



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

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

Stock code: 9863



## LEAP TO EUROPE

# 2024 INTERIM REPORT

# Contents

Company Information	<b>2</b>
Key Highlights	<b>4</b>
Management Discussion and Analysis	<b>6</b>
Other Information	<b>13</b>
Report on Review of Interim Financial Information	<b>37</b>
Interim Condensed Consolidated Statement of Profit or Loss	<b>38</b>
Interim Condensed Consolidated Statement of Comprehensive Loss	<b>39</b>
Interim Condensed Consolidated Balance Sheet	<b>40</b>
Interim Condensed Consolidated Statement of Changes in Equity	<b>42</b>
Interim Condensed Consolidated Statement of Cash Flows	<b>43</b>
Notes to the Interim Condensed Consolidated Financial Information	<b>44</b>
Definitions	<b>80</b>

# Company Information

## DIRECTORS

### Executive Directors

Mr. Zhu Jiangming (朱江明) (*Founder, Chairperson of the Board and Chief Executive Officer*)  
Mr. Cao Li (曹力) (*Senior vice president*)  
Mr. Wu Baojun (吳保軍) (*resigned on 25 June 2024*)  
Mr. Zhou Hongtao (周洪濤) (*Senior vice president*)  
(*appointed on 25 June 2024*)

### Non-executive Directors

Mr. Grégoire Olivier  
Mr. Douglas Ostermann  
Mr. Jin Yufeng (金宇峰)

### Independent Non-executive Directors

Mr. Fu Yuwu (付于武)  
Ms. Drina C Yue (萬家樂)  
Dr. Huang Wenli (黃文禮) (*resigned on 25 June 2024*)  
Mr. Shen Linhua (沈林華) (*appointed on 25 June 2024*)

## SUPERVISORS

Mr. Wu Yefeng (吳燁鋒)  
Mr. Mo Chengrui (莫承銳)  
Ms. Yao Tianzhi (姚甜芝)

## AUDIT COMMITTEE

Dr. Huang Wenli (黃文禮) (*Chairperson*)  
(*resigned on 25 June 2024*)  
Mr. Shen Linhua (沈林華) (*Chairperson*) (*appointed on 25 June 2024*)  
Mr. Fu Yuwu (付于武)  
Ms. Drina C Yue (萬家樂)

## REMUNERATION COMMITTEE

Ms. Drina C Yue (萬家樂) (*Chairperson*)  
Mr. Zhu Jiangming (朱江明)  
Dr. Huang Wenli (黃文禮) (*resigned on 25 June 2024*)  
Mr. Shen Linhua (沈林華) (*appointed on 25 June 2024*)

## NOMINATION AND ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE (ESG) COMMITTEE

Mr. Zhu Jiangming (朱江明) (*Chairperson*)  
Mr. Fu Yuwu (付于武)  
Dr. Huang Wenli (黃文禮) (*resigned on 25 June 2024*)  
Ms. Drina C Yue (萬家樂) (*appointed on 25 June 2024*)

## JOINT COMPANY SECRETARIES

Ms. Jing Hua (敬華) (*resigned on 25 July 2024*)  
Ms. Lee Mei Yi (李美儀) (*FCG, HKFCG*)  
Mr. Shen Ke (沈珂) (*appointed on 25 July 2024*)

## AUTHORISED REPRESENTATIVES

Mr. Zhu Jiangming (朱江明)  
Ms. Lee Mei Yi (李美儀) (*FCG, HKFCG*)

## STOCK CODE

9863

## H SHARE REGISTRAR

### Tricor Investor Services Limited

17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## PRINCIPAL BANKS

China Merchants Bank Co., Ltd. Hangzhou Fengqi Branch  
China Construction Bank Hangzhou High-tech Branch

## HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

1/F, No. 451 Wulianwang Street  
Binjiang District, Hangzhou  
Zhejiang Province, China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Manulife Place  
348 Kwun Tong Road  
Kowloon, Hong Kong

### **REGISTERED OFFICE**

1/F, No. 451 Wulianwang Street  
Binjiang District, Hangzhou  
Zhejiang Province, China

### **REPORTING ACCOUNTANT AND INDEPENDENT AUDITOR**

PricewaterhouseCoopers  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
22/F, Prince's Building, Central, Hong Kong

### **LEGAL ADVISOR TO THE COMPANY**

Clifford Chance  
27/F Jardine House  
One Connaught Place  
Central, Hong Kong

### **COMPANY WEBSITE**

[www.leapmotor.com](http://www.leapmotor.com)

# Key Highlights

## FINANCIAL HIGHLIGHTS

	For the Six Months Ended 30 June		
	2024 (unaudited)	2023 (unaudited)	Change (%)
	(RMB in thousands, except percentages)		
<b>Revenue</b>	<b>8,845,408</b>	5,813,134	52.2%
<b>Gross gain/(loss)</b>	<b>100,225</b>	(341,760)	129.3%
<b>Gross margin</b>	<b>1.1%</b>	(5.9%)	7.0%
<b>Operating loss</b>	<b>(2,395,029)</b>	(2,333,572)	-2.6%
<b>Operating margin</b>	<b>-27.1%</b>	(40.1%)	13.0%
<b>Loss before income tax</b>	<b>(2,211,720)</b>	(2,276,062)	2.8%
<b>Loss and total comprehensive loss for the period attributable to the equity holders of our Company</b>	<b>(2,247,421)</b>	(2,276,109)	1.3%
<b>Loss per share attributable to the equity holders of our Company (in RMB)</b>	<b>(1.65)</b>	(1.99)	17.1%

### Finance

- Revenue was RMB8,845.4 million for the six months ended 30 June 2024, representing an increase of 52.2% from RMB5,813.1 million for the same period of 2023.
- Gross margin was 1.1% for the six months ended 30 June 2024, showing a significant improvement from (5.9%) for the same period of 2023, with gross margin improving to 2.8% in a single quarter in the second quarter of 2024, and better gross profit performance is expected in the second half of the year.
- Net loss attributable to the equity holders of the Company was RMB2,211.7 million for the six months ended 30 June 2024, compared with RMB2,276.1 million for the same period of 2023. Excluding the share-based payment as part of employee benefit expenses, the adjusted net loss (non-IFRS) was RMB2,016.2 million for the six months ended 30 June 2024, compared with RMB1,936.5 million for the same period of 2023. Please refer to “Management Discussion and Analysis – Non-IFRS Measure” for further details. The Company’s losses decreased insignificantly despite an increase in gross profit for the Reporting Period, which mainly due to the increase in the Company’s investment in research and development, including future development of new models, and the increased investment in development of intelligent driving technology in the first half of the year (and, especially in the second quarter). In the first half of 2024, the penetration rate of NEVs in China was approximately 50%, and the Company will further launch competitive models in the market in the next two years. The Company has initiated and is conducting the development of “end- to-end big model” intelligent driving technology and its application. Relevant applications are scheduled to be launched in 2024 and 2025. The research and development expenses for the first half of 2024 was RMB1,221.3 million, representing an increase of 48.4% as compared with that for the same period of 2023.

- Net cash generated from operating activities was RMB267.6 million for the six months ended 30 June 2024, compared with net cash generated from operating activities of RMB151.7 million for the same period of 2023. Cash flow from operating activities is expected to improve further in the second half of the year, aiming to turn into a positive free cash flow. Abundant funds on hand and continuously improving self-supporting ability will strengthen the foundation of the Company's long-term development. The Company's debt to asset ratio was 60.3% on 30 June 2024, remaining at a reasonable level.

### **Sales volume**

- Total deliveries of vehicles were 86,696 units for the six months ended 30 June 2024, representing an increase of 94.8% from 44,502 units for the same period of 2023; deliveries have climbed month-over-month since the launch of the 2024 new models in early March 2024, with deliveries exceeding 20,000 units for the first time in June; the monthly sale volume exceeded 30,000 units in August, reaching a new high;
- Sales volume of the C10 have steadily increased since its launch in March 2024, with 24,106 units delivered as of 30 June 2024;
- C16 became a hot seller upon its launch with cumulative grand order exceeding 10,000 units in the first month of its launch, recording the largest order volume in the first month of launch of the Company up to now, and its demand is expected to significantly increase in the future;
- With the constant optimization of the sales network and the increase of service outlets, the continuous enrichment of the product matrix, the improvement of the customers' ownership of the Company's products and the brand effect, the sales growth is expected to further accelerate, with net increase in orders of more than 28,000 units in July 2024, the delivery of 22,093 units in a single month, and reaching the cumulative delivery of 400,000 units in the first half of July. The Company expects that sales volume in the third quarter of 2024 will significantly increase from second quarter;
- The Company's sales volume has always relied on product strength to support the steady growth, and the sales volume of each new model grew month by month after launch, and we did not rely on the practice of massive resources investment before the product is launched in exchange for short-term orders.

# Management Discussion and Analysis

## PRODUCTS

In the first half of 2024, the Company successfully launched two new models, the C10 and the C16, which were instant hits. Since its launch in March 2024, sales volume increased steadily and 24,106 units of the C10 were delivered as of 30 June 2024, sales of the C10 have been steadily increasing since July, and the cumulative grand order of the C16 exceeded 10,000 units in the first month of its launch.

In March 2024, the Company launched the entire series of its modified models, and synchronically applied to incorporate the LEAP 3.0 technology architecture into its C11 and C01 to enhance the product competitiveness of the 2024 models of C11 and C01. The launch of the new models of C16 did not affect the sales of the two SUVs of C10 and C11, instead the popularity of the new models led to a greater flow of customers, achieving a synergistic increase in volume. Therefore, the C Series has four models in the price range of RMB100,000-200,000, forming a product matrix targeting different segments of the market, including two 5-seat SUVs (C11 and C10), a 6-seat SUV (C16) and a 5-seat sedan (C01).

The first global strategic model, C10, is based on the Company's independently developed LEAP 3.0 technology architecture, designed in accordance with Chinese and European double-five-star safety standards, and features industry-leading intelligent electric technologies such as centralized integrated electronic and electrical architecture, CTC battery chassis integration, and the flagship intelligent cockpit. The first batch of C10s is equipped with the flagship intelligent cockpit chip, Qualcomm SA8295P, and the higher-end intelligent driving version with LIDAR and NVIDIA Orin-X chips, realizing high-level intelligent driving. The chassis tuning was jointly conducted with Maserati team under Stellantis, to achieve a luxury car-level handling experience. Meanwhile, C10 has a CLTC range of 530 kilometers, bringing users an intelligent, convenient, safe and comfortable home.

The ultra-comfortable and intelligent 6-seat SUV C16 combines the spaciousness and comfort of an MPV with the styling of an SUV, with the Qualcomm SA8295P chip as standard across the board, and the higher-end intelligent driving version equipped with LIDAR and Orin-X chips. The C16's pure electric model is equipped with an 800V silicon carbide high-voltage platform across the board, and its silicon carbide three-in-one electric drive powertrain has four major advantages: high-performance, high-efficiency, high-intelligence, and high-lifespan.

As of early July 2024, the Company have delivered more than 400,000 NEVs cumulatively, underscoring our market predominance and customer's trust in and recognition of Leapmotor brand.

Regarding the expansion of overseas markets, we expect to launch two products, C10 and T03, in Europe in September 2024, and the sales potential of overseas markets will inject new vitality into the Company's long-term development.

## RESEARCH AND DEVELOPMENT

On 10 January 2024, the Company launched the latest iterated LEAP 3.0 technology architecture. This technological innovation represents our significant accumulation and breakthroughs in full-suite in-house R&D over the past eight years, covering six key technical areas: electrical and electronic architecture, smart cockpit, intelligent driving, intelligent battery, intelligent electric drive, and whole vehicle architecture. The LEAP 3.0 technology not only offers users enhanced safety but also significantly boosts the intelligence, comfort, and convenience of the products, delivering a fully upgraded driving experience for consumers.

Intelligent cockpit serves as a bridge between the occupants and the core functions of the vehicle, and its design and experience are important indicators of the advanced features of the vehicle. In 2024, the Company released the industry's first batch of intelligent cockpit system with Qualcomm 8295 chips, whose excellent human-computer interaction and intelligent performance have been widely praised by consumers. The new generation of cockpit is based on SOA software architecture, which opens more than 300 kinds of capabilities, and is the first to launch FACE\_ID linkage customization scene, realizing the exclusive use experience of cars. The Company's self-developed 21-speaker sound algorithm supports Dolby Atmos, bringing the industry's first-class in-vehicle audio experience, and its voice function enables "seeing is speaking" in full scenes, and full-time auditory-free waking up. In July 2024, the Company completed OTA upgrade for the existing intelligent cockpit functions, bringing the AI big model to C10, activated the car assistant, text-to-picture, the encyclopedia assistant and other capabilities, and became the first model in the same price range to support the AI big model.

The development of end-to-end intelligent driving technology has allowed the industry to see the certainty of the future of urban intelligent driving. Based on the already realized high-speed NAP and urban NAC intelligent driving functions, the Company is implementing the research and development of "end-to-end big model" intelligent driving system, and will continue to increase the investment in manpower, arithmetic power and equipments in this direction this year and in the following period of time. In 2024, we set up the "Smart Driving Technology Research Institute" and plan to expand the existing team to about 500 people, focusing on the development of smart driving-related algorithms and application technologies. At the end of July 2024, the Company carried out an OTA enhancement of the existing L2+ assisted driving function, which was widely praised by consumers. With the progress of R&D, the Company plans to launch upgraded intelligent driving and further function optimization within the second half of 2024, including open road point-to-point commuting capability and parking lot memory parking, etc. Leapmotor also plans to launch the city intelligent driving function (CNAP) based on the end-to-end smart driving big model within 2025, to continue to provide customers with safe and comfortable high-class intelligent driving experience.

We offer all users the latest achievements in research and development through OTAs. In the first half of 2024, we completed seven OTA upgrades, introducing and refining over 50 functions, including NAP high-speed intelligent piloting and expansion of zero dynamic space capabilities. The addition and optimization of these features not only showcase our commitment to innovation but also highlight our dedication to enhancing user experience.

The Company will take technology as a guide to create all subsequent products with globalized design concepts and globalized R&D standards. Currently, there are seven new models under research and development, and the Company's first globalized B model from B platform, the B10, will be unveiled at the Paris Automobile Show in October 2024. This model is targeting to the largest market segment. Using the new technology architecture LEAP 3.5, it is expected to be the next instant hit model.

## SALES – END-USER-ORIENTED

The Company adheres to the "1+N" model and continues to expand and optimize its marketing network. The "1+N" model refers to the channel model in which a regional center store with 4S service function can support several ("N") supermarkets and city exhibition halls in the region. The regional center store guides other display stores in the region with a standardized process to form a regionalized and modular advantage, while taking into account the cost, brand and service. We use city managers to manage and empower the regional store system, firmly adhere to the core principle of serving end-users, help optimize the process, and assist in improving the user experience, as well as effectively improve the store's fine management level, thus achieving the goal of high-efficiency operations.

By the end of June 2024, the Company had 474 sales stores and 328 service stores covering 187 cities. In the second half of the year, the channel layout will be fully accelerated, and the Company will accelerate the coverage of blank cities, accelerate the sinking to the county-level market, to provide users with more convenient services. The Company plans to accelerate the construction of the Leapmotor Center, which is dedicated to providing end-users with an integrated service experience of sales, delivery and service, and improving service quality and efficiency.



## Management Discussion and Analysis

In practice, we apply the all-link digital marketing and service system, which focuses on end-users, opens up online and offline service touchpoints, and covers the user's full-scene experience, which has achieved favourable results. We use DMP and other precision placement tools to realize the systematization and digitization of the whole chain from finding leads from interested people and media placement, to user invitation, visiting the store, test driving, placing orders and subsequent car ownership and use of the car, etc., with high efficiency.

### GLOBALIZATION

The Company's overseas business has landed in an orderly manner according to plan. In May 2024, Leapmotor and Stellantis completed the establishment of the joint venture company, Leapmotor International, building of core team and merchants inviting, which is held as to 49% and 51% by Leapmotor and Stellantis respectively. Leapmotor International plans to start selling and delivering the C10 and T03 in Europe from September 2024, and both products have already obtained EU WVTA certification.

So far, nearly 2,000 units of C10 and T03 have been shipped to Europe by sea. Leapmotor International plans to expand more than 200 sales outlets in Europe by the end of this year, and expand the sales network to 500 outlets by 2026. In the fourth quarter of 2024, Leapmotor International will enter into markets in Asia Pacific, the Middle East, Africa and South America.

Leapmotor International is scheduling a significant four-day media event in Europe, before the end of September 2024. This event will feature extensive media participation and will include opportunities for test-driving the C10 and T03 models.

The Company's cooperation with Stellantis is an all-encompassing global partnership in the areas of channel network, after-sales service, automotive finance to product and parts empowerment. For instance, Maserati team under Stellantis, and Leapmotor's chassis R&D team jointly tuned the Company's products to enhance the global competitiveness of the Company's products.

The Company's globalization will be the globalization of vehicles and components with an asset-light model. The Company takes the Chinese market as the foundation, expanding into overseas markets, and realizing a breakthrough in the field of Tier 1 suppliers.

### ESG

The Company proactively puts the concept of sustainable development into practice, all manufacturing plants are encouraged to use green and clean energy as possible as they can. The Company published independent ESG reports for two consecutive years, systematically highlighting our performance and achievements in the ESG field. In January 2024, the Company, for the first time, was included in the MSCI ESG rating and rose into the global industry leading level with an "AA" rating. In June 2024, the Company was awarded the Bronze Certification of Corporate Social Responsibility (CSR) by EcoVadis, an international authoritative sustainability rating agency, which provides strong support for our business of outsourcing major components of our EIC to external third-party customers.

### FINANCIAL ANALYSIS

#### Revenue

Total revenue was RMB8,845.4 million for the six months ended 30 June 2024, representing an increase of 52.2% from RMB5,813.1 million for the six months ended 30 June 2023. This increase was primarily due to an increase of delivery of products.

Sales of electric vehicles and parts were RMB8,836.3 million for the six months ended 30 June 2024, representing an increase of 52.3% from RMB5,803.2 million for the six months ended 30 June 2023. This increase was primarily attributable to an increase of delivery of products.

The revenue from services amounted to RMB9.1 million for the six months ended 30 June 2024, which was basically the same compared with RMB9.9 million for the six months ended 30 June 2023.

### Cost of Sales

Cost of sales was RMB8,745.2 million for the six months ended 30 June 2024, representing an increase of 42.1% from RMB6,154.9 million for the six months ended 30 June 2023. This increase was primarily attributable to the increase of delivery of products.

### Gross Profit and Gross Margin

Gross profit was RMB100.2 million for the six months ended 30 June 2024, representing an improvement from RMB(341.8) million for the six months ended 30 June 2023. This improvement was primarily due to (1) economies of scale driven by the increase of sale; and (2) ongoing cost management.

