferred tax</b>	<b>(866,702)</b>	(596,280)
	<b>200,592</b>	38,665

Hong Kong profits tax has not been provided as the Hong Kong incorporated companies within the Group had no estimated assessable profits in Hong Kong for the six months ended 30 June 2023 and 2022.

The income tax provision of the Group in respect of its operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the period based on the existing legislation, interpretations and practises in respect thereof. The PRC enterprise income tax rate is 25% (six months ended 30 June 2022: 25%).

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries of the Group obtained the High and New Technology Enterprises qualification. Also, certain PRC subsidiaries of the Group located in the western region of the PRC are engaged in the encouraged businesses. Accordingly, they enjoyed a preferential income tax rate of 15% for the six months ended 30 June 2023 and 2022.

According to relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that was effective from 2018, enterprises engaging in research and development activities are entitled to claim 200% of their eligible research and development costs so incurred as tax deductible expenses when determining their assessable profits for that period (“Super Deduction”). The Group made its best estimate for the Super Deduction to be claimed for the Group’s PRC subsidiaries in ascertaining their assessable profits for the six months ended 30 June 2023 and 2022.

The share of results of associates and joint ventures in the condensed consolidated income statement is after income taxes accrued in the appropriate income tax jurisdictions.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 7. DIVIDENDS

During the current period, a final dividend for the year ended 31 December 2022 of Hong Kong dollars (“HK\$”) 0.21 (six months ended 30 June 2022: HK\$0.21) per ordinary share, amounting to approximately RMB1,915,763,000 (six months ended 30 June 2022: RMB1,787,669,000), has been declared and approved by the shareholders at the annual general meeting of the Company. The 2022 final dividend was paid in July 2023 and reflected as dividends payable in this Interim Financial Report.

In addition, the Company made a distribution on perpetual capital securities of RMB71,064,000 (six months ended 30 June 2022: RMB66,660,000) to the securities holders during the six months ended 30 June 2023.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 8. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of the basic earnings per share is based on profit for the period attributable to ordinary equity holders of the Company of RMB1,499,664,000 (six months ended 30 June 2022: RMB1,485,578,000) and weighted average number of ordinary shares of 10,056,973,786 shares (six months ended 30 June 2022: 10,019,544,970 shares), calculated as follows:

#### *Profit attributable to ordinary equity holders of the Company*

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Profit for the period attributable to equity holders of the Company	<b>1,570,728</b>	1,552,238
Distribution paid on perpetual capital securities (note 7)	<b>(71,064)</b>	(66,660)
	<b>1,499,664</b>	1,485,578

#### *Weighted average number of ordinary shares (basic)*

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
Issued ordinary shares at 1 January (note 20)	<b>10,056,973,786</b>	10,018,441,540
Effect of share options exercised	<b>–</b>	1,103,430
	<b>10,056,973,786</b>	10,019,544,970

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 8. EARNINGS PER SHARE (Continued)

### (b) Diluted earnings per share

The calculation of diluted earnings per share is based on profit for the period attributable to ordinary equity holders of the Company of RMB1,499,664,000 (six months ended 30 June 2022: RMB1,485,578,000) and the weighted average number of ordinary shares of 10,167,585,286 shares (six months ended 30 June 2022: 10,096,115,647 shares), calculated as follows:

*Weighted average number of ordinary shares (diluted)*

	<b>Six months ended 30 June</b>	
	<b>2023</b> <b>(Unaudited)</b>	2022 (Unaudited)
Weighted average number of ordinary shares (basic) at 30 June	<b>10,056,973,786</b>	10,019,544,970
Effect of deemed issue of shares under the Company's share option scheme	–	59,528
Effect of dilutive potential ordinary shares arising from award shares issued under the Company's share award scheme	<b>110,611,500</b>	76,511,149
	<hr/>	<hr/>
Weighted average number of ordinary shares (diluted) at 30 June	<b>10,167,585,286</b>	10,096,115,647

## 9. PROPERTY, PLANT AND EQUIPMENT

The movements of the property, plant and equipment for the period/year are set out below:

	<b>As at</b> <b>30 June 2023</b> <b>RMB'000</b> <b>(Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
<b>Net carrying amount</b>		
At the beginning of the period/year	<b>32,201,419</b>	30,858,504
Additions	<b>2,839,834</b>	4,958,077
Acquisition through business combination	<b>2,240,675</b>	346,947
Disposals/written off	<b>(242,092)</b>	(186,683)
Early termination of leases	<b>(40,728)</b>	(138,707)
Depreciation	<b>(1,865,042)</b>	(3,432,870)
Impairment losses	–	(199,026)
Exchange realignment	<b>8,697</b>	(4,823)
	<hr/>	<hr/>
At the end of the period/year	<b>35,142,763</b>	32,201,419

The Group has obtained the right to use office and factory premises, retail and service centres and motor vehicles through the tenancy agreements. The remaining lease term is one to eighteen years (as at 31 December 2022: one to nineteen years). The Group generally makes fixed payments during the contract period. During the six months ended 30 June 2023, the total additions to right-of-use assets were RMB286,001,000 (six months ended 30 June 2022: RMB1,085,235,000).

As at 30 June 2023, the aggregate carrying amount of the Group's right-of-use assets in relation to the buildings, plant and machinery and motor vehicles are RMB2,258,226,000 (as at 31 December 2022: RMB2,333,944,000).

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 10. INTANGIBLE ASSETS

The movements of the intangible assets for the period/year are set out below:

	<b>As at 30 June 2023</b>	As at 31 December 2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
<b>Net carrying amount</b>		
At the beginning of the period/year	<b>22,547,705</b>	20,901,178
Additions	<b>5,069,984</b>	6,424,582
Acquisition through business combination	<b>1,965</b>	20,511
Amortisation	<b>(2,146,394)</b>	(4,799,250)
Exchange realignment	<b>-</b>	684
	<b>25,473,260</b>	22,547,705

## 11. INTERESTS IN ASSOCIATES

	<b>As at 30 June 2023</b>	As at 31 December 2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Cost of unlisted investments	<b>3,944,375</b>	2,332,668
Share of post-acquisition results and other comprehensive income	<b>(140,746)</b>	(64,653)
Gain on bargain purchase upon subscription for an associate	<b>1,749,734</b>	1,749,734
Impairment loss recognised	<b>(3,349)</b>	(3,349)
Exchange realignment	<b>(47,283)</b>	(47,283)
	<b>5,502,731</b>	3,967,117



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 11. INTERESTS IN ASSOCIATES (Continued)

Details of the Group's interests in associates as at 30 June 2023 and 31 December 2022 are as follows:

Name of associates	Place of establishments and operations	Form of business structure	Particulars of issued and paid up/registered capital	Attributable equity interest held by the Group		Principal activities
				As at 30 June 2023	As at 31 December 2022	
Hanna Mando (Ningbo) Automobile Chassis System Technology Co., Limited* ("Hanna Mando (Ningbo)") 漢拿萬都(寧波)汽車底盤系統科技有限公司	The PRC	Incorporated	United States dollars ("US\$") 85,000,000	35%	35%	Manufacturing of key components and electronic devices of automobile chassis
Closed Joint Stock Company BELGEE ("BELGEE")	Republic of Belarus	Incorporated	Belarusian Ruble 234,535,000	36.7%	36.7%	Production, marketing and sales of vehicles
PT Geely Mobil Indonesia	Republic of Indonesia	Incorporated	US\$3,260,200	30%	30%	Production, marketing and sales of vehicles
Times Geely Power Battery Company Limited* ("Times Geely") 時代吉利動力電池有限公司	The PRC	Incorporated	RMB501,000,000	49%	49%	Research and development, manufacturing and sales of battery cells, battery modules and battery packs
Zhejiang Haohan Energy Technology Company Limited* ("Haohan Energy") 浙江浩瀚能源科技有限公司	The PRC	Incorporated	RMB500,000,000	30%	30%	Research and development of automobile charging systems and technologies, provision of automobile charging services and operation of automobile charging points and network
Wuxi Xingqu Technology Company Limited* 無錫星驪科技有限公司	The PRC	Incorporated	RMB61,250,000	27.6%	27.6%	Research and development of automobile parts and components
Zhejiang Shuangli Automobile Intelligent Technology Company Limited* 浙江雙利汽車智能科技有限公司	The PRC	Incorporated	RMB90,000,000	35%	35%	Not yet commenced the business
Renault Korea Motors Co., Ltd. ("Renault Korea")	Republic of Korea	Incorporated	South Korean Won 666,875,000,000	34.02%	34.02%	Design, development, manufacturing, production, assembly, sales, distribution, import, export and marketing of automobiles, related parts and accessories

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 11. INTERESTS IN ASSOCIATES (Continued)

Details of the Group's interests in associates as at 30 June 2023 and 31 December 2022 are as follows (Continued):

Name of associates	Place of establishments and operations	Form of business structure	Particulars of issued and paid up/registered capital	Attributable equity interest held by the Group		Principal activities
				As at	As at	
				30 June 2023	31 December 2022	
Chongqing Livan Automotive Technology Company Limited <sup>#</sup> ("Chongqing Livan") 重慶睿藍汽車科技有限公司	The PRC	Incorporated	RMB1,450,000,000 (as at 31 December 2022: RMB600,000,000)	45%	–	Research and development, sales and operations of vehicles (including but not limited to battery swapping vehicles)
Zhejiang Xingchuang Automobile Software Technology Co., Ltd. <sup>#</sup> ("Xingchuang") 浙江星創汽車軟件科技有限公司	The PRC	Incorporated	RMB40,000,000	45%	–	Not yet commenced the business
PROTON Holdings Berhad ("PROTON")	Malaysia	Incorporated	Malaysian Ringgit ("RM") 1,009,513,000	49.9%	–	Manufacturing and sales of vehicles under the "PROTON" brand in Southeast Asia
DRB-HICOM Geely Sdn. Bhd. ("DHG")	Malaysia	Incorporated	RM1,000	49.9%	–	Investment holding

### PROTON and DHG

On 20 January 2023, the Group had entered into acquisition agreements with a fellow subsidiary owned by the Company's ultimate holding company pursuant to which the Group conditionally agreed to acquire 49.9% of the issued and paid-up ordinary share capital of PROTON and DHG for a cash consideration of approximately RMB1,450.4 million (of which US\$56,390,000 (equivalent to approximately RMB387.4 million) was related to the loan receivable to be sold to the Group) and a nominal consideration of US\$1 (equivalent to approximately RMB7), respectively. PROTON is principally engaged in manufacturing and sale of motor vehicles of its own brand in Southeast Asia. DHG is principally engaged in investment holding.

The acquisition of PROTON provides a valuable opportunity for the Group to enter the passenger vehicle market of right-hand drive models in Southeast Asia. By leveraging the resources and experiences of PROTON, the Group will be able to further strengthen its business development in Southeast Asia after completion of the acquisition. The Group will continue to collaborate with PROTON in the development of electric vehicle models under PROTON brand in the future.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 11. INTERESTS IN ASSOCIATES *(Continued)*

### PROTON and DHG *(Continued)*

DHG was incorporated by DRB-HICOM Berhad and Geely International (Hong Kong) Limited to restructure the intercompany debt in the amount of approximately RM1,616.4 million (equivalent to approximately RMB2,551.3 million) (the “Debt”) between PROTON (as borrower) and Perusahaan Otomobil Nasional Sdn. Bhd. (“PONSB”) (a wholly-owned subsidiary of PROTON, as lender). In order to set off against the Debt, PROTON issued non-convertible redeemable preference shares to DHG and DHG issued the same number of non-convertible redeemable preference shares to PONS B at the same consideration equivalent to the Debt amount. No voting right is attached to the aforesaid non-convertible redeemable preference shares, which can only be redeemed at the discretion of the issuer when it has sufficient funds. The acquisition of DHG is intertwined with the acquisition of PROTON because the incorporation of DHG is solely for the purpose of PROTON’s internal debt restructuring.

### Chongqing Livan

On 13 December 2021, the Group entered into the investment cooperation agreement with Lifan Technology (Group) Company Limited# 力帆科技(集團)股份有限公司 (“Lifan Technology”), pursuant to which the Company and Lifan Technology agreed to form Chongqing Livan, to engage in the research and development, sales and operations of vehicles (including but not limited to battery swapping vehicles). Pursuant to the terms of the investment cooperation agreement, the registered capital of Chongqing Livan will be RMB600 million, and will be contributed as to 50% (equivalent to RMB300 million) by the Group and as to 50% (equivalent to RMB300 million) by Lifan Technology, respectively. Shareholder’s meeting is the highest authority, and the voting rights in the meeting are in proportion to respective subscribed ratio.

Therefore, the Group’s investment in Chongqing Livan as at 31 December 2022 was classified as a joint venture and accounted for using the equity method.

During the six months ended 30 June 2022, the Group and Lifan Technology contributed RMB300,000,000 and RMB300,000,000, respectively, to Chongqing Livan.

On 20 June 2023, the Group, Lifan Technology and Chongqing Livan entered into a capital injection agreement, pursuant to which the Group agreed to inject approximately RMB355,825,000 into Chongqing Livan, while Lifan Technology agreed to inject approximately RMB494,175,000 into the same entity. As a result of the capital injection, the Group’s equity interests in Chongqing Livan were diluted from 50% to 45% and the Group can only exert significant influence over the financial and operating activities of Chongqing Livan.

Therefore, the Group’s investment in Chongqing Livan was reclassified from the joint venture to the associate. Besides, the gain on deemed disposal of investment in Chongqing Livan of RMB10,208,000 was recognised in “Other gains/(losses), net” in the condensed consolidated income statement during the six months ended 30 June 2023.

# The English translation of the names of the companies established in the PRC is for reference only. The official names of these companies are in Chinese.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 11. INTERESTS IN ASSOCIATES (Continued)

### Xingchuang

During the six months ended 30 June 2023, the Group and an independent third party established an associate company, Xingchuang. Pursuant to the articles of association of Xingchuang, the registered capital of Xingchuang will be RMB40,000,000, and is contributed as to 45% (equivalent to RMB18,000,000) by the Group and as to 55% (equivalent to RMB22,000,000) by the independent third party, respectively. The Group completed the capital contribution in March 2023.

Summarised financial information of PROTON and its subsidiaries (“PROTON Group”), Renault Korea and Chongqing Livan and its subsidiaries (“Chongqing Livan Group”), the Group’s material associates, adjusted for any differences in accounting policies, and reconciled to the carrying amount in the condensed consolidated financial statements, are disclosed below:

	<b>PROTON Group As at 30 June 2023 RMB'000 (Unaudited)</b>	<b>Renault Korea As at 30 June 2023 RMB'000 (Unaudited)</b>	<b>As at 31 December 2022 RMB'000 (Audited)</b>	<b>Chongqing Livan Group As at 30 June 2023 RMB'000 (Unaudited)</b>	<b>As at 31 December 2022 RMB'000 (Audited)</b>
Non-current assets	10,014,757	4,969,880	5,188,477	1,146,737	389,842
Current assets	5,234,609	7,244,782	8,858,630	4,595,952	3,369,318
Current liabilities	(5,338,221)	(2,737,320)	(4,033,161)	(4,547,000)	(3,126,272)
Non-current liabilities	(2,742,235)	(417,721)	(646,950)	(16,341)	(11,212)
Net assets	<b>7,168,910</b>	<b>9,059,621</b>	9,366,996	<b>1,179,348</b>	621,676

	<b>PROTON Group For the period from 28 April 2023 (date of acquisition) to 30 June 2023 RMB'000 (Unaudited)</b>	<b>Renault Korea Six months ended 30 June 2023 RMB'000 (Unaudited)</b>	<b>Chongqing Livan Group For the period from 24 January 2022 (date of incorporation) to 30 June 2022 RMB'000 (Unaudited)</b>
Revenue	2,699,271	10,512,043	1,159,363
Profit/(Loss) for the period	56,348	221,708	(297,582)
Other comprehensive income for the period	–	1,120	–
Total comprehensive income/(expenses) for the period	56,348	222,828	(297,582)
Movement of capital reserve	–	–	5,254
Dividend received from an associate	–	180,375	–

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 11. INTERESTS IN ASSOCIATES (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the Group's interests in PROTON Group, Renault Korea and Chongqing Livan Group recognised in the condensed consolidated financial statements:

	<b>PROTON Group As at 30 June 2023 RMB'000 (Unaudited)</b>	<b>Renault Korea As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)	<b>Chongqing Livan Group As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Net assets of the associates	<b>7,168,910</b>	<b>9,059,621</b>	9,366,996	<b>1,179,348</b>	621,676
Adjustment (note)	<b>(5,808,547)</b>	-	-	-	-
	<b>1,360,363</b>	<b>9,059,621</b>	9,366,996	<b>1,179,348</b>	621,676
The Group's effective interests in the associates	<b>49.9%</b>	<b>34.02%</b>	34.02%	<b>45%</b>	50%
	<b>678,821</b>	<b>3,082,083</b>	3,186,652	<b>530,707</b>	310,838
Goodwill	<b>403,701</b>	-	-	-	-
Carrying amount of the Group's interests in associates	<b>1,082,522</b>	<b>3,082,083</b>	3,186,652	<b>530,707</b>	310,838

Note: The amounts represented the non-controlling interests in the subsidiary of PROTON and cumulative preference shares that are held by parties other than the Group in PROTON and the related undeclared dividend.

Aggregate financial information of associates that are not individually material:

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Aggregate amounts of the Group's share of profit/(loss) for the period/year	<b>37,729</b>	(189,593)
Aggregate amounts of the Group's share of other comprehensive income/(expense) for the period/year	<b>11,237</b>	(25,154)
Aggregate carrying amount of the Group's interests in these associates	<b>807,419</b>	780,465

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 12. INTERESTS IN JOINT VENTURES

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Cost of unlisted investments	<b>7,505,706</b>	7,805,706
Unrealised gain on disposal of a subsidiary to a joint venture	<b>(14,943)</b>	(14,943)
Share of post-acquisition results and other comprehensive income (including reserves)	<b>2,773,236</b>	2,616,070
Impairment loss recognised	<b>(138,632)</b>	(138,632)
	<b>10,125,367</b>	10,268,201

Details of the Group's joint ventures which are unlisted corporate entities whose quoted market prices are not available and accounted for using the equity method in the condensed consolidated financial statements as at 30 June 2023 and 31 December 2022 were as follows:

Name of joint ventures	Place of establishments and operations	Form of business structure	Particulars of registered capital	Proportion of ownership interest held by the Group		Principal activities
				As at 30 June 2023	As at 31 December 2022	
Genius Auto Finance Company Limited <sup>#</sup> ("Genius AFC") 吉致汽車金融有限公司	The PRC	Incorporated	RMB4,000,000,000	<b>80%</b>	80%	Vehicles financing business
LYNK & CO Investment Co., Ltd. <sup>#</sup> ("LYNK & CO Investment") 領克投資有限公司	The PRC	Incorporated	RMB7,500,000,000	<b>50%</b>	50%	Manufacturing and sales of vehicles under the "Lynk&Co" brand
Zhejiang Geely AISIN Automatic Transmission Company Limited <sup>#</sup> 浙江吉利愛信自動變速器有限公司	The PRC	Incorporated	US\$117,000,000	<b>40%</b>	40%	Manufacturing and sales of front-wheel drive 8-speed automatic transmissions and related parts and components
Shandong Geely Sunwoda Power Battery Company Limited <sup>#</sup> 山東吉利欣旺達動力電池有限公司	The PRC	Incorporated	RMB100,000,000	<b>41.5%</b>	41.5%	Development, production, sales and after-sales service of hybrid battery cells, battery modules and battery packs
Guangdong Xinyueng Semiconductor Company Limited <sup>#</sup> 廣東芯粵能半導體有限公司	The PRC	Incorporated	RMB400,000,000	<b>40%</b>	40%	Provision of integrated circuit design, manufacturing, sales and the manufacturing of semiconductors
Chongqing Livan	The PRC	Incorporated	RMB1,450,000,000 (As at 31 December 2022: RMB600,000,000)	-	50%	Research and development, sales and operations of vehicles (including but not limited to battery swapping vehicles)

<sup>#</sup> The English translation of the names of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 12. INTERESTS IN JOINT VENTURES (Continued)

### Genius AFC

On 11 August 2020, BNP Paribas Personal Finance (“BNPP PF”) served a written notice to the Company on the exercise of the call option associated with the joint venture agreement (the “Call Option”) pursuant to which, subject to the agreement on the exercise price and other terms, BNPP PF will acquire from the Company such additional equity interest in Genius AFC to increase its equity interest in Genius AFC up to 50%.

