



# 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

## 2022 INTERIM REPORT

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# Company Information

## DIRECTORS

### Executive Directors

Mr. Zhu Jiangming (朱江明)  
*(Chairperson and Chief Executive Officer)*  
Mr. Wu Baojun (吳保軍)  
Mr. Cao Li (曹力)

### Non-executive Directors

Mr. Jin Yufeng (金宇峰)

### Independent Non-executive Directors

Mr. Fu Yuwu (付于武)  
Dr. Huang Wenli (黃文禮)  
Ms. Drina C Yue (萬家樂)

## 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)*  
Mr. Fu Yuwu (付于武)  
Mr. Jin Yufeng (金宇峰)

## REMUNERATION COMMITTEE

Ms. Drina C Yue (萬家樂) *(Chairperson)*  
Mr. Zhu Jiangming (朱江明)  
Dr. Huang Wenli (黃文禮)

## NOMINATION COMMITTEE

Mr. Zhu Jiangming (朱江明) *(Chairperson)*  
Mr. Fu Yuwu (付于武)  
Dr. Huang Wenli (黃文禮)

## JOINT COMPANY SECRETARIES

Ms. Jing Hua (敬華)  
Ms. Lee Mei Yi (李美儀) *(FCG, HKFCG)*

## COMPLIANCE ADVISOR

**Somerley Capital Limited**  
20/F, China Building  
29 Queen's Road Central  
Hong Kong

## 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

## HEADQUARTERS 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

## AUTHORISED REPRESENTATIVES

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

## STOCK CODE

9863

## LEGAL ADVISOR TO THE COMPANY

Clifford Chance

## COMPANY WEBSITE

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

# Key Highlights

## FINANCIAL HIGHLIGHTS

	For the Six Months Ended June 30		
	2021 (unaudited)	2022 (unaudited)	Change (%)
	(RMB in thousands, except percentages)		
<b>Revenue</b>	877,015	<b>5,081,523</b>	479.4%
<b>Gross loss</b>	(456,740)	<b>(1,318,843)</b>	(188.8)%
<b>Gross margin</b>	(52.1)%	<b>(26.0)%</b>	26.1pp
<b>Operating loss</b>	(1,019,717)	<b>(2,493,518)</b>	(144.5)%
<b>Operating margin</b>	(116.3)%	<b>(49.1)%</b>	67.2pp
<b>Loss before income tax</b>	(1,011,122)	<b>(2,443,952)</b>	(141.7)%
<b>Loss and total comprehensive loss for the period attributable to the equity holders of our Company</b>	(1,011,122)	<b>(2,443,952)</b>	(141.7)%
<b>Loss per share attributable to the equity holders of our Company (in RMB)</b>	(1.36)	<b>(2.42)</b>	(77.9)%

## BUSINESS HIGHLIGHTS

### Listing in Hong Kong

On September 29, 2022 (the “**Listing Date**”), the H Shares of our Company were listed on the Main Board of the Hong Kong Stock Exchange. We issued a total of 130,819,100 H Shares in the Global Offering. Net proceeds from the Global Offering, after deducting underwriting discounts and commissions, assuming no exercise of the over-allotment option, were approximately HK\$6,168.9 million, which will be used in accordance with the use of proceeds as disclosed in the prospectus. Since the Listing Date and as at the date of this interim report, the Company has not utilized any net proceeds from the Global Offering. For details of the use of proceeds, please refer to the section headed “*Future Plans and Use of Proceeds*” in the prospectus.

### Launch of the C01

In May 2022, we launched the C01, a mid- to large-sized smart electric sedan. The C01 has a post-subsidy price ranging from RMB193,800 to RMB286,800, targeting the mid- to high-end segment in China’s NEV market. The C01 features a highly distinctive aesthetic appearance and offers a spacious interior with a vehicle length of 5,050 mm, wide rear legroom of over 300 mm as well as generous trunk space. Equipped with Leapmotor Power, the C01 Ultra-Long Range Edition has a CLTC range of up to 717 km, which is among the longest ranges on a single charge compared with EV models within the same price range available in China’s EV market as of the date of this interim report. With delivery of the C01 starting from September 28, 2022, we have become the world’s first pure-play EV company to apply CTC technology in a mass-produced model.

### Sales and Service Network

We market our smart EVs and interact with customers through an integrated online and offline sales and service network. Supported by our digitalized platform, we effectively manage our directly operated stores and channel partner stores for unified sales and services control to ensure service quality and customer satisfaction. As of July 31, 2022, our sales and service network consisted of 443 stores, covering 151 cities across China. Of these stores, 49 were directly operated stores and 394 were channel partner stores. Most of our stores are strategically located in tier 1 and tier 2 cities in China. We expect to significantly expand the number and coverage of both directly operated and channel partner stores.

# Management Discussion and Analysis

## BUSINESS REVIEW

In the first seven months of 2022, we delivered 64,038 smart EVs, representing an increase of 244.8% from the same period in 2021. Our revenue increased by 479.4% from RMB877.0 million in the six months ended June 30, 2021 to RMB5,081.5 million in the same period in 2022. Our gross margin improved from -52.1% in the six months ended June 30, 2021 to -26.0% in the same period in 2022, reflecting our enhanced operational efficiency alongside greater economies of scale. Such improvement was also attributable to the change in product mix, particularly the greater contribution from the sales of the C11. Furthermore, our gross margin in the second quarter of 2022 also improved to -25.6% from -26.6% in the first quarter of 2022, despite the impact on the supply chain due to the resurgence of COVID-19 and the increase in battery cost in China that we have experienced along with the rest of the industry.

Further, we increased our R&D efforts in the development of new platforms, new models and smart EV technologies, and expanded our R&D team to 1,869 staff as of June 30, 2022. As a result, our R&D expenses also increased by 103.2% from RMB259.1 million for the six months ended June 30, 2021 to RMB526.4 million for the same period in 2022.

## PRODUCT DEVELOPMENT

We strive to deliver the finest smart mobility experience to all consumers. In May 2022, we launched the C01, a mid-to large-sized smart electric sedan. The C01 has a post-subsidy price ranging from RMB193,800 to RMB286,800, targeting the mid- to high-end segment in China's NEV market. On September 28, 2022, we started the delivery of C01 and became the world's first pure-play EV company to apply CTC technology in a mass-produced model. We have also launched a four-wheel drive version of the C11 and plan to launch an extended-range version of the C11 in the second half of 2022, to broaden our target audience to include customers with different needs and preferences.

## SALES AND SERVICE NETWORK

We market our smart EVs and interact with customers through an integrated online and offline sales and service network. Supported by our digitalized platform, we effectively manage our directly operated stores and channel partner stores for unified sales and services control to ensure service quality and customer satisfaction. As of July 31, 2022, our sales and service network consisted of 443 stores, covering 151 cities across China. Of these stores, 49 were directly operated stores and 394 were channel partner stores. Most of our stores are strategically located in tier 1 and tier 2 cities in China. We expect to significantly expand the number and coverage of both directly operated and channel partner stores.

## RESEARCH AND DEVELOPMENT

Our cross-platform E/E architecture and vehicle architecture allow high adaptability of systems and components across our EV models. As an addition to our product offering, we also plan to launch the EREV version of these new models based on our proprietary EREV technology. As we expand our R&D team, we have launched new vehicle R&D projects in 2022 for the development of new vehicle platforms, new models and smart EV technologies, including the next-generation smart cockpit and ADAS platforms. We have also launched a four-wheel drive version of the C11 and plan to launch an extended-range version of the C11 in the second half of 2022.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

We seek to be a leader in fulfilling environmental, social and governance ("ESG") responsibilities by exploring ways to protect the environment and supporting social causes. We commercialize and produce smart EVs that emit fewer greenhouse gases and air pollutants than ICE vehicles, significantly reducing carbon emissions while enhancing user experience. We earn tradable automotive regulatory credits in the operation of our business as we design, develop and produce battery electric vehicles. The regulatory credit system is designed to incentivize more ICE automakers to produce NEVs, thereby reducing carbon emissions.

We closely monitor the social impact of our operations and adhere to stringent quality standards to continuously enhance customer satisfaction. We have been accredited with vehicle quality management system certifications, such as IATF16949:2016 and ISO9001:2015, which, among other things, attests to our efforts to reduce waste in the automobile production.

Our ESG policy is effectively demonstrated, and communicated in a transparent manner to our shareholders, employees, value chain partners, government and regulatory agencies, communities and other stakeholders through a series of measures. When marketing our NEVs to the mass market, we promote the value of environmental protection and resource utilization. We conduct environmental impact assessments when formulating future production and business expansion plans and seek to minimize pollutant emissions and comply with all regulatory requirements. In addition, we have adopted a number of policies and measures to enhance occupational health and safety and organize educational events and training for our employees. All our suppliers are required to execute anti-corruption commitments before engagement, and we regularly conduct internal trainings with our employees on anti-corruption policies.

## **BUSINESS OUTLOOK**

Looking ahead to the second half of 2022, we will continue to focus on R&D, product development, growth in our customer base, and expansion of our sales and service network. We plan to continuously invest in advanced intelligence and electrification technologies, enhance our operational efficiency, and continue to penetrate the mid-to high-end segment in China's NEV market by expanding and upgrading our smart EV portfolio. Meanwhile, we will increase our brand awareness and recognition, adhere to our direct-to-customer strategy, and offer more digital value-added services. In the future, we plan to expand our presence into other major markets and strive to become a global EV company.

## **FINANCIAL ANALYSIS**

### **Revenues**

Total revenues were RMB5,081.5 million for the six months ended June 30, 2022, representing an increase of 479.4% from RMB877.0 million for the six months ended June 30, 2021. The increase was primarily due to the increase in the sales volume of EVs and parts and the higher average selling price across our portfolio as our product mix evolves.

Sales of vehicles and parts were RMB5,078.3 million for the six months ended June 30, 2022, representing an increase of 479.0% from RMB877.0 million for the six months ended June 30, 2021. This increase was primarily attributable to (i) the increase in the sales volume of the T03 and the C11, and (ii) an increase in the average selling price across our portfolio as our product mix continued to evolve. We delivered 13,865 units of the T03 to customers in the first six months of 2021, and 33,058 units of the T03 and 18,915 units of the C11 in the same period in 2022.

The revenue from services amounted to RMB3.2 million for the six months ended June 30, 2022. The embedded services include extended one-year or lifetime warranty, vehicle internet connection service, firmware OTA upgrades and free lifetime roadside assistance service.

### **Cost of Sales**

Cost of sales was RMB6,400.4 million for the six months ended June 30, 2022, representing an increase of 379.9% from RMB1,333.8 million for the six months ended June 30, 2021. The increase was mainly due to (i) the increase in the cost of raw materials and consumables resulting from the increased sales volume of vehicles as described above, and (ii) the increase in the employee benefit expenses in line with the growing number of our workers.

### **Gross Profit and Gross Margin**

Gross loss was RMB1,318.8 million for the six months ended June 30, 2022, representing an increase of 188.8% from RMB456.7 million for the six months ended June 30, 2021.

## Management Discussion and Analysis

Gross margin improved from -52.1% for the six months ended June 30, 2021 to -26.0% for the six months ended June 30, 2022, mainly due to (i) the increase in the average selling price as our product mix evolves, and (ii) the significant decrease in the average manufacturing cost per vehicle from RMB8,877 for the six months ended June 30, 2021 to RMB5,506 for the six months ended June 30, 2022, driven by the increasing economies of scale from vehicle production and delivery volume increase.