Gross margin improved from (5.9%) for the six months ended 30 June 2023 to 1.1% for the six months ended 30 June 2024, mainly due to (1) economies of scale driven by the increase of sale; and (2) ongoing cost management.

### Selling Expenses

Selling expenses were RMB902.7 million for the six months ended 30 June 2024, representing an increase of 10.0% from RMB820.5 million for the six months ended 30 June 2023. This increase was primarily due to the enhancement of its advertising and promotion efforts.

### Administrative Expenses

Administrative expenses were RMB435.0 million for the six months ended 30 June 2024, representing an increase of 10.0% from RMB395.5 million for the six months ended 30 June 2023. This increase was primarily due to the increase of the number of administrative staff along with business expansion.

### R&D Expenses

R&D expenses were RMB1,221.3 million for the six months ended 30 June 2024, representing an increase of 48.4% from RMB823.2 million for the six months ended 30 June 2023. This increase was primarily due to (1) the increase of R&D projects on new models and component, and (2) the increased investment in intelligent driving technology.

### Operating Loss

Operating loss was RMB2,395.0 million for the six months ended 30 June 2024, representing an increase of 2.6% from RMB2,333.6 million for the six months ended 30 June 2023. This increase was primarily due to the increase of R&D expenses on the basis of the improved gross profit.

### Net Finance Income

Net finance income was RMB189.1 million for the six months ended 30 June 2024, representing an increase of 245.9% from RMB54.7 million for the six months ended 30 June 2023. This increase was primarily due to an increase of interest income from bank deposits.

### Share of Net Profit of Associates

Share of net profit of associates was RMB(5.8) million for the six months ended 30 June 2024, representing a decrease of 305.8% from RMB2.8 million for the six months ended 30 June 2023. This decrease was primarily due to the continued downturn in performance from associates.

## Management Discussion and Analysis

### Net Loss and Adjusted Net Loss

Based on the above, net loss was RMB2,211.7 million for the six months ended 30 June 2024, compared with RMB2,276.1 million for the six months ended 30 June 2023. Excluding the share-based payment as part of employee benefit expenses, the adjusted net loss (non-IFRS) was RMB2,016.2 million for the six months ended 30 June 2024, compared with RMB1,936.5 million for the six months ended 30 June 2023. Please refer to “Management Discussion and Analysis – Non-IFRS Measure”.

### Basic and Diluted Loss Per Share

Basic and diluted loss per share was RMB1.65 for the six months ended 30 June 2024, compared with RMB1.99 for the six months ended 30 June 2023.

### Liquidity and Capital Resources

As of 30 June 2024, we had a liquidity of RMB16,490.9 million, which includes cash and cash equivalents, restricted cash, financial assets at fair value through profit or loss and short-term bank time deposits, representing a decrease of 14.9% from RMB19,388.1 million as of 31 December 2023. Our cash and cash equivalents primarily consist of cash at banks under RMB and USD denominations. We believe that this level of liquidity is sufficient to finance our operations, having considered our business development and expansion plans.

### Interest Expenses on Bank and Other Borrowings

Interest expenses on bank and other borrowings were RMB34.2 million for the six months ended 30 June 2024, representing a decrease of 10.7% from RMB38.3 million for the six months ended 30 June 2023.

### Borrowings

As of 30 June 2024 and 31 December 2023, the Group had long-term bank borrowings with the total amount of approximately RMB1,365.6 million and RMB1,276.2 million, respectively. Our bank and other borrowings were denominated in RMB.

### Gearing Ratio

The Company monitored capital using gearing ratio. As of 30 June 2024, the Group’s gearing ratio was negative value, which is calculated as net debt divided by total capital at the end of each financial period. Net debt equals to our total borrowings and lease liabilities less our cash and cash equivalents. Total capital is calculated as total equity plus net debt.

### Net Cash Generated from Operating Activities

Net cash generated from operating activities was RMB267.6 million for the six months ended 30 June 2024, compared with net cash generated from operating activities of RMB151.7 million for the six months ended 30 June 2023, representing an increase of RMB115.9 million in net cash of operating activities over the same period of last year. The improvement in cash flows of operating activities was primarily due to the receipt of government subsidies for NEVs and the improved gross margin of vehicle sales.

### Free Cash Flow

Free cash flow was RMB(482.3) million for the six months ended 30 June 2024, representing a decrease of 7.5% from RMB(448.6) million for the six months ended 30 June 2023. The change was mainly due to an increase of capital expenditures.

**Treasury Policy**

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

**PLEDGE OF ASSETS**

As of 30 June 2024, our Company pledged restricted deposits of RMB2,091.6 million for the issuance of bank acceptance notes, security deposits of bank borrowings, customs guarantee and guarantee deposits for the contracts with the Group's suppliers, representing a decrease of 46.7% from RMB3,921.9 million as of 31 December 2023.

**SIGNIFICANT INVESTMENTS HELD**

For the six months ended 30 June 2024, the Company did not have any significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as of 30 June 2024).

**FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

As of 30 June 2024, save as otherwise disclosed, the Group has no specific plan for material investments and acquisition of capital assets.

**CAPITAL COMMITMENTS AND CAPITAL EXPENDITURES**

The Company had capital commitments amounting to RMB3,350.1 million for the acquisition of property, plant and equipment as of 30 June 2024. The Company recorded capital expenditures of RMB749.8 million for the six months ended 30 June 2024, which were primarily used for purchasing plants and machinery, land use rights and intangible assets at our production bases in Jinhua, Zhejiang Province and Hangzhou, Zhejiang Province.

**CONTINGENT LIABILITIES**

As of 30 June 2024, the Company did not have any material contingent liabilities.

**MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

For the six months ended 30 June 2024, the Company made investment to establish an associate, Leapmotor International, and owned 49% of its equity interest. In addition, the Company did not have material acquisitions or disposals of other subsidiaries, associates and joint ventures.

**NON-IFRS MEASURE**

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

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

## Management Discussion and Analysis

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

	For the six months ended 30 June	
	2024 RMB million	2023 RMB million
<b>Reconciliation of net loss to adjusted net loss:</b>		
Net loss for the six months ended 30 June 2024	<b>(2,211.7)</b>	(2,276.1)
Add:		
– Share-based payment expenses <sup>(1)</sup>	<b>195.5</b>	339.6
Adjusted net loss (Non-IFRS measure)	<b>(2,016.2)</b>	(1,936.5)

Note:

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

## RISK MANAGEMENT

### Foreign Exchange Risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the Group. The Company and its major subsidiaries were incorporated in Mainland China. The Company considers RMB as the functional currency and believes that it currently does not have any significant direct foreign exchange risk arising from its operating activities. As of 30 June 2024, the Company did not hold any financial instruments for hedging purposes.

### Interest Rate Risk

The Group's interest-rate risk mainly arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest-rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest-rate risk. For the six months ended 30 June 2024, the Group did not use any interest rate swap contracts or other financial instruments to hedge against its interest rate risk.

## Other Information

### DIVIDENDS

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

### PURCHASE, SALE OR REDEMPTION OF OUR COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including the sales of treasury shares (as defined in the Listing Rules)) for the six months ended 30 June 2024. As of the end of the Reporting Period, the Company and any of its subsidiaries did not hold treasury shares.

### 2024 SHARE SUBSCRIPTIONS

On 19 January 2024, the Company entered into (i) an H Share subscription agreement with Jinhua Industrial Fund, and (ii) a Domestic Share subscription agreement with Wuyi County Financial Investment (collectively, the "**2024 Share Subscriptions**"). The subscription shares under the 2024 Share Subscriptions will be allotted and issued pursuant to the general mandate with an aggregate amount of proceeds not exceeding RMB600 million. The proceeds would be allocated for R&D investment, marketing, production capacity enhancement, working capital, general corporate purposes and others.

As at the date of this interim report, the completion of the subscriptions by Jinhua Industrial Fund and Wuyi County Financial Investment is subject to the fulfilment of the conditions as set out in the respective agreements. For details, please refer to the announcements of the Company dated 19 January 2024 and 1 March 2024, and the circular of the Company dated 9 February 2024.

### EMPLOYEES, TRAINING AND REMUNERATION POLICIES

As of 30 June 2024, our Group had 10,844 full-time employees, the majority of whom are based in Zhejiang Province, China. The following table sets forth the breakdown of our Group's employees by function as of 30 June 2024:

Function	Number of Employees	% of Total
Manufacturing	5,115	47.2
R&D	3,823	35.3
Sales and marketing	1,170	10.8
Supply chain management	284	2.6
General and administration	452	4.1
<b>Total</b>	<b>10,844</b>	<b>100.0</b>

The Group primarily recruits the employees through campus recruitment, online recruitment, internal referrals, recruitment firms or agents, and other channels, to satisfy its demand for different types of talents. The Group conducts safety awareness, quality awareness and corporate culture training for R&D and manufacturing staff, and implements a comprehensive training system for all employees. During the Reporting Period, the Group incurred employee benefit expenses of approximate RMB1,433.4 million. The Group also holds various training courses conducted online and offline on a weekly basis.

## Other Information

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

To recognise the contributions of key employees and motivate them to further promote the development of the Company, the Company adopted two Share Award Schemes and one Pre-IPO Share Option Scheme. For details, please refer to the paragraph headed "Employee Incentive Schemes" below.

### INTERESTS AND/OR SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF OUR COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, the interests and short positions of the Directors and chief executives of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations within the meaning of Part XV of the SFO, which were required (a) to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept by our Company pursuant to Section 352 of the SFO; or (c) as otherwise notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules are set out as follows:

Name	Position	Nature of Interest	Number of Shares <sup>(1)</sup>	Approximate percentage of shareholding in the relevant class of Shares <sup>(1)</sup>	Approximate percentage of shareholding in the total share capital of our Company <sup>(1)</sup>
<b>Domestic Shares</b>					
Mr. Zhu	Founder, chairperson of the Board, executive Director and chief executive officer	Beneficial owner	55,557,839	25.19%	4.16%
		Interests held jointly with another person <sup>(3)</sup>	72,960,000	33.08%	5.46%
<b>H Shares</b>					
Mr. Zhu	Founder, chairperson of the Board, executive Director and chief executive officer	Beneficial owner	37,038,559	3.32%	2.77%
		Interests in controlled corporations <sup>(2)</sup>	27,683,972	2.48%	2.07%
		Interests held jointly with another person <sup>(3)</sup>	120,549,007	10.80%	9.02%
Mr. Cao Li (曹力先生)	Executive Director and senior vice president	Beneficial owner <sup>(4)</sup>	2,000,000	0.18%	0.15%
Mr. Zhou Hongtao (周洪濤先生)	Executive Director and senior vice president	Beneficial owner <sup>(5)</sup>	2,000,000	0.18%	0.15%

## Other Information

## Notes:

- (1) All interests stated are long position. The calculation is based on the total number of 220,552,174 Domestic Shares in issue and 1,116,413,915 H Shares in issue as at 30 June 2024. Figures for the percentage of shares held have been corrected to the nearest second decimal place.
- (2) Hangzhou Xintu is held as to 70% and 30% by Mr. Zhu and Ms. Liu (the spouse of Mr. Zhu), respectively. Mr. Zhu is therefore deemed to be interested in the 4,077,472 H Shares converted from Domestic Shares held through Hangzhou Xintu. Mr. Zhu is the general partner of Ningbo Jinghang and Wanzai Mingzhao and therefore Mr. Zhu is deemed to be interested in 23,606,500 H Shares converted from Domestic Shares held through Ningbo Jinghang and Wanzai Mingzhao. Therefore, Mr. Zhu is deemed to be interested in a total of 27,683,972 H Shares through Hangzhou Xintu, Ningbo Jinghang and Wanzai Mingzhao.
- (3) Pursuant to an acting-in-concert agreement dated 1 February 2016 entered into by and between Mr. Zhu and Mr. Fu, Mr. Zhu and Mr. Fu agreed to act in concert by aligning their votes at the Board and/or Shareholders' meetings of our Company in accordance with the consensus achieved among them. In the event that they are unable to reach consensus on any matter presented, the parties shall vote in accordance with the direction of Mr. Zhu, subject to applicable laws and regulations and without prejudice to interests of our Company, Shareholders and creditors. The term of the agreement commences from the date of its execution and ends 36 months after the Listing. Ms. Chen, as spouse of Mr. Fu, and her controlled entity, Ningbo Hualing, have been acting in concert with Mr. Fu and Mr. Zhu on voting and making decisions in respect of her interest in our Company. Ms. Liu, as spouse of Mr. Zhu, has also been acting in concert with Mr. Zhu and Mr. Fu. Accordingly, Mr. Zhu, Mr. Fu, Ms. Liu and Ms. Chen are members of the Single Largest Group of Shareholders with respect to their shareholding in the Company. Therefore, under the SFO, in addition to their respective direct shareholding or interest in controlled corporations, each of such individual is also deemed to be interested in the interest of the other individuals.

- (4) Mr. Cao Li (曹力先生) is entitled to receive 2,000,000 Shares pursuant to the options granted to him under the Pre-IPO Share Option Scheme, subject to vesting conditions. For details of the Pre-IPO Share Option Scheme, refer to the paragraph headed "Employee Incentive Schemes" below.
- (5) Mr. Zhou Hongtao (周洪濤先生) is entitled to receive 2,000,000 Shares pursuant to the options granted to him under the Pre-IPO Share Option Scheme, subject to vesting conditions. For details of the Pre-IPO Share Option Scheme, refer to the paragraph headed "Employee Incentive Schemes" below.

Save as disclosed herein, as at 30 June 2024, none of the Directors, the Supervisors or the chief executives of the Company held or was deemed to hold any interests or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept by our Company pursuant to Section 352 of the SFO; or (c) as otherwise notified to our Company and the Stock Exchange pursuant to the Model Code.



## Other Information

**INTERESTS AND/OR SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF OUR COMPANY**

So far as the Directors or chief executive of our Company are aware, as at 30 June 2024, the following persons (other than the Directors or chief executives of our Company) had interests and/or short positions in the Shares or underlying Shares of our Company which shall be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept pursuant to Section 336 of the SFO or had otherwise notified to the Company:

Name of Shareholder	Nature of Interest	Number of Shares <sup>(1)</sup>	Approximate percentage of shareholding in relevant class of Shares <sup>(1)</sup>	Approximate percentage of shareholding in total share capital of our Company <sup>(1)</sup>
<b>Domestic Shares</b>				
Ms. Liu	Deemed interests <sup>(3)</sup>	55,557,839	25.19%	4.16%
	Interests held jointly with another person <sup>(2)</sup>	72,960,000	33.08%	5.46%
Mr. Fu	Beneficial owner	72,960,000	33.08%	5.46%
	Interests held jointly with another person <sup>(2)</sup>	55,557,839	25.19%	4.16%
Ms. Chen	Interests held jointly with another person <sup>(2)</sup>	128,517,839	58.27%	9.61%
Stellantis	Beneficial owner <sup>(7)</sup>	45,000,000	20.40%	3.37%
Hangzhou Guoshun Lingpao Equity Investment Partnership (Limited Partnership) (杭州國舜領跑股權投資合夥企業(有限合夥)) ("Guoshun Lingpao")	Beneficial owner <sup>(8)</sup>	12,107,202	5.49%	0.91%
Ningbo Meishan Free Trade Zone Sequoia Zhisheng Capital Investment L.P. (寧波梅山保稅港區紅杉智盛股權投資合夥企業(有限合夥)) ("Sequoia Zhisheng")	Beneficial owner <sup>(10)</sup>	11,229,358	5.09%	0.84%
	Interests in controlled corporations <sup>(11)</sup>	1,223,242	0.55%	0.09%

## Other Information

Name of Shareholder	Nature of Interest	Number of Shares <sup>(1)</sup>	Approximate percentage of shareholding in relevant class of Shares <sup>(1)</sup>	Approximate percentage of shareholding in total share capital of our Company <sup>(1)</sup>
<b>H Shares</b>				
Ms. Liu	Deemed interests <sup>(3)</sup>	185,271,538	16.60%	13.86%
Mr. Fu	Beneficial owner	18,240,000	1.63%	1.36%
	Interests in controlled corporations <sup>(4)</sup>	56,561,266	5.07%	4.23%
	Deemed interests <sup>(5)</sup>	56,547,741	5.07%	4.23%
	Interests held jointly with another person <sup>(2)</sup>	64,722,531	5.80%	4.84%
	Interests in controlled corporation <sup>(11)</sup>	10,800,000	0.97%	0.81%
Ms. Chen	Interests in controlled corporation <sup>(6)</sup>	56,547,741	5.07%	4.23%
	Deemed interests <sup>(5)</sup>	74,801,266	6.70%	5.59%
	Interests held jointly with another person <sup>(2)</sup>	64,722,531	5.80%	4.84%
	Deemed interest <sup>(12)</sup>	10,800,000	0.97%	0.81%
Stellantis	Beneficial owner <sup>(7)</sup>	239,260,030	21.43%	17.90%
Guosen Securities Co., Ltd. (國信證券股份有限公司) ("Guosen Securities")	Trustee <sup>(9)</sup>	57,723,164	5.17%	4.32%
Ningbo Hualing	Beneficial owner <sup>(13)</sup>	56,547,741	5.07%	4.23%

## Notes:

- (1) In the above table, the information on the individuals/entities in which the interests are held, the nature of such interests and the number of Shares is based on information available on the website of the Stock Exchange (<http://www.hkexnews.hk/>). All interests stated are long position. The calculation is based on the total number of 220,552,174 Domestic Shares in issue and 1,116,413,915 H Shares in issue as 30 June 2024. Figures for the percentage of shares held have been corrected to the nearest second decimal place.
- (2) Pursuant to an acting-in-concert agreement dated 1 February 2016 entered into by and between Mr. Zhu and Mr. Fu, Mr. Zhu and Mr. Fu agreed to act in concert by aligning their votes at the Board and/or Shareholders' meetings of our Company in accordance with the consensus achieved among them. In the event that they are unable to reach consensus on any matter presented, the parties shall vote in accordance with the direction of Mr. Zhu, subject to applicable laws and regulations and without prejudice to interests of our Company, Shareholders and creditors. The term of the agreement commences from the date of its execution and ends 36 months after the Listing. Ms. Chen, as spouse of Mr. Fu, and her controlled entity, Ningbo Hualing, have been acting in concert with Mr. Fu and Mr. Zhu on voting and making decisions in respect of her interest in our Company. Ms. Liu, as spouse of Mr. Zhu, has also been acting in concert with Mr. Zhu and Mr. Fu. Accordingly, Mr. Zhu, Mr. Fu, Ms. Liu and Ms. Chen are members of the Single Largest Group of Shareholders with respect to their shareholding in the Company. Therefore, under the SFO, in addition to their respective direct shareholding or interest in controlled corporations, each of such individual is also deemed to be interested in the interest of the other individuals.