On 11 July 2022, the Company entered into the equity transfer agreement (the “Equity Transfer Agreement”) with BNPP PF and its wholly-owned subsidiary as purchaser in relation to the exercise of the Call Option by BNPP PF, pursuant to which the wholly-owned subsidiary of BNPP PF has conditionally agreed to purchase from the Company and the Company has conditionally agreed to sell to the wholly-owned subsidiary of BNPP PF an interest of 5% in the registered capital of Genius AFC at an initial cash consideration of approximately RMB420,706,000, which will be subsequently adjusted for any change in the book value of Genius AFC between 31 July 2020 and the completion date which will be determined and confirmed in the audited financial statements of Genius AFC as of the completion date (the “Disposal”). The Disposal was completed in August 2023. Please refer to the Company’s announcement dated 11 July 2022 for further details.

Summarised financial information of LYNK & CO Investment and its subsidiaries (“LYNK & CO Group”) and Genius AFC, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the condensed consolidated statement of financial position, were disclosed below:

	LYNK & CO Group		Genius AFC	
	As at 30 June 2023 RMB’000 (Unaudited)	As at 31 December 2022 RMB’000 (Audited)	As at 30 June 2023 RMB’000 (Unaudited)	As at 31 December 2022 RMB’000 (Audited)
Non-current assets	<b>16,489,367</b>	16,879,085	<b>1,896,294</b>	1,900,081
Current assets	<b>21,377,335</b>	16,801,102	<b>57,708,684</b>	56,651,975
Current liabilities	<b>(25,871,637)</b>	(22,449,072)	<b>(31,035,472)</b>	(30,564,197)
Non-current liabilities	<b>(4,639,597)</b>	(3,229,351)	<b>(20,662,673)</b>	(20,728,964)
<b>Net assets</b>	<b>7,355,468</b>	8,001,764	<b>7,906,833</b>	7,258,895

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	<b>2,481,209</b>	2,894,042	<b>6,859,731</b>	5,557,605
Current financial liabilities (excluding trade and other payables and provisions)	<b>(3,512,502)</b>	(2,014,539)	<b>(27,947,938)</b>	(27,069,302)
Non-current financial liabilities (excluding trade and other payables and provisions)	<b>(3,388,788)</b>	(1,988,666)	<b>(20,662,673)</b>	(20,728,964)



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 12. INTERESTS IN JOINT VENTURES (Continued)

	LYNK & CO Group		Genius AFC	
	Six months ended 30 June			
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	<b>12,462,437</b>	12,457,018	<b>2,228,668</b>	2,217,306
(Loss)/Profit for the period	<b>(660,691)</b>	200,205	<b>647,938</b>	741,353
Other comprehensive income/(expense) for the period	<b>14,395</b>	(6,868)	–	–
Total comprehensive (expense)/income for the period	<b>(646,296)</b>	193,337	<b>647,938</b>	741,353
Dividend from a joint venture	–	–	–	400,000

The above (loss)/profit for the period including the following:

Depreciation and amortisation	<b>(1,743,459)</b>	(1,434,927)	<b>(24,695)</b>	(19,512)
Interest income	<b>37,480</b>	26,018	<b>2,139,418</b>	2,167,619
Interest expenses	<b>(116,420)</b>	(37,866)	<b>(820,120)</b>	(889,969)
Income tax credit/(expense)	<b>134,532</b>	(71,010)	<b>(215,979)</b>	(247,118)

Reconciliation of the above summarised financial information to the carrying amount of the Group's interests in joint ventures recognised in the condensed consolidated statement of financial position:

	LYNK & CO Group		Genius AFC	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Net assets of the joint ventures	<b>7,355,468</b>	8,001,764	<b>7,906,833</b>	7,258,895
The Group's effective interests in the joint ventures	<b>50%</b>	50%	<b>80%</b>	80%
The Group's share of the net assets of the joint ventures	<b>3,677,734</b>	4,000,882	<b>6,325,466</b>	5,807,116
Unrealised gain on disposal of a subsidiary to a joint venture	<b>(14,943)</b>	(14,943)	–	–
Carrying amount of the Group's interests in joint ventures	<b>3,662,791</b>	3,985,939	<b>6,325,466</b>	5,807,116

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 12. INTERESTS IN JOINT VENTURES *(Continued)*

Aggregate financial information of joint ventures that are not individually material:

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Aggregate amounts of the Group's share of loss for the period/year	<b>(175,988)</b>	(157,858)
Aggregate amounts of the Group's share of other comprehensive expense and reserve for the period/year	<b>2,627</b>	–
Aggregate carrying amount of the Group's interests in these joint ventures	<b>137,110</b>	164,308

## 13. INVENTORIES

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Raw materials	<b>3,941,694</b>	3,737,758
Work in progress	<b>544,302</b>	405,513
Finished goods	<b>7,253,113</b>	6,681,801
	<b>11,739,109</b>	10,825,072
Less: provision for inventories	<b>(1,517)</b>	(2,742)
	<b>11,737,592</b>	10,822,330

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 14. TRADE AND OTHER RECEIVABLES

	Note	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
<b>Trade and notes receivables</b>			
Trade receivables, net of loss allowance			
– Third parties		1,268,425	914,002
– Joint ventures		1,027,520	1,491,801
– Associates		2,887,580	1,083,478
– Related companies controlled by the substantial shareholder of the Company		7,146,376	8,176,897
	(a)	12,329,901	11,666,178
Notes receivable	(b)	11,658,159	17,047,131
		23,988,060	28,713,309
<b>Deposits, prepayments and other receivables</b>			
Prepayments to suppliers			
– Third parties		799,176	1,323,349
– Associates		41,618	85,635
– Related companies controlled by the substantial shareholder of the Company		593,752	158,635
		1,434,546	1,567,619
Deposits paid for acquisition of property, plant and equipment		439,991	382,489
Other contract costs	(c)	590,579	547,731
Utility deposits and other receivables		1,941,207	1,921,466
Loan to an associate	(d)	391,511	–
Loan to a joint venture	(e)	100,000	–
VAT and other taxes receivables		3,336,944	2,334,275
		8,234,778	6,753,580
Amounts due from related companies controlled by the substantial shareholder of the Company	(f)	422,300	383,037
		8,657,078	7,136,617
		32,645,138	35,849,926
<b>Representing:</b>			
– Current		31,010,539	34,392,326
– Non-current		1,634,599	1,457,600
		32,645,138	35,849,926

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 14. TRADE AND OTHER RECEIVABLES (Continued)

### (a) Trade receivables

The Group allows average credit periods ranged from 30 days to 90 days (as at 31 December 2022: 30 days to 90 days) to its PRC customers from sales of automobiles, automobile parts and components and battery packs and related parts, provision of subcontracting services, research and development and related technological support services. In respect of the trade receivable from related companies arising from the licensing of intellectual properties, it will be settled within five years in accordance with the contract terms. Ageing analysis of the trade receivables of the PRC customers, based on invoice date and net of loss allowance, at the end of the reporting period was as follows:

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
0 – 60 days	<b>5,573,621</b>	7,240,582
61 – 90 days	<b>73,523</b>	285,072
91 – 365 days	<b>1,377,237</b>	390,635
Over 365 days	<b>92,542</b>	298,372
	<b>7,116,923</b>	8,214,661

For overseas customers, the Group allows credit periods ranged from 30 days to 210 days (as at 31 December 2022: 30 days to 210 days). Ageing analysis of the trade receivables of the overseas customers, based on invoice date and net of loss allowance, at the end of the reporting period was as follows:

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
0 – 60 days	<b>4,121,206</b>	2,585,390
61 – 90 days	<b>796,852</b>	607,106
91 – 365 days	<b>294,920</b>	259,021
	<b>5,212,978</b>	3,451,517

As at 30 June 2023, the Group has adopted average expected loss rate of 0.3% to 3.6% (as at 31 December 2022: 0.3% to 3.5%) on the gross carrying amount of trade receivables amounted to RMB12,496,082,000 (as at 31 December 2022: RMB11,891,624,000). The loss allowance as at 30 June 2023 was RMB166,181,000 (as at 31 December 2022: RMB225,446,000).

### (b) Notes receivable

All notes receivable are denominated in RMB. As at 30 June 2023 and 31 December 2022, all notes receivable were guaranteed by established banks in the PRC and had maturities of less than one year from the end of the reporting period.

The Group manages its notes receivable using the business model whose objective is achieved by both collecting contractual cash flows and selling of these assets. Accordingly, notes receivable are classified as financial assets at FVOCI (recycling) in accordance with HKFRS 9 “Financial Instruments” and are stated at fair value. The fair value is based on the net present value as at 30 June 2023 and 31 December 2022 from expected timing of endorsements and discounting at the interest rates for the respective notes receivable. The fair value is within Level 2 of the fair value hierarchy.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 14. TRADE AND OTHER RECEIVABLES *(Continued)*

### (b) Notes receivable *(Continued)*

As at 30 June 2023, the Group endorsed certain notes receivable accepted by banks in the PRC (the “Endorsed Notes”) with a carrying amount of RMB167,568,000 (as at 31 December 2022: RMB686,835,000) to certain of its suppliers in order to settle the trade payables due to such suppliers (the “Endorsement”). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Notes, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Notes and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Notes, including the sale, transfer or pledge of the Endorsed Notes to any other third parties. As at 30 June 2023, the aggregate carrying amount of the trade payables settled by the Endorsed Notes during the period to which the suppliers have recourse was RMB167,568,000 (as at 31 December 2022: RMB686,835,000).

As at 30 June 2023, the Group discounted and endorsed certain notes receivable accepted by banks in the PRC (the “Derecognised Notes”) to certain banks in order to obtain additional financing or to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amount in aggregate of RMB60,682,723,000 (as at 31 December 2022: RMB62,809,820,000). The Derecognised Notes had a maturity of less than one year (as at 31 December 2022: less than one year) at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Notes have a right of recourse against the Group if the PRC banks default (the “Continuing Involvement”). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Notes. Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes and the associated liabilities. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts.

### (c) Other contract costs

Other contract costs capitalised as at 30 June 2023 and 31 December 2022 related to the costs incurred in providing internet connectivity services that are used to satisfy the performance obligations for providing such services to customers in the respective sales of automobile contracts at the end of the reporting period. Contract costs are amortised in line with the recognition of the respective revenue in accordance with the terms of the contracts. There was no impairment in relation to the contract costs capitalised during the six months ended 30 June 2023 (six months ended 30 June 2022: RMBNil).

### (d) Loan to an associate

As at 30 June 2023, the loan to an associate was unsecured, repayable in 2024 and carried interest rate at 6.0% per annum.

### (e) Loan to a joint venture

As at 30 June 2023, the loan to a joint venture was unsecured, repayable in 2024 and carried interest rate at 3.65% per annum. The Group has the right to convert any unpaid loan amount into equity of the joint venture at any time after the loan matures, based on the latest round of financing valuation of the joint venture.

### (f) Amounts due from related companies

The amounts due are unsecured, interest-free and repayable on demand.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 15. TRADE AND OTHER PAYABLES

	Note	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
<b>Trade and notes payables</b>			
Trade payables			
– Third parties		<b>32,499,889</b>	34,052,204
– Associates		<b>334,237</b>	319,766
– Joint ventures		<b>188,031</b>	69,403
– Related companies controlled by the substantial shareholder of the Company		<b>12,565,388</b>	7,749,791
	(a)	<b>45,587,545</b>	42,191,164
Notes payable	(b)	<b>4,749,245</b>	3,365,739
		<b>50,336,790</b>	45,556,903
<b>Other payables</b>			
Receipts in advance from customers			
– Third parties		<b>8,900,543</b>	6,241,266
– Associates		<b>227,808</b>	444,649
– Joint ventures		<b>104,958</b>	47,536
– Related companies controlled by the substantial shareholder of the Company		<b>187,458</b>	540,736
	(c)	<b>9,420,767</b>	7,274,187
Deferred government grants which conditions have not been satisfied		<b>891,135</b>	887,754
Payables for acquisition of property, plant and equipment		<b>2,102,731</b>	1,881,966
Payables for capitalised product development costs from related companies	(d)	<b>1,173,253</b>	1,091,552
Accrued staff salaries and benefits		<b>1,737,167</b>	2,192,518
VAT and other taxes payables		<b>1,814,092</b>	1,834,242
Consideration payable for acquisition of a subsidiary (note 22)		<b>152,980</b>	–
Dividends payable		<b>1,915,763</b>	–
Other accrued charges and payables	(e)	<b>5,661,113</b>	5,475,817
		<b>24,869,001</b>	20,638,036
Amounts due to related companies controlled by the substantial shareholder of the Company	(f)	<b>480,416</b>	887,798
		<b>25,349,417</b>	21,525,834
		<b>75,686,207</b>	67,082,737
<b>Representing:</b>			
– Current		<b>73,101,570</b>	65,480,717
– Non-current		<b>2,584,637</b>	1,602,020
		<b>75,686,207</b>	67,082,737

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 15. TRADE AND OTHER PAYABLES (Continued)

### (a) Trade payables

Ageing analysis of trade payables, based on invoice date, at the end of the reporting period was as follows:

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
0 – 60 days	<b>39,189,142</b>	37,969,510
61 – 90 days	<b>5,570,898</b>	3,428,072
91 – 365 days	<b>708,495</b>	690,776
Over 365 days	<b>119,010</b>	102,806
	<b>45,587,545</b>	42,191,164

Trade payables are non-interest bearing. The average credit periods on the settlement of purchase invoice ranged from 60 days to 90 days (as at 31 December 2022: 60 days).

### (b) Notes payable

All notes payable are denominated in RMB and are notes paid and/or payable to third parties for the settlement of trade payables. As at 30 June 2023 and 31 December 2022, all notes payable had maturities of less than six months from the end of the reporting period.

### (c) Receipts in advance from customers

The following amounts represent (i) the advance payments from customers for the sales of automobiles, automobile parts and components, battery packs and related parts and (ii) the obligation for service agreed to be part of the sales of automobiles. The respective revenue will be recognised when the performance obligation is satisfied after the automobiles, automobile parts and components and services and battery packs and related parts were delivered to the customers.

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Relating to the sales of automobiles, automobile parts and components and battery packs and related parts	<b>6,910,549</b>	5,476,109
Relating to the obligation for service agreed to be part of the sales of automobiles	<b>2,510,218</b>	1,798,078
	<b>9,420,767</b>	7,274,187

The increase (six months ended 30 June 2022: decrease) in receipts in advance from customers was mainly due to the increase (six months ended 30 June 2022: decrease) in advances received from customers in relation to sales of automobiles, automobile parts and components and battery packs and related parts for the six months ended 30 June 2023.



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 15. TRADE AND OTHER PAYABLES (Continued)

### (c) Receipts in advance from customers (Continued)

Receipts in advance from customers outstanding at the beginning of the period amounting to RMB5,574,138,000 (six months ended 30 June 2022: RMB6,995,671,000) have been recognised as revenue during the period.

The transaction price allocated to the remaining unsatisfied or partially satisfied performance obligations as at the end of the reporting period was as follows:

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Within one year	<b>475,586</b>	196,058
More than one year	<b>2,034,632</b>	1,602,020
	<b>2,510,218</b>	1,798,078

As permitted under HKFRS 15, the above transaction price allocated to the unsatisfied contracts does not include performance obligation from the Group's contracts with customers for the sales of automobiles, automobile parts and components and battery packs and related parts and licensing of intellectual properties, that have an original expected duration of one year or less.

### (d) Payables for capitalised product development costs from related companies

The credit terms for payables for capitalised product development costs from related companies generally ranged from 60 days to 90 days (as at 31 December 2022: 60 days to 90 days).

### (e) Other accrued charges and payables

The amounts mainly comprised (1) deposits provided by automobile dealers and other third parties which amounted to RMB1,420,138,000 (as at 31 December 2022: RMB1,307,122,000) and (2) payables for warranty, advertising and promotion, transportation and general operations which amounted to RMB2,094,496,000 (as at 31 December 2022: RMB2,171,991,000).

### (f) Amounts due to related companies

The amounts due are unsecured, interest-free and repayable on demand.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 16. LEASE LIABILITIES

The carrying amount of lease liabilities and movement during the period/year are as follows:

	<b>As at 30 June 2023</b>	As at 31 December 2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
At the beginning of the period/year	<b>2,336,008</b>	700,776
Additions arising from new leases	<b>286,001</b>	2,214,735
Accretion of interest recognised during the period/year	<b>31,745</b>	64,589
Acquisition through business combination	–	170,269
Early termination of leases	<b>(40,728)</b>	(138,707)
Payments	<b>(328,057)</b>	(675,654)
	<b>2,284,969</b>	2,336,008
<i>Representing:</i>		
– Current	<b>697,713</b>	556,579
– Non-current	<b>1,587,256</b>	1,779,429
	<b>2,284,969</b>	2,336,008

## 17. BANK BORROWINGS

As at 30 June 2023 and 31 December 2022, the Group's bank loans were repayable as follows:

	<b>As at 30 June 2023</b>	As at 31 December 2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Carrying amount repayable (note (i))		
In the third to fifth year	<b>2,903,920</b>	2,757,960

Notes:

- (i) The amounts are based on the scheduled repayment dates set out in the loan agreements.
- (ii) As at 30 June 2023 and 31 December 2022, the bank loans were unsecured, carried at amortised cost, repayable in August 2025 and interest-bearing at Secured Overnight Financing Rate plus 0.7% per annum.
- (iii) Pursuant to the facility agreements, it will be an event of default if Mr. Li Shu Fu is (i) no longer the single largest beneficial shareholder of the Company, or (ii) no longer beneficially owns at least 25% of the issued share capital of the Company. In case of an event of default, the bank may by notice to the Company (a) cancel the loan facility, (b) declare that all or part of the loans, together with accrued interest, be immediately due and payable, and/or (c) declare that all or part of the loans be payable on demand.
- (iv) During the six months ended 30 June 2023 and 2022, none of the covenants relating to drawn down facilities had been breached.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 18. LOAN FROM A RELATED COMPANY

As at 30 June 2023 and 31 December 2022, the loan from a fellow subsidiary was granted to the Group's subsidiary in the PRC and was unsecured, repayable within ten years and carried interest rate at 4.5% per annum.

## 19. BONDS PAYABLE

On 25 January 2018, the Company issued the bonds with an aggregate principal amount of US\$300,000,000 (equivalent to approximately RMB1,944,690,000) (the "Bonds"). The Bonds carried interest at 3.625% per annum, payable semi-annually in arrears on 25 January and 25 July of each year, and the maturity date is 25 January 2023 (the "Maturity Date").

The Bonds are listed on Singapore Exchange Securities Trading Limited. They constitute direct, unconditional, unsubordinated and (subject to the terms and conditions of the Bonds) unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by applicable law and subject to the terms and conditions of the Bonds, at all times rank *pari passu* with all its other present and future unsecured and unsubordinated obligations.

