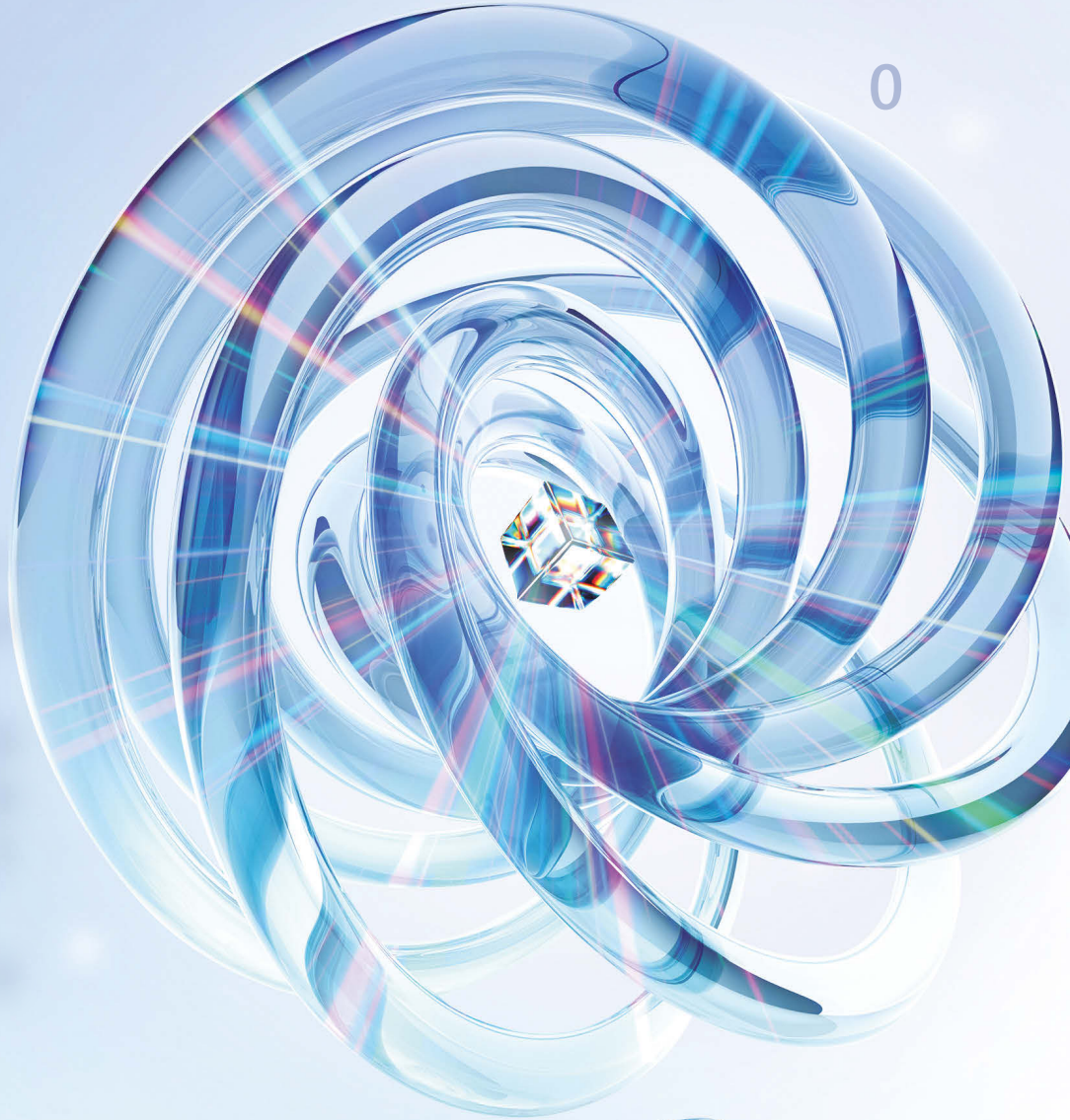


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2024 INTERIM REPORT

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GEELY

吉利汽車控股有限公司

GEELY AUTOMOBILE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

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



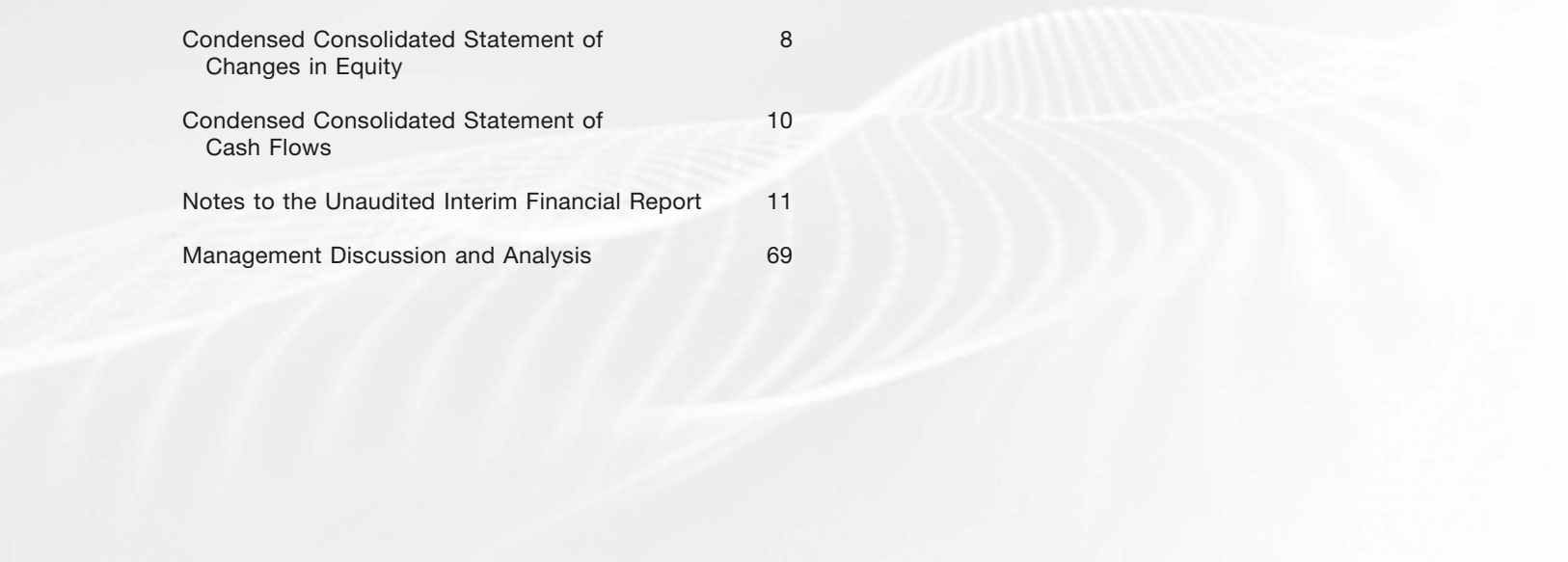
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CORPORATE INFORMATION

Executive Directors:

Mr. Li Shu Fu (*Chairman*)
Mr. Li Dong Hui, Daniel (*Vice Chairman*)
Mr. Gui Sheng Yue (*Chief Executive Officer*)
Ms. Wei Mei
Mr. Gan Jia Yue
Mr. Mao Jian Ming, Moosa (*Appointed on 12 July 2024*)

Independent Non-executive Directors:

Mr. An Qing Heng
Mr. Wang Yang
Ms. Gao Jie
Ms. Yu Li Ping, Jennifer
Mr. Zhu Han Song

Audit Committee:

Ms. Gao Jie (*Committee's Chairperson*)
Mr. An Qing Heng
Mr. Wang Yang
Ms. Yu Li Ping, Jennifer

Remuneration Committee:

Mr. Zhu Han Song (*Committee's Chairman*)
Mr. Wang Yang
Ms. Gao Jie

Nomination Committee:

Mr. Wang Yang (*Committee's Chairman*)
Ms. Gao Jie
Ms. Yu Li Ping, Jennifer

Sustainability Committee:

Mr. Gan Jia Yue (*Committee's Chairman*)
(*Appointed on 10 May 2024*)
Mr. Gui Sheng Yue
Mr. Wang Yang

Executive Committee:

Mr. Gui Sheng Yue
Mr. Gan Jia Yue (*Appointed on 1 July 2024*)

Company Secretary:

Mr. Cheung Chung Yan, David

Auditor:

Grant Thornton Hong Kong Limited

Legal Advisor on Hong Kong Law:

Sidley Austin

Legal Advisor on Cayman Islands Law:

Maples and Calder

Principal Bankers in Hong Kong (in alphabetical order):

Australia and New Zealand Banking Group Limited
Bank of America, N.A.
Bank of China (Hong Kong) Limited
Bank of China Limited, Singapore Branch
Barclays Bank PLC
BNP Paribas
CLSA Limited
DBS Bank Limited
Nanyang Commercial Bank, Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
UBS AG Hong Kong Branch

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

Bank of China Limited
BNP Paribas (China) Limited
China CITIC Bank Corporation Limited
CITIC Securities Company Limited
Industrial and Commercial Bank of China Limited

Head Office and Principal Place of Business:

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

Registered Office:

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

Hong Kong Share Registrars & Transfer Office:

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

Investor & Media Relations:

Prime International Consultants Limited

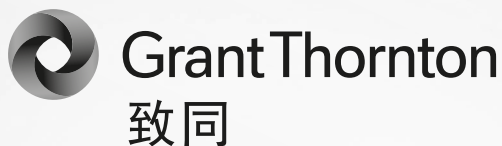
Listing Information:

The Stock Exchange of Hong Kong Limited
Stock codes: 175 (HKD counter) & 80175 (RMB counter)

Company's Website:

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

INDEPENDENT REVIEW REPORT



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

Introduction

We have reviewed the interim financial report of Geely Automobile Holdings Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages 4 to 68 which comprises the condensed consolidated statement of financial position as at 30 June 2024 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the interim financial report, including material accounting policy information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The directors of the Company are responsible for the preparation and presentation of this interim financial report in accordance with HKAS 34.

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2024 is not prepared, in all material respects, in accordance with HKAS 34.

Grant Thornton Hong Kong Limited

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

21 August 2024

Ng Ka Kong

Practising Certificate No.: P06919

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	3	107,305,450	73,181,745
Cost of sales		(91,084,564)	(62,641,253)
Gross profit		16,220,886	10,540,492
Other gains/(losses), net	4	876,726	640,229
Distribution and selling expenses		(6,327,005)	(4,767,790)
Administrative expenses		(6,916,431)	(4,867,108)
(Impairment loss)/Reversal of impairment loss			
on trade and other receivables	5(c)	(38,053)	59,265
Impairment loss on non-financial assets	5(c)	(239,708)	–
Share-based payments	25	(1,279,265)	(436,429)
Finance income, net	5(a)	424,374	160,749
Share of results of associates		331,801	132,676
Share of results of joint ventures		416,929	12,016
Gain on deemed disposal of subsidiaries and impairment loss on assets classified as held for sale	22	7,469,663	–
Profit before taxation	5	10,939,917	1,474,100
Taxation	6	(556,307)	(200,592)
Profit for the period		10,383,610	1,273,508
Attributable to:			
Equity holders of the Company		10,597,868	1,570,728
Non-controlling interests		(214,258)	(297,220)
Profit for the period		10,383,610	1,273,508
Earnings per share			
Basic	8	RMB104.59 cents	RMB14.91 cents
Diluted	8	RMB103.88 cents	RMB14.75 cents

The notes on pages 11 to 68 are an integral part of this interim financial report. Details of dividends payable to equity holders of the Company are set out in note 7.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

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

The notes on pages 11 to 68 are an integral part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	9	27,448,564	27,350,540
Intangible assets	10	26,327,992	23,919,814
Land lease prepayments		3,579,252	3,600,084
Goodwill		34,218	34,218
Interests in associates	11	5,668,652	5,971,984
Interests in joint ventures	12	26,596,698	9,730,978
Trade and other receivables	14	4,917,461	1,895,664
Financial assets at FVOCI	27	79,504	117,746
Deferred tax assets		7,267,525	6,341,753
		101,919,866	78,962,781
Current assets			
Inventories	13	13,335,867	15,422,219
Trade and other receivables	14	35,355,175	42,710,734
Income tax recoverable		421,602	164,412
Restricted bank deposits		2,892,117	943,433
Bank balances and cash		41,487,826	35,745,963
		93,492,587	94,986,761
Assets classified as held for sale	22	1,604,688	18,648,139
		95,097,275	113,634,900
Current liabilities			
Trade and other payables	15	88,481,010	87,398,188
Derivative financial instruments	27	229,935	12,702
Lease liabilities	16	753,594	753,611
Bank borrowings	17	30,000	–
Income tax payable		673,670	774,408
		90,168,209	88,938,909
Liabilities directly associated with assets classified as held for sale	22	–	7,885,018
		90,168,209	96,823,927
Net current assets		4,929,066	16,810,973
Total assets less current liabilities		106,848,932	95,773,754

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2024

	Note	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
CAPITAL AND RESERVES			
Share capital	20	183,807	183,807
Perpetual capital securities	21	3,413,102	3,413,102
Reserves		86,027,734	76,911,915
Equity attributable to equity holders of the Company		89,624,643	80,508,824
Non-controlling interests		6,553,354	4,642,674
Total equity		96,177,997	85,151,498
Non-current liabilities			
Trade and other payables	15	2,863,971	2,721,668
Lease liabilities	16	1,976,568	1,906,338
Bank borrowings	17	3,320,400	2,840,240
Loan from a related company	18	450,000	1,100,000
Bonds payable	19	1,500,000	1,500,000
Deferred tax liabilities		559,996	554,010
		10,670,935	10,622,256
		106,848,932	95,773,754

The notes on pages 11 to 68 are an integral part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2024