### Research and Development Expenses

Research and development expenses were RMB526.4 million for the six months ended June 30, 2022, representing an increase of 103.2% from RMB259.1 million for the six months ended June 30, 2021, accounting for 10.4% and 29.5% of the revenue in the same period of 2022 and 2021. The increase in R&D expenses was driven by (i) the launch of new R&D projects in 2022 for the development of new platforms, new models and smart EV technologies, resulting in higher design and development expenses, and (ii) an increase in the number of R&D employees resulting in higher employee compensation expenses.

### Selling Expenses

Selling expenses were RMB399.2 million for the six months ended June 30, 2022, representing an increase of 154.4% from RMB157.0 million for the six months ended June 30, 2021. This increase was primarily attributable to (i) increased business growth and (ii) increased marketing campaigns and promotional activities.

### Administrative Expenses

Administrative expenses were RMB307.7 million for the six months ended June 30, 2022, representing an increase of 92.2% from RMB160.1 million for the six months ended June 30, 2021. This increase was primarily due to (i) the increased number of administrative personnel in line with our business expansion, and (ii) an increase in lease expenses and office expenses.

### Operating Loss

Operating loss was RMB2,493.5 million for the six months ended June 30, 2022, compared with RMB1,019.7 million for the six months ended June 30, 2021. The increase in operating loss was mainly attributable to higher operating expenses as described above.

### Net Finance (Costs)/Income

Net finance income was RMB45.7 million for the six months ended June 30, 2022, representing an increase of 313.7% from RMB11.0 million for the six months ended June 30, 2021. This increase was primarily attributable to an increase in cash balance leading to an increase in interest income from bank deposits.

### Share of Net Profit/(Loss) of an Associate

Share of net loss of RMB2.5 million for the six months ended June 30, 2021 turned into share of net profit of RMB3.9 million for the six months ended June 30, 2022 in light of the improved performance of an associate.

### Net Loss

Net loss was RMB2,444.0 million for the six months ended June 30, 2022, compared with RMB1,011.1 million for the six months ended June 30, 2021.

### Basic and Diluted Loss Per Share

Basic and diluted loss per share were RMB2.42 for the six months ended June 30, 2022, compared with RMB1.36 per share for the six months ended June 30, 2021.

### Liquidity and Capital Resources

As of June 30, 2022, we had a liquidity of RMB5,098.2 million, which includes cash and cash equivalents, restricted cash and wealth management products, representing a decrease of 26.9% from RMB6,974.1 million for the six months ended June 30, 2021. Our cash and cash equivalents primarily consist of cash at banks under RMB and USD denominations. We believe that this level of liquidity with the estimated net proceeds received from the Global Offering is sufficient to finance our operations, having considered our business development and expansion plans as outlined in the section headed "Other Information – Use of Proceeds from the Global Offering."

### **Interest Expenses on Bank and Other Borrowings**

Interest expenses on bank and other borrowings was RMB23.4 million for the six months ended June 30, 2022, representing a decrease of 34.6% from RMB35.8 million for the six months ended June 30, 2021. Our bank and other borrowings were denominated in RMB.

As at 31 December 2021 and 30 June 2022, our Group has the long-term bank borrowings with the total amount of approximately RMB872.4 million and RMB636.7 million, respectively. Borrowings of approximately RMB338.4 million and RMB429.4 million, respectively will be due within one year from the respective balance sheet date. As at 31 December 2021 and 30 June 2022, our Group's long-term bank borrowings bear interests at floating interest rates ranging from 4.60% to 4.85% per annum and were secured by the pledge of our Group's long-term bank time deposits with an amount of RMB300.0 million and restricted cash with an amount of RMB10.0 million. As at 30 June 2022, our Group had three secured short-term borrowings from a PRC bank with amounts totaling RMB300.0 million, and the effective interest ranging from 1.27% to 1.79% per annum. The aforementioned borrowings were secured by pledge of our Group's restricted cash with the amount of RMB100.0 million and our Group's financial assets at FVPL with the amount of RMB200.0 million.

Our Group monitored capital using gearing ratio. As of June 30, 2022, our Group's gearing ratio (total debt (including bank and other borrowings and lease liabilities) as a percentage of total equity as of the end of the period) was negative value.

### **Treasury Policy**

If our 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 June 30, 2022, our Company pledged restricted deposits of RMB1,542.4 million for the issuance of bank acceptance notes, security deposits a bank borrowing, a litigation deposit and guarantee deposits for the contracts with our Group's suppliers, representing a decrease of 25.7% from RMB2,076.1 million as of December 31, 2021.

### **Significant Investments Held**

For the six months ended June 30, 2022, our Company did not have any significant investments (including any investment in an investee company with a value of 5% or more of our Group's total assets as of June 30, 2022).

### **Future Plans for Material Investments and Capital Assets**

As of June 30, 2022, save as otherwise disclosed, our Group have no specific plan for material investments and acquisition of capital assets.

### **Capital Commitments and Capital Expenditure**

Our Company had capital commitments amounting to RMB2,534.6 million for the acquisition of property, plant and equipment as of June 30, 2022. Our Company recorded capital expenditures of RMB678.9 million for the six months ended June 30, 2022, which were primarily used for the expansion of production capacity of the Jinhua Plant as well as the construction and purchase of production machinery for Hangzhou Plant.

### **Contingent Liabilities**

As of June 30, 2022, our Company did not have any material contingent liabilities.

### **Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures**

For the six months ended June 30, 2022, our Company did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

## **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 our Group. Our Company and its major subsidiaries were incorporated in Mainland China. Our 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 June 30, 2022, our Company did not hold any financial instruments for hedging purposes.

### **Interest Rate Risk**

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

## 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

Since the Company was not listed on the Stock Exchange during the Reporting Period, neither our Company nor any of its subsidiaries purchased, sold, or redeemed any of our Company's securities listed on the Stock Exchange during the Reporting Period.

### EMPLOYEES AND REMUNERATION POLICIES

As of June 30, 2022, we had 5,723 full-time employees, the majority of whom are based in Zhejiang province, China. The following table sets forth the breakdown of our employees by function as of June 30, 2022:

Function	Number of Employees	% of Total
Manufacturing	2,395	38.9
Research and development	1,869	32.7
Sales and marketing	907	15.8
Supply chain management	225	3.9
General and administration	327	8.6
Total	5,723	100.0

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

We offer our employees competitive compensation packages and a dynamic work environment that encourages initiative. Our 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, our Group purchased employer's liability insurance and additional commercial health insurance to increase insurance coverage of its employees.

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

As our Company was not listed on the Stock Exchange as of June 30, 2022, Divisions 7 and 8 of Part XV of the SFO and Section 352 of the SFO were not applicable to the Directors, Supervisors or chief executives of our Company.

As at the date of this interim report, save as disclosed in the table under the paragraph headed “Interests and/or Short Positions of Substantial Shareholders in Shares and Underlying Shares of our Company” below, no other Directors, Supervisors and chief executives of our Company holds any interests and/or short positions 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.

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

As stated above, the H shares of our Company were not listed on the Stock Exchange as at June 30, 2022. Accordingly, Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO were not applicable to the substantial shareholders of our Company.

As at the date of this interim report, (i) our Directors, Supervisors and chief executive of our Company who held interests and/or short positions in the Shares, underlying Shares as described in the paragraph above and (ii) so far as our Directors are aware, the persons who held interests and/or short positions in the Shares or underlying Shares of our Company as recorded in the register required to be kept pursuant to Section 336 of the SFO are set out in the table below:

Name of Shareholder	Nature of Interest	Number of Shares	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>				
Mr. Zhu	Beneficial owner	55,557,839	25.19%	4.86%
	Interests held in jointly with another person <sup>(3)</sup>	72,960,000	33.08%	6.38%
Ms. Liu	Deemed interests <sup>(4)</sup>	55,557,839	25.19%	4.86%
	Interests held jointly with another person <sup>(3)</sup>	72,960,000	33.08%	6.38%
Mr. Fu	Beneficial owner	72,960,000	33.08%	6.38%
	Interests held jointly with another person <sup>(3)</sup>	55,557,839	25.19%	4.86%
Ms. Chen	Deemed interests <sup>(6)</sup>	72,960,000	33.08%	6.38%
	Interests held jointly with another person <sup>(3)</sup>	55,557,839	25.19%	4.86%
Dahua Technology	Beneficial owner <sup>(8)</sup>	45,000,000	20.40%	3.94%

## Other Information

Name of Shareholder	Nature of Interest	Number of Shares	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>
Hangzhou Guoshun Lingpao Equity Investment Partnership (Limited Partnership) (杭州國舜領跑股權投資合夥企業(有限合伙)) (“ <b>Guoshun Lingpao</b> ”)	Beneficial owner <sup>(9)</sup>	12,107,202	5.49%	1.06%
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(有限合伙)) (“ <b>Sequoia Zhisheng</b> ”)	Beneficial owner <sup>(11)</sup>	11,229,358	5.09%	0.98%
<b>H Shares</b>				
Mr. Zhu	Beneficial owner	37,038,559	4.02%	3.24%
	Interests in controlled corporations <sup>(2)</sup>	27,683,972	3.00%	2.42%
	Interests held in jointly with another person <sup>(3)</sup>	120,549,007	13.07%	10.55%
Ms. Liu	Deemed interests <sup>(4)</sup>	64,722,531	7.02%	5.66%
	Interests held jointly with another person <sup>(3)</sup>	120,549,007	13.07%	10.55%
Mr. Fu	Beneficial owner	18,240,000	1.98%	1.60%
	Interests in controlled Corporations <sup>(5)</sup>	45,761,266	4.96%	4.00%
	Deemed interests <sup>(6)</sup>	56,547,741	6.13%	4.95%
	Interests held jointly with another person <sup>(3)</sup>	64,722,531	7.02%	5.66%
	Interests in controlled corporation <sup>(12)</sup>	10,800,000	1.17%	0.95%
Ms. Chen	Interests in controlled Corporations <sup>(7)</sup>	56,547,741	6.13%	4.95%
	Deemed interests <sup>(6)</sup>	64,001,266	6.94%	5.60%
	Interests held jointly with another person <sup>(3)</sup>	64,722,531	7.02%	5.66%
	Deemed interest <sup>(13)</sup>	10,800,000	1.17%	0.95%
Mr. Wu Baojun (吳保軍先生)	Interests in controlled corporations <sup>(14)</sup>	12,806,500	1.39%	1.12%
	Beneficial interest <sup>(15)</sup>	500,000	0.05%	0.04%

## Other Information

Name of Shareholder	Nature of Interest	Number of Shares	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>
Mr. Cao Li (曹力先生)	Beneficial interest <sup>(16)</sup>	2,000,000	0.22%	0.18%
Dahua Technology	Beneficial owner <sup>(8)</sup>	45,000,000	4.88%	3.94%
Guoshun Lingpao	Beneficial owner <sup>(9)</sup>	48,428,810	5.25%	4.24%
Guosen Securities Co., Ltd. (國信證券股份有限公司) (“Guosen Securities”)	Trustee <sup>(10)</sup>	57,723,164	6.26%	5.05%

## Notes:

- (1) The calculation is based on the total number of 220,552,174 Domestic Shares in issue and 922,153,885 H Shares in issue as at the date of this interim report.
- (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 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 February 1, 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. 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.
- (5) 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 held through Ningbo Huayang and Ningbo Gulin.
- (6) 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.
- (7) 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.