The carrying amount of the Bonds at initial recognition net of transaction costs amounted to US\$297,296,000 (equivalent to approximately RMB1,927,161,000) and the effective interest rate was 3.825% per annum. The Bonds were measured at amortised cost at the end of the reporting period.

On the Maturity Date, the Company redeemed the Bonds in full at the outstanding principal amount of US\$300,000,000 (equivalent to approximately RMB2,068,422,000) together with interest in an amount equal to US\$5,439,000 (equivalent to approximately RMB37,501,000) accrued to (but not including) the Maturity Date.

The movements of the Bonds for the period/year are set out below:

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
<b>Carrying amount</b>		
At the beginning of the period/year	<b>2,062,396</b>	1,901,137
Exchange differences	<b>5,728</b>	157,727
Interest expenses	<b>298</b>	3,532
Redeemed during the period/year	<b>(2,068,422)</b>	–
	<hr/>	<hr/>
At the end of the period/year	–	2,062,396
	<hr/>	<hr/>
<i>Representing:</i>		
– Current	–	2,062,396
	<hr/>	<hr/>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 20. SHARE CAPITAL

	Number of shares	Nominal value RMB'000
Authorised:		
Ordinary shares of HK\$0.02 each		
At 31 December 2022 (audited) and 30 June 2023 (unaudited)	<b>12,000,000,000</b>	<b>246,720</b>
Issued and fully paid:		
Ordinary shares of HK\$0.02 each		
At 1 January 2022	10,018,441,540	183,015
Shares issued under share option scheme	2,405,000	39
Shares issued under share award scheme	36,127,246	632
At 31 December 2022, 1 January 2023 and 30 June 2023 (unaudited)	<b>10,056,973,786</b>	<b>183,686</b>

Note:

During the six months ended 30 June 2023, no share option was exercised to subscribe for ordinary share of the Company.

During the six months ended 30 June 2022, share options were exercised to subscribe for 2,405,000 ordinary shares of the Company at a consideration of approximately RMB7,977,000 of which approximately RMB39,000 was credited to share capital and approximately RMB7,938,000 was credited to the share premium account. As a result of the exercise of share options, share-based compensation reserve of RMB3,543,000 was transferred to the share premium account.

## 21. PERPETUAL CAPITAL SECURITIES

On 9 December 2019, the Company (the "Issuer") issued 4% senior perpetual capital securities with an aggregate principal amount of US\$500,000,000 (equivalent to approximately RMB3,425,857,000) (the "Securities") which are listed on Singapore Exchange Securities Trading Limited at an issue price of 99.641%. Transaction costs relating to the issue of the Securities amounted to approximately RMB12,755,000. Distribution is payable semi-annually in arrears in equal instalments on 9 June and 9 December of each year based on the distribution rate as defined in the subscription agreement. Distribution by the Issuer may be deferred at its sole discretion. The Securities have no fixed maturity and are redeemable in whole, but not in part, at the Issuer's option on 9 December 2024, or any distribution payment date falling thereafter at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company will not declare, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower rank.

As the Securities do not contain any contractual obligation to pay cash or other financial assets, in accordance with HKAS 32 "Financial Instruments: Presentation", they are classified as equity for accounting purpose. Any distributions made by the Issuer to the holders of the Securities will be deducted directly to equity in the condensed consolidated financial statements.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 22. BUSINESS COMBINATION

### Acquisition of Xi'an Geely Automobile Company Limited# ("Xi'an Geely") 西安吉利汽車有限公司

On 12 December 2022, Zhejiang Jirun Automobile Company Limited# ("Jirun Automobile") 浙江吉潤汽車有限公司, an indirect non wholly-owned subsidiary of the Company, entered into an acquisition agreement with a fellow subsidiary owned by the Company's ultimate holding company, pursuant to which Jirun Automobile has conditionally agreed to acquire, and the fellow subsidiary has conditionally agreed to sell the 100% equity interests of Xi'an Geely for a cash consideration of RMB382,450,000. Xi'an Geely is engaged in the manufacture and sale of complete knock down kits, automobile parts and components in the PRC. The acquisition of Xi'an Geely was completed in April 2023. Please refer to the Company's announcements dated 12 December 2022 and 10 March 2023 for further details.

The assets acquired and liabilities recognised at the acquisition date are as follows:

	<b>Pre-acquisition carrying amounts</b>	<b>Fair value adjustments</b>	<b>Recognised fair values on acquisition</b>
	RMB'000	RMB'000	RMB'000
<b>The net assets acquired:</b>			
Property, plant and equipment (note 9)	2,243,007	(2,332)	2,240,675
Intangible assets (note 10)	1,907	58	1,965
Land lease prepayments	385,529	232,331	617,860
Trade and other receivables	6,524,674	-	6,524,674
Inventories	936,928	851	937,779
Deferred tax assets	34	-	34
Bank balances and cash	36,272	-	36,272
Trade and other payables	(9,945,064)	-	(9,945,064)
Deferred tax liabilities	-	(34,636)	(34,636)
	<hr/> 183,287	<hr/> 196,272	<hr/> 379,559
<b>Goodwill arising on acquisition:</b>			
Cash consideration transferred			229,470
Consideration payable (note 15)			152,980
Fair value of identifiable net assets acquired			<hr/> (379,559)
			<hr/> 2,891
<b>Net cash outflow arising on acquisition of a subsidiary:</b>			
Cash consideration paid			(229,470)
Bank balances and cash acquired			<hr/> 36,272
			<hr/> (193,198)

# The English translation of the names of the companies established in the PRC is for reference only. The official names of these companies are in Chinese.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 23. COMMITMENTS

### Capital commitments

As at the end of reporting period, the capital commitments not provided for in the condensed consolidated financial statements were as follows:

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Contracted but not provided for, net of deposits/investments paid		
– purchase of property, plant and equipment	<b>3,127,496</b>	2,207,798
– acquisition of a subsidiary	–	382,450
– investment in an associate	<b>244,510</b>	244,510
– investment in a joint venture	<b>682,421</b>	648,121
	<b>4,054,427</b>	3,482,879

Notes:

- (a) On 20 December 2018, Jirun Automobile entered into an investment agreement (the “Investment Agreement 1”) with Contemporary Amperex Technology Company Limited# 寧德時代新能源科技股份有限公司 (“CATL Battery”), an independent third party, pursuant to which the parties agreed to establish an associate company, Times Geely. Pursuant to the terms of the Investment Agreement 1, Times Geely will be owned as to 49% by Jirun Automobile and as to 51% by CATL Battery, respectively. The registered capital of Times Geely will be RMB1,000,000,000, and will be contributed as to 49% (equivalent to RMB490,000,000) in cash by Jirun Automobile and as to 51% (equivalent to RMB510,000,000) in cash by CATL Battery, respectively. As at 30 June 2023, the Group and CATL Battery contributed RMB245,490,000 (as at 31 December 2022: RMB245,490,000) and RMB255,510,000 (as at 31 December 2022: RMB255,510,000), respectively, to Times Geely.
- (b) On 12 June 2019, ZEEKR Automobile (Shanghai) Company Limited# 極氪汽車(上海)有限公司 (“ZEEKR Automobile (Shanghai)”), an indirect not wholly-owned subsidiary of the Company, entered into an investment agreement (the “Investment Agreement 2”) with LG Chem Ltd. (“LG Chem”), an independent third party, pursuant to which the parties agreed to establish a joint venture (the “JV 1”) to principally engage in the production and sales of batteries for electric vehicles. Pursuant to the terms of the Investment Agreement 2, the registered capital of the JV 1 will be US\$188,000,000 (equivalent to approximately RMB1,364,842,000), and will be contributed as to 50% (US\$94,000,000 or equivalent to approximately RMB682,421,000) and 50% (US\$94,000,000 or equivalent to approximately RMB682,421,000) by ZEEKR Automobile (Shanghai) and LG Chem, respectively. As at 30 June 2023, the formation of the JV 1 had not yet been completed. Please refer to the Company’s announcement dated 12 June 2019 for further details.
- # The English translation of the names of the companies established in the PRC is for reference only. The official names of these companies are in Chinese.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 23. COMMITMENTS (Continued)

### As lessee

As at the end of the reporting period, the lease commitments for short-term leases were as follows:

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Office and factory premises		
– Within one year	<b>143,385</b>	49,769

As at 30 June 2023 and 31 December 2022, the Group leases a number of office and factory premises which are qualified to be accounted for under short-term lease exemption under HKFRS 16 “Leases”.

### As lessor

As at the end of the reporting period, the total future minimum lease receipts in respect of certain portion of buildings under non-cancellable operating leases were receivables as follows:

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Buildings		
– Within one year	<b>11,261</b>	2,655
– After one year but within two years	<b>3,000</b>	751
– After two years but within three years	<b>2,809</b>	–
– After three years but within four years	<b>2,809</b>	–
– After four years but within five years	<b>1,639</b>	–
	<b>21,518</b>	3,406

Leases are negotiated and rental are fixed for an initial period of two to five years (as at 31 December 2022: two to three years).

## 24. RETIREMENT BENEFITS SCHEME

The Group participates in Mandatory Provident Fund Scheme (“MPF Scheme”) established under the Mandatory Provident Fund Schemes Ordinance in December 2000. The assets of the scheme are held separately from those of the Group in funds under the control of trustees.

For members of the MPF Scheme, the Group contributes 5% of the employees’ relevant income to the MPF Scheme. Both the employer’s and the employees’ contributions are subject to a maximum of monthly relevant income of HK\$30,000 (equivalent to RMB25,000) per employee. Contributions to the plan vest immediately.

The employees of the Company’s subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute a fixed percentage of the employees’ basic salary to the retirement benefit scheme to fund the benefit. The only obligation of the Group in respect of the retirement benefit scheme is to make the specified contributions.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 24. RETIREMENT BENEFITS SCHEME *(Continued)*

Contributions are made by the Company's subsidiaries in other overseas countries to defined contribution superannuation funds in accordance with the relevant laws and regulations in these countries.

During the six months ended 30 June 2023, the aggregate employer's contributions made by the Group amounted to RMB266,367,000 (six months ended 30 June 2022: RMB195,669,000).

Besides, the Group had no forfeited contributions under its retirement benefit schemes which may be used to reduce the existing level of contributions during the six months ended 30 June 2023 and 2022.

## 25. EQUITY SETTLED SHARE-BASED PAYMENT TRANSACTIONS

### Share option scheme of the Company

The Company operates a share option scheme for eligible participants of the Group. Details of the terms of the scheme were set out in the Group's annual financial statements for the year ended 31 December 2022.

For those share options granted after 1 January 2010 and prior to 1 January 2015, one-tenth of share options granted will vest in every year from the grant date with one-tenth of options being vested immediately at the date of grant. For those share options granted after 1 January 2015 and prior to 1 January 2021, none of the share options will be vested in the first year, one-fourth of share options granted will vest in every year after the first year of the grant date. For those share options granted after 1 January 2021, none of the share options will be vested in the first two years, one-fifth of share options granted will vest in every year after the two years of the grant date.

The following table discloses details of the Company's share options under the scheme held by directors and eligible employees:

### 2023 (Unaudited)

	Exercisable period	Exercise price per share HK\$	Outstanding at 1 January	Exercised during the period	Lapsed during the period	Outstanding at 30 June
<b>Directors</b>	15 January 2023 to 14 January 2028	<b>32.70</b>	<b>67,500,000</b>	-	-	<b>67,500,000</b>
<b>Employees</b>	7 September 2019 to 6 September 2023	<b>15.96</b>	<b>600,000</b>	-	-	<b>600,000</b>
	14 January 2021 to 13 January 2025	<b>16.04</b>	<b>790,000</b>	-	-	<b>790,000</b>
	15 January 2023 to 14 January 2028	<b>32.70</b>	<b>476,100,000</b>	-	<b>(12,450,000)</b>	<b>463,650,000</b>
			<b>477,490,000</b>	-	<b>(12,450,000)</b>	<b>465,040,000</b>
			<b>544,990,000</b>	-	<b>(12,450,000)</b>	<b>532,540,000</b>



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 25. EQUITY SETTLED SHARE-BASED PAYMENT TRANSACTIONS (Continued)

The following table discloses details of the Company's share options under the scheme held by directors and eligible employees (Continued):

### 2022 (Unaudited)

	Exercisable period	Exercise price per share HK\$	Outstanding at 1 January	Exercised during the period	Lapsed during the period	Reallocated upon appointment or retirement during the period	Outstanding at 30 June
<b>Directors</b>	23 March 2012 to 22 March 2022	4.07	105,000	(105,000)	-	-	-
	15 January 2023 to 14 January 2028	32.70	62,500,000	-	-	(3,000,000)	59,500,000
			62,605,000	(105,000)	-	(3,000,000)	59,500,000
<b>Employees</b>	23 March 2012 to 22 March 2022	4.07	2,300,000	(2,300,000)	-	-	-
	31 March 2018 to 30 March 2022	12.22	1,300,000	-	(1,300,000)	-	-
	7 September 2019 to 6 September 2023	15.96	600,000	-	-	-	600,000
	14 January 2021 to 13 January 2025	16.04	790,000	-	-	-	790,000
	15 January 2023 to 14 January 2028	32.70	511,600,000	-	(14,850,000)	3,000,000	499,750,000
			516,590,000	(2,300,000)	(16,150,000)	3,000,000	501,140,000
			579,195,000	(2,405,000)	(16,150,000)	-	560,640,000

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 25. EQUITY SETTLED SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

### Share award scheme of the Company

The Company has adopted a share award scheme pursuant to resolutions passed at the board meeting of the Company held on 30 August 2021 for the purposes of attracting and retaining the high calibre employees whose contributions will be beneficial to the growth and development of the Group (the “Share Award Scheme”). The Share Award Scheme has a term of 10 years from 30 August 2021.

The shares being granted with respect to a selected participant will vest in 4 tranches of 25% each year from 30 August 2022 to 29 August 2025, on the condition that the employees remain in service with performance requirements, including but not limited to meeting the company-level performance target and the selected participant’s level performance target. Subject to the satisfaction of the vesting conditions, such new award shares will be transferred to the selected participants at nominal value on the vesting date. The selected participants are required to pay the nominal value for the award shares.

Details of the terms of the Share Award Scheme were set out in the Group’s annual financial statements for the year ended 31 December 2022.

Movements in the number of award shares outstanding during the periods are as follows:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
Balance at 1 January	<b>113,391,000</b>	159,499,299
Lapsed	<b>(2,779,500)</b>	(1,527,299)
	<hr/>	<hr/>
Balance at 30 June	<b>110,611,500</b>	157,972,000

### Share award scheme of ZEEKR Intelligent Technology Holding Limited (“ZEEKR Holding”)

ZEEKR Holding also operates a share award scheme (the “ZEEKR Share Award Scheme”). The purposes of the ZEEKR Share Award Scheme are to encourage the selected participants to continuously make greater contributions to the long-term growth of the ZEEKR Holding and its subsidiaries (“ZEEKR Group”) and thereby enhancing the value of the Company for the benefit of the shareholders, and to attract and retain high calibre employees whose contributions will be beneficial to the growth and development of the ZEEKR Group.

The vesting schedule of the award shares under the ZEEKR Share Award Scheme (the “ZEEKR Award Shares”) granted would be subject to both the initial public offering condition and service-and-performance-based condition. Subject to the satisfaction of the conditions for vesting as provided under the ZEEKR Share Award Scheme, the ZEEKR Award Shares granted shall vest in four batches as follows: (i) the first batch (up to 25% of the ZEEKR Award Shares granted) will vest on the following 15 April after the grant date; (ii) the second batch (up to 25% of the ZEEKR Award Shares granted) will vest on the second 15 April after the grant date; (iii) the third batch (up to 25% of the ZEEKR Award Shares granted) will vest on the third 15 April after the grant date; and (iv) the fourth batch (up to 25% of the ZEEKR Award Shares granted) will vest on the fourth 15 April after the grant date. Selected participants are required to pay the nominal value for the ZEEKR Award Shares.

During the six months ended 30 June 2023, ZEEKR Holding resolved to grant 17,955,300 ZEEKR Award Shares to 4,427 selected participants under the ZEEKR Share Award Scheme by way of reservation and future issuance of new ordinary shares.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 25. EQUITY SETTLED SHARE-BASED PAYMENT TRANSACTIONS (Continued)

### Share award scheme of ZEEKR Intelligent Technology Holding Limited (“ZEEKR Holding”) (Continued)

Details of the terms of the ZEEKR Share Award Scheme were set out in the Group’s annual financial statements for the year ended 31 December 2022.

Back-solve method was used to determine the underlying equity fair value of the ZEEKR Holding and the option-pricing method was used to determine the fair value of the underlying shares. The fair value of ZEEKR Award Shares granted at grant date was US\$80,103,000 (equivalent to approximately RMB581,532,000). Key assumptions adopted in determining the fair value are as follows:

Grant date	30 June 2023
Expected volatility	51.70% to 57.66%
Risk-free interest rate	4.37% to 5.47%
Expected dividend yield	0.00%

Expected volatility was determined by using average historical volatilities of comparable companies in the same industry. Expected dividend yield is based on the management’s estimate at valuation date.