	Attributable to equity holders of the Company													
	Share capital	Perpetual capital securities	Share premium	Capital reserve	Statutory reserve	Safety production fund reserve	Fair value reserve (recycling)	Fair value reserve (non-recycling)	Translation reserve	Share-based compensation reserve	Retained profits	Sub-total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance at 1 January 2024	183,807	3,413,102	18,166,949	(176,429)	2,339,359	-	(177,970)	(262,224)	(85,315)	3,494,655	53,612,890	80,508,824	4,642,674	85,151,498
Profit for the period	-	72,402	-	-	-	-	-	-	-	-	10,525,466	10,597,868	(214,258)	10,383,610
Other comprehensive expense:														
Change in fair value of notes receivable at FVOCI	-	-	-	-	-	-	140,623	-	-	-	-	140,623	1,440	142,063
Share of other comprehensive income of associates and joint venture	-	-	-	-	-	-	-	-	(81,003)	-	-	(81,003)	-	(81,003)
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	-	(26,110)	-	-	(26,110)	14,618	(11,492)
Change in fair value of equity investments at FVOCI	-	-	-	-	-	-	-	(38,241)	-	-	-	(38,241)	-	(38,241)
Reclassification adjustment on fair value recycling released on deemed disposal of subsidiaries	-	-	-	-	-	-	2,006	-	-	-	-	2,006	-	2,006
Total comprehensive income for the period	-	72,402	-	-	-	-	142,629	(38,241)	(107,113)	-	10,525,466	10,595,143	(198,200)	10,396,943
Transactions with owners														
Transfer of reserves	-	-	-	-	592,000	-	-	-	-	-	(592,000)	-	-	-
Transfer to designated safety production fund	-	-	-	-	-	60,993	-	-	-	-	(60,993)	-	-	-
Utilisation of designated safety production fund	-	-	-	-	-	(59,226)	-	-	-	-	60,993	1,767	-	1,767
Issuance of ordinary shares of ZEEKR for ZEEKR														
Offering (as defined in note 7) (note 28)	-	-	-	(68,484)	-	-	-	-	-	-	-	(68,484)	1,586,203	1,517,719
Equity settled share-based payments (note 25)	-	-	-	-	-	-	-	-	-	425,219	-	425,219	-	425,219
Equity settled share-based payments of ZEEKR's share awards (note 25)	-	-	-	-	-	-	-	-	-	-	-	-	930,704	930,704
Vesting of equity settled share-based payments of ZEEKR's share awards	-	-	-	354,895	-	-	-	-	-	-	-	354,895	(354,895)	-
Distribution paid on perpetual capital securities (note 7)	-	(72,402)	-	-	-	-	-	-	-	-	-	(72,402)	-	(72,402)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(53,235)	(53,235)
Special Dividend Distribution (as defined in note 7)	-	-	-	89	-	-	-	-	-	-	(69,853)	(69,764)	103	(69,661)
Final dividends declared and approved in respect of the previous year (note 7)	-	-	-	-	-	-	-	-	-	-	(2,050,555)	(2,050,555)	-	(2,050,555)
Total transactions with owners	-	(72,402)	-	286,500	592,000	1,767	-	-	-	425,219	(2,712,408)	(1,479,324)	2,108,880	629,556
Balance at 30 June 2024	183,807	3,413,102	18,166,949	110,071	2,931,359	1,767	(35,341)	(300,465)	(192,428)	3,919,874	61,425,948	89,624,643	6,553,354	96,177,997

The notes on pages 11 to 68 are an integral part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cash flows from operating activities			
Profit before taxation		10,939,917	1,474,100
Adjustments for non-cash items		(3,278,858)	4,223,921
Operating profit before working capital changes		7,661,059	5,698,021
Net changes in working capital		8,410,455	6,532,670
Cash generated from operations		16,071,514	12,230,691
Income taxes paid		(1,919,612)	(1,531,719)
<i>Net cash generated from operating activities</i>		14,151,902	10,698,972
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,083,982)	(2,261,472)
Additions of intangible assets		(4,915,928)	(4,843,469)
Additions of land lease prepayments		(15,028)	(115,127)
Proceeds from disposal of property, plant and equipment, intangible assets and land lease prepayments		178,716	129,390
Net cash outflow on acquisition of a subsidiary		–	(193,198)
Net cash outflow on deemed disposal of subsidiaries	22	(3,140,476)	–
Dividend received from associates		136,096	220,387
Proceeds from disposal of an associate		504,000	–
Additional/initial capital injection in associates		–	(1,081,000)
Additional/initial capital injection in joint ventures		–	(355,825)
Acquisition of a loan to an associate		–	(387,354)
Loan repayment from an associate		431,425	–
Advance to a joint venture		–	(100,000)
Change in restricted and pledged bank deposits		(1,751,084)	(407,438)
Interest received		585,662	408,792
<i>Net cash used in investing activities</i>		(10,070,599)	(8,986,314)
Cash flows from financing activities			
Distribution paid on perpetual capital securities	7	(72,402)	(71,064)
Dividends paid to non-controlling interests		(53,235)	–
Capital contribution from non-controlling interests	28	–	5,204,460
Proceeds from issuance of ordinary shares of ZEEKR for ZEEKR Offering (as defined in note 7)	28	1,517,719	–
Proceeds from bank borrowings		611,447	–
Repayment of bonds payable	19	–	(2,068,422)
Advance from a related company		3,000,000	1,898,730
Repayment to a related company		(3,650,000)	(6,698,730)
Payment of lease liabilities		(440,138)	(296,312)
Interest paid		(364,495)	(174,885)
<i>Net cash generated from/(used in) financing activities</i>		548,896	(2,206,223)
Net increase/(decrease) in cash and cash equivalents		4,630,199	(493,565)
Cash and cash equivalents at the beginning of the period		36,775,293	33,341,339
Effect of foreign exchange rate changes		82,334	39
Cash and cash equivalents at the end of the period, represented by bank balances and cash		41,487,826	32,847,813

The notes on pages 11 to 68 are an integral part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024

1. BASIS OF PREPARATION

The interim financial report (the “**Interim Financial Report**”) has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**SEHK**”), including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It was authorised for issue on 21 August 2024.

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

The Interim Financial Report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company and its subsidiaries’ (together referred to as the “**Group**”) annual financial statements for the year ended 31 December 2023.

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

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

The accounting policies and methods of computation used in the preparation of the Interim Financial Report are consistent with those used in the annual financial statements for the year ended 31 December 2023, except for the adoption of the following amended HKFRSs effective as of 1 January 2024.

Amendments to HKFRS 16
Amendments to HKAS 1

Lease Liability in a Sale and Leaseback
Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5

Amendments to HKAS 1
Amendments to HKAS 7 and HKFRS 7

Non-current Liabilities with Covenants
Supplier Finance Arrangements

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

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

Amended HKFRSs that are effective for annual periods beginning on 1 January 2024 (Continued)
Amendments to HKAS 7 and HKFRS 7 “Supplier Finance Arrangements”

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

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

Issued but not yet effective HKFRSs

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

Amendments to HKAS 21	Lack of exchangeability ¹
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group’s accounting policies for the first period beginning on or after the effective date of the pronouncement. The Group is in the process of assessing the expected impact of these developments during the period of initial application.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

3. REVENUE AND SEGMENT INFORMATION

Revenue

Revenue represents sales of automobiles, automobile parts and components, battery packs and related parts, provision of collaborative manufacturing services, provision of research and development and related technological support services and licensing of intellectual properties, net of value-added taxes (“VAT”) or related sales taxes and net of discounts. Revenue was mainly derived from customers located in the People’s Republic of China (the “PRC”).

	Six months ended 30 June	
	2024	2023
	RMB’000	RMB’000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15 “Revenue from Contracts with Customers” (“HKFRS 15”)		
Disaggregated by major products/services		
– Sales of automobiles and related services	87,479,658	60,284,330
– Sales of automobile parts and components	6,930,780	4,100,887
– Sales of battery packs and related parts	9,324,178	5,954,587
– Research and development and related technological support services	3,274,555	1,883,870
– Licensing of intellectual properties	94,325	823,385
– Collaborative manufacturing income	201,954	134,686
	107,305,450	73,181,745
Disaggregated by timing of revenue recognition		
– At a point in time	103,906,591	71,206,671
– Over time	3,398,859	1,975,074
	107,305,450	73,181,745

Segment information

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Information about a major customer

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A [#]	16,131,081	11,904,647

[#] It includes a group of entities which are under common control by Mr. Li Shu Fu and his associates.

4. OTHER GAINS/(LOSSES), NET

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants and subsidies (note)	409,266	313,835
Net foreign exchange gain/(loss)	141,950	(114,584)
Net realised and unrealised loss on derivative financial instruments	(426,927)	(44,081)
Logistics service income	180,351	127,790
Gain on deemed disposal/disposal of investment accounted for using the equity method	172,086	10,208
Net gain/(loss) on disposal/written off of property, plant and equipment, intangible assets and land lease prepayments	97,241	(55,235)
Quality management and information technology service income	46,355	54,034
Gain on disposal of scrap materials	44,020	27,441
Export service income	31,352	8,497
Replacement service income	13,480	10,405
Rental income	8,644	2,168
Gain on written off of long outstanding payable	–	45,153
Sundry income	158,908	254,598
	876,726	640,229

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

5. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(a) Finance income and costs		
Finance costs		
Interest on bank and other borrowings	139,543	75,596
Interest on discounted notes receivable	534	4,065
Interest on lease liabilities	51,003	31,745
Interest on loan from a related company	33,988	156,178
	225,068	267,584
Finance income		
Bank and other interest income	(649,442)	(428,333)
Net finance income	(424,374)	(160,749)
(b) Staff costs (including directors' emoluments) (note (a))		
Salaries, wages and other benefits	4,962,627	3,557,247
Retirement benefit scheme contributions (note 24) (note (b))	313,198	266,367
Equity settled share-based payments (note 25)	1,279,265	436,429
	6,555,090	4,260,043

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

5. PROFIT BEFORE TAXATION *(Continued)*

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

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

Notes:

- (a) Cost of inventories included RMB3,498,524,000 (six months ended 30 June 2023: RMB3,003,670,000) relating to staff costs and depreciation, which amounts were also included in the respective total amounts disclosed separately for each of these types of expenses.
- (b) As at 30 June 2024, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future periods/years (as at 31 December 2023: RMBNil).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

6. TAXATION

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

Hong Kong profits tax has not been provided as the Hong Kong incorporated companies within the Group had no estimated assessable profits in Hong Kong for the six months ended 30 June 2024 and 2023.

The income tax provision of the Group in respect of its operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the period based on the existing legislation, interpretations and practises in respect thereof. The PRC enterprise income tax rate is 25% (six months ended 30 June 2023: 25%).

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries of the Group obtained the High and New Technology Enterprises qualification. Also, certain PRC subsidiaries of the Group located in the western region of the PRC are engaged in the encouraged businesses. Accordingly, they enjoyed a preferential income tax rate of 15% for the six months ended 30 June 2024 and 2023.

According to relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that was effective from 2018, enterprises engaging in research and development activities are entitled to claim 200% of their eligible research and development costs so incurred as tax deductible expenses when determining their assessable profits for that period (“**Super Deduction**”). The Group made its best estimate for the Super Deduction to be claimed for the Group’s PRC subsidiaries in ascertaining their assessable profits for the six months ended 30 June 2024 and 2023.

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

7. DIVIDENDS

During the current period, a final dividend for the year ended 31 December 2023 of Hong Kong dollars (“**HK\$**”) 0.22 (six months ended 30 June 2023: HK\$0.21) per ordinary share, amounting to approximately RMB2,050,555,000 (six months ended 30 June 2023: RMB1,915,763,000), has been declared and approved by the shareholders at the annual general meeting of the Company. The 2023 final dividend was paid in July 2024 and reflected as dividends payable in this Interim Financial Report.

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

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

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

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share is based on profit for the period attributable to ordinary equity holders of the Company of RMB10,525,466,000 (six months ended 30 June 2023: RMB1,499,664,000) and weighted average number of ordinary shares of 10,063,382,383 shares (six months ended 30 June 2023: 10,056,973,786 shares), calculated as follows:

Profit attributable to ordinary equity holders of the Company

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

8. EARNINGS PER SHARE *(Continued)*

(a) Basic earnings per share *(Continued)*

Weighted average number of ordinary shares (basic)

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

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on profit for the period attributable to ordinary equity holders of the Company of RMB10,525,466,000 (six months ended 30 June 2023: RMB1,499,664,000) and the weighted average number of ordinary shares (diluted) of 10,132,749,383 shares (six months ended 30 June 2023: 10,167,585,286 shares), calculated as follows:

Weighted average number of ordinary shares (diluted)

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares (basic) at 30 June	10,063,382,383	10,056,973,786
Effect of dilutive potential ordinary shares arising from award shares issued under the Company's share award scheme	69,367,000	110,611,500
Weighted average number of ordinary shares (diluted) at 30 June	10,132,749,383	10,167,585,286

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

9. PROPERTY, PLANT AND EQUIPMENT

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Net carrying amount		
At the beginning of the period/year	27,350,540	32,201,419
Lease reassessment (note 16)	156,774	–
Additions	2,295,652	7,335,379
Acquisition through business combination	–	2,240,675
Disposals/written off	(227,038)	(566,086)
Early termination of leases	(22,706)	(198,927)
Depreciation	(1,991,344)	(3,660,600)
Impairment losses	(98,143)	(205,456)
Exchange realignment	(15,171)	14,427
Reclassified as held for sale (note 22)	–	(9,810,291)
	27,448,564	27,350,540

The Group has obtained the right to use office and factory premises, retail and service centres and motor vehicles through the tenancy agreements. The remaining lease term is one to eighteen years (as at 31 December 2023: one to eighteen years). The Group generally makes fixed payments during the contract period. During the six months ended 30 June 2024, the total additions to right-of-use assets were RMB392,055,000 (six months ended 30 June 2023: RMB286,001,000).