## Other Information

- (8) Dahua Technology is listed on the Shenzhen Stock Exchange (stock code: 002236.SZ). As of the date of this interim report, Mr. Fu, Mr. Zhu and Ms. Chen held approximately 34.19%, 5.36% and 2.38% of the issued share capital of Dahua Technology, respectively.
- (9) 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.
- (10) 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, refer to "Employee Incentive Schemes" below.
- (11) 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 Jiaying 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**"), 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.
- (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 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 held by Mr. Fu through Hangzhou Jingbo.
- (14) Mr. Wu Baojun (吳保軍先生) is one of the limited partners of Ningbo Jinghang, holding 70.28% of its interests. Therefore, under the SFO, Mr. Wu is deemed to be interested in the 12,806,500 H Shares held through Ningbo Jinghang.
- (15) Mr. Wu Baojun (吳保軍先生) is entitled to receive 500,000 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 "Employee Incentive Schemes" below.
- (16) 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 "Employee Incentive Schemes" below.

Save as disclosed herein, 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 and/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 January 30, 2021. The Share Award Scheme I is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the grant of options by our Company to subscribe for new Shares. No further awards will be granted under the Share Award Scheme I after Listing.

**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.** A total of 12,806,500 Shares are granted under the Share Award Scheme I, representing approximately 1.12% of the share capital in issue 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.

Restricted share unit(s) is/are granted under the Share Award Scheme I to the participants as an award. The award incentive shares are held by Ningbo Jinghang. 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.

**Details of the Awards Granted.** Details of the awards granted under the Share Award Scheme I are set out in the section headed “Appendix VI – Statutory and General Information – 5. Employee Incentive Schemes – A. Share Award Scheme I” in the prospectus.

### B. Share Award Scheme II

The following is a summary of the principal terms of our Share Award Scheme II adopted on January 31, 2021. The Share Award Scheme II is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the grant of options by our Company to subscribe for new Shares. No further Awards will be granted under the Share Award Scheme II after Listing.

**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.** A total of 57,723,164 Shares are granted under the Share Award Scheme II, representing approximately 5.05% of the share capital in issue 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.

Restricted share unit(s) is/are granted under the Share Award Scheme II to the participants 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).

**Details of the Awards Granted.** Details of the awards granted under the Share Award Scheme I are set out in the section headed “Appendix VI – Statutory and General Information – 5. Employee Incentive Schemes – B. Share Award Scheme II” in the prospectus.

## Other Information

**C. Pre-IPO Share Option Scheme**

The following is a summary of the principal terms of our Pre-IPO Share Option Scheme adopted on June 22, 2022. The terms of Pre-IPO Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the grant of options by our Company upon listing. 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 4.43% of the share capital in issue 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 awards to management personnel and core employees (save for the independent non-executive Directors) working for our Company and its subsidiaries.

**Exercise price of share options.** The exercise price of the Pre-IPO Share Option Scheme is RMB27.26 per Share.

**Outstanding Grants.** As of the date of this interim report, our Company granted options to subscribe for an aggregate of 50,594,348 Shares to a total of 600 eligible participants at nil consideration under the Pre-IPO Share Option Scheme. As of the date of this interim report, none of the options were exercised and all of the options were outstanding.

Details of the options granted under the Pre-IPO Share Option Scheme are set out in the section headed "Appendix VI – Statutory and General Information – 5. Employee Incentive Schemes – C. Pre-IPO Share Option Scheme" in the prospectus.

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

Save as disclosed in this interim report, 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 DIRECTORS' INFORMATION PURSUANT TO LISTING RULE 13.51B(1)**

As of the date of this interim report, there has been no change to the information of the Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## USE OF PROCEEDS FROM THE GLOBAL OFFERING

On September 29, 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 intended use of net proceeds as disclosed in the prospectus by the Company.

- Approximately 40.0% of the net proceeds, for our research and development, including:
  - o approximately 15.0% of the net proceeds will be used for expanding and upgrading our smart EV portfolio
  - o approximately 15.0% of the net proceeds will be used to fund our team expansion and the development of our advanced vehicle intelligence technologies, including autonomous driving system (Leapmotor Pilot) and smart cockpit system (Leapmotor OS)
  - o approximately 10.0% of the net proceeds will be used for advancement of our electrification technologies
- 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, including:
  - o approximately 15.0% of the net proceeds will be used to further build up our production capacity
  - o approximately 10.0% of the net proceeds will be used to strengthen our automation and manufacturing capabilities
- Approximately 25.0% of the net proceeds, for expanding our sales and service network and establishing a stronger brand presence, including:
  - o approximately 10.0% of the net proceeds will be used to expand our sales and service network and improve our service quality
  - o approximately 10.0% of the net proceeds will be used for marketing and enhancing our brand awareness
  - o approximately 5.0% of the net proceeds will be used to establish our footprint in the international market
- Approximately 10.0% of the net proceeds, for working capital and general corporate purposes.

Since the Listing Date and as at the date of this interim report, our Company has not utilized any net proceeds from the Global Offering. There has been no change in the intended use of net proceeds disclosed in the prospectus, and our Company plans to gradually utilize the net proceeds in accordance with such intended purposes depending on actual business.

## Other Information

**MATERIAL LITIGATION**

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

**SUBSEQUENT EVENT**

The Company's H Shares were listed on the Main Board of the Hong Kong Stock Exchange on September 29, 2022.

After the Reporting Period and up to the date of this interim 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 FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

Our Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' dealing in the Company's securities. As the H Shares of our Company were not yet listed on the Stock Exchange as of June 30, 2022, the Model Code was not applicable to our Company during the Reporting Period. Having made specific enquiries to all of the Directors, all Directors confirmed that they have fully complied with all relevant requirements set out in the Model Code from the Listing Date to the date of this interim report.

**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 14 to the Listing Rules. As the H Shares of our Company were not yet listed on the Stock Exchange as of June 30, 2022, the principles and code provisions of the CG Code contained in Appendix 14 to the Listing Rules were not applicable to the Company during the Reporting Period.

From the Listing Date to the date of this interim report, our Company has complied with the code provisions set out in the CG Code contained in Appendix 14 to the Listing Rules, except for code provision C.2.1 as explained below.

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

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

The Audit Committee of our Company comprises Mr. Fu Yuwu, Mr. Jin Yufeng and Dr. Huang Wenli. Mr. Fu Yuwu and Dr. Huang Wenli are both 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 June 30, 2022.

**REVIEW OF INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION BY THE AUDITOR**

The interim unaudited condensed consolidated financial information of our Company for the six months ended June 30, 2022 have 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, from the Listing Date to the date of this interim report, our Company has maintained sufficient public float as required by the Listing Rules.

**APPRECIATION**

Our Company would like to express its appreciation to all the staff for their outstanding contribution towards our overall development. The Board wishes to sincerely thank the management for their dedication and diligence, which are the key factors for our Company to continue its success in the future. Also, our Company wishes to extend its gratitude for the continued support from its shareholders, customers, and business partners. Our Company will continue to deliver sustainable business development, so as to create more values for all its shareholders.

# Report on Review of Interim Financial Information



羅兵咸永道

**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 19 to 72, 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 2022 and 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 notes, comprising significant accounting policies and other explanatory information. 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”.

## OTHER MATTER

The comparative consolidated financial information for the six months period ended 30 June 2021 has not been audited or reviewed.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 20 September 2022

## Interim Condensed Consolidated Statement of Comprehensive Loss

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	5	5,081,523	877,015
Cost of sales	8	(6,400,366)	(1,333,755)
<b>Gross loss</b>		<b>(1,318,843)</b>	(456,740)
Selling expenses	8	(399,223)	(156,953)
Administrative expenses	8	(307,715)	(160,096)
Research and development expenses	8	(526,405)	(259,078)
Net impairment losses on financial assets		(924)	(116)
Other income	6	45,467	8,992
Other gains – net	7	14,125	4,274
<b>Operating loss</b>		<b>(2,493,518)</b>	(1,019,717)
Finance income	10	57,671	35,861
Finance costs	10	(11,966)	(24,813)
<b>Finance income – net</b>		<b>45,705</b>	11,048
Share of net profit/(loss) of an associate accounted for using the equity method	33	3,861	(2,453)
<b>Loss before income tax</b>		<b>(2,443,952)</b>	(1,011,122)
Income tax expense	11	–	–
Loss and total comprehensive loss for the period attributable to the equity holders of the Company		<b>(2,443,952)</b>	(1,011,122)
Loss per share attributable to the equity holders of the Company (in RMB)			
Basic and diluted loss per share		<b>(2.42)</b>	(1.36)

The notes on pages 24 to 72 form an integral part of this interim condensed consolidated financial information.

## Interim Condensed Consolidated Balance Sheet

	Notes	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	2,480,253	1,929,028
Right-of-use assets	14	807,943	454,362
Intangible assets	15	436,463	419,867
Investment in an associate accounted for using the equity method	33	22,531	18,670
Long-term bank time deposits	21	908,375	717,103
Other non-current assets	16	130,035	32,593
		<b>4,785,600</b>	3,571,623
<b>Current assets</b>			
Inventories	17	1,388,652	749,471
Trade receivables	18	1,312,139	782,250
Contract assets	5	33,007	28,497
Other current assets	19	454,617	420,518
Financial assets at fair value through profit or loss	20	957,381	1,260,078
Restricted cash	21	1,042,373	1,376,072
Cash and cash equivalents	21	3,098,458	4,337,967
		<b>8,286,627</b>	8,954,853
<b>Total assets</b>		<b>13,072,227</b>	12,526,476
<b>EQUITY</b>			
Paid-in capital	22	–	–
Share capital	23	1,011,887	1,011,887
Reserves	24	10,910,812	10,789,743
Accumulated losses		(7,015,366)	(4,571,414)
<b>Total equity</b>		<b>4,907,333</b>	7,230,216

## Interim Condensed Consolidated Balance Sheet

	Notes	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	27	207,317	534,021
Contract liabilities	5	70,783	31,222
Lease liabilities	14	312,594	16,364
Provisions	28	122,636	55,425
Deferred income	29	386,768	329,706
		<b>1,100,098</b>	966,738
<b>Current liabilities</b>			
Trade and notes payables	30	4,700,269	2,596,106
Other payables and accruals	31	1,076,753	825,326
Advances from customers	32	407,818	503,213
Contract liabilities	5	22,349	3,728
Borrowings	27	730,220	340,166
Lease liabilities	14	54,377	24,559
Provisions	28	73,010	36,424
		<b>7,064,796</b>	4,329,522
<b>Total liabilities</b>		<b>8,164,894</b>	5,296,260
<b>Total equity and liabilities</b>		<b>13,072,227</b>	12,526,476
<b>Net current assets</b>		<b>1,221,831</b>	4,625,331
<b>Total assets less current liabilities</b>		<b>6,007,431</b>	8,196,954

The notes on pages 24 to 72 form an integral part of this interim condensed consolidated financial information.

