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吉利汽車控股有限公司

## GEELY AUTOMOBILE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

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

### ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

#### FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Change %
	2024 (Unaudited)	2023 (Unaudited)	
Revenue (RMB'000)	107,305,450	73,181,745	47
Gain on deemed disposal of subsidiaries and impairment loss on assets classified as held for sale (RMB'000)	7,469,663	–	N/A
Profit attributable to the equity holders of the Company (RMB'000)	10,597,868	1,570,728	575
Earnings per share			
Basic (RMB cents)	104.59	14.91	601
Diluted (RMB cents)	103.88	14.75	604
Total sales volume (Units) (Note 2)	955,730	677,920	41
	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)	
Total assets (RMB'000)	197,017,141	192,597,681	2
Equity attributable to the equity holders of the Company (RMB'000)	89,624,643	80,508,824	11
Net assets per share attributable to the equity holders of the Company (RMB)	8.91	8.00	11
<i>Notes:</i>			
1.	At a meeting of the Board held on 21 August 2024, the Board resolved not to pay an interim dividend to the Company's shareholders (2023: Nil).		
2.	Although the total sales volume is not directly correlated to the revenue recognised by the Group during a specific period as it includes all sales volume of 領克汽車科技有限公司 (LYNK & CO Automotive Technology Co., Ltd.) (formerly known as 領克投資有限公司 (LYNK & CO Investment Co., Ltd.)) on a 100% consolidated basis, the Board believes it better reflects the potential demand for the Group's vehicles.		

## 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 (the “**Group**”) for the six months ended 30 June 2024. These interim results have been reviewed by the Company’s Audit Committee, comprising solely the independent non-executive directors, one of whom chairs the committee, and the Company’s auditor, Grant Thornton Hong Kong Limited.

### CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Note	Six months ended 30 June	
		2024 RMB’000 (Unaudited)	2023 RMB’000 (Unaudited)
<b>Revenue</b>	3	<b>107,305,450</b>	73,181,745
Cost of sales		<b>(91,084,564)</b>	(62,641,253)
<b>Gross profit</b>		<b>16,220,886</b>	10,540,492
Other gains/(losses), net	4	<b>876,726</b>	640,229
Distribution and selling expenses		<b>(6,327,005)</b>	(4,767,790)
Administrative expenses		<b>(6,916,431)</b>	(4,867,108)
(Impairment loss)/Reversal of impairment loss on trade and other receivables	5(c)	<b>(38,053)</b>	59,265
Impairment loss on non-financial assets	5(c)	<b>(239,708)</b>	–
Share-based payments		<b>(1,279,265)</b>	(436,429)
Finance income, net	5(a)	<b>424,374</b>	160,749
Share of results of associates		<b>331,801</b>	132,676
Share of results of joint ventures		<b>416,929</b>	12,016
Gain on deemed disposal of subsidiaries and impairment loss on assets classified as held for sale	21	<b>7,469,663</b>	–
<b>Profit before taxation</b>	5	<b>10,939,917</b>	1,474,100
Taxation	6	<b>(556,307)</b>	(200,592)
<b>Profit for the period</b>		<b>10,383,610</b>	1,273,508
<b>Attributable to:</b>			
Equity holders of the Company		<b>10,597,868</b>	1,570,728
Non-controlling interests		<b>(214,258)</b>	(297,220)
<b>Profit for the period</b>		<b>10,383,610</b>	1,273,508
<b>Earnings per share</b>			
Basic	8	<b>RMB104.59 cents</b>	RMB14.91 cents
Diluted	8	<b>RMB103.88 cents</b>	RMB14.75 cents

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2024**

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit for the period</b>	<b>10,383,610</b>	1,273,508
<b>Other comprehensive income/(expense):</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	190,108	3,410
Income tax effect	(48,045)	(783)
– Share of other comprehensive income of associates and joint venture, net of related income tax	(81,003)	18,815
– Exchange differences on translation of financial statements of foreign operations	(11,492)	(80,228)
– Reclassification adjustment on fair value recycling released on disposal of subsidiaries	2,006	–
Item that will not be reclassified subsequently to profit or loss:		
– Equity investments at FVOCI		
Change in fair value	(38,241)	(29,024)
<b>Other comprehensive income/(expense) for the period, net of tax</b>	<b>13,333</b>	(87,810)
<b>Total comprehensive income for the period</b>	<b>10,396,943</b>	1,185,698
<b>Attributable to:</b>		
Equity holders of the Company	10,595,143	1,506,117
Non-controlling interests	(198,200)	(320,419)
<b>Total comprehensive income for the period</b>	<b>10,396,943</b>	1,185,698

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
AS AT 30 JUNE 2024

	<i>Note</i>	As at <b>30 June 2024</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2023 <i>RMB'000</i> <b>(Audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	27,448,564	27,350,540
Intangible assets	10	26,327,992	23,919,814
Land lease prepayments		3,579,252	3,600,084
Goodwill		34,218	34,218
Interests in associates	11	5,668,652	5,971,984
Interests in joint ventures	12	26,596,698	9,730,978
Trade and other receivables	14	4,917,461	1,895,664
Financial assets at FVOCI		79,504	117,746
Deferred tax assets		7,267,525	6,341,753
		<u>101,919,866</u>	<u>78,962,781</u>
<b>Current assets</b>			
Inventories	13	13,335,867	15,422,219
Trade and other receivables	14	35,355,175	42,710,734
Income tax recoverable		421,602	164,412
Restricted bank deposits		2,892,117	943,433
Bank balances and cash		41,487,826	35,745,963
		<u>93,492,587</u>	<u>94,986,761</u>
Assets classified as held for sale	21	1,604,688	18,648,139
		<u>95,097,275</u>	<u>113,634,900</u>
<b>Current liabilities</b>			
Trade and other payables	15	88,481,010	87,398,188
Derivative financial instruments		229,935	12,702
Lease liabilities		753,594	753,611
Bank borrowings	16	30,000	–
Income tax payable		673,670	774,408
		<u>90,168,209</u>	<u>88,938,909</u>
Liabilities directly associated with assets classified as held for sale	21	–	7,885,018
		<u>90,168,209</u>	<u>96,823,927</u>
<b>Net current assets</b>		<u>4,929,066</u>	<u>16,810,973</u>
<b>Total assets less current liabilities</b>		<u>106,848,932</u>	<u>95,773,754</u>

		As at <b>30 June 2024</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
<b>CAPITAL AND RESERVES</b>			
Share capital	19	183,807	183,807
Perpetual capital securities	20	3,413,102	3,413,102
Reserves		<u>86,027,734</u>	<u>76,911,915</u>
<b>Equity attributable to equity holders of the Company</b>		<b>89,624,643</b>	80,508,824
<b>Non-controlling interests</b>		<u>6,553,354</u>	<u>4,642,674</u>
<b>Total equity</b>		<u>96,177,997</u>	<u>85,151,498</u>
<b>Non-current liabilities</b>			
Trade and other payables	15	2,863,971	2,721,668
Lease liabilities		1,976,568	1,906,338
Bank borrowings	16	3,320,400	2,840,240
Loan from a related company	17	450,000	1,100,000
Bonds payable	18	1,500,000	1,500,000
Deferred tax liabilities		<u>559,996</u>	<u>554,010</u>
		<u>10,670,935</u>	<u>10,622,256</u>
		<u>106,848,932</u>	<u>95,773,754</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2024**

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash flows from operating activities</b>			
Profit before taxation		<b>10,939,917</b>	1,474,100
Adjustments for non-cash items		<b>(3,278,858)</b>	4,223,921
Operating profit before working capital changes		<b>7,661,059</b>	5,698,021
Net changes in working capital		<b>8,410,455</b>	6,532,670
Cash generated from operations		<b>16,071,514</b>	12,230,691
Income taxes paid		<b>(1,919,612)</b>	(1,531,719)
<i>Net cash generated from operating activities</i>		<b>14,151,902</b>	10,698,972
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		<b>(2,083,982)</b>	(2,261,472)
Additions of intangible assets		<b>(4,915,928)</b>	(4,843,469)
Additions of land lease prepayments		<b>(15,028)</b>	(115,127)
Proceeds from disposal of property, plant and equipment, intangible assets and land lease prepayments		<b>178,716</b>	129,390
Net cash outflow on acquisition of a subsidiary		–	(193,198)
Net cash outflow on deemed disposal of subsidiaries	21	<b>(3,140,476)</b>	–
Dividend received from associates		<b>136,096</b>	220,387
Proceeds from disposal of an associate		<b>504,000</b>	–
Additional/initial capital injection in associates		–	(1,081,000)
Additional/initial capital injection in joint ventures		–	(355,825)
Acquisition of a loan to an associate		–	(387,354)
Loan repayment from an associate		<b>431,425</b>	–
Advance to a joint venture		–	(100,000)
Change in restricted and pledged bank deposits		<b>(1,751,084)</b>	(407,438)
Interest received		<b>585,662</b>	408,792
<i>Net cash used in investing activities</i>		<b>(10,070,599)</b>	(8,986,314)

		<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash flows from financing activities</b>			
Distribution paid on perpetual capital securities	7	(72,402)	(71,064)
Dividends paid to non-controlling interests		(53,235)	–
Capital contribution from non-controlling interests		–	5,204,460
Proceeds from issuance of ordinary shares of ZEEKR for ZEEKR Offering (as defined in note 7)		1,517,719	–
Proceeds from bank borrowings		611,447	–
Repayment of bonds payable	18	–	(2,068,422)
Advance from a related company		3,000,000	1,898,730
Repayment to a related company		(3,650,000)	(6,698,730)
Payment of lease liabilities		(440,138)	(296,312)
Interest paid		(364,495)	(174,885)
		<u>548,896</u>	<u>(2,206,223)</u>
<i>Net cash generated from/(used in) financing activities</i>			
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>4,630,199</b>	<b>(493,565)</b>
Cash and cash equivalents at the beginning of the period		36,775,293	33,341,339
Effect of foreign exchange rate changes		82,334	39
		<u>41,487,826</u>	<u>32,847,813</u>
<b>Cash and cash equivalents at the end of the period, represented by bank balances and cash</b>			

## NOTES

### 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 21 August 2024.

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 2023.

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

#### **Amended HKFRSs that are effective for annual periods beginning on 1 January 2024**

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 2023, except for the adoption of the following amended HKFRSs effective as of 1 January 2024.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except for the matters mentioned below, the adoption of the amended HKFRSs had no material impact on the preparation and presentation of the results and financial position for the current and prior periods.



## **Amendments to HKAS 7 and HKFRS 7 “Supplier Finance Arrangements”**

The amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangement (“SFA”) and require additional disclosures to enhance the transparency of SFAs and their effects on an entity’s liabilities, cash flows and exposure to liquidity risk. The additional disclosures required by the amendments complement the existing disclosures in HKAS 7 and HKFRS 7.

As permitted by the transition relief in the amendments, entities are not required to disclose the required information in the interim report for any interim period ending or before 31 December 2024. Therefore, the amendments had no impact on the condensed consolidated interim financial statements of the Group.