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

10. INTANGIBLE ASSETS

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

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

11. INTERESTS IN ASSOCIATES

	As at 30 June 2024	As at 31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Cost of unlisted investments	3,461,370	3,992,076
Share of post-acquisition results and other comprehensive income (including reserves)	460,897	233,523
Gain on bargain purchase upon subscription for an associate	1,749,734	1,749,734
Impairment loss recognised	(3,349)	(3,349)
	5,668,652	5,971,984

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

11. INTERESTS IN ASSOCIATES (Continued)

Details of the Group's interests in associates as at 30 June 2024 and 31 December 2023, are as follows:

Name of associates	Place of establishments and operations	Form of business structure	Particulars of issued and paid up/ registered capital	Attributable equity interest held by the Group		Principal activities
				As at 30 June 2024	As at 31 December 2023	
Hanna Mando (Ningbo) Automobile Chassis System Technology Co., Limited [†] 漢拿萬都(寧波)汽車底盤系統科技有限公司	The PRC	Incorporated	United States dollars ("US\$") 85,000,000	35%	35%	Manufacturing of key components and electronic devices of automobile chassis
Closed Joint Stock Company BELGEE ("BELGEE")	The Republic of Belarus	Incorporated	Belarusian Ruble 234,535,000	36.7%	36.7%	Production, marketing and sales of vehicles
PT Geely Mobil Indonesia	The Republic of Indonesia	Incorporated	US\$3,260,200	30%	30%	Production, marketing and sales of vehicles
Times Geely Power Battery Company Limited [†] 時代吉利動力電池有限公司 ("Times Geely")	The PRC	Incorporated	RMB501,000,000	49%	49%	Research and development, manufacturing and sales of battery cells, battery modules and battery packs
Zhejiang Haohan Energy Technology Company Limited [†] 浙江浩瀚能源科技有限公司 ("Haohan Energy")	The PRC	Incorporated	RMB500,000,000	30%	30%	Research and development of automobile charging systems and technologies, provision of automobile charging services and operation of automobile charging points and network
Wuxi Xingqu Technology Company Limited [†] 無錫星驅科技有限公司 ("Wuxi Xingqu")	The PRC	Incorporated	RMB70,000,000 (as at 31 December 2023: RMB61,250,000)	24.15%	27.6%	Research and development of automobile parts and components
Zhejiang Shuangli Automobile Intelligent Technology Company Limited [†] 浙江雙利汽車智能科技有限公司	The PRC	Incorporated	RMB90,000,000	35%	35%	Research, development and manufacturing of automobile parts

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

11. INTERESTS IN ASSOCIATES (Continued)

Details of the Group's interests in associates as at 30 June 2024 and 31 December 2023, are as follows: (Continued)

Name of associates	Place of establishments and operations	Form of business structure	Particulars of issued and paid up/ registered capital	Attributable equity interest held by the Group		Principal activities
				As at 30 June 2024	As at 31 December 2023	
Renault Korea Co., Ltd. ("Renault Korea") (formerly known as Renault Korea Motors Co., Ltd.)	The Republic of Korea	Incorporated	South Korean Won ("KRW") 666,875,000,000	34.02%	34.02%	Design, development, manufacturing, production, assembly, sales, distribution, import, export and marketing of automobiles, related parts and accessories
Chongqing Livan Automotive Technology Company Limited* 重慶睿藍汽車科技有限公司 ("Chongqing Livan")	The PRC	Incorporated	RMB1,450,000,000	-*	45%	Research and development, sales and operations of vehicles (including but not limited to battery swapping vehicles)
Zhejiang Xingchuang Automobile Software Technology Co., Ltd.* 浙江星創汽車軟件科技有限公司	The PRC	Incorporated	RMB40,000,000	45%	45%	Research and development of automotive software
Hangzhou Qingwei Technology Company Limited* 杭州擎威科技有限公司	The PRC	Incorporated	RMB100,000,000	30%	30%	Research, development and manufacturing of automobiles parts and electronic control system
Shangjian (Zhejiang) Motor Vehicle Inspection Technology Company Limited* 上檢(浙江)機動車檢測技術有限公司	The PRC	Incorporated	RMB60,000,000	30%	30%	Provision of high-quality testing and technical services for the development of new energy vehicles and intelligent connected vehicles
PROTON Holdings Berhad ("PROTON")	Malaysia	Incorporated	Malaysian Ringgit ("RM") 1,009,513,000	49.9%	49.9%	Manufacturing and sales of vehicles under the "PROTON" brand in Southeast Asia
DRB-HICOM Geely Sdn. Bhd. ("DHG")	Malaysia	Incorporated	RM1,000	49.9%	49.9%	Investment holding

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

11. INTERESTS IN ASSOCIATES *(Continued)*

PROTON and DHG

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

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

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

Chongqing Livan

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

Wuxi Xingqu

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

11. INTERESTS IN ASSOCIATES *(Continued)*

Renault Korea

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

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

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

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

11. INTERESTS IN ASSOCIATES (Continued)

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

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

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

11. INTERESTS IN ASSOCIATES *(Continued)*

Aggregate financial information of associates that are not individually material:

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

12. INTERESTS IN JOINT VENTURES

	As at 30 June 2024	As at 31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Cost of unlisted investments	23,685,537	7,305,706
Unrealised gain on disposal of a subsidiary to a joint venture	(14,943)	(14,943)
Share of post-acquisition results and other comprehensive income (including reserves)	2,926,104	2,440,215
	26,596,698	9,730,978

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

12. INTERESTS IN JOINT VENTURES (Continued)

Details of the Group's joint ventures as at 30 June 2024 and 31 December 2023 were as follows:

Name of joint ventures	Place of establishments and operations	Form of business structure	Particulars of registered capital	Proportion of ownership interest held by the Group		Principal activities
				As at 30 June 2024	As at 31 December 2023	
Genius Auto Finance Company Limited* 吉致汽車金融有限公司 ("Genius AFC")	The PRC	Incorporated	RMB4,000,000,000	75%	75%	Vehicles financing business
LYNK & CO Automotive Technology Co., Ltd.* 領克汽車科技有限公司 ("LYNK & CO Automotive Technology") (formerly known as LYNK & CO Investment Co., Ltd.* 領克投資有限公司)	The PRC	Incorporated	RMB7,500,000,000	50%	50%	Manufacturing and sales of vehicles under the "Lynk&Co" brand
Zhejiang Geely AISIN Automatic Transmission Company Limited* 浙江吉利愛信自動變速器有限公司	The PRC	Incorporated	US\$117,000,000	40%	40%	Manufacturing and sales of front-wheel drive 8-speed automatic transmissions and related parts and components
Shandong Geely Sunwoda Power Battery Company Limited* 山東吉利欣旺達動力電池有限公司	The PRC	Incorporated	RMB100,000,000	41.5%	41.5%	Development, production, sales and after-sales service of hybrid battery cells, battery modules and battery packs
Guangdong Xinyueneng Semiconductor Company Limited* 廣東芯粵能半導體有限公司 ("Xinyueneng")	The PRC	Incorporated	RMB400,000,000	40%	40%	Provision of integrated circuit design, manufacturing, sales and the manufacturing of semiconductor
Horse Powertrain Limited ("Horse Powertrain")	The United Kingdom	Incorporated	Euro ("EUR") 6,000,000,000	33% (Note 22)	-	Research, development, production and sales of vehicle engines, transmissions and related after-sales parts

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

* Genius AFC is directly held by the Company.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

12. INTERESTS IN JOINT VENTURES (Continued)

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

12. INTERESTS IN JOINT VENTURES (Continued)

	LYNK & CO Group		Genius AFC	
	Six months ended 30 June			
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	21,297,276	12,462,437	2,132,847	2,228,668
(Loss)/Profit for the period	(246,377)	(660,691)	668,704	647,938
Other comprehensive income for the period	137,902	14,395	–	–
Total comprehensive (expense)/income for the period	(108,475)	(646,296)	668,704	647,938
Dividend from a joint venture	–	–	–	–

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

Depreciation and amortisation	(1,818,716)	(1,743,459)	(26,760)	(24,695)
Interest income	117,063	37,480	2,017,426	2,139,418
Interest expenses	(245,331)	(116,420)	(791,193)	(820,120)
Income tax credit/(expense)	49,373	134,532	(222,901)	(215,979)

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

12. INTERESTS IN JOINT VENTURES *(Continued)*

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

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

13. INVENTORIES

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

14. TRADE AND OTHER RECEIVABLES

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

14. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables

The Group allows average credit periods ranged from 30 days to 120 days (as at 31 December 2023: 30 days to 90 days) to its PRC customers from sales of automobiles, automobile parts and components and battery packs and related parts, provision of collaborative manufacturing services, provision of research and development and related technological support services. In respect of the trade receivable from related companies arising from the licensing of intellectual properties, it will be settled within five years in accordance with the contract terms. Ageing analysis of the trade receivables of the PRC customers, based on invoice date and net of loss allowance, at the end of the reporting period was as follows:

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

For overseas customers, the Group allows credit periods ranged from 30 days to 210 days (as at 31 December 2023: 30 days to 210 days). Ageing analysis of the trade receivables of the overseas customers, based on invoice date and net of loss allowance, at the end of the reporting period was as follows:

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

14. TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Notes receivable

All notes receivable are denominated in RMB. As at 30 June 2024 and 31 December 2023, all notes receivable were guaranteed by established banks in the PRC and had maturities of less than one year from the end of the reporting period.

The Group manages its notes receivable using the business model whose objective is achieved by both collecting contractual cash flows and selling of these assets. Accordingly, notes receivable are classified as financial assets at FVOCI (recycling) in accordance with HKFRS 9 “Financial Instruments” and are stated at fair value. The fair value is based on the net present value as at 30 June 2024 and 31 December 2023 from expected timing of endorsements and discounting at the interest rates for the respective notes receivable. The fair value is classified within Level 2 of the fair value hierarchy under HKFRS 13 “Fair Value Measurement” (“**HKFRS 13**”).

As at 30 June 2024, the Group endorsed certain notes receivable accepted by banks in the PRC (the “**Endorsed Notes**”) with a carrying amount of RMB619,794,000 (as at 31 December 2023: RMB134,297,000) to certain of its suppliers in order to settle the trade payables due to such suppliers (the “**Endorsement**”). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Notes, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Notes and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Notes, including the sale, transfer or pledge of the Endorsed Notes to any other third parties. As at 30 June 2024, the aggregate carrying amount of the trade payables settled by the Endorsed Notes during the period to which the suppliers have recourse was RMB619,794,000 (as at 31 December 2023: RMB134,297,000).

As at 30 June 2024, the Group endorsed certain notes receivable accepted by banks in the PRC (the “**Derecognised Notes**”) to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amount in aggregate of RMB76,950,977,000 (as at 31 December 2023: RMB66,983,025,000). The Derecognised Notes had a maturity of less than one year (as at 31 December 2023: less than one year) at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Notes have a right of recourse against the Group if the PRC banks default (the “**Continuing Involvement**”). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Notes. Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes and the associated liabilities. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Notes, as well as the undiscounted cash flows required to repurchase these Derecognised Notes, is equal to their carrying amounts.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

14. TRADE AND OTHER RECEIVABLES *(Continued)*

(c) Other contract costs

Other contract costs capitalised as at 30 June 2024 and 31 December 2023 related to the costs incurred in providing internet connectivity services that are used to satisfy the performance obligations for providing such services to customers in the respective sales of automobile contracts at the end of the reporting period. Contract costs are amortised in line with the recognition of the respective revenue in accordance with the terms of the contracts. There was no impairment in relation to the contract costs capitalised during the six months ended 30 June 2024 (six months ended 30 June 2023: RMBNil).

(d) Loan to an associate

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

(e) Loans to joint ventures

As at 30 June 2024 and 31 December 2023, the loan to a joint venture, Xinyueneng, amounted to RMB100,000,000 was unsecured, repayable in 2024 and carried interest rate at 3.65% per annum. The Group has the right to convert any unpaid loan amount into equity of the joint venture at any time after the loan matures, based on the latest round of financing valuation of the joint venture.

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

(f) Amounts due from related companies

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

15. TRADE AND OTHER PAYABLES

	Note	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade and notes payables			
Trade payables			
– Third parties		31,572,822	34,361,942
– Joint ventures		2,007,446	806,737
– Associates		358,292	327,926
– Related companies controlled by the substantial shareholder of the Company		15,338,407	17,880,490
Notes payable	(a) (b)	49,276,967 10,870,138	53,377,095 5,693,442
		60,147,105	59,070,537
Other payables			
Receipts in advance from customers	(c)		
– Third parties		11,118,675	13,949,928
– Joint ventures		68,094	70,774
– Associates		209,531	173,635
– Related companies controlled by the substantial shareholder of the Company		269,909	379,308
		11,666,209	14,573,645
Deferred government grants which conditions have not been satisfied		655,438	466,150
Payables for acquisition of property, plant and equipment		1,517,810	1,451,621
Payables for capitalised product development costs	(d)	1,638,208	2,188,584
Accrued staff salaries and benefits		2,098,382	2,614,265
VAT and other taxes payables		2,387,160	2,297,860
Consideration payable for acquisition of a subsidiary		152,980	152,980
Other accrued charges and payables	(e)	8,635,043	6,666,555
Dividends payable		2,120,216	–
		30,871,446	30,411,660
Amounts due to related companies controlled by the substantial shareholder of the Company	(f)	326,430	637,659
		31,197,876	31,049,319
		91,344,981	90,119,856
<i>Representing:</i>			
– Current		88,481,010	87,398,188
– Non-current		2,863,971	2,721,668
		91,344,981	90,119,856

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

15. TRADE AND OTHER PAYABLES (Continued)

(a) Trade payables

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
0 – 60 days	41,605,999	43,449,517
61 – 90 days	6,047,153	7,216,919
91 – 365 days	1,454,592	2,621,755
Over 365 days	169,223	88,904
	49,276,967	53,377,095

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

(b) Notes payable

All notes payable are denominated in RMB and are notes paid and/or payable to third parties for settlement of trade payables. As at 30 June 2024 and 31 December 2023, all notes payable had maturities of less than six months from the end of the reporting period. The increase in notes payable as at 30 June 2024 resulted in an increase in deposits with restricted use, as requested by the banks.

(c) Receipts in advance from customers

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Relating to the sales of automobiles, automobile parts and components and battery packs and related parts	8,213,507	11,310,460
Relating to the obligation for service agreed to be part of the sales of automobiles	3,452,702	3,263,185
	11,666,209	14,573,645

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

15. TRADE AND OTHER PAYABLES (Continued)

(c) Receipts in advance from customers (Continued)

The decrease (six months ended 30 June 2023: increase) in receipts in advance from customers was mainly due to the decrease (six months ended 30 June 2023: increase) in advances received from customers in relation to sales of automobiles, automobile parts and components and battery packs and related parts for the six months ended 30 June 2024.

Receipts in advance from customers outstanding at the beginning of the period amounting to RMB11,739,286,000 (six months ended 30 June 2023: RMB5,574,138,000) have been recognised as revenue during the period.

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within one year	985,880	857,651
More than one year	2,466,822	2,405,534
	3,452,702	3,263,185

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

(d) Payables for capitalised product development costs

The credit terms for payables for capitalised product development costs generally ranged from 60 days to 90 days (as at 31 December 2023: 60 days to 90 days).