Movements in the number of ZEEKR Award Shares outstanding during the periods are as follows:

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Balance at 1 January	86,027,076	52,964,800
Granted	17,955,300	–
Lapsed	(7,300,013)	(431,756)
<b>Balance at 30 June</b>	<b>96,682,363</b>	<b>52,533,044</b>

Equity settled share-based payments have been recorded in the condensed consolidated financial statements as follows:

	2023 (Unaudited)			Six months ended 30 June			2022 (Unaudited)		
	Expensed RMB'000	Capitalised as product development cost of intangible assets RMB'000	Total RMB'000	Expensed RMB'000	Capitalised as product development cost of intangible assets RMB'000	Total RMB'000	Expensed RMB'000	Capitalised as product development cost of intangible assets RMB'000	Total RMB'000
Share option scheme of the Company	307,869	101,035	408,904	445,233	128,518	573,751			
Share award scheme of the Company	128,560	72,148	200,708	407,585	178,637	586,222			
Share award scheme of ZEEKR Holding (note)	–	–	–	–	–	–			
	<b>436,429</b>	<b>173,183</b>	<b>609,612</b>	<b>852,818</b>	<b>307,155</b>	<b>1,159,973</b>			

Note: The Group had not recognised any equity settled share-based payments for share award scheme of ZEEKR Holding as the management considers that it is not probable that the condition related to the initial public offering of ZEEKR Holding will be satisfied until the event occurs.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 26. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Interim Financial Report, during the period, the Group had the following material transactions with related parties:

Name of related parties	Nature of transactions	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Related companies</b> (notes (a) and (b))			
Zhejiang Geely Automobile Company Limited <sup>#</sup> 浙江吉利汽車有限公司	Sales of complete knock down kits	<b>13,827,372</b>	19,018,962
	Sales of complete buildup units, complete knock down kits and related after-sales parts	<b>262,386</b>	556,744
	Claims income on defective materials purchased	<b>77,876</b>	113,896
	Purchase of complete buildup units	<b>13,913,907</b>	18,413,262
	Purchase of complete knocks down kits and automobile components	<b>12,075,755</b>	-
	Claims paid on defective materials sold	<b>52,897</b>	113,778
	Sales of automobile parts and components	<b>141,012</b>	101,257
	Research, development and technology licensing service income	<b>16,086</b>	-
Zhejiang Geely Business Services Company Limited <sup>#</sup> 浙江吉利商務服務有限公司	Operational services fee	<b>101,535</b>	59,223
Zhejiang Haoqing Automobile Manufacturing Company Limited <sup>#</sup> 浙江豪情汽車製造有限公司	Sales of complete knock down kits	<b>20,356,892</b>	24,382,882
	Sales of complete buildup units, complete knock down kits and related after-sales parts	<b>605,301</b>	854,091
	Claims income on defective materials purchased	<b>84,305</b>	110,274
	Purchase of complete buildup units	<b>22,744,625</b>	24,882,058
	Purchase of complete knocks down kits and automobile components	<b>4,620,539</b>	-
	Claims paid on defective materials sold	<b>72,112</b>	128,835
	Disposal of property, plant and equipment (note (d))	<b>49,350</b>	-
Sales of complete knocks down kits and automobile components	<b>2,286,725</b>	-	
Zhejiang Geely Automobile Parts and Components Company Limited <sup>#</sup> 浙江吉利汽車零部件採購有限公司	Purchase of automobile parts and components	<b>1,280,396</b>	140,711
	Operational services fee	<b>11,533</b>	-
Linyi Lingji Chunhua Automobile Sales Service Company Ltd. <sup>#</sup> 臨沂領吉春華汽車銷售服務有限公司	Sales of complete buildup units and related after-sales parts, components and accessories	<b>81,489</b>	96,829

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 26. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in the Interim Financial Report, during the period, the Group had the following material transactions with related parties (Continued):

Name of related parties	Nature of transactions	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Related companies</b> (notes (a) and (b)) (continued)			
Feixian Lingji Chunhua Automobile Sales Service Company Ltd. <sup>#</sup> 費縣領吉春華汽車銷售服務有限公司	Sales of complete buildup units and related after-sales parts, components and accessories	22,462	19,272
Yishui Lingji Yuanotong Automobile Sales Service Company Ltd. <sup>#</sup> 沂水領吉遠通汽車銷售服務有限公司	Sales of complete buildup units and related after-sales parts, components and accessories	16,118	18,454
Dongying Lingji Kaihua Automobile Sales Service Company Ltd. <sup>#</sup> 東營領吉凱華汽車銷售服務有限公司	Sales of complete buildup units and related after-sales parts, components and accessories	15,747	20,128
Linyi Lingji Maohua Automobile Sales Service Company Ltd. <sup>#</sup> 臨沂領吉茂華汽車銷售服務有限公司	Sales of complete buildup units and related after-sales parts, components and accessories	86,860	91,702
Ningbo Geely Automobile R&D Company Limited <sup>#</sup> 寧波吉利汽車研究開發有限公司	Research, development and technology licensing service income	1,671,688	947,256
	Research, development and technology licensing service fee	1,389,752	1,656,951
	Purchase of automobile parts and components	-	27,585
	Sales of automobile components (Automobile Components Sales Agreement)	23,695	58,855
	Acquisition of property, plant and equipment (note (c))	27,814	-
	Operational services income	32,205	-
Shanxi New Energy Automobile Industrial Company Limited <sup>#</sup> 山西新能源汽車工業有限公司	Sales of complete knock down kits	128,790	21,221
	Purchase of complete buildup units	172,500	20,480
Volvo Personvagnar AB	Sales of powertrain and related components	150,257	158,970
Shanghai Meihuan Trade Company Limited <sup>#</sup> 上海美寰貿易有限公司	Sales of complete buildup units, complete knock down kits and related after-sales parts	202,063	462,886
	Operational services income	-	146,644
	Sales of powertrain and related components	56,315	24,584
	Sales of automobile components (Automobile Components Sales Agreement)	23,547	40,706
Geely Automobile Group Company Limited <sup>#</sup> 吉利汽車集團有限公司	Operational services income	97,713	50,324
	Operational services fee	138,081	-
	Acquisition of property, plant and equipment (note (c))	23,136	-
	Research, development and technology licensing service fee	91,865	-

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 26. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in the Interim Financial Report, during the period, the Group had the following material transactions with related parties (Continued):

Name of related parties	Nature of transactions	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Related companies (notes (a) and (b)) (continued)</b>			
Zhejiang Jichuang Industrial Development Co., Limited <sup>#</sup> 浙江吉創產業發展有限公司	Purchase of automobile parts and components	-	667,791
Hangzhou Xuanyu Human Resources Company Limited <sup>#</sup> 杭州軒宇人力資源有限公司	Operational services fee	88,630	-
Chengdu Gaoyuan Automobile Industries Company Limited <sup>#</sup> 成都高原汽車工業有限公司	Sales of complete knock down kits	587,035	-
	Purchase of complete buildup units	609,412	-
Ningbo Hangzhou Bay Geely Automobile Components Company Limited <sup>#</sup> 寧波杭州灣吉利汽車部件有限公司	Purchase of complete buildup units	-	19,754
	Purchase of automobile parts and components	131,648	14,992
	Operational services income	-	28,602
	Purchase of complete knocks down kits and automobile components	94,523	4,837,451
	Sales of automobile components (Automobile Components Sales Agreement)	1,136,728	-
Xi'an Geely (note (e))	Sales of powertrain and related components	340,289	763,628
	Purchase of complete buildup units	-	30,693
	Purchase of complete knocks down kits and automobile components	-	6,256,880
	Purchase of automobile parts and components	20,823	-
	Sales of automobile components (Automobile Components Sales Agreement)	2,597,171	139,016
	Operational services income	-	33,039
Zhejiang Jirun Meishan Automobile Parts Company Limited <sup>#</sup> 浙江吉潤梅山汽車部件有限公司	Purchase of automobile parts and components	17,014	17,665
	Sales of powertrain and related components	84,213	123,349
	Sales of automobile components (Automobile Components Sales Agreement)	11,446	205,061

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 26. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in the Interim Financial Report, during the period, the Group had the following material transactions with related parties (Continued):

Name of related parties	Nature of transactions	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Related companies</b> (notes (a) and (b)) (continued)			
Lingji Automobile Trading Company Limited# 領吉汽車商貿有限公司	Sales of complete buildup units and related after-sales parts, components and accessories	822,380	17,274
Beijing Lingjisheng Automobile Sales Service Co., Ltd.# 北京領吉盛汽車銷售服務有限公司	Sales of complete buildup units and related after-sales parts, components and accessories	-	37,769
Jizhi (Hangzhou) Cultural Creativity Co., Ltd.# 吉智(杭州)文化創意有限公司	Operational services fee	66,441	78,220
Binzhou Lingjixin Automobile Sales Service Co., Ltd.# 濱州領吉欣汽車銷售服務有限公司	Sales of complete buildup units and related after-sales parts, components and accessories	22,527	-
Shanghai Jijin Mechanical and Electrical Equipment Company Limited# 上海吉津機電設備有限公司	Acquisition of property, plant and equipment (notes (c) and (d))	19,237	20,196
Guangzhou Lingjixing Automobile Sales Service Company Limited# 廣州領吉行汽車銷售服務有限公司	Sales of complete buildup units and related after-sales parts, components and accessories	-	28,331
Geely Changxing Automatic Transmission Company Limited# 吉利長興自動變速器有限公司	Purchase of automobile parts and components	1,267,035	218,701
	Research, development and technology licensing services income	16,858	180,993
	Operational services income	-	12,464
	Acquisition of property, plant and equipment (note (d))	-	12,504
London EV Company Limited	Sales of powertrain and related components	13,100	-
		13,620	11,513
Daqing Volvo Car Manufacturing Co., Limited# 大慶沃爾沃汽車製造有限公司	Sales of automobile components (Automobile Components Sales Agreement)	102,088	62,973
Zhongjia Automobile Manufacturing (Chengdu) Company Limited# 中嘉汽車製造(成都)有限公司	Sales of automobile components (Automobile Components Sales Agreement)	381,819	188,220
Wuhan Lingjixing Automobile Sales Service Company Limited# 武漢領吉行汽車銷售服務有限公司	Sales of complete buildup units and related after-sales parts, components and accessories	-	25,565

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 26. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in the Interim Financial Report, during the period, the Group had the following material transactions with related parties (Continued):

Name of related parties	Nature of transactions	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Related companies (notes (a) and (b)) (continued)</b>			
Suzhou Lingjixin Automobile Sales Service Company Limited <sup>#</sup> 蘇州領吉鑫汽車銷售服務有限公司	Sales of complete buildup units and related after-sales parts, components and accessories	-	22,873
Zhangjiakou Jiguangwan Engine Manufacturing Company Limited <sup>#</sup> 張家口極光灣發動機製造有限公司	Purchase of automobile parts and components Sales of powertrain and related components	- <b>27,386</b>	10,687 18,847
Fengsheng Automobile (Jiangsu) Company Limited <sup>#</sup> 楓盛汽車(江蘇)有限公司	Sales of automobile components (Automobile Components Sales Agreement) Purchase of automobile parts and components	- -	17,683 35,729
Volvo Automobile Sales (Shanghai) Company Limited <sup>#</sup> 沃爾沃汽車銷售(上海)有限公司	Sales of powertrain and related components	<b>16,676</b>	-
Zhejiang Joint Control Technology Company Limited <sup>#</sup> 浙江聯控技術有限公司	Research, development and technology licensing services income Research, development and technology licensing services fee	<b>179,423</b> <b>563,386</b>	708,581 87,825
Volvo Car Corporation	Sales of automobile components (Automobile Components Sales Agreement) Research, development and technology licensing services income	<b>108,367</b> <b>114,000</b>	32,930 35,086
Zhejiang Geely Automobile Manufacturing Co., Ltd. <sup>#</sup> 浙江吉利汽車製造有限公司	Interest expense	<b>156,178</b>	42,598
Nanjing Lingjixing Automobile Sales Company Limited <sup>#</sup> 南京領吉行汽車銷售有限公司	Sales of complete buildup units and related after-sales parts, components and accessories	-	16,246
Valmet Automotive EV Power Ltd.	Sales of automobile components (Automobile Components Sales Agreement)	<b>2,019,225</b>	692,152
Polestar Performance AB	Research, development and technology licensing services income	-	25,862
Xian Liancheng Intelligent Technology Company Limited <sup>#</sup> 西安聯乘智能科技有限公司	Purchase of complete knocks down kits and automobile components	-	11,935
Hangzhoc Geely Yiyun Technology Company Limited <sup>#</sup> 杭州吉利易雲科技有限公司	Operational services fee	<b>23,034</b>	22,881
Guangyi Mingdao Digital Technology Company Limited <sup>#</sup> 廣域銘島數字科技有限公司	Operational services fee	<b>46,261</b>	-



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 26. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in the Interim Financial Report, during the period, the Group had the following material transactions with related parties (Continued):

Name of related parties	Nature of transactions	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Related companies</b> (notes (a) and (b)) (continued)			
Quzhou Jidian E-Mobility Technology Company Limited <sup>#</sup> 衢州極電電動汽車技術有限公司	Purchase of automobile part and components Sales of automobile components (Automobile Components Sales Agreement)	266,157 23,293	– –
Hangzhou Jidian Electric Technology Company Limited <sup>#</sup> 杭州極電電子科技有限公司	Sales of automobile components (Automobile Components Sales Agreement)	224,593	–
Jiling Automobile Sales (Nanning) Company Limited <sup>#</sup> 精靈汽車銷售(南寧)有限公司	Operational services income	14,312	–
Leida New Energy Automobile (Zhejiang) Company Limited <sup>#</sup> 雷達新能源汽車(浙江)有限公司	Sales of automobile components (Automobile Components Sales Agreement)	19,160	–
Qingdao Lingjixing Automobile Sales and Services Company Limited <sup>#</sup> 青島領吉星汽車銷售服務有限公司	Sales of complete buildup units and related after-sales parts, components and accessories	37,481	–
Zhejiang Jisu Supply Chain Management Company Limited <sup>#</sup> 浙江吉速供應鏈管理有限公司	Operational services fee	24,744	–
Zhejiang Geely Yibao Automobile Services Company Limited <sup>#</sup> 浙江吉利易保汽車服務有限公司	Claims income on defective materials purchased	13,750	–
<b>Associates</b>			
Hanna Mando (Ningbo)	Purchase of automobile parts and components	–	252,022
BELGEE	Sales of complete buildup units Sales of automobile parts and components	601,781 13,000	– 208,078
Ningbo Haoneng Hanyuan Energy Technology Co., Ltd. <sup>#*</sup> 寧波市浩能瀚源能源科技有限公司	Sales of automobile components (Automobile Components Sales Agreement)	–	12,359
Haohan Energy	Purchase of automobile parts and components	20,443	–
Chongqing Livan Automobile Sales Company Limited <sup>#@</sup> 重慶睿藍汽車銷售有限公司	Operational service income Sales of automobile parts and components	13,374 14,573	– –
PROTON	Interest income	4,167	–

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 26. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in the Interim Financial Report, during the period, the Group had the following material transactions with related parties (Continued):

Name of related parties	Nature of transactions	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Joint ventures</b>			
LYNK & CO Investment	Research, development and technology licensing service income	<b>430,261</b>	–
	Operational service income	<b>101,546</b>	–
	Sales of powertrain and related components	<b>11,597</b>	–
Kaiyue Auto Parts Manufacture (Zhangjiakou) Co., Ltd.#^ 凱悅汽車大部件製造(張家口)有限公司	Sales of powertrain and related components	<b>221,727</b>	479,365
	Purchase of automobile parts and components	<b>65,937</b>	–
	Operational service income	–	41,169
	Research, development and technology licensing service income	<b>22,832</b>	150,274
LYNK & CO Automobile Sales Company Limited#^ 領克汽車銷售有限公司	Operational service income	–	69,344
	Purchase of complete buildup units	–	34,619
	Purchase of automobile parts and components	<b>31,792</b>	–
	Sales of complete buildup units and related after-sales parts, components and accessories	<b>76,970</b>	41,470
	Sales of automobile components (Automobile Components Sales Agreement)	<b>107,959</b>	23,743
Yuyao LYNK & CO Auto Parts Company Limited#^ 余姚領克汽車部件有限公司	Sales of powertrain and related components	<b>415,262</b>	514,944
	Operational service income	<b>13,670</b>	38,228
	Purchase of complete buildup units	–	39,231
	Purchase of automobile parts and components	<b>19,529</b>	–
	Research, development and technology licensing service income	<b>84,539</b>	361,233
	Sales of automobile components (Automobile Components Sales Agreement)	<b>681,355</b>	491,683
LYNK & CO (Zhangjiakou) Co., Ltd.#^ 領克汽車(張家口)有限公司	Operational service income	–	36,158
LYNK & CO International Sales (Yuyao) Co., Ltd.#^ 領克汽車國際銷售(余姚)有限公司	Operational service income	–	122,493
Chengdu LYNK & CO Automobile Company Limited#^ 成都領克汽車有限公司	Research, development and technology licensing service income	<b>41,007</b>	61,126

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 26. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in the Interim Financial Report, during the period, the Group had the following material transactions with related parties (Continued):

Name of related parties	Nature of transactions	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Joint ventures (continued)</b>			
Geely Yaou (Ningbo Meishan Bonded Port Area) Technology Co., Ltd.# 吉利亞歐(寧波梅山保稅港區)科技有限公司	Research, development and technology licensing service income	17,682	282,473
LYNK & CO International AB <sup>^</sup>	Research, development and technology licensing service income	-	66,886
Sichuan LYNK & CO Automobile Manufacturing Company Limited (formerly known as Sichuan Lingji Automobile Manufacturing Company Limited)# 四川領克汽車製造有限公司 (前稱四川領吉汽車製造有限公司)	Sales of powertrain and related components	327,355	581,137
	Purchase of complete knocks down kits and automobile components	644,851	1,666,899
	Sales of complete knock down kits	-	21,424
	Operational service income	-	37,335
	Purchase of automobile parts and components	15,090	12,175
	Sales of automobile components (Automobile Components Sales Agreement)	90,388	154,144
	Operational service fee	23,457	-
Genius AFC	Interest income	148,276	157,250
<b>Ultimate holding company</b>			
Zhejiang Geely Holding Group Company Limited# ("Geely Holding") 浙江吉利控股集團有限公司	Interest expense	-	7,318
	Operational service fee	10,592	-
	Acquisition of property, plant and equipment (note (d))	26,011	-

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 26. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions/information disclosed elsewhere in the Interim Financial Report, during the period, the Group had the following material transactions with related parties (Continued):

Notes:

- (a) The Group and the related companies are under the common control of the substantial shareholder of the Company's ultimate holding company.
  - (b) The Group does not have the automobile catalogue issued by the National Development and Reform Commission in the PRC which is required to facilitate payment of the PRC consumption tax. The related parties referred to above have the relevant automobile catalogue and therefore the sales of complete knock down kits to and purchase of complete buildup units from related parties as set out above have been presented on a net basis in the condensed consolidated income statement (to the extent that they are back-to-back transactions) since the said related parties in effect only act as a channel to facilitate the payment of the PRC consumption tax. For the same reason, the related claims income from and claims expenses paid to these related parties have also been presented on a net basis as long as they are back-to-back transactions.
  - (c) Pursuant to the acquisition agreement dated 4 November 2020, the Company entered into a transaction with Geely Holding, pursuant to which the Group agreed to acquire and the Geely Holding, together with its subsidiaries ("Geely Holding Group") agreed to sell the assets comprising predominantly imported equipment for use in the Group's production and research and development, as well as a small amount of office equipment and software system for a maximum consideration of approximately RMB743,918,000.
  - (d) Pursuant to the assets transfer agreement dated 15 October 2021, the Company entered into a transaction with Geely Holding, pursuant to which the Group agreed to purchase and the Geely Holding Group agreed to sell the assets (which comprise predominantly equipment for use in the Group's research and development for the Lynk&Co-branded, ZEEKR-branded and Geely-branded vehicles related products such as vehicles engines and transmissions, as well as a small amount of office equipment and software system) for a maximum cash consideration of approximately RMB632,800,000; and the Group agreed to sell and the Geely Holding Group agreed to purchase the assets (which comprise vehicle testing related machinery and equipment which are idle for use) for a maximum cash consideration of approximately RMB357,900,000.
  - (e) Xi'an Geely had been acquired by the Group in April 2023. The amount disclosed represented the transactions entered into before the acquisition.
- # The English translation of the names of the companies established in the PRC is for reference only. The official names of these companies are in Chinese.
- ^ The companies are the wholly-owned subsidiaries of LYNK & CO Investment.
- \* The company is the wholly-owned subsidiary of Haohan Energy.
- @ The company is the wholly-owned subsidiary of Chongqing Livan.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 27. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at fair value in the condensed consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.
- Level 3: significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets/liabilities measured at fair value in the condensed consolidated statement of financial position on a recurring basis are grouped into the fair value hierarchy as follows:

	<b>Fair value as at</b>		
	<b>30 June</b>	31 December	Fair value
	<b>2023</b>	2022	hierarchy
	<b>RMB'000</b>	RMB'000	
	<b>(Unaudited)</b>	(Audited)	
<b>Financial assets at FVOCI (recycling)</b>			
Notes receivable measured at FVOCI (recycling)	<b>11,658,159</b>	17,047,131	Level 2
<b>Financial assets at FVOCI (non-recycling)</b>			
Listed equity investments	<b>254,988</b>	284,012	Level 1
<b>Financial liabilities at FVTPL</b>			
Foreign exchange forward contracts not designated as hedging instruments	<b>61,908</b>	80,509	Level 2

There were no transfer between the different levels of the fair value hierarchy during the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

The methods and valuation techniques used for the purpose of measuring fair values categorised in Level 1, Level 2 and Level 3 are unchanged compared to the previous reporting periods and are described below.

### Listed equity investments

The fair value of listed equity investments in Level 1 is determined by reference to published price quotations in an active market.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 27. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

### Notes receivable measured at FVOCI (recycling)

The fair value of notes receivable in Level 2 is determined by discounting its future cash flows. The discount rates used are reference to rates currently available for instruments issued by commercial banks/government with similar terms, credit risk and remaining maturities.