## Other Information

- (3) Mr. Zhu and Ms. Liu are spouses. Therefore, under the SFO, Mr. Zhu and Ms. Liu are deemed to be interested in the Shares of our Company held by each other.
- (4) Mr. Fu is the general partner of Ningbo Huayang and Ningbo Gulin. Mr. Fu is therefore deemed to be interested in the total of 45,761,266 H Shares converted from Domestic Shares held through Ningbo Huayang and Ningbo Gulin.
- (5) Mr. Fu and Ms. Chen are spouses. Therefore, under the SFO, Mr. Fu and Ms. Chen are deemed to be interested in the Shares of our Company held by each other.
- (6) Ms. Chen is the general partner of Ningbo Hualing. Therefore, Ms. Chen is deemed to be interested in 56,547,741 H Shares held through Ningbo Hualing.
- (7) Stellantis is listed on the New York Stock Exchange (stock code: STLA).
- (8) Guoshun Lingpao is one of our major Pre-IPO Investors and is a limited partnership established in the PRC. The general partner of Guoshun Lingpao is Hangzhou Guoyi Enterprise Management Co., Ltd. (杭州國屹企業管理有限公司), which holds approximately 0.0018% therein and is wholly owned by Hangzhou Industrial Investment Co., Ltd. (杭州產業投資有限公司) (“**Hangzhou Industrial Investment**”). The remaining interest is owned by three limited partners, including 60.6% by Hangzhou Industrial Investment, 9.09% by Hangzhou Heda Industrial Fund Investment Co., Ltd. (杭州和達產業基金投資有限公司) (“**Heda Industrial Fund**”) and 30.3% by Hangzhou Industrial Development Investment Co., Ltd. (杭州市產業發展投資有限公司), each a state-owned enterprise.
- (9) Guosen Securities is the manager of Guosen Securities Leapmotor Technology Employee Shareholding No. 1 Single Asset Management Plan (國信證券零跑科技員工持股1號單一資產管理計劃) (“**Employee Shareholding Plan**”), our Company’s employee shareholding plan. For details of our Employee Shareholding Plan, please refer to the paragraph headed “Employee Incentive Schemes” below.
- (10) Sequoia Zhisheng is one of our major Pre-IPO Investors and is a limited partnership established in the PRC. The general partner of Sequoia Zhisheng is Jiaxing Sequoia Kunsheng Investment Management Partnership (嘉興紅杉坤盛投資管理合夥企業(有限合夥)) (“**Sequoia Kunsheng**”) and the general partner of Sequoia Kunsheng is Ningbo Meishan Bonded Port Area Sequoia Huanjia Investment Management Limited (寧波梅山保稅港區紅杉桓嘉投資管理有限公司), which is ultimately controlled by an Independent Third Party, Mr. Zhou Kui (周逵). Sequoia Zhisheng is owned as to (i) 0.01% by Sequoia Kunsheng, and (ii) 59.99% and 40.0% by Ningbo Meishan Free Trade Port Sequoia Mingsheng Equity Investment Partnership (Limited Partnership) (寧波梅山保稅港區紅杉銘盛股權投資合夥企業(有限合夥)) and Ningbo Meishan Bonded Port Area Sequoia Jiasheng Equity Investment Partnership (Limited Partnership) (寧波梅山保稅港區紅杉嘉盛股權投資合夥企業(有限合夥)) respectively, which are limited partnerships themselves with the general partner being Sequoia Kunsheng.
- (11) Ningbo Sequoia Jiesheng Equity Investment L.P (寧波紅杉捷盛股權投資合夥企業(有限合夥)) is interested in 1,223,242 Domestic Shares of the Company. As Ningbo Sequoia Jiesheng Equity Investment L.P is held as to 58.83% by Sequoia Zhisheng, Sequoia Zhisheng is deemed interested in the Domestic Shares held by Ningbo Sequoia Jiesheng Equity Investment L.P.
- (12) The general partner of Hangzhou Jingbo Equity Investment L.P. (杭州景博股權投資合夥企業(有限合夥)) (“**Hangzhou Jingbo**”) is Mr. Zhang Xingming (張興明), an Independent Third Party holding 33.33% therein. The limited partners of Hangzhou Jingbo are Mr. Fu and an Independent Third Party, each holding 33.33% therein respectively. Therefore, under the SFO, Mr. Fu is deemed to be interested in the 10,800,000 H Shares converted from Domestic Shares held through Hangzhou Jingbo.
- (13) Mr. Fu and Ms. Chen are spouses. Therefore, under the SFO, Ms. Chen is deemed to be interested in the 10,800,000 H Shares converted from Domestic Shares held by Mr. Fu through Hangzhou Jingbo.
- (14) Ningbo Hualing is controlled by Mr. Fu Yiqin. Therefore, Mr. Fu Yiqin is deemed to be interested in the 56,547,741 H Shares held through Ningbo Hualing.

Save as disclosed herein, as at 30 June 2024, there is no other person known to the Directors or chief executive of our Company who, as at the date of this interim report, had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 under Part XV of the SFO or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

## EMPLOYEE INCENTIVE SCHEMES

### A. Share Award Scheme I

The following is a summary of the principal terms of our Share Award Scheme I adopted on 31 January 2021.

**Purpose.** The purposes of the Share Award Scheme I are to recognise the contributions of our key employees and motivate them to further promote the development of our Company.

**The Number of Shares.** The total number of Shares available for issue under the Share Award Scheme I is 12,806,500, representing approximately 0.96% of the share capital in issue (excluding treasury shares) of our Company as at the date of this interim report.

**Participants.** We granted awards to key employees of our Company and its subsidiaries in office or those with major contributions to our Company (the “**Participants of Share Award Scheme I**”).

Restricted share unit(s) is/are granted under the Share Award Scheme I to the Participants of Share Award Scheme I as an award. The award incentive shares are held by Ningbo Jinghang, which has a business operation period until September 2037. After the grant of the Award, the Participants will become limited partners of Ningbo Jinghang and are indirectly interested in the incentive shares under the terms and conditions contained in relevant agreements of Share Award Scheme I.

**Administration.** The Share Award Scheme I is managed by the executive partner of Ningbo Jinghang (the “**Executive Partner**”). As of the date of this interim report, the Executive Partner was Mr. Zhu Jiangming, the chairperson of our Board, an executive Director and the chief executive officer. The Executive Partner has the power to manage the Share Award Scheme I, including determining the persons with major contributions to our Company as the Participants under the Share Award Scheme I and exercising the conditions and other terms in relation to the Award granted.

**Rights and Restrictions as Attached in the Award.** During the lock-up period of the Share Award Scheme I, Shares of our Company held under the Share Award Scheme I shall not be transferred to external parties, and the Participants under the Share Award Scheme I shall not request to dispose any interests in Ningbo Jinghang during the lock-up period.

After the expiration of the lock-up period of the Share Award Scheme I, the Participants of Share Award Scheme I are entitled to apply to the Executive Partner for disposal of their limited partnership interests in Ningbo Jinghang. The Executive Partner will reduce, based on the application of the Participants of Share Award Scheme I, the corresponding number of Shares in accordance with the applicable principles under the relevant agreement of the Share Award Scheme I and the conditions of the secondary market.

**Remaining Life.** The remaining life of the Share Award Scheme I is 13 years.

**Maximum Entitlement.** There is no maximum entitlement for each participant under the Share Award Scheme I.

**Details of the Awards Granted.** A total of 12,806,500 Shares were granted under the Share Award Scheme I, representing approximately 0.96% of the share capital in issue of our Company as at the date of this interim report.

## Other Information

The details are set out as follows:

Name of the grantees	Position held in our Group	Grant date	Outstanding and subject to vesting conditions as at 1 January 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding and subject to vesting conditions as at 30 June 2024	Vesting Period <sup>1</sup>	Purchase Price <sup>2</sup>
<i>Directors</i>										
Mr. Zhu	Founder, chairperson of the Board, executive Director and chief executive officer of the Company	23/2/2021	10,000	-	-	-	-	10,000	23/2/2021 – 29/9/2025	RMB1.27
Mr. Wu Baojun (吳保軍先生) <sup>(6)</sup>	Former executive Director	23/2/2021	9,000,000	-	-	-	6,000,000	3,000,000	23/2/2021- 29/9/2025	RMB1.27
<i>Employee Participants other than Directors</i>										
Ms. Jing Hua (敬華女士)	Senior vice president of the Company	23/2/2021	643,600	-	-	-	-	643,600	23/2/2021 – 29/9/2025	RMB1.27
Mr. Xu Wei (許偉先生)	Former Director of the Company and a subsidiary of the Company	23/2/2021	3,152,900	-	-	-	-	3,152,900	23/2/2021- 29/9/2025	RMB1.27
<i>Subtotal of Employee Participants other than Directors</i>			3,796,500	-	-	-	-	3,796,500		
<b>Total</b>			<b>12,806,500</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>6,000,000</b>	<b>6,806,500</b>		

Notes:

- (1) All of the Shares granted under the Share Award Scheme I shall be vested on the third anniversary of the Listing Date. The vesting of the Awards is subject to the decision of the Board and the evaluation result of the grantee.
- (2) The purchase price of the Awards under the Share Award Scheme I shall be RMB1.27, which was determined with reference to (i) the nominal value of RMB1 of the Shares, (ii) purchase price paid by the Company to the original shareholders for the Shares which became the underlying Shares of the Share Award Scheme I, and (iii) the estimated costs for the administration and operation of the Share Award Scheme I. Pursuant to the terms of the Share Award Scheme I, the payment of the purchase price were settled on or before the date of the grant and the Company did not provide any financial assistance to the purchase of the Awards.
- (3) For the fair value of the share awards granted at the grant date and the accounting standard adopted, please refer to Note 22 to the interim condensed consolidated financial information.
- (4) There were no Participants that had been granted Shares exceeding 1% of the total number of issued Shares.
- (5) As at 1 January 2024 and 30 June 2024, all awards under the Share Award Scheme I have been granted and no awards may be granted under the scheme mandate.
- (6) Mr. Wu Baojun resigned as a Director of our Company on 25 June 2024. Pursuant to the terms of the Share Award Scheme I, the Company has retained 3,000,000 incentive shares of Mr. Wu Baojun in consideration of his contribution to the Company.

## B. Share Award Scheme II

The following is a summary of the principal terms of our Share Award Scheme II adopted on 31 January 2021.

**Purposes.** The purposes of the Share Award Scheme II are to recognise the contributions of our key employees and motivate them to further promote the development of our Company.

**The Number of Shares.** The total number of Shares available for issue under the Share Award Scheme II is 57,723,164 Shares, representing approximately 4.32% of the share capital in issue (excluding treasury shares) of our Company as at the date of this interim report.

**Participants.** We granted awards to Directors, Supervisors and senior management of our Company, key employees of our Company and its subsidiaries and other employees as considered and approved by the Board of our Company (the “**Participants of Share Award Scheme II**”).

Restricted share unit(s) is/are granted under the Share Award Scheme II to the Participants of Share Award Scheme II as an award. The awarded incentive shares are held by Guosen Securities as the manager of our employee shareholding plan, Guosen Securities Leapmotor Technology Employee Shareholding No. 1 Single Asset Management Plan (國信證券零跑科技員工持股1號單一資產管理計劃).

**Validity Period.** The Share Award Scheme II has a term of 10 years from the date of the Shareholders’ approval of the Share Award Scheme II.

**Administration.** Upon subscription of the Shares held under the Share Award Scheme II, a Participant of Share Award Scheme II shall become the holder under the Share Award Scheme II (the “**Holder**”). The Holders’ meeting is the highest internal management body of the Share Award Scheme II. The Holders have the right to convene a

meeting, consider and decide to elect and remove a member of the Management Committee and authorise the Management Committee to supervise the daily management of the Share Award Scheme II.

A Management Committee (the “**Management Committee**”) is separately established for the Share Award Scheme II. The Management Committee comprises three members, including one chairperson. The members of the Management Committee shall be elected by the Holders’ meeting. The Management Committee oversees the daily management of the Share Award Scheme II and exercises Shareholders’ rights on behalf of the Holders or authorizes the management body to exercise the Shareholders’ rights.

The Board is responsible for formulating and amending the terms of the Share Award Scheme II and handling other related matters of the Share Award Scheme II within the scope of authorization of the general meeting. Guosen Securities with the qualification for asset management business has been entrusted to manage the Share Award Scheme II.

**Rights and Restrictions as Attached in the Award.** During the lock-up period of the Share Award Scheme II, Shares of our Company held under the Share Award Scheme II shall not be transferred to external parties, and the Participants of Share Award Scheme II shall not request to dispose any of the Shares awarded under Share Award Scheme II.

Upon the expiration of the lock-up period of the Share Award Scheme II, the Holder has the right to apply to the Management Committee for disposal of Shares awarded under Share Award Scheme II. The Management Committee will, upon the application of the Holders, reduce the corresponding number of Shares in accordance with the principles applicable under the relevant agreement of the Share Award Scheme II and the conditions of the secondary market.

## Other Information

**Remaining Life.** The remaining life of the Share Award Scheme II is 7 years.

**Maximum Entitlement.** There is no maximum entitlement for each participant under the Share Award Scheme II.

**Details of the Awards Granted.** A total of 57,682,574 Shares were granted under the Share Award Scheme II, representing approximately 4.31% of the share capital in issue of our Company as at the date of this interim report. The details are set out as follows:

Name of the grantees	Position held in our Group	Grant date	Outstanding and subject to vesting conditions as at 1 January 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding and subject to vesting conditions as at 30 June 2024	Vesting period <sup>1</sup>	Purchase price <sup>2</sup>
<i>Directors and Supervisors</i>										
Mr. Zhu	Founder, chairperson of the Board, executive Director and chief executive officer of our Company	23/02/2021	1,199,214	-	-	-	-	1,199,214	23/02/2021 – 29/09/2025	RMB1.4
Mr. Wu Baojun (吳保軍先生) <sup>(8)</sup>	Former executive Director	23/02/2021	600,000	-	-	-	600,000	0	23/02/2021 – 29/09/2025	RMB1.4
Mr. Cao Li (曹力先生)	Executive Director and senior vice president of our Company	23/02/2021	1,600,000	-	-	-	-	1,600,000	23/02/2021 – 29/09/2025	RMB1.4
Mr. Zhou Hongtao (周洪濤先生)	Executive Director and senior vice president of our Company	23/02/2021	1,150,000	-	-	-	-	1,150,000	23/02/2021 – 29/09/2025	RMB1.4
		31/05/2022	450,000	-	-	-	-	450,000	31/05/2022 – 29/09/2025	RMB1.4
		16/08/2023	400,000	-	-	-	-	400,000	16/08/2023 – 29/09/2025	RMB2
Mr. Mo Chengrui (莫承銳先生)	Supervisor of our Company	23/02/2021	550,000	-	-	-	-	550,000	23/02/2021 – 29/09/2025	RMB1.4
Ms. Yao Tianzhi (姚甜芝女士)	Employees' representative Supervisor of our Company	23/02/2021	67,000	-	-	-	-	67,000	23/02/2021 – 29/09/2025	RMB1.4
		31/05/2022	100,000	-	-	-	-	100,000	31/05/2022 – 29/09/2025	RMB1.4
<i>Employee Participants other than Directors or Supervisors</i>										
Ms. Jing Hua (敬華女士)	Senior vice president of our Company	23/02/2021	100,000	-	-	-	-	100,000	23/02/2021 – 29/09/2025	RMB1.4
Aggregate of five highest paid individuals other than Directors	/	23/02/2021	2,378,900	-	-	-	-	2,378,900	23/02/2021 – 29/09/2025	RMB1.4
		31/05/2022	271,100	-	-	-	-	271,100	31/05/2022 – 29/09/2025	RMB1.4
		16/08/2023	300,000	-	-	-	-	300,000	16/08/2023 – 29/09/2025	RMB2

## Other Information

Name of the grantees	Position held in our Group	Grant date	Outstanding and subject to vesting conditions as at 1 January 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding and subject to vesting conditions as at 30 June 2024	Vesting period <sup>1</sup>	Purchase price <sup>2</sup>
Other Participants that are not Directors, Supervisors, senior management or five highest paid individuals of our Company	/	23/02/2021	38,909,260	-	-	-	443,700	38,465,560	23/02/2021 – 29/09/2025	RMB1.4
		31/12/2021	159,060	-	-	-	-	159,060	31/12/2021 – 29/09/2025	RMB1.4
		31/05/2022	1,935,000	-	-	-	40,000	1,895,000	31/05/2022 – 29/09/2025	RMB1.4
		19/08/2022	2,518,040	-	-	-	670,000	1,848,040	19/08/2022 – 29/09/2025	RMB1.4
		26/07/2023	630,000	-	-	-	-	630,000	26/07/2023 – 29/09/2025	Of which, 200,000 shares at RMB1.4/share; 430,000 shares at RMB2/share
		16/08/2023	2,765,000	-	-	-	120,000	2,645,000	16/08/2023 – 29/09/2025	Of which, 520,000 shares at RMB1.4/share; 2,245,000 shares at RMB2/share
		02/11/2023	1,100,000	-	-	-	-	1,100,000	02/11/2023 – 29/09/2025	RMB2
		29/12/2023	500,000	-	-	-	60,000	440,000	29/12/2023 – 29/09/2025	RMB2
		09/02/2024	-	245,000	-	-	-	245,000	09/02/2024 – 29/09/2025	RMB2
		22/04/2024	-	380,000	-	-	-	380,000	22/04/2024 – 29/09/2025	RMB2
		13/05/2024	-	260,000	-	-	-	260,000	13/05/2024 – 29/09/2025	Of which, 200,000 shares at RMB1.4/share; 60,000 shares at RMB2/share
<i>Subtotal of Employee Participants other than Directors or Supervisors</i>	/	/	51,566,360	885,000	-	-	1,333,700	51,117,660	/	/
<b>Total</b>	/	/	<b>57,682,574</b>	<b>885,000</b>	/	/	<b>1,933,700</b>	<b>56,633,874</b>		



## Other Information

## Notes:

- (1) All of the Shares granted under the Share Award Scheme II shall be vested on the third anniversary from the Listing Date. The vesting of the Awards is subject to the decision of the Board and the evaluation result of the grantee.
- (2) The purchase price of part of the Awards granted under the Share Award Scheme II shall be RMB1.4, which was determined with reference to (i) the nominal value of RMB1 of the Shares, (ii) purchase price paid by our Company to the original shareholders for the Shares which became the underlying Shares of the Share Award Scheme II, and (iii) the estimated costs for the administration and operation of the Share Award Scheme II. The purchase price of part of the Awards under the Share Award Scheme II shall be RMB2, as these were Awards recovered from the departing participants in accordance with the rules of the scheme, thus we added the cost of recovering the awards besides the pricing factors mentioned above. Pursuant to the terms of the Share Award Scheme II, the payment of the purchase price were settled on or before the date of the grant and our Company did not provide any financial assistance to the purchase of the Awards.
- (3) For the fair value of the share awards granted during the Reporting Period at the grant date and the accounting standard adopted, please refer to Note 22 to the interim condensed consolidated financial information of this interim report. The fair value of the awards under the Share Award Scheme II during the Reporting Period was calculated based on the closing price of the Company's H Share at the grant date, which is set out as follows:

Date of Grant	Aggregate Fair Value of Awards Granted (RMB)
9 February 2024	4,571,700
22 April 2024	8,759,000
13 May 2024	8,213,400

- (4) There were no Participants that had been granted Shares exceeding 1% of the total number of issued Shares.
- (5) The trading days immediately before grant date of the awards under the Share Award Scheme II during the Reporting Period are 8 February 2024, 19 April 2024 and 10 May 2024, respectively, and the closing price of the H Shares of the Company for each day was HK\$22.60, HK\$22.55 and HK\$30.65, respectively.
- (6) Mr. Wu Baojun resigned as a Director of the Company on 25 June 2024.