(e) Other accrued charges and payables

The amounts mainly comprised (1) deposits provided by automobile dealers and other third parties which amounted to RMB1,302,190,000 (as at 31 December 2023: RMB1,536,491,000); (2) payables for warranty, advertising and promotion, transportation and general operations which amounted to RMB2,806,265,000 (as at 31 December 2023: RMB2,946,679,000); and (3) payment obligations to banks related to letters of credit signed with certain banks and in connection with factoring services offered by certain banks to the Group's suppliers, amounting to RMB1,880,000,000 (as at 31 December 2023: RMBNil). Under these arrangements, the Group's payment obligations to participating suppliers remain unchanged but are assigned to the banks. The balance is reclassified as other payables due to the transfer of payment obligation counterparties from suppliers to banks.

(f) Amounts due to related companies

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

16. LEASE LIABILITIES

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

	As at 30 June 2024	As at 31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
At the beginning of the period/year	2,659,949	2,336,008
Additions arising from new leases	392,055	1,391,007
Lease reassessment (note 9)	156,774	–
Accretion of interest recognised during the period/year	51,003	75,643
Exchange adjustment	(15,772)	14,379
Reclassified as held for sale (note 22)	-	(82,181)
Early termination of leases	(22,706)	(198,927)
Payments	(491,141)	(875,980)
	2,730,162	2,659,949
<i>Representing:</i>		
– Current	753,594	753,611
– Non-current	1,976,568	1,906,338
	2,730,162	2,659,949

17. BANK BORROWINGS

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

17. BANK BORROWINGS (Continued)

Notes:

- (i) The amounts are based on the scheduled repayment dates set out in the loan agreements.
- (ii) As at 30 June 2024 and 31 December 2023, the USD-denominated bank loans were unsecured, carried at amortised cost, repayable in August 2025 and bore interest at the Secured Overnight Financing Rate plus 0.7% per annum. Pursuant to the facility agreement, it will be an event of default if Mr. Li Shu Fu is (i) no longer the single largest beneficial shareholder of the Company, or (ii) no longer beneficially owns at least 25% of the issued share capital of the Company. In case of an event of default, the bank may by notice to the Company (a) cancel the loan facility, (b) declare that all or part of the loan, together with accrued interest, be immediately due and payable, and/or (c) declare that all or part of the loans be payable on demand.
- (iii) As at 30 June 2024, the Group obtained new unsecured borrowings from several banks of RMB444,680,000 in aggregate. The annual interest rate of these borrowings ranged from 2.95% to 3.08%. The loans are repayable ranged from June 2025 to May 2027 and are denominated in RMB.
- (iv) During the six months ended 30 June 2024 and 2023, none of the covenants relating to drawn down facilities had been breached.

18. LOAN FROM A RELATED COMPANY

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

19. BONDS PAYABLE

Bonds 2018

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

The Bonds 2018 are listed on Singapore Exchange Securities Trading Limited. They constitute direct, unconditional, unsubordinated and (subject to the terms and conditions of the Bonds 2018) unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Company under the Bonds 2018 shall, save for such exceptions as may be provided by applicable law and subject to the terms and conditions of the Bonds 2018, at all times rank *pari passu* with all its other present and future unsecured and unsubordinated obligations.

The carrying amount of the Bonds 2018 at initial recognition net of transaction costs amounted to US\$297,296,000 (equivalent to approximately RMB1,927,161,000) and the effective interest rate was 3.825% per annum. The Bonds 2018 were measured at amortised cost.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

19. BONDS PAYABLE (Continued)

Bonds 2018 (Continued)

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

MTNs

On 17 August 2023, the Company issued medium-term notes (the “**MTNs**”) in the China Interbank Bond Market, with an aggregate principal amount of RMB1,500,000,000. The MTNs carried interest at a 3.25% per annum and adopt a simple interest annual payment method (excluding compound interest). The maturity date is 17 August 2026, unless terminated earlier according to the terms of the MTNs. The proceeds from the MTNs’ issuance will be entirely invested domestically in China, aiming to supplement the working capital of the Company’s indirect non-wholly-owned subsidiary, Jirun Automobile.

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

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

20. SHARE CAPITAL

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

21. PERPETUAL CAPITAL SECURITIES

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

22. FORMATION OF HORSE POWERTRAIN

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

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

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

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

22. FORMATION OF HORSE POWERTRAIN *(Continued)*

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

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

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

22. FORMATION OF HORSE POWERTRAIN *(Continued)*

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

Investment from Aramco Asia Singapore Pte. Ltd. ("**Aramco Asia Singapore**")

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

23. COMMITMENTS

Capital commitments

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Contracted but not provided for, net of deposits/investments paid		
– purchase of property, plant and equipment	1,071,738	1,961,259
– investment in an associate	244,510	244,510
– investment in a joint venture	682,844	664,561
	1,999,092	2,870,330

Notes:

- (a) On 20 December 2018, Jirun Automobile entered into an investment agreement (the “**Investment Agreement 1**”) with Contemporary Amperex Technology Company Limited# 寧德時代新能源科技股份有限公司 (“**CATL Battery**”), an independent third party, pursuant to which the parties agreed to establish an associate company, Times Geely. Pursuant to the terms of the Investment Agreement 1, Times Geely will be owned as to 49% by the Group and as to 51% by CATL Battery, respectively. The registered capital of Times Geely is RMB1,000,000,000, and will be contributed as to 49% (equivalent to RMB490,000,000) in cash by the Group and as to 51% (equivalent to RMB510,000,000) in cash by CATL Battery, respectively. As at 30 June 2024, the Group and CATL Battery contributed RMB245,490,000 (as at 31 December 2023: RMB245,490,000) and RMB255,510,000 (as at 31 December 2023: RMB255,510,000), respectively, to Times Geely.
- (b) On 12 June 2019, ZEEKR Automobile (Shanghai) Company Limited# 極氫汽車(上海)有限公司 (“**ZEEKR Automobile (Shanghai)**”), an indirect non-wholly-owned subsidiary of the Company, entered into an investment agreement (the “**Investment Agreement 2**”) with LG Chem Ltd. (“**LG Chem**”), an independent third party, pursuant to which the parties agreed to establish a joint venture (the “**JV 1**”) to principally engage in the production and sales of batteries for electric vehicles. Pursuant to the terms of the Investment Agreement 2, the registered capital of the JV 1 will be US\$188,000,000 (equivalent to approximately RMB1,365,688,000), and will be contributed as to 50% (US\$94,000,000 or equivalent to approximately RMB682,844,000) and 50% (US\$94,000,000 or equivalent to approximately RMB682,844,000) by ZEEKR Automobile (Shanghai) and LG Chem, respectively. As at 30 June 2024, the formation of the JV 1 had not yet been completed. Please refer to the Company’s announcement dated 12 June 2019 for further details.
- # The English translation of the names of the companies established in the PRC are for reference only. The official names of these companies are in Chinese.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

23. COMMITMENTS (Continued)

As lessee

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

	As at 30 June 2024	As at 31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Office and factory premises		
– Within one year	15,887	29,017

As at 30 June 2024 and 31 December 2023, the Group leases a number of office and factory premises which are qualified to be accounted for under short-term lease exemption under HKFRS 16 “Leases”.

As lessor

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

	As at 30 June 2024	As at 31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Buildings		
– Within one year	–	922

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

24. RETIREMENT BENEFITS SCHEME

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

For members of the MPF Scheme, the Group contributes 5% of the employees’ relevant income to the MPF Scheme. Both the employer’s and the employees’ contributions are subject to a maximum of monthly relevant income of HK\$30,000 (equivalent to RMB27,000) per employee. Contributions to the plan vest immediately.

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

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

During the six months ended 30 June 2024, the aggregate employer’s contributions made by the Group amounted to RMB313,198,000 (six months ended 30 June 2023: RMB266,367,000).

Besides, the Group had no forfeited contributions under its retirement benefit schemes which may be used to reduce the existing level of contributions during the six months ended 30 June 2024 and 2023.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

25. EQUITY SETTLED SHARE-BASED PAYMENT TRANSACTIONS

Share option scheme of the Company

The Company operates a share option scheme for eligible participants of the Group. Details of the terms of the scheme were set out in the Group's annual financial statements for the year ended 31 December 2023.

For those share options granted after 1 January 2010 and prior to 1 January 2015, one-tenth of share options granted will vest every year from the grant date with one-tenth of options being vested immediately at the date of grant. For those share options granted after 1 January 2015 and prior to 1 January 2021, none of the share options will be vested in the first year, one-fourth of share options granted will vest every year after the first year of the grant date. For those share options granted after 1 January 2021 and prior to 1 January 2023, none of the share options will be vested in the first two years, one-fifth of share options granted will vest every year after the second year of the grant date. For those share options granted after 1 January 2023, 15% of share options granted will vest every year after the first year of the grant date, and 10% of share options granted will vest after the seventh year of the grant date.

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

2024 (Unaudited)

	Exercisable period	Exercise price per share HK\$	Outstanding at 1 January	Exercised during the period	Lapsed during the period	Transferred during the period	Outstanding at 30 June
Directors	15 January 2023 to 14 January 2028	32.70	67,500,000	-	-	(22,000,000)	45,500,000
	22 November 2024 to 21 November 2031	9.56	51,500,000	-	-	(9,000,000)	42,500,000
			119,000,000	-	-	(31,000,000)	88,000,000
Employees	14 January 2021 to 13 January 2025	16.04	790,000	-	-	-	790,000
	15 January 2023 to 14 January 2028	32.70	455,390,000	-	(15,350,000)	22,000,000	462,040,000
	22 November 2024 to 21 November 2031	9.56	526,930,000	-	(6,930,000)	9,000,000	529,000,000
			983,110,000	-	(22,280,000)	31,000,000	991,830,000
		1,102,110,000	-	(22,280,000)	-	1,079,830,000	

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

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

Share option scheme of the Company (Continued)

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

2023 (Unaudited)

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

Share award scheme of the Company

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

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

Details of the terms of the Share Award Scheme were set out in the Group's annual financial statements for the year ended 31 December 2023.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

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

Share award scheme of the Company *(Continued)*

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

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Balance at 1 January	70,841,000	113,391,000
Lapsed	(1,474,000)	(2,779,500)
Balance at 30 June	69,367,000	110,611,500

Share award scheme of ZEEKR

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

Upon the adoption of the ZEEKR Share Award Scheme, during the six months ended 30 June 2024 and 2023, ZEEKR resolved to grant 31,771,808 and 17,955,300 ZEEKR Award Shares to 6,298 and 4,427 selected participants, respectively under the ZEEKR Share Award Scheme by way of reservation and future issuance of new ordinary shares. Except for four independent directors of ZEEKR, all other selected participants are not connected persons of the Company.

The vesting schedule of the ZEEKR Award Shares is generally subject to both the initial public offering condition and the service-and-performance-based condition. Subject to the satisfaction of these conditions, the ZEEKR Award Shares granted will vest in four batches as follows: (i) the first batch (up to a maximum of 25% to 33.4% of the ZEEKR Award Shares granted) will vest on the first April 15 following the grant date (or on the second April 15 if the period between the first April 15 and the grant date is less than six months); (ii) the second batch (up to a maximum of 25% to 33.4% of the ZEEKR Award Shares granted) will vest on the second April 15 after the grant date (or on the third April 15 if the period between the first April 15 and the grant date is less than six months); (iii) the third batch (up to a maximum of 25% to 33.4% of the ZEEKR Award Shares granted) will vest on the third April 15 after the grant date (or on the fourth April 15 if the period between the first April 15 and the grant date is less than six months), and (iv) the fourth batch (up to a maximum of 25% of the ZEEKR Award Shares granted), if applicable, will vest on the fourth April 15 after the grant date (or on the fifth April 15 if the period between the first April 15 and the grant date is less than six months).

Details of the terms of the ZEEKR Share Award Scheme were set out in the Group’s annual financial statements for the year ended 31 December 2023.

Back-solve method was used to determine the underlying equity fair value of the ZEEKR and the option-pricing method was used to determine the fair value of the underlying shares granted on 30 June 2023. The fair value of ZEEKR Award Shares granted on 30 June 2023 was approximately US\$80,103,000 (equivalent to approximately RMB581,532,000). Key assumptions adopted in determining the fair value are as follows:

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

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

Share award scheme of ZEEKR (Continued)

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

The aggregate fair value of ZEEKR Award Shares granted on 5 April 2024 and 10 May 2024 was determined with reference to the initial public offering price of ZEEKR. The aggregate fair value of the 31,771,808 ZEEKR Award Shares granted on 5 April 2024 and 10 May 2024 was approximately US\$66,720,797 (equivalent to approximately RMB481,831,000).