### **Issued but not yet effective HKFRSs**

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKAS 21	Lack of exchangeability <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025

<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 assessing the expected impact of these developments during the period of initial application. So far, it has concluded that their adoption is unlikely to have a material impact on the Group’s condensed consolidated interim financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

#### Revenue

Revenue represents sales of automobiles, automobile parts and components, battery packs and related parts, provision of collaborative manufacturing services, provision of research and development and related technological support services and licensing of intellectual properties, net of value-added taxes (“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>2024</b>	<b>2023</b>
	<b>RMB’000</b>	<b>RMB’000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<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>87,479,658</b>	60,284,330
– Sales of automobile parts and components	<b>6,930,780</b>	4,100,887
– Sales of battery packs and related parts	<b>9,324,178</b>	5,954,587
– Research and development and related technological support services	<b>3,274,555</b>	1,883,870
– Licensing of intellectual properties	<b>94,325</b>	823,385
– Collaborative manufacturing income	<b>201,954</b>	134,686
	<b><u>107,305,450</u></b>	<b><u>73,181,745</u></b>
<b>Disaggregated by timing of revenue recognition</b>		
– At a point in time	<b>103,906,591</b>	71,206,671
– Over time	<b>3,398,859</b>	1,975,074
	<b><u>107,305,450</u></b>	<b><u>73,181,745</u></b>

#### 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 collaborative manufacturing 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.

## 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	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Customer A <sup>#</sup>	<b>16,131,081</b>	11,904,647

<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	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Government grants and subsidies ( <i>note</i> )	<b>409,266</b>	313,835
Net foreign exchange gain/(loss)	<b>141,950</b>	(114,584)
Net realised and unrealised loss on derivative financial instruments	<b>(426,927)</b>	(44,081)
Logistics service income	<b>180,351</b>	127,790
Gain on deemed disposal/disposal of investment accounted for using the equity method	<b>172,086</b>	10,208
Net gain/(loss) on disposal/written off of property, plant and equipment, intangible assets and land lease prepayments	<b>97,241</b>	(55,235)
Quality management and information technology service income	<b>46,355</b>	54,034
Gain on disposal of scrap materials	<b>44,020</b>	27,441
Export service income	<b>31,352</b>	8,497
Replacement service income	<b>13,480</b>	10,405
Rental income	<b>8,644</b>	2,168
Gain on written off of long outstanding payable	<b>–</b>	45,153
Sundry income	<b>158,908</b>	254,598
	<b>876,726</b>	640,229

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

## 5. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>(a) Finance income and costs</b>		
<b>Finance costs</b>		
Interest on bank and other borrowings	139,543	75,596
Interest on discounted notes receivable	534	4,065
Interest on lease liabilities	51,003	31,745
Interest on loan from a related company	33,988	156,178
	<u>225,068</u>	<u>267,584</u>
<b>Finance income</b>		
Bank and other interest income	<u>(649,442)</u>	<u>(428,333)</u>
<b>Net finance income</b>	<u><u>(424,374)</u></u>	<u><u>(160,749)</u></u>
<b>(b) Staff costs (including directors' emoluments) (note (a))</b>		
Salaries, wages and other benefits	4,962,627	3,557,247
Retirement benefit scheme contributions (note (b))	313,198	266,367
Equity settled share-based payments	1,279,265	436,429
	<u>6,555,090</u>	<u>4,260,043</u>

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>(c) Other items</b>		
Depreciation ( <i>note (a)</i> ):		
– Owned assets	<b>1,517,496</b>	1,530,960
– Right-of-use assets (including land lease prepayments)	<b>520,382</b>	380,028
<b>Total depreciation</b>	<b>2,037,878</b>	1,910,988
Impairment loss on non-financial assets:		
– Property, plant and equipment	<b>98,143</b>	–
– Intangible assets	<b>87,822</b>	–
– Inventories	<b>53,743</b>	–
<b>Total impairment loss on non-financial assets</b>	<b>239,708</b>	–
Amortisation of intangible assets (related to capitalised product development costs)	<b>2,129,791</b>	2,146,394
Research and development costs	<b>2,423,592</b>	843,808
Cost of inventories recognised as an expense ( <i>note (a)</i> )	<b>88,330,783</b>	60,681,865
Impairment loss/(Reversal of impairment loss) on trade and other receivables	<b>38,053</b>	(59,265)
Lease charges on short term leases	<b>118,119</b>	77,232
Net (gain)/loss on disposal/written off of property, plant and equipment, intangible assets and land lease prepayments	<b>(97,241)</b>	55,235
Net foreign exchange (gain)/loss	<b>(141,950)</b>	114,584

*Notes:*

- (a) Cost of inventories included RMB3,498,524,000 (six months ended 30 June 2023: RMB3,003,670,000) 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 2024, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future periods/years (as at 31 December 2023: RMBNil).

## 6. TAXATION

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Current tax:</b>		
– PRC enterprise income tax	1,312,713	1,087,911
– Under-provision/(Over-provision) in prior years	<u>218,268</u>	<u>(20,617)</u>
	1,530,981	1,067,294
<b>Deferred tax</b>	<u>(974,674)</u>	<u>(866,702)</u>
	<u>556,307</u>	<u>200,592</u>

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 2024 and 2023.

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 2023: 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 2024 and 2023.

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 2024 and 2023.

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 2023 of Hong Kong dollars (“HK\$”) 0.22 (six months ended 30 June 2023: HK\$0.21) per ordinary share, amounting to approximately RMB2,050,555,000 (six months ended 30 June 2023: RMB1,915,763,000), has been declared and approved by the shareholders at the annual general meeting of the Company. The 2023 final dividend was paid in July 2024 and reflected as dividends payable in this announcement.

In addition, the Company made a distribution on perpetual capital securities of RMB72,402,000 (six months ended 30 June 2023: RMB71,064,000) to the securities holders during the six months ended 30 June 2024.

Moreover, in May 2024, ZEEKR Intelligent Technology Holding Limited (“ZEEKR”), a subsidiary of the Company, was spin-off and separately listed its American Depositary Shares (“ADSs”) on the New York Stock Exchange (the “ZEEKR Offering”). Pursuant to Practice Note 15 of the Listing Rules, in connection with the ZEEKR Offering, the Company resolved on 16 May 2024 to declare a special dividend of approximately HK\$75,208,000 (equivalent to approximately RMB69,853,000) to the Company’s qualifying shareholders for a certain portion of the ADSs of ZEEKR, by way of a distribution in specie, or cash distribution (“Special Dividend Distribution”). The Special Dividend Distribution was approved by the shareholders at the extraordinary general meeting of the Company on 18 June 2024. Please refer to the Company’s announcements dated 16 May 2024 and 18 June 2024 for further details.

Specifically, approximately HK\$75,000,000 and 1,266 ADSs of ZEEKR (equivalent to 12,660 ordinary shares of ZEEKR) would be distributed to the Company’s qualifying shareholders in mid-September 2024 and early August 2024, respectively. The Special Dividend Distribution of HK\$75,000,000 (equivalent to approximately RMB69,661,000) has been recognised as dividends payable in this announcement.

## 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 RMB10,525,466,000 (six months ended 30 June 2023: RMB1,499,664,000) and weighted average number of ordinary shares of 10,063,382,383 shares (six months ended 30 June 2023: 10,056,973,786 shares), calculated as follows:

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

	Six months ended 30 June	
	2024	2023
	RMB’000	RMB’000
	(Unaudited)	(Unaudited)
Profit for the period attributable to equity holders of the Company	10,597,868	1,570,728
Distribution paid on perpetual capital securities ( <i>note 7</i> )	(72,402)	(71,064)
Profit for the period attributable to ordinary equity holders of the Company	<u>10,525,466</u>	<u>1,499,664</u>

*Weighted average number of ordinary shares (basic)*

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares (basic) at 1 January and 30 June	<b><u>10,063,382,383</u></b>	<u>10,056,973,786</u>

**(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 RMB10,525,466,000 (six months ended 30 June 2023: RMB1,499,664,000) and the weighted average number of ordinary shares (diluted) of 10,132,799,383 shares (six months ended 30 June 2023: 10,167,585,286 shares), calculated as follows:

*Weighted average number of ordinary shares (diluted)*

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares (basic) at 30 June	<b>10,063,382,383</b>	10,056,973,786
Effect of dilutive potential ordinary shares arising from award shares issued under the Company's share award scheme	<b><u>69,417,000</u></b>	<u>110,611,500</u>
Weighted average number of ordinary shares (diluted) at 30 June	<b><u>10,132,799,383</u></b>	<u>10,167,585,286</u>



## 9. PROPERTY, PLANT AND EQUIPMENT

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

	As at <b>30 June</b> <b>2024</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
<b>Net carrying amount</b>		
At the beginning of the period/year	27,350,540	32,201,419
Lease reassessment	156,774	–
Additions	2,295,652	7,335,379
Acquisition through business combination	–	2,240,675
Disposals/written off	(227,038)	(566,086)
Early termination of leases	(22,706)	(198,927)
Depreciation	(1,991,344)	(3,660,600)
Impairment losses	(98,143)	(205,456)
Exchange realignment	(15,171)	14,427
Reclassified as held for sale ( <i>note 21</i> )	–	(9,810,291)
	<u>27,448,564</u>	<u>27,350,540</u>
At the end of the period/year	<u>27,448,564</u>	<u>27,350,540</u>

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 2023: one to eighteen years). The Group generally makes fixed payments during the contract period. During the six months ended 30 June 2024, the total additions to right-of-use assets were RMB392,055,000 (six months ended 30 June 2023: RMB286,001,000).

As at 30 June 2024, the aggregate carrying amount of the Group's right-of-use assets in relation to the buildings and motor vehicles are RMB2,625,868,000 (as at 31 December 2023: RMB2,671,404,000).

## 10. INTANGIBLE ASSETS

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

	As at <b>30 June</b> <b>2024</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
<b>Net carrying amount</b>		
At the beginning of the period/year	23,919,814	22,547,705
Additions	4,636,072	10,678,425
Acquisition through business combination	–	1,965
Amortisation	(2,129,791)	(4,449,212)
Impairment losses	(87,822)	–
Disposal	(10,281)	–
Reclassified as held for sale ( <i>note 21</i> )	–	(4,859,069)
	<u>26,327,992</u>	<u>23,919,814</u>
At the end of the period/year	<u>26,327,992</u>	<u>23,919,814</u>

## 11. INTERESTS IN ASSOCIATES

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Cost of unlisted investments	<b>3,461,370</b>	3,992,076
Share of post-acquisition results and other comprehensive income (including reserves)	<b>460,897</b>	233,523
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)
	<b><u>5,668,652</u></b>	<b><u>5,971,984</u></b>

Details of the Group's interests in associates as at 30 June 2024 and 31 December 2023, 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 2024	As at 31 December 2023	
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	The PRC	Incorporated	United States dollars ("US\$") 85,000,000	<b>35%</b>	35%	Manufacturing of key components and electronic devices of automobile chassis
Closed Joint Stock Company BELGEE	The Republic of Belarus ("Belarus")	Incorporated	Belarusian Ruble 234,535,000	<b>36.7%</b>	36.7%	Production, marketing and sales of vehicles
PT Geely Mobil Indonesia	The Republic of Indonesia	Incorporated	US\$3,260,200	<b>30%</b>	30%	Production, marketing and sales of vehicles
Times Geely Power Battery Company Limited <sup>#</sup> 時代吉利動力電池有限公司 ("Times Geely")	The PRC	Incorporated	RMB501,000,000	<b>49%</b>	49%	Research and development, manufacturing and sales of battery cells, battery modules and battery packs