**Zhu Jiangming**  
Director

**Cho Kwong Lun Kelvin**  
Chief Financial Officer

# Interim Condensed Consolidated Statement of Changes in Equity

	Notes	Attributable to equity holders of the Company				Total RMB'000
		Paid- in capital RMB'000	Share capital RMB'000	Reserves RMB'000	Accumulated losses RMB'000	
<b>As at 1 January 2021</b>		538,984	–	1,604,431	(2,706,611)	(563,196)
Loss and total comprehensive loss for the period		–	–	–	(1,011,122)	(1,011,122)
		538,984	–	1,604,431	(3,717,733)	(1,574,318)
<b>Transactions with equity holders</b>						
Capital contributions from equity holders	22, 24	249,819	–	4,091,911	–	4,341,730
Conversion into a joint stock company	22, 23	(788,803)	788,803	(980,970)	980,970	–
Share-based payment	25	–	–	89,250	–	89,250
		(538,984)	788,803	3,200,191	980,970	4,430,980
<b>As at 30 June 2021 (Unaudited)</b>		–	788,803	4,804,622	(2,736,763)	2,856,662
<b>As at 1 January 2022</b>		–	<b>1,011,887</b>	<b>10,789,743</b>	<b>(4,571,414)</b>	<b>7,230,216</b>
Loss and total comprehensive loss for the period		–	–	–	<b>(2,443,952)</b>	<b>(2,443,952)</b>
		–	<b>1,011,887</b>	<b>10,789,743</b>	<b>(7,015,366)</b>	<b>4,786,264</b>
<b>Transactions with equity holders</b>						
Share-based payment	25	–	–	<b>121,069</b>	–	<b>121,069</b>
<b>As at 30 June 2022 (Unaudited)</b>		–	<b>1,011,887</b>	<b>10,910,812</b>	<b>(7,015,366)</b>	<b>4,907,333</b>

The notes on pages 24 to 72 form an integral part of this interim condensed consolidated financial information.

## Interim Condensed Consolidated Statement of Cash Flows

	Note	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Cash flows from operating activities</b>			
Net cash used in operations		(624,017)	(308,951)
Interest received from cash at banks	10	42,873	10,143
<b>Net cash used in operating activities</b>		<b>(581,144)</b>	<b>(298,808)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		14,225	2,391
Payments for property, plant and equipment		(727,277)	(250,802)
Payments for intangible assets		(25,393)	(416,775)
Government grants received in relation to acquisition of non-current assets		70,800	50,000
Proceeds from disposals of financial assets at fair value through profit or loss	3.3(c)	2,949,581	2,453,263
Payments for financial assets at fair value through profit or loss	3.3(c)	(2,635,000)	(2,446,035)
Payments for long-term bank time deposits		(180,000)	(1,991,035)
Proceeds from long-term bank time deposits		–	660,000
Interest received from long-term bank time deposits		3,526	8,372
<b>Net cash used in investing activities</b>		<b>(529,538)</b>	<b>(1,930,621)</b>
<b>Cash flows from financing activities</b>			
Proceeds from contributions from equity holders	22	–	4,341,730
Principal payments of lease liabilities		(75,110)	(10,858)
Proceeds from loans from equity holders	36(b)	–	340,000
Repayments of loans and interests to equity holders	36(b)	–	(1,151,322)
Placement of restricted cash for bank borrowings		(100,000)	(350,000)
Repayments of borrowings		(235,722)	(716,224)
Proceeds from borrowings		300,000	–
Interest paid for borrowings		(6,686)	(23,545)
Interest paid for lease liabilities	14	(6,208)	(763)
Payments for listing expenses		(3,865)	–
<b>Net cash (used in)/generated from financing activities</b>		<b>(127,591)</b>	<b>2,429,018</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the period		4,337,967	100,806
Exchange (losses)/gains on cash and cash equivalents	7	(1,236)	79
<b>Cash and cash equivalents at end of the period</b>	21	<b>3,098,458</b>	<b>300,474</b>

The notes on pages 24 to 72 form an integral part of this interim condensed consolidated financial information.

# Notes to the Interim Condensed Financial Information

## 1 GENERAL INFORMATION

Zhejiang Leapmotor Technology Co., Ltd. (“**Zhejiang Leapmotor**”, or the “**Company**”) was incorporated in the People’s Republic of China (the “**PRC**”) on 14 December 2015 as a limited liability company under the Company Law of the PRC. The address of the Company’s registered office is 1st and 6th floor, No. 451, Wulianwang Street, Binjiang District, Hangzhou, Zhejiang Province, PRC.

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 PRC. The Group commenced the delivery of its first volume manufactured electric vehicles for sale in July 2019. The Company converted into a joint stock company in April 2021.

The interim financial information comprises the condensed consolidated balance sheet as at 30 June 2022, the related condensed consolidated statement of comprehensive loss, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months then ended, and notes, comprising significant accounting policies and other explanatory information (the “**Interim Financial Information**”). The Interim Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand of RMB (RMB’000) except when otherwise indicated.

This condensed interim financial information has not been audited.

## 2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting”. The interim condensed consolidated financial information should be read in conjunction with the Company’s consolidated financial statements for the year ended 31 December 2019, 2020 and 2021 and three months ended 31 March 2022 (“**Accountant’s Report**”) included as Appendix I contained in the prospectus issued by the Company on 20 September 2022 (“**Prospectus**”), which have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”). The accounting policies and method of computation used in the preparation of the Interim Financial Information are consistent with those used in the Prospectus, which have been prepared in accordance with IFRS under the historical cost convention, except for the certain financial assets and liabilities (including derivative instruments) that are measured at fair value.

**2 BASIS OF PREPARATION (CONTINUED)****2.1 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.

<b>Standards</b>	<b>Key requirements</b>	<b>Effective for annual periods beginning on or after</b>
IAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
IAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
IFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	IFRS 9, IFRS 16, IFRS 1, IAS 41	1 January 2022

## Notes to the Interim Condensed Financial Information

**2 BASIS OF PREPARATION (CONTINUED)****2.1 New standards and interpretations (Continued)****(b) New or amended standards not adopted by the Group**

The followings are new or amended standards that have been issued but are not effective for the financial year beginning on 1 January 2022 and have not been early adopted by the Group. The Group plans to adopt these new or amended standards when they become effective:

Standards	Key requirements	Effective for annual periods beginning on or after
IAS 1 (Amendment)	Classification of Liabilities as Current or Non-current	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023
IAS 1 (Amendment) and IFRS Practice Statement 2 (Amendment)	Disclosure of Accounting Policies	1 January 2023
IAS 8 (Amendment)	Definition of Accounting Estimates	1 January 2023
IAS 12 (Amendment)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 10 and IAS 28 (Amendments)	Sale or contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

### **3 FINANCIAL RISK MANAGEMENT**

#### **3.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cashflow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Accountant's Report.

There have been no changes in the risk management policies since 31 December 2021.

#### **3.2 Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents to meet the Group's liquidity requirements.

##### **Maturities of financial liabilities**

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

## Notes to the Interim Condensed Financial Information

**3 FINANCIAL RISK MANAGEMENT (CONTINUED)****3.2 Liquidity risk (Continued)****Maturities of financial liabilities (Continued)**

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>As at 30 June 2022 (Unaudited)</b>					
Borrowings (including interest payables)	756,622	176,227	38,396	-	971,245
Trade and notes payables (Note 30)	4,700,269	-	-	-	4,700,269
Other payables and accruals (excluding payroll and welfare payables and other tax payables) (Note 31)	806,061	-	-	-	806,061
Lease liabilities	59,682	105,321	230,887	12,583	408,473
	<b>6,322,634</b>	<b>281,548</b>	<b>269,283</b>	<b>12,583</b>	<b>6,886,048</b>
<b>As at 31 December 2021 (Audited)</b>					
Borrowings (including interest payables)	374,146	475,323	77,665	-	927,134
Trade and notes payables (Note 30)	2,596,106	-	-	-	2,596,106
Other payables and accruals (excluding payroll and welfare payables and other tax payables) (Note 31)	635,159	-	-	-	635,159
Lease liabilities	25,859	11,589	5,571	-	43,019
	<b>3,631,270</b>	<b>486,912</b>	<b>83,236</b>	<b>-</b>	<b>4,201,418</b>

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.3 Fair value estimation

##### (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 2021 and 30 June 2022.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>As at 30 June 2022</b>				
<b>(Unaudited)</b>				
Assets				
Financial assets at FVPL (Note 20)	–	–	957,381	957,381
<b>As at 31 December 2021</b>				
<b>(Audited)</b>				
Assets				
Financial assets at FVPL (Note 20)	–	–	1,260,078	1,260,078

## Notes to the Interim Condensed Financial Information

**3 FINANCIAL RISK MANAGEMENT (CONTINUED)****3.3 Fair value estimation (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 2022.

The fair value of trade receivables, other receivables, long-term bank 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 27.

**(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 2022:

	<b>Financial assets at FVPL RMB'000</b>
As at 1 January 2022	<b>1,260,078</b>
Acquisitions	<b>2,635,000</b>
Disposals	<b>(2,949,581)</b>
Fair value changes	<b>11,884</b>
<b>As at 30 June 2022 (Unaudited)</b>	<b>957,381</b>

More details about the financial assets at FVPL as at 31 December 2021 and 30 June 2022 have been presented in Note 20.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the six months ended 30 June 2022.

#### **4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the Accountant's Report.

#### **5 REVENUE AND SEGMENT INFORMATION**

##### **(a) Description of segments and principal activities**

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 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.

##### **Geographical information**

All of the Group's business and operations are conducted in Mainland China and currently, the Group's principal market, majority of revenue, operating loss and non-current assets are derived from/located in the PRC. Accordingly, no geographical segment information is presented.

## Notes to the Interim Condensed Financial Information

**5 REVENUE AND SEGMENT INFORMATION (CONTINUED)****(b) Revenue**

Revenue represents the invoiced value of goods sold and rendering of embedded services, which is net of rebate and discounts.

Revenue mainly comprises sales of vehicles and parts and rendering of embedded services. An analysis of the Group's revenue by category for six months ended 30 June 2021 and 2022 is as follows:

	<b>Six months ended 30 June</b>	
	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 RMB'000 (Unaudited)
Revenue from customers and recognized at point in time		
Sales of vehicles and parts (i)	<b>5,078,343</b>	877,015
Revenue from customer and recognized over time		
Rendering of services	<b>3,180</b>	–
	<b>5,081,523</b>	877,015

(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>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
	Non-current	
Rendering of services	<b>70,783</b>	31,222
Current		
Rendering of services	<b>22,349</b>	3,728
	<b>93,132</b>	34,950

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

## Notes to the Interim Condensed Financial Information

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

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Aggregate amount of the transaction price allocated to performance obligations that are partially or fully unsatisfied as at end of year/period	<b>93,132</b>	34,950

Management expected that approximately RMB22,349,000 of the transaction price allocated to unsatisfied performance obligations as at 30 June 2022 will be recognized as revenue within one year. The remaining amount of approximately RMB70,783,000 will be recognized during the upcoming seven years from 1 July 2023 (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 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Contract assets	<b>33,030</b>	28,518
Loss allowance	<b>(23)</b>	(21)
	<b>33,007</b>	28,497

## Notes to the Interim Condensed Financial Information

**6 OTHER INCOME**

	<b>Six months ended 30 June</b>	
	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 RMB'000 (Unaudited)
Government grants (i)	<b>45,467</b>	8,992

(i) 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.