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

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Balance at 1 January	93,011,731	86,027,076
Granted	31,771,808	17,955,300
Lapsed	(9,911,891)	(7,300,013)
Vested	(45,555,414)	–
Balance at 30 June	69,316,234	96,682,363

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

	Six months ended 30 June				2023 (Unaudited)		
	2024 (Unaudited)		Capitalised as investment in an associate RMB'000	Total RMB'000	2023 (Unaudited)		
Expensed RMB'000	Capitalised as product development cost of intangible assets RMB'000	Expensed RMB'000			Capitalised as product development cost of intangible assets RMB'000	Total RMB'000	
Share option scheme of the Company	474,219	93,400	–	567,619	307,869	101,035	408,904
Share award scheme of the Company	(124,089)	(18,311)	–	(142,400)	128,560	72,148	200,708
Share award scheme of ZEEKR (note)	929,135	–	1,569	930,704	–	–	–
	1,279,265	75,089	1,569	1,355,923	436,429	173,183	609,612

Note: During the six months ended 30 June 2024, ZEEKR completed its ZEEKR Offering. Due to the satisfaction of the initial public offering and service-and-performance-based vesting conditions, the Group had recognised the equity settled share-based payments for the ZEEKR Share Award Scheme. In contrast, during the six months ended 30 June 2023, the Group did not recognise any equity settled share-based payments for the ZEEKR Share Award Scheme as management considered it not probable that the condition related to the initial public offering of ZEEKR would be satisfied until the event occurred.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

26. MATERIAL RELATED PARTY TRANSACTIONS

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

Name of related parties	Nature of transactions	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Related companies (notes (a) and (b))			
Zhejiang Geely Automobile Company Limited# 浙江吉利汽車有限公司	Sales of complete knock-down kits	15,991,779	13,827,372
	Sales of complete build-up units, complete knock-down kits and related after-sales parts	-	262,386
	Claims income on defective materials purchased	-	77,876
	Purchase of complete build-up units	16,369,221	13,913,907
	Purchase of complete knock-down kits and automobile components	18,230,049	12,075,755
	Claims paid on defective materials sold	-	52,897
	Sales of automobile parts and components	-	141,012
	Research, development and technology licensing service income	-	16,086
Zhejiang Geely Business Services Company Limited# 浙江吉利商務服務有限公司	Operational service fee	145,128	101,535
Zhejiang Haoqing Automobile Manufacturing Company Limited# 浙江豪情汽車製造有限公司	Sales of complete knock-down kits	36,884,172	20,356,892
	Sales of complete build-up units, complete knock-down kits and related after-sales parts	-	605,301
	Claims income on defective materials purchased	-	84,305
	Purchase of complete build-up units	40,227,072	22,744,625
	Purchase of complete knock-down kits and automobile components	-	4,620,539
	Claims paid on defective materials sold	-	72,112
	Disposal of property, plant and equipment (note (d))	-	49,350
	Sales of complete knock-down kits and automobile components	2,628,465	2,286,725
	Sales of automobile components (Automobile Components Sales Agreement)	45,257	-
Operational service fee	18,000	-	
Zhejiang Geely Automobile Parts and Components Company Limited# 浙江吉利汽車零部件採購有限公司	Purchase of automobile parts and components	2,488,554	1,280,396
	Operational service fee	-	11,533
Linyi Lingji Chunhua Automobile Sales and Services Company Ltd.# 臨沂領吉春華汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories	62,623	81,489

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

26. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

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

Name of related parties	Nature of transactions	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Related companies (notes (a) and (b)) (continued)			
Feixian Lingji Chunhua Automobile Sales and Services Company Ltd. [#] 費縣領吉春華汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories	19,037	22,462
Yishui Lingji Yuantong Automobile Sales and Services Company Ltd. [#] 沂水領吉遠通汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories	-	16,118
Dongying Lingji Kaihua Automobile Sales and Services Company Ltd. [#] 東營領吉凱華汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories	22,987	15,747
Linyi Lingji Maohua Automobile Sales and Services Company Ltd. [#] 臨沂領吉茂華汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories	84,967	86,860
Ningbo Geely Automobile R&D Company Limited [#] 寧波吉利汽車研究開發有限公司	Research, development and technology licensing service income	1,577,298	1,671,688
	Research, development and technology licensing service fee	270,304	1,389,752
	Sales of automobile components (Automobile Components Sales Agreement)	-	23,695
	Acquisition of property, plant and equipment (note (c))	-	27,814
	Operational service income	-	32,205
	Operational service fee	10,742	-
	Disposal of property, plant and equipment (note (d))	30,973	-
Shanxi New Energy Automobile Industrial Company Limited [#] 山西新能源汽車工業有限公司	Sales of complete knock-down kits	563,855	128,790
	Purchase of complete build-up units	562,916	172,500
Volvo Personvagnar AB	Sales of powertrain and related components	-	150,257
	Sales of automobile components (Automobile Components Sales Agreement)	228,975	-
	Research, development and technology licensing service income	303,098	-

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

26. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

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

Name of related parties	Nature of transactions	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Related companies (notes (a) and (b)) (continued)			
Shanghai Meihuan Trade Company Limited# 上海美寰貿易有限公司	Sales of complete build-up units, complete knock-down kits and related after-sales parts	-	202,063
	Sales of powertrain and related components	-	56,315
	Sales of automobile components (Automobile Components Sales Agreement)	-	23,547
Geely Automobile Group	Operational service income	-	97,713
	Operational service fee	-	138,081
	Acquisition of property, plant and equipment (note (c))	-	23,136
	Research, development and technology licensing service fee	-	91,865
Hangzhou Xuanyu Human Resources Company Limited# 杭州軒宇人力資源有限公司	Operational service fee	29,223	88,630
Zhejiang Xuan Fu Technology Company Limited# 浙江軒孚科技有限公司	Purchase of automobile parts and components	82,965	-
Chengdu Gaoyuan Automobile Industries Company Limited# 成都高原汽車工業有限公司	Sales of complete knock-down kits	468,677	587,035
	Purchase of complete build-up units	487,237	609,412
Ningbo Hangzhou Bay Geely Automobile Components Company Limited# 寧波杭州灣吉利汽車部件有限公司	Purchase of complete build-up units	32,981	-
	Purchase of automobile parts and components	69,639	131,648
	Operational service income	19,602	-
	Purchase of complete knock-down kits and automobile components	104,511	94,523
	Sales of automobile components (Automobile Components Sales Agreement)	475,818	1,136,728
Xi'an Geely Automobile Company Limited# 西安吉利汽車有限公司 (note (e))	Sales of powertrain and related components	-	340,289
	Purchase of automobile parts and components	-	20,823
	Sales of automobile components (Automobile Components Sales Agreement)	-	2,597,171

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

26. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

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

Name of related parties	Nature of transactions	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Related companies (notes (a) and (b)) (continued)			
Zhejiang Jirun Meishan Automobile Parts Company Limited [#] 浙江吉潤梅山汽車部件有限公司	Purchase of complete knock-down kits and automobile components	43,155	–
	Research, development and technology licensing service fee	13,486	–
	Purchase of automobile parts and components	27,430	17,014
	Sales of powertrain and related components	103,664	84,213
	Sales of automobile components (Automobile Components Sales Agreement)	12,603	11,446
Lingji Automobile Trading Company Limited [#] 領吉汽車商貿有限公司	Sales of complete build-up units and related after-sales parts, components and accessories	260,729	822,380
Jizhi (Hangzhou) Cultural Creativity Co., Ltd. [#] 吉智(杭州)文化創意有限公司	Operational service fee	38,675	66,441
Shanghai Jijin Mechanical and Electrical Equipment Company Limited [#] 上海吉津機電設備有限公司	Acquisition of property, plant and equipment (notes (c) and (d))	–	19,237
London EV Company Limited	Sales of powertrain and related components	–	13,620
Daqing Volvo Car Manufacturing Co., Limited [#] 大慶沃爾沃汽車製造有限公司	Sales of automobile components (Automobile Components Sales Agreement)	111,028	102,088
Zhongjia Automobile Manufacturing (Chengdu) Company Limited [#] 中嘉汽車製造(成都)有限公司	Sales of automobile components (Automobile Components Sales Agreement)	344,770	381,819
Volvo Automobile Sales (Shanghai) Company Limited [#] 沃爾沃汽車銷售(上海)有限公司	Sales of powertrain and related components	–	16,676
	Sales of automobile components (Automobile Components Sales Agreement)	20,628	–
Zhejiang Jisu Supply Chain Management Company Limited [#] 浙江吉速供應鏈管理有限公司	Operational service fee	–	24,744

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

26. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

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

Name of related parties	Nature of transactions	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Related companies (notes (a) and (b)) (continued)			
Taizhou Geely Automobile Manufacturing Company Limited [#] 台州吉利汽車製造有限公司	Research, development and technology licensing service income	164,841	–
Wuhan Geely Automobile Parts Company Limited [#] 武漢吉利汽車部件有限公司	Sales of automobile components (Automobile Components Sales Agreement)	16,620	–
Zhejiang Smart Intelligent Technology Company Limited [#] 浙江智馬達智能科技有限公司	Research, development and technology licensing service income	50,000	–
Smart Automobile Company Limited [#] 智馬達汽車有限公司	Research, development and technology licensing service income	69,493	–
Hangzhou Yibao Technology Company Limited [#] 杭州易保科技有限公司	Operational service income	16,932	–
	Operational service fee	13,709	–
Geely Changxing New Energy Automobile Company Limited [#] 吉利長興新能源汽車有限公司	Acquisition of property, plant and equipment (note (f))	152,533	–
Guangyi Mingdao Digital Technology Company Limited [#] 廣域銘島數字科技有限公司	Operational service fee	40,291	46,261
Zhejiang Yizhen Automobile Research and Development Co., Ltd. [#] 浙江翼真汽車研究開發有限公司	Research, development and technology licensing service income	16,695	–
Zhejiang Haowu Network Technology Co., Ltd. [#] 浙江浩物網絡科技有限公司	Purchase of automobile parts and components	90,865	–
Leida New Energy Automobile (Zhejiang) Company Limited [#] 雷達新能源汽車(浙江)有限公司	Sale of automobile components (Automobile Components Sales Agreement)	33,734	19,160
Shandong Jidian E-Mobility Technology Company Limited [#] 山東極電電動汽車技術有限公司	Purchase of automobile parts and components	12,627	–

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

26. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

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

Name of related parties	Nature of transactions	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Related companies (notes (a) and (b)) (continued)			
Linyi Lingji Jianhua Automobile Sales and Services Company Limited [#] 臨沂領吉建華汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories	30,459	–
Zhejiang Geely Yibao Automobile Services Company Limited [#] 浙江吉利易保汽車服務有限公司	Operational service income Claims income on defective materials purchased	30,759 –	– 13,750
Zhejiang Wotu Travel Agency Company Limited [#] 浙江沃途旅行社有限公司	Operational service fee	48,961	–
Hangzhou Jidian Electric Technology Company Limited [#] 杭州極電電子科技有限公司	Sale of automobile components (Automobile Components Sales Agreement)	1,020,194	224,593
	Purchase of automobile parts and components	912,910	–
Wuhan Lotus Automobile Co., Ltd. [#] 武漢路特斯汽車有限公司	Research, development and technology licensing service income	12,205	–
Quzhou Jidian E-Mobility Technology Company Limited [#] 衢州極電電動汽車技術有限公司	Purchase of automobile parts and components	3,332,600	266,157
	Sales of automobile components (Automobile Components Sales Agreement)	333,708	23,293
Qingdao Lingjixing Automobile Sales and Services Company Limited [#] 青島領吉星汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories	31,211	37,481
Jingling Automobile Sales (Nanning) Company Limited [#] 精靈汽車銷售(南寧)有限公司	Operational service income	–	14,312
Zhejiang Joint Control Technology Company Limited [#] 浙江聯控技術有限公司	Research, development and technology licensing service income	94,824	179,423
	Research, development and technology licensing service fee	243,806	563,386
Geely Changxing Automatic Transmission Company Limited [#] 吉利長興自動變速器有限公司	Purchase of automobile parts and components	1,722,589	1,267,035
	Research, development and technology licensing service income	22,536	16,858
	Operational service income	12,037	–
	Sales of powertrain and related components	–	13,100

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

26. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

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

Name of related parties	Nature of transactions	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Related companies (notes (a) and (b)) (continued)			
Volvo Car Corporation	Sales of automobile components (Automobile Components Sales Agreement)	-	108,367
	Research, development and technology licensing service income	-	114,000
Zhejiang Geely Automobile Manufacturing Co., Ltd. [#] 浙江吉利汽車製造有限公司	Interest expense	33,988	156,178
Valmet Automotive EV Power Ltd.	Sales of automobile components (Automobile Components Sales Agreement)	3,079,616	2,019,225
Polestar Performance AB	Research, development and technology licensing service income	40,426	-
Hangzhou Geely Yiyun Technology Company Limited [#] 杭州吉利易雲科技有限公司	Operational service fee	95,531	23,034
Zhangjiakou Jiguangwan Engine Manufacturing Company Limited [#] 張家口極光灣發動機製造有限公司	Sales of powertrain and related components	10,294	27,386
Binzhou Lingjixin Automobile Sales and Services Co., Ltd. [#] 濱州領吉欣汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories	-	22,527
Geely Qizheng	Disposal of an associate (note 11)	504,000	-
Associates			
BELGEE	Sales of complete build-up units	345,921	601,781
	Sales of automobile parts and components	24,342	13,000
Haohan Energy	Purchase of automobile parts and components	55,861	20,443
PROTON Group	Sales of complete build-up units	1,033,859	-
	Sales of automobile parts and components	60,743	-
	Interest income	14,345	4,167

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

26. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

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

Name of related parties	Nature of transactions	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Associates (continued)			
Chongqing Livan Automobile Sales Company Limited ^{#@} 重慶睿藍汽車銷售有限公司	Operational service income	-	13,374
	Sales of automobile parts and components	-	14,573
Joint Ventures			
LYNK & CO Automotive Technology	Research, development and technology licensing service income	811,535	430,261
	Operational service income	47,780	101,546
	Sales of powertrain and related components	-	11,597
	Sales of complete build-up units, complete knock-down kits and related after-sales parts	42,190	-
	Sales of automobile components (Automobile Components Sales Agreement)	13,536	-
	Sales of powertrain and related components	212,417	221,727
	Sales of automobile components (Automobile Components Sales Agreement)	5,107,440	-
Kaiyue Auto Parts Manufacture (Zhangjiakou) Co., Ltd. ^{#^} 凱悅汽車大部件製造(張家口)有限公司	Purchase of automobile parts and components	-	65,937
	Operational service income	91,712	-
	Research, development and technology licensing service income	-	22,832
	Operational service income	98,690	-
LYNK & CO Automobile Sales Company Limited ^{#^} 領克汽車銷售有限公司	Sales of complete build-up units and related after-sales parts, components and accessories	-	76,970
	Purchase of automobile parts and components	89,195	31,792
	Sales of automobile components (Automobile Components Sales Agreement)	31,228	107,959
	Research, development and technology licensing service income	15,673	-
	Sales of powertrain and related components	10,152	-
	Sales of powertrain and related components	900,764	415,262
	Operational service income	25,044	13,670
Yuyao LYNK & CO Auto Parts Company Limited ^{#^} 余姚領克汽車部件有限公司	Purchase of automobile parts and components	-	19,529
	Research, development and technology licensing service income	-	84,539
	Sales of automobile components (Automobile Components Sales Agreement)	70,556	681,355