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 2024	As at 31 December 2023	
Zhejiang Haohan Energy Technology Company Limited <sup>#</sup> 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 <sup>#</sup> 無錫星驅科技有限公司 (“Wuxi Xingqu”)	The PRC	Incorporated	RMB70,000,000 (as at 31 December 2023: RMB61,250,000)	24.15%	27.6%	Research and development of automobile parts and components
Zhejiang Shuangli Automobile Intelligent Technology Company Limited <sup>#</sup> 浙江雙利汽車智能科技有限公司	The PRC	Incorporated	RMB90,000,000	35%	35%	Research, development and manufacturing of automobile parts
Renault Korea Co., Ltd. (“Renault Korea”) (formerly known as Renault Korea Motors Co., Ltd.)	The Republic of Korea	Incorporated	South Korean Won (“KRW”) 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
Chongqing Livan Automotive Technology Company Limited <sup>#</sup> 重慶睿藍汽車科技有限公司 (“Chongqing Livan”)	The PRC	Incorporated	RMB1,450,000,000	–*	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> 浙江星創汽車軟件科技有限公司	The PRC	Incorporated	RMB40,000,000	45%	45%	Research and development of automotive software

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 2024	31 December 2023	
Hangzhou Qingwei Technology Company Limited <sup>#</sup> 杭州擎威科技有限公司	The PRC	Incorporated	RMB100,000,000	30%	30%	Research, development and manufacturing of automobiles parts and electronic control system
Shangjian (Zhejiang) Motor Vehicle Inspection Technology Company Limited <sup>#</sup> 上檢(浙江)機動車檢測技術有限公司	The PRC	Incorporated	RMB60,000,000	30%	30%	Provision of high-quality testing and technical services for the development of new energy vehicles and intelligent connected vehicles
PROTON Holdings Berhad (“PROTON”)	Malaysia	Incorporated	Malaysian Ringgit (“RM”) 1,009,513,000	49.9%	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%	49.9%	Investment holding

\* Chongqing Livan was disposed of by the Group in February 2024.

## 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 for right-hand drive models in Southeast Asia. By leveraging the PROTON’s resources and experiences, the Group is able to further strengthen its business development in Southeast Asia following the completion of the acquisition. The Group continues to collaborate with PROTON on the development of electric vehicle models under the PROTON brand for the future.

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 PONSBB 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**

In February 2024, Zhejiang Jirun Automobile Company Limited# 浙江吉潤汽車有限公司 (“**Jirun Automobile**”), an indirect non wholly-owned subsidiary of the Company, and a fellow subsidiary owned by Geely Automobile Group Company Limited# 吉利汽車集團有限公司 (“**Geely Automobile Group**”) entered into an equity transfer agreement pursuant to which Jirun Automobile has agreed to sell 45% equity interest in Chongqing Livan at a cash consideration of RMB504 million. The disposal of Chongqing Livan was completed in February 2024. The gain on disposal of investment in Chongqing Livan of RMB166,295,000 was recognised in “Other gains/(losses), net” in the condensed consolidated income statement during the six months ended 30 June 2024.

### **Wuxi Xingqu**

During the six months ended 30 June 2024, the Group and other investors entered into an investment agreement, pursuant to which other investors agreed to inject RMB300,000,000 into Wuxi Xingqu. This investment resulted in an increase of Wuxi Xingqu’s registered capital by RMB8,750,000, from RMB61,250,000 to RMB70,000,000, with the remaining RMB291,250,000 allocated to Wuxi Xingqu’s capital reserve. Consequently, the Group’s equity interests in Wuxi Xingqu were diluted from 27.6% to 24.15%. As a result of this transaction, a gain on deemed disposal of investment in Wuxi Xingqu of RMB5,791,000 was recognised in ‘Other gains/(losses), net’ in the condensed consolidated income statement during the six months ended 30 June 2024.

### **Renault Korea**

On 9 May 2022, Centurion Industries Limited (“**CIL**”), a wholly-owned subsidiary of the Company, entered into a subscription agreement with Renault Korea, pursuant to which CIL agreed to subscribe for, and Renault Korea agreed to allot and issue an aggregate of 45,375,000 common shares of Renault Korea at a consideration of approximately KRW264 billion (equivalent to approximately RMB1,426,905,000). The subscription agreement was completed on 30 November 2022.

As part of the subscription agreement, Renault Korea made a dividend guarantee to CIL, which applies to a notifiable transaction under Rule 14.36B of the Listing Rules. The dividend guarantee stipulated that if the completion of the subscription agreement occurred on or before 31 December 2022, the total dividends paid to CIL for the two fiscal years ending 31 December 2022 and 2023 would not be less than KRW63 billion (equivalent to approximately RMB328 million), which includes both ordinary dividends and interim dividends. Otherwise, Renault Korea would be liable to pay the difference to CIL.

The Company is pleased to report that Renault Korea declared and paid total dividends of not less than KRW63 billion for the two fiscal years ending 31 December 2022 and 2023, meeting the minimum amount required by the dividend guarantee.

Summarised financial information of PROTON and its subsidiaries (“**PROTON Group**”), and Renault Korea, 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</b>		<b>Renault Korea</b>	
	<b>As at 30 June 2024 RMB’000 (Unaudited)</b>	<b>As at 31 December 2023 RMB’000 (Audited)</b>	<b>As at 30 June 2024 RMB’000 (Unaudited)</b>	<b>As at 31 December 2023 RMB’000 (Audited)</b>
Non-current assets	<b>10,268,791</b>	10,454,171	<b>5,909,403</b>	5,530,345
Current assets	<b>3,837,455</b>	4,869,110	<b>6,680,761</b>	7,059,804
Current liabilities	<b>(3,382,307)</b>	(4,867,109)	<b>(2,954,212)</b>	(2,533,372)
Non-current liabilities	<b>(3,634,704)</b>	(2,821,997)	<b>(908,579)</b>	(584,082)
Net assets	<b>7,089,235</b>	7,634,175	<b>8,727,373</b>	9,472,695

	<b>PROTON Group</b>		<b>Renault Korea</b>	
	<b>Six months ended 30 June 2024 RMB’000 (Unaudited)</b>	<b>For the period from 28 April 2023 (date of acquisition) to 30 June 2023 RMB’000 (Unaudited)</b>	<b>Six months ended 30 June 2024 RMB’000 (Unaudited)</b>	<b>Six months ended 30 June 2023 RMB’000 (Unaudited)</b>
Revenue	<b>7,159,483</b>	2,699,271	<b>7,613,867</b>	10,512,043
Profit for the period	<b>126,339</b>	56,348	<b>84,978</b>	221,708
Other comprehensive (expense)/income for the period	<b>(25,758)</b>	–	<b>(375,176)</b>	1,120
Total comprehensive income/(expense) for the period	<b>100,581</b>	56,348	<b>(290,198)</b>	222,828
Dividend received from an associate	<b>–</b>	–	<b>154,832</b>	180,375

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

	PROTON Group		Renault Korea	
	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Net assets of the associates	7,089,235	7,634,175	8,727,373	9,472,695
Adjustment ( <i>note</i> )	<u>(5,153,035)</u>	<u>(5,798,555)</u>	<u>–</u>	<u>–</u>
	1,936,200	1,835,620	8,727,373	9,472,695
The Group's effective interests in the associates	<u>49.9%</u>	<u>49.9%</u>	<u>34.02%</u>	<u>34.02%</u>
	966,164	915,974	2,969,052	3,222,611
Goodwill	<u>403,701</u>	<u>403,701</u>	<u>–</u>	<u>–</u>
Carrying amount of the Group's interests in associates	<u><u>1,369,865</u></u>	<u><u>1,319,675</u></u>	<u><u>2,969,052</u></u>	<u><u>3,222,611</u></u>

*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:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Aggregate amounts of the Group's share of profit for the period/year	239,848	227,158
Aggregate amounts of the Group's share of other comprehensive (expense)/income for the period/year	(7,899)	9,842
Aggregate carrying amount of the Group's interests in these associates	<u><u>1,329,735</u></u>	<u><u>1,042,796</u></u>

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

## 12. INTERESTS IN JOINT VENTURES

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	<b>As at 31 December 2023 RMB'000 (Audited)</b>
Cost of unlisted investments	<b>23,685,537</b>	7,305,706
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>2,926,104</b>	2,440,215
	<b><u>26,596,698</u></b>	<b><u>9,730,978</u></b>

Details of the Group's joint ventures as at 30 June 2024 and 31 December 2023 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 2024	As at 31 December 2023	
Genius Auto Finance Company Limited <sup>#*</sup> 吉致汽車金融有限公司 ("Genius AFC")	The PRC	Incorporated	RMB4,000,000,000	75%	75%	Vehicles financing business
LYNK & CO Automotive Technology Co., Ltd. <sup>#</sup> 領克汽車科技有限公司 ("LYNK & CO Automotive Technology") (formerly known as LYNK & CO Investment Co., Ltd. <sup>#</sup> 領克投資有限公司)	The PRC	Incorporated	RMB7,500,000,000	50%	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	40%	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	41.5%	41.5%	Development, production, sales and after-sales service of hybrid battery cells, battery modules and battery packs



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 2024	As at 31 December 2023	
				Guangdong Xinyueneng Semiconductor Company Limited <sup>#</sup> 廣東芯粵能半導體有限公司	The PRC	
Horse Powertrain Limited (“Horse Powertrain”)	The United Kingdom	Incorporated	Euro (“EUR”) 6,000,000,000	33% (Note 21)	-	Research, development, production and sales of vehicle engines, transmissions and related after-sales parts

# 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.

\* Genius AFC is directly held by the Company.