### C. Pre-IPO Share Option Scheme

The following is a summary of the principal terms of our Pre-IPO Share Option Scheme adopted on 22 June 2022. No further options will be granted under the Pre-IPO Share Option Scheme after Listing.

**Purpose.** The purpose of the Pre-IPO Share Option Scheme is to improve our Company's incentive mechanism to attract and retain outstanding talents, to better align the interests of our Company's employees with those of the Shareholders and our Company, and to promote our Company's long-term development.

**Maximum Number of Shares.** The maximum number of Shares which may be issued pursuant to all options under the Pre-IPO Share Option Scheme is 50,594,348 Shares, representing approximately 3.78% of the share capital in issue (excluding treasury shares) of our Company as at the date of this interim report. Each option entitles the purchase of one Share. There is no reserved entitlement under the Pre-IPO Share Option Scheme.

**Participants.** We granted options to management personnel and core employees (save for the independent non-executive Directors) working for our Company and its subsidiaries. No consideration was required to be paid at the acceptance of the Pre-IPO Share Options.

**Exercise Price of Share Options.** The exercise price of the Pre-IPO Share Option Scheme is RMB27.26 per Share, which was determined with reference to the subscription price of the Shares of the equity financing of the Company immediately prior to the adoption of the Pre-IPO Share Option Scheme.

**Exercise Period and Validity Period.** The period between the Listing Date and the date on which the participants exercise all his/her options shall not exceed 6 years.

**Vesting Period.** The options granted under the Pre-IPO Share Option Scheme may be vested in tranches as per the agreed proportions upon satisfaction of the vesting conditions. The vesting date must be a trading day within the validity period of the Pre-IPO Share Option Scheme. Details of the vesting period and vesting arrangements are as follows:

Vesting period	Vesting time	Vesting proportion
First vesting period	The expiry of 12 months from the date of the initial public offering of the Company	25%
Second vesting period	The expiry of 24 months from the date of the initial public offering of the Company	25%
Third vesting period	The expiry of 36 months from the date of the initial public offering of the Company	25%
Fourth vesting period	The expiry of 48 months from the date of the initial public offering of the Company	25%

**Remaining Life.** The remaining life of the Pre-IPO Share Option Scheme is 4 years.

**Maximum Entitlement.** There is no maximum entitlement for each participant under the Pre-IPO Share Option Scheme.

**Outstanding Grants.** As at the end of the Reporting Period, there was a total of 506 eligible participants with an aggregate of 37,429,148 Shares, the options of which remained outstanding. All the options are granted on 5 August 2022, with an exercise price of RMB27.26 per Share. During the Reporting Period, none of the options were exercised.

## Other Information

All the options are granted to the Company's employees. Details of the options granted under the Pre-IPO Share Option Scheme as at 30 June 2024 are set out below:

Name of the grantees	Position held in our Group/connected relationship	Outstanding as at 1 January 2024	Granted during the Reporting Period <sup>1</sup>	Vested during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 30 June 2024
<i>Directors and Supervisors</i>								
Mr. Wu Baojun (吳保軍先生)	Former executive Director <sup>2</sup>	500,000	-	-	-	375,000	-	125,000 <sup>6</sup>
Mr. Cao Li (曹力先生)	Executive Director and senior vice president	2,000,000	-	-	-	-	-	2,000,000
Mr. Zhou Hongtao (周洪濤先生)	Executive Director and senior vice president	2,000,000	-	-	-	-	-	2,000,000
Mr. Mo Chengrui (莫承銳先生)	Supervisor	170,000	-	-	-	-	-	170,000
Ms. Yao Tianzhi (姚甜芝女士)	Employees' representative Supervisor	100,000	-	-	-	-	-	100,000
<i>Employee Participants other than Directors or Supervisors</i>								
Ms. Jing Hua (敬華女士)	Senior vice president	500,000	-	-	-	-	-	500,000
Mr. Wu Cun (巫存先生)	Vice president	1,500,000	-	-	-	-	-	1,500,000
Mr. Shu Chuncheng (舒春成先生)	Vice president	1,500,000	-	-	-	-	-	1,500,000
Employees that are not to Directors, Supervisors, senior management, or other connected person of the Company	/	29,159,148	-	-	-	1,385,350	-	27,773,798
<i>Subtotal of Employee Participants other than Directors or Supervisors</i>	/	32,659,148	-	-	-	1,385,350	-	31,273,798
<b>Total</b>	/	<b>37,429,148</b>	/	/	/	<b>1,760,350</b>	/	<b>35,668,798</b>

## Notes:

- All of the options were granted on 5 August 2022 with an exercise price of RMB27.26. The exercise period for the options granted is 6 years, and the options will be vested in four equal tranches each year from 29 September 2022 to 28 September 2026.
- There is no performance target for the options of the first two vesting period pursuant to the terms of the Pre-IPO Share Option Scheme. The performance target for the options of the third vesting period is that the audited net cash generated from operating activities for the year 2024 shall be positive, and the performance target for the options of the fourth vesting period is that realized net profits for the year 2025 shall be positive.
- For the fair value of the share options at the grant date and the accounting standard adopted, please refer to Note 22 to the interim condensed consolidated financial information.
- There were no Participants that had been granted options exceeding 1% of the total number of issued Shares.
- As at 1 January 2024 and 30 June 2024, there was no options under the Pre-IPO Share Option Scheme which may be granted under the scheme mandate.
- Mr. Wu Baojun resigned as a Director of the Company on 25 June 2024. As at 30 June 2024, Mr. Wu Baojun held 125,000 vested options that had not been exercised.

For the six months ended 30 June 2024, a total of 885,000 awarded shares were granted by the Company, which will not result in issuance of new Shares, therefore the percentage of the number of shares that may be issued in respect of options and awards granted under the Employee Incentive Schemes during the Reporting Period divided by the weighted average number of shares of the shares in issue for the Reporting Period (excluding treasury shares) is not applicable.

The options outstanding as at 30 June 2024 was 35,668,798. The number of shares that may be issued in respect of options granted under the Pre-IPO Share Option Scheme is 35,668,798, accounting for 2.67% of the total number of Shares as at 30 June 2024.

### **CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES**

Our Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

### **DISCLOSURE OF CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT PURSUANT TO LISTING RULES 13.51B(1)**

On 19 January 2024, Mr. Wu Baojun ceased to be the president of the Company.

On 25 June 2024, Mr. Zhu Jiangming, Mr. Cao Li and Mr. Zhou Hongtao were elected by the Shareholders as the executive Directors of the second session of the Board, Mr. Grégoire Olivier, Mr. Douglas Ostermann and Mr. Jin Yufeng were elected as the non-executive Directors of the second session of the Board, and Mr. Fu Yuwu, Ms. Drina C Yue and Mr. Shen Linhua were elected as the independent non-executive Directors of the second session of the Board. On the same date, Mr. Wu Yefeng and Mr. Mo Chengrui were elected by the Shareholders as the shareholder representative Supervisors of the second session of the Supervisory Committee, and Ms.

Yao Tianzhi was elected as the employees' representative Supervisor of the second session of the Supervisory Committee. Due to expiry of term of office, Mr. Wu Baojun ceased to be an executive Director of the Company, and Dr. Huang Wenli ceased to be an independent non-executive Director of the Company. For details of above, please refer to the announcements of our Company dated 3 June 2024 and 25 June 2024, respectively.

On 25 June 2024, Ms. Jing Hua resigned as secretary to the Board of the Company with effect from 25 June 2024, and resigned as joint company secretary of the Company with effect from 25 July 2024. On the same day, the Board resolved to appoint Mr. Shen Ke as the secretary to the Board and the joint company secretary of the Company. Mr. Shen Ke has been appointed as the joint company secretary of the Company with effect from 25 July 2024. For details, please refer to the announcements of our Company dated 25 June 2024 and 26 July 2024, respectively.

Save as disclosed above, during the Reporting Period and up to the date of this report, there has been no change to the information of the Directors, Supervisors and senior management which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### **EQUITY FINANCING AND USE OF PROCEEDS**

#### **The Subscription by Stellantis**

On 26 October 2023 (before trading hours), the Company entered into a subscription agreement with Stellantis (the "**Stellantis Subscription Agreement**"), pursuant to which the Company has conditionally agreed to allot and issue 194,260,030 H Shares (the "**Stellantis Subscription Shares**") to Stellantis at the subscription price of HK\$43.8 per Stellantis Subscription Share. The Stellantis Subscription Shares were allotted and issued pursuant to the general mandate granted by the Shareholders' meeting on 11 October 2023 (the "**General Mandate**") and the total nominal value of the subscription shares is approximately RMB194.3 million. The net price

## Other Information

to the Company of each Stellantis Subscription Share is HK\$43.8 per Subscription Share, and the closing price per H Share as quoted on the Stock Exchange on 25 October 2023 (being the date on which the terms of the issue were fixed) was HK\$36.80. The subscription by Stellantis has been completed on 20 November 2023.

The subscription by Stellantis raised for the Company gross proceeds of approximately HK\$8,508.6 million. The proceeds were utilized as follows:

Intended use	% of use of proceeds	Net proceeds (HK\$ million)	Unutilized	Utilized	Accumulative	Unutilized	Expected usage timeline
			amount as of 1 January 2024 (HK\$ million)	amount for the six months ended 30 June 2024 (HK\$ million)	utilized amount as of 30 June 2024 (HK\$ million)	amount as of 30 June 2024 (HK\$ million)	
Expanding and upgrading smart EV portfolio, expanding the research and development team, advancement of electrification technology, and enhancing the development of advanced vehicle intelligence technologies, including autonomous driving and smart cockpit systems	40%	3,403.4	3,403.4	9.8	9.8	3,393.6	Three years from the settlement date
Marketing, expansion of sales and services network, enhancing brand presence and overseas market expansion	25%	2,127.1	2,127.1	1,618.8	1,618.8	508.3	Three years from the settlement date
Enhancing production capacity and automation capabilities, improving vertical integration and operational efficiency	15%	1,276.3	1,276.3	-	-	1,276.3	Three years from the settlement date
Working capital and general corporate purposes	20%	1,701.7	1,701.7	-	-	1,701.7	Three years from the settlement date
<b>Total</b>	<b>100%</b>	<b>8,508.6</b>	<b>8,508.6</b>	<b>1,628.6</b>	<b>1,628.6</b>	<b>6,879.9</b>	<b>-</b>

The Group is a smart EV company based in China primarily focusing on the mid- to high-end segment of China's NEVs market. As disclosed in the Prospectus, one of the Company's strategies is to expand globally and establish its international presence by entering into the European market. The Company's long-term strategy is to expand its presence into other major EV markets with a view to become a global EV company. The strategic cooperation with Stellantis will assist the Company to achieve such goals. Stellantis has a strong global presence carrying a wide range of automobile brands. It has an extensive service and distribution network which the Company can leverage upon. The Stellantis Subscription, together with other transactions as disclosed in the announcement of the Company dated 26 October 2023, are all crucial parts of the strategic cooperation between the Company and Stellantis, which enable the Company's vehicles to be distributed in the territories.

For more details of the subscription by Stellantis, please refer to the announcements of the Company dated 26 October 2023 and 20 November 2023.

### The Subscriptions by Jinhua Industrial Fund and Wuyi County Financial Investment

On 19 January 2024, the Company entered into (i) an H Share subscription agreement (the "**Jinhua Subscription Agreement**") with Jinhua Industrial Fund, pursuant to which the Company has conditionally agreed to allot and issue such number of H Shares (the "**Jinhua Subscription Shares**") which may be subscribed with an aggregate amount not exceeding RMB200 million (the equivalent HK\$ amount of which will be calculated based on the exchange rate adopted by the QDII manager) at the subscription price of HK\$43.80 per Jinhua Subscription Share (excluding relevant levy and trading fee), and (ii) a Domestic Share subscription agreement (the "**Wuyi Subscription Agreement**") with Wuyi County Financial Investment, pursuant to which the Company has conditionally agreed to allot and issue 10,034,964 Domestic Shares (the "**Wuyi Subscription Shares**") to Wuyi County Financial Investment at the subscription price of RMB39.86 (equivalent to HK\$43.80 at the exchange rate of HK\$1:RMB0.91006, the central parity rates of

Renminbi in the interbank foreign exchange market as authorised and published by the China Foreign Exchange Trade System as of the date of the Wuyi Subscription Agreement) per Wuyi Subscription Share. The Jinhua Subscription Shares and Wuyi Subscription Shares will be allotted and issued pursuant to the general mandate.

Assuming an exchange rate of HK\$1:RMB0.91006, Jinhua Industrial Fund will subscribe for approximately 5,017,482 H Shares, which will have an aggregate nominal value of approximately RMB5.0 million. The Wuyi Subscription Shares will have an aggregate nominal value of approximately RMB10.0 million. The net price to the Company of each Jinhua Subscription Share and Wuyi Subscription Share is HK\$43.80. The closing price per H Share as quoted on the Stock Exchange on 19 January 2024 (being the date on which the terms of the issue were fixed) was HK\$25.80. As at the date of this interim report, the completion of the subscriptions by Jinhua Industrial Fund and Wuyi County Financial Investment is subject to the fulfilment of the conditions as set out in the respective agreements.

Assuming an exchange rate of HK\$1:RMB0.91006, the gross proceeds of the subscription by Jinhua Industrial Fund are HK\$219.8 million (equivalent to not exceeding RMB200 million), and the gross proceeds of the subscription by Wuyi County Financial Investment are HK\$439.5 million (equivalent to not exceeding RMB400 million). The proceeds from both subscriptions are intended to be allocated for the following purposes:

- (a) approximately 40% of the proceeds for expanding and upgrading smart EV portfolio, expanding the research and development team, advancement of electrification technology, and enhancing the development of advanced vehicle intelligence technologies, including autonomous driving and smart cockpit systems;
- (b) approximately 25% of the proceeds for marketing, expansion of sales and services network, enhancing brand presence and overseas market expansion;

## Other Information

- (c) approximately 15% of the proceeds for enhancing production capacity and automation capabilities, improving vertical integration and operational efficiency; and
- (d) approximately 20% of the proceeds for working capital and general corporate purposes.

As at the date of this interim report, the subscriptions of Jinhua Industrial Fund and Wuyi County Financial Investment have not yet been completed. The Company intends to utilise them in accordance with the purpose as set out above upon receipt of proceeds.

The subscriptions by Jinhua Industrial Fund and Wuyi County Financial Investment are strategic investment by the investors, similar to other strategic investment received by the Company in 2023. The subscriptions by Jinhua Industrial Fund and Wuyi County Financial Investment demonstrate their support for the Company's new energy and smart EV business and their confidence in the long-term development and prospect of the Company. The subscriptions by Jinhua Industrial Fund and Wuyi County Financial Investment shall also pave the way for Company's potential business and industrial cooperation in EV facilities in Wuyi County and/or Jinhua that would benefit both the local community and the Company.

For more details of the subscription by Jinhua Industrial Fund and Wuyi County Financial Investment, please refer to the announcement of the Company dated 19 January 2024 and the circular of the Company dated 9 February 2024.

**USE OF PROCEEDS FROM THE GLOBAL OFFERING**

On 29 September 2022, the H Shares of our Company were listed on the Main Board of the Stock Exchange. The net proceeds from the Global Offering, after deducting underwriting discounts and commissions, were approximately HK\$6,168.9 million, which will be used in accordance with the use of proceeds as disclosed in the Prospectus as follows:

- Approximately 40.0% of the net proceeds, for our research and development;
- Approximately 25.0% of the net proceeds, for enhancing our production capacity and capabilities, as part of our efforts to improve vertical integration and operational efficiency;
- Approximately 25.0% of the net proceeds, for expanding our sales and service network and establishing a stronger brand presence; and
- Approximately 10.0% of the net proceeds, for working capital and general corporate purposes.

As of 30 June 2024, the Group had utilized the net proceeds as set out in the table below:

Intended use	% of use of proceeds	Net proceeds (HK\$ million)	Unutilized	Utilized	Accumulative	Unutilized	Expected usage timeline
			amount as of 1 January 2024 (HK\$ million)	amount for the period ended 30 June 2024 (HK\$ million)	utilized amount as of 30 June 2024 (HK\$ million)	amount as of 30 June 2024 (HK\$ million)	
For our research and development	40%	2,467.6	2,388.2	1,521.8	1,601.2	866.4	Three years from the Listing Date
For enhancing our production capacity and capabilities, as part of our efforts to improve vertical integration and operational efficiency	25%	1,542.2	1,518.5	1,441.7	1,465.4	76.8	Three years from the Listing Date
For expanding our sales and service network and establishing a stronger brand presence	25%	1,542.2	1,521.9	1,279.5	1,299.8	242.4	Three years from the Listing Date
For working capital and general corporate purposes	10%	617	617	23.9	23.9	593.1	Three years from the Listing Date



## Other Information

**MATERIAL LITIGATION**

Our Company was not involved in any material litigation or arbitration during the Reporting Period.

**SUBSEQUENT EVENT**

After the Reporting Period and up to the date of this interim report, save as otherwise disclosed in this report, there were no other significant events occurred which have material adverse impact on the performance and value of our Group.

**COMPLIANCE WITH THE MODEL CODE**

Our Company has adopted the Model Code as its code of conduct regarding directors' securities transactions. Having made specific enquiries to all of the Directors, save as disclosed below, all Directors confirmed that they have fully complied with all relevant requirements set out in the Model Code during the Reporting Period and up to the date of this interim report.

