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LEAPMOTOR
ZHEJIANG LEAPMOTOR TECHNOLOGY CO., LTD.
浙江零跑科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 9863)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Zhejiang Leapmotor Technology Co., Ltd. (the “**Company**”, and its subsidiaries, the “**Group**”) is pleased to announce the unaudited interim consolidated results of the Group for the six months ended 30 June 2023 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2022. These interim results were prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”, and reviewed by the audit committee (the “**Audit Committee**”) of the Board and the independent auditor of the Group.

HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

OPERATIONAL HIGHLIGHTS

	For the six months ended 30 June	
	2023	2022
Total deliveries	44,502	51,994

- Total deliveries of vehicles were 44,502 units for the six months ended 30 June 2023, representing a decrease of 14.4% from 51,994 units for the same period of 2022.
- Deliveries of the T03 were 8,975 units for the six months ended 30 June 2023, representing a decrease of 72.9% from 33,058 units for the same period of 2022.
- Deliveries of the C11 (including extended-range electric vehicles (“EREVs”)) were 27,493 units for the six months ended 30 June 2023, representing an increase of 45.4% from 18,915 units for the same period of 2022.
- Deliveries of the C01 were 8,034 units for the six months ended 30 June 2023, and the Company started to deliver the C01 in September 2022.

FINANCIAL HIGHLIGHTS

- Revenue was RMB5,813.1 million for the six months ended 30 June 2023, representing an increase of 14.4% for the same period of 2022.
- Gross margin was (5.9%) for the six months ended 30 June 2023, showing a continuous improvement from (26.0%) for the same period of 2022.
- Net loss attributable to the equity holders of the Company was RMB2,276.1 million for the six months ended 30 June 2023, compared with RMB2,444.0 million for the same period of 2022. Excluding the share-based payment as part of employee benefit expenses, the adjusted net loss (non-IFRS) was RMB1,936.5 million for the six months ended 30 June 2023, compared with RMB2,322.9 million for the same period of 2022. Please refer to “Management Discussion and Analysis – Non-IFRS Measure” for further details.
- Net cash generated from operating activities was RMB151.7 million for the six months ended 30 June 2023, compared with net cash used in operating activities of RMB581.1 million for the same period of 2022.

BUSINESS REVIEW

In the first half of 2023, based on the rapid iteration capability as well as our product development pace of our full-suite research and development (“**R&D**”), we completed the renewal of the 2023 product lineup in the first quarter, and launched the C11 Extended Range, the Company’s first EREV, on 1 March 2023. This new lineup has gained full market recognition, with total deliveries of 33,993 units in the second quarter of 2023. Among the 44,502 new energy passenger vehicles (“**NEVs**”) delivered in the first half of 2023, the C11 and C01 accounted for 80%. Benefiting from the above, our revenue amounted to RMB5,813.1 million in the first half of 2023, representing an increase of 14.4% over the same period of 2022. In the first half of 2023, our gross margin was (5.9%), representing an improvement of 2.2 percentage points as compared with (8.1%) in the second half of last year. In the next two quarters, we will continue to improve our gross margin.

As of 20 June 2023, we delivered a total of 200 thousand NEVs. With the launch and delivery of the C11 Extended Range, we have deployed the dual-model layout of “battery electric + extended-range”. In the future, our new models will be launched simultaneously with battery electric and extended-range versions.

Product Development and Iteration

In February 2023, we released the dual-model strategy of “battery electric + extended-range” and ushered in an era driven by our dual models. On 1 March 2023, we further released the C11 Extended Range and the 2023 product lineup of renewed C01, C11EV and T03 series.

In addition to the launch of new models, we continued to provide users of all models with the application of the Company’s latest R&D results through over-the-air (“**OTA**”), which enhanced the driving experience of users through technological upgrades. We completed four OTA upgrades in total during the first half of 2023, in which the C platform introduced over 60 features, including new functions such as new desktop user interface, 3D vehicle model, transparent chassis, camping mode and maintenance reminder, as well as optimized functions such as adaptive cruise control (ACC), lane centering control (LCC), range improvement and semantic database expansion.

User safety is the primary consideration in our product design. According to the vehicle safety evaluation results issued by China Insurance Automotive Safety Index in April 2023, our C11 received the highest safety rating of G for both occupant safety and safety of vehicle assistance.

R&D

In the first half of 2023, we continued our R&D and innovation efforts in relation to the core technology of NEV and developed CTC (cell-to-chassis) 2.0 technology. Such technology improves the vehicle integration with higher energy density of battery, stronger structural strength and lower costs, and is also compatible with 800V high-voltage platform, resolving user’s concerns over charging. In March 2023, our proprietary power system technology was awarded the “Global First Innovation Award of CTC Technology” at the “14th New Energy Vehicle International Forum 2023” organized by CHINASTAR.

In terms of electric drive system technology, we further iterated the efficient oil-cooling electric drive system, leading the industry in terms of integration, noise, vibration and harshness (NVH), power density, costs and other parameters. As the industry's first-ever variable-frame oil-cooled model, electric drive "Pan Gu" won the "Heart of China (中國心)" 2022 Top 10 New Energy Vehicle Power System Award from Autosports, and this electric drive has been equipped across our C series models.

Manufacturing and Production

Our production facility in Jinhua, Zhejiang Province produces both battery electric vehicle ("BEV") and EREV models, as well as in-house electronic core components. Nearly 30 supply chain partners have built production lines near our Jinhua production facility, which has contributed to achieving more stable supply from the supply chain and higher product quality.