Summarised financial information of LYNK & CO Automotive Technology 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 financial statements, were disclosed below:

	LYNK & CO Group		Genius AFC	
	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Non-current assets	<b>21,676,636</b>	22,867,065	<b>2,722,198</b>	1,943,166
Current assets	<b>24,323,460</b>	23,199,325	<b>54,106,413</b>	57,447,756
Current liabilities	<b>(34,327,236)</b>	(34,363,313)	<b>(27,187,520)</b>	(27,713,732)
Non-current liabilities	<b>(4,976,776)</b>	(4,898,518)	<b>(20,900,647)</b>	(23,605,450)
Net assets	<b><u>6,696,084</u></b>	<u>6,804,559</u>	<b><u>8,740,444</u></b>	<u>8,071,740</u>
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	<b>4,192,202</b>	4,690,344	<b>4,503,560</b>	4,284,058
Current financial liabilities (excluding trade and other payables and provisions)	<b>(1,795,186)</b>	(4,670,930)	<b>(24,415,510)</b>	(24,659,553)
Non-current financial liabilities (excluding trade and other payables and provisions)	<b><u>(4,078,779)</u></b>	<u>(3,767,263)</u>	<b><u>(20,900,647)</u></b>	<u>(23,605,450)</u>

	LYNK & CO Group		Genius AFC	
	Six months ended 30 June			
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	21,297,276	12,462,437	2,132,847	2,228,668
(Loss)/Profit for the period	(246,377)	(660,691)	668,704	647,938
Other comprehensive income for the period	137,902	14,395	–	–
Total comprehensive (expense)/income for the period	(108,475)	(646,296)	668,704	647,938
Dividend from a joint venture	–	–	–	–
The above (loss)/profit for the period including the following:				
Depreciation and amortisation	(1,818,716)	(1,743,459)	(26,760)	(24,695)
Interest income	117,063	37,480	2,017,426	2,139,418
Interest expenses	(245,331)	(116,420)	(791,193)	(820,120)
Income tax credit/(expense)	49,373	134,532	(222,901)	(215,979)

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

	LYNK & CO Group		Genius AFC	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Net assets of the joint ventures	6,696,084	6,804,559	8,740,444	8,071,740
The Group's effective interests in the joint ventures	50%	50%	75%	75%
The Group's share of the net assets of the joint ventures	3,348,042	3,402,280	6,555,333	6,053,805
Unrealised gain on disposal of a subsidiary to a joint venture	(14,943)	(14,943)	–	–
Carrying amount of the Group's interests in joint ventures	3,333,099	3,387,337	6,555,333	6,053,805

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

	As at <b>30 June 2024</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Aggregate amounts of the Group's share of profit/(loss) for the period/year	<b>38,590</b>	(161,895)
Aggregate amounts of the Group's share of other comprehensive income and reserve for the period/year	-	2,627
Aggregate carrying amount of the Group's interests in these joint ventures	<b><u>16,708,266</u></b>	<b><u>289,836</u></b>

### 13. INVENTORIES

	As at <b>30 June 2024</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Raw materials	<b>2,382,898</b>	2,760,459
Work in progress	<b>309,120</b>	164,071
Finished goods	<b><u>10,846,432</u></b>	<u>12,750,608</u>
	<b>13,538,450</b>	15,675,138
Less: provision for inventories	<b><u>(202,583)</u></b>	<u>(252,919)</u>
	<b><u>13,335,867</u></b>	<b><u>15,422,219</u></b>

## 14. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
<b>Trade and notes receivables</b>			
Trade receivables, net of loss allowance			
– Third parties		3,699,204	2,093,037
– Joint ventures		2,487,476	2,310,242
– Associates		1,611,051	2,186,036
– Related companies controlled by the substantial shareholder of the Company		<u>6,518,587</u>	<u>9,190,957</u>
	(a)	14,316,318	15,780,272
Notes receivable	(b)	<u>11,717,366</u>	<u>20,118,021</u>
		<u>26,033,684</u>	<u>35,898,293</u>
<b>Deposits, prepayments and other receivables</b>			
Prepayments to suppliers			
– Third parties		1,076,895	1,116,843
– Joint ventures		77,844	–
– Associates		31,914	14,424
– Related companies controlled by the substantial shareholder of the Company		<u>723,107</u>	<u>25,027</u>
		1,909,760	1,156,294
Deposits paid for acquisition of property, plant and equipment and intangible assets		201,950	232,900
Other contract costs	(c)	685,556	667,482
Utility deposits and other receivables		1,870,494	1,954,066
Loan to an associate	(d)	–	416,726
Loans to joint ventures	(e)	4,100,000	100,000
VAT and other taxes receivables		<u>5,170,360</u>	<u>4,085,200</u>
		13,938,120	8,612,668
Amounts due from related companies controlled by the substantial shareholder of the Company	(f)	<u>300,832</u>	<u>95,437</u>
		<u>14,238,952</u>	<u>8,708,105</u>
		<u>40,272,636</u>	<u>44,606,398</u>
<i>Representing:</i>			
– Current		35,355,175	42,710,734
– Non-current		<u>4,917,461</u>	<u>1,895,664</u>
		<u>40,272,636</u>	<u>44,606,398</u>

(a) Trade receivables

The Group allows average credit periods ranged from 30 days to 120 days (as at 31 December 2023: 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 collaborative manufacturing services, provision of 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:

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
0 – 60 days	6,855,457	11,298,390
61 – 90 days	444,042	423,922
91 – 365 days	1,818,890	491,158
Over 365 days	<u>10,211</u>	<u>218,963</u>
	<u><b>9,128,600</b></u>	<u><b>12,432,433</b></u>

For overseas customers, the Group allows credit periods ranged from 30 days to 210 days (as at 31 December 2023: 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:

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
0 – 60 days	4,768,650	2,474,966
61 – 90 days	367,342	620,678
91 – 365 days	<u>51,726</u>	<u>252,195</u>
	<u><b>5,187,718</b></u>	<u><b>3,347,839</b></u>

As at 30 June 2024, the Group has adopted average expected loss rate of 0.3% to 3.0% (as at 31 December 2023: 0.3% to 3.0%) on the gross carrying amount of trade receivables amounted to RMB14,560,998,000 (as at 31 December 2023: RMB16,011,607,000). The loss allowance as at 30 June 2024 was RMB244,680,000 (as at 31 December 2023: RMB231,335,000).

**(b) Notes receivable**

All notes receivable are denominated in RMB. As at 30 June 2024 and 31 December 2023, 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 2024 and 31 December 2023 from expected timing of endorsements and discounting at the interest rates for the respective notes receivable. The fair value is classified within Level 2 of the fair value hierarchy under HKFRS 13 “Fair Value Measurement”.

As at 30 June 2024, the Group endorsed certain notes receivable accepted by banks in the PRC (the “**Endorsed Notes**”) with a carrying amount of RMB619,794,000 (as at 31 December 2023: RMB134,297,000) 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 2024, the aggregate carrying amount of the trade payables settled by the Endorsed Notes during the period to which the suppliers have recourse was RMB619,794,000 (as at 31 December 2023: RMB134,297,000).

As at 30 June 2024, the Group endorsed certain notes receivable accepted by banks in the PRC (the “**Derecognised Notes**”) to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amount in aggregate of RMB76,950,977,000 (as at 31 December 2023: RMB66,983,025,000). The Derecognised Notes had a maturity of less than one year (as at 31 December 2023: 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, as well as the undiscounted cash flows required to repurchase these Derecognised Notes, is equal to their carrying amounts.

**(c) Other contract costs**

Other contract costs capitalised as at 30 June 2024 and 31 December 2023 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 2024 (six months ended 30 June 2023: RMBNil).

(d) **Loan to an associate**

The loan was fully repaid by an associate during the six months ended 30 June 2024.

(e) **Loans to joint ventures**

As at 30 June 2024 and 31 December 2023, the loan to a joint venture, Xinyueneng, amounted to RMB100,000,000 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.

As at 30 June 2024, due to the formation of Horse Powertrain, the advance to former subsidiaries, Aurobay Holding (SG) Pte. Ltd. and its subsidiaries (“**Aurobay Holding**”), became loans to a joint venture and amounted to RMB4,000,000,000. Of this amount, there are entrusted loans receivable of RMB1,500,000,000, which represents the amounts advanced to the subsidiary of Horse Powertrain through a bank. The loans carry an interest rate at 3.95% per annum, unsecured, repayable between 2026 and 2027, and are measured at amortised cost.

(f) **Amounts due from related companies**

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

**15. TRADE AND OTHER PAYABLES**

		<b>As at 30 June 2024</b>	<b>As at 31 December 2023</b>
	<i>Note</i>	<b>RMB'000 (Unaudited)</b>	<b>RMB'000 (Audited)</b>
<b>Trade and notes payables</b>			
Trade payables			
– Third parties		<b>31,572,822</b>	34,361,942
– Joint ventures		<b>2,007,446</b>	806,737
– Associates		<b>358,292</b>	327,926
– Related companies controlled by the substantial shareholder of the Company		<b>15,338,407</b>	17,880,490
		<b>49,276,967</b>	53,377,095
Notes payable	<i>(b)</i>	<b>10,870,138</b>	5,693,442
		<b>60,147,105</b>	59,070,537

		As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
<b>Other payables</b>			
Receipts in advance from customers	(c)		
– Third parties		11,118,675	13,949,928
– Joint ventures		68,094	70,774
– Associates		209,531	173,635
– Related companies controlled by the substantial shareholder of the Company		<u>269,909</u>	<u>379,308</u>
		<b>11,666,209</b>	14,573,645
Deferred government grants which conditions have not been satisfied		655,438	466,150
Payables for acquisition of property, plant and equipment		1,517,810	1,451,621
Payables for capitalised product development costs	(d)	1,638,208	2,188,584
Accrued staff salaries and benefits		2,098,382	2,614,265
VAT and other taxes payables		2,387,160	2,297,860
Consideration payable for acquisition of a subsidiary		152,980	152,980
Other accrued charges and payables	(e)	8,635,043	6,666,555
Dividends payable		<u>2,120,216</u>	–
		<b>30,871,446</b>	30,411,660
Amounts due to related companies controlled by the substantial shareholder of the Company	(f)	<u>326,430</u>	<u>637,659</u>
		<b>31,197,876</b>	31,049,319
		<b>91,344,981</b>	90,119,856
<i>Representing:</i>			
– Current		88,481,010	87,398,188
– Non-current		<u>2,863,971</u>	<u>2,721,668</u>
		<b>91,344,981</b>	90,119,856



(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 2024</b>	As at 31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
0 – 60 days	<b>41,605,999</b>	43,449,517
61 – 90 days	<b>6,047,153</b>	7,216,919
91 – 365 days	<b>1,454,592</b>	2,621,755
Over 365 days	<b>169,223</b>	88,904
	<b><u>49,276,967</u></b>	<b><u>53,377,095</u></b>

Trade payables are non-interest bearing. The average credit period on the settlement of purchase invoice ranged from 60 days to 90 days (as at 31 December 2023: 60 days to 90 days).

(b) **Notes payable**

All notes payable are denominated in RMB and are notes paid and/or payable to third parties for settlement of trade payables. As at 30 June 2024 and 31 December 2023, 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 2024</b>	As at 31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Relating to the sales of automobiles, automobile parts and components and battery packs and related parts	<b>8,213,507</b>	11,310,460
Relating to the obligation for service agreed to be part of the sales of automobiles	<b>3,452,702</b>	3,263,185
	<b><u>11,666,209</u></b>	<b><u>14,573,645</u></b>

The decrease (six months ended 30 June 2023: increase) in receipts in advance from customers was mainly due to the decrease (six months ended 30 June 2023: increase) 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 2024.

Receipts in advance from customers outstanding at the beginning of the period amounting to RMB11,739,286,000 (six months ended 30 June 2023: RMB5,574,138,000) 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 2024</b>	As at 31 December 2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Within one year	<b>985,880</b>	857,651
More than one year	<b><u>2,466,822</u></b>	<u>2,405,534</u>
	<b><u><u>3,452,702</u></u></b>	<u><u>3,263,185</u></u>

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**

The credit terms for payables for capitalised product development costs generally ranged from 60 days to 90 days (as at 31 December 2023: 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 RMB1,302,190,000 (as at 31 December 2023: RMB1,536,491,000); (2) payables for warranty, advertising and promotion, transportation and general operations which amounted to RMB2,806,265,000 (as at 31 December 2023: RMB2,946,679,000); and (3) payment obligations to banks related to letters of credit signed with certain banks and in connection with factoring services offered by certain banks to the Group's suppliers, amounting to RMB1,880,000,000 (as at 31 December 2023: RMBNil). Under these arrangements, the Group's payment obligations to participating suppliers remain unchanged but are assigned to the banks. The balance is reclassified as other payables due to the transfer of payment obligation counterparties from suppliers to banks.