On 2 January 2024, Mr. Wu Baojun (who ceased to be an executive Director of the Company on 25 June 2024) disposed 50,000 H Shares at the secondary market at the market price of HK\$33.6 (the "**Disposal**"). Before the Disposal, Mr. Wu Baojun did not obtain the clearance to deal in the H Shares from the Board as required under paragraph 8 of Appendix C3 of the Listing Rules. Mr. Wu Baojun confirmed that this was an inadvertent mistake. Upon completion of the Disposal, Mr. Wu Baojun notified the Company of the Disposal immediately for purpose of disclosure of interests. To prevent occurrence of similar incident in the future, the Company decided to provide enhanced training to the Directors, Supervisors and senior management of the Company in relation to the requirements of dealing in the Shares under the Listing Rules and relevant internal regulations of the Company, and reiterate the importance of abiding by such rules.

To supplement the Model Code, the Company has also implemented a policy in relation to the handling and dissemination of inside information. Access to inside information is at all times confined to relevant personnel (i.e. Directors, senior management and relevant employees) on a need-to-know basis, until the inside information is properly disclosed in accordance with applicable laws and regulations. Directors, senior management and relevant employees in possession of inside information or potential inside information are required to take reasonable steps to preserve confidentiality and to ensure that its recipients recognize their obligations to maintain confidentiality.

**COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

Our Company's corporate governance practices are based on the principles and code provisions set forth in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules. In the opinion of the Board, during the Reporting Period and up to the date of this interim report, the Company has complied with all applicable code provisions as set out in the CG Code, save for the deviation from code provision C.2.1 as explained below.

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

make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairperson of the Board and chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

### **REVIEW OF INTERIM REPORT BY THE AUDIT COMMITTEE OF OUR COMPANY**

The Audit Committee of our Company comprises Mr. Shen Linhua, Mr. Fu Yuwu and Ms. Drina C Yue, all of whom are independent non-executive Directors. The Audit Committee of our Company has reviewed the unaudited interim results and the interim report of our Company for the six months ended 30 June 2024.

### **REVIEW OF INTERIM REPORT**

The unaudited interim financial information of our Company for the six months ended 30 June 2024 has been reviewed by the auditor of our Company, PricewaterhouseCoopers, in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

### **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information publicly available to our Company and to the knowledge of the Directors of our Company, as at the date of this interim report, our Company has maintained sufficient public float as required by the Listing Rules.

### **SUPPLEMENTAL DISCLOSURE IN RELATION TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023**

Reference is made to the annual report of our Company for the year ended 31 December 2023 (the “**Annual Report**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Annual Report.

## Other Information

In addition to the information disclosed in the Annual Report, our Company would like to provide the following supplemental information.

**Share Award Scheme II**

Name of the grantees	Position held in our Group	Grant date	Outstanding and subject to vesting conditions as at	Granted during the	Vested during the	Cancelled during the	Lapsed during the	Outstanding and subject to vesting conditions as at	Vesting Period <sup>1</sup>	Purchase Price <sup>2</sup>
			1 January 2023	Reporting Period	Reporting Period	Reporting Period	Reporting Period	31 December 2023		
<i>Directors and Supervisors</i>										
Mr. Zhu	Founder, chairperson of the Board, executive Director and chief executive officer of our Company	23/02/2021	1,199,214	-	-	-	-	1,199,214	23/02/2021 – 29/09/2025	
Mr. Wu Baojun (吳保軍先生)	Former executive Director of our Company	23/02/2021	600,000	-	-	-	-	600,000	23/02/2021 – 29/09/2025	RMB1.4
Mr. Cao Li (曹力先生)	Executive Director and senior vice president of our Company	23/02/2021	1,600,000	-	-	-	-	1,600,000	23/02/2021 – 29/09/2025	RMB1.4
Mr. Mo Chengrui (莫承銳先生)	Supervisor of our Company	23/02/2021	550,000	-	-	-	-	550,000	23/02/2021 – 29/09/2025	RMB1.4
Ms. Yao Tianzhi (姚甜芝女士)	Employees' representative	23/02/2021	67,000	-	-	-	-	67,000	23/02/2021 – 29/09/2025	RMB1.4
	Supervisor of our Company	31/05/2022	100,000	-	-	-	-	100,000	31/05/2022 – 29/09/2025	RMB1.4
<i>Employee Participants other than Directors or Supervisors</i>										
Ms. Jing Hua (敬華女士)	Senior vice president of our Company	23/02/2021	100,000	-	-	-	-	100,000	23/02/2021 – 29/09/2025	

## Other Information

Name of the grantees	Position held in our Group	Grant date	Outstanding and subject to vesting conditions as at 1 January 2023	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding and subject to vesting conditions as at 31 December 2023	Vesting Period <sup>1</sup>	Purchase Price <sup>2</sup>
Aggregate of five highest paid individuals other than Directors	/	23/02/2021	3,528,900	-	-	-	-	3,528,900	23/02/2021 – 29/09/2025	RMB1.4
		31/05/2022	721,100	-	-	-	-	721,100	31/05/2022 – 29/09/2025	RMB1.4
		16/08/2023	/	700,000	-	-	-	700,000	16/08/2023 – 29/09/2025	RMB2
Other Participants that are not Directors, Supervisors, senior management or five highest paid individuals of our Company	/	23/02/2021	42,373,410	-	-	-	3,464,150	38,909,260	23/02/2021 – 29/09/2025	RMB1.4
		31/12/2021	302,800	-	-	-	143,740	159,060	31/12/2021 – 29/09/2025	RMB1.4
		31/05/2022	2,400,000	-	-	-	465,000	1,935,000	31/05/2022 – 29/09/2025	RMB1.4
		19/08/2022	3,417,100	-	-	-	899,060	2,518,040	19/08/2022 – 29/09/2025	RMB1.4
		26/07/2023	-	630,000	-	-	-	630,000	26/07/2023 – 29/09/2025	Of which, 200,000 shares at RMB1.4/share; 430,000 shares at RMB2/share
		16/08/2023	-	2,825,000	-	-	60,000	2,765,000	16/08/2023 – 29/09/2025	Of which, 520,000 shares at RMB1.4/share; 2,305,000 shares at RMB2/share
		02/11/2023	-	1,100,000	-	-	-	1,100,000	02/11/2023 – 29/09/2025	RMB2
29/12/2023	-	500,000	-	-	-	500,000	29/12/2023 – 29/09/2025	RMB2		
<i>Subtotal of Employee Participants other than Directors or Supervisors</i>	/		52,843,310	5,755,000	-	-	5,031,950	53,566,360	/	
<b>Total</b>	/		<b>56,959,524</b>	<b>5,755,000</b>	<b>-</b>	<b>-</b>	<b>5,031,950</b>	<b>57,682,574</b>		

## Other Information

## Notes:

- (1) All of the Shares granted under the Share Award Scheme II shall be vested on the third anniversary from the Listing Date. The vesting of the Awards is subject to the decision of the Board and the evaluation result of the grantee.
- (2) The purchase price of part of the Awards granted under the Share Award Scheme II shall be RMB1.4, which was determined with reference to (i) the nominal value of RMB1 of the Shares, (ii) purchase price paid by our Company to the original shareholders for the Shares which became the underlying Shares of the Share Award Scheme II, and (iii) the estimated costs for the administration and operation of the Share Award Scheme II. The purchase price of part of the Awards under the Share Award Scheme II shall be RMB2, as these were Awards recovered from the departing participants in accordance with the rules of the scheme, thus we added the cost of recovering the awards besides the pricing factors mentioned above. Pursuant to the terms of the Share Award Scheme II, the payment of the purchase price were settled on or before the date of the grant and our Company did not provide any financial assistance to the purchase of the Awards.
- (3) For the fair value of the share awards granted during the Reporting Period at the grant date and the accounting standard and policy adopted, please refer to Notes 26 and 43 to the consolidated financial statements of the Annual Report. The fair value of the awards under the Share Award Scheme II during the Reporting Period was calculated based on the closing price of the Company's H Share at the grant date, which is set out as follows:

Date of Grant	Aggregate Fair Value of Awards Granted (RMB)
26 July 2023	24,557,400
16 August 2023	117,558,750
2 November 2023	28,468,000
29 December 2023	16,175,000

- (4) There were no Participants that had been granted Shares exceeding 1% of the total number of issued Shares.
- (5) The trading days immediately before grant date of the awards under the Share Award Scheme II during the Reporting Period were 25 July 2023, 15 August 2023, 1 November 2023 and 28 December 2023, respectively, and the closing price of the H Shares of the Company for each day was HK\$44.15, HK\$37.7, HK\$27.85 and HK\$35.5, respectively.

Save as disclosed above, all other information in the Annual Report remains unchanged.

# Report on Review of Interim Financial Information

## To the Board of Directors of Zhejiang Leapmotor Technology Co., Ltd.

*(incorporated in the People's Republic of China with limited liability)*

### INTRODUCTION

We have reviewed the interim financial information set out on pages 38 to 79, which comprises the interim condensed consolidated balance sheet of Zhejiang Leapmotor Technology Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) as at 30 June 2024 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive loss, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

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

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

### **PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 15 August 2024

# Interim Condensed Consolidated Statement of Profit or Loss

	Note	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	2	8,845,408	5,813,134
Cost of sales	5	(8,745,183)	(6,154,894)
<b>Gross gain/(loss)</b>		<b>100,225</b>	(341,760)
Selling expenses	5	(902,653)	(820,452)
Administrative expenses	5	(435,015)	(395,521)
Research and development expenses	5	(1,221,285)	(823,160)
Net impairment (losses)/reversal on financial and contract assets		(354)	802
Other income	3	42,756	56,170
Other gains/(losses) - net	4	21,297	(9,651)
<b>Operating loss</b>		<b>(2,395,029)</b>	(2,333,572)
Finance income	7	211,865	89,975
Finance costs	7	(22,739)	(35,292)
<b>Finance income – net</b>		<b>189,126</b>	54,683
Share of net profit of associates accounted for using the equity method	30	(5,817)	2,827
<b>Loss before income tax</b>		<b>(2,211,720)</b>	(2,276,062)
Income tax expense	8	(16)	(47)
<b>Loss for the period attributable to the equity holders of the Company</b>		<b>(2,211,736)</b>	(2,276,109)
<b>Loss per share attributable to the equity holders of the Company (in RMB)</b>			
Basic and diluted loss per share	9	(1.65)	(1.99)

The notes on pages 44 to 79 form an integral part of this interim condensed consolidated financial statement.

## Interim Condensed Consolidated Statement of Comprehensive Loss

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Loss for the period</b>	<b>(2,211,736)</b>	(2,276,109)
<b>Other comprehensive loss</b>		
<i>Item that may be not reclassified to profit or loss</i>		
Changes in the fair value of equity investments at fair value through other comprehensive income	<b>(35,685)</b>	–
<b>Other comprehensive loss for the period, net of tax</b>	<b>(35,685)</b>	–
<b>Total comprehensive loss for the period attributable to the equity holders of the Company</b>	<b>(2,247,421)</b>	(2,276,109)

The notes on pages 44 to 79 form an integral part of this interim condensed consolidated financial statement.



## Interim Condensed Consolidated Balance Sheet

	Note	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	4,282,682	3,868,418
Right-of-use assets	12	711,173	732,380
Intangible assets	13	441,815	449,678
Investment in associates accounted for using the equity method	30	114,417	44,262
Financial assets at fair value through other comprehensive income		181,443	217,128
Long-term bank time deposits	19	1,202,939	576,572
Other non-current assets	14	127,889	95,239
		<b>7,062,358</b>	5,983,677
<b>Current assets</b>			
Inventories	15	1,648,732	1,719,472
Trade and notes receivables	16	549,809	926,337
Contract assets	2	9,201	13,975
Other current assets	17	501,979	421,874
Financial assets at fair value through profit or loss	18	5,366,812	2,769,516
Financial assets at fair value through other comprehensive income		75,774	–
Short-term bank time deposits	19	645,579	2,087,300
Restricted cash	19	1,280,609	2,799,877
Cash and cash equivalents	19	9,197,853	11,731,389
		<b>19,276,348</b>	22,469,740
<b>Total assets</b>		<b>26,338,706</b>	28,453,417
<b>EQUITY</b>			
Share capital	20	1,336,966	1,336,966
Reserves	21	25,217,592	25,057,804
Accumulated losses		(16,108,310)	(13,896,574)
<b>Total equity</b>		<b>10,446,248</b>	12,498,196

## Interim Condensed Consolidated Balance Sheet

	Note	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	24	<b>932,396</b>	891,811
Contract liabilities	2	<b>216,713</b>	190,367
Lease liabilities	12	<b>179,563</b>	169,504
Provisions	25	<b>501,958</b>	368,101
Deferred income	26	<b>459,445</b>	381,734
		<b>2,290,075</b>	2,001,517
<b>Current liabilities</b>			
Trade and notes payables	27	<b>9,420,250</b>	9,846,873
Other payables and accruals	28	<b>2,327,390</b>	2,021,660
Advances from customers	29	<b>301,627</b>	242,034
Contract liabilities	2	<b>26,336</b>	22,555
Borrowings	24	<b>1,250,546</b>	1,581,157
Lease liabilities	12	<b>103,071</b>	104,137
Provisions	25	<b>173,163</b>	135,288
		<b>13,602,383</b>	13,953,704
<b>Total liabilities</b>		<b>15,892,458</b>	15,955,221
<b>Total equity and liabilities</b>		<b>26,338,706</b>	28,453,417

The notes on pages 44 to 79 form an integral part of this interim condensed consolidated financial statement.

**Mr. Zhu Jiangming**

Director

**Mr. Li Tengfei**

General Manager of Finance

## Interim Condensed Consolidated Statement of Changes in Equity

	Note	Attributable to equity holders of the Company			
		Share capital RMB'000	Reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
<b>As at 1 January 2023</b>		1,142,706	16,796,443	(9,680,300)	8,258,849
Loss and total comprehensive loss for the period		–	–	(2,276,109)	(2,276,109)
		1,142,706	16,796,443	(11,956,409)	5,982,740
<b>Transactions with equity holders</b>					
Share-based payment	22	–	339,641	–	339,641
<b>As at 30 June 2023 (Unaudited)</b>		1,142,706	17,136,084	(11,956,409)	6,322,381
<b>As at 1 January 2024</b>		<b>1,336,966</b>	<b>25,057,804</b>	<b>(13,896,574)</b>	<b>12,498,196</b>
Loss and total comprehensive loss for the period		–	–	(2,211,736)	(2,211,736)
Fair value change of financial assets at fair value through other comprehensive income		–	(35,685)	–	(35,685)
		<b>1,336,966</b>	<b>25,022,119</b>	<b>(16,108,310)</b>	<b>10,250,775</b>
<b>Transactions with equity holders</b>					
Share-based payment	22	–	195,473	–	195,473
<b>As at 30 June 2024 (Unaudited)</b>		<b>1,336,966</b>	<b>25,217,592</b>	<b>(16,108,310)</b>	<b>10,446,248</b>

The notes on pages 44 to 79 form an integral part of this interim condensed consolidated financial statement.

## Interim Condensed Consolidated Statement of Cash Flows

	Note	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Cash flows from operating activities</b>			
Net cash generated from operations		82,470	81,668
Interest received from cash at banks	7	185,094	70,131
Income taxes paid		(10)	(60)
<b>Net cash generated from operating activities</b>		<b>267,554</b>	151,739
<b>Cash flows from investing activities</b>			
Investment in an associate		(75,972)	–
Proceeds from sale of property, plant and equipment		34,324	23,807
Payments for land use rights		(6,666)	(57,798)
Payments for property, plant and equipment		(734,855)	(531,241)
Payments for intangible assets		(8,312)	(11,251)
Government grants received in relation to acquisition of non-current assets		35,595	–
Proceeds from disposals of financial assets at fair value through profit or loss	35(c)	2,356,662	567,809
Payments for financial assets at fair value through profit or loss	35(c)	(4,903,000)	(350,000)
Payments for time deposits		(1,054,205)	(250,000)
Proceeds from time deposits		1,813,000	–
Interest received from time deposits		83,330	4,003
<b>Net cash used in investing activities</b>		<b>(2,460,099)</b>	(604,671)
<b>Cash flows from financing activities</b>			
Principal payments of lease liabilities		(21,390)	(17,052)
Net changes in restricted cash as deposits for bank borrowings		–	124,460
Repayments of borrowings		(1,037,931)	(772,521)
Proceeds from borrowings		749,239	1,310,800
Interest paid for borrowings		(17,609)	(25,666)
Interest paid for lease liabilities	12	(6,464)	(9,241)
Payments for incremental costs directly related to issuance of ordinary shares		(11,320)	–
Payments for listing expenses		–	(578)
<b>Net cash (used in)/generated from financing activities</b>		<b>(345,475)</b>	610,202
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the period		11,731,389	6,948,994
Exchange gains on cash and cash equivalents		4,484	1,860
<b>Cash and cash equivalents at end of the period</b>	19	<b>9,197,853</b>	7,108,124

The notes on pages 44 to 79 form an integral part of this interim condensed consolidated financial statement.

# Notes to the Interim Condensed Consolidated Financial Information

## 1 SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

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

The new energy vehicle market continues to be full of challenges in 2024. With the continuous launch of new models and the expansion of global markets, the Group still maintained stable revenue growth and a high market ranking in the first half of 2024.

The Group has reviewed its exposure to climate-related and other emerging business risks, and has not identified any risks that could significantly impact the financial performance or position of the Group as at 30 June 2024. The Group has sufficient headroom to enable it to conform to covenants on its existing borrowings and sufficient working capital and undrawn financing facilities to service its operating activities and ongoing investment commitments.