### Foreign exchange forward contracts not designated as hedging instruments

Where derivatives are traded either on exchanges or liquid over-the-counter markets, the Group uses the closing price at the end of the reporting period. Normally, the derivatives entered into by the Group are not traded on active markets. The fair values of such contracts are estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the current contract using a risk-free interest rate. The effects of non-observable inputs are not significant for the derivative financial instruments.

## 28. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

### Non-controlling interests arising on change in ownership interests in a subsidiary upon issuance of new shares

#### 2022 *(Unaudited)*

On 27 August 2021, ZEEKR Holding entered into a share purchase agreement with five investors, pursuant to which such investors agreed to subscribe for 126,470,585 series pre-A preferred shares ("Series Pre-A Preferred Shares") at a total consideration of US\$500,000,000. Three of the investors completed the subscription for 75,882,351 Series Pre-A Preferred Shares at a total consideration of US\$300,000,000 (equivalent to approximately RMB1,938,150,000) in September 2021. The remaining two investors completed the subscription for 50,588,234 Series Pre-A Preferred Shares at a total consideration of US\$200,000,000 (equivalent to approximately RMB1,268,360,000) in January 2022.

The major terms of the Series Pre-A Preferred Shares are set out below:

- (i) The Series Pre-A Preferred Shares carry voting rights and can vote together with ordinary shares as a single class on a fully diluted, as converted and as exercised basis.
- (ii) The holders of Series Pre-A Preferred Shares are entitled to dividend on each share held on a *pari passu* basis with the ordinary shares and the dividend declared or paid is non-cumulative.
- (iii) The Series Pre-A Preferred Shares are non-redeemable.
- (iv) The Series Pre-A Preferred Shares are convertible into ordinary shares of ZEEKR Holding on a one-to-one basis at the options of the holder.

In January 2022, immediately after the issuance of 50,588,234 Series Pre-A Preferred Shares, the carrying amount of ZEEKR Holding was RMB4,730,775,000 and subsequent to the issuance of Series Pre-A Preferred Shares, the equity interests of the Group and other investors in ZEEKR Holding was reduced from approximately 59.73% to 58.31% and from approximately 40.27% to 39.31%, respectively, and the corresponding carrying amount of approximately 2.38% non-controlling interests in ZEEKR Holding was RMB112,544,000. The Group recognised an increase in non-controlling interests of RMB112,544,000 and an increase in equity attributable to equity holders of the Company of RMB1,155,816,000.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 28. TRANSACTIONS WITH NON-CONTROLLING INTERESTS (Continued)

### Non-controlling interests arising on change in ownership interests in subsidiaries upon issuance of new shares (Continued)

#### 2023 (Unaudited)

On 12 February 2023, ZEEKR Holding entered into a new share purchase agreement with five investors, pursuant to which such investors agreed to subscribe for 139,375,669 Series A preferred shares ("Series A Preferred Shares") at a total consideration of US\$750,000,000.

During the six months ended 30 June 2023, the subscription for 134,992,983 Series A Preferred Shares was completed at a total consideration of US\$726,416,153 (equivalent to approximately RMB5,204,460,000). The subscription of remaining 4,382,686 Series A Preferred Shares has not yet completed as at 30 June 2023.

The major terms of the Series A Preferred Shares are set out below:

- (i) The Series A Preferred Shares carry voting rights and can vote together with ordinary shares as a single class on a fully diluted, as converted and as exercised basis.
- (ii) The holders of Series A Preferred Shares are entitled to dividend on each share held on a *pari passu* basis with the ordinary shares and the dividend declared or paid is non-cumulative.
- (iii) The Series A Preferred Shares are non-redeemable.
- (iv) The Series A Preferred Shares are convertible into ordinary shares of ZEEKR Holding on a one-to-one basis at the options of the holder.

Immediately after the issuance of 134,992,983 Series A Preferred Shares, the carrying amount of ZEEKR Holding was RMB7,739,989,000 and subsequent to the issuance of Series A Preferred Shares, the equity interests of the Group in ZEEKR Holding was reduced from approximately 58.31% to 54.83%. The Group recognised an increase in non-controlling interests of RMB3,897,355,000 and an increase in equity attributable to equity holders of the Company of RMB1,307,105,000. The effect of changes in ownership interest of ZEEKR Holding on the equity attributable to equity holders of the Company during the periods is summarised as follows:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Consideration received from non-controlling interests	<b>5,204,460</b>	1,268,360
Carrying amount of non-controlling interests deemed to be disposed of	<b>(3,897,355)</b>	(112,544)
	<b>1,307,105</b>	1,155,816

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 29. FINANCIAL INFORMATION OF ZEEKR HOLDING AND ITS SUBSIDIARIES

The following table lists out the financial information related to subgroup of ZEEKR Holding, the subsidiary of the Group. The summarised financial information presented below represents the amounts before any inter-company elimination.

	<b>ZEEKR Holding</b>	
	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	<b>As at 31 December 2022 RMB'000 (Audited)</b>
Non-controlling interests percentage	<b>45.17%</b>	41.69%
Non-current assets	<b>16,917,877</b>	13,729,613
Current assets	<b>16,290,792</b>	15,717,521
Current liabilities	<b>(22,279,560)</b>	(18,432,832)
Non-current liabilities	<b>(3,189,120)</b>	(7,772,477)
<b>Net assets</b>	<b>7,739,989</b>	3,241,825
<b>Carrying amount of non-controlling interests</b>	<b>4,067,997</b>	486,140

	<b>ZEEKR Holding</b>	
	<b>Six months ended 30 June 2023 RMB'000 (Unaudited)</b>	<b>2022 RMB'000 (Unaudited)</b>
Revenue	<b>21,282,799</b>	8,828,040
Loss for the period	<b>(808,627)</b>	(759,129)
Other comprehensive income/(expense) for the period	<b>44,937</b>	(20,438)
Total comprehensive expense for the period	<b>(763,690)</b>	(779,567)
Loss allocated to non-controlling interests	<b>(317,544)</b>	(286,414)
Other comprehensive income/(expense) allocated to non-controlling interests	<b>18,732</b>	(8,519)



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2023

## 30. EVENTS AFTER THE REPORTING DATE

### Formation of a joint venture company

On 8 November 2022, the Company, its ultimate holding company and Renault s.a.s. (collectively, the Parties) entered into a framework agreement pursuant to which the Parties proposed to set up a joint venture company (the “Proposed JV”) for the purpose of integrating each Party’s respective expertise and strengths in relation to internal combustion engine, hybrids and plug-in hybrid powertrains and transmissions activities and related technologies. Pursuant to the framework agreement, the Company and its ultimate holding company on the one hand and Renault s.a.s. on the other hand, will each tentatively be interest in 50%, in the Proposed JV.

On 2 March 2023, the Parties and Saudi Arabian Oil Company (“Saudi Aramco”) entered into a letter of intent pursuant to which Saudi Aramco intended to invest for a minority stake in the Proposed JV in cash. It is expected that the respective shareholding of the Company and its ultimate holding company on the one hand and Renault s.a.s. on the other hand, will be identical in the remaining stake of the Proposed JV.

On 11 July 2023, the Parties entered into the contribution agreement and the joint venture agreement, pursuant to which the Parties conditionally agreed to establish the joint venture company (the “JV”) to engage in the powertrain business and to contribute all of their respective shares in respective owned subsidiary to the JV in exchange for the share capital of the JV (the “Contribution”). After the completion of the Contribution, the JV will be owned as to 33% by the Company, 17% by its ultimate holding company and 50% by Renault s.a.s..

As at the date of authorisation of this Interim Financial Report, the Contribution and formation of the JV have not yet been completed. Please refer to the Company’s announcements dated 8 November 2022, 2 March 2023 and 11 July 2023 for further details.

### Issuance of RMB1,500,000,000 medium-term notes due 2026

On 17 August 2023, the Company issued medium-term notes (the “MTNs”) on the China Interbank Bond Market in the PRC, with an aggregate principal amount of RMB1,500,000,000. These notes are set to mature on 17 August 2026, unless terminated earlier according to their terms. The proceeds from the MTNs’ issuance will be entirely invested domestically in China, aiming to supplement the working capital of the Company’s subsidiary, Jirun Automobile.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 2023 Interim Results

The Board of Directors (the “Board”) of Geely Automobile Holdings Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2023. These interim results have been reviewed by the Board’s audit committee, comprising solely the independent non-executive directors of the Company, one of whom chairs the committee, and the Company’s auditor, Grant Thornton Hong Kong Limited.

## Overall Performance

The sales performance of the Group in the first half of 2023 was basically in line with the management’s expectation. Despite the weaker-than-expected recovery in demand during the period and the competitive pricing trend in the automobile industry, the Group still achieved a total sales volume of 694,045 units in the first half of the year, representing a 13% year-on-year (“YoY”) increase (including the total sales volume<sup>#</sup> of “Lynk&Co” and “Livan” brand vehicles sold respectively by LYNK & CO Investment Co., Ltd. (“LYNK & CO Investment”, the Group’s 50%-owned joint venture) and Chongqing Livan Automotive Technology Company Limited (“Chongqing Livan”, the Group’s 45%-owned associate) held by the Group). During the same period, China’s passenger vehicle market grew by 8.8% in sales volume, according to China Association of Automobile Manufacturers (“CAAM”). In terms of new energy vehicles, the Group sold a total of 157,889 units of pure electric vehicles and plug-in hybrid electric vehicles in the first half of the year, representing a YoY increase of 44%, and the proportion of new energy vehicles reached 23%. The export market continued to grow strongly, with export volume increased to 121,185 units in the first half of the year, an increase of 38% over the same period last year.

Benefiting from the continuous improvement of brand image and the rapid growth in the proportion of new energy vehicles, the Group’s revenue in the first half of 2023 (excluding the total revenue of LYNK & CO Investment and Chongqing Livan) increased by 26% YoY to RMB73.2 billion, where the growth rate outperformed the overall sales volume growth. The decline of the price of lithium carbonate in the first half of the year resulted in the decrease of battery price, which exerted positive influence on the cost control of new energy vehicles. However, the Group’s gross profit margin was still impacted by the new energy transformation and the intensified competition in the automobile market. Compared to the same period last year, it remained relatively stable at 14%, maintaining a reasonable level.

In terms of cost control, despite the Group continued to implement strict cost control, the increase of expenses generated by the new energy transformation and the execution of the new sales business model to enhance competitiveness still resulted in the distribution and selling expenses and administrative expenses increased by 21% over the same period last year. Among which, distribution and selling expenses increased by 44% YoY to RMB4.8 billion, mainly due to the development and operation of the direct sales channels of ZEEKR. Administrative expenses (excluding share-based payments) increased by 4% YoY to RMB4.9 billion, mainly attributable to the Group’s vigorous development and investment of new energy business. In the first half of the year, the Group’s share-based payment expenses were RMB436 million.

The results of Lynk&Co brand declined due to its active expansion of innovative business model in overseas markets and the new energy transformation, which had a certain negative impact on the Group’s results. However, the Group’s overall profitability of the fuel vehicle sales business remained satisfactory, coupled with the continuous diversification of income sources, providing stable support for the Group’s performance.

In the first half of 2023, the Group’s net profit attributable to shareholders of the parent company was RMB1.57 billion, which slightly increased by 1% as compared to the corresponding period last year; diluted earnings per share was RMB14.75 cents.

In general, the Group is in a critical period of turning into new energy transformation and is still facing various challenges at the operation level during the transformation period. However, the overall profitability of the Group remains solid and the Group is actively responding to various challenges to maintain the sustainable and healthy development of the Group’s business.

<sup>#</sup>: While the total sales volume does not correlate directly to the revenue the Group recognises during a particular period as it includes all sales volume of the Group’s LYNK & CO Investment and the Chongqing Livan on a 100% consolidated basis, the Board believes it is more indicative of the underlying demand of the Group’s vehicles.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Resources

As at 30 June 2023, the Group's financial position remained stable. The cash reserve was sufficient, and the total cash level (including bank balances, cash and restricted and pledged bank deposits) was RMB33.6 billion, it remained healthy as compared to RMB33.7 billion as at the end of December 2022.

During the period, the Group repaid a loan of relatively substantial amount from our parent company Zhejiang Geely Holding Group Company Limited ("Geely Holding") and senior notes of United States Dollar ("US\$") 300 million. As at 30 June 2023, the Group's total borrowings (including loans of all kind) reduced by 62% to RMB4.1 billion as compared to the end of December 2022. In addition, on 12 February 2023, ZEEKR entered into an agreement with five investors and was expected to issue a total of 139,375,669 Series A preferred shares, thereby receiving a financing funding of US\$750 million (representing approximately RMB5.4 billion). As at 30 June 2023, the subscription of 134,992,983 Series A preferred shares was completed, which involved a total amount of US\$726 million (representing approximately RMB5.2 billion). Therefore, as at 30 June 2023, the Group's net cash (total cash level minus total borrowings and perpetual capital securities) amounted to RMB26.1 billion, representing an increase of 34% as compared to the net cash of RMB19.5 billion as at the end of December 2022.

As at the end of June 2023, the Group's net notes receivable (notes receivable minus notes payable) amounted to RMB6.9 billion. The Group can receive additional cash reserves through discounting the notes receivable with the banks if necessary.

The Group has been assigned credit ratings from both Standard & Poor's Ratings Services and Moody's Investors Service. The corporate credit rating of the Group assigned by Standard & Poor is "BBB-/Negative". On the other hand, Moody's Investors Service assigns an issuer rating of "Baa3" to the Group, and its rating outlook is "Negative".

## Acquisition of 100% Equity of Xi'an Geely

On 12 December 2022, Zhejiang Jirun Automobile Company Limited, an indirect 99%-owned subsidiary of the Group ("Jirun Automobile"), entered into an acquisition agreement with Zhejiang Geely Automobile Manufacturing Company Limited ("Geely Manufacturing", indirectly owned as to 72.40% interest by Geely Holding, the parent company of the Company) with regard to the acquisition of the entire

equity interest of Xian Geely Automobile Company Limited ("Xi'an Geely"). The cash consideration for this transaction is RMB382.45 million. Such transaction was approved by the independent shareholders of the Company at the extraordinary general meeting held on 28 April 2023 with the majority approval rate, and was settled by the end of the month.

For further details of the above transaction, (including the determination basis of the consideration, business of Xi'an Geely and the rationale of the acquisition of Xi'an Geely), please see pages 14 to 15 of the annual report for the year ended 31 December 2022 of the Company.

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

On 20 January 2023, Linkstate Overseas Limited ("Linkstate"), a wholly-owned subsidiary of the Company, and Geely International (Hong Kong) Limited ("GIHK", to which Geely Holding being the only shareholder), entered into the PROTON agreement. Pursuant to the agreement, GIHK conditionally agreed to sell 49.9% equity and loan of PROTON Holdings Berhad ("PROTON") at the consideration of RMB1,063 million and US\$56,390,000 (approximately RMB393.7 million) respectively. On the same day, Linkstate and GIHK also entered into the DHG agreement. Pursuant to the agreement, GIHK conditionally agreed to sell the DRB-HICOM Geely Sdn. Bhd. ("DHG") Shares to Linkstate at a nominal consideration of US\$1.00. These transactions were approved by the independent shareholders of the Company at the extraordinary general meeting held on 28 April 2023 with the majority approval rate, and was settled by the end of the month.

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

For further details of the above transactions, (including the determination basis of the considerations, business of each of PROTON and DHG and the rationale of the acquisition of PROTON and DHG), please see pages 15 to 16 of the annual report for the year ended 31 December 2022 of the Company.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Formation of Powertrain Joint Venture

On 11 July 2023, the Company, Geely Holding, and Renault s.a.s. (collectively known as the “Parties”) entered into the contribution agreement and the joint venture agreement, pursuant to which the Parties conditionally agreed to establish the powertrain business joint venture (“Powertrain JV”). The Company, Geely Holding and Renault s.a.s. will directly or indirectly hold 33%, 17% and 50% interest of Powertrain JV, respectively.

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

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

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

Following the formation of the Powertrain JV, Aurobay Technology Co., Ltd. will no longer be a subsidiary of the Group. This will allow the Group to reduce exposure to its ICE powertrain products manufacturing business while still maintaining control over its powertrain products supplies, which will enable the Company’s management to be more

concentrated on developing the next-generation battery electric vehicle product portfolio, thus accelerating its transformation into the leader in new energy vehicle sector.

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

## Launch of RMB Counter

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

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Research & Development Investment

In the first six months of 2023, the Group's total research and development expenses were approximately RMB3.0 billion (approximately RMB3.3 billion in the same period of 2022), which have been included in "Administrative expenses" in the condensed consolidated income statement.

	2023 RMB'000	2022 RMB'000	YoY change (%)
Amortisation of intangible assets (i.e. capitalised product development costs)	2,146,394	2,339,000	(8)
Product research and development costs (i.e. not qualified for capitalisation)	843,808	926,194	(9)
Total research and development costs charged to profit or loss	2,990,202	3,265,194	(8)

As most of the ongoing research and development projects are aimed for new products that have not yet been launched into the market, a majority of the relevant expenditures have been capitalised and will only be gradually amortised by way of expense when the products are launched into the market. In the first half of 2023, the Group's capitalised product research and development expenses increased by 87% YoY to RMB5.1 billion (included in intangible assets in the condensed consolidated statement of financial position). Among them, as an important strategic layout of the Group in the high-end smart pure electric field, the ZEEKR brand recorded a rapid growth in research and development expenditure in the first half of the year, which was one of the main reasons for the significant YoY increase in the capitalised product research and development expenditure.

The Group's research and development investment continued to focus on the research and development of new energy complete build-up units and key technologies, especially the innovation of forward-looking technologies such as intelligent interconnection and digitalization. The Group will continue to increase its investment in research and development to further enhance its core competitiveness and consolidate its leading position in the industry.

## Vehicle manufacturing

According to the statistics of the CAAM, the sales volume of China's passenger vehicle market in the first half of 2023 grew by 8.8% as compared with the same period of the previous year, reaching 11.268 million units. Due to factors such as lower-than-expected demand recovery and lower subsidies, the sales growth of new energy vehicles in China's passenger vehicle market slowed down with an increase of 44%, while the sales of fuel vehicles continued the significant decline trend from last year.

Under such market environment, the sales volume of automobiles of the Group in the first half of the year reached 694,045 units, representing a YoY increase of 13%, which outperformed the overall market, mainly driven by the good brand influence and the hot sales of new models. Among them, the sales volume of new energy vehicles was 157,889 units, accounting for a proportion of 23%, representing a rapid increase of 44% YoY.

In the first half of 2023, the Geely brand launched a new exclusive "Galaxy" series of new energy vehicles, made a strong entry into the new energy market and gained widespread attention. The delivery volume of high-end smart pure electric vehicle models under the ZEEKR brand grew rapidly and has become a leader in the premium sub-market segment. Under the continuous downturn of the fuel vehicle market, the Group adjusted its product mix and the sales volume of fuel vehicles increased by 6% YoY, which was significantly better than the industry's performance.

Despite the fierce price war in the Chinese automobile market in the first half of the year, the Group's fuel vehicles still maintained a good profit margin, which provided a good support for the Group's profitability. Through brand improvement and product mix optimisation, the Group's average ex-factory selling price of automobiles increased by approximately 7% YoY to RMB101,168 in the first half of 2023.