**7 OTHER GAINS – NET**

	<b>Six months ended 30 June</b>	
	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 RMB'000 (Unaudited)
Net fair value gains on financial assets at FVPL (Note 20)	<b>11,884</b>	7,704
Net gains on disposals of property, plant and equipment, intangible assets and right-of-use assets	<b>2,215</b>	165
Net foreign exchange (losses)/gains	<b>(1,236)</b>	79
Other items	<b>1,262</b>	(3,674)
	<b>14,125</b>	4,274

## Notes to the Interim Condensed Financial Information

**8 EXPENSES BY NATURE**

	<b>Six months ended 30 June</b>	
	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 RMB'000 (Unaudited)
Changes in inventories of finished goods	<b>(14,395)</b>	(86,672)
Raw materials and consumables used	<b>5,862,645</b>	1,162,318
Employee benefit expenses (Note 9)	<b>811,792</b>	338,950
Advertising and publicity expenses	<b>231,524</b>	95,257
Depreciation and amortization expenses (Notes 13, 14 and 15)	<b>172,031</b>	104,439
Provision for impairment of inventories	<b>130,480</b>	62,290
Warranty expenses (Note 28)	<b>122,870</b>	22,369
Design and development expenses	<b>109,846</b>	96,889
Freight expenses	<b>76,347</b>	32,879
Legal, consulting and other professional fees	<b>28,516</b>	35,839
Listing expenses	<b>22,741</b>	–
Expenses relating to short-term leases (Note 14)	<b>10,876</b>	2,072
Auditors' remuneration		
– Audit services	<b>829</b>	2,579
Others	<b>67,607</b>	40,673
<b>Total</b>	<b>7,633,709</b>	1,909,882

## Notes to the Interim Condensed Financial Information

**9 EMPLOYEE BENEFIT EXPENSES**

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Wages, salaries and bonuses	<b>528,621</b>	185,080
Pension obligations, housing funds, medical insurances and other social insurances (i)	<b>132,470</b>	54,863
Share-based payment expenses (Note 25)	<b>121,069</b>	89,250
Other employee benefits	<b>29,632</b>	9,757
	<b>811,792</b>	338,950

(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.

## Notes to the Interim Condensed Financial Information

**10 FINANCE INCOME – NET**

	<b>Six months ended 30 June</b>	
	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 RMB'000 (Unaudited)
Finance income:		
Interest income on cash at banks	<b>42,873</b>	10,143
Interest income on long-term bank time deposits	<b>14,798</b>	25,718
<b>Finance income</b>	<b>57,671</b>	35,861
Finance costs:		
Interest expenses on bank and other borrowings	<b>(23,398)</b>	(35,775)
Interest expenses on loans from related parties (Note 36)	–	(2,342)
Interest and finance charges on lease liabilities (Note 14)	<b>(6,208)</b>	(763)
	<b>(29,606)</b>	(38,880)
Less: borrowing costs capitalized in property, plant and equipment (i)	<b>17,640</b>	14,067
<b>Finance costs</b>	<b>(11,966)</b>	(24,813)
<b>Finance income – net</b>	<b>45,705</b>	11,048

- (i) During the six months ended 30 June 2021 and 2022, the interest rate applicable to the Group's capitalization of borrowings costs in construction in progress was 5.23% and 4.72%, respectively.

## Notes to the Interim Condensed Financial Information

**11 INCOME TAX EXPENSE**

	<b>Six months ended 30 June</b>	
	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 RMB'000 (Unaudited)
Current income tax expense	-	-
Deferred income tax expense	-	-
Income tax expense	-	-

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

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

The Company's subsidiaries established and operated in Mainland China are subject to the PRC corporate income tax at the statutory rate of 25%.

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

## Notes to the Interim Condensed Financial Information

**11 INCOME TAX EXPENSE (CONTINUED)**

A reconciliation of the expected income tax calculated at the applicable corporate income tax rate and loss before income tax, with the actual corporate income tax during the six months ended 30 June 2021 and 2022 is as follow:

	<b>Six months ended 30 June</b>	
	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 RMB'000 (Unaudited)
Loss before income tax	<b>(2,443,952)</b>	(1,011,122)
Share of net (profit)/loss of an associate accounted for using the equity method	<b>(3,861)</b>	2,453
	<b>(2,447,813)</b>	(1,008,669)
Income tax credit computed at the applicable income tax rate of 25%	<b>(611,953)</b>	(252,167)
Tax effects of:		
Preferential tax rate	<b>57,326</b>	18,996
Expenses not deductible for taxation purposes	<b>18,160</b>	14,591
Super Deduction in respect of R&D expenditures	<b>(38,919)</b>	(35,781)
Tax losses and deductible temporary differences for which no deferred income tax asset was recognized	<b>575,386</b>	254,361
Income tax expense	-	-

## Notes to the Interim Condensed Financial Information

**11 INCOME TAX EXPENSE (CONTINUED)**

Deductible losses that are not recognized as deferred tax assets will be expired as follows:

	<b>As at 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Expiry year		
2022	<b>11,470</b>	11,470
2023	<b>45,256</b>	45,256
2024	<b>609,499</b>	609,499
2025	<b>829,080</b>	829,080
2026	<b>1,715,323</b>	871,890
2027	<b>1,722,083</b>	155,596
2028	<b>227,303</b>	227,303
2029	<b>164,455</b>	164,455
2030	<b>97,232</b>	97,232
2031	<b>712,165</b>	200,771
2032	<b>699,373</b>	–
	<b>6,833,239</b>	3,212,552

## Notes to the Interim Condensed Financial Information

**12 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 2021 and 2022.

	<b>Six months ended 30 June</b>	
	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 RMB'000 (Unaudited)
Loss attributable to the ordinary equity holders of the company	<b>(2,443,952)</b>	(1,011,122)
Weighted average number of ordinary shares in issue (in thousand) (i)	<b>1,011,887</b>	745,417
Basic loss per share (RMB)	<b>(2.42)</b>	(1.36)

(i) The weighted average number of ordinary shares in issue before the Company's conversion into a joint stock company was determined assuming the paid-in capital had been fully converted into the Company's share capital at the same conversion ratio of 1:1 as upon conversion into joint stock company in April 2021.

**(b) Diluted loss per share**

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During six months ended 30 June 2021 and 2022, the Group had potential ordinary shares, including restricted shares issued under the Company's share incentive plan (Note 25). As the Group incurred losses for the six months ended 30 June 2021 and 2022, 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 2021 and 2022 are the same as basic loss per share for the respective periods.

## Notes to the Interim Condensed Financial Information

**13 PROPERTY, PLANT AND EQUIPMENT**

	Buildings RMB'000	Machinery and molds RMB'000	Vehicles RMB'000	Electronic equipment and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
<b>As at 31 December 2021 (Audited)</b>							
Cost	527,235	1,124,923	38,551	63,112	20,290	548,847	2,322,958
Accumulated depreciation	(60,123)	(287,122)	(11,065)	(25,367)	(10,253)	-	(393,930)
Net book amount	467,112	837,801	27,486	37,745	10,037	548,847	1,929,028
<b>Six months ended 30 June 2022 (Unaudited)</b>							
Opening net book amount	467,112	837,801	27,486	37,745	10,037	548,847	1,929,028
Additions	-	21,308	13,078	10,213	15,960	618,333	678,892
Transfers	2,032	251,924	2,279	17,065	-	(273,300)	-
Disposals	-	(2,707)	(7,126)	(1,834)	(163)	-	(11,830)
Depreciation charge (Note 8)	(12,557)	(86,249)	(4,801)	(8,860)	(3,370)	-	(115,837)
Closing net book amount	456,587	1,022,077	30,916	54,329	22,464	893,880	2,480,253
<b>As at 30 June 2022 (Unaudited)</b>							
Cost	529,267	1,395,121	41,766	87,590	36,080	893,880	2,983,704
Accumulated depreciation	(72,680)	(373,044)	(10,850)	(33,261)	(13,616)	-	(503,451)
Net book amount	456,587	1,022,077	30,916	54,329	22,464	893,880	2,480,253

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

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Cost of sales	76,622	71,228
Selling expenses	7,963	3,049
Administrative expenses	12,629	6,019
Research and development expenses	18,623	7,848
	<b>115,837</b>	88,144

**(b) Impairment tests for property, plant and equipment, right-of-use assets and intangible assets**

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
	Property, plant and equipment	2,480,253
Right-of-use assets	807,943	454,362
Intangible assets	436,463	419,867
	<b>3,724,659</b>	2,803,257

Impairment review on the property, plant and equipment, right-of-use assets and intangible assets (collectively the “**long-term key operating assets**”) has been conducted by management of the Company as at 31 December 2021 and 30 June 2022 according to IAS 36 “Impairment of assets”. Management considered that the long-term key operating assets are all attributable to one cash generating unit (“**CGU**”) which is the CGU for the production, research and development and sales of new energy vehicles. For the purpose of impairment review, the recoverable amount of the CGU is determined based on the higher amount of the fair value less cost of disposal (“**FVLCD**”) and value-in-use calculations.

## Notes to the Interim Condensed Financial Information

**13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****(b) Impairment tests for property, plant and equipment, right-of-use assets and intangible assets (Continued)**

As at 31 December 2021 and 30 June 2022, the recoverable amount of aforementioned CGU was determined based on value-in-use calculations. The value-in-use calculations use cash flow projections based on business plan for the purpose of impairment reviews covering a ten-year period. The accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by the Group. Management engaged an independent external valuer to assess the recoverable amounts of the long-term key operating assets and leveraged their extensive experiences in the automotive industry and provided forecast based on past performance and their expectation of future business plans and market developments.

Based on the results of the abovementioned assessments as conducted by management and the independent external valuer, the directors of the Company concluded that no impairment loss on the aforementioned long-term key operating assets are required to be recognized as at 31 December 2021 and 30 June 2022.

The following table sets out the key assumptions adopted by management in the impairment assessment:

<b>Six months ended 30 June 2022</b>	
Gross profit margin (%)	<b>0.7% to 18.3%</b>
Annual revenue growth rate (%)	<b>4.4% to 333.1%</b>
Pre-tax discount rate (%)	<b>24.78%</b>
<b>Year ended 31 December 2021</b>	
Gross profit margin (%)	-8.1% to 18.3%
Annual revenue growth rate (%)	4.6% to 467.2%
Pre-tax discount rate (%)	24.87%

The budgeted gross margins used in the impairment testing were determined by the management based on past performance and its expectation for market development. The expected revenue growth rate and gross profit margins are following the business projections approved by the Company's directors. Discount rates reflect market assessments of the time value and the specific risks relating to the industry.

### 13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### (b) Impairment tests for property, plant and equipment, right-of-use assets and intangible assets (Continued)

Based on the result of the long-term key operating assets impairment testing, the estimated recoverable amount of the CGU far exceeded its carrying amount and the headroom was approximately RMB10,499,206,000 and RMB12,881,948,000 as at 31 December 2021 and 30 June 2022, respectively.