Environmental, Social and Governance ("ESG")

As an NEV company, we always attach great importance to the concept of sustainability, and integrate the element into our daily operations and corporate governance. On 17 April 2023, we released the 2022 ESG Report, which discloses in detail our work and achievements in various ESG aspects. For more information about our ESG efforts and to download the full version of the ESG Report, please visit the ESG section of our investor relations website at <https://ir.leapmotor.com/en/esg>.

RECENT DEVELOPMENTS AFTER THE REPORTING PERIOD

In July 2023, we delivered a total of 14,335 units of NEVs, making another record high for monthly delivery. Among them, over 12,000 units of the C series were delivered, accounting for approximately 85% of the total delivery.

In July 2023, our C11 received the highest rating of G in terms of intelligent safety, intelligent driving, intelligent interaction and intelligent parking, according to the i-Vista China Intelligent Vehicle Indexes Evaluation Procedures released by China Automotive Engineering Research Institute.

On 31 July 2023, we announced the latest achievement of our full-suite R&D – "Four Leaf Clover" centralized integrated electrical/electronic (E/E) architecture. This architecture realized a central supercomputer with one System-on-chip (SOC) chip and one motor control unit (MCU) chip, achieving the efficient synergies among the core components of smart vehicles and the integration of the four major domains of "advanced driver assistance systems (ADAS), smart cockpit, body and power" by virtue of high computing power, fast communication and low latency. This architecture achieves a generalization of over 90% and can be deployed in different models across categories, sizes and power systems, while significantly reducing the number of controllers and the length of wiring harnesses. This architecture will be gradually applied to our whole model series. We are open to explore four cooperation modes with our partners in respect of the "Four Leaf Clover" platform, namely (i) central supercomputer + peripheral controller; (ii) central supercomputer + peripheral controller + battery + electric drive; (iii) the entire lower vehicle body (including the previous two items); and (iv) vehicle platform cooperation.

In the second half of the year, we will release the extended range version of C01. At the same time, our first global new model will be launched at the Munich Motor Show.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Analysis

Revenue

Total revenue was RMB5,813.1 million for the six months ended 30 June 2023, representing an increase of 14.4% from RMB5,081.5 million for the six months ended 30 June 2022. This increase was primarily due to the higher average selling price across our portfolio as our product mix evolves.

Sales of electric vehicles and parts were RMB5,803.2 million for the six months ended 30 June 2023, representing an increase of 14.3% from RMB5,078.3 million for the six months ended 30 June 2022. This increase was primarily attributable to the higher average selling price across our portfolio as our product mix evolves.

The revenue from services amounted to RMB9.9 million for the six months ended 30 June 2023, representing an increase of 209.4% from RMB3.2 million for the six months ended 30 June 2022. This increase was mainly attributable to the increases in our car parc, resulting in the increased revenue from embedded services, which include extended one-year or lifetime warranty, and vehicle internet connection service.

Cost of Sales

Cost of sales remained relatively stable at RMB6,154.9 million and RMB6,400.4 million for the six months ended 30 June 2023 and 2022, respectively.

Gross Loss and Gross Margin

Gross loss was RMB341.8 million for the six months ended 30 June 2023, representing an improvement from RMB1,318.8 million for the six months ended 30 June 2022. This improvement was primarily due to the lower gross loss arising from the optimization of our product mix.

Gross margin improved from (26.0%) for the six months ended 30 June 2022 to (5.9%) for the six months ended 30 June 2023, mainly due to the decrease in average manufacturing cost per electric vehicle as a percentage of the average selling price due to the optimization of our product mix.

Selling Expenses

Selling expenses were RMB820.5 million for the six months ended 30 June 2023, representing an increase of 105.5% from RMB399.2 million for the six months ended 30 June 2022. This increase was primarily due to (i) the further efforts made by the Company in brand building and publicity for the launch of new models; and (ii) the increased number of sales personnel in line with our business expansion.

Administrative Expenses

Administrative expenses were RMB395.5 million for the six months ended 30 June 2023, representing an increase of 28.5% from RMB307.7 million for the six months ended 30 June 2022. This increase was primarily due to the increased number of administrative personnel in line with our business expansion.

R&D Expenses

R&D expenses were RMB823.2 million for the six months ended 30 June 2023, representing an increase of 56.4% from RMB526.4 million for the six months ended 30 June 2022. This increase was primarily due to (i) the increase in technology R&D projects on new models and components, and (ii) higher employee compensation as a result of the increased number of R&D personnel.

Operating Loss

Operating loss was RMB2,333.6 million for the six months ended 30 June 2023, representing a decrease of 6.4% from RMB2,493.5 million for the six months ended 30 June 2022. The decrease was primarily due to the lower gross loss as described above.

Net Finance Income

Net finance income was RMB54.7 million for the six months ended 30 June 2023, representing an increase of 19.7% from RMB45.7 million for the six months ended 30 June 2022. This increase was primarily due to an increase in interest received from cash at banks as a result of an increase in cash balance.

Share of Net Profit of Associates

Share of net profit of associates was RMB2.8 million for the six months ended 30 June 2023, representing a decrease of 28.2% from RMB3.9 million for the six months ended 30 June 2022. The decrease was primarily due to the declined performance of such associate.

Net Loss and Adjusted Net Loss

Net loss was RMB2,276.1 million for the six months ended 30 June 2023, compared with RMB2,444.0 million for the six months ended 30 June 2022. Excluding the share-based payment as part of employee benefit expenses, the adjusted net loss (non-IFRS) was RMB1,936.5 million for the six months ended 30 June 2023, compared with RMB2,322.9 million for the six months ended 30 June 2022. Please refer to “– Non-IFRS Measure”.