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

26. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

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

Name of related parties	Nature of transactions	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Joint Ventures (continued)			
Chengdu LYNK & CO Automobile Company Limited [#] 成都領克汽車有限公司	Research, development and technology licensing service income	-	41,007
LYNK & CO Automotive Technology (Ningbo Meishan Bonded Port Area) Co., Ltd. [#] 領克汽車科技(寧波梅山保稅港區)有限公司 (formerly known as Geely Yaou (Ningbo Meishan Bonded Port Area) Technology Co., Ltd. [#] 前稱吉利亞歐(寧波梅山保稅港區)科技有限公司)	Research, development and technology licensing service income	-	17,682
Sichuan LYNK & CO Automobile Manufacturing Company Limited [#] 四川領克汽車製造有限公司	Purchase of complete knock-down kits and automobile components	512,258	644,851
	Purchase of automobile parts and components	13,840	15,090
	Sales of powertrain and related components	326,937	327,355
	Sales of automobile components (Automobile Components Sales Agreement)	151,391	90,388
	Operational service fee	-	23,457
Genius AFC	Interest income	150,364	148,276
Guizhou Geely Engine Company Limited ^{**} 貴州吉利發動機有限公司 (note (g))	Purchase of powertrain products	125,434	-
Ningbo Shangzhongxia Automatic Transmission Company Limited ^{**} 寧波上中下自動變速器有限公司 (note (g))	Purchase of powertrain products	93,531	-
Yiwu Geely Powertrain Company Limited ^{**} 義烏吉利動力總成有限公司 (note (g))	Purchase of powertrain products	229,892	-
	Interest income	7,763	-
Taizhou Binhai Geely Powertrain Company Limited ^{**} 台州濱海吉利發動機有限公司 (note (g))	Purchase of powertrain products	313,900	-

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

26. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

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

Name of related parties	Nature of transactions	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Joint Ventures (continued)			
Yiwu Geely Automatic Transmission Company Limited** 義烏吉利自動變速器有限公司 (note (g))	Purchase of powertrain products Interest income	190,518 5,438	– –
Baoji Geely Powertrain Company Limited** 寶雞吉利發動機有限公司 (note (g))	Purchase of powertrain products	93,119	–
Ningbo Geely Luoyou Powertrain Parts Company Limited** 寧波吉利羅佑發動機零部件有限公司 (note (g))	Purchase of powertrain products	20,619	–
Geely Changxing Automatic Transmission Company Limited** 吉利長興自動變速器有限公司 (note (g))	Purchase of powertrain products	272,171	–
Ultimate holding company			
Geely Holding	Operational service fee Acquisition of property, plant and equipment (note (d))	26,189 –	10,592 26,011

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

26. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

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

Notes:

- (a) The Group and the related companies are under the common control of the substantial shareholder of the Company's ultimate holding company.
 - (b) The Group does not have the automobile catalogue issued by the National Development Reform Commission in the PRC which is required to facilitate payment of the PRC consumption tax. The related parties referred to above have the relevant automobile catalogue, and therefore the sales of complete knock-down kits to and purchase of complete build-up units from related parties as set out above have been presented on a net basis in the condensed consolidated income statement (to the extent that they are back-to-back transactions) since the said related parties in effect only act as a channel to facilitate the payment of the PRC consumption tax. For the same reason, the related claims income from and claims expenses paid to these related parties have also been presented on a net basis as long as they are back-to-back transactions.
 - (c) Pursuant to the acquisition agreement dated 4 November 2020, the Company entered into a transaction with Geely Holding, together with its subsidiaries ("**Geely Holding Group**"), pursuant to which the Group agreed to acquire and the Geely Holding Group, agreed to sell the assets comprising predominantly imported equipment for use in the Group's production and research and development, as well as a small amount of office equipment and software systems for a maximum consideration of approximately RMB743,918,000.
 - (d) Pursuant to the assets transfer agreement dated 15 October 2021, the Company entered into a transaction with Geely Holding, pursuant to which the Group agreed to purchase, and the Geely Holding Group agreed to sell, the assets (which comprise predominantly equipment for use in the Group's research and development for the LYNK & CO-branded, ZEEKR-branded, and Geely-branded vehicles related products such as vehicles engines and transmissions, as well as a small amount of office equipment and software systems) for a maximum cash consideration of approximately RMB632,800,000; and the Group agreed to sell and the Geely Holding Group agreed to purchase the assets (which comprise vehicle testing-related machinery and equipment which are idle for use) for a maximum cash consideration of approximately RMB357,900,000.
 - (e) Xi'an Geely Automobile Company Limited had been acquired by the Group in April 2023. The amount disclosed represented the transactions entered into before the acquisition.
 - (f) Pursuant to the assets transfer agreement dated 15 September 2023, the Company entered into a transaction with Geely Holding, pursuant to which the Group agreed to purchase and the Geely Holding Group agreed to sell the assets (which comprise predominantly equipment for use in the Group's research and development for the LYNK & CO-branded, ZEEKR-branded, and Geely-branded vehicles related products such as vehicles engines and transmissions, as well as a small amount of office equipment and software system) for a maximum cash consideration of approximately RMB508,500,000; and the Group agreed to sell and the Geely Holding Group agreed to purchase the assets (which comprise vehicle testing-related machinery and equipment) for a maximum cash consideration of approximately RMB168,400,000.
 - (g) The company became a subsidiary of the joint venture, Horse Powertrain upon its formation in May 2024. The amount disclosed represented the transactions entered into after the disposal.
- # The English translation of the names of the companies established in the PRC are for reference only. The official names of these companies are in Chinese.
- ^ The companies are the wholly-owned subsidiaries of LYNK & CO Automotive Technology.
- * The company is the wholly-owned subsidiary of Horse Powertrain.
- @ The company is the wholly-owned subsidiary of Chongqing Livan.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

27. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at fair value in the condensed consolidated statement of financial position are grouped into three levels of a fair value hierarchy under HKFRS 13. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

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

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

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

	Fair value as at		
	30 June	31 December	Fair value
	2024	2023	hierarchy
	RMB'000	RMB'000	
	(Unaudited)	(Audited)	
Financial assets at FVOCI (recycling)			
Notes receivable measured at FVOCI (recycling)	11,717,366	20,118,021	Level 2
Financial assets at FVOCI (non-recycling)			
Listed equity investments	79,504	117,746	Level 1
Financial liabilities at fair value through profit or loss			
Foreign exchange forward contracts not designated as hedging instruments	229,935	12,702	Level 2

There were no transfer between the different levels of the fair value hierarchy during the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

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

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

Listed equity investments

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

Notes receivable measured at FVOCI (recycling)

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

Foreign exchange forward contracts not designated as hedging instruments

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

Fair value of financial assets and liabilities carried at amortised cost

The directors of the Company consider that the carrying amounts of financial instruments carried at amortised cost at of the Group are not materially different from their fair values as at 30 June 2024 and 31 December 2023.

28. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

2023 (Unaudited)

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

28. TRANSACTIONS WITH NON-CONTROLLING INTERESTS (Continued)

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

2023 (Unaudited) (Continued)

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

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

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

	Six months ended 30 June 2023 RMB'000 (Unaudited)
Consideration received from non-controlling interests	5,204,460
Carrying amount of non-controlling interests deemed to be disposed of	(3,897,355)
	<hr/>
Increase in capital reserve	1,307,105

2024 (Unaudited)

During the six months ended 30 June 2024, ZEEKR completed its ZEEKR Offering. In connection with its offering, ZEEKR issued (i) 21,000,000 ADSs, representing 210,000,000 ZEEKR shares of which the Company had subscribed for, and was allocated by the underwriters, 12,900,952 ADSs, representing 129,009,520 ZEEKR shares, in the ZEEKR Offering, and (ii) additional 3,150,000 ADSs, representing 31,500,000 ZEEKR shares, pursuant to the full exercise by the underwriters of the over-allotment option. Out of the 12,900,952 ADSs subscribed by the Company, 1,266 ADSs, representing 12,660 ZEEKR shares, would be distributed to the Company's qualifying shareholders to effect the Special Dividend Distribution (as described in Note 7).

Regarding the above transactions, ZEEKR received net proceeds of approximately US\$209,989,000 (equivalent to RMB1,517,719,000), net of issuance cost and after deducting US\$270,920,000 (equivalent to RMB1,956,476,000) which was subscribed and paid by the Company. The Group had also recognised a decrease of RMB68,484,000 in its capital reserve and an increase of RMB1,586,203,000 in non-controlling interests.

Immediately prior to the completion of the ZEEKR Offering, the Series A and Pre-A Preferred Shares were all converted into ordinary shares of ZEEKR on a one-to-one basis by the holders during the six months ended 30 June 2024.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

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

Non-controlling interests arising on change in ownership interests in a subsidiary upon issuance of new shares *(Continued)*

2024 *(Unaudited)* *(Continued)*

Furthermore, during the six months ended 30 June 2024, due to the satisfaction of the initial public offering and service-and-performance-based vesting conditions, the Group had recognised the equity settled share-based payments of RMB930,704,000 for the ZEEKR Share Award Scheme. 45,555,414 ZEEKR Award Shares were vested to certain participants of the ZEEKR Share Award Scheme.

As a result of all the above transactions, the Group's ownership interest in ZEEKR has decreased from 54.73% to 53.63% during the six months ended 30 June 2024.

29. FINANCIAL INFORMATION OF ZEEKR AND ITS SUBSIDIARIES

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

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2024

30. EVENTS AFTER THE REPORTING PERIOD

Grant of share options

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

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

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

31. COMPARATIVE FIGURES

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

MANAGEMENT DISCUSSION AND ANALYSIS

2024 Interim Results

The Board of Directors (the “**Board**”) of Geely Automobile Holdings Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024. These interim results have been reviewed by the Company’s Audit Committee, comprising solely the independent non-executive directors, one of whom chairs the committee, and the Company’s auditor, Grant Thornton Hong Kong Limited.

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

Overall Performance

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

*: NEVs include BEVs and PHEVs.

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

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

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

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

[#]: While the total sales volume does not correlate directly to the revenue the Group recognises during a particular period as it includes all sales volume of the Group’s 50%-owned joint venture, namely the Lynk&Co JV, on a 100% consolidated basis, the Board believes it is more indicative of the underlying demand of the Group’s vehicles.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

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

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

Financial Resources

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

Disposal of Equity Interests in Chongqing Livan

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

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

Formation of Horse Powertrain and Disposal of its Partial Interests

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

ZEEKR IPO and Subscription

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Investment in Research and Development and New Products

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

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

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

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

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

The “ZEEKR” brand:

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

The “Lynk&Co” brand:

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

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

The “Geely” brand:

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

The “ZEEKR” brand:

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

The “Lynk&Co” brand:

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

MANAGEMENT DISCUSSION AND ANALYSIS

GEELY Brand

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

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

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

based on the GEA architecture to meet the needs of the mainstream NEV market and further strengthen the market position of the Galaxy series.

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

ZEEKR

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

LYNK&CO JV

Lynk&Co JV, the Group's 50%-owned joint venture with Volvo Car Corporation and Geely Holding, was incorporated in October 2017 to facilitate the development, manufacture, sales and servicing of high-end passenger vehicles in both the China and international markets under the "Lynk&Co" brand. Positioned as a global brand with the state-of-the-art design and manufacturing capabilities, Lynk&Co JV aims to target at the premium mobility market segment globally through the provision of both passenger vehicles and mobility services.

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

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

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

As the sales volume increased and the business in Europe was actively optimized, the net loss of Lynk&Co JV significantly reduced by 63% YoY to RMB250 million. In the second half of the year, Lynk&Co will deliver its first BEV-Z10, and another compact battery electric SUV designed for the global market. Lynk&Co JV will strive for the goal of turning losses into profits for the whole year of 2024 by creating star products.

MANAGEMENT DISCUSSION AND ANALYSIS

GENIUS AFC

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

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

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

Exports

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

OUTLOOK

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

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

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

CAPITAL STRUCTURE AND TREASURY POLICIES

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

As at 30 June 2024, the equity attributable to equity holders of the Company amounted to approximately RMB89.6 billion (as at 31 December 2023: approximately RMB80.5 billion). The Company did not issue any ordinary shares during the six months ended 30 June 2024.

EXPOSURE TO FOREIGN EXCHANGE RISK

During the six months ended 30 June 2024, the Group's primary operations involved domestic sales of automobiles, automobile parts, components, battery packs, and related parts within China. The assets and liabilities of the Group were primarily denominated in Renminbi (RMB), which is the functional currency of both the Company and its principal subsidiaries.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

Total borrowings[@] (excluding trade and other payables and lease liabilities) as at 30 June 2024 amounted to approximately RMB5.3 billion (as at 31 December 2023: approximately RMB6.1 billion) were the Group's bank borrowings[@], loan from a related company and bonds payable. At the end of June 2024, the Group's total borrowings were mainly denominated in either Renminbi (RMB) or United States dollars (US\$). The foreign currency borrowings were well matched by the currency mix of the Group's export revenues, which were mainly denominated in US\$. For the borrowings, they were unsecured, interest-bearing and repaid on maturity. Should other opportunities arise requiring additional funding, the Directors believe the Group is in a good position to obtain such financing.