If the gross profit margin for each year/period during the forecast period used in the value-in-use calculation had been 5% lower than management's estimates on 31 December 2021 and 30 June 2022 respectively, the estimated recoverable amount shall still exceed its carrying amount by approximately RMB8,514,243,000 and RMB10,689,781,000, respectively. If the budgeted revenue growth rate for each year/period during the forecast period used in the value-in-use calculation had been 5% lower than management's estimates on 31 December 2021 and 30 June 2022 respectively, the estimated recoverable amount shall still exceed its carrying amount by approximately RMB9,876,952,000 and RMB12,172,185,000, respectively. If the pre-tax discount rate applied to the cash flow projections had been 5% higher than management's estimates on 31 December 2021 and 30 June 2022 respectively, the estimated recoverable amount shall still exceed its carrying amount by approximately RMB9,852,768,000 and RMB12,193,634,000, respectively.

The director of the Company therefore concluded that any reasonably possible changes to the key assumptions as adopted in the impairment assessment will not result in any impairment charge to be recognized.

## Notes to the Interim Condensed Financial Information

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

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Right-of-use assets		
Land use rights	<b>403,226</b>	407,411
Leased buildings (i)	<b>404,717</b>	46,951
	<b>807,943</b>	454,362
Lease liabilities		
Current	<b>54,377</b>	24,559
Non-current	<b>312,594</b>	16,364
	<b>366,971</b>	40,923

(i) Additions to leased buildings during the six months ended 30 June 2022 were approximately RMB404,186,000. Decreases in leased buildings during the six months ended 30 June 2022 of approximately RMB3,208,000 were due to the early termination of lease contracts of certain leased buildings.

**(b) Amounts recognized in profit or loss**

	<b>Six months ended 30 June</b>	
	<b>2022 RMB'000 (Unaudited)</b>	2021 RMB'000 (Unaudited)
Depreciation charge of right-of-use assets		
Land use rights	<b>4,185</b>	955
Leased buildings	<b>43,212</b>	9,761
	<b>47,397</b>	10,716
Interest expenses (included in finance cost) (Note 10)	<b>6,208</b>	763
Expenses relating to short-term leases (included in cost of sales, selling expenses, administrative expenses and research and development expenses) (Note 8)	<b>10,876</b>	2,072
	<b>64,481</b>	13,551

## Notes to the Interim Condensed Financial Information

## 15 INTANGIBLE ASSETS

	Software RMB'000	Patents RMB'000	Automotive manufacturing license (b) RMB'000	Total RMB'000
<b>As at 31 December 2021 (Audited)</b>				
Cost	51,393	25	398,830	450,248
Accumulated amortization	(30,359)	(22)	–	(30,381)
<b>Net book amount</b>	<b>21,034</b>	<b>3</b>	<b>398,830</b>	<b>419,867</b>
<b>Six months ended 30 June 2022 (Unaudited)</b>				
Opening net book amount	<b>21,034</b>	<b>3</b>	<b>398,830</b>	<b>419,867</b>
Additions	<b>25,393</b>	–	–	<b>25,393</b>
Amortization charge (Note 8)	<b>(8,795)</b>	<b>(2)</b>	–	<b>(8,797)</b>
<b>Closing net book amount</b>	<b>37,632</b>	<b>1</b>	<b>398,830</b>	<b>436,463</b>
<b>As at 30 June 2022 (Unaudited)</b>				
Cost	<b>76,786</b>	<b>25</b>	<b>398,830</b>	<b>475,641</b>
Accumulated amortization	<b>(39,154)</b>	<b>(24)</b>	–	<b>(39,178)</b>
<b>Net book amount</b>	<b>37,632</b>	<b>1</b>	<b>398,830</b>	<b>436,463</b>

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

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Administrative expenses (Note 8)	<b>7,653</b>	5,579
Research and development Expenses (Note 8)	<b>1,144</b>	–
	<b>8,797</b>	5,579

## Notes to the Interim Condensed Financial Information

**15 INTANGIBLE ASSETS (CONTINUED)****(b) Automotive manufacturing Licenses**

On 9 December 2020, the Group entered into a share transfer agreement (the “**STA**”) with Sanlong Group Co., Ltd. 三龍集團有限公司 (the “**Seller**”) to acquire the 100% equity interest in Fujian Xinfuda Automobile Industry Co., Ltd. 福建新福達汽車工業有限公司 (the “**Acquiree**”) at a total cash consideration of RMB510,000,000 (the “**Acquisition**”). Subsequent to the Acquisition and the approval from the relevant PRC regulatory authority was granted, the Group obtained the License in April 2021. The Group then sold back its 100% equity interest in the Acquiree to the Seller at a consideration of RMB100,000,000 in May 2021, resulting in a sale of all of the Acquiree’s net assets, except for the License and some necessary equipment with carrying amount of approximately RMB11 million. The net effect of this series of linked transactions outlined above is that only the License and some necessary equipment were acquired and retained by the Group.

The Group determined that it was the nominee shareholder of the Acquiree during the period from the Acquisition to the subsequent sell-back of the Acquiree after regulatory approval was obtained and the License was acquired by the Group (a period of approximately five months). During this period, the Group was not entitled to any of the economic results of the Acquiree in accordance with the STA. The directors of the Company considered that the acquisition was, in substance, an acquisition of assets (i.e., the License and the equipment acquired) that does not constitute a business.

Accordingly, the Group accounted for the acquisition of the License as an addition to intangible asset with a total cost of approximately RMB398,830,000 and the acquisition of the equipment as additions to property, plant and equipment with a total cost of approximately RMB11,170,000. The useful life of the License is assessed as indefinite as there is no limit to the valid period of the License under the relevant PRC laws and regulations. Out of the initial cash consideration of RMB510,000,000, RMB108,000,000 was paid in January 2021 and the remaining amount of RMB402,000,000 was paid in May 2021. For the repurchase consideration of RMB100,000,000 due from the Seller, the amount has been fully received by the Group prior to 31 December 2021.

**(c) Impairment tests for intangible assets**

Impairment review on the License with indefinite useful life has been conducted by the management as at 31 December 2021 and 30 June 2022, respectively, in accordance with IAS 36 “Impairment of assets”. Further details have been set out in Note 13(b).

## Notes to the Interim Condensed Financial Information

**16 OTHER NON-CURRENT ASSETS**

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Long-term receivables (i)		
– Refundable deposits	<b>13,971</b>	–
Provision for impairment	<b>(145)</b>	–
	<b>13,826</b>	–
Prepayment for property, plant and equipment	<b>116,209</b>	32,593
	<b>130,035</b>	32,593

(i) 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.

**17 INVENTORIES**

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Raw materials and spare parts	<b>1,530,213</b>	774,947
Finished goods	<b>316,217</b>	301,822
	<b>1,846,430</b>	1,076,769
Less: provisions for impairment of raw materials	<b>(394,116)</b>	(253,273)
Less: provisions for impairment of finished goods	<b>(63,662)</b>	(74,025)
	<b>(457,778)</b>	(327,298)
	<b>1,388,652</b>	749,471

## Notes to the Interim Condensed Financial Information

**17 INVENTORIES (CONTINUED)**

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 2021 and 2022, inventories recognized as cost of sales amounted to approximately RMB993,791,000 and RMB5,484,239,000, respectively, and the provision for impairment of inventories as recognized for the respective periods amounted to approximately RMB140,820,000 and RMB445,115,000, respectively. 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 2021 and 2022, the provision for impairment of inventories as utilized upon the Group's ultimate sales of the related vehicles/parts amounted to approximately RMB78,530,000 and RMB314,635,000, respectively and there was not any reversal of over-provision recognized in profit or loss for the respective periods.

**18 TRADE RECEIVABLES**

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Due from related parties (Note 36)	–	6,534
Government subsidies receivables for promotion of new energy vehicles	<b>1,313,069</b>	776,188
Gross trade receivables	<b>1,313,069</b>	782,722
Provisions for impairment	<b>(930)</b>	(472)
	<b>1,312,139</b>	782,250

As at 31 December 2021 and 30 June 2022, government subsidies receivables for promotion of new energy vehicles of RMB200,000,000 and RMB400,000,000, respectively have been pledged for issuance of bank acceptance notes of the Group (Note 30).

## Notes to the Interim Condensed Financial Information

**18 TRADE RECEIVABLES (CONTINUED)**

As at 31 December 2021 and 30 June 2022, the aging analysis of the trade receivables based on date of recognition is as follows:

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Up to 6 months	<b>529,440</b>	405,400
6 months to 1 year	<b>412,634</b>	209,485
1 to 2 years	<b>333,760</b>	150,136
2 to 3 years	<b>37,203</b>	17,701
Over 3 years	<b>32</b>	–
	<b>1,313,069</b>	782,722

As at 31 December 2021 and 30 June 2022, 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 Financial Information

**19 OTHER CURRENT ASSETS**

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Other receivables		
– Refundable deposits	<b>27,969</b>	8,304
– Due from related parties (Note 36(c))	<b>174</b>	5,767
– Payments on behalf of employees	<b>548</b>	–
– Others	<b>3,499</b>	830
	<b>32,190</b>	14,901
Provisions for impairment	<b>(437)</b>	(118)
	<b>31,753</b>	14,783
Prepayments for		
– raw materials to third parties	<b>103,857</b>	99,760
– raw materials to related parties (Note 36(c))	<b>186</b>	–
– short-term lease rental expenses	<b>2,857</b>	1,602
– other tax	<b>–</b>	13
– other operating expenses	<b>17,901</b>	8,405
	<b>124,801</b>	109,780
Prepaid listing expenses	<b>14,693</b>	4,585
	<b>139,494</b>	114,365
Input VAT to be deducted	<b>283,370</b>	291,370
Total other current assets	<b>454,617</b>	420,518

As at 31 December 2021 and 30 June 2022, 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.

**20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS****(a) Classification of financial assets at FVPL**

The Group classifies the followings as financial assets at FVPL:

- debt investments that do not qualify for measurement at either amortized cost or 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 OCI.

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

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Investments in wealth management products issued by banks	<b>957,381</b>	1,260,078

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 issued by banks 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 3.3(c).

As at 30 June 2022, the Group's financial assets at FVPL with the amount of RMB200,000,000 was pledged to the bank as security deposits.

## Notes to the Interim Condensed Financial Information

**20 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 2021 and 2022, the following net fair value gains were recognized in the consolidated statement of comprehensive loss:

	<b>Six months ended 30 June</b>	
	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 RMB'000 (Unaudited)
Net fair value gains on financial assets at FVPL recognized in other gains – net (Note 7)		
– realized	<b>9,502</b>	7,686
– unrealized	<b>2,382</b>	18
	<b>11,884</b>	7,704

**21 CASH AND CASH EQUIVALENTS****(a) Cash and cash equivalents**

	<b>As at</b> <b>30 June</b> <b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
	Cash at banks	<b>5,049,206</b>
Less: restricted cash (b)	<b>(1,042,373)</b>	(1,376,072)
Less: restricted long-term bank time deposits (c)	<b>(500,000)</b>	(700,000)
Less: unrestricted long-term bank time deposits (c)	<b>(408,375)</b>	(17,103)
	<b>3,098,458</b>	4,337,967

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

## Notes to the Interim Condensed Financial Information

**21 CASH AND CASH EQUIVALENTS (CONTINUED)****(b) Restricted cash**

As at 31 December 2021, cash at banks with amounts of RMB715,720,000 and RMB610,000,000 were restricted as guarantee deposits for issuance of bank acceptance notes and security deposits for a bank borrowing, respectively. The remaining amount of approximately RMB50,352,000 was restricted as a guarantee deposit for the contract with the Group's suppliers.