## 2 SEGMENT AND REVENUE INFORMATION

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

### (a) Revenue by geographical

During the six months ended 30 June 2024, apart from the business and operations conducted in Mainland China, the Group exported new energy vehicles and parts outside the Mainland China. The following table shows the Group’s total consolidated revenue by location of the customers for the six months ended 30 June 2024 and 2023:

	Six months ended 30 June	
	2024 RMB’000 (Unaudited)	2023 RMB’000 (Unaudited)
Mainland China	8,781,778	5,754,852
Others	63,630	58,282
	<b>8,845,408</b>	5,813,134

## Notes to the Interim Condensed Consolidated Financial Information

**2 SEGMENT AND REVENUE INFORMATION (CONTINUED)****(b) Revenue during the reporting period**

Revenue mainly comprises sales of vehicles and parts and rendering of embedded services, which is net of rebate and discounts. An analysis of the Group's revenue by category for the six months ended 30 June 2023 and 2024 is as follows:

	<b>Six months ended 30 June</b>	
	<b>2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	2023 RMB'000 (Unaudited)
<b>Revenue from customers and recognized at point in time</b>		
Sales of vehicles and parts (i)	<b>8,836,298</b>	5,803,226
<b>Revenue from customer and recognized over time</b>		
Rendering of services	<b>9,110</b>	9,908
	<b>8,845,408</b>	5,813,134

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

**(c) Contract liabilities**

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

	<b>As at</b> <b>30 June</b> <b>2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
	<b>Non-current</b>	
Rendering of services	<b>216,713</b>	190,367
<b>Current</b>		
Rendering of services	<b>26,336</b>	22,555
	<b>243,049</b>	212,922

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

## Notes to the Interim Condensed Consolidated Financial Information

**2 SEGMENT AND REVENUE INFORMATION (CONTINUED)****(d) Unsatisfied performance obligations**

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Aggregate amount of the transaction price allocated to performance obligations that are partially or fully unsatisfied as at end of period/year	<b>243,049</b>	212,922

Management expected that approximately RMB26,336,000 (31 December 2023: RMB22,555,000) of the transaction price allocated to unsatisfied performance obligations as at 30 June 2024 will be recognized as revenue within one year. The remaining amount of approximately RMB216,713,000 will be recognized during the upcoming seven years from 1 July 2025 (31 December 2023: RMB190,367,000 will be recognized during the upcoming seven years from 1 January 2025) (recognizing over eight-years since the deliveries of vehicles to respective customers).

**(e) Contract assets**

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

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Contract assets	<b>9,206</b>	13,986
Loss allowance	<b>(5)</b>	(11)
	<b>9,201</b>	13,975

## Notes to the Interim Condensed Consolidated Financial Information

**3 OTHER INCOME**

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Government grants	<b>42,756</b>	56,170

The government grants mainly include government subsidies for the Group's research and development expenditures, interest expenses as incurred on borrowings and production capacity as well as the amortization of deferred government grants. There are no unfulfilled conditions or other contingencies attaching to the grants recognized.

**4 OTHER GAINS/(LOSSES) - NET**

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Net fair value gains on financial assets at FVPL (Note 18)	<b>50,958</b>	20,974
Net losses on disposals of property, plant and equipment and right-of-use assets	<b>(26,699)</b>	(1,960)
Net foreign exchange losses	<b>(2,006)</b>	(26,761)
Other items	<b>(956)</b>	(1,904)
	<b>21,297</b>	(9,651)



## Notes to the Interim Condensed Consolidated Financial Information

**5 EXPENSES BY NATURE**

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Changes in inventories of finished goods	<b>214,124</b>	78,908
Raw materials and consumables used	<b>8,035,177</b>	5,655,527
Reversal for impairment of inventories	<b>(35,437)</b>	(25,499)
Employee benefit expenses (Note 6)	<b>1,433,410</b>	1,254,024
Advertising and publicity expenses	<b>541,034</b>	466,901
Depreciation and amortization expenses (Notes 11, 12 and 13)	<b>320,755</b>	296,954
Warranty expenses (Note 25)	<b>228,558</b>	127,357
Design and development expenses	<b>180,189</b>	143,762
Freight and storage expenses	<b>154,161</b>	76,623
Legal, consulting and other professional fees	<b>42,850</b>	26,632
Expenses relating to short-term leases and other lease component (Note 12)	<b>32,085</b>	24,547
Auditors' remuneration – Audit services	<b>2,550</b>	2,550
Others	<b>154,680</b>	65,741
<b>Total</b>	<b>11,304,136</b>	8,194,027

## Notes to the Interim Condensed Consolidated Financial Information

**6 EMPLOYEE BENEFIT EXPENSES**

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Wages, salaries and bonuses	<b>981,495</b>	709,694
Pension obligations, housing funds, medical insurances and other social insurances (i)	<b>196,709</b>	147,019
Share-based payment expenses (Note 22)	<b>195,473</b>	339,641
Other employee benefits	<b>59,733</b>	57,670
	<b>1,433,410</b>	1,254,024

**(i) Pensions – defined contribution plans**

Full time employees of the Group in the PRC are members of a state-managed retirement benefit schemes operated by the PRC government. The Group is required to contribute a specified percentage of payroll costs, subject to certain ceiling, as determined by local government authority to the pension obligations, housing funds, medical insurances and other social insurances to fund the benefits. The Group's liabilities in respect of benefits schemes are limited to the contribution payable in each period.

**7 FINANCE INCOME – NET**

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Finance income:		
Interest income on cash at banks	<b>185,094</b>	70,131
Interest income on time deposits	<b>26,771</b>	19,844
<b>Finance income</b>	<b>211,865</b>	89,975
Finance costs:		
Interest expenses on bank and other borrowings	<b>(34,188)</b>	(38,280)
Interest and finance charges on lease liabilities (Note 12)	<b>(6,464)</b>	(9,241)
	<b>(40,652)</b>	(47,521)
Less: borrowing costs capitalized in property, plant and equipment (i)	<b>17,913</b>	12,229
<b>Finance costs</b>	<b>(22,739)</b>	(35,292)
<b>Finance income – net</b>	<b>189,126</b>	54,683

(i) During the six months ended 30 June 2024, the interest rate applicable to the Group's capitalization of borrowings costs in construction in progress was 4.13% (during the six months ended 30 June 2023: 4.08%) per annum.

## Notes to the Interim Condensed Consolidated Financial Information

**8 INCOME TAX**

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Current income tax expense	<b>16</b>	47

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

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

The Company's subsidiaries established and operated in Mainland China are subject to the PRC corporate income tax at the statutory rate of 25% during the six months ended 30 June 2024 (during the six months ended 30 June 2023: 25%).

The Company was entitled to a preferential income tax rate of 15% (during the six months ended 30 June 2023: 15%) during the six months ended 30 June 2024. The Company obtained its High and New Technology Enterprises ("HNTÉ") status in year 2018, hence is entitled to a preferential tax rate of 15% for a three-year period commencing 2018. This status is subject to a requirement that the Company reapply for HNTÉ status every three years. The Company re-applied for HNTÉ status and the application was approved for another three-year period commencing 2021.

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

The Company's subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at a rate of 16.5% (for the six months ended 30 June 2023: 16.5%) for the six months ended 30 June 2024.

## Notes to the Interim Condensed Consolidated Financial Information

**9 LOSS PER SHARE****(a) Basic loss per share**

Basic loss per share is calculated by dividing the loss of the Group attribute to owners of the Company by weighted average number of ordinary shares issued during the six months ended 30 June 2023 and 2024.

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Loss attributable to the ordinary equity holders of the Company	<b>(2,211,736)</b>	(2,276,109)
Weighted average number of ordinary shares in issue (in thousand)	<b>1,336,966</b>	1,142,706
Basic loss per share (expressed in RMB per share)	<b>(1.65)</b>	(1.99)

**(b) Diluted loss per share**

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the six months ended 30 June 2024, the Group had potential ordinary shares, including restricted shares and share options issued under the Company's share incentive plan and Pre-IPO Share Option Scheme (Note 22). As the Group incurred losses for the six months ended 30 June 2024, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the six months ended 30 June 2024 are the same as basic loss per share (for the six months ended 30 June 2023: the same as basic loss per share).

**10 DIVIDEND**

No dividend had been declared or paid by the Company during the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil).

## Notes to the Interim Condensed Consolidated Financial Information

## 11 PROPERTY, PLANT AND EQUIPMENT

	Buildings (a)	Machinery and molds (b)	Vehicles	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at 31 December 2023</b>							
(Audited)							
Cost	630,382	2,616,351	79,331	201,681	106,158	1,286,551	4,920,454
Accumulated depreciation	(112,089)	(802,192)	(19,293)	(82,781)	(35,681)	–	(1,052,036)
Net book amount	518,293	1,814,159	60,038	118,900	70,477	1,286,551	3,868,418
<b>Six months ended 30 June 2024</b> (Unaudited)							
Opening net book amount	518,293	1,814,159	60,038	118,900	70,477	1,286,551	3,868,418
Additions	11,997	8,274	32,317	934	51,222	616,869	721,613
Transfers	2,325	92,303	119	79,512	–	(174,259)	–
Disposals	–	(25,006)	(27,952)	(206)	(10,139)	–	(63,303)
Depreciation charge (Note 5)	(15,200)	(177,204)	(8,661)	(25,975)	(17,006)	–	(244,046)
Closing net book amount	517,415	1,712,526	55,861	173,165	94,554	1,729,161	4,282,682
<b>As at 30 June 2024</b> (Unaudited)							
Cost	644,704	2,678,715	73,325	280,052	141,069	1,729,161	5,547,026
Accumulated depreciation	(127,289)	(966,189)	(17,464)	(106,887)	(46,515)	–	(1,264,344)
Net book amount	517,415	1,712,526	55,861	173,165	94,554	1,729,161	4,282,682

(a) As at 30 June 2024, the Group's buildings with carrying value of approximately RMB412,343,000 (31 December 2023: RMB423,825,000) had been pledged for the Group's borrowings of approximately RMB467,250,000 (31 December 2023: RMB489,500,000) (Note 24(a)).

(b) During 2023, the Group had two finance leasing arrangements, in the form of sale and leaseback arrangements (Note 24(c)), whereby certain machinery and molds of the Group were sold and leased back over a 24-month lease term. The Group has the option to re-acquire the property, plant and equipment on completion of the leases at an insignificant nominal value.

During such lease term and before the exercise of the completion of the repurchase options, such property, plant and equipment are effectively pledged as security for the borrowings and are restricted under the agreements where lessors' consent must be obtained for the pledge or disposal of these assets. As at 30 June 2024, the carrying value of assets under such arrangements amounted to approximately RMB432,197,000 (31 December 2023: RMB646,104,000).

## Notes to the Interim Condensed Consolidated Financial Information

**11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****(c) Depreciation of the Group charged to profit or loss is analyzed as follows:**

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Cost of sales	<b>175,052</b>	148,110
Research and development expenses	<b>28,346</b>	29,107
Administrative expenses	<b>25,111</b>	12,227
Selling expenses	<b>15,537</b>	17,952
	<b>244,046</b>	207,396

**12 LEASES****(a) Amounts recognized in the consolidated balance sheet**

	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
<b>Right-of-use assets</b>		
Land use rights (ii)	<b>449,354</b>	447,507
Leased buildings (i)	<b>261,819</b>	284,873
	<b>711,173</b>	732,380
<b>Lease liabilities</b>		
Current	<b>103,071</b>	104,137
Non-current	<b>179,563</b>	169,504
	<b>282,634</b>	273,641

(i) Additions to leased buildings during the six months ended 30 June 2024 were approximately RMB35,986,000 (during the six months ended 30 June 2023: RMB24,405,000). Decreases in leased buildings during the six months ended 30 June 2024 of approximately RMB3,325,000 (during the six months ended 30 June 2023: RMB30,495,000) were due to the early termination of lease contracts of certain leased buildings.

(ii) Addition to land use rights during the six months ended 30 June 2024 was approximately RMB6,666,000 (during the six months ended 30 June 2023: RMB57,798,000).

As at 30 June 2024, the Group's land use rights with carrying value of approximately RMB106,237,000 (31 December 2023: RMB107,450,000) had been pledged for the Group's borrowings of approximately RMB840,318,000 (31 December 2023: RMB930,724,000) (Note 24(a)).

## Notes to the Interim Condensed Consolidated Financial Information

**12 LEASES (CONTINUED)****(b) Amounts recognized in profit or loss**

	<b>Six months ended 30 June</b>	
	<b>2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	2023 RMB'000 (Unaudited)
<b>Depreciation charge of right-of-use assets</b>		
Land use rights	<b>4,819</b>	4,570
Leased buildings	<b>55,715</b>	72,915
	<b>60,534</b>	77,485
<b>Interest expenses</b> (included in finance cost) (Note 7)	<b>6,464</b>	9,241
<b>Expenses relating to short-term leases and other lease component</b> (included in cost of sales, selling expenses, administrative expenses and research and development expenses) (Note 5)	<b>32,085</b>	24,547
	<b>99,083</b>	111,273

**13 INTANGIBLE ASSETS**

	<b>Automotive manufacturing</b>			<b>Total</b> <b>RMB'000</b>
	<b>Software</b> <b>RMB'000</b>	<b>Patents</b> <b>RMB'000</b>	<b>license</b> <b>RMB'000</b>	
<b>As at 31 December 2023</b> (Audited)				
Cost	129,132	25	398,830	527,987
Accumulated amortization	(78,284)	(25)	–	(78,309)
<b>Net book amount</b>	50,848	–	398,830	449,678
<b>Six months ended 30 June 2024</b> (Unaudited)				
Opening net book amount	<b>50,848</b>	–	<b>398,830</b>	<b>449,678</b>
Additions	<b>8,312</b>	–	–	<b>8,312</b>
Amortization charge (Note 5)	<b>(16,175)</b>	–	–	<b>(16,175)</b>
<b>Closing net book amount</b>	<b>42,985</b>	–	<b>398,830</b>	<b>441,815</b>
<b>As at 30 June 2024</b> (Unaudited)				
Cost	<b>137,444</b>	<b>25</b>	<b>398,830</b>	<b>536,299</b>
Accumulated amortization	<b>(94,459)</b>	<b>(25)</b>	–	<b>(94,484)</b>
<b>Net book amount</b>	<b>42,985</b>	–	<b>398,830</b>	<b>441,815</b>

## Notes to the Interim Condensed Consolidated Financial Information

**13 INTANGIBLE ASSETS (CONTINUED)**

(a) Amortization of intangible assets has been charged to the consolidated statement of comprehensive loss as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Administrative expenses	9,858	8,898
Research and development expenses	5,261	3,175
Selling expenses	625	–
Cost of sales	431	–
	<b>16,175</b>	12,073

**14 OTHER NON-CURRENT ASSETS**

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
	Long-term receivables	
– Refundable deposits	14,382	17,021
Provision for impairment	(221)	(259)
	<b>14,161</b>	16,762
Prepayment for property, plant and equipment	<b>113,728</b>	78,477
	<b>127,889</b>	95,239

Long-term receivables represented the receivables due for rental of buildings, which are generally between 1 to 10 years. There is no significant financing component.

All of long-term receivables are denominated in RMB. As a result, there is no exposure to foreign currency risk.



## Notes to the Interim Condensed Consolidated Financial Information

**15 INVENTORIES**

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Raw materials and spare parts	<b>885,844</b>	777,897
Finished goods	<b>891,833</b>	1,105,957
	<b>1,777,677</b>	1,883,854
Less: provisions for impairment of raw materials	<b>(81,383)</b>	(68,535)
Less: provisions for impairment of finished goods	<b>(47,562)</b>	(95,847)
	<b>(128,945)</b>	(164,382)
	<b>1,648,732</b>	1,719,472

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

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

During the six months ended 30 June 2024, inventories recognized as cost of sales amounted to approximately RMB7,924,953,000 (during the six months ended 30 June 2023: RMB5,384,549,000) and the provision for impairment of inventories as recognized amounted to approximately RMB119,430,000 (during the six months ended 30 June 2023: RMB286,448,000). All these expenses and impairment charge have been included in "cost of sales" in the consolidated statement of comprehensive loss.

During the six months ended 30 June 2024, the provision for impairment of inventories as utilized upon the Group's ultimate sales of the related vehicles/parts amounted to approximately RMB154,867,000 (during the six months ended 30 June 2023: RMB311,947,000) and there was not any reversal of over-provision recognized in profit or loss.

## Notes to the Interim Condensed Consolidated Financial Information

## 16 TRADE AND NOTES RECEIVABLES

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Notes receivables	<b>252,779</b>	8,048
Trade receivables		
Due from related parties (Note 34(c))	<b>8,027</b>	3,515
Government subsidies receivables for promotion of new energy vehicles	<b>157,008</b>	846,206
Due from customers	<b>133,419</b>	70,312
Gross trade receivables	<b>298,454</b>	920,033
Provisions for impairment	<b>(1,424)</b>	(1,744)
	<b>297,030</b>	918,289
Total	<b>549,809</b>	926,337

As at 31 December 2023 and 30 June 2024, the aging analysis of the trade receivables based on date of recognition is as follows:

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Up to 6 months	<b>108,023</b>	72,884
6 months to 1 year	<b>33,423</b>	943
1 to 2 years	<b>130,420</b>	807,608
2 to 3 years	<b>26,588</b>	38,598
	<b>298,454</b>	920,033

As at 31 December 2023 and 30 June 2024, trade receivables with aging of more than one year are mainly government subsidies receivables for promotion of new energy vehicles.

## Notes to the Interim Condensed Consolidated Financial Information

**17 OTHER CURRENT ASSETS**

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Other receivables		
– Refundable deposits	<b>43,043</b>	22,798
– Due from related parties (Note 34(c))	<b>406</b>	174
– Others	<b>11,644</b>	5,993
	<b>55,093</b>	28,965
Provisions for impairment	<b>(1,080)</b>	(363)
	<b>54,013</b>	28,602
Prepayments for		
– raw materials to third parties	<b>96,119</b>	105,308
– raw materials to related parties (Note 34(c))	<b>3,375</b>	–
– short-term lease rental expenses to third parties	<b>2,833</b>	7,445
– short-term lease rental expenses to related parties (Note 34(c))	<b>680</b>	–
– other operating expenses	<b>51,143</b>	36,763
	<b>154,150</b>	149,516
Input VAT to be deducted	<b>293,816</b>	243,756
Total other current assets	<b>501,979</b>	421,874

As at 31 December 2023 and 30 June 2024, the fair values of other current assets of the Group, except for the prepayments and input VAT to be deducted which are not financial assets, approximated their carrying amounts.

## Notes to the Interim Condensed Consolidated Financial Information

**18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS****(a) Classification of financial assets at fair value through profit or loss (“FVPL”)**

The Group classifies the followings as financial assets at FVPL:

- debt investments that do not qualify for measurement at either amortized cost or fair value through other comprehensive income (FVOCI),
- equity investments that are held for trading, and
- equity investments for which the Group has not elected to recognize fair value gains and losses through other comprehensive income.

The Group’s financial assets measured at FVPL include the following:

	<b>As at 30 June 2024 RMB’000 (Unaudited)</b>	As at 31 December 2023 RMB’000 (Audited)
Investments in wealth management products	<b>5,366,812</b>	2,769,516

The principals and returns of the wealth management products are not guaranteed, hence their contractual cash flows do not qualify for solely payments of principal and interest. Therefore, the wealth management products are measured at fair value through profit or loss.

Information about the Group’s exposure to financial risk and information about the methods used in determining fair value of these financial assets at FVPL are set out in Note 35(c).

As at 30 June 2024, the investments in wealth management products issued with amounts of RMB100,000,000 (31 December 2023: nil) were restricted as guaranteed deposits for borrowings (Note 24(d)).