In the first half of 2023, the Group mainly served different sub-market segments through different sales channels under the "Geely Star" series, "Geely Geometry" series, "Geely Galaxy" series, "ZEEKR" brand, "Lynk&Co" brand and "Livan" brand. The "Geely Star" series is a traditional fuel-powered vehicle series for the mainstream mass market under the Geely brand, the "Geely Geometry" series is a



# MANAGEMENT DISCUSSION AND ANALYSIS

mass pure electric vehicle series under the Geely brand, the “Geely Galaxy” series is a mid-to-high end new energy series under the Geely brand, the “ZEEKR” brand is a luxury intelligent pure electric vehicle brand of the Group, and the “Lynk&Co” brand is a joint venture brand between the Group and Volvo Car Corporation (“Volvo Car”) targeting at the global high-end market, and the “Livan” brand is a joint venture brand between the Group and Lifan Technology (Group) Company Limited (“Lifan Technology”) targeting at the battery swapping vehicle market. Currently, the Group has 1,037 dealers in China, selling the “Geely Star” series. The “Geely Geometry” series has 386 dealers in China. The sales channels of “Geely Galaxy” series are also being actively deployed. ZEEKR serves its customers in the PRC through 18 ZEEKR Centres, 219 ZEEKR Spaces, 40 ZEEKR Houses and 29 delivery centres. Lynk&Co serves its customers through 362 Lynk&Co Centres, 246 Lynk&Co stations, 28 Lynk&Co Spaces and 1 quick service station in China. Chongqing Livan has 172 independent dealer stores in China.

## New Products

During the first half of 2023, the Group launched the following new products:

### The “Geely” brand:

- “Geely Galaxy L7”
- “Geely Geometry Panda Mini”
- “Boyue Cool”

### The “ZEEKR” brand:

- “ZEEKR X”

In the second half of the year, the Group will continue to focus on launching a number of new energy models, especially the expansion of the hybrid market. Major new models include:

### The “Geely” brand:

- “Geely Galaxy L6”: A compact plug-in hybrid A-segment sedan model, developed under the Compact Modular Architecture (“CMA”) platform with NordThor powertrain.
- “Geely Galaxy E8”: A battery electric vehicle sedan model, developed under the Pure Modular Architecture.

- “Geely Star Series”: Brand New Xingyue L hybrid electric vehicle (“HEV”).
- “Geely Star Series”: Brand New Xingrui L HEV.

### The “ZEEKR” brand:

- A battery electric vehicle sedan model, developed under the Sustainable Experience Architecture (“SEA”) platform.

### The “Lynk&Co” brand:

- “Lynk&Co 08”: A full-size plug-in hybrid SUV model, developed under the CMA platform with Emotive Hybrid powertrain.

### The “Livan” brand:

- “Livan 7”: A battery swapping battery electric model

## ZEEKR

ZEEKR Intelligent Technology Holding Limited (“ZEEKR”) was established in March 2021 as a non-wholly owned subsidiary of the Group. Currently, ZEEKR is jointly held by the Group, Geely Holding and external investors, which predominately focuses on the research and development, purchase and sales of intelligent pure electric vehicles and related products, as well as the provision of related services. ZEEKR strives on the research and development of forward-looking technologies for intelligent pure electric mobility. Based on the SEA, ZEEKR has launched three existing models, namely, luxury shooting brake coupe-ZEEKR 001, luxury pure electric MPV – ZEEKR 009 and new luxury versatile SUV – ZEEKR X. ZEEKR adopts an innovative business model, establishes a brand-new direct sales terminal, establishes its own full-scenario charging service system, and designs an innovative user interests plan to realise the integration of trendy life with luxury technology, user ecology and industry ecology, to create and share together with users, and create greater value.

As at 30 June 2023, the accumulated delivery of ZEEKR brand exceeded 120,000 units of vehicle. From January to June this year, a total of 42,633 units were delivered, representing a YoY increase of 124%. In the pure electric vehicle market of pricing above RMB300,000, ZEEKR accounted for 27.4% of market share. Among them, as the first Chinese brand to deliver pure electric luxury cars of over 10,000 units in a single month, ZEEKR 001 has created four Guinness records in the world. With its outstanding

# MANAGEMENT DISCUSSION AND ANALYSIS

product competitiveness, ZEEKR 001 has become the first luxury car in the world to deliver more than 100,000 units, with an average order value of more than RMB336,000, and ranked “Champion of the Sales Volume of Pure Electric Vehicles above RMB300,000 among Chinese brands” again in the first half of 2023. Furthermore, the average order value of our flagship model ZEEKR 009 reached RMB527,000, making it the best seller of all categories of luxury MPV of over RMB500,000. For every 3 units of luxury MPV sold in the Chinese market, one of them is ZEEKR 009. Pioneering a new standard in the compact luxury market, the third model ZEEKR X was launched on 12 April and has been officially delivered since 12 June. At the same time, ZEEKR continues the acceleration of its intelligent technology evolution. As at 30 June 2023, ZEEKR 001 and ZEEKR 009 have carried out 12 Over-the-air (OTA\*) pushes in total, with a total upgrade of over 500,000 vehicles, achieving over 250 function updates and nearly 2,500 experience optimisations.

In addition to the breakthrough in product delivery, the construction of the ZEEKR user service ecosystem has also reached new milestones successively. As at 30 June 2023, there were 306 directly-operated stores of ZEEKR (including offline stores such as ZEEKR Centres, ZEEKR Spaces and delivery centres), covering 75 cities nationwide. There are nearly 750 ZEEKR energy charging stations in over 120 cities across the country, ranking among the top three pure electric brands in China, with an average of 1.2 charging stations built per day. Third-party charging network covers over 340 cities and provides over 520,000 gun chargers. Delivery services of ZEEKR covers over 330 cities across the country. It has nearly 300 quality service centres in 208 cities in 31 provinces across the country.

For the first half of the year ended 30 June 2023, the net loss of ZEEKR was approximately RMB810 million.

\* *OTA stands for “Over-the-air”, is a technology that enables remote management technology to mobile terminal and SIM card data through the aerial interface of mobile communication.*

## LYNK & CO INVESTMENT

LYNK & CO Investment, a joint venture jointly owned by the Group, Volvo Car and Geely Holding, was established in October 2017, which is owned as to 50% by the Group, aiming at the development, manufacture, sales

and servicing of high-end passenger vehicles in both the Chinese and international markets under the “Lynk&Co” brand. Positioned as a global brand with the state-of-the-art design and manufacturing capabilities, LYNK & CO Investment aims to provide both quality passenger vehicles and mobility services to the global premium mobility market segment.

As at the first half of 2023, the sales volume of LYNK & CO Investment was 82,037 units, representing a YoY increase of approximately 6.2%. Since its launch, the accumulated sales volume of LYNK & CO Investment has exceeded 900,000 units, and its share in China’s high-end automobile brand market has steadily increased. In addition, in the first half of 2023, LYNK & CO Investment expanded its business in various locations across Europe, including countries such as the Netherlands, France, Italy, Germany, Sweden, Belgium, and Spain. Its subscription business model has become a disruptive player in the industry. As at June 2023, there were more than 220,000 registered members and the number of subscriptions reached 25,667 units. In the first half of the year, the number of new subscriptions increased nearly one-fold as compared to the same period last year.

In the first half of 2023, LYNK & CO Investment recorded a net loss of RMB660 million. The main reasons for the decline in performance were attributed to significant investments in accelerating the new energy transformation and the expansion of LYNK & CO Investment’s business in the European market.

## Chongqing Livan

Chongqing Livan was established in January 2022 and was a joint venture jointly invested by the Group and Lifan Technology. As at 30 June 2023, its equity interest is owned as to 45% by the Group and is an associate of the Group. The principal business of Chongqing Livan is the research and development, sales and operation of vehicles (including battery swapping vehicles). Chongqing Livan is committed to creating a user-centric, recyclable and battery-swapping ecosystem. By continuously upgrading vehicles, charging station, cloud technology and optimising the business model, Chongqing Livan has solved the core issues of the new energy market, provided users with convenient and worry-free mobility experience and intelligent battery swapping ecology, and at the same time brought competitive battery swapping products and services to the market.

# MANAGEMENT DISCUSSION AND ANALYSIS

2023 is the second year since the establishment of Chongqing Livan, with a total sales volume reaching 16,125 units in the first half of the year. During this period, the Group and Livan Technology jointly increased the capital investment in Chongqing Livan by RMB850 million, raising its registered capital from RMB600 million to RMB1.45 billion. The Group's ownership stake in Livan decreased from 50% to 45% as a result of this capital increase. The capital increase will enhance Chongqing Livan's financial strength and operational capabilities, driving the transformation and upgrade of its automotive industry.

In the first half of 2023, Chongqing Livan launched a variety of new products and released technological achievements such as the GBRC crystal architecture, forming a competitive battery swapping ecosystem. Moving forward, Chongqing Livan will continue to increase its market share in the B2B market, focusing on convenience, cost-effectiveness, and cutting-edge technological experiences, all aimed at providing customers with a worry-free battery usage experience.

## Genius AFC

Genius Auto Finance Company Limited ("Genius AFC"), a vehicle financing joint-venture jointly established by the Group and BNP Paribas Personal Finance ("BNPP PF"), which is owned as to 80% by the Group, is principally engaged in the provision of auto wholesales financing solutions to auto dealers and retail financing solutions to end customers, mainly supporting brands such as "Geely", "Geometry", "ZEEKR", "Lynk&Co", "Livan" and "Volvo Car".

In the first half of 2023, under the complex and ever-changing economic environment, Genius AFC actively maintained steady development momentum in various businesses. During the period, Genius AFC's accumulated vehicle loan turnover reached RMB18.7 billion, representing an increase of 6% as compared to the corresponding period last year. One thing worth noting, the scale of the retail loan of new energy vehicles grew rapidly, representing 36% of the total retail loan volume (calculated by the retail loan value of new energy vehicles divided by the total retail loan value). However, in order to comply with regulatory requirement and the increasing marketing expenses, after experiencing an increase of loan provision ratio in the first half of the year, the net profit of Genius AFC decreased 13% YoY to RMB648 million.

Leveraging on its quantitative data analysis capabilities in the vehicle loan sectors accumulated and systematic organised over the years, Genius AFC has successfully developed various credit assessment models, establishing a highly effective anti-fraud system, thereby achieved positive interaction of "asset quality, business scale and efficiency" in the vehicle loan business. In the first half of 2023, the vehicle loan of Genius AFC achieved a growth of 9% over the corresponding last year.

Genius AFC is dedicated to the active management of funding costs and will continue to expand into new business areas. In the first half of 2023, the Company continued to diversify its external funding channels, including syndicated loans, bilateral bank facilities and asset-backed security (ABS). During the period, Genius AFC successfully launched two rounds of ABS with a total amount of RMB9.5 billion, providing support to its business growth. In June 2023, Genius AFC successfully entered into a sustainable syndicated loan with 8 banks and received a long-term capital of RMB2.2 billion. Meanwhile, in order to fully cooperate with the Group's business strategies, Genius AFC developed new financing solutions for the brand-new energy dedicated series "Galaxy" under Geely brand.

On 11 July 2022, the Group entered into an equity transfer agreement with BNPP PF and its wholly-owned subsidiary. Pursuant to the agreement, the wholly-owned subsidiary of BNPP PF agreed to purchase from the Group an interest of 5% in the registered capital of Genius AFC at an initial cash consideration of approximately RMB420,706,000, which will be subsequently adjusted for any change in the book value of Genius AFC between 31 July 2020 and the completion date. Upon completion, Genius AFC will be owned as to 75% and 25% by the Group and BNPP PF, respectively.

## Export

In the first half of 2023, the Group exported a total of 121,185 units of vehicle, representing an increase of 38% over the same period last year, and the export volume accounted for 17% of the Group's total sales volume. Export sales maintained the strong growth momentum as seen in the past year, and fuel vehicles was the major products for export.



# MANAGEMENT DISCUSSION AND ANALYSIS

Developing countries in regions such as Southeast Asia, Middle East and South America remain the most important export markets of the Group. Apart from exporting directly from China, the Group also assembles some of the exported models through contract manufacturing arrangements with local partners. As at the end of June 2023, the Group has exported products to 61 countries through 54 sales agents and 490 sales services outlets.

At the end of April 2023, the Group completed the acquisition of 49.9% shares in PROTON, Malaysia. This provides an opportunity for the Group to enter into the Southeast Asia and right-hand-drive vehicle markets. Leveraging on PROTON's local resources and experience, the Group will strengthen its business development in Southeast Asia. In the future, the Group will cooperate with PROTON to develop the PROTON-branded electric vehicles.

Furthermore, the cooperation between the Company and its associate, Renault Korea progressed smoothly. In the first half of the year, the Company started to provide vehicle models and technologies to the associate. Currently, the preparation work for the development of local vehicle models and the upgrade of production lines is in progress. It is expected to be officially put into operation and commence sales in Korea in 2024.

In light of the substantial depreciation of foreign currencies such as the Russian Ruble and the Pakistani Rupee against the Renminbi, the Group will consistently assess the risks and opportunities linked with its export businesses. It will adapt its foreign operations as necessary, adhering to the fundamental principle of global business development compliance. The Group will stay alert to changing conditions, ensuring the protection of its interests.

## OUTLOOK

Although there are still uncertainties in the market demand and macro-economy, the management of the Group is still optimistic about achieving the sales volume target of 1.65 million units for the year.

Despite the slowdown in the growth of the new energy vehicle market, the Group still believes it has a huge development potential and opportunities. In the second half of 2023, the hybrid and pure electric vehicle models to be launched are the accumulated results in related technologies over the years, which will bring new growth opportunities to the Group. At the same time, the Group will continue to optimise the product mix of fuel vehicles. Launching a small number of strategically upgraded vehicle models can stimulate the market demand, meanwhile, and also strengthen cost control to ensure sustained profitability of the fuel vehicle business. In the second half of the year, the Group will continue to make innovation effort in three major sectors, namely Automatic Driving, Smart Cockpit and Artificial Intelligence, in order to enhance the competitive barrier of the technology of Geely.

Currently, China's automobile market is facing the dual challenges of rapid transformation and market concentration. The rapid growth of ZEEKR in the past two years has fully demonstrated the Group's tremendous strength in the field of new energy and intelligent vehicles. The management team will actively respond to all challenges and rely on the Group's financial strength and technology accumulation to promote its sustainable and healthy development. To this end, the Group will maintain an agile observation to the market development, respond to environmental changes in a flexible way, and actively searching innovative solutions to maintain competitive edges. Meanwhile, we will deepen our relationship with cooperative partners and further expand the scope of our collaborations. This is also the important strategy to achieve sustained and steady development for the Group.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CAPITAL STRUCTURE AND TREASURY POLICIES

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

As at 30 June 2023, the Group's shareholders' funds amounted to approximately RMB76.6 billion (as at 31 December 2022: approximately RMB75.1 billion). The Company did not issue any ordinary shares during the six months ended 30 June 2023.

## EXPOSURE TO FOREIGN EXCHANGE RISK

During the six months ended 30 June 2023, the Group's primary operations involved domestic sales of automobiles, automobile parts, components, battery packs, and related parts within China. The assets and liabilities of the Group were primarily denominated in Renminbi (RMB), which is the functional currency of both the Company and its principal subsidiaries.

Regarding export operations, a significant portion of the Group's export sales during the period was denominated in United States dollars (US\$). Furthermore, the Group faces potential foreign exchange risk, particularly in emerging markets, if it maintains local subsidiaries, associates, or joint ventures in overseas export markets. The potential devaluation of local currencies in these overseas markets could lead to foreign exchange losses, impacting the Group's competitiveness and, consequently, its sales volume within these markets. To mitigate this foreign exchange risk, the Group executed foreign currency forward contracts during the period. In addition, the Group has initiated plans to establish additional overseas plants, thereby increasing the proportion of its costs denominated in local currencies to facilitate engagement in local business activities. Moreover, in order to offset higher costs within export markets, the Group has accelerated the renewal of its export models and commenced efforts to streamline its export operations, focusing on showcasing comparative advantages. These endeavors are undertaken with the objective of achieving heightened customer satisfaction, improved operating efficiency, and realizing economies of scale within its export markets.

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

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2023, the Group's current ratio (current assets/current liabilities) was about 1.03 (as at 31 December 2022: 1.15) and the gearing ratio of the Group was about 5.4% (as at 31 December 2022: 14.4%) which was calculated on the Group's total borrowings (excluding trade and other payables and lease liabilities) to total shareholders' equity (excluding non-controlling interests). During the period, the Group repaid a loan of relatively substantial amount from our parent company Geely Holding and senior notes of US\$300 million. In addition, on 12 February 2023, ZEEKR entered into an agreement with five investors, issuing a total of 139,375,669 Series A preferred shares and securing a financing funding of US\$750 million (approximately RMB5.4 billion). By 30 June 2023, subscriptions for 134,992,983 Series A preferred shares were completed, amounting to around US\$726 million (approximately RMB5.2 billion). As at 30 June 2023, the Group's total cash level (including bank balances, cash, restricted and pledged bank deposits) remained stable at around RMB33.6 billion, compared to its total cash level as at 31 December 2022.

Total borrowings (excluding trade and other payables and lease liabilities) as at 30 June 2023 amounted to approximately RMB4.1 billion (as at 31 December 2022: approximately RMB10.8 billion) were the Group's bank borrowings and loan from a related company. At the end of June 2023, the Group's total borrowings were mainly denominated in either Renminbi (RMB) or United States Dollars (US\$). The foreign currency borrowings were well matched by the currency mix of the Group's export revenues, which were mainly denominated in US\$. For the borrowings, they were unsecured, interest-bearing and repaid on maturity. Should other opportunities arise requiring additional funding, the Directors believe the Group is in a good position to obtain such financing.

# MANAGEMENT DISCUSSION AND ANALYSIS

## EMPLOYEES' REMUNERATION POLICY

As at 30 June 2023, the total number of employees of the Group was about 53,000 (as at 31 December 2022: 49,000). Employees' remuneration packages are based on individual experience and work profile. The packages are reviewed annually by the management who takes into

account the overall performance of the working staff and market conditions. The Group also participates in the Mandatory Provident Fund Scheme in Hong Kong and state-managed retirement benefit scheme in the PRC. In addition, employees are eligible for share options under the share option scheme and share awards under the share award schemes adopted by the Group.

## Directors' and Chief Executives' Interests and Short Positions in the Securities of the Company and its Associated Corporations

As at 30 June 2023, the interests and short positions of the directors of the Company (the "Directors") in the securities of the Company and its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the SFO, including interest and short positions which they were deemed or taken to have under such provisions of the SFO, or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to be notified to the Company and the Stock Exchange were as follows:

### (I) Interests and short positions in the securities of the Company

Name of director	Nature of interests	Number or attributable number of shares		Approximate percentage or attributable percentage of shareholding (%)
		Long position	Short position	
<b>Shares</b>				
Mr. Li Shu Fu (Note 1)	Interest in controlled corporations	4,215,888,000	–	41.92
Mr. Li Shu Fu	Personal	23,140,000	–	0.23
Mr. Li Dong Hui, Daniel	Personal	5,004,000	–	0.05
Mr. Gui Sheng Yue	Personal	17,877,000	–	0.18
Mr. An Cong Hui	Personal	7,876,000	–	0.08
Mr. Ang Siu Lun, Lawrence	Personal	4,000,000	–	0.04
Mr. Gan Jia Yue	Personal	2,230,200	–	0.02
Mr. Wang Yang	Personal	1,000,000	–	0.01

# MANAGEMENT DISCUSSION AND ANALYSIS

## (II) *Interests and short positions in the underlying shares of the Company*

Name of director	Nature of interests	Number or attributable number of shares		Approximate percentage or attributable percentage of shareholding (%)
		Long position	Short position	
<b>Share Options</b>				
Mr. Gui Sheng Yue	Personal	13,500,000 (Note 2)	–	0.13
Mr. Li Dong Hui, Daniel	Personal	14,000,000 (Note 2)	–	0.14
Mr. An Cong Hui	Personal	22,000,000 (Note 2)	–	0.22
Mr. Ang Siu Lun, Lawrence	Personal	3,000,000 (Note 2)	–	0.03
Ms. Wei Mei	Personal	7,000,000 (Note 2)	–	0.07
Mr. Gan Jia Yue	Personal	8,000,000 (Note 2)	–	0.08
Mr. Gan Jia Yue	Personal	4,200,000 (Note 3)	–	0.04

### Notes:

- (1) Proper Glory Holding Inc. (“Proper Glory”) and its concert parties in aggregate hold securities’ interest of 4,215,888,000 shares (excluding those held directly by Mr. Li Shu Fu), representing approximately 41.92% of the issued share capital of the Company as at 30 June 2023. Proper Glory is a limited liability company incorporated in the British Virgin Islands and is owned as to 68% by Zhejiang Geely Holding Group Company Limited and as to 21.29% by Geely Group Limited.
- (2) The interest relates to share options granted on 15 January 2021 by the Company to the Directors. The share options are exercisable at a subscription price of HK\$32.70 for each Share during the period from 15 January 2023 to 14 January 2028. The percentage of shareholding is calculated on the basis that (i) the options are fully exercised; and (ii) the number of total issued share capital of the Company when the options are exercised is the same as that as at 30 June 2023.
- (3) The interest relates to the restricted share awards of the Company (which were unvested share awards granted under the share award scheme of the Company adopted on 30 August 2021), representing 0.04% of the issued share capital of the Company as at 30 June 2023.