As at 30 June 2022, cash at banks with amounts of RMB267,547,000 and RMB710,000,000 were restricted as guarantee deposits for issuance of bank acceptance notes and security deposits for a bank borrowing, respectively. The remaining amounts of approximately RMB9,257,000 and RMB55,569,000 were mainly restricted as a litigation deposit and guarantee deposits for the contracts with the Group's suppliers, respectively.

**(c) 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 2022.

As at 31 December 2021, the long-term bank time deposits with an amount of RMB300,000,000 was pledged to the bank as security deposits under various bank borrowing agreements, and the remaining amount of RMB200,000,000 and RMB200,000,000 were pledged to the bank for issuance of bank acceptance notes and for the contract with the Group's suppliers, respectively. As at 31 December 2021, the remaining unrestricted deposit amount of approximately RMB17,103,000 is arisen from the finance income on long-term bank time deposits.

As at 30 June 2022, the long-term bank time deposits with an amount of RMB300,000,000 was pledged to the bank as security deposits under various bank borrowing agreements, and the remaining amount of RMB200,000,000 were pledged to the bank for issuance of bank acceptance notes. As at 30 June 2022, the remaining unrestricted deposits of approximately RMB380,000,000 and RMB28,375,000 represent the balances of the principal and the finance income of unrestricted long-term bank time deposits, respectively.

**22 PAID IN CAPITAL**

	<b>Paid-in capital RMB'000</b>
<b>As at 1 January 2021</b>	538,984
Capital contributions from series B-1 equity holders (i)	143,136
Capital contributions from series B-2 equity holders (ii)	64,953
Capital contributions from Guosen Securities Co., Ltd. (國信證券股份有限公司) (iii)	41,730
Conversion into a joint stock company (Note 23(ii))	(788,803)
<b>As at 30 June 2021 (Unaudited) and 30 June 2022 (Unaudited)</b>	<b>–</b>

## Notes to the Interim Condensed Financial Information

**22 PAID IN CAPITAL (CONTINUED)**

- (i) On 5 January 2021, the Company entered into capital contribution agreement with series B-1 investors, pursuant to which total capital of RMB2,957,800,000 was contributed into the Company with approximately RMB143,136,000 (approximately 18.1% of total paid-in capital before the Company's conversion into a joint stock company (Note 23(i)) and RMB2,814,664,000 credited to the Company's paid-in capital and capital reserves, respectively (Note 24). No preferred rights upon capital contribution were granted to series B-1 investors.
- (ii) On 25 January 2021, the Company entered into capital contribution agreement with series B-2 investors, pursuant to which total capital of RMB1,342,200,000 was contributed to the Company with approximately RMB64,953,000 (approximately 8.2% of total paid-in capital before the Company's conversion into a joint stock company (Note 23(i)) and RMB1,277,247,000 credited to the Company's paid-in capital and capital reserves, respectively (Note 24). No preferred rights upon capital contribution were granted to series B-2 investors.
- (iii) In accordance with the resolution of the Board of Directors of the Company dated 30 January 2021, Guosen Securities Co., Ltd. ("**Guosen Securities**", the platform set up for the Company's Share Incentive Plans (the "**Share Incentive Plans**") (Note 25) contributed the capital contribution into the Company with approximately RMB41,730,000 credited to the Company's paid-in-capital.

**23 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 2021</b>	–	–
Conversion into a joint stock limited company (i)	788,802,584	788,803
Issuance of shares (ii)(iii)	223,084,375	223,084
<b>As at 30 June 2021 (Unaudited) and 30 June 2022 (Unaudited)</b>	<b>1,011,886,959</b>	<b>1,011,887</b>

- (i) In April 2021, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as at the conversion date were converted into approximately 788,802,584 ordinary shares at RMB1 each. The excess of net assets converted over nominal value of the ordinary shares was credited to the Company's share premium (Note 24).
- (ii) In August 2021, the Company entered into an investment agreement with series C-1 investors, pursuant to which the series C-1 investors subscribed 165,850,328 shares of the Company with total consideration of RMB4,520,500,000, was contributed to the Company with approximately RMB165,850,000 and RMB4,354,650,000 credited to the Company's share capital and share premium, respectively (Note 24).
- (iii) In November 2021, the Company entered into an investment agreement with series C-2 investors, pursuant to which the series C-2 investors subscribed 57,234,047 shares of the Company with total consideration of RMB1,560,000,000, was contributed to the Company with approximately RMB57,234,000 and RMB1,502,766,000 credited to the Company's share capital and share premium respectively (Note 24).

## Notes to the Interim Condensed Financial Information

## 24 RESERVES

	Reserves			Total RMB'000
	Share premium RMB'000	Capital reserves RMB'000	Share-based payment reserves RMB'000	
<b>As at 1 January 2021</b>	–	1,551,581	52,850	1,604,431
Capital contributions from equity holders (Note 22)	–	4,091,911	–	4,091,911
Conversion into a joint stock company (Note 23(i))	4,662,522	(5,643,492)	–	(980,970)
Share-based payment (Note 25)	–	–	89,250	89,250
<b>As at 30 June 2021 (Unaudited)</b>	4,662,522	–	142,100	4,804,622
<b>As at 1 January 2022</b>	<b>10,519,938</b>	–	<b>269,805</b>	<b>10,789,743</b>
Share-based payment (Note 25)	–	–	<b>121,069</b>	<b>121,069</b>
<b>As at 30 June 2022 (Unaudited)</b>	<b>10,519,938</b>	–	<b>390,874</b>	<b>10,910,812</b>

## 25 SHARE-BASED PAYMENTS

## (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.

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 in 2021 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 for 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.

## Notes to the Interim Condensed Financial Information

**25 SHARE-BASED PAYMENTS (CONTINUED)****(a) Share award schemes (Continued)**

On 31 May 2022, 3,415,000 shares with a grant price of RMB1.40 per unit capital of the Company were granted to the Incentive targets through Guosen Securities. 3,799,600 shares were forfeited for the six months ended 30 June 2022. 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 on 31 May 2022.

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

<b>As at 1 January 2022</b>	<b>68,753,514</b>
Granted	<b>3,415,000</b>
Forfeited	<b>(3,799,600)</b>
<b>As at 30 June 2022 (Unaudited)</b>	<b>68,368,914</b>

**(b) 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>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Share-based payment expenses	<b>121,069</b>	89,250



## Notes to the Interim Condensed Financial Information

## 27 BORROWINGS

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
<b>Borrowings included in non-current liabilities:</b>		
Bank borrowings, secured (i)	<b>207,317</b>	534,021
<b>Borrowings included in current liabilities:</b>		
Bank borrowings, secured (ii)	<b>300,000</b>	–
Current portion of long-term borrowings (i)	<b>429,388</b>	338,406
Interest payables	<b>832</b>	1,760
	<b>730,220</b>	340,166
<b>Total borrowings</b>	<b>937,537</b>	874,187

- (i) As at 31 December 2021 and 30 June 2022, the Group has the long-term bank borrowings with the total amount of approximately RMB872,427,000 and RMB636,705,000, respectively. Borrowings of approximately RMB338,406,000 and RMB429,388,000, respectively will be due within one year from the respective balance sheet date.

As at 31 December 2021 and 30 June 2022, the Group's long-term bank borrowings bear interests at floating interest rates ranging from 4.60% to 4.85% per annum and were secured by the pledge of the Group's long-term bank time deposits with an amount of RMB300,000,000 (Note 21(c)) and restricted cash with an amount of RMB610,000,000 (Note 21(b)).

- (ii) As at 30 June 2022, the Group had three secured short-term borrowings from a PRC bank with amounts totalling RMB300,000,000, and the effective interest ranging from 1.27% to 1.79% per annum. The aforementioned borrowings were secured by pledge of the Group's restricted cash with the amount of RMB100,000,000 (Note 21(b)) and the Group's financial assets at FVPL with the amount of RMB200,000,000 (Note 20(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 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Less than 6 months	<b>302,684</b>	240,723
Between 6 and 12 months	<b>426,704</b>	97,683
Between 1 and 2 years	<b>169,850</b>	459,087
Between 2 and 5 years	<b>37,467</b>	74,934
	<b>936,705</b>	872,427

## Notes to the Interim Condensed Financial Information

**27 BORROWINGS (CONTINUED)**

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 2021 and 30 June 2022 were disclosed as follows:

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Non-current borrowings	<b>209,450</b>	537,015

As at 31 December 2021 and 30 June 2022, the Group has the following undrawn bank facilities:

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
RMB facilities	<b>480,213</b>	234,726

## Notes to the Interim Condensed Financial Information

**28 PROVISIONS**

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Non-current Service warranties	<b>122,636</b>	55,425
Current Service warranties	<b>73,010</b>	36,424
	<b>195,646</b>	91,849

Service warranties are made for estimated warranty claims for certain years or mileage, whichever reached first, in respect of products that were sold and still under warranty period at the end of each reporting period. These claims are expected to be settled in future years. The Group provides warranties for certain vehicle products and undertakes the obligation to repair or replace items that fail to perform satisfactorily. The amount of provisions for product warranties is estimated based on the sales volume and industry experience of the level of repairs and returns. The estimation is reviewed on an ongoing basis and is revised when appropriate.

**28 PROVISIONS (CONTINUED)**

Movements of warrants for the six months ended 30 June 2022 are set out below:

	<b>Service warranties RMB'000</b>
<b>As at 1 January 2022</b>	<b>91,849</b>
Provisions for the period	<b>122,870</b>
Amounts utilized during the period	<b>(19,073)</b>
<b>As at 30 June 2022 (Unaudited)</b>	<b>195,646</b>

**29 DEFERRED INCOME**

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Government grants	<b>386,768</b>	329,706

During the six months ended 30 June 2022, the Group mainly received government grants for subsidizing the Group's purchases of property, plant and equipment and addition of right-of-use assets with total amount of approximately RMB70,800,000. 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 right-of-use assets.

## Notes to the Interim Condensed Financial Information

**30 TRADE AND NOTES PAYABLES**

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Trade payables		
– Payables for materials	<b>3,011,552</b>	1,245,389
Notes payables		
– Payables for materials	<b>1,688,717</b>	1,350,717
	<b>4,700,269</b>	2,596,106

The notes payables have maturity terms ranging from 6 to 9 months and the issuance of these notes payables are guaranteed by certain restricted cash (Note 21(b)), certain long-term bank time deposits (Note 21(c)) and government subsidies receivables for promotion of new energy vehicles (Note 18).