As at 31 December 2023, the investments in wealth management products issued with amounts of RMB45,000,000 were restricted as guaranteed deposits for issuance of bank acceptance notes. (Note 27)

## Notes to the Interim Condensed Consolidated Financial Information

**18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)****(b) Amounts recognized in profit or loss is set out below:**

During the six months ended 30 June 2023 and 2024, the following net fair value gains were recognized in the consolidated statement of comprehensive loss:

	<b>Six months ended 30 June</b>	
	<b>2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	2023 RMB'000 (Unaudited)
Net fair value gains on financial assets at FVPL recognized in other gains/(losses) - net (Note 4)		
– realized	<b>21,962</b>	2,809
– unrealized	<b>28,996</b>	18,165
	<b>50,958</b>	20,974

**19 CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND TIME DEPOSITS****(a) Cash and cash equivalents**

	<b>As at</b> <b>30 June</b> <b>2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
	Cash at banks	<b>12,326,980</b>
Less: restricted cash (b)	<b>(1,280,609)</b>	(2,799,877)
Less: short-term bank time deposits (c)	<b>(509,011)</b>	(1,122,027)
Less: long-term bank time deposits (d)	<b>(1,202,939)</b>	(576,572)
Less: current portion of long-term bank time deposits (d)	<b>(136,568)</b>	(965,273)
	<b>9,197,853</b>	11,731,389

The maximum exposure to credit risk at the reporting date is the carrying values of the time deposits, cash and cash equivalents and restricted cash as mentioned above.

**(b) Restricted cash**

As at 30 June 2024, cash at banks with amounts of RMB947,459,000 (31 December 2023: RMB2,475,090,000) and RMB313,400,000 (31 December 2023: RMB313,400,000) were restricted as guarantee deposits for issuance of bank acceptance notes and security deposits for bank borrowings. The remaining amounts of approximately RMB19,750,000 (31 December 2023: RMB11,387,000) was mainly restricted as customs guarantee, guarantee deposits for the contracts with the Group's suppliers and others.

## Notes to the Interim Condensed Consolidated Financial Information

**19 CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND TIME DEPOSITS (CONTINUED)****(c) Short-term bank time deposits**

As at 30 June 2024, the short-term bank time deposits with amounts of RMB308,727,000 (31 December 2023: RMB717,524,000) and nil (31 December 2023: RMB404,503,000) were pledged to the bank for issuance of bank acceptance notes and for security deposits for a bank borrowing.

**(d) Long-term bank time deposits**

Long-term bank time deposits were neither past due nor impaired. Management considered that the carrying amounts of the long-term bank time deposits approximated their fair values as at 30 June 2024 and 31 December 2023. Long-term bank time deposits of approximately RMB136,568,000 (31 December 2023: RMB965,273,000) will be due within one year.

As at 30 June 2024, the restricted long-term bank time deposits with an amount of approximately RMB502,233,000 (31 December 2023: nil) was pledged to a bank as security deposits under various bank borrowing agreements (Note 24(d)).

**20 SHARE CAPITAL**

A summary of movements in the Company's authorized, issued and fully paid share capital is as follows:

	Number of shares	Share capital RMB'000
<b>As at 1 January 2024 and 30 June 2024</b> (Unaudited)	<b>1,336,966,089</b>	<b>1,336,966</b>

**21 RESERVES**

	Reserves			Total RMB'000
	Share premium RMB'000	Other comprehensive income RMB'000	Share-based payment reserves RMB'000	
<b>As at 1 January 2023</b>	15,983,261	–	813,182	16,796,443
Share-based payment (Note 22)	–	–	339,641	339,641
<b>As at 30 June 2023</b> (Unaudited)	15,983,261	–	1,152,823	17,136,084
<b>As at 1 January 2024</b>	<b>23,555,468</b>	<b>(8,637)</b>	<b>1,510,973</b>	<b>25,057,804</b>
Fair value change of financial assets at FVOCI	–	<b>(35,685)</b>	–	<b>(35,685)</b>
Share-based payment (Note 22)	–	–	<b>195,473</b>	<b>195,473</b>
<b>As at 30 June 2024</b> (Unaudited)	<b>23,555,468</b>	<b>(44,322)</b>	<b>1,706,446</b>	<b>25,217,592</b>

## 22 SHARE-BASED PAYMENT

### (a) Share award schemes

On 31 January 2021, the establishment of the Company's Share Incentive Plans was approved by Shareholders of the Company. Certain eligible employees of the Group (the "**Incentive targets**") were granted with the shares of No. 1 Guosen Securities Leapmotor Technology Employee Stock Ownership – Asset Management Plan ("**Guosen Securities**") and Ningbo Jinghang Enterprise Management L.P. (寧波景航企業管理合夥企業(有限合夥)) ("**Ningbo Jinghang**"), as rewards for their services and in exchange for their full-time devotion and professional expertise. The two companies were set up for the purpose of holding shares of the Company on behalf of the Incentive targets.

During the year ended 31 December 2021, 57,723,164 shares with a grant price of RMB1.40 per unit capital and 12,806,500 shares with a grant price of RMB1.27 per unit capital of the Company were granted to the Incentive targets through Guosen Securities and Ningbo Jinghang, respectively. All the shares granted are vested on the third anniversary from the date of fulfilling the service and performance conditions ("**QIPO condition**") as prescribed in the Share Incentive Plans. If an employee ceased to be employed by the Group within this period, the awarded shares would be forfeited, and forfeited shares would be purchased back by Mr. Zhu Jiangming (朱江明) at the price that the employees initially purchased the shares, and would be reallocated in the subsequent grants, if any, at the discretion of the Group. 2,078,950 shares were forfeited and 302,800 shares were granted and reallocated during the year ended 31 December 2021. The fair value of each awarded restricted shares was calculated based on the most recent transaction price of the Company's shares at the grant date.

On 31 May 2022 and 19 August 2022, 3,415,000 shares and 3,683,200 shares, respectively with a grant price of RMB1.40 per unit capital of the Company were granted to the Incentive targets through Guosen Securities. The discount cash flow method was used to determine the underlying equity fair value of the Company and the fair value of each awarded restricted shares granted. All the shares granted are vested on the third anniversary from the date of fulfilling the service and performance conditions ("**QIPO condition**") as prescribed in the Share Incentive Plans.

On 26 July 2023, 430,000 shares and 200,000 shares, respectively with a grant price of RMB2.00 and RMB1.40 per unit capital of the Company were granted to the Incentive targets through Guosen Securities. On 16 August 2023, 3,005,000 shares and 520,000 shares, respectively with a grant price of RMB2.00 and RMB1.40 per unit capital of the Company were granted to the Incentive targets through Guosen Securities. On 2 November 2023, 1,100,000 shares with a grant price of RMB2.00 per unit capital of the Company were granted to the Incentive targets through Guosen Securities. On 29 December 2023, 500,000 shares with a grant price of RMB2.00 per unit capital of the Company were granted to the Incentive targets through Guosen Securities.

On 9 February 2024 and 22 April 2024, 245,000 shares and 380,000 shares, with a grant price of RMB2.00 per unit capital of the Company were granted to the Incentive targets through Guosen Securities. On 13 May 2024, 60,000 shares and 200,000 shares, respectively with a grant price of RMB2.00 and RMB1.40 per unit capital of the Company were granted to the Incentive targets through Guosen Securities.

## Notes to the Interim Condensed Consolidated Financial Information

**22 SHARE-BASED PAYMENT (CONTINUED)****(a) Share award schemes (Continued)**

The fair value of each awarded restricted shares after the global offering was calculated based on the closing price of the Company's H share at the grant date. And the aforementioned shares granted are vested when certain service and performance conditions are met. The fair value of each awarded restricted shares during the six months ended 30 June 2024 and the year ended 31 December 2023 are set as below:

<b>Grant date</b>	<b>Fair value of awarded restricted shares RMB</b>
26 July 2023	38.98
16 August 2023	33.35
2 November 2023	25.88
29 December 2023	32.35
9 February 2024	18.66
22 April 2024	23.05
13 May 2024	31.59

Set out below are the movement in the number of awarded restricted shares under the Share Incentive Plans:

<b>As at 1 January 2024</b>	<b>70,489,074</b>
Granted	<b>885,000</b>
Forfeited	<b>(7,933,700)</b>
<b>As at 30 June 2024 (Unaudited)</b>	<b>63,440,374</b>



## Notes to the Interim Condensed Consolidated Financial Information

**22 SHARE-BASED PAYMENT (CONTINUED)****(b) Pre-IPO Share Option Scheme**

On 22 June 2022, the pre-IPO share option scheme was adopted by the Company. The number of shares options issued under the pre-IPO share option scheme will be no more than 50,594,348 ordinary shares, representing no more than 5.00% of the issued share capital of the Company immediately prior to the completion of the global offering. The shares options of the Company with an exercise price of RMB27.26 per share were granted to the certain eligible employees of the Group subsequently on 5 August 2022, which will be vested in tranches during 4 years from the date of the global offering of the Company upon satisfaction of the vesting conditions.

The fair value of the share options granted under Pre-IPO Share Option Scheme have been valued by an independent qualified valuer using the Binomial valuation model as at grant date. Key assumptions are set as below:

	<b>Key assumptions</b>
Risk-free interest rate	2.53%
Volatility	51.54%
Time to maturity	6 years

Set out below are the movement in the number of awarded options under the Pre-IPO Share Option Scheme:

<b>As at 1 January 2024</b>	<b>37,429,148</b>
Granted	–
Forfeited	<b>(1,760,350)</b>
<b>As at 30 June 2024 (Unaudited)</b>	<b>35,668,798</b>
Vested and exercisable as at 30 June 2024	<b>9,473,962</b>

**(c) Expenses arising from share-based payment transactions**

Expenses for the share-based payments have been charged to the consolidated statement of comprehensive loss as follows:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Share-based payment expenses	<b>195,473</b>	339,641

## Notes to the Interim Condensed Consolidated Financial Information

**23 FINANCIAL INSTRUMENTS BY CATEGORY**

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Financial assets at amortized cost:		
– Trade and notes receivables (Note 16)	<b>549,809</b>	926,337
– Other receivables (Note 17)	<b>54,013</b>	28,602
– Long-term receivables (Note 14)	<b>14,161</b>	16,762
– Cash and cash equivalents (Note 19)	<b>9,197,853</b>	11,731,389
– Restricted cash (Note 19)	<b>1,280,609</b>	2,799,877
– Time deposits (Note 19)	<b>1,848,518</b>	2,663,872
Financial assets at FVPL (Note 18)	<b>5,366,812</b>	2,769,516
Financial assets at FVOCI	<b>257,217</b>	217,128
	<b>18,568,992</b>	21,153,483
Financial Liabilities at amortized cost:		
– Borrowings (Note 24)	<b>2,182,942</b>	2,472,968
– Trade and notes payables (Note 27)	<b>9,420,250</b>	9,846,873
– Other payables and accruals (excluding payroll and welfare payables and other tax payables) (Note 28)	<b>1,789,803</b>	1,520,470
– Lease liabilities (Note 12)	<b>282,634</b>	273,641
	<b>13,675,629</b>	14,113,952

## Notes to the Interim Condensed Consolidated Financial Information

## 24 BORROWINGS

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
<b>Borrowings included in non-current liabilities:</b>		
Bank borrowings, secured (a)	<b>1,268,619</b>	1,178,225
Bank borrowings, unsecured and unguaranteed (b)	<b>97,000</b>	98,000
Other borrowings, secured (c)	<b>214,914</b>	342,500
Less: current portion included in current liabilities	<b>(648,137)</b>	(726,914)
	<b>932,396</b>	891,811
<b>Borrowings included in current liabilities:</b>		
Bank borrowings, secured (d)	<b>600,000</b>	600,000
Bank borrowings, unsecured and unguaranteed	–	250,500
Current portion of long-term borrowings (a)(b)(c)	<b>648,137</b>	726,914
Interest payables	<b>2,409</b>	3,743
	<b>1,250,546</b>	1,581,157
<b>Total borrowings</b>	<b>2,182,942</b>	2,472,968

- (a) As at 30 June 2024, the Group has the long-term bank borrowings with the total amount of approximately RMB1,268,619,000 (31 December 2023: RMB1,178,225,000), of which approximately RMB373,642,000 (31 December 2023: RMB314,284,000) will be due within one year from the balance sheet date.

As at 30 June 2024, the Group's long-term bank borrowings bear interests at floating interest rates ranging from 3.15% to 4.00% per annum, and were secured by the pledge of the Group's buildings with an amount of approximately RMB412,343,000 (Note11(a)), land use rights with an amount of approximately RMB106,237,000 (Note12(a)(ii)) and restricted cash with an amount of RMB313,400,000 (Note 19(b)).

- (b) As at 30 June 2024, the effective fixed interest rate of the long-term unsecured and unguaranteed borrowing from a PRC bank with the amount of RMB97,000,000 (31 December 2023: RMB98,000,000) was 3.9% (31 December 2023: 3.9%) per annum. All the borrowings (31 December 2023: all) will be due within one year.

- (c) As at 30 June 2024, the Group's long term other borrowings comprised 24-months borrowings from three finance leasing companies with a total amount of RMB185,275,000 (31 December 2023: RMB342,500,000), of which RMB177,495,000 (31 December 2023: RMB314,630,000) will be due within one year. The borrowings were obtained through sales and leaseback arrangements, whereby certain property, plant and equipment of the Group were sold and leased back for a 24-months lease term. The Group has the option to repurchase the property, plant and equipment upon the completion of the leases at an insignificant nominal value. During the lease term and before the exercise of the repurchase options upon completion of the lease term, the property, plant and equipment were effectively pledged as security for the borrowings and were restricted under the agreements where lessors' consent must be obtained for the pledge or disposal of these assets. As at 30 June 2024, the long-term other borrowings had effective interest rates ranging from 5% to 5.1% (31 December 2023: 5% to 5.1%) per annum and the property, plant and equipment pledged had carrying amount of approximately RMB432,197,000 (31 December 2023: RMB646,104,000) (Note 11(b)).

As at 30 June 2024, the Group had a 10-year borrowings from a third party with a total amount of approximately RMB29,639,000 which has an effective interest rate of 3.34% per annum.

## Notes to the Interim Condensed Consolidated Financial Information

**24 BORROWINGS (CONTINUED)**

- (d) As at 30 June 2024, the Group had several secured short-term borrowings from PRC banks with amounts totalling RMB600,000,000 (31 December 2023: RMB600,000,000), and the effective interest ranging from 1.30% to 1.37% (31 December 2023: 1.27% to 1.40%) per annum. The aforementioned borrowings were secured by pledge of the Group's long-term bank time deposits with the amount of RMB502,233,000 (Note 19(d)) (31 December 2023: short-term bank time deposits with the amount of RMB404,503,000 (Note 19(c))) and the Group's financial assets at FVPL with the amount of RMB100,000,000 (31 December 2023: nil) (Note 18(a)).

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

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Less than 6 months	<b>1,139,483</b>	1,037,932
Between 6 and 12 months	<b>108,654</b>	539,482
Between 1 and 2 years	<b>329,383</b>	223,766
Between 2 and 5 years	<b>530,950</b>	601,193
Over 5 years	<b>72,063</b>	66,852
	<b>2,180,533</b>	2,469,225

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

The fair values of non-current borrowings as at 31 December 2023 and 30 June 2024 were disclosed as follows:

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Non-current borrowings	<b>928,065</b>	887,366

## Notes to the Interim Condensed Consolidated Financial Information

**25 PROVISIONS**

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Non-current Service warranties	<b>501,958</b>	368,101
Current Service warranties	<b>173,163</b>	135,288
	<b>675,121</b>	503,389

The Group provides warranties for certain vehicle products sold and undertakes the obligation to repair or replace items that fail to perform satisfactorily within certain years after purchase or mileage utilized (“**warranty periods**”), whichever reached first. Provision for service warranties are made for the estimated warranty claims within the warranty periods that remain effective as at the end of each reporting period. The amount of provisions for warranties is estimated based on the assumptions related to the estimations of expected unit cost for warranty services. The estimation is reviewed on an ongoing basis and is revised when appropriate.

Movements of warrants for the six months ended 30 June 2024 are set out below:

	<b>Service warranties RMB'000</b>
<b>As at 1 January 2024</b>	<b>503,389</b>
Provisions for the period	<b>228,558</b>
Amounts utilized during the period	<b>(56,826)</b>
<b>As at 30 June 2024 (Unaudited)</b>	<b>675,121</b>

**26 DEFERRED INCOME**

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Government grants	<b>459,445</b>	381,734

The Grants received were mainly for subsidizing the Group’s purchases of property, plant and equipment and lease. These government grants were recorded as deferred income and credited to profit or loss on a straight-line basis over the useful lives of the related property, plant and equipment and the lease term.

## Notes to the Interim Condensed Consolidated Financial Information

**27 TRADE AND NOTES PAYABLES**

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Trade payables		
– Payables for materials	<b>5,160,281</b>	5,057,648
Notes payables		
– Payables for materials	<b>4,259,969</b>	4,789,225
	<b>9,420,250</b>	9,846,873

As at 30 June 2024 and 31 December 2023, the notes payables have maturity terms ranging from 3 to 6 months and the issuance of these notes payables are guaranteed by certain FVPL (Note 18(a)), restricted cash (Note 19(b)) and short-term bank time deposits (Note 19(c)).

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

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

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Up to 6 months	<b>4,817,780</b>	4,793,477
6 months to 1 year	<b>83,019</b>	262,897
1 to 2 years	<b>258,311</b>	3
2 to 3 years	<b>713</b>	1,271
Over 3 years	<b>458</b>	–
	<b>5,160,281</b>	5,057,648

## Notes to the Interim Condensed Consolidated Financial Information

**28 OTHER PAYABLES AND ACCRUALS**

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Accrued expenses		
– Advertising and publicity expense	<b>604,544</b>	566,412
– Rebate payables	<b>275,645</b>	323,161
– Freight expenses	<b>117,807</b>	28,033
Payroll and welfare payables	<b>423,219</b>	411,772
Payables for purchases of property, plant and equipment	<b>225,387</b>	203,378
Deposit from suppliers and distributors	<b>182,405</b>	134,071
Payables for design and development services	<b>199,590</b>	152,511
Payables for incremental costs directly related to issuance of ordinary shares	–	11,320
Other taxes payables	<b>114,368</b>	89,418
Others	<b>184,425</b>	101,584
	<b>2,327,390</b>	2,021,660

**29 ADVANCES FROM CUSTOMERS**

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Advances from customers	<b>301,627</b>	242,034

Advances from customers represent the initial refundable deposits for intention orders received from customers prior to the signing of vehicle purchase agreements.