Basic and Diluted Loss Per Share

Basic and diluted loss per share was RMB1.99 for the six months ended 30 June 2023, compared with RMB2.42 for the six months ended 30 June 2022.

Liquidity and Capital Resources

As of 30 June 2023, we had a liquidity of RMB10,178.3 million, which includes cash and cash equivalents, restricted cash, financial assets at fair value through profit or loss and short-term bank time deposits, representing an increase of 4.1% from RMB9,781.9 million as of 31 December 2022. Our cash and cash equivalents primarily consist of cash at banks under RMB and USD denominations. We believe that this level of liquidity is sufficient to finance our operations, having considered our business development and expansion plans.

Interest Expenses on Bank and Other Borrowings

Interest expenses on bank and other borrowings were RMB38.3 million for the six months ended 30 June 2023, representing an increase of 63.7% from RMB23.4 million for the six months ended 30 June 2022.

Borrowings

As of 30 June 2023 and 31 December 2022, the Group had long-term bank borrowings with the total amount of approximately RMB1,464.7 million and RMB887.9 million, respectively. Our bank and other borrowings were denominated in RMB.

Gearing Ratio

The Company monitored capital using gearing ratio. As of 30 June 2023, the Group's gearing ratio was negative value, which is calculated as net debt divided by total capital at the end of each financial period. Net debt equals to our total borrowings and lease liabilities less our cash and cash equivalents. Total capital is calculated as total equity plus net debt.

Net Cash Generated from/(Used in) Operating Activities

Net cash generated from operating activities was RMB151.7 million for the six months ended 30 June 2023, compared with net cash used in operating activities of RMB581.1 million for the six months ended 30 June 2022, representing an increase of RMB732.8 million in net cash of operating activities over the same period of last year. The improvement in cash flows of operating activities was primarily due to the receipt of government subsidies for NEVs and the improved gross margin of vehicle sales.

Free Cash Flow

Free cash flow was RMB(448.6) million for the six months ended 30 June 2023, representing an improvement of 66.4% from RMB(1,333.8) million for the six months ended 30 June 2022. The improvement was mainly due to the abovementioned increase in net cash generated from operating activities by RMB732.8 million and the decrease in capital expenditures by RMB152.4 million.

Treasury Policy

If the Company determines that its cash requirements exceed the amount of cash and cash equivalents it has on hand at the time, it may seek to issue equity or debt securities or obtain credit facilities.

Pledge of Assets

As of 30 June 2023, our Company pledged restricted deposits of RMB1,304.3 million for the issuance of bank acceptance notes, security deposits of bank borrowings, customs guarantee and guarantee deposits for the contracts with the Group's suppliers, representing a decrease of 48.3% from RMB2,522.2 million as of 31 December 2022.

Significant Investments Held

For the six months ended 30 June 2023, the Company did not have any significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as of 30 June 2023).

Future Plans for Material Investments and Capital Assets

As of 30 June 2023, save as otherwise disclosed, the Group had no specific plan for material investments and acquisition of capital assets.

Capital Commitments and Capital Expenditures

The Company had capital commitments amounting to RMB2,696.3 million for the acquisition of property, plant and equipment as of 30 June 2023. The Company recorded capital expenditures of RMB600.3 million for the six months ended 30 June 2023, which were primarily used for the expansion of production capacity of our production facility in Jinhua, Zhejiang Province as well as the construction of our production facility in Hangzhou, Zhejiang Province and purchase of production machinery.

Investment commitments

The Company had investment commitments amounting to RMB32.1 million as of 30 June 2023 in relation to capital injection to associates. Such investments are part of our business strategy to enhance our market position. None of the investment commitments constitute a transaction that is required to be disclosed under Chapter 14 or Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Contingent Liabilities

As of 30 June 2023, the Company did not have any material contingent liabilities.

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

For the six months ended 30 June 2023, the Company did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Non-IFRS Measure

To supplement our interim results, which are presented in accordance with IFRS, we also use adjusted net loss as an additional financial measure, which is not required by, or presented in accordance with IFRS. We believe this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company by eliminating potential impacts of items.

We believe this measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net loss may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS. We define adjusted net loss as net loss for the period adjusted by adding back share-based payment expenses.

The following table reconciles our adjusted net loss for the periods presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is net loss for the period:

	For the six months ended	
	30 June	
	2023	2022
	RMB'000	RMB'000
Reconciliation of net loss to adjusted net loss:		
Net loss for the six months ended 30 June 2023	(2,276.1)	(2,444.0)
Add:		
– Share-based payment expenses ⁽¹⁾	339.6	121.1
Adjusted net loss (Non-IFRS measure)	<u>(1,936.5)</u>	<u>(2,322.9)</u>

Note:

- (1) Share-based payment expenses mainly represent the arrangement that we receive services from employees as consideration for our equity instruments. Share-based payments are not expected to result in future cash payments.

Risk Management

Foreign Exchange Risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the Group. The Company and its major subsidiaries were incorporated in Mainland China. The Company considers RMB as the functional currency and believes that it currently does not have any significant direct foreign exchange risk arising from its operating activities. As of 30 June 2023, the Company did not hold any financial instruments for hedging purposes.

Interest Rate Risk

The Group's interest-rate risk mainly arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest-rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest-rate risk. The Group did not use any interest rate swap contracts or other financial instruments to hedge against its interest rate risk.