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 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Up to 6 months	<b>2,970,526</b>	1,194,983
6 months to 1 year	<b>27,600</b>	31,502
1 to 2 years	<b>1,308</b>	8,918
2 to 3 years	<b>9,226</b>	9,986
Over 3 years	<b>2,892</b>	–
	<b>3,011,552</b>	1,245,389

## Notes to the Interim Condensed Financial Information

**31 OTHER PAYABLES AND ACCRUALS**

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Accrued expenses		
– Rebate payables	<b>220,598</b>	132,642
– Advertising and publicity expense	<b>149,136</b>	114,335
– Freight expenses	<b>40,639</b>	26,602
Payroll and welfare payables	<b>261,300</b>	178,259
Payables for purchases of property, plant and equipment	<b>139,426</b>	104,195
Payables for design and development services	<b>106,193</b>	145,244
Deposit from suppliers and distributors	<b>104,705</b>	63,286
Payables for listing expenses	<b>18,359</b>	12,591
Other taxes payables	<b>9,392</b>	11,908
Others	<b>27,005</b>	36,264
	<b>1,076,753</b>	825,326

**32 ADVANCES FROM CUSTOMERS**

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Advances from customers	<b>407,818</b>	503,213

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 Financial Information

**33 INVESTMENT IN AN ASSOCIATE ACCOUNTED FOR USING THE EQUITY METHOD**

	<b>Six months ended 30 June 2022 RMB'000 (Unaudited)</b>
Investment in an associate	
At beginning of the period	<b>18,670</b>
Share of net profit of associate accounted for using the equity method	<b>3,861</b>
At end of the period	<b>22,531</b>

Set out below are the details of the associate of the Group as at 31 December 2021 and 30 June 2022. 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.

<b>Name of entity</b>	<b>Place of incorporation and kind of legal entity</b>	<b>% of ownership interest</b>		<b>Principal activities</b>
		<b>As at 30 June 2022</b>	As at 31 December 2021	
Zhejiang Huaruijie Technology Co., Ltd. 浙江華銳捷技術有限公司	PRC, limited liability company	<b>20%</b>	20%	Technology development services

On 4 March 2020, the Company and one of the Company's equity holders co-founded Zhejiang Huaruijie Technology Co., Ltd. 浙江華銳捷技術有限公司 (the "**Associate**"). The paid-in capital of the Associate is RMB100,000,000. The Company owns 20% equity interest of the Associate and has significant influence on the Associate through its representative in the board of directors of the Associate.

**(a) Summarized financial information for the Associate**

The tables below provide summarized financial information for the Associate. The information disclosed reflects the amounts presented in the financial statements of the Associate and not the Company's share of those amounts.

## Notes to the Interim Condensed Financial Information

**33 INVESTMENT IN AN ASSOCIATE ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)****(a) Summarized financial information for the Associate (Continued)****Summarized balance sheet**

	<b>As at 30 June 2022 RMB'000</b>	As at 31 December 2021 RMB'000
Current assets		
– Cash and cash equivalents	<b>70,420</b>	72,826
– Other current assets	<b>340,132</b>	237,045
Total current assets	<b>410,552</b>	309,871
Total non-current assets	<b>94,246</b>	99,686
Total current liabilities	<b>(392,144)</b>	(316,207)
Net assets	<b>112,654</b>	93,350

**(b) Reconciliation to carrying amounts:**

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Opening net assets as at 1 January	<b>93,350</b>	92,368
Capital contribution from equity holders	–	–
Profit and total comprehensive income for the year/period	<b>19,304</b>	982
Closing net assets	<b>112,654</b>	93,350
Group's share in %	<b>20%</b>	20%
Group's share in RMB	<b>22,531</b>	18,670
Carrying amount	<b>22,531</b>	18,670

## Notes to the Interim Condensed Financial Information

**33 INVESTMENT IN AN ASSOCIATE ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)****(b) Reconciliation to carrying amounts: (Continued)**

	<b>Six months ended 30 June</b>	
	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 RMB'000 (Unaudited)
Revenue	<b>252,395</b>	65,967
Profit/(loss) and total comprehensive income/(loss)	<b>19,304</b>	(12,266)
Group's share in %	<b>20%</b>	20%
Group's share of net profit/(loss) of an associate accounted for using the equity method	<b>3,861</b>	(2,453)

**34 CAPITAL COMMITMENTS**

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

	<b>As at</b> <b>30 June</b> <b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Property, plant and equipment	<b>2,534,615</b>	1,063,609

**35 DIVIDEND**

No dividend had been declared or paid by the Company during the six months ended 30 June 2022 (for the six months ended 30 June 2021: nil).

## Notes to the Interim Condensed Financial Information

**36 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, Mr. Fu Liqun (傅利泉), Ms. Liu Yunzhen (劉雲珍) (spouse of Mr. Zhu Jiangming), Ms. Chen Ailing (陳愛玲) (spouse of Mr. Fu Liqun), by virtue of the acting-in-concert arrangement among them, were collectively and ultimately interested in approximately 31.01% 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. (寧波華暘創業投資合夥企業(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.

**(a) 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>
Mr. Zhu Jiangming	A member of the Single Largest Group of Shareholders
Mr. Fu Liqun	A member of the Single Largest Group of Shareholders
Ms. Liu Yunzhen	A member of the Single Largest Group of Shareholders
Ms. Chen Ailing	A member of the Single Largest Group of Shareholders
Ningbo Huayang Venture Capital L.P.	A member of the Single Largest Group of Shareholders
Ningbo Jinghang	A member of the Single Largest Group of Shareholders
Ningbo Gulin Equity Investment L.P.	A member of the Single Largest Group of Shareholders
Wanzai Mingzhao	A member of the Single Largest Group of Shareholders
Ningbo Hualing Venture Capital L.P.	A member of the Single Largest Group of Shareholders

## Notes to the Interim Condensed Financial Information

**36 RELATED PARTY TRANSACTIONS (CONTINUED)****(a) The major related parties that had transactions and balances with the Group were as follows: (Continued)**

<b>Name of related parties</b>	<b>Relationship with the Group</b>
Hangzhou Xintu Technology Co., Ltd.	A member of the Single Largest Group of Shareholders
Zhejiang Dahua Technology Co., Ltd. 浙江大華技術股份有限公司 ("Dahua Technology")	A substantial shareholder of the Company
Zhejiang Huaruijie Technology Co., Ltd.	Associate, Dahua Technology's subsidiary
Zhejiang Dahua Vision Technology Co., Ltd. 浙江大華科技有限公司	Dahua Technology's subsidiary
Zhejiang Huatu Microchip Technology Co., Ltd. 浙江華圖微芯技術有限公司	Dahua Technology's subsidiary
Zhejiang Dahua Zhilian Co., Ltd. 浙江大華智聯有限公司	Dahua Technology's subsidiary
Zhejiang Dahua Security Service Co., Ltd. 浙江大華保安服務有限公司	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
Hangzhou XiaoHua Technology Co., Ltd. 杭州小華科技有限公司	Dahua Technology's subsidiary
Shanghai Huashang Chengyue Information Technology Service Co., Ltd. 上海華尚成悅資訊技術服務有限公司	Dahua Technology's subsidiary
Zhejiang Huaxiao Technology Co., Ltd 浙江華消科技有限公司	Dahua Technology's subsidiary
Guizhou Dahua Information Technology Co., Ltd 貴州大華資訊技術有限責任公司	Dahua Technology's subsidiary
Henan Dahua Zhilian Information Technology Co., Ltd 河南大華智聯資訊技術有限公司	Dahua Technology's subsidiary
Hangzhou Fuyang Huaao Technology Co., Ltd 杭州富陽華傲科技有限公司	Dahua Technology's subsidiary

## Notes to the Interim Condensed Financial Information

## 36 RELATED PARTY TRANSACTIONS (CONTINUED)

## (b) Transactions with related parties

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Sales of vehicles and parts</b>		
Dahua Technology and its subsidiaries	505	276
<b>Rendering of services</b>		
Dahua Technology and its subsidiaries	517	–
<b>Sales of property, plant and equipment/ intangible assets</b>		
Dahua Technology and its subsidiaries	337	790
<b>Purchases of raw materials</b>		
Dahua Technology and its subsidiaries	137,832	16,320
<b>Purchases of the assembly services</b>		
Dahua Technology and its subsidiaries	29,572	5,560
<b>Purchases of property, plant and equipment/ intangible assets</b>		
Dahua Technology and its subsidiaries	–	3,274
<b>Addition to right-of-use assets resulted from lease of buildings</b>		
Members of the Single Largest Group of Shareholders	–	3,582
Dahua Technology and its subsidiaries	–	2,073
	–	5,655
<b>Interest expenses of lease liabilities paid to</b>		
Members of the Single Largest Group of Shareholders	97	301
Dahua Technology and its subsidiaries	4	40
	101	341
<b>Proceeds from borrowings from</b>		
Members of the Single Largest Group of Shareholders	–	340,000
<b>Interest expenses of borrowings</b>		
Members of the Single Largest Group of Shareholders	–	2,342
<b>Repayments of loans and interests to</b>		
Members of the Single Largest Group of Shareholders	–	1,151,322

## Notes to the Interim Condensed Financial Information

**36 RELATED PARTY TRANSACTIONS (CONTINUED)****(c) Balances with related parties****Trade balances**

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
<b>Other receivables</b>		
Dahua Technology and its subsidiaries	174	5,767

As at 31 December 2021, other receivables from related parties of the Group were mainly arising from sales of property, plant and equipment and intangible assets to the related parties. The receivables were interest-free and had been settled in January 2022. As at 30 June 2022, the amount of other receivables was a security deposit for rental.

<b>Trade receivables</b>		
Dahua Technology and its subsidiaries	–	6,534
<b>Prepayments</b>		
Dahua Technology and its subsidiaries	186	–
<b>Trade payables</b>		
Dahua Technology and its subsidiaries	211,948	89,392
<b>Advances from customers</b>		
Dahua Technology and its subsidiaries	–	949

The carrying value of the above trade balances approximates their fair value as at 31 December 2021 and 30 June 2022, respectively.

<b>Lease liabilities</b>		
Members of the Single Largest Group of Shareholders	4,081	9,684
Dahua Technology and its subsidiaries	63	1,062
	<b>4,144</b>	10,746

**37 SUBSEQUENT EVENTS**

On 22 June 2022, the pre-IPO share option scheme was adopted by the Company. 50,594,348 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 initial public offering of the Company upon satisfaction of the vesting conditions.

## Definitions

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

“Board” or “Board of Directors”	the board of Directors of our Company
“Company” or “our Company” or “the 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 December 24, 2015 and converted into a joint stock limited liability company in the PRC on April 30, 2021
“CLTC”	China Light-duty Vehicle Test Cycle, a testing standard to measure and establish a vehicle’s driving range developed by the CATARC
“CTC”	our proprietary technology to integrate battery module with the battery tray and vehicle body
“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
“EV”	the battery electric vehicles used for the carriage of passengers
“FRC”	the Financial Reporting Council of Hong Kong
“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” or “HK”	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
“Listing”	listing of the H Shares on the Main Board of 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
“NEVs”	new energy passenger vehicles, comprising of battery electrics vehicles and plug-in hybrid electric vehicles (including EREV)
“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 December 29, 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 January 22, 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 November 7, 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 September 11, 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 in June 22, 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” and the paragraph headed “Employee Incentive Schemes” in this interim report
“prospectus”	the prospectus of the Company dated September 20, 2022
“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 June 30, 2022
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SFC”	the Securities and Futures Commission of Hong Kong

## Definitions

“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)
“Shareholder(s)”	holder(s) of our Shares
“Share Award Schemes”	collectively, Share Award Scheme I and Share Award Scheme II
“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
“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
“subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“Supervisor(s)”	member(s) of Supervisory Committee
“Supervisory Committee”	supervisory committee of the Company
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$” or “U.S. dollars”	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 November 28, 2017 and a member of the Single Largest Group of Shareholders