[@]: Borrowings comprise loans that are included in liabilities directly associated with assets classified as held for sale.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES' REMUNERATION POLICY

As at 30 June 2024, the total number of employees of the Group was about 55,000 (as at 31 December 2023: 60,000). Employees' remuneration packages are based on individual experience and work profile. The packages are reviewed annually by the management who takes into

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

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

As at 30 June 2024, the interests and short positions of the directors of the Company (the "Directors") in the securities of the Company and its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the SFO, including interest and short positions which they were deemed or taken to have under such provisions of the SFO, or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to be notified to the Company and the Stock Exchange were as follows:

(i) Interests and short positions in the securities of the Company

Name of director	Nature of interests	Number or attributable number of shares		Approximate percentage or attributable percentage of shareholding (%)
		Long position	Short position	
Shares				
Mr. Li Shu Fu (Note 1)	Interest in controlled corporations	4,121,718,000	–	40.96
Mr. Li Shu Fu	Personal	23,140,000	–	0.23
Mr. Li Dong Hui, Daniel	Personal	5,004,000	–	0.05
Mr. Gui Sheng Yue	Personal	17,877,000	–	0.18
Mr. Ang Siu Lun, Lawrence	Personal	4,000,000	–	0.04
Mr. Gan Jia Yue	Personal	2,230,200	–	0.02
Mr. Wang Yang	Personal	1,000,000	–	0.01

MANAGEMENT DISCUSSION AND ANALYSIS

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

Name of director	Nature of interests	Number or attributable number of shares		Approximate percentage or attributable percentage of shareholding (%)
		Long position	Short position	
Share Options/Share Awards				
Mr. Gui Sheng Yue	Personal	13,500,000 (Note 2)	–	0.13
Mr. Gui Sheng Yue	Personal	15,000,000 (Note 3)	–	0.15
Mr. Li Dong Hui, Daniel	Personal	14,000,000 (Note 2)	–	0.14
Mr. Li Dong Hui, Daniel	Personal	9,000,000 (Note 3)	–	0.09
Mr. Ang Siu Lun, Lawrence	Personal	3,000,000 (Note 2)	–	0.03
Ms. Wei Mei	Personal	7,000,000 (Note 2)	–	0.07
Ms. Wei Mei	Personal	3,500,000 (Note 3)	–	0.03
Mr. Gan Jia Yue	Personal	8,000,000 (Note 2)	–	0.08
Mr. Gan Jia Yue	Personal	15,000,000 (Note 3)	–	0.15
Mr. Gan Jia Yue	Personal	2,800,000 (Note 4)	–	0.03

Notes:

- (1) Proper Glory Holding Inc. (“**Proper Glory**”) and its concert parties in aggregate hold interest of 4,121,718,000 shares (excluding those held directly by Mr. Li Shu Fu), representing approximately 40.96% of the issued share capital of the Company as at 30 June 2024. Proper Glory is a limited liability company incorporated in the British Virgin Islands and is owned as to 68% by Zhejiang Geely Holding Group Company Limited and as to approximately 31.89% by Geely Group Limited.
- (2) The interest relates to share options granted on 15 January 2021 by the Company to the Directors. The share options are exercisable at a subscription price of HK\$32.70 for each Share during the period from 15 January 2023 to 14 January 2028. The percentage of shareholding is calculated on the basis that (i) the options are fully exercised; and (ii) the number of total issued share capital of the Company when the options are exercised is the same as that as at 30 June 2024.
- (3) The interest relates to share options granted on 22 November 2023 by the Company to the Directors. The share options are exercisable at a subscription price of HK\$9.56 for each Share during the period from 22 November 2024 to 21 November 2031. The percentage of shareholding is calculated on the basis that (i) the options are fully exercised; and (ii) the number of total issued share capital of the Company when the options are exercised is the same as that as at 30 June 2024.
- (4) The interest relates to the restricted share awards of the Company (which were unvested share awards granted under the share award scheme of the Company adopted on 30 August 2021), representing 0.03% of the issued share capital of the Company as at 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Name of director	Name of the associated corporations	Number of shares in the associated corporations		Approximate percentage of shareholding (%)
		Long position	Short position	
Mr. Li Shu Fu	Proper Glory Holding Inc.	998,929 (Note 1)	–	99.89
Mr. Li Shu Fu	Geely Group Limited	50,000	–	100
Mr. Li Shu Fu	Zhejiang Geely Holding Group Company Limited	RMB938,074,545 (Note 2)	–	91.08
Mr. Li Shu Fu	Zhejiang Geely Automobile Company Limited	RMB2,069,907,337 (Note 3)	–	72.40
Mr. Li Shu Fu	Zhejiang Geely Maple Automobile Company Limited	RMB240,000,000 (Note 4)	–	100
Mr. Li Shu Fu	Zhejiang Haoqing Automobile Manufacturing Company Limited	RMB3,530,000,000 (Note 5)	–	100
Mr. Li Shu Fu	Zhejiang Jirun Automobile Company Limited	US\$7,900,000 (Note 6)	–	1
Mr. Li Shu Fu	Hunan Geely Automobile Components Company Limited	RMB6,123,488 (Note 7)	–	1
Mr. Li Shu Fu	ZEEKR Intelligent Technology Holding Limited	582,000,000 (Note 8)	–	21.90
Mr. Li Dong Hui, Daniel	ZEEKR Intelligent Technology Holding Limited	20,000,000 (Note 9)	–	0.75
Mr. Gui Sheng Yue	ZEEKR Intelligent Technology Holding Limited	10,000,000 (Note 10)	–	0.38
Ms. Wei Mei	ZEEKR Intelligent Technology Holding Limited	5,800,000 (Note 11)	–	0.22
Mr. Gan Jia Yue	ZEEKR Intelligent Technology Holding Limited	4,350,000 (Note 12)	–	0.16

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (1) Proper Glory Holding Inc. is a limited liability company incorporated in the British Virgin Islands and is owned as to 68% by Zhejiang Geely Holding Group Company Limited (“**Geely Holding**”) and as to approximately 31.89% by Geely Group Limited. Geely Group Limited is a private company incorporated in the British Virgin Islands and is beneficially wholly owned by Mr. Li Shu Fu. Geely Holding is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.
- (2) Geely Holding is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.
- (3) Zhejiang Geely Automobile Company Limited (“**Zhejiang Geely**”) is a private company incorporated in the PRC and is owned as to 72.40% by Geely Holding, as to 1.61% by other Mr. Li’s interested entities and as to 25.99% by independent third parties.
- (4) Zhejiang Geely Maple Automobile Company Limited (“**Zhejiang Maple**”) is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.
- (5) Zhejiang Haoqing Automobile Manufacturing Company Limited (“**Zhejiang Haoqing**”) is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.
- (6) Zhejiang Jirun Automobile Company Limited (“**Jirun Automobile**”) is incorporated in the PRC and is 1%-owned by Zhejiang Geely.
- (7) Hunan Geely Automobile Components Company Limited is incorporated in the PRC and is 1%-owned by Zhejiang Haoqing.
- (8) ZEEKR Intelligent Technology Holding Limited is a limited liability company incorporated in the Cayman Islands and is beneficially 21.90%-owned by Mr. Li Shu Fu and his associate.
- (9) ZEEKR Intelligent Technology Holding Limited is a limited liability company incorporated in the Cayman Islands and is beneficially 0.75%-owned by Mr. Li Dong Hui, Daniel, an executive director, and his associate.
- (10) ZEEKR Intelligent Technology Holding Limited is a limited liability company incorporated in the Cayman Islands and is beneficially 0.38%-owned by Mr. Gui Sheng Yue, an executive director, and his associate.
- (11) ZEEKR Intelligent Technology Holding Limited is a limited liability company incorporated in the Cayman Islands and is beneficially 0.22%-owned by Ms. Wei Mei, an executive director, and her associate.
- (12) ZEEKR Intelligent Technology Holding Limited is a limited liability company incorporated in the Cayman Islands and is beneficially 0.16%-owned by Mr. Gan Jia Yue, an executive director, and his associate.

Save as disclosed above, as at 30 June 2024, none of the directors nor the chief executives of the Company or their associates had or was deemed to have any personal, family, corporate or other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) which were required: (a) to be notified to the Company and the Stock Exchange pursuant to divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or which are required, (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which are required, (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of listed issuers contained in the Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE OPTIONS

2012 Option Scheme

The Company adopted a share option scheme on 18 May 2012 (the “**2012 Option Scheme**”). Details of the 2012 Option Scheme are disclosed in the Company’s annual report for the year ended 31 December 2023.

The 2012 Option Scheme has a term of ten years and expired on 18 May 2022. While options granted under the 2012 Option Scheme shall remain valid, no further options may be granted under the 2012 Option Scheme upon its expiry. There were 508,330,000 granted options under the 2012 Option Scheme remain outstanding as at 30 June 2024.

2023 Share Option Scheme

On 28 April 2023, the Company’s shareholders approved the 2023 share option scheme (the “**2023 Share Option Scheme**”) at the extraordinary general meeting. Details of the 2023 Share Option Scheme are disclosed in the Company’s annual report for the year ended 31 December 2023.

Details of the share options and share awards granted to each participant or category of participants involving new Shares under the 2012 Option Scheme, the 2023 Share Option Scheme and the Company’s share award scheme (the “**Share Award Scheme**”) for the six months ended 30 June 2024 are as follows:

	Date of grant	Vesting period	Exercise period		Exercise/ purchase price HK\$	Outstanding options/ unvested share awards as at 1.1.2024	Granted during the period	Share options exercised/ vested during the period	Reallocated upon share appointment or resignation during the period	Administrated during the period (Note 5)	Lapsed during the period	Unvested share awards as at 30.6.2024	Price of share prior to the exercise/ vesting date of share options	Price of share prior to the exercise/ vesting date of share awards during the period
			From	To									HK\$	HK\$
Directors and their associates														
Mr. An Cong Hui														
- Share options														
	15-01-21	(Note 1)	15-01-23	14-01-28	32.7	22,000,000	-	-	(22,000,000)	-	-	-	-	-
	22-11-23	(Note 2)	22-11-24	21-11-31	9.56	9,000,000	-	-	(9,000,000)	-	-	-	-	-
Mr. Ang Siu Lun, Lawrence														
	15-01-21	(Note 1)	15-01-23	14-01-28	32.7	3,000,000	-	-	-	-	-	3,000,000	-	-
Mr. Gan Jia Yue														
- Share options														
	15-01-21	(Note 1)	15-01-23	14-01-28	32.7	8,000,000	-	-	-	-	-	8,000,000	-	-
	22-11-23	(Note 2)	22-11-24	21-11-31	9.56	15,000,000	-	-	-	-	-	15,000,000	-	-
	30-08-21	(Note 3)	Not applicable		0.02	2,800,000	-	-	-	-	-	2,800,000	-	-
Mr. Gui Sheng Yue														
- Share options														
	15-01-21	(Note 1)	15-01-23	14-01-28	32.7	13,500,000	-	-	-	-	-	13,500,000	-	-
	22-11-23	(Note 2)	22-11-24	21-11-31	9.56	15,000,000	-	-	-	-	-	15,000,000	-	-

MANAGEMENT DISCUSSION AND ANALYSIS

	Date of grant	Vesting period	Exercise period		Exercise/ purchase price HK\$	Outstanding options/ unvested share awards as at 1.1.2024	Granted during the period	Share options exercised/ vested during the period	Reallocated upon share appointment or resignation during the period	Administrated during the period (Note 5)	Lapsed during the period	Outstanding options/ unvested share awards as at 30.6.2024	Price of share prior to the grant date of share options and share awards during the period HK\$	Price of share exercise/ vesting date of share options and share awards during the period HK\$
			From	To										
Mr. Li Dong Hui, Daniel														
- Share options														
- Tranche 2	15-01-21	(Note 1)	15-01-23	14-01-28	32.7	14,000,000	-	-	-	-	-	14,000,000	-	-
- Tranche 3	22-11-23	(Note 2)	22-11-24	21-11-31	9.56	9,000,000	-	-	-	-	-	9,000,000	-	-
Ms. Wei Mei														
- Share options														
- Tranche 2	15-01-21	(Note 1)	15-01-23	14-01-28	32.7	7,000,000	-	-	-	-	-	7,000,000	-	-
- Tranche 3	22-11-23	(Note 2)	22-11-24	21-11-31	9.56	3,500,000	-	-	-	-	-	3,500,000	-	-
Other employee participants														
- Share options														
- Tranche 1	14-01-20	(Note 4)	14-01-21	13-01-25	16.04	790,000	-	-	-	-	-	790,000	-	-
- Tranche 2	15-01-21	(Note 1)	15-01-23	14-01-28	32.7	455,390,000	-	-	22,000,000	-	(15,350,000)	462,040,000	-	-
- Tranche 3	22-11-23	(Note 2)	22-11-24	21-11-31	9.56	458,780,000	-	-	9,000,000	-	(5,930,000)	461,850,000	-	-
- Share awards	30-08-21	(Note 3)	Not applicable		0.02	68,033,500	-	-	-	-	(1,474,000)	66,559,500	-	-
Other related party participants														
- Share options														
- Tranche 3	22-11-23	(Note 2)	22-11-24	21-11-31	9.56	68,150,000	-	-	-	-	(1,000,000)	67,150,000	-	-

Note 1: Such share options will be vested in tranches of 20% each commencing from the second anniversary date following the date of grant for 5 years and could be exercised until the expiry of these share options on 14 January 2028. As at 30 June 2024, 304,998,000 share options were unvested.

Note 2: Such share options will be vested in tranches of 15% (or 10% in case of the seventh anniversary date following the date of grant) each commencing from the first anniversary date following the date of grant for 7 years and could be exercised until the expiry of these share options on 21 November 2031. As at 30 June 2024, all these share options were unvested.

Note 3: Such share awards would be vested in tranches of 25% each on each anniversary date following the date of grant for four years.

Note 4: Such share options would be vested in tranches of 25% each on each anniversary date following the date of grant for four years and could be exercised until the expiry of these share options on 13 January 2025. As at 30 June 2024, all these share options were fully vested.

Note 5: Such share awards were retained and held by BOCI Trustee (Hong Kong) Limited, a professional and independent trustee appointed by the Company, for administration purpose.

Note 6: The stated price was the weighted average closing price of the ordinary shares immediately before the date on which the share options were exercised and share awards were vested.

Note 7: No share option or share award has been granted to service provider(s) (as defined under Chapter 17 of the Listing Rules).

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE AWARDS

Share Award Scheme of the Company

Details of the Share Award Scheme are disclosed in the Company's annual report for the year ended 31 December 2023.

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

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

Following the adoption of the Share Award Scheme, the Company resolved to award an aggregate of 167,022,000 ordinary shares to 10,884 selected participants by way of issue and allotment of new Shares to the grantees. As at 30 June 2024, the number of Shares available for future grant under the Share Award Scheme was 238,104,657, representing 2.37% of the total issued share capital of the Company as at the date of this report.

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

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

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

As at 30 June 2024, the Company has appointed a professional and independent trustee, BOCI Trustee (Hong Kong) Limited ("**Trustee**"), to assist with the administration and vesting of award Shares granted pursuant to the Share Award Scheme.

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

Movement in the number of award Shares during the six months ended 30 June 2024 are as follows:

	2024
Balance at 1 January	70,841,000
Lapsed	(1,474,000)
<hr/>	
Balance at 30 June	69,367,000

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

MANAGEMENT DISCUSSION AND ANALYSIS

Number of the share options and share awards available for grant as at 1 January 2024 and 30 June 2024 are as follows:

	As at 1 January 2024	As at 30 June 2024
Share options under the 2012 Option Scheme		
Under the mandate limit	-	-
Share options under the 2023 Share Option Scheme		
Under the mandate limit	(Note A)	(Note A)
Under the sub-limit for service provider(s)	(Note B)	(Note B)
Share awards under the Share Award Scheme		
Under the mandate limit	(Note A)	(Note A)
Under the sub-limit for service provider(s)	(Note B)	(Note B)

Note A: The aggregate of share options and share awards to be granted under the mandate limit should not exceed 434,197,378 (as at 1 January 2024: 427,267,378). In addition, the share awards to be granted under the mandate limit should not exceed 238,104,657 (as at 1 January 2024: 236,630,657).