**(f) Amounts due to related companies**

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

## 16. BANK BORROWINGS

As at 30 June 2024 and 31 December 2023, the Group's bank loans were repayable as follows:

	As at <b>30 June 2024</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Carrying amounts repayable ( <i>note (i)</i> )		
In the first year	<b>30,000</b>	–
In the second year	<b>3,205,720</b>	2,840,240
In the third to fifth year	<b>114,680</b>	–
	<b><u>3,350,400</u></b>	<b><u>2,840,240</u></b>
Representing:		
– Current	<b>30,000</b>	–
– Non-current	<b>3,320,400</b>	2,840,240
	<b><u>3,350,400</u></b>	<b><u>2,840,240</u></b>

### Notes:

- (i) The amounts are based on the scheduled repayment dates set out in the loan agreements.
- (ii) As at 30 June 2024 and 31 December 2023, the USD-denominated bank loans were unsecured, carried at amortised cost, repayable in August 2025 and bore interest at the Secured Overnight Financing Rate plus 0.7% per annum. 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 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 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.
- (iii) As at 30 June 2024, the Group obtained new unsecured borrowings from several banks of RMB444,680,000 in aggregate. The annual interest rate of these borrowings ranged from 2.95% to 3.08%. The loans are repayable ranged from June 2025 to May 2027 and are denominated in RMB.
- (iv) During the six months ended 30 June 2024 and 2023, none of the covenants relating to drawn down facilities had been breached.

## 17. LOAN FROM A RELATED COMPANY

As at 30 June 2024 and 31 December 2023, the loan from a fellow subsidiary was granted to the Group's subsidiary in the PRC and was unsecured, repayable in 2032 and carried interest rate at 4.5% (as at 31 December 2023: 4.5%) per annum.

## 18. BONDS PAYABLE

### Bonds 2018

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 2018**”). The Bonds 2018 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 2018 are listed on Singapore Exchange Securities Trading Limited. They constitute direct, unconditional, unsubordinated and (subject to the terms and conditions of the Bonds 2018) 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 2018 shall, save for such exceptions as may be provided by applicable law and subject to the terms and conditions of the Bonds 2018, at all times rank *pari passu* with all its other present and future unsecured and unsubordinated obligations.

The carrying amount of the Bonds 2018 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 2018 were measured at amortised cost at the end of the reporting period.

On the Maturity Date, the Company redeemed the Bonds 2018 in full at the outstanding principal amount of US\$300,000,000 (equivalent to approximately RMB2,068,422,000) together with interest accrued to (but not including) the Maturity Date.

### MTNs

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. The MTNs carried interest at a 3.25% per annum and adopt a simple interest annual payment method (excluding compound interest). The maturity date is 17 August 2026, unless terminated earlier according to the terms of the MTNs. The proceeds from the MTNs' issuance will be entirely invested domestically in China, aiming to supplement the working capital of the Company's indirect non-wholly-owned subsidiary, Jirun Automobile.

The carrying amount of the MTNs at initial recognition amounted to RMB1,500,000,000 and the effective interest rate was 3.25% per annum. The MTNs were measured at amortised cost at the end of the reporting period.

The movements of the bonds payable during the period/year are set out below:

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
<b>Carrying amount</b>		
At the beginning of the period/year	<b>1,500,000</b>	2,062,396
Issuance	–	1,500,000
Exchange differences	–	5,728
Interest expenses	–	298
Redeemed during the period/year	–	(2,068,422)
	<u><b>1,500,000</b></u>	<u>1,500,000</u>
At the end of the period/year	<u><b>1,500,000</b></u>	<u>1,500,000</u>
<i>Representing:</i>		
– Non-current	<u><b>1,500,000</b></u>	<u>1,500,000</u>

## 19. SHARE CAPITAL

	<b>Number of shares</b>	<b>Nominal value RMB'000</b>
Authorised:		
Ordinary shares of HK\$0.02 each		
At 1 January 2023, 31 December 2023 and 1 January 2024	12,000,000,000	246,720
Addition	<u>6,000,000,000</u>	<u>111,144</u>
At 30 June 2024 (unaudited)	<u><b>18,000,000,000</b></u>	<u><b>357,864</b></u>
Issued and fully paid:		
Ordinary shares of HK\$0.02 each		
At 1 January 2023	10,056,973,786	183,686
Shares issued under share award scheme	<u>6,408,597</u>	<u>121</u>
At 31 December 2023, 1 January 2024 and 30 June 2024 (unaudited)	<u><b>10,063,382,383</b></u>	<u><b>183,807</b></u>

## 20. 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.

## 21. FORMATION OF HORSE POWERTRAIN

On 8 November 2022, the Company, Zhejiang Geely Holding Group Company Limited# 浙江吉利控股集团有限公司 (“**Geely Holding**”), and Renault S.A.S. (collectively, “**the Parties**”) entered into a framework agreement to establish a joint venture company (the “**JV**”) and to contribute all of their respective shares in their own subsidiaries to the JV, in exchange for the share capital of the JV (the “**Contribution**”), integrating their expertise in internal combustion engine, hybrid, and plug-in hybrid powertrain technologies.

On 11 July 2023, the Parties executed contribution and joint venture agreements to form Horse Powertrain to engage in the powertrain business and to contribute all of their respective shares in their own subsidiaries (the “**Contributed Subsidiary/ies**”). Under these agreements, the Company agreed to contribute its entire equity interest in Aurobay Holding to Horse Powertrain. The contribution value of each entire issued share capital of the Contributed Subsidiaries of the Parties (the “**Contribution Values**”) shall be determined by the enterprise value of each Contributed Subsidiary and the applicable adjustments for cash, debts, debt-like instruments, and minority interests in the relevant Contributed Subsidiaries. The maximum contribution values agreed by the Parties were EUR2,310,000,000 for the Company, EUR1,190,000,000 for Geely Holding, and EUR3,500,000,000 for Renault S.A.S., subject to adjustments in the ratio of 33:17:50 respectively. The assets and liabilities of Aurobay Holding were classified as held for sale in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”.

As at 31 December 2023, the assets held for sale totalled RMB18,648,139,000, while the associated liabilities amounted to RMB7,885,018,000. The directors did not consider Aurobay Holding to represent a major separate line of business for the Group; therefore, it was not disclosed as a discontinued operation.

Assets and liabilities classified as held for sale at 31 December 2023 are analysed as follows:

	2023 <i>RMB'000</i>
<b>Assets classified as held for sale</b>	
Property, plant and equipment ( <i>note 9</i> )	9,810,291
Intangible assets ( <i>note 10</i> )	4,859,069
Land lease prepayments	417,795
Goodwill	30,091
Trade and other receivables	1,196,477
Deferred tax assets	498,213
Inventories	559,878
Income tax recoverable	7,263
Restricted bank deposits	239,732
Bank balances and cash	<u>1,029,330</u>
	<u><u>18,648,139</u></u>
<b>Liabilities directly associated with assets classified as held for sale</b>	
Trade and other payables	7,122,130
Lease liabilities	82,181
Borrowings	662,813
Income tax payable	17,094
Deferred tax liabilities	<u>800</u>
	<u><u>7,885,018</u></u>

In May 2024, the Contribution and formation of the JV have been completed under the name of Horse Powertrain, which is incorporated in the United Kingdom, with ownership distributed as follows: 33% held by an indirect wholly-owned subsidiary of the Company, 17% by an indirect wholly-owned subsidiary of Geely Holding, and 50% by Renault S.A.S. The board of directors consists of six members: two nominated by the Company, one by Geely Holding, and three by Renault S.A.S. Key corporate decisions require majority approval from both Renault S.A.S. directors and Company/Geely Holding directors collectively, establishing joint control.

Upon completion of the transaction on 31 May 2024, the Group’s interest in Aurobay Holding was diluted from 100% to 33%, resulting in a gain on deemed disposal of subsidiaries of RMB7,660,446,000. The net assets disposed of (which were included in “**Assets classified as held for sale**” and “**Liabilities directly associated with assets classified as held for sale**”) at the completion date of the above transaction are set out as follows:

	<b>As at 31 May 2024 RMB’000</b>
<b>Net assets disposed of:</b>	
Total assets	21,467,650
Total liabilities	<u>(10,954,791)</u>
<b>Net assets disposed of</b>	10,512,859
Reclassification adjustment on fair value recycling released on deemed disposal of subsidiaries	<u>2,006</u>
	10,514,865
<b>Gain on deemed disposal of subsidiaries</b>	<u>7,660,446</u>
Provisional fair value of 33% equity interest of Horse Powertrain*	<u><u><b>18,175,311</b></u></u>
Net cash outflow arising on the deemed disposal of subsidiaries:	
Bank balances and cash disposed of	<u><u><b>3,140,476</b></u></u>

\* Further adjustments may be made by the Parties with reference to the Contribution Values pursuant to the contribution agreement.

As at the date of authorisation of this announcement, the valuation of Horse Powertrain’s identifiable assets and liabilities is ongoing. Fair value of equity interest and the gain on deemed disposal of subsidiaries are provisional and may be adjusted within one year of the completion date in accordance with HKFRS 3 “Business Combinations”.



## Investment from Aramco Asia Singapore Pte. Ltd. (“Aramco Asia Singapore”)

On 28 June 2024, the Parties signed an agreement with Aramco Asia Singapore to sell 10% equity interest in Horse Powertrain. Upon completion, the ownership structure will change to: Aramco Asia Singapore (10%), the Company (29.7%), Geely Holding (15.3%), and Renault S.A.S. (45%). As of 30 June 2024, this transaction has not yet been completed. Consequently, 3.3% of the Company’s equity interest in Horse Powertrain with a carrying amount of RMB1,795,471,000 has been reclassified as assets held for sale and was written down to its fair value of RMB1,604,688,000, which was determined by the provisional consideration, resulting in an impairment loss of RMB190,783,000 on assets classified as held for sale. The impairment loss was recognised in “Gain on deemed disposal of subsidiaries and impairment loss on assets classified as held for sale” in the condensed consolidated income statement during the six months ended 30 June 2024.

The provisional consideration for the Aramco Asia Singapore’s investment transaction is subject to adjustments based on the final audited financial information of Horse Powertrain. The final consideration will be determined based on 10% of Horse Powertrain’s enterprise value, adjusted for cash, debts, minority interests, and working capital variances.