## Notes to the Interim Condensed Consolidated Financial Information

**30 INVESTMENT IN ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD**

	<b>Six months ended 30 June 2024 RMB'000 (Unaudited)</b>
<b>Investment in associates</b>	
At beginning of the period	44,262
Additions	75,972
Share of net profit of associates accounted for using the equity method	(5,817)
At end of the period	<b>114,417</b>

Set out below are the details of the associates of the Group as at 31 December 2023 and 30 June 2024. The entity set out below has share capital consisting solely of ordinary shares, which are held directly by the Company. The country of incorporation is also its principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of incorporation and kind of legal entity	% of ownership interest		Principal activities
		As at 30 June 2024	As at 31 December 2023	
Zhejiang Huaruijie Technology Co., Ltd. 浙江華銳捷技術有限公司 (“Huaruijie”)	PRC, limited liability company	20%	20%	Technology development services
Jinhua LEAP Faurecia Automotive Parts Co., Ltd. 金華零跑佛吉亞汽車零部件有限公司 (“LFAP”)	PRC, limited liability company	49%	49%	vehicles components manufacturing, research and development
Leapmotor international B. V.	Netherlands, limited liability company	49%	–	vehicles manufacturing and sales

On 4 March 2020, the Company and one of the Company’s equity holders co-founded Huaruijie. The paid-in capital of Huaruijie is RMB100,000,000. The Company owns 20% equity interest of Huaruijie and has significant influence on Huaruijie through its representative in the board of directors of Huaruijie.

On 20 June 2023, one of the Company’s subsidiaries and Faurecia (China) Holding Co., Ltd., a third party, cofounded LFAP. The Group owns 49% equity interest of LFAP and has significant influence on LFAP through its representative in the board of directors of LFAP.

In the first half of 2024, the Company and Stellantis N.V., one of the Company’s equity holders, cofounded Leapmotor international B.V.. The Group owns 49% equity interest of Leapmotor international B.V. and has significant influence on Leapmotor international B.V. through its representative in the board of directors of Leapmotor international B.V..



## Notes to the Interim Condensed Consolidated Financial Information

**31 CAPITAL COMMITMENTS**

Significant capital expenditure contracted for at the end of the balance sheet date but not recognized as liabilities is as follows:

**(i) Contracted but not provided for**

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Property, plant and equipment	<b>3,350,122</b>	2,599,245

**32 CONTINGENCIES**

As at 30 June 2024, there were no significant contingency items for the Group (31 December 2023: nil).

**33 EVENTS OCCURRING AFTER THE REPORTING PERIOD**

There is no other material subsequent event undertaken by the Group after 30 June 2024.

**34 RELATED PARTY TRANSACTIONS**

There was no controlling shareholder or ultimate controlling shareholder of the Company. As at the date of this report, Mr. Zhu Jiangming (朱江明), Mr. Fu Liquan (傅利泉), Ms. Liu Yunzhen (劉雲珍) (spouse of Mr. Zhu Jiangming), Ms. Chen Ailing (陳愛玲) (spouse of Mr. Fu Liquan), by virtue of the acting-in-concert arrangement among them, were collectively and ultimately interested in approximately 23.47% of the total share capital of the Company. These four individuals and the companies established or controlled by them, including Hangzhou Xintu Technology Co., Ltd. (杭州芯圖科技有限公司), Ningbo Hualing Venture Capital L.P. (寧波華綾創業投資合夥企業(有限合夥)), Ningbo Huayang Venture Capital L.P. (寧波華揚創業投資合夥企業(有限合夥)), Ningbo Jinghang, Ningbo Gulin Equity Investment L.P. (寧波顧麟股權投資合夥企業(有限合夥)) and Wanzai Mingzhao Consulting Service Center L.P. (萬載明昭諮詢服務中心(有限合夥)) ("Wanzai Mingzhao"), were collectively referred to as the Single Largest Group of Shareholders of the Company.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

## Notes to the Interim Condensed Consolidated Financial Information

**34 RELATED PARTY TRANSACTIONS (CONTINUED)**

- (a) Apart from the members of the Single Largest Group of Shareholders as mentioned above, the major related parties that had transactions and balances with the Group were as follows:

<b>Name of related parties</b>	<b>Relationship with the Group</b>
Zhejiang Dahua Technology Co., Ltd. 浙江大華技術股份有限公司 (“ <b>Dahua Technology</b> ”)	A substantial shareholder of the Company
Huaruijie	Associate, Dahua Technology’s subsidiary
Zhejiang Hyxi Technology Co., Ltd. 浙江華昱欣科技有限公司	Controlled by Mr. Fu Liquan
Zhejiang Dahua Vision Technology Co., Ltd. 浙江大華科技有限公司	Dahua Technology’s subsidiary
Zhejiang Dahua Zhilian Co., Ltd. 浙江大華智聯有限公司	Dahua Technology’s subsidiary
Zhejiang Huaray Technology Co., Ltd. 浙江華睿科技股份有限公司	Dahua Technology’s subsidiary
Zhejiang Lancable Technology Co., Ltd. 浙江藍聯科技股份有限公司	Controlled by Mr. Zhu Jiangming
Hangzhou Fuyang Huaao Technology Co., Ltd. 杭州富陽華傲科技有限公司	Dahua Technology’s subsidiary

The following significant transactions were carried out between the Group and its related parties during the reporting period. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

## Notes to the Interim Condensed Consolidated Financial Information

**34 RELATED PARTY TRANSACTIONS (CONTINUED)****(b) Transactions with related parties**

	<b>Six months ended 30 June</b>	
	<b>2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	2023 RMB'000 (Unaudited)
<b>Sales of vehicles and parts</b>		
A company controlled by Mr. Fu Liquan	<b>4,050</b>	818
Dahua Technology and its subsidiaries	<b>2,849</b>	45
LFAP	<b>872</b>	–
	<b>7,771</b>	863
<b>Rendering of services</b>		
Dahua Technology and its subsidiaries	–	517
<b>Purchases of raw materials</b>		
LFAP	<b>128,291</b>	–
Dahua Technology and its subsidiaries	<b>77,671</b>	91,091
A company controlled by Mr. Fu Liquan	<b>2,971</b>	–
	<b>208,933</b>	91,091
<b>Purchases of the assembly services</b>		
Dahua Technology and its subsidiaries	<b>42,195</b>	28,818
<b>Purchases of property, plant and equipment</b>		
Dahua Technology and its subsidiaries	<b>7,597</b>	432
<b>Short-term leasing expenses</b>		
A member of the Single Largest Group of Shareholders	<b>12,098</b>	–
Dahua Technology and its subsidiaries	<b>135</b>	–
	<b>12,233</b>	–
<b>Interest expenses of lease liabilities paid to</b>		
A member of the Single Largest Group of Shareholders	–	14

## Notes to the Interim Condensed Consolidated Financial Information

**34 RELATED PARTY TRANSACTIONS (CONTINUED)****(c) Balances with related parties**

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
<b>Other receivables (i)</b>		
Dahua Technology and its subsidiaries	300	174
A company controlled by Mr. Zhu Jiangming	106	–
	<b>406</b>	174
<b>Trade receivables</b>		
A company controlled by Mr. Fu Liquan	5,343	2,691
Dahua Technology and its subsidiaries	1,473	824
LFAP	1,211	–
	<b>8,027</b>	3,515
<b>Prepayments</b>		
A company controlled by Mr. Liquan Fu	3,315	–
A member of the Single Largest Group of Shareholders	680	–
Dahua Technology and its subsidiaries	60	–
	<b>4,055</b>	–
<b>Other payables</b>		
Dahua Technology and its subsidiaries	17,833	65
LFAP	1,723	–
A member of the Single Largest Group of Shareholders	10	–
A company controlled by Mr. Zhu Jiangming	3	–
	<b>19,569</b>	65
<b>Trade payables</b>		
Dahua Technology and its subsidiaries	115,370	157,140
LFAP	82,125	116,374
A company controlled by Mr. Zhu Jiangming	15,005	–
	<b>212,500</b>	273,514
<b>Advances from customers</b>		
Dahua Technology and its subsidiaries	265	–
<b>Lease liabilities</b>		
A member of the Single Largest Group of Shareholders	–	44

(i) The balances with related parties are unrestricted, interest free and repayable or receivable according to credit terms granted or on demand.

(ii) The carrying value of the above trade balances approximates their fair value as at 30 June 2024.

## Notes to the Interim Condensed Consolidated Financial Information

**35 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS****(a) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The following table presents the Group's liabilities that are measured at fair value as at 31 December 2023 and 30 June 2024.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>As at 30 June 2024</b> (Unaudited)				
Assets				
Financial assets at FVOCI				
– Notes receivables	–	–	75,774	75,774
– Equity investments	181,443	–	–	181,443
Financial assets at FVPL (Note 18)	–	–	5,366,812	5,366,812
	<b>181,443</b>	<b>–</b>	<b>5,442,586</b>	<b>5,624,029</b>
<hr/>				
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>As at 31 December 2023</b> (Audited)				
Assets				
Financial assets at FVOCI				
– Equity investments	217,128	–	–	217,128
Financial assets at FVPL (Note 18)	–	–	2,769,516	2,769,516
	217,128	–	2,769,516	2,986,644

## Notes to the Interim Condensed Consolidated Financial Information

**35 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)****(b) Valuation techniques used to determine level 2 and level 3 fair values**

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

There were no changes in valuation techniques during the six months ended 30 June 2024.

The fair value of trade and notes receivables, other receivables, contract assets, long-term receivables, time deposits, restricted cash, and cash and cash equivalents approximated their carrying amounts.

The fair value of trade and notes payables, other payables and accruals (excluding payroll and welfare payables and other tax payables) and current borrowings approximated their carrying amounts. The fair value of non-current borrowings was disclosed in Note 24.

**(c) Fair value measurements using significant unobservable inputs (level 3)**

The following table presents the changes in level 3 items for the six months ended 30 June 2024:

	<b>Financial assets at FVPL RMB'000</b>	<b>Financial assets at FVOCI RMB'000</b>
As at 1 January 2024	2,769,516	–
Acquisitions	4,903,000	75,774
Disposals	(2,356,662)	–
Fair value changes	50,958	–
<b>As at 30 June 2024 (Unaudited)</b>	<b>5,366,812</b>	<b>75,774</b>

More details about the financial assets at FVPL as at 31 December 2023 and 30 June 2024 have been presented in Note 18.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the six months ended 30 June 2024.

## Notes to the Interim Condensed Consolidated Financial Information

**35 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)****(d) Valuation inputs and relationships to fair value**

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

**As at 30 June 2024**

Description	Fair value RMB'000	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Wealth management products	5,366,812	Expected rate of return	1.73%-2.90%	The higher the expected rate of return, the higher the fair value
Notes receivables	75,774	Discount rate	1.98%	The higher the discount rate, the lower the fair value

**36 BASIS OF PREPARATION**

This interim condensed consolidated financial report for the six months ended 30 June 2024 has been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2023 and any public announcements made by the Group during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

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

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

Standards and amendments	Key requirements	Effective for annual periods beginning on or after
IAS 1 (Amendments)	Classification of liabilities as current or non-current and non-current liabilities with covenants	1 January 2024
IAS 7 and IFRS 7 (Amendments)	Supplier finance arrangements	1 January 2024
IFRS 16 (Amendments)	Lease liability in sale and leaseback	1 January 2024

## Notes to the Interim Condensed Consolidated Financial Information

**36 BASIS OF PREPARATION (CONTINUED)****36.1 New standards and interpretations (Continued)****(b) Impact of standards issued but not yet applied by the entity**

The followings are new or amended standards that have been issued but are not effective for the financial year beginning on 1 January 2024 and have not been early adopted by the Group. The Group plans to adopt these new or amended standards when they become effective:

<b>Standards</b>	<b>Key requirements</b>	<b>Effective for annual periods beginning on or after</b>
IAS 21 (Amendments)	Lack of exchangeability	1 January 2025
IFRS 18	Presentation and disclosure in financial statements	1 January 2027
IFRS 19	Subsidiaries without public accountability: disclosures	1 January 2027

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



## Definitions

In this interim report, the following expressions have the meanings set out below unless the context requires otherwise.

“Board”	the board of Directors of our Company
“cell-to-chassis” or “CTC”	our proprietary technology to integrate battery module with the battery tray and vehicle body
“Company” or “our Company”	Zhejiang Leapmotor Technology Co., Ltd. (浙江零跑科技股份有限公司), a limited liability company established under the laws of the PRC on 24 December 2015 and converted into a joint stock limited liability company in the PRC on 30 April 2021
“Dahua Technology”	Zhejiang Dahua Technology Co., Ltd. (浙江大華技術股份有限公司), a joint stock company established under the laws of the PRC, whose shares are listed on the Shenzhen Stock Exchange (stock code: 002236), and a substantial shareholder of our Company
“Director(s)”	director(s) of our Company
“Domestic Share(s)”	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which is/are subscribed for or credited as paid in Renminbi
“Employee Incentive Schemes”	collectively, Share Award Scheme I, Share Award Scheme II and Pre-IPO Share Option Scheme
“EREVs”	extended-range electric vehicles
“EV”	the battery electric vehicles used for the carriage of passengers
“Global Offering”	the Hong Kong public offering and the international offering as described in the Prospectus
“Group” or “our Group” or “we” or “us”	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
“H Share(s)”	overseas listed foreign Share(s) issued or to be issued by the Company with a nominal value of RMB1.00 each, which is/are to be subscribed for and traded in HK dollars and is/are to be listed on the Hong Kong Stock Exchange
“Hangzhou Xintu”	Hangzhou Xintu Technology Co., Ltd. (杭州芯圖科技有限公司), a limited liability company established under the laws of the PRC and a member of the Single Largest Group of Shareholders

## Definitions

“HK\$” or “HK dollars”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Independent Third Party(ies)”	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules
“Jinhua Industrial Fund”	Jinhua Industrial Fund Co., Ltd. (金華市產業基金有限公司), a limited liability company established under the laws of the PRC and an existing Shareholder of the Company
“Leapmotor International”	Leapmotor International B.V., a joint venture company jointly established by the Company and Stellantis
“Listing”	listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
“Listing Date”	29 September 2022, on which our H Shares are listed and on which dealings of our H Shares first commences therein are permitted to take place on the Hong Kong Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Mr. Fu”	Mr. Fu Liquan (傅利泉), a member of the Single Largest Group of Shareholders and the spouse of Ms. Chen
“Mr. Zhu”	Mr. Zhu Jiangming (朱江明), the chairperson of the Board, an executive Director and chief executive officer of our Company, a member of the Single Largest Group of Shareholders and the spouse of Ms. Liu
“Ms. Chen”	Ms. Chen Ailing (陳愛玲), the spouse of Mr. Fu and a member of the Single Largest Group of Shareholders
“Ms. Liu”	Ms. Liu Yunzhen (劉雲珍), the spouse of Mr. Zhu and a member of the Single Largest Group of Shareholders

## Definitions

“NEVs”	new energy passenger vehicles, comprising of battery electrics vehicles and plug-in hybrid electric vehicles (including EREVs)
“Ningbo Gulin”	Ningbo Gulin Equity Investment L.P. (寧波顧麟股權投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on 29 December 2017 and a member of the Single Largest Group of Shareholders
“Ningbo Hualing”	Ningbo Hualing Venture Capital L.P. (寧波華綾創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on 22 January 2018 and a member of the Single Largest Group of Shareholders
“Ningbo Huayang”	Ningbo Huayang Venture Capital L.P. (寧波華暘創業投資合夥企業(有限合夥)), formerly known as Ningbo Huayang Investment Management L.P. (寧波華暘投資管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on 7 November 2017 and a member of the Single Largest Group of Shareholders
“Ningbo Jinghang”	Ningbo Jinghang Enterprise Management L.P. (寧波景航企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on 11 September 2017 and a member of the Single Largest Group of Shareholders
“PRC” or “China”	the People’s Republic of China. For the purposes of this document only and except where the context requires otherwise, excludes Hong Kong, Macau and Taiwan
“Pre-IPO Investment(s)”	the Pre-IPO investments in our Company undertaken by the Pre-IPO Investors, details of which are set out in the section headed “History, Development and Corporate Structure” in the Prospectus
“Pre-IPO Investor(s)”	the investor(s) who participated in our Pre-IPO Investments, details of which are set out in the section headed “History, Development and Corporate Structure” in the Prospectus
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme as adopted by the Company on 22 June 2022, the principal terms of which are summarized in “Appendix VI – Statutory and General Information – Further Information about Our Directors, Supervisors, Management and Substantial Shareholders – 5. Employee Incentive Schemes” in the Prospectus and the paragraph headed “Employee Incentive Schemes” in this interim report
“Prospectus”	the prospectus of the Company dated 20 September 2022

## Definitions

“Province”	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
“Reporting Period”	the six months ended 30 June 2024
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary shares in the share capital of our Company with a nominal value of RMB1.00 each, comprising Domestic Share(s) and H Share(s)
“Share Award Scheme I”	the share award scheme as adopted by the Company in January 2021, the principal terms of which are summarized in “Appendix VI – Statutory and General Information – Further Information about Our Directors, Supervisors, Management and Substantial Shareholders – 5. Employee Incentive Schemes” in the Prospectus and the paragraph headed “Employee Incentive Schemes” in this interim report
“Share Award Scheme II”	the share award scheme as adopted by the Company in January 2021, the principal terms of which are summarized in “Appendix VI – Statutory and General Information – Further Information about Our Directors, Supervisors, Management and Substantial Shareholders – 5. Employee Incentive Schemes” in the Prospectus and the paragraph headed “Employee Incentive Schemes” in this interim report
“Share Award Schemes”	collectively, Share Award Scheme I and Share Award Scheme II
“Shareholder(s)”	holder(s) of our Shares
“Single Largest Group of Shareholders”	refers to collectively Mr. Zhu, Mr. Fu, Ms. Liu, Ms. Chen, Hangzhou Xintu, Ningbo Hualing, Ningbo Huayang, Ningbo Jinghang, Ningbo Gulin and Wanzai Mingzhao
“Stellantis”	Stellantis N.V., a public limited company incorporated and organised under the laws of the Netherlands and listed on the NYSE, the regulated market of Euronext in Paris and the regulated market of Euronext in Milan
“subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“Supervisor(s)”	member(s) of Supervisory Committee

## Definitions

“Supervisory Committee”	supervisory committee of the Company
“United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“USD”	United States dollars, the lawful currency of the United States
“Wanzai Mingzhao”	Wanzai Mingzhao Consulting Service Center L.P. (萬載明昭諮詢服務中心(有限合夥)), a limited partnership established under the laws of the PRC on 28 November 2017 and a member of the Single Largest Group of Shareholders
“Wuyi County Financial Investment”	Wuyi County Financial Investment and Production Development Holdings Company Limited (武義縣金投產發控股集團有限公司), a limited liability company established under the laws of the PRC