EMPLOYEES, TRAINING AND REMUNERATION POLICIES

As of 30 June 2023, the Group had 7,514 full-time employees, the majority of whom are based in Zhejiang Province, China. The following table sets forth the breakdown of the Group's employees by function as at 30 June 2023:

Function	Number of employees	Percentage of total (%)
Manufacturing	3,347	44.5
R&D	2,308	30.7
Sales and marketing	1,284	17.1
Supply chain management	235	3.1
General and administration	340	4.5
Total	7,514	100.0

The Group primarily recruits the employees through campus recruitment, online recruitment, internal referrals, recruitment firms or agents, and other channels, to satisfy its demand for different types of talents. The Group conducts safety awareness, quality awareness and corporate culture training for R&D and manufacturing staff, and implements a comprehensive training system for all employees. The Group also holds various training courses conducted online and offline on a weekly basis.

The Group offers its employees competitive compensation packages and a dynamic work environment that encourages initiative. The Group participates in various government statutory employee benefit plans, including social insurance, namely pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance, and housing funds. In addition, The Group purchased employer's liability insurance and additional commercial health insurance to increase insurance coverage of its employees.

To recognise the contributions of key employees and motivate them to further promote the development of the Company, the Company adopted two share award schemes and one pre-IPO share option scheme. For details, please refer to the 2022 annual report of the Company.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions set forth in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules.

During the Reporting Period and up to the date of this results announcement, the Company has complied with the code provisions set out in the CG Code contained in Appendix 14 to the Listing Rules, except for code provision C.2.1 as explained below.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The Company does not have a separate role for chairperson and chief executive officer and Mr. Zhu Jiangming currently performs these two roles. The Board believes that vesting the roles of both chairperson and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Company and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively.

DIVIDEND

The Board did not recommend the distribution of any interim dividend during the Reporting Period.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' dealing in the Company's securities.

Having made specific enquiries to all of the Directors of the Company, all Directors confirmed that they have fully complied with all relevant requirements set out in the Model Code during the Reporting Period and up to the date of this results announcement.

AUDIT COMMITTEE

The Audit Committee comprises Mr. Fu Yuwu, Dr. Huang Wenli and Ms. Drina C Yue, all of whom are independent non-executive Directors. The Audit Committee has reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2023.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

	Note	Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	2	5,813,134	5,081,523
Cost of sales	4	(6,154,894)	(6,400,366)
Gross loss		(341,760)	(1,318,843)
Selling expenses	4	(820,452)	(399,223)
Administrative expenses	4	(395,521)	(307,715)
Research and development expenses	4	(823,160)	(526,405)
Net impairment reversal/(losses) on financial and contract assets		802	(924)
Other income		56,170	45,467
Other (losses)/gains – net	3	(9,651)	14,125
Operating loss		(2,333,572)	(2,493,518)
Finance income		89,975	57,671
Finance costs		(35,292)	(11,966)
Finance income – net		54,683	45,705
Share of net profit of associates accounted for using the equity method		2,827	3,861
Loss before income tax		(2,276,062)	(2,443,952)
Income tax expense	5	(47)	–
Loss and total comprehensive loss for the period attributable to the equity holders of the Company		(2,276,109)	(2,443,952)
Loss per share attributable to the equity holders of the Company (in RMB)			
Basic and diluted loss per share	6	(1.99)	(2.42)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		3,441,183	3,207,746
Right-of-use assets		794,605	820,382
Intangible assets		445,809	446,631
Investment in associates accounted for using the equity method		33,202	30,375
Long-term bank time deposits		151,931	1,038,228
Other non-current assets		67,751	86,084
		4,934,481	5,629,446
Current assets			
Inventories	8	1,486,202	1,748,854
Trade and notes receivables	9	1,000,897	1,685,217
Contract assets	2	27,597	37,238
Other current assets		299,142	385,240
Financial assets at fair value through profit or loss		732,965	929,800
Short-term bank time deposits		1,232,960	80,823
Restricted cash		1,104,266	1,822,236
Cash and cash equivalents		7,108,124	6,948,994
		12,992,153	13,638,402
Total assets		17,926,634	19,267,848
EQUITY			
Share capital		1,142,706	1,142,706
Reserves		17,136,084	16,796,443
Accumulated losses		(11,956,409)	(9,680,300)
Total equity		6,322,381	8,258,849

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

		As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
	Note		
LIABILITIES			
Non-current liabilities			
Borrowings	10	1,344,818	773,276
Contract liabilities	2	137,484	117,505
Lease liabilities		256,183	268,931
Provisions		196,544	177,929
Deferred income		397,849	413,971
		<hr/> 2,332,878	<hr/> 1,751,612
Current liabilities			
Trade and notes payables	11	5,913,973	5,986,761
Other payables and accruals	12	1,661,023	1,762,711
Advances from customers		409,673	218,528
Contract liabilities	2	32,410	31,225
Borrowings		985,654	1,018,532
Lease liabilities		132,324	149,179
Provisions		136,318	90,451
		<hr/> 9,271,375	<hr/> 9,257,387
Total liabilities		<hr/> 11,604,253	<hr/> 11,008,999
Total equity and liabilities		<hr/> 17,926,634	<hr/> 19,267,848