## 22. FINANCIAL INFORMATION OF ZEEKR AND ITS SUBSIDIARIES

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

	<b>ZEEKR</b>	
	<b>As at</b>	<b>As at 31</b>
	<b>30 June 2024</b>	<b>December 2023</b>
	<b>RMB’000</b>	<b>RMB’000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Non-controlling interests percentage	<b>46.37%</b>	45.27%
Non-current assets	<b>26,135,645</b>	22,546,145
Current assets	<b>25,311,071</b>	20,442,028
Current liabilities	<b>(37,194,638)</b>	(31,842,809)
Non-current liabilities	<b>(3,167,805)</b>	(3,501,629)
Net assets	<b>11,084,273</b>	7,643,735
Carrying amount of non-controlling interests	<b>6,007,096</b>	4,093,970

	<b>ZEEKR</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	<b>34,740,263</b>	21,282,799
Loss for the period	<b>(1,002,356)</b>	(808,627)
Other comprehensive income for the period	<b>31,901</b>	44,937
Total comprehensive expense for the period	<b>(970,455)</b>	(763,690)
Loss allocated to non-controlling interests	<b>(264,024)</b>	(317,544)
Other comprehensive income allocated to non-controlling interests	<b>15,138</b>	18,732

## **23. EVENTS AFTER THE REPORTING DATE**

### **Grant of share options**

On 17 July 2024, the Company granted 28,510,000 share options to eligible participants under the share option scheme of the Company approved and adopted by the Company at an extraordinary general meeting on 28 April 2023. These options will entitle the holders to subscribe for a total of 28,510,000 new shares of HK\$0.02 each in the Company's share capital. Please refer to the Company's announcement dated 17 July 2024 for further details.

### **Issuance of RMB2,000,000,000 MTNs due 2027**

On 1 August 2024, the Company issued MTNs in the China Interbank Bond Market, with an aggregate principal amount of RMB2,000,000,000. These notes are set to mature on 2 August 2027, unless terminated earlier according to their terms. The proceeds from the MTNs' issuance will be entirely invested domestically in the PRC, aiming to supplement the working capital of the Company's subsidiary, Jirun Automobile. Please refer to the Company's announcement dated 2 August 2024 for further details.

## **24. COMPARATIVE FIGURES**

Certain comparative figures in the condensed consolidated financial statements have been reclassified to conform with the current year's presentation.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the reporting period, in the face of a complex and volatile market environment, the Group adhered to the electrification transformation strategy and achieved dual growth in sales volume and revenue. Our market share in China has steadily increased, and we have also achieved remarkable results in expanding overseas market. The following is a detailed description of the Group's performance in various business areas and its future development strategies.

### Overall Performance

According to the data from China Association of Automobile Manufacturers, in the first half of 2024, the wholesale volume of passenger cars (including exports) in China reached 11.979 million units, representing a year-on-year (“YoY”) increase of 6.3%, of which the wholesale volume of new energy vehicles\* (“NEVs”) reached 4.7 million units, representing a YoY increase of 31.5%, and the market penetration rate increased to 39.3%. It is worth noting that although the sales volume of internal combustion engine (“ICE”) vehicles was still on a downward trend in China's passenger car market, the sales volume of BEVs maintained a steady growth, and the sales volume of PHEVs achieved an even more significant increase, which indicated that the passenger car market was steering toward a more balanced development direction.

\*: *NEVs include battery electric vehicles (“BEVs”) and plug-in hybrid electric vehicles (“PHEVs”).*

In the face of the slowdown in the growth rate of China's passenger car market and the increasingly fierce price competition, the Group has adopted the strategy of “striving for progress while maintaining stability” and implemented a balanced strategy of developing ICE vehicles and NEVs in parallel, based on the successful electrification transformation in recent years:

- Optimize the ICE vehicle product line: streamlined the product line and focused on popular products to maintain the market leading position of ICE vehicles and strive for higher market share;
- Expand the product matrix of NEVs: launched a variety of NEV products to expand in different market segments;
- Speed up globalization: actively developed overseas markets to enhance international competitiveness.

This strategy enabled the Group's sales performance in the first half of 2024 exceeded management's expectations and reached a record high. Specific performance is as follows:

- Total sales volume reached 955,730 units, representing a significant YoY increase of 41% (including the total sales volume<sup>#</sup> of “Lynk&Co” vehicles sold by the Group's 50%-owned joint venture, namely LYNK & CO Automotive Technology Co., Ltd. (formerly known as LYNK & CO Investment Co., Ltd.) (“**Lynk&Co JV**”));
- The sales volume in the PRC market was 758,302 units, representing a YoY increase of 35%, with a market share of 6.96%, and ranking No. 2 among indigenous brands; and
- Breakthrough in overseas markets, with export sales reaching 197,428 units, representing a YoY increase of 67%.

<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 50%-owned joint venture, namely the Lynk&Co JV, on a 100% consolidated basis, the Board believes it is more indicative of the underlying demand of the Group's vehicles.

Based on the excellent performance in the first half of the year, the Group raised its annual sales volume target from 1.9 million units to 2 million units on 1 July 2024.

Under the strategy of balanced development of ICE vehicles and NEVs, the sales volumes of ICE vehicles, PHEVs and BEVs in the first half of 2024 were 635,545 units, 130,238 units and 189,947 units, respectively, representing YoY increases of 20%, 489% and 51%, respectively, all of which were better than the respective average growths of the passenger car market in the PRC, and met the goal of seeking steady progress under the balanced development strategy.

As a result of the sales volume growth and optimized product mix of Geely and ZEEKR brands of the Group, the total revenue (excluding the revenue of Lynk&Co JV) of the Group increased by 47% YoY to RMB107.3 billion in the first half of 2024, which was faster than the overall sales volume growth, and the average selling price per vehicle increased by RMB4,000 to RMB105,000 YoY. Although price competition in the PRC automobile market has further intensified and the proportion of NEVs in sales volume of the Group has increased, the gross profit margin of the Group in the first half of 2024 increased by 0.7 percentage point YoY to 15.1%, as a result of an optimized product mix and cost control.

The distribution and selling expenses of the Group in the first half of 2024 increased by 33% from the same period last year to RMB6.33 billion, mainly used for the continuous development of distribution channels and marketing for the NEV brands and product lines of the Group. The growth in export business also led to an increase in related distribution and selling expenses. However, through strict expense control, the percentage of selling expenses to revenue decreased by 0.6 percentage point.

The American Depositary Share(s) (“**ADS(s)**”) of ZEEKR Intelligent Technology Holding Limited (“**ZEEKR**”), a non-wholly-owned subsidiary of the Company, officially commenced trading on the New York Stock Exchange during the period. The number of ZEEKR award shares that met the vesting conditions as of 30 June 2024 was 45,555,414. As a result, the share-based payments of the Group during the period increased by 193% YoY to RMB1.28 billion.

The business model of Lynk&Co JV in Europe is still being actively optimized. Although Lynk&Co JV still recorded a net loss of RMB0.25 billion during the period, its electrification transformation strategy in the PRC market has achieved phased results, resulting in an increase in the total sales volume and the proportion of NEV sales volume of the Lynk&Co JV, and a YoY decrease in its net loss by 63%. In addition, the Group contributed assets to Horse Powertrain Limited (“**Horse Powertrain**”), a joint venture company, during the period, and made a valuation adjustment for the partial disposal of Horse Powertrain, recording a one-off gain on deemed disposal of subsidiaries and an impairment loss on assets classified as held for sale, amounting to RMB7.47 billion.

As a result of the above, the Group’s profit attributable to equity holders of the Company in the first half of 2024 was RMB10.60 billion, representing a YoY increase of 575%. Diluted earnings per share was RMB1.04. Excluding the aforesaid one-off gain on deemed disposal of subsidiaries and the impairment loss on assets classified as held for sale, as well as the total impairment loss on non-financial assets, the profit attributable to equity holders of the Company for the period was RMB3.37 billion, representing a YoY increase of 114%.

## **Financial Resources**

As at 30 June 2024, the Group’s financial position remained stable, the cash reserve was sufficient, and the total cash level (including bank balances and cash and restricted bank deposits) was RMB44.4 billion, representing a stable growth from RMB38.0 billion as at the end of December 2023.

In the first half of 2024, the Group’s net cash generated from operating activities were RMB14.2 billion, benefited from factors such as increase in overall sales volume and improved gross margin. Total capital expenditures of the Group (including property, plant and equipment, capitalised product development costs and land lease prepayments) amounted to RMB7.0 billion, mainly attributable to the higher investment in research and development as the Group accelerated the pace of electrification and intelligentization transformation.

In May 2024, ZEEKR successfully completed its initial public offering (“**ZEEKR IPO**”) through the issuance of 24,150,000 ADSs, raising net proceeds of approximately US\$480.9 million (equivalent to approximately RMB3.474 billion). Notably, the Group subscribed for and was allocated 12,900,952 ADSs by the underwriters in the ZEEKR IPO (equivalent to US\$271 million or approximately RMB1.956 billion).

Taking into account the above and other factors, as at 30 June 2024:

- The Group’s total borrowings (including loans of all kind) reduced by 13% to RMB5.3 billion as compared to the end of December 2023.
- The Group’s net cash (total cash minus total borrowings and perpetual capital securities) amounted to RMB35.7 billion, representing an increase of 25% as compared to the net cash of RMB28.4 billion as at the end of December 2023.

As at 30 June 2024, the Group’s net notes receivable (notes receivable minus notes payable) amounted to RMB850 million. The Group may receive additional cash reserves when necessary through discounting the notes receivable with the banks.

The Group has been assigned credit ratings and outlook from both Standard & Poor’s Ratings Services and Moody’s Investors Service, which are “BBB-/Negative” and “Ba1/Stable” respectively, as at 30 June 2024.

### **Disposal of Equity Interests in Chongqing Livan**

On 20 February 2024, Zhejiang Jirun Automobile Company Limited (“**Jirun Automobile**”), a subsidiary of the Group, entered into an equity transfer agreement with Zhejiang Geely Qizheng Automotive Technology Co., Ltd. (“**Geely Qizheng**”) to sell Jirun Automobile’s 45% equity interests in Chongqing Livan Automotive Technology Company Limited (“**Chongqing Livan**”) to Geely Qizheng at a cash consideration of RMB504 million. Upon completion of the disposal, the Group no longer holds any equity interest in Chongqing Livan, and recorded a gain of RMB166 million from the disposal.

Chongqing Livan is committed to establishing an intelligent battery swapping ecology and providing competitive products and services for the market. It commenced battery swapping business in 2022. At present, the battery swapping business of Chongqing Livan is still in its infancy, and it is expected that the main resources and continuous capital investment will be used to develop the intelligent battery swapping ecology and related infrastructure. The Group believes that the sale of battery swapping business and concentrating its resources on its own NEVs business can enhance the competitiveness of the Group. The transaction is valued using the market approach, which is based on the average adjusted enterprise value-to-sales ratio (EV/S) of the exhaustive list of comparable companies carrying on similar businesses, adjusted for the country risk, as well as the size and profitability of Chongqing Livan being valued. The net proceeds from the disposal contributed to the general working capital of the Group.

## Formation of Horse Powertrain and Disposal of its Partial Interests

On 11 July 2023, the Company, Zhejiang Geely Holding Group Company Limited (“**Geely Holding**”) and Renault S.A.S. (“**Renault**”) (collectively known as the “**Parties**”) entered into contribution agreement and joint venture agreement, pursuant to which the Parties conditionally agreed to establish Horse Powertrain, a powertrain business joint venture. The Parties will contribute all issued shares of the respective entities engaging in powertrain business into Horse Powertrain, and have completed the capital contribution on 31 May 2024 and indirectly or directly hold 33%, 17% and 50% interest of Horse Powertrain, respectively.

Horse Powertrain integrated the Parties’ businesses in internal combustion engine, hybrid, and plug-in hybrid engine and transmission, enabling the offering of a wide range of powertrain products and solutions to meet customer needs and comply with future regulations in different regions. In addition to supplying powertrain products to the Parties, Horse Powertrain will also achieve several areas of potential synergies including increasing top-line sales through external sales to third-party original equipment manufacturers.