# MANAGEMENT DISCUSSION AND ANALYSIS

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

Name of director	Name of the associated corporations	Number of shares in the associated corporations		Approximate percentage of shareholding (%)
		Long position	Short position	
<b>Share Options</b>				
Mr. Li Shu Fu	Proper Glory Holding Inc.	8,929 (Note 1)	–	89.29
Mr. Li Shu Fu	Geely Group Limited	50,000	–	100
Mr. Li Shu Fu	Zhejiang Geely Holding Group Company Limited	RMB938,074,545 (Note 2)	–	91.08
Mr. Li Shu Fu	Zhejiang Geely Automobile Company Limited	RMB2,069,907,337 (Note 3)	–	72.40
Mr. Li Shu Fu	Zhejiang Geely Maple Automobile Company Limited	RMB240,000,000 (Note 4)	–	100
Mr. Li Shu Fu	Zhejiang Haoqing Automobile Manufacturing Company Limited	RMB3,530,000,000 (Note 5)	–	100
Mr. Li Shu Fu	Zhejiang Jirun Automobile Company Limited	US\$7,900,000 (Note 6)	–	1
Mr. Li Shu Fu	Hunan Geely Automobile Components Company Limited	US\$885,000 (Note 7)	–	1
Mr. Li Shu Fu	ZEEKR Intelligent Technology Holding Limited	RMB522,000,000 (Note 8)	–	22.93
Mr. An Cong Hui	ZEEKR Intelligent Technology Holding Limited	RMB68,000,000 (Note 9)	–	2.99
Mr. Li Dong Hui, Daniel	ZEEKR Intelligent Technology Holding Limited	RMB20,000,000 (Note 10)	–	0.88
Mr. Gui Sheng Yue	ZEEKR Intelligent Technology Holding Limited	RMB10,000,000 (Note 11)	–	0.44
Ms. Wei Mei	ZEEKR Intelligent Technology Holding Limited	RMB5,800,000 (Note 12)	–	0.25
Mr. Gan Jia Yue	ZEEKR Intelligent Technology Holding Limited	RMB4,000,000 (Note 13)	–	0.18

# MANAGEMENT DISCUSSION AND ANALYSIS

## Notes:

- (1) Proper Glory Holding Inc. is a limited liability company incorporated in the British Virgin Islands and is owned as to 68% by Zhejiang Geely Holding Group Company Limited (“Geely Holding”) and as to 21.29% by Geely Group Limited. Geely Group Limited is a private company incorporated in the British Virgin Islands and is beneficially wholly owned by Mr. Li Shu Fu. Geely Holding is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.
- (2) Geely Holding is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.
- (3) Zhejiang Geely Automobile Company Limited (“Zhejiang Geely”) is a private company incorporated in the PRC and is owned as to 72.40% by Geely Holding, as to 1.61% by other Mr. Li’s interested entities and as to 25.99% by independent third parties.
- (4) Zhejiang Geely Maple Automobile Company Limited (“Zhejiang Maple”) (formerly known as Shanghai Maple Automobile Company Limited) is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.
- (5) Zhejiang Haoqing Automobile Manufacturing Company Limited (“Zhejiang Haoqing”) is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.
- (6) Zhejiang Jirun Automobile Company Limited (“Jirun Automobile”) is incorporated in the PRC and is 1%-owned by Zhejiang Geely.
- (7) Hunan Geely Automobile Components Company Limited is incorporated in the PRC and is 1%-owned by Zhejiang Haoqing.
- (8) ZEEKR Intelligent Technology Holding Limited is a limited liability company incorporated in the Cayman Islands and is beneficially 22.93%-owned by Mr. Li Shu Fu and his associate.
- (9) ZEEKR Intelligent Technology Holding Limited is a limited liability company incorporated in the Cayman Islands and is beneficially 2.99%-owned by Mr. An Cong Hui, an executive director, and his associate.
- (10) ZEEKR Intelligent Technology Holding Limited is a limited liability company incorporated in the Cayman Islands and is beneficially 0.88%-owned by Mr. Li Dong Hui, Daniel, an executive director, and his associate.
- (11) ZEEKR Intelligent Technology Holding Limited is a limited liability company incorporated in the Cayman Islands and is beneficially 0.44%-owned by Mr. Gui Sheng Yue, an executive director, and his associate.
- (12) ZEEKR Intelligent Technology Holding Limited is a limited liability company incorporated in the Cayman Islands and is beneficially 0.25%-owned by Ms. Wei Mei, an executive director, and her associate.
- (13) ZEEKR Intelligent Technology Holding Limited is a limited liability company incorporated in the Cayman Islands and is beneficially 0.18%-owned by Mr. Gan Jia Yue, an executive director, and his associate.

Save as disclosed above, as at 30 June 2023, none of the directors nor the chief executives of the Company or their associates had or was deemed to have any personal, family, corporate or other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) which were required: (a) to be notified to the Company and the Stock Exchange pursuant to divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or which are required, (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which are required, (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of listed issuers contained in the Listing Rules.

# MANAGEMENT DISCUSSION AND ANALYSIS

## SHARE OPTIONS

Particulars of the Company's share option scheme ("2012 Option Scheme") are disclosed in the Company's annual report for the year ended 31 December 2022.

The 2012 Option Scheme that was in effect during the six months ended 30 June 2023 was adopted by an ordinary resolution passed at the annual general meeting of the Company held on 18 May 2012. Based on 7,474,860,450 ordinary shares of HK\$0.02 each in the share capital of the Company (the "Shares") in issue as at the date of the annual general meeting held on 18 May 2012, the maximum number of Shares that may be issued upon the exercise of the options that may be granted under the 2012 Option Scheme was 747,486,045 Shares, being 10% of the issued share capital of the Company as at the date of the adoption of the 2012 Option Scheme and approximately 7.43% of the total number of issued shares of the Company as at 30 June 2023.

The 2012 Option Scheme expired on 18 May 2022 and accordingly the Company did not have any options available to be granted under the 2012 Option Scheme as at 30 June 2023. The total number of securities available for issue in relation to all the outstanding options under the 2012 Option Scheme as at 30 June 2023 was 532,540,000 Shares, representing approximately 5.30% of the total issued share capital of the Company as at 30 June 2023.

## Adoption of 2023 Share Option Scheme and the Amendments to the 2021 Share Award Scheme

Pursuant to the proposed amendments to Listing Rules relating to share schemes of listed issuers and housekeeping rule amendment published by the Stock Exchange in July 2022 ("Consultation Conclusions"), Chapter 17 of the Listing Rules is amended to govern both share option schemes and share award schemes with effect from 1 January 2023 (the "New Chapter 17").

On 23 December 2022, the Board resolved to (i) adopt the 2023 share option scheme (the "2023 Share Option Scheme"); and (ii) amend the terms of the share award scheme of the Company adopted on 30 August 2021 (the "2021 Share Award Scheme"), in compliance with the requirements under the New Chapter 17, details of which were set out in the Company's announcement dated 23 December 2022.

The 2023 Share Option Scheme and the amendments to the 2021 Share Award Scheme were duly approved by the Shareholders at the extraordinary general meeting of the Company held on 28 April 2023. Further details of the 2023 Share Option Scheme and the amendments to the 2021 Share Award Scheme were set out in the Company's circular dated 6 April 2023.



# MANAGEMENT DISCUSSION AND ANALYSIS

Details of the share options and share awards granted to each participant or category of participants involving new Shares under the 2012 Option Scheme, the 2023 Share Option Scheme and the 2021 Share Award Scheme for the six months ended 30 June 2023 are as follows:

	Date of grant	Vesting period	Exercise period		Exercise/ purchase price HK\$	Outstanding options/ unvested share awards as at 1.1.2023	Granted during the period	Share options exercised/ share awards vested during the period	Lapsed during the period	Outstanding options/ unvested share awards as at 30.6.2023	Price of share prior to the grant date of share options and awards during the period	Price of share prior to the exercise/ vesting date of share options and awards during the period (Note 5)
			From	To							HK\$	HK\$
<b>Directors and their associates</b>												
Mr. An Cong Hui												
- Share options	15-01-21	(Note 1)	15-01-23	14-01-28	32.70	22,000,000	-	-	-	22,000,000	-	-
Mr. Ang Siu Lun, Lawrence												
- Share options	15-01-21	(Note 1)	15-01-23	14-01-28	32.70	3,000,000	-	-	-	3,000,000	-	-
Mr. Gan Jia Yue												
- Share options	15-01-21	(Note 1)	15-01-23	14-01-28	32.70	8,000,000	-	-	-	8,000,000	-	-
- Share awards	30-08-21	(Note 2)	Not applicable		0.02	4,200,000	-	-	-	4,200,000	-	-
Mr. Gui Sheng Yue												
- Share options	15-01-21	(Note 1)	15-01-23	14-01-28	32.70	13,500,000	-	-	-	13,500,000	-	-
Mr. Li Dong Hui, Daniel												
- Share options	15-01-21	(Note 1)	15-01-23	14-01-28	32.70	14,000,000	-	-	-	14,000,000	-	-
Ms. Wei Mei												
- Share options	15-01-21	(Note 1)	15-01-23	14-01-28	32.70	7,000,000	-	-	-	7,000,000	-	-
<b>Other employee participants</b>												
- Share options												
- Tranche 1	07-09-18	(Note 3)	07-09-19	06-09-23	15.96	600,000	-	-	-	600,000	-	-
- Tranche 2	14-01-20	(Note 4)	14-01-21	13-01-25	16.04	790,000	-	-	-	790,000	-	-
- Tranche 3	15-01-21	(Note 1)	15-01-23	14-01-28	32.70	476,100,000	-	-	(12,450,000)	463,650,000	-	-
- Share awards	30-08-21	(Note 2)	Not applicable		0.02	109,022,047	-	-	(2,779,500)	106,242,547	-	-

Note 1: Such share options will be vested in tranches of 20% each commencing from the second anniversary date following the date of grant for 5 years and could be exercised until the expiry of these share options on 14 January 2028. As at 30 June 2023, 424,920,000 share options were unvested.

Note 2: Such share awards would be vested in tranches of 25% each on each anniversary date following the date of grant for four years.

Note 3: Such share options would be vested in tranches of 25% each on each anniversary date following the date of grant for four years and could be exercised until the expiry of these share options on 6 September 2023. As at 30 June 2023, all these share options were fully vested.

Note 4: Such share options would be vested in tranches of 25% each on each anniversary date following the date of grant for four years and could be exercised until the expiry of these share options on 13 January 2025. As at 30 June 2023, 197,500 share options were unvested.

Note 5: The stated price was the weighted average closing price of the ordinary shares immediately before the date on which the share options were exercised and share awards were vested.

Note 6: No share option or share award has been granted to service provider(s) (as defined under New Chapter 17).



# MANAGEMENT DISCUSSION AND ANALYSIS

## SHARE AWARDS

### Share Award Scheme of the Company

Particulars of the 2021 Share Award Scheme are disclosed in the Company's annual report for the year ended 31 December 2022.

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

The maximum number of Shares which could be granted under the 2021 Share Award Scheme is 350,000,000, representing approximately 3.48% of the total number of issued shares of the Company as at the date of this interim report, which could be satisfied by way of new shares to be issued or existing shares to be purchased from the secondary market.

Following the adoption of the 2021 Share Award Scheme, the Company resolved to award an aggregate of 167,022,000 ordinary shares to 10,884 selected participants by way of issue and allotment of new Shares to the grantees. As at 30 June 2023, the number of Shares available for future grant under the 2021 Share Award Scheme was 203,430,207, representing 2.02% of the total issued share capital of the Company as at the date of this report.

Unless approved by the Company's Shareholders in a general meeting, the maximum number of Shares granted or cumulatively granted to a selected participant at any point in time shall not exceed 1% of the Company's issued share capital on the adoption date of the 2021 Share Award Scheme.

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

The selected participants are employees of the Company and its affiliates, and they are not connected persons of the Company.

As at 30 June 2023, the Company has appointed a professional and independent trustee ("Trustee"), BOCI-Prudential Trustee Limited, to assist with the administration and vesting of award Shares granted pursuant to the 2021 Share Award Scheme.

On 16 August 2023, the appointment of BOCI-Prudential Trustee Limited was terminated and BOCI Trustee (Hong Kong) Limited has been appointed by the Company as the new Trustee of the 2021 Share Award Scheme with effect from 16 August 2023.

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

Movement in the number of award Shares during the six months ended 30 June 2023 are as follows:

	<b>2023</b>
Balance at 1 January	<b>113,391,000</b>
Lapsed	<b>(2,779,500)</b>
	<hr/>
Balance at 30 June	<b>110,611,500</b>

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

On 23 December 2022, the Board resolved to amend the 2021 Share Award Scheme to bring it in line with the New Chapter 17. The amendments to the 2021 Share Award Scheme were duly approved by the Shareholders at the extraordinary general meeting of the Company held on 28 April 2023.

# MANAGEMENT DISCUSSION AND ANALYSIS

Number of the share options and share awards available for grant as at 1 January 2023 and 30 June 2023 are as follows:

	As at 1 January 2023	As at 30 June 2023
<b>Share options under the 2012 Option Scheme</b>		
Under the mandate limit	-	-
<b>Share options under the 2023 Share Option Scheme</b>		
Under the mandate limit	-	(Note A)
Under the sub-limit for service provider(s)	-	(Note B)
<b>Share awards under the 2021 Share Award Scheme</b>		
Under the mandate limit	200,650,707	(Note A)
Under the sub-limit for service provider(s)	-	(Note B)

Note A: The aggregate of share options and share awards to be granted under the mandate limit should not exceed 1,005,697,378. In addition, the share awards to be granted under the mandate limit should not exceed 203,430,207.

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

No share options or share awards have been granted during the six months ended 30 June 2023. As at 30 June 2023, the number of share options and share awards that may be issued under all share schemes of the Company was 642,982,547, representing approximately 6.39% of the weighted average number of issued ordinary shares of the Company.

## **Share Award Scheme of ZEEKR Intelligent Technology Holding Limited ("ZEEKR Holding")**

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

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS

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

During the six months ended 30 June 2023, ZEEKR Holding further granted 17,955,300 ZEEKR Award Shares to 4,427 selected participants, who are not connected persons of the Company, under the ZEEKR Share Award Scheme by way of reservation and future issuance of new ordinary shares. Subject to the satisfaction of the conditions for vesting as provided under the ZEEKR Share Award Scheme, the ZEEKR Award Shares granted shall be vested in four batches as follows: (i) the first batch (being up to 25% of the ZEEKR Award Shares granted) will be vested on 15 April 2024; (ii) the second batch (being up to 25% of the ZEEKR Award Shares granted) will be vested on 15 April 2025; (iii) the third batch (being up to 25% of the ZEEKR Award Shares granted) will be vested on 15 April 2026; and (iv) the fourth batch (being up to 25% of the ZEEKR Award Shares granted) will be vested on 15 April 2027. The selected participants are required to pay the nominal value for the ZEEKR Award Shares.

As at 30 June 2023, the total number of ZEEKR Shares which were available for future grant under the ZEEKR Share Award Scheme was 53,317,637, representing 2.21% of the issued shares capital of ZEEKR Holding (assuming 150,000,000 ordinary shares of ZEEKR Holding reserved under ZEEKR Share Award Scheme have been fully issued) as at the date of this report.

For the six months ended 30 June 2023, as the condition for the vesting of the ZEEKR Award Shares had not been satisfied, no ZEEKR Award Shares had been vested.

Movement in the number of ZEEKR Award Shares during the six months ended 30 June 2023 are as follows:

	<b>2023</b>
Balance at 1 January	<b>86,027,076</b>
Granted	<b>17,955,300</b>
Lapsed	<b>(7,300,013)</b>
	<hr/>
Balance at 30 June	<b>96,682,363</b>

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

## Interim Dividend

At a meeting of the Board held on 22 August 2023, the Board resolved not to pay an interim dividend to the Company's shareholders (2022: Nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Connected Transactions

During the period, the Group had the following material transactions with connected parties:

Name of connected parties	Nature of transactions	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Connected companies</b> (notes (a) and (b))			
Zhejiang Geely Automobile Company Limited <sup>#</sup> 浙江吉利汽車有限公司	Sales of complete knock down kits	13,827,372	19,018,962
	Sales of complete buildup units, complete knock down kits and related after-sales parts	262,386	556,744
	Claims income on defective materials purchased	77,876	113,896
	Purchase of complete buildup units	13,913,907	18,413,262
	Purchase of complete knocks down kits and automobile components	12,075,755	–
	Claims paid on defective materials sold	52,897	113,778
	Sales of automobile parts and components	141,012	101,257
	Research, development and technology licensing service income	16,086	–
Zhejiang Geely Business Services Company Limited <sup>#</sup> 浙江吉利商務服務有限公司	Operational service fee	101,535	59,223
Zhejiang Haoqing Automobile Manufacturing Company Limited <sup>#</sup> 浙江豪情汽車製造有限公司	Sales of complete knock down kits	20,356,892	24,382,882
	Sales of complete buildup units, complete knock down kits and related after-sales parts	605,301	854,091
	Claims income on defective materials purchased	84,305	110,274
	Purchase of complete buildup units	22,744,625	24,882,058
	Purchase of complete knocks down kits and automobile components	4,620,539	–
	Claims paid on defective materials sold	72,112	128,835
	Disposal of property, plant and equipment (note (d))	49,350	–
	Sales of complete knocks down kits and automobile components	2,286,725	–
Zhejiang Geely Automobile Parts and Components Company Limited <sup>#</sup> 浙江吉利汽車零部件採購有限公司	Purchase of automobile parts and components	1,280,396	140,711
	Operational services fee	11,533	–
Linyi Lingji Chunhua Automobile Sales Service Company Ltd. <sup>#</sup> 臨沂領吉春華汽車銷售服務有限公司	Sales of complete buildup units and related after-sales parts, components and accessories	81,489	96,829
Feixian Lingji Chunhua Automobile Sales Service Company Ltd. <sup>#</sup> 費縣領吉春華汽車銷售服務有限公司	Sales of complete buildup units and related after-sales parts, components and accessories	22,462	19,272
Yishui Lingji Yuantong Automobile Sales Service Company Ltd. <sup>#</sup> 沂水領吉遠通汽車銷售服務有限公司	Sales of complete buildup units and related after-sales parts, components and accessories	16,118	18,454
Dongying Lingji Kaihua Automobile Sales Service Company Ltd. <sup>#</sup> 東營領吉凱華汽車銷售服務有限公司	Sales of complete buildup units and related after-sales parts, components and accessories	15,747	20,128