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company			
	Share capital <i>RMB'000</i>	Reserves <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2022	1,011,887	10,789,743	(4,571,414)	7,230,216
Loss and total comprehensive loss for the period	—	—	(2,443,952)	(2,443,952)
	<u>1,011,887</u>	<u>10,789,743</u>	<u>(7,015,366)</u>	<u>4,786,264</u>
Transactions with equity holders				
Share-based payment	—	121,069	—	121,069
As at 30 June 2022 (Unaudited)	<u>1,011,887</u>	<u>10,910,812</u>	<u>(7,015,366)</u>	<u>4,907,333</u>
As at 1 January 2023	1,142,706	16,796,443	(9,680,300)	8,258,849
Loss and total comprehensive loss for the period	—	—	(2,276,109)	(2,276,109)
	<u>1,142,706</u>	<u>16,796,443</u>	<u>(11,956,409)</u>	<u>5,982,740</u>
Transactions with equity holders				
Share-based payment	—	339,641	—	339,641
As at 30 June 2023 (Unaudited)	<u>1,142,706</u>	<u>17,136,084</u>	<u>(11,956,409)</u>	<u>6,322,381</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Net cash generated from/(used in) operations	81,668	(624,017)
Interest received from cash at banks	70,131	42,873
Income taxes paid	(60)	–
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	151,739	(581,144)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	23,807	14,225
Payments for land use rights	(57,798)	–
Payments for property, plant and equipment	(531,241)	(727,277)
Payments for intangible assets	(11,251)	(25,393)
Government grants received in relation to acquisition of non-current assets	–	70,800
Proceeds from disposals of financial assets at fair value through profit or loss	567,809	2,949,581
Payments for financial assets at fair value through profit or loss	(350,000)	(2,635,000)
Payments for time deposits	(250,000)	(180,000)
Interest received from time deposits	4,003	3,526
	<hr/>	<hr/>
Net cash used in investing activities	(604,671)	(529,538)
Cash flows from financing activities		
Principal payments of lease liabilities	(17,052)	(75,110)
Net changes in restricted cash for the issuance of bank borrowings and note payables	124,460	(100,000)
Repayments of borrowings	(772,521)	(235,722)
Proceeds from borrowings	1,310,800	300,000
Interest paid for borrowings	(25,666)	(6,686)
Interest paid for lease liabilities	(9,241)	(6,208)
Payments for listing expenses	(578)	(3,865)
	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	610,202	(127,591)
Net increase/(decrease) in cash and cash equivalents	157,270	(1,238,273)
	<hr/>	<hr/>
Cash and cash equivalents at beginning of the period	6,948,994	4,337,967
Exchange gains/(losses) on cash and cash equivalents	1,860	(1,236)
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	7,108,124	3,098,458

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

Zhejiang Leapmotor Technology Co., Ltd. (“**Zhejiang Leapmotor**”, or the “**Company**”) and its subsidiaries (together, the “**Group**”) are principally engaged in the production, research and development and sales of new energy vehicles in the People’s Republic of China (the “**PRC**”).

Although the new energy vehicle market conditions is full of challenges in 2023, the Group remains well placed to grow revenues through the completion of the iteration of all models for sale in the first quarter of 2023 and launched 2023 new models on 1 March 2023. The Group has reviewed its exposure to climate-related and other emerging business risks, and has not identified any risks that could impact the financial performance or position of the Group as at 30 June 2023. The Group has sufficient headroom to enable it to conform to covenants on its existing borrowings and sufficient working capital and undrawn financing facilities to service its operating activities and ongoing investment commitments.

2 SEGMENT AND REVENUE INFORMATION

The Group is engaged in the production, research and development and sales of new energy vehicles in the PRC. The executive directors of the Company (i.e. the CODM) review the operating results of the Group’s business as one operating segment to make strategic decisions and resources allocation. Therefore, the Group regards that there is only one segment which is used to make strategic decisions.

(a) Revenue by geographical

During the six months ended 30 June 2023, apart from the business and operations conducted in Mainland China, the Group exported new energy vehicles and parts outside Mainland China. The following table shows the Group’s total consolidated revenue by location of the customers for the six months ended 30 June 2023 and 2022:

	Six months ended 30 June	
	2023	2022
	<i>RMB’000</i>	<i>RMB’000</i>
	(Unaudited)	(Unaudited)
Mainland China	5,754,852	5,081,523
Others	58,282	–
	<u>5,813,134</u>	<u>5,081,523</u>

2 SEGMENT AND REVENUE INFORMATION (CONTINUED)

(b) Revenue during the reporting period

Revenue mainly comprises sales of vehicles and parts and rendering of embedded services, which is net of rebate and discounts. An analysis of the Group's revenue by category for six months ended 30 June 2022 and 2023 is as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from customers and recognized at point in time		
Sales of vehicles and parts (i)	<u>5,803,226</u>	<u>5,078,343</u>
Revenue from customer and recognized over time		
Rendering of services	<u>9,908</u>	<u>3,180</u>
	<u>5,813,134</u>	<u>5,081,523</u>

(i) No revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

(c) Contract liabilities

The Group recognized the following contract liabilities related to the contracts with customers:

	As at	As at
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Non-current		
Rendering of services	<u>137,484</u>	<u>117,505</u>
Current		
Rendering of services	<u>32,410</u>	<u>31,225</u>
	<u>169,894</u>	<u>148,730</u>

The contract of sales of vehicles includes multiple embedded services (extended one-year or lifetime warranty, vehicle internet connection service, firmware over the air ("FOTA") upgrades and free lifetime roadside assistance service, free lifetime pick-up and delivery for maintenance, free charge card and free replacement of electric tailgate), which are separated from sales of vehicles and amortized during service periods.