On 28 June 2024, the Parties and Aramco Asia Singapore Pte. Ltd. (“**Aramco Asia Singapore**”) entered into a sales and purchase agreement, pursuant to which the Parties has conditionally agreed to sell an aggregate of 10% of the shares of Horse Powertrain held directly or indirectly by the Parties to Aramco Asia Singapore (the “**Partial Disposal of Horse Powertrain**”). Upon completion, Horse Powertrain will be directly or indirectly owned as to 10% by Aramco Asia Singapore, 29.7% by the Company, 15.3% by Geely Holding and 45% by Renault, respectively. As of 30 June 2024, this transaction has not yet been completed. The assets related to the 3.3% interest in Horse Powertrain indirectly held by the Company for sale were classified as “Assets classified as held for sale” in the Group’s condensed consolidated statement of financial position in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”.

Aramco Asia Singapore’s investment is expected to contribute to the development and deployment of affordable, efficient, and lower-carbon emission internal combustion engines globally. Horse Powertrain will leverage the Parties’ collective expertise to support development in both engine and fuel technologies. With Aramco Asia Singapore’s support and expertise in fuel technologies, Horse Powertrain is expected to secure its leadership in pioneering low-carbon fuel technology solutions, such as methanol and hydrogen.

After the completion of the contribution by the Group to Horse Powertrain on 31 May 2024, Aurobay Holding (SG) Pte. Ltd. (“**Aurobay Holding**”) is no longer a subsidiary of the Group. In respect of the Group’s reduced interest in Aurobay Holding and the valuation adjustment for the Partial Disposal of Horse Powertrain, it has recorded a gain on deemed disposal of subsidiaries and an impairment loss on assets classified as held for sale, totaling RMB7.47 billion.

## **ZEEKR IPO and Subscription**

On 10 May 2024, ADSs were offered on the New York Stock Exchange in the United States at an offering price of US\$21, with each ADS being equivalent to 10 ZEEKR shares. ZEEKR issued and sold 24,150,000 ADSs in total, and the Company subscribed for 12,900,952 ADSs (the “**Subscription**”) at the offering price of US\$21 for a consideration of US\$271 million (equivalent to approximately RMB1.956 billion). The Subscription allows the Company to increase its investment in ZEEKR during a market correction and strengthen the Company’s controlling interest in ZEEKR, ensuring the continued influence of the Company over the operation of ZEEKR. After ZEEKR IPO and the Subscription, ZEEKR remains a non-wholly-owned subsidiary of the Company. The Company has also given due regard to the interests of shareholders as required by Practice Note 15 to the Listing Rules and has therefore declared a special dividend to the qualifying shareholders in connection with the above spin-off (including a distribution in specie of ADSs and cash dividends) of approximately HK\$75 million (equivalent to approximately RMB70 million). As of 30 June 2024, the Company indirectly held approximately 53.63% interest of ZEEKR shares.

## **Issuance of RMB2,000,000,000 Medium-Term Notes**

On 1 August 2024, the Company has issued the medium-term notes (the “**MTNs**”) in China Interbank Bond Market in an aggregate principal amount of RMB2 billion which will mature on 2 August 2027, unless terminated earlier pursuant to the terms thereof.

The MTNs are issued at par and without guarantee at an issue price of RMB100. The MTNs will bear interest at a fixed rate of 2.18% per annum, determined by way of centralised book building. The entire proceeds from the issue of the MTNs will be invested domestically in China, to supplement the working capital of Jirun Automobile.



## Investment in Research and Development and New Products

In the first half of 2024, the Group recorded a total of expenses of RMB4.553 billion (in the same period of 2023: RMB2.990 billion) in relation to its research and development activities and such expenses were included in “Administrative expenses” in the condensed consolidated income statement.

Items	Six months ended 30 June		YoY change
	2024 RMB'000	2023 RMB'000	
Amortisation of intangible assets (i.e. capitalised product development costs)	2,129,791	2,146,394	(1)%
Research and development costs (i.e. not qualified for capitalisation)	<u>2,423,592</u>	<u>843,808</u>	<u>187%</u>
Total research and development expenses charged to profit or loss	<u><u>4,553,383</u></u>	<u><u>2,990,202</u></u>	<u><u>52%</u></u>

As most of the ongoing research and development projects were aimed for new technologies not yet used in existing products, a majority of the relevant expenditures had been capitalised, and will only be amortised as expenses after the launch of products using the technologies in the market.

In the first half of 2024, the capitalised product development costs (including those incurred by Aurobay Holding and its subsidiaries before the Group injected Aurobay Holding’s interest into Horse Powertrain) increased by RMB4.55 billion (included in intangible assets on the condensed consolidated statement of financial position), primarily related to intelligent NEV model development. The remaining increase was related to the development of intelligent technologies and products.

During the first half of 2024, the Group has delivered the following new products:

The “ZEEKR” brand:

- ZEEKR 009 Grand, a top-class luxury battery electric MPV, developed under the SEA platform

The “Lynk&Co” brand:

- Lynk&Co 07 EM-P, a mid-size super extended-range plug-in hybrid sedan, developed under the CMA Evo platform

In the second half of the year, the Group plans to deliver the following new products:

The “Geely” brand:

- Galaxy E5, a mainstream battery electric SUV, developed under the GEA platform
- Xingyuan, a compact battery electric sedan
- A Galaxy series mainstream plug-in hybrid SUV, powered by the NordThor powertrain

The “ZEEKR” brand:

- ZEEKR 7X, a luxury mid-to-large size battery electric SUV, developed under the SEA platform
- ZEEKR MIX, a battery electric innovative model, developed under the SEA platform

The “Lynk&Co” brand:

- Lynk&Co Z10, a mid-to-large size battery electric flagship sedan, developed under the SEA platform
- A compact battery electric SUV, developed under the SEA platform

## **GEELY Brand**

The total sales volume of Geely brand in the first half of 2024 was 741,860 units, representing a YoY increase of 34%. The product series under the Geely brand includes the China Star series for the mainstream ICE vehicle market, the Geome series for the mass BEV market, and the Galaxy series for the mid-to-high-end NEV market. As of 30 June 2024, Geely brand had 1,008 dealer stores for China Star series, 351 dealer stores for Geometry series, and 623 dealer stores for Galaxy series in China, respectively, and exported products to 76 countries through 65 sales agents and 653 sales service outlets.

With competitive product performance and good market reputation of ICE vehicles in the China Star series, the sales volumes of Xingyue L and Xingrui in the China Star high-end series have continued to grow significantly in spite of the decline in China’s ICE vehicles market. The cumulative sales volume of the China Star high-end series has exceeded 1 million units by 30 June 2024. In terms of export markets, ICE vehicles of Geely brand have also seen significant growth in export sales as more products are launched and more countries are expanded into. Therefore, the overall sales volume of ICE vehicles of Geely brand maintained growth in the first half of 2024. The Geely brand continuously and steadily contributed to the Group’s profit by optimizing its product portfolio and structure so as to maintain good profitability of ICE vehicles despite the fierce price competition.

Two PHEVs, namely Galaxy L7 and Galaxy L6, and one BEV, namely Galaxy E8, were launched since the debut of Galaxy series in May 2023. The Galaxy series sold 81,421 units in the first half of 2024, continuing its performance of exceeding 10,000 units per month since its launch last year. During the period, Galaxy actively expanded its sales channels with its tier-one channels reached 416, and made continued efforts to integrate other NEV sales channels of Geely brand. During the period, the Galaxy series released Galaxy E5, a battery electric SUV built on GEA architecture, equipped with 11-in-1 intelligent electric drive, CTB battery-body integration technology, Aegis short blade battery, Galaxy Flyme Auto system, and other new technologies. The Galaxy E5 is also the first global model of the Galaxy series, and the left- and right-hand drive models have been simultaneously developed to meet the needs of more different regions and countries around the world, leading the Geely brand to enter the global NEV market. The Galaxy series plans to continuously develop more technology- and cost-competitive BEVs and PHEVs based on the GEA architecture to meet the needs of the mainstream NEV market and further strengthen the market position of the Galaxy series.

In the second half of the year, the Geely brand will launch a compact battery electric sedan, Xingyuan, and a mainstream plug-in hybrid SUV in the Galaxy series. In terms of ICE vehicles, consistent efforts will be made to upgrade and facelift the products.

## **ZEEKR**

ZEEKR was incorporated in March 2021 as a non-wholly-owned subsidiary of the Group. As of 30 June 2024, the Company indirectly held approximately 53.63% of ZEEKR shares. The ADSs of ZEEKR commenced trading on the New York Stock Exchange in the United States with stock code ZK on 10 May 2024. ZEEKR is devoted to the research and development, purchase and sale of intelligent electric vehicles and other electric mobility related products, as well as the provision of service relating thereto.

In the first half of 2024, ZEEKR delivered 87,870 BEVs in total, representing a YoY increase of 106%. This was mainly due to the addition of the battery electric luxury sedan, ZEEKR 007, launched in the second half of last year to the product matrix. Besides, the luxury shooting brake coupe-ZEEKR 001 continued to remain very popular. All of this resulted in a significant increase in sales volume. The revenue from ZEEKR during the period was RMB34.74 billion, representing a YoY increase of 63%, lower than the sales volume growth, mainly due to the decrease in the average selling price per vehicle caused by the change in product mix and pricing strategy.

Expanded sales volume scale and effective cost control contributed to the YoY growth in the gross profit margin of vehicle sales business, even under intense price competition. The gross profit margin of the non-vehicle sales business also improved, further contributing to the YoY growth in the overall gross profit margin. The increase in ZEEKR's research and development (“**R&D**”) spending to support the R&D of new products and intelligent technologies, as well as the expansion of its direct sales channels, led to increases in both R&D expenses and distribution and selling expenses. Further details of ZEEKR's financial performance in the first half of the year were set out in the Company's overseas regulatory announcements dated 11 June 2024 and 21 August 2024.

As of 30 June 2024, ZEEKR insists on providing users with full life-cycle services and inputs, and continues to improve the whole ecosystem construction. As of 30 June 2024, ZEEKR has opened 429 stores globally, with 402 of them located in China.

Due to the ZEEKR IPO, the number of ZEEKR award shares that met the vesting conditions as of 30 June 2024 was 45,555,414. As a result, ZEEKR recorded share-based payments of RMB930 million during the period. In the first half of 2024, ZEEKR recorded a net loss of RMB1.0 billion; and excluding the aforesaid share-based payments, its net loss was RMB70 million.

In the second half of the year, ZEEKR has already commenced delivering the all-new ZEEKR 009, a luxury flagship MPV, and will deliver two new models, ZEEKR MIX and ZEEKR 7X, a luxury mid-to-large size battery electric SUV.

## **LYNK&CO JV**

Lynk&Co JV, the Group's 50%-owned joint venture with Volvo Car Corporation and Geely Holding, was incorporated in October 2017 to facilitate the development, manufacture, sales and servicing of high-end passenger vehicles in both the China 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 JV aims to target at the premium mobility market segment globally through the provision of both passenger vehicles and mobility services.