Note B: The aggregate of share options and share awards to be granted under the sub-limit for service provider(s) should not exceed 100,569,737 (as at 1 January 2024: 100,569,737).

No share options or share awards have been granted during the six months ended 30 June 2024. As at 30 June 2024, the number of shares that may be issued in respect of share options and share awards granted under all share schemes of the Company was 1,149,189,500, representing approximately 11.4% of the weighted average number of issued ordinary shares (excluding treasury shares) of the Company.

Share Award Scheme of ZEEKR Intelligent Technology Holding Limited (“ZEEKR Holding”)

On 20 August 2021, ZEEKR Holding also adopted a share award scheme (the “**ZEEKR Share Award Scheme**”). For the avoidance of doubt, ZEEKR Holding is not a principal subsidiary as defined under Chapter 17 of the Listing Rules. The purposes of the ZEEKR Share Award Scheme are

to encourage the selected participants to continuously make greater contributions to the long-term growth of the ZEEKR Holding and its subsidiaries (“**ZEEKR Group**”) and thereby enhancing the value of the Company for the benefit of the shareholders, and to attract and retain high calibre employees whose contributions will be beneficial to the growth and development of the ZEEKR Group. Details of the ZEEKR Share Award Scheme were set out in the announcement of the Company dated 20 August 2021.

Upon the adoption of the ZEEKR Share Award Scheme, ZEEKR Holding granted 56,560,400 ordinary shares (“**ZEEKR Award Shares**”) to 3,393 selected participants in 2021. Additional grants included 37,957,156 ZEEKR Award Shares to 7,761 selected participants in 2022, 17,955,300 ZEEKR Award Shares to 4,427 selected participants in 2023, and 31,771,808 ZEEKR Award Shares to 6,298 selected participants in the first half of 2024. Except for four (4) independent directors of ZEEKR, all other selected participants are not connected persons of the Company. All selected participants received shares under the ZEEKR Share Award Scheme through the reservation and future issuance of new ordinary shares.

MANAGEMENT DISCUSSION AND ANALYSIS

The vesting schedule of the ZEEKR Award Shares is generally subject to both the initial public offering condition and the service-and-performance-based condition. Subject to the satisfaction of these conditions, the ZEEKR Award Shares granted will vest in four batches as follows: (i) the first batch (up to a maximum of 25% to 33.4% of the ZEEKR Award Shares granted) will vest on the first April 15 following the grant date (or on the second April 15 if the period between the first April 15 and the grant date is less than six months); (ii) the second batch (up to a maximum of 25% to 33.4% of the ZEEKR Award Shares granted) will vest on the second April 15 after the grant date (or on the third April 15 if the period between the first April 15 and the grant date is less than six months); (iii) the third batch (up to a maximum of 25% to 33.4% of the ZEEKR Award Shares granted) will vest on the third April 15 after the grant date (or on the fourth April 15 if the period between the first April 15 and the grant date is less than six months); and (iv) the fourth batch (up to a maximum of 25% of the ZEEKR Award Shares granted), if applicable, will vest on the fourth April 15 after the grant date (or on the fifth April 15 if the period between the first April 15 and the grant date is less than six months).

Selected participants are required to pay the nominal value for the ZEEKR Award Shares.

As at 30 June 2024, the total number of ZEEKR Shares which were available for future grant under the ZEEKR Share Award Scheme was 35,128,352, representing 1.32% of the issued shares capital of ZEEKR Holding (assuming 150,000,000 ordinary shares of ZEEKR Holding reserved under ZEEKR Share Award Scheme have been fully issued) as at the date of this report.

For the six months ended 30 June 2024, as the condition for the vesting of the ZEEKR Award Shares had been satisfied, a total of 45,555,414 ZEEKR Award Shares had been vested.

Movement in the number of ZEEKR Award Shares during the six months ended 30 June 2024 are as follows:

	2024
Balance at 1 January	93,011,731
Granted	31,771,808
Vested	(45,555,414)
Lapsed	(9,911,891)
	<hr/>
Balance at 30 June	69,316,234

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

Interim Dividend

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

MANAGEMENT DISCUSSION AND ANALYSIS

Connected Transactions

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

Name of connected parties	Nature of transactions	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Connected companies (notes (a) and (b))			
Zhejiang Geely Automobile Company Limited [#] 浙江吉利汽車有限公司	Sales of complete knock-down kits	15,991,779	13,827,372
	Sales of complete build-up units, complete knock-down kits and related after-sales parts	-	262,386
	Claims income on defective materials purchased	-	77,876
	Purchase of complete build-up units	16,369,221	13,913,907
	Purchase of complete knock-down kits and automobile components	18,230,049	12,075,755
	Claims paid on defective materials sold	-	52,897
	Sales of automobile parts and components	-	141,012
	Research, development and technology licensing service income	-	16,086
Zhejiang Geely Business Services Company Limited [#] 浙江吉利商務服務有限公司	Operational service fee	145,128	101,535
Zhejiang Haoqing Automobile Manufacturing Company Limited [#] 浙江豪情汽車製造有限公司	Sales of complete knock-down kits	36,884,172	20,356,892
	Sales of complete build-up units, complete knock-down kits and related after-sales parts	-	605,301
	Claims income on defective materials purchased	-	84,305
	Purchase of complete build-up units	40,227,072	22,744,625
	Purchase of complete knock-down kits and automobile components	-	4,620,539
	Claims paid on defective materials sold	-	72,112
	Disposal of property, plant and equipment (note (d))	-	49,350
	Sales of complete knock-down kits and automobile components	2,628,465	2,286,725
	Sales of automobile components (Automobile Components Sales Agreement)	45,257	-
	Operational service fee	18,000	-
Zhejiang Geely Automobile Parts and Components Company Limited [#] 浙江吉利汽車零部件採購有限公司	Purchase of automobile parts and components	2,488,554	1,280,396
	Operational service fee	-	11,533
Linyi Lingji Chunhua Automobile Sales and Services Company Ltd. [#] 臨沂領吉春華汽車銷售服務有限公司	Sale of complete build-up units and related after-sales parts, components and accessories	62,623	81,489
Feixian Lingji Chunhua Automobile Sales and Services Company Ltd. [#] 費縣領吉春華汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories	19,037	22,462
Yishui Lingji Yuantong Automobile Sales and Services Company Ltd. [#] 沂水領吉遠通汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories	-	16,118

MANAGEMENT DISCUSSION AND ANALYSIS

Name of connected parties	Nature of transactions	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Connected companies (notes (a) and (b)) <i>(continued)</i>			
Dongying Lingji Kaihua Automobile Sales and Services Company Ltd.* 東營領吉凱華汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories	22,987	15,747
Linyi Lingji Maohua Automobile Sales and Services Company Ltd.* 臨沂領吉茂華汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories	84,967	86,860
Ningbo Geely Automobile R&D Company Limited* 寧波吉利汽車研究開發有限公司	Research, development and technology licensing service income	1,577,298	1,671,688
	Research, development and technology licensing service fee	270,304	1,389,752
	Sales of automobile components (Automobile Components Sales Agreement)	-	23,695
	Acquisition of property, plant and equipment (note (c))	-	27,814
	Operational service income	-	32,205
	Operational service fee	10,742	-
Shanxi New Energy Automobile Industrial Company Limited* 山西新能源汽車工業有限公司	Sales of complete knock-down kits	563,855	128,790
	Purchase of complete build-up units	562,916	172,500
Volvo Personvagnar AB	Sales of powertrain and related components	-	150,257
	Sales of automobile components (Automobile Components Sales Agreement)	228,975	-
	Research, development and technology licensing service income	303,098	-
Shanghai Meihuan Trade Company Limited* 上海美寰貿易有限公司	Sales of complete build-up units, complete knock-down kits and related after-sales parts	-	202,063
	Sales of powertrain and related components	-	56,315
	Sales of automobile components (Automobile Components Sales Agreement)	-	23,547
Geely Automobile Group Company Limited* 吉利汽車集團有限公司	Operational service income	-	97,713
	Operational service fee	-	138,081
	Acquisition of property, plant and equipment (note (c))	-	23,136
	Research, development and technology licensing service fee	-	91,865
Hangzhou Xuanyu Human Resources Company Limited* 杭州軒宇人力資源有限公司	Operational service fee	29,223	88,630
Zhejiang Xuan Fu Technology Company Limited* 浙江軒孚科技有限公司	Purchase of automobile parts and components	82,965	-
Chengdu Gaoyuan Automobile Industries Company Limited* 成都高原汽車工業有限公司	Sales of complete knock-down kits	468,677	587,035
	Purchase of complete build-up units	487,237	609,412

MANAGEMENT DISCUSSION AND ANALYSIS

Name of connected parties	Nature of transactions	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Connected companies (notes (a) and (b)) <i>(continued)</i>			
Ningbo Hangzhou Bay Geely Automobile Components Company Limited [#] 寧波杭州灣吉利汽車部件有限公司	Purchase of complete build-up units	32,981	–
	Purchase of automobile parts and components	69,639	131,648
	Operational service income	19,602	–
	Purchase of complete knock-down kits and automobile components	104,511	94,523
	Sales of automobile components (Automobile Components Sales Agreement)	475,818	1,136,728
Xi'an Geely Automobile Company Limited [#] 西安吉利汽車有限公司 (note (e))	Sales of powertrain and related components	–	340,289
	Purchase of automobile parts and components	–	20,823
	Sales of automobile components (Automobile Components Sales Agreement)	–	2,597,171
Zhejiang Jirun Meishan Automobile Parts Company Limited [#] 浙江吉潤梅山汽車部件有限公司	Purchase of complete knock-down kits and automobile components	43,155	–
	Research, development and technology licensing service fee	13,486	–
	Purchase of automobile parts and components	27,430	17,014
	Sales of powertrain and related components	103,664	84,213
	Sales of automobile components (Automobile Components Sales Agreement)	12,603	11,446
Lingji Automobile Trading Company Limited [#] 領吉汽車商貿有限公司	Sales of complete build-up units and related after-sales parts, components and accessories	260,729	822,380
Jizhi (Hangzhou) Cultural Creativity Co., Ltd. [#] 吉智(杭州)文化創意有限公司	Operational service fee	38,675	66,441
Shanghai Jijin Mechanical and Electrical Equipment Company Limited [#] 上海吉津機電設備有限公司	Acquisition of property, plant and equipment (notes (c) and (d))	–	19,237
London EV Company Limited	Sales of powertrain and related components	–	13,620
Daqing Volvo Car Manufacturing Co., Limited [#] 大慶沃爾沃汽車製造有限公司	Sales of automobile components (Automobile Components Sales Agreement)	111,028	102,088
Zhongjia Automobile Manufacturing (Chengdu) Company Limited [#] 中嘉汽車製造(成都)有限公司	Sales of automobile components (Automobile Components Sales Agreement)	344,770	381,819
Volvo Automobile Sales (Shanghai) Company Limited [#] 沃爾沃汽車銷售(上海)有限公司	Sales of powertrain and related components	–	16,676
	Sales of automobile components (Automobile Components Sales Agreement)	20,628	–

MANAGEMENT DISCUSSION AND ANALYSIS

Name of connected parties	Nature of transactions	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Connected companies (notes (a) and (b)) <i>(continued)</i>			
Zhejiang Jisu Supply Chain Management Company Limited* 浙江吉速供應鏈管理有限公司	Operational service fee	-	24,744
Taizhou Geely Automobile Manufacturing Company Limited* 台州吉利汽車製造有限公司	Research, development and technology licensing service income	164,841	-
Wuhan Geely Automobile Parts Company Limited* 武漢吉利汽車部件有限公司	Sales of automobile components (Automobile Components Sales Agreement)	16,620	-
Zhejiang Smart Intelligent Technology Company Limited* 浙江智馬達智能科技有限公司	Research, development and technology licensing service income	50,000	-
Smart Automobile Company Limited* 智馬達汽車有限公司	Research, development and technology licensing service income	69,493	-
Hangzhou Yibao Technology Company Limited* 杭州易保科技有限公司	Operational service income	16,932	-
	Operational service fee	13,709	-
Geely Changxing New Energy Automobile Company Limited* 吉利長興新能源汽車有限公司	Acquisition of property, plant and equipment (note (f))	152,533	-
Guangyi Mingdao Digital Technology Company Limited* 廣域銘島數字科技有限公司	Operational service fee	40,291	46,261
Zhejiang Yizhen Automobile Research and Development Co., Ltd. 浙江翼真汽車研究開發有限公司	Research, development and technology licensing service income	16,695	-
Zhejiang Haowu Network Technology Co., Ltd.* 浙江浩物網絡科技有限公司	Purchase of automobile parts and components	90,865	-
Leida New Energy Automobile (Zhejiang) Company Limited* 雷達新能源汽車(浙江)有限公司	Sales of automobile components (Automobile Components Sales Agreement)	33,734	19,160
Shandong Jidian E-Mobility Technology Company Limited* 山東極電電動汽車技術有限公司	Purchase of automobile parts and components	12,627	-

MANAGEMENT DISCUSSION AND ANALYSIS

Name of connected parties	Nature of transactions	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Connected companies (notes (a) and (b)) <i>(continued)</i>			
Linyi Lingji Jianhua Automobile Sales and Services Company Limited [#] 臨沂領吉建華汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories	30,459	–
Zhejiang Geely Yibao Automobile Services Company Limited [#] 浙江吉利易保汽車服務有限公司	Operational service income Claims income on defective materials purchased	30,759 –	– 13,750
Zhejiang Wotu Travel Agency Company Limited [#] 浙江沃途旅行社有限公司	Operational service fee	48,961	–
Hangzhou Jidian Electric Technology Company Limited [#] 杭州極電電子科技有限公司	Sales of automobile components (Automobile Components Sales Agreement) Purchase of automobile parts and components	1,020,194 912,910	224,593 –
Wuhan Lotus Automobile Co., Ltd. [#] 武漢路特斯汽車有限公司	Research, development and technology licensing service income	12,205	–
Quzhou Jidian E-Mobility Technology Company Limited [#] 衢州極電電動汽車技術有限公司	Purchase of automobile parts and components Sales of automobile components (Automobile Components Sales Agreement)	3,332,600 333,708	266,157 23,293
Qingdao Lingjixing Automobile Sales and Services Company Limited [#] 青島領吉星汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories	31,211	