2 SEGMENT AND REVENUE INFORMATION (CONTINUED)

(d) Unsatisfied performance obligations

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Aggregate amount of the transaction price allocated to performance obligations that are partially or fully unsatisfied as at end of period/year	<u>169,894</u>	<u>148,730</u>

Management expected that approximately RMB32,410,000 (31 December 2022: RMB31,225,000) of the transaction price allocated to unsatisfied performance obligations as at 30 June 2023 will be recognized as revenue within one year. The remaining amount of approximately RMB137,484,000 will be recognized during the upcoming seven years from 1 July 2024 (31 December 2022: RMB117,505,000 will be recognized during the upcoming seven years from 1 January 2024) (recognizing over eight-years since the deliveries of vehicles to respective customers).

(e) Contract assets

The Group recognized the following contract assets related to the contracts with customers:

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Contract assets	27,618	37,271
Loss allowance	(21)	(33)
	<u>27,597</u>	<u>37,238</u>

3 OTHER (LOSSES)/GAINS – NET

	Six months ended 30 June 2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
Net fair value gains on financial assets at FVPL	20,974	11,884
Net (losses)/gains on disposals of property, plant and equipment and right-of-use assets	(1,960)	2,215
Net foreign exchange losses	(26,761)	(1,236)
Other items	(1,904)	1,262
	<u>(9,651)</u>	<u>14,125</u>

4 EXPENSES BY NATURE

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Changes in inventories of finished goods	78,908	(14,395)
Raw materials and consumables used	5,655,527	5,862,645
(Reversal)/provision for impairment of inventories	(25,499)	130,480
Employee benefit expenses	1,254,024	811,792
Advertising and publicity expenses	466,901	231,524
Depreciation and amortization expenses	296,954	172,031
Warranty expenses	127,357	122,870
Design and development expenses	143,762	109,846
Freight expenses	60,511	76,347
Legal, consulting and other professional fees	26,632	28,516
Expenses relating to short-term leases and other lease components	24,547	10,876
Auditors' remuneration		
– Audit services	2,550	829
Listing expenses	–	22,741
Others	81,853	67,607
Total	<u>8,194,027</u>	<u>7,633,709</u>

5 INCOME TAX

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current income tax expense	<u>47</u>	<u>–</u>

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year.

The Group's principal applicable taxes and tax rates are as follows:

The Company's subsidiaries established and operated in Mainland China are subject to the PRC corporate income tax at the statutory rate of 25% (during the six months ended 30 June 2022: 25%) during the six months ended 30 June 2023.

The Company was entitled to a preferential income tax rate of 15% (during the six months ended 30 June 2022: 15%) during the six months ended 30 June 2023. The Company obtained its High and New Technology Enterprises ("HNTE") status in year 2018, hence is entitled to a preferential tax rate of 15% for a three-year period commencing 2018. This status is subject to a requirement that the Company reapply for HNTE status every three years. The Company re-applied for HNTE status and the application was approved for another three-year period commencing 2021.

5 INCOME TAX (CONTINUED)

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC, from 2021 onwards enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year (the “**Super Deduction**”).

The Company’s subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at a rate of 16.5% (for the six months ended 30 June 2022: 16.5%) for the six months ended 30 June 2023.

6 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss of the Group attribute to owners of the Company by weighted average number of ordinary shares issued during the six months ended 30 June 2022 and 2023.

	Six months ended 30 June	
	2023	2022
	<i>RMB’000</i>	<i>RMB’000</i>
	(Unaudited)	(Unaudited)
Loss attributable to the ordinary equity holders of the company	(2,276,109)	(2,443,952)
Weighted average number of ordinary shares in issue (in thousand)	<u>1,142,706</u>	<u>1,011,887</u>
Basic loss per share (expressed in RMB per share)	<u>(1.99)</u>	<u>(2.42)</u>

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During six months ended 30 June 2023, the Group had potential ordinary shares, including restricted shares and share options issued under the Company’s share incentive plan. As the Group incurred losses for the six months ended 30 June 2023, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the six months ended 30 June 2023 are the same as basic loss per share (for the six months ended 30 June 2022: the same as basic loss per share).

7 DIVIDEND

No dividend had been declared or paid by the Company during the six months ended 30 June 2023 (for the six months ended 30 June 2022: nil).

8 INVENTORIES

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Raw materials and spare parts	985,553	1,194,796
Finished goods	<u>828,683</u>	<u>907,591</u>
	<u>1,814,236</u>	<u>2,102,387</u>
Less: provisions for impairment of raw materials	(183,937)	(170,824)
Less: provisions for impairment of finished goods	<u>(144,097)</u>	<u>(182,709)</u>
	<u>(328,034)</u>	<u>(353,533)</u>
	<u>1,486,202</u>	<u>1,748,854</u>

Raw materials primarily consist of materials for volume production which will be transferred into production cost when incurred as well as spare parts used for after sales services.

Finished goods include vehicles ready for transit at production plants, vehicles in transit to fulfil customers' orders, new vehicles available for immediate sales at the Group's sales and servicing center locations.

During the six months ended 30 June 2023, inventories recognized as cost of sales amounted to approximately RMB5,384,549,000 (during the six months ended 30 June 2022: RMB5,484,239,000) and the provision for impairment of inventories as recognized amounted to approximately RMB286,448,000 (during the six months ended 30 June 2022: RMB445,115,000). All these expenses and impairment charge have been included in "cost of sales" in the consolidated statement of comprehensive loss.

During the six months ended 30 June 2023, the provision for impairment of inventories as utilized upon the Group's ultimate sales of the related vehicles/parts amounted to approximately RMB311,947,000 (during the six months ended 30 June 2022: RMB314,635,000) and there was not any reversal of over-provision recognized in profit or loss.

9 TRADE AND NOTES RECEIVABLES

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Notes receivables	–	509
Trade receivables		
Government subsidies receivables for promotion of new energy vehicles	969,556	1,654,586
Due from customers	32,161	31,716
Gross trade receivables	1,001,717	1,686,302
Provisions for impairment	(820)	(1,594)
	1,000,897	1,684,708
Total	1,000,897	1,685,217

As at 31 December 2022 and 30 June 2023, the aging analysis of the trade receivables based on date of recognition is as follows:

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Up to 6 months	41,711	570,491
6 months to 1 year	538,478	527,389
1 to 2 years	421,528	483,965
2 to 3 years	–	104,457
	1,001,717	1,686,302

As at 31 December 2022 and 30 June 2023, trade receivables with aging of more than one year are mainly government subsidies receivables for promotion of new energy vehicles.

10 BORROWINGS

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Borrowings included in non-current liabilities:		
Bank borrowings, secured (a)	1,085,318	425,276
Bank borrowings, unsecured and unguaranteed (b)	97,000	98,000
Other borrowings, secured (c)	162,500	250,000
	<u>1,344,818</u>	<u>773,276</u>
Borrowings included in current liabilities:		
Bank borrowings, secured (d)	400,000	300,000
Bank borrowings, unsecured and unguaranteed (e)	200,000	–
Current portion of long-term borrowings (a)(b)(c)	381,364	714,627
Interest payables	4,290	3,905
	<u>985,654</u>	<u>1,018,532</u>
Total borrowings	<u>2,330,472</u>	<u>1,791,808</u>

- (a) As at 30 June 2023, the Group has the long-term bank borrowings with the total amount of approximately RMB1,464,682,000 (31 December 2022: RMB887,903,000), of which approximately RMB79,364,000 (31 December 2022: RMB462,627,000) will be due within one year from the balance sheet date.

As at 30 June 2023, the Group's long-term bank borrowings bear interests at floating interest rates ranging from 3.15% to 3.75% per annum, and were secured by the pledge of the Group's buildings with an amount of approximately RMB436,390,000, land use rights with an amount of approximately RMB108,663,000 and restricted cash with an amount of RMB313,400,000.

As at 31 December 2022, the Group's long-term bank borrowings of approximately RMB887,903,000 with the effective interest rate ranged from 3.5% to 4.85% per annum were secured by pledge of the Group's restricted cash with the amount of RMB610,000,000, the long-term bank time deposits with the amount of RMB300,000,000 and the land use right with the carrying value of approximately RMB25,149,000.

- (b) As at 30 June 2023, the effective fixed interest rate of the long-term unsecured and unguaranteed borrowing from a PRC bank with the amount of RMB99,000,000 (31 December 2022: RMB100,000,000) was 3.9% (31 December 2022: 3.9%) per annum. Borrowings of RMB2,000,000 (31 December 2022: RMB2,000,000) will be due within one year.
- (c) As at 30 June 2023, the Group had 24-month borrowings with a total amount of RMB600,000,000 (31 December 2022: RMB500,000,000) with two finance leasing companies, obtained through sales and leaseback arrangements, whereby certain property, plant and equipment of the Group were sold and leased back over a 24-month lease term. The Group has the option to re-acquire the property, plant and equipment upon the completion of the leases at an insignificant nominal value. During such lease term and before the exercise of the completion repurchase options, such property, plant and equipment were effectively pledged as security for the borrowings and were restricted under the agreements where lessors' consent must be obtained for the pledge or disposal of these assets. The long-term borrowings have effective interest rates ranging from 5% to 5.1% (31 December 2022: 5% to 5.1%) per annum and was pledged by the property, plant and equipment with the carrying amount of approximately RMB563,620,000 (31 December 2022: RMB513,992,000). As at 30 June 2023, borrowings of RMB137,500,000 (31 December 2022: nil) has been repaid and of RMB300,000,000 (31 December 2022: RMB250,000,000) will be due within one year.

10 BORROWINGS (CONTINUED)

- (d) As at 30 June 2023, the Group had three secured short-term borrowings from a PRC bank with amounts totalling RMB400,000,000 (31 December 2022: RMB300,000,000), and the effective interest ranging from 1.65% to 1.70% (31 December 2022: 1.62% to 1.69%) per annum. The aforementioned borrowings were secured by pledge of the Group's short-term bank time deposit with the amount of RMB200,000,000 (31 December 2022: nil), the Group's restricted cash with the amount of RMB100,000,000 (31 December 2022: nil) and the Group's financial assets at FVPL with the amount of RMB100,000,000 (31 December 2022: RMB465,000,000).
- (e) As at 30 June 2023, the effective fixed interest rate of the short-term unsecured and unguaranteed borrowing from a PRC bank with the amount of RMB200,000,000 (31 December 2022: nil) was 3.2% per annum.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates or maturity date, whichever is earlier, were as follows:

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Less than 6 months	601,807	552,704
Between 6 and 12 months	379,557	461,923
Between 1 and 2 years	623,955	440,628
Between 2 and 5 years	606,659	191,096
Over 5 years	114,204	141,552
	<u>2,326,182</u>	<u>1,787,903</u>

The fair values of current borrowings approximate their carrying amount as the discounting impact is not significant.

The fair values of non-current borrowings as at 31 December 2022 and 30 June 2023 were disclosed as follows:

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Non-current borrowings	<u>1,341,313</u>	<u>768,096</u>

As at 31 December 2022 and 30 June 2023, the Group has the following undrawn bank facilities:

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
RMB facilities	<u>1,800,799</u>	<u>895,830</u>

11 TRADE AND NOTES PAYABLES

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Trade payables		
– Payables for materials	3,789,956	2,345,688
Notes payables		
– Payables for materials	<u>2,124,017</u>	<u>3,641,073</u>
	<u>5,913,973</u>	<u>5,986,761</u>

As at 30 June 2023, the notes payables have maturity terms ranging from 3 to 6 months and the issuance of these notes payables are guaranteed by certain restricted cash.

The carrying amounts of trade payables approximate their fair values due to their short-term maturity in nature.

The aging analysis of the trade payables based on purchase date is as follows:

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Up to 6 months	3,681,127	2,317,173
6 months to 1 year	89,830	20,070
1 to 2 years	16,478	7,137
2 to 3 years	2,145	371
Over 3 years	<u>376</u>	<u>937</u>
	<u>3,789,956</u>	<u>2,345,688</u>

12 OTHER PAYABLES AND ACCRUALS

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Accrued expenses		
– Advertising and publicity expense	537,674	308,127
– Rebate payables	235,177	354,542
– Freight expenses	45,986	60,888
Payroll and welfare payables	303,167	311,385
Payables for purchases of property, plant and equipment	250,980	328,120
Deposit from suppliers and distributors	121,596	138,207
Payables for design and development services	97,267	165,871
Other taxes payables	43,651	27,850
Payables for listing expenses	8,460	12,410
Others	17,065	55,311
	<u>1,661,023</u>	<u>1,762,711</u>

13 BASIS OF PREPARATION

This interim condensed consolidated financial report for the six months ended 30 June 2023 has been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2022 and any public announcements made by the Group during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax (see note 5) and the adoption of new and amended standards as set out below.

13 BASIS OF PREPARATION (CONTINUED)

13.1 New standards and interpretations

(a) *New or amended standards adopted by the Group*

A number of new or amended standards became applicable for the current reporting period. The Group assessed the adoption of these new and amended standards and concluded that they did not have a significant impact on the Group's interim results and financial position.

Standards and amendments	Key requirements	Effective for annual periods beginning on or after
IFRS 17	Insurance Contracts	1 January 2023
IAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
IAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IAS 1 and IFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023

(b) *Impact of standards issued but not yet applied by the entity*

The followings are new or amended standards that have been issued but are not effective for the financial year beginning on 1 January 2023 and have not been early adopted by the Group. The Group plans to adopt these new or amended standards when they become effective:

Standards	Key requirements	Effective for annual periods beginning on or after
IAS 1 (Amendments)	Non-current liabilities with covenants	1 January 2024
IFRS 16 (Amendments)	Lease liability in sale and leaseback	1 January 2024
IFRS 10 and IAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards. According to the preliminary assessment made by the Group, no significant impact on the financial performance and positions of the Group is expected when they become effective.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement has been published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.leapmotor.com. The interim report of the Company will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Company's shareholders in due course.

RESULTS CONFERENCE CALL

The management of the Company will host a conference call in relation to the interim results of the Group for the six months ended 30 June 2023 (the "**Results Conference Call**") through webcast at 7:00 p.m. on Friday, 25 August 2023 (Beijing/Hong Kong time).

Investors who wish to attend the Results Conference Call shall complete registration online through the following link at least 20 minutes prior to the commencement time of the Results Conference Call: <https://ir.leapmotor.com/zh-hans/active>. The Company will facilitate channels for investors to raise questions before the Results Conference Call. Investors may submit relevant questions to the designated email address for collecting the questions regarding the Results Conference Call: ir@leapmotor.com. The latest time for the collection through emails will be 7:00 p.m. on Friday, 25 August 2023 (Beijing/Hong Kong time). The questions which are of common concern to the investors will be answered by the Company on the Results Conference Call.

Investors may revisit the webcast and audio recording of the Results Conference Call at the following website: <https://ir.leapmotor.com/zh-hans/active>.

ABOUT THE COMPANY

The Company is an NEV company based in China that possesses full-suite R&D capabilities in NEV's core technologies. The Company designs, develops, manufactures and sells NEVs, and at the same time develops and produces EIC core components and provides vehicle internet solutions based on cloud computing. With an aim to maximize user value, it strives to provide products and services which deliver superior experience beyond expectation. Since 2019, the Company has mass-produced four EV models, including electric sedan S01, smart BEV T03, best-in-class smart electric SUV C11 and deluxe smart electric sedan C01. In 2023, the Company began to mass produce and deliver extended-range versions of SUVs, and the extended-range version of C11 has ultra-long range on a single charge. In the coming years, the Company will launch more new models of BEV and extended-range versions to meet various needs of users.

The Company’s shareholders and potential investors should note that this announcement includes forward-looking statements, including, without limitation, those regarding our future financial position, strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate. These forward-looking statements can be identified by terminology such as “will,” “expect,” “anticipate,” “aim,” “future,” “intend,” “plan,” “believe,” “estimate,” “could,” and similar statements. These forward-looking statements are based on some assumptions regarding our present and future business strategies and the environment in which we will operate in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. All information provided in this announcement is as of the date of this announcement, and the Company does not accept any responsibility or obligation to update any of the forward-looking statements, except as required under applicable laws.

The Company’s shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Zhejiang Leapmotor Technology Co., Ltd.
Mr. Zhu Jiangming
*Founder, Chairperson of the Board and
Chief Executive Officer*

Hong Kong, 25 August 2023

As at the date of this announcement, the Board comprises Mr. Zhu Jiangming, Mr. Wu Baojun and Mr. Cao Li as executive Directors; and Mr. Jin Yufeng as a non-executive Director; and Mr. Fu Yuwu, Dr. Huang Wenli and Ms. Drina C Yue as independent non-executive Directors.