In the first half of 2024, the sales volume of the Lynk&Co brand reached 126,000 units, representing a YoY increase of 54%. Lynk&Co JV has been committed to promoting its NEV strategy in recent years. The Lynk&Co 08 EM-P launched in the second half of last year and the Lynk&Co 07 EM-P launched during the period are both PHEVs based on the design language of The Next Day concept car of Lynk&Co and equipped with the LYNK Flyme Auto system, and have become the flagship products of the Lynk&Co brand since their debut. Therefore, the sales volume of Lynk&Co NEVs increased by 500% YoY to 64,000 units, and its sales volume proportion increased to 51%.

Lynk&Co serves its customers in China through 353 "Lynk&Co Centres" and 57 "Lynk&Co Spaces". In terms of exports, Lynk&Co has operated in many developed countries in Europe, including the Netherlands, France, Italy, Germany, Sweden, Belgium and Spain. During the period, Lynk&Co actively optimized its business model in Europe and expedited the progress of its retail business while maintaining its original subscription model. As of 30 June 2024, the number of subscriptions<sup>##</sup> in Europe was 23,000 units, a decrease of 6,000 units compared to that at the end of December 2023. In addition to the European market, Lynk&Co actively developed its sales business in the Asia-Pacific region and the Middle East.

<sup>##</sup>: Subscription means that consumers use vehicles and ancillary services during the subscription service period through regular payments of vehicle subscription fees, including vehicle insurance, daily maintenance, data services, road assistance, etc. Normally, Lynk&Co JV recognises the revenue and corresponding profit or loss over time as subscription consumers receive and consume the economic benefits provided for the vehicles during the subscription service period.

As the sales volume increased and the business in Europe was actively optimized, the net loss of Lynk&Co JV significantly reduced by 63% YoY to RMB0.25 billion. In the second half of the year, Lynk&Co will deliver its first BEV-Z10, and another compact battery electric SUV designed for the global market. Lynk&Co JV will strive for the goal of turning losses into profits for the whole year of 2024 by creating star products.

## **GENIUS AFC**

Genius Auto Finance Company Limited (“**Genius AFC**”) is a vehicle financing joint venture held by the Company, BNP Paribas Personal Finance, a wholly-owned subsidiary of BNP Paribas group, and Cofiplan S.A., among which the Company holds 75% of the shares. Genius AFC principally provides auto wholesale financing solutions and retail financing solutions, mainly supporting brands including “Geely”, “ZEEKR”, “Lynk&Co”, “Volvo Cars” and “smart”.

Benefiting from the sales growth driven by the NEV strategy of the vehicle brands served, the vehicle financing business of Genius AFC showed relatively stable growth in the first half of 2024, with the new retail financing unit increasing by 8.74% YoY. In addition, by virtue of the accumulated new financing amount, its total loan assets reached RMB51.5 billion as of 30 June 2024. Besides, in order to secure more contracts, Genius AFC also increased commissions and marketing expenses. As of 30 June 2024, its net profit was RMB669 million, representing a YoY increase of 3%.

Genius AFC is committed to actively managing the cost of capital and constantly expanding into new business areas. During the period, Genius AFC continued to diversify its funding sources, including sustainability-linked loan (“**SLL**”) syndicated loans, bilateral bank loans, asset-backed securities (“**ABS**”) and financial bonds. During the period, Genius AFC issued an ABS transaction with a size of RMB4.5 billion to sustainably support its business growth. In March 2024, Genius AFC completed the full drawdowns from the SLL cross-border club deal, involving five offshore banks with a total amount of RMB1.2 billion. In May 2024, Genius AFC successfully issued its first financial bond and obtained long-term funds of RMB1.5 billion to supplement working capital.

## Exports

In the first half of 2024, the Group's export sales reached 197,428 units of vehicles, representing an increase of 67% over the same period last year, accounting for 21% of the Group's total sales volume.

The Geely brand has been making a comprehensive deployment in the Southeast Asia, Middle East, Eastern Europe and Central Africa markets, while also tapping into the potential markets in Mexico and Central Asia, and speeding up the expansion of emerging markets such as Vietnam, Australia, New Zealand and Indonesia. As of 30 June 2024, the Geely brand had 653 sales and service outlets in 76 countries around the world and more than 120 sales service outlets were opened during the first half of the year to expand the global market. The Group also actively explores cooperation with local partners in different markets. The Group collaborates with local partners for assembly in Africa and Asia and plans to further expand into more countries. Meanwhile, in order to expand the product matrix for export, the Geely brand has built the first global new energy model-Galaxy E5 to quickly launch new energy products in overseas markets.

Regarding global expansion, as of 30 June 2024, ZEEKR has entered nearly 30 major international markets, including Sweden, the Netherlands, the United Arab Emirates, Mexico, as well as right-hand drive markets such as Thailand, Malaysia, and Indonesia.

Lynk&Co JV adheres to its Europe strategy as well as Asia Pacific and Middle East strategy. As of 30 June 2024, it has opened 12 offline experience stores in 7 countries in Europe and 15 sales outlets through dealers in other 11 countries in Asia Pacific and Middle East to provide customers with a variety of models, including Lynk&Co 01, Lynk&Co 03, Lynk&Co 05, Lynk&Co 06, and Lynk&Co 09. Lynk&Co JV will also work with channel resources of Volvo Car Corporation to speed up the development of its retail business in Europe. At the same time, Lynk&Co JV also plans to export its compact battery electric SUV in the second half of the year to put into place its electrification transformation in the global market.

The Group has also broadened its global export market presence through the brand cooperation model with its associates. The Group maintains a good strategic cooperation with PROTON, and through the export of platforms and technologies, helping PROTON to launch new vehicle models to further increase its sales volume and share in the right-hand drive market in Southeast Asia. During the period, the cumulative sales volume of PROTON reached 78,431 units. The Group's share of the results of PROTON amounted to RMB63 million. The Group also deepened its cooperation with another associate, Renault Korea, to form synergies in technology research and development and supply chain, with a view to expanding its export sales volume both locally and in developed countries. During the period, Renault Korea's cumulative sales volume amounted to 42,000 units. The Group's share of Renault Korea's results amounted to RMB29 million. Renault Korea has declared and paid dividends not less than KRW63 billion in total for the two financial years ended 31 December 2022 and 2023, meeting the minimum amount required for dividend guarantees.

## **OUTLOOK**

In the face of unstable macro economy, fierce competition in the industry, intensifying price wars, trade barriers and tariffs, the Group will firmly implement the two core strategies of “Two Blue Geely Actions” (兩個藍色吉利行動) and “Smart Geely 2025”, and leverage its advantages in ICE vehicles, PHEVs, BEVs and intelligent technologies to create star products of each brand in various market segments, seize more market share and expand the overall sales scale.

The Group will enhance its product competitiveness by launching models that are more in line with consumer needs in different market segments. Meanwhile, it will further reduce the cost through measures such as developing new products with optimized technologies, streamlined and generalized architecture. At the same time, the Group will make full use of Geely Holding's advantages in global resources and actively seek cooperation with international partners to deal with the risks posed by globalized trade barriers and tariffs.

In recent years, the Group has achieved remarkable results in strategic electrification transformation and the sales volume of each brand increased significantly during the period. Therefore, the annual sales target has been raised to 2 million units, reflecting the confidence of the Group's management. In the second half of the year, the Group will launch more new products as planned, and strive for better earnings performance while consolidating its market share.

## **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 2024, the Group's shareholders' funds amounted to approximately RMB89.6 billion (as at 31 December 2023: approximately RMB80.5 billion). The Company did not issue any ordinary shares during the six months ended 30 June 2024.

## **EXPOSURE TO FOREIGN EXCHANGE RISK**

During the six months ended 30 June 2024, 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 utilised its overseas plants to increase the proportion of its costs denominated in local currencies, facilitating 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 utilising appropriate tools to manage foreign exchange risk whenever deemed necessary.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2024, the Group's current ratio (current assets/current liabilities) was about 1.05 (as at 31 December 2023: 1.17) and the gearing ratio of the Group was about 5.9% (as at 31 December 2023: 7.6%) which was calculated on the Group's total borrowings<sup>@</sup> (excluding trade and other payables and lease liabilities) to total shareholders' equity (excluding non-controlling interests).



In the first half of 2024, the Group's net cash generated from operating activities were RMB14.2 billion, benefited from factors such as increase in overall sales volume and improved gross margin. Total capital expenditures of the Group (including property, plant and equipment, capitalised product development costs and land lease prepayments) amounted to RMB7.0 billion, mainly attributable to the higher investment in research and development as the Group accelerated the pace of electrification and intelligentization transformation.

In May 2024, ZEEKR successfully completed its initial public offering (“ZEEKR IPO”) by issuing 24,150,000 ADSs, raising net proceeds of approximately US\$480.9 million (equivalent to approximately RMB3,474.2 million). Notably, the Group subscribed for, and was allocated by the underwriters, 12,900,952 ADSs (equivalent to US\$270,919,992 or approximately RMB1,956.5 million) in the ZEEKR IPO. As at 30 June 2024, the Group's total cash level (including bank balances, cash, restricted bank deposits) increased by 17% to around RMB44.4 billion, compared to its total cash level as at 31 December 2023.

Total borrowings<sup>@</sup> (excluding trade and other payables and lease liabilities) as at 30 June 2024 amounted to approximately RMB5.3 billion (as at 31 December 2023: approximately RMB6.1 billion) were the Group's bank borrowings<sup>@</sup>, loan from a related company and bonds payable. At the end of June 2024, 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.

<sup>@</sup>: Borrowings comprise loans that are included in liabilities directly associated with assets classified as held for sale.

## **EMPLOYEES' REMUNERATION POLICY**

As at 30 June 2024, the total number of employees of the Group was about 55,000 (as at 31 December 2023: 60,000). 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.

## INTERIM DIVIDEND

At a meeting of the Board held on 21 August 2024, the Board resolved not to pay an interim dividend to the Company's shareholders (2023: Nil).

## 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 2024.

## CORPORATE GOVERNANCE

The Company has complied with the code provision(s) ("**CP(s)**") of the Corporate Governance Code set out in Appendix C1 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 2024, 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 2024, the Chairman did not attend the annual general meeting of the Company in person due to scheduling conflicts and other prior business engagements 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 matters to be discussed at 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 facilitates 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 matters to be discussed at the general meeting. Through these measures, views of the Shareholders are properly communicated to the Board as a whole. In addition, the external auditor is 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 31 May 2024. Due to scheduling conflicts and other prior business engagements 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 in person. Five (5) independent non-executive Directors and three (3) 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 C3 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.

## 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 2024, the audit committee of the Company (“**Audit Committee**”) comprises Ms. Gao Jie, Mr. An Qing Heng, Mr. Wang Yang and Ms. Yu Li Ping, Jennifer, 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 2024.

## PUBLICATION OF INTERIM REPORT ON THE WEBSITES OF THE COMPANY AND THE STOCK EXCHANGE OF HONG KONG LIMITED

Pursuant to the requirements of the Listing Rules regarding the reporting period, the 2024 interim report will set out all information disclosed in the interim results announcement for the first half of 2024 and will be disclosed on the websites of the Company (<http://www.geelyauto.com.hk>) and The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) in due course.

By Order of the Board of  
**Geely Automobile Holdings Limited**  
**Li Shu Fu**  
*Chairman*

Hong Kong, 21 August 2024

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