# MANAGEMENT DISCUSSION AND ANALYSIS

Name of connected parties	Nature of transactions	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Linyi Lingji Maohua Automobile Sales Service Company Ltd. <sup>#</sup> 臨沂領吉茂華汽車銷售服務有限公司	Sales of complete buildup units and related after-sales parts, components and accessories	86,860	91,702
Ningbo Geely Automobile R&D Company Limited <sup>#</sup> 寧波吉利汽車研究開發有限公司	Research, development and technology licensing service income	1,671,688	947,256
	Research, development and technology licensing service fee	1,389,752	1,656,951
	Purchase of automobile parts and components	-	27,585
	Sales of automobile components (Automobile Components Sales Agreement)	23,695	58,855
	Acquisition of property, plant and equipment	27,814	-
	Operational service income	32,205	-
Shanxi New Energy Automobile Industrial Company Limited <sup>#</sup> 山西新能源汽車工業有限公司	Sales of complete knock down kits	128,790	21,221
	Purchase of complete buildup units	172,500	20,480
Volvo Personvagnar AB	Sales of powertrain and related components	150,257	158,970
Shanghai Meihuan Trade Company Limited <sup>#</sup> 上海美寰貿易有限公司	Sales of complete buildup units, complete knock down kits and related after-sales parts	202,063	462,886
	Operational service income	-	146,644
	Sales of powertrain and related components	56,315	24,584
	Sales of automobile components (Automobile Components Sales Agreement)	23,547	40,706
Geely Automobile Group Company Limited <sup>#</sup> 吉利汽車集團有限公司	Operational service income	97,713	50,324
	Operational service fee	138,081	-
	Acquisition of property, plant and equipment (note (c))	23,136	-
	Research, development and technology licensing service fee	91,865	-
Zhejiang Jichuang Industrial Development Co., Limited <sup>#</sup> 浙江吉創產業發展有限公司	Purchase of automobile parts and components	-	667,791
Hangzhou Xuanyu Human Resources Company Limited <sup>#</sup> 杭州軒宇人力資源有限公司	Operational service fee	88,630	-
Chengdu Gaoyuan Automobile Industries Company Limited <sup>#</sup> 成都高原汽車工業有限公司	Sales of complete knock down kits	587,035	-
	Purchase of complete buildup units	609,412	-
Ningbo Hangzhou Bay Geely Automobile Components Company Limited <sup>#</sup> 寧波杭州灣吉利汽車部件有限公司	Purchase of complete buildup units	-	19,754
	Purchase of automobile parts and components	131,648	14,992
	Operational service income	-	28,602
	Purchase of complete knock down kits and automobile components	94,523	4,837,451
	Sales of automobile components (Automobile Components Sales Agreement)	1,136,728	-

# MANAGEMENT DISCUSSION AND ANALYSIS

Name of connected parties	Nature of transactions	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Xi'an Geely (note (e))	Sales of powertrain and related components	340,289	763,628
	Purchase of complete buildup units	-	30,693
	Purchase of complete knocks down kits and automobile components	-	6,256,880
	Purchase of automobile parts and components	20,823	-
	Sales of automobile components (Automobile Components Sales Agreement)	2,597,171	139,016
	Operational service income	-	33,039
Zhejiang Jirun Meishan Automobile Parts Company Limited <sup>#</sup> 浙江吉潤梅山汽車部件有限公司	Purchase of automobile parts and components	17,014	17,665
	Sales of powertrain and related components	84,213	123,349
	Sales of automobile components (Automobile Components Sales Agreement)	11,446	205,061
Lingji Automobile Trading Company Limited <sup>#</sup> 領吉汽車商貿有限公司	Sales of complete buildup units and related after-sales parts, components and accessories	822,380	17,274
Beijing Lingjisheng Automobile Sales Service Co., Ltd. <sup>#</sup> 北京領吉盛汽車銷售服務有限公司	Sales of complete buildup units and related after-sales parts, components and accessories	-	37,769
Jizhi (Hangzhou) Cultural Creativity Co., Ltd. <sup>#</sup> 吉智(杭州)文化創意有限公司	Operational service fee	66,441	78,220
Binzhou Lingjixin Automobile Sales Service Co., Ltd. <sup>#</sup> 濱州領吉欣汽車銷售服務有限公司	Sales of complete buildup units and related after-sales parts, components and accessories	22,527	-
Shanghai Jijin Mechanical and Electrical Equipment Company Limited <sup>#</sup> 上海吉津機電設備有限公司	Acquisition of property, plant and equipment (notes (c) and (d))	19,237	20,196
Guangzhou Lingjixing Automobile Sales Service Company Limited <sup>#</sup> 廣州領吉行汽車銷售服務有限公司	Sales of complete buildup units and related after-sales parts, components and accessories	-	28,331
Geely Changxing Automatic Transmission Company Limited <sup>#</sup> 吉利長興自動變速器有限公司	Purchase of automobile parts and components	1,267,035	218,701
	Research, development and technology licensing service income	16,858	180,993
	Operational service income	-	12,464
	Acquisition of property, plant and equipment (note (d))	-	12,504
	Sales of powertrain and related components	13,100	-
London EV Company Limited	Sales of powertrain and related components	13,620	11,513
Daqing Volvo Car Manufacturing Co., Limited <sup>#</sup> 大慶沃爾沃汽車製造有限公司	Sales of automobile components (Automobile Components Sales Agreement)	102,088	62,973

# MANAGEMENT DISCUSSION AND ANALYSIS

Name of connected parties	Nature of transactions	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Zhongjia Automobile Manufacturing (Chengdu) Company Limited* 中嘉汽車製造(成都)有限公司	Sales of automobile components (Automobile Components Sales Agreement)	381,819	188,220
Wuhan Lingjixing Automobile Sales Service Company Limited* 武漢領吉行汽車銷售服務有限公司	Sales of complete buildup units and related after-sales parts, components and accessories	-	25,565
Suzhou Lingjixin Automobile Sales Service Company Limited* 蘇州領吉鑫汽車銷售服務有限公司	Sales of complete buildup units and related after-sales parts, components and accessories	-	22,873
Zhangjiakou Jiguangwan Engine Manufacturing Company Limited* 張家口極光灣發動機製造有限公司	Purchase of automobile parts and components Sales of powertrain and related components	- 27,386	10,687 18,847
Fengsheng Automobile (Jiangsu) Company Limited* 楓盛汽車(江蘇)有限公司	Sales of automobile components (Automobile Components Sales Agreement) Purchase of automobile parts and components	- -	17,683 35,729
Volvo Automobile Sales (Shanghai) Company Limited* 沃爾沃汽車銷售(上海)有限公司	Sales of powertrain and related components	16,676	-
Zhejiang Joint Control Technology Company Limited* 浙江聯控技術有限公司	Research, development and technology licensing service income Research, development and technology licensing service fee	179,423 563,386	708,581 87,825
Volvo Car	Sales of automobile components (Automobile Components Sales Agreement) Research, development and technology licensing service income	108,367 114,000	32,930 35,086
Zhejiang Geely Automobile Manufacturing Co., Ltd.* 浙江吉利汽車製造有限公司	Interest expense	156,178	42,598
Nanjing Lingjixing Automobile Sales Company Limited* 南京領吉行汽車銷售有限公司	Sales of complete buildup units and related after-sales parts, components and accessories	-	16,246
Valmet Automotive EV Power Ltd.	Sales of automobile components (Automobile Components Sales Agreement)	2,019,225	692,152
Polestar Performance AB	Research, development and technology licensing service income	-	25,862
Xian Liancheng Intelligent Technology Company Limited* 西安聯乘智能科技有限公司	Purchase of complete knock down kits and automobile components	-	11,935
Hangzhoc Geely Yiyun Technology Company Limited* 杭州吉利易雲科技有限公司	Operational services fee	23,034	22,881



# MANAGEMENT DISCUSSION AND ANALYSIS

Name of connected parties	Nature of transactions	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Guangyi Mingdao Digital Technology Company Limited <sup>#</sup> 廣域銘島數字科技有限公司	Operational service fee	46,261	-
Quzhou Jidian E-Mobility Technology Company Limited <sup>#</sup> 衢州極電電動汽車技術有限公司	Purchase of automobile part and components	266,157	-
	Sales of automobile components (Automobile Components Sales Agreement)	23,293	-
Hangzhou Jidian Electric Technology Company Limited <sup>#</sup> 杭州極電電子科技有限公司	Sales of automobile components (Automobile Components Sales Agreement)	224,593	-
Jiling Automobile Sales (Nanning) Company Limited <sup>#</sup> 精靈汽車銷售(南寧)有限公司	Operational service income	14,312	-
Leida New Energy Automobile (Zhejiang) Company Limited <sup>#</sup> 雷達新能源汽車(浙江)有限公司	Sales of automobile components (Automobile Components Sales Agreement)	19,160	-
Qingdao Lingjixing Automobile Sales and Services Company Limited <sup>#</sup> 青島領吉星汽車銷售服務有限公司	Sales of complete buildup units and related after-sales parts, components and accessories	37,481	-
Zhejiang Jisu Supply Chain Management Company Limited <sup>#</sup> 浙江吉速供應鏈管理有限公司	Operational service fee	24,744	-
Zhejiang Geely Yibao Automobile Services Company Limited <sup>#</sup> 浙江吉利易保汽車服務有限公司	Claims income on defective materials purchased	13,750	-
<b>Associates</b>			
Hanna Mando (Ningbo) Automobile Chassis System Technology Co., Limited <sup>#</sup> 漢拿萬都(寧波)汽車底盤系統科技有限公司	Purchase of automobile parts and components	-	252,022
Closed Joint Stock Company BELGEE	Sales of complete buildup units	601,781	-
	Sales of automobile parts and components	13,000	208,078



# MANAGEMENT DISCUSSION AND ANALYSIS

Name of connected parties	Nature of transactions	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Ningbo Haoneng Hanyuan Energy Technology Co., Ltd.** 寧波市浩能瀚源能源科技有限公司	Sales of automobile components (Automobile Components Sales Agreement)	-	12,359
Zhejiang Haohan Energy Technology Company Limited* ("Haohan Energy") 浙江浩瀚能源科技有限公司	Purchase of automobile parts and components	20,443	-
Chongqing Livan Automobile Sales Company Limited* <sup>o</sup> 重慶睿藍汽車銷售有限公司	Operational service income	13,374	-
	Sales of automobile parts and components	14,573	-
PROTON	Interest income	4,167	-
<b>Joint ventures</b>			
LYNK & CO Investment	Research, development and technology licensing service income	430,261	-
	Operational service income	101,546	-
	Sales of powertrain and related components	11,597	-
Kaiyue Auto Parts Manufacture (Zhangjiakou) Co., Ltd.* <sup>^</sup> 凱悅汽車大部件製造(張家口)有限公司	Sales of powertrain and related components	221,727	479,365
	Purchase of automobile parts and components	65,937	-
	Operational service income	-	41,169
	Research, development and technology licensing service income	22,832	150,274
LYNK & CO Automobile Sales Company Limited* <sup>^</sup> 領克汽車銷售有限公司	Operational service income	-	69,344
	Purchase of complete buildup units	-	34,619
	Purchase of automobile parts and components	31,792	-
	Sales of complete buildup units and related after-sales parts, components and accessories	76,970	41,470
	Sales of automobile components (Automobile Components Sales Agreement)	107,959	23,743
Yuyao LYNK & CO Auto Parts Company Limited* <sup>^</sup> 余姚領克汽車部件有限公司	Sales of powertrain and related components	415,262	514,944
	Operational service income	13,670	38,228
	Purchase of complete buildup units	-	39,231
	Purchase of automobile parts and components	19,529	-
	Research, development and technology licensing service income	84,539	361,233
	Sales of automobile components (Automobile Components Sales Agreement)	681,355	491,683
LYNK & CO (Zhangjiakou) Co., Ltd.* <sup>^</sup> 領克汽車(張家口)有限公司	Operational service income	-	36,158
LYNK & CO International Sales (Yuyao) Co., Ltd.* <sup>^</sup> 領克汽車國際銷售(余姚)有限公司	Operational service income	-	122,493
Chengdu LYNK & CO Automobile Company Limited* <sup>^</sup> 成都領克汽車有限公司	Research, development and technology licensing service income	41,007	61,126

# MANAGEMENT DISCUSSION AND ANALYSIS

Name of connected parties	Nature of transactions	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Geely Yaou (Ningbo Meishan Bonded Port Area) Technology Co., Ltd.*^ 吉利亞歐(寧波梅山保稅港區)科技有限公司	Research, development and technology licensing service income	17,682	282,473
LYNK & CO International AB^	Research, development and technology licensing service income	-	66,886
Sichuan LYNK & CO Automobile Manufacturing Company Limited (formerly known as Sichuan Lingji Automobile Manufacturing Company Limited)*^ 四川領克汽車製造有限公司 (前稱四川領吉汽車製造有限公司)	Sales of powertrain and related components	327,355	581,137
	Purchase of complete knock down kits and automobile components	644,851	1,666,899
	Sales of complete knock down kits	-	21,424
	Operational service income	-	37,335
	Purchase of automobile parts and components	15,090	12,175
	Sales of automobile components (Automobile Components Sales Agreement)	90,388	154,144
	Operational service fee	23,457	-
Genius AFC	Interest income	148,276	157,250
<b>Ultimate holding company</b>			
Zhejiang Geely Holding Group Company Limited* ("Geely Holding") 浙江吉利控股集團有限公司	Interest expense	-	7,318
	Operational service fee	10,592	-
	Acquisition of property, plant and equipment (note (d))	26,011	-

## Notes:

(a) The Group and the connected companies are under the common control of the substantial shareholder of the Company's ultimate holding company.

(b) The Group does not have the automobile catalogue issued by the National Development and Reform Commission in the PRC which is required to facilitate payment of the PRC consumption tax. The connected parties referred to above have the relevant automobile catalogue and therefore the sales of complete knock down kits to and purchase of complete buildup units from connected parties as set out above have been presented on a net basis in the condensed consolidated income statement (to the extent that they are back-to-back transactions) since the said connected parties in effect only act as a channel to facilitate the payment of the PRC consumption tax. For the same reason, the related claims income from and claims expenses paid to these connected parties have also been presented on a net basis as long as they are back-to-back transactions.

(c) Pursuant to the acquisition agreement dated 4 November 2020, the Company entered into a transaction with Geely Holding, pursuant to which the Group agreed to acquire and the Geely Holding, together with its subsidiaries ("Geely Holding Group") agreed to sell the assets

comprising predominantly imported equipment for use in the Group's production and research and development, as well as a small amount of office equipment and software system for a maximum consideration of approximately RMB743,918,000.

(d) Pursuant to the assets transfer agreement dated 15 October 2021, the Company entered into a transaction with Geely Holding, pursuant to which the Group agreed to purchase and the Geely Holding Group agreed to sell the assets (which comprise predominantly equipment for use in the Group's research and development for the LYNK&CO-branded, ZEEKR-branded and Geely-branded vehicles related products such as vehicles engines and transmissions, as well as a small amount of office equipment and software system) for a maximum cash consideration of approximately RMB632,800,000; and the Group agreed to sell and the Geely Holding Group agreed to purchase the assets (which comprise vehicle testing related machinery and equipment which are idle for use) for a maximum cash consideration of approximately RMB357,900,000.

(e) Xi'an Geely had been acquired by the Group in April 2023. The amount disclosed represented the transactions entered into before the acquisition.

# MANAGEMENT DISCUSSION AND ANALYSIS

- # The English translation of the names of the companies established in the PRC is for reference only. The official names of these companies are in Chinese.
- ^ The companies are the wholly-owned subsidiaries of LYNK & CO Investment.
- \* The company is the wholly-owned subsidiary of Haohan Energy.
- @ The company is the wholly-owned subsidiary of Chongqing Livan.

## Facility Agreements with Covenant of the Controlling Shareholders

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

## Substantial Shareholders

(as defined in the SFO)

Name	Nature of interests	Number of shares held Long position	Approximate percentage of shareholding (%)
Proper Glory Holding Inc. (Note 1)	Beneficial owner	2,636,705,000	26.22
Zhejiang Geely Holding Group Company Limited (Note 1)	Interest in controlled corporation	4,019,391,000	39.97
Geely Group Limited (Note 1)	Beneficial owner	196,497,000	1.95
Zhejiang Geely Automobile Company Limited (Note 2)	Beneficial owner	796,562,000	7.92

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

## Interests and Short Positions in Shares and Underlying Shares of Other Persons

As at 30 June 2023, according to the register of interests maintained by the Company pursuant to section 336 of the SFO and so far as is known to the directors or the chief executives of the Company, the persons, other than the directors or the chief executives of the Company, who had interests or a short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and any other members of the Group and the amount of each of such persons’ interests in such securities, together with any options in respect of such capital, were as follows:

# MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (1) Proper Glory Holding Inc. (“Proper Glory”) is a limited liability company incorporated in the British Virgin Islands and is owned as to 68% by Zhejiang Geely Holding Group Company Limited (“Geely Holding”) and as to 21.29% by Geely Group Limited. Geely Group Limited is a limited liability company incorporated in the British Virgin Islands and is beneficially wholly owned by Mr. Li Shu Fu. Geely Holding is a limited liability company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.
- (2) Zhejiang Geely Automobile Company Limited (“Zhejiang Geely”) is a limited liability company incorporated in the PRC and is owned as to 72.40% by Geely Holding, as to 1.61% by other Mr. Li’s interested entities and as to 25.99% by independent third parties.

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

Save as disclosed above, as at 30 June 2023, the directors and the chief executives of the Company are not aware of any other person (other than the directors and the chief executives of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and of any other member of the Group.

## Purchase, Sale or Redemption of the Company’s Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2023.

## Corporate Governance

The Company has complied with the code provisions (“CPs”) of the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the six months ended 30 June 2023, except for CP F.2.2 as explained below:

CP F.2.2 provides that the chairman of the Board (the “Chairman”) and the chairman of respective Board committees should attend the annual general meeting of the Company. During the six months ended 30 June 2023, the Chairman did not attend the annual general meeting of the Company in person due to conflict of his schedules and other prior business engagement in the PRC. If the Chairman could not attend the general meeting of the Company in person, he would assign an executive director, who does not have a material interest in the businesses contemplating in the meeting and should report to him on any enquiries shareholders of the Company (the “Shareholders”) might have, to attend such general meeting on his behalf.

Further, the Company would facilitate a conference call for Shareholders and the Directors who are unable to attend in person (including the Chairman) to discuss any specific enquiries with respect to the businesses contemplating in the general meeting. Through these measures, views of the Shareholders would be properly communicated to the Board as a whole. In addition, the external auditor will be invited to attend the annual general meeting of the Company to answer questions about the conduct of the audit, the preparation and content of the auditor’s report, accounting policies and auditor’s independence.

The Company held its annual general meeting on 25 May 2023. Due to conflict of his schedules and other prior business engagement in the PRC, the Chairman was unable to attend the general meeting. One executive Director and the Company’s external auditor attended and answered questions raised by the Shareholders at the meeting physically. Three other independent non-executive Directors and four other executive Directors attended the meeting via conference call.

In the interim period under review, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions by officers (the “Code”). All Directors have confirmed their compliance during the review period with the required standards set out in both the Model Code and the Code.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Audit Committee**

The Company has an audit committee which was established in accordance with the requirements of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting processes, risk management systems and internal controls. As at 30 June 2023, the audit committee comprises Ms. Gao Jie, Mr. An Qing Heng, Mr. Wang Yang and Ms. Lam Yin Shan, Jocelyn, who are the independent non-executive Directors.

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2023.

## **Appreciation**

On behalf of the Board, I wish to express my gratitude to our management team and staff members for their hard work, dedication and support throughout the period.

ON BEHALF OF THE BOARD

**Li Shu Fu**

*Chairman*

Hong Kong

22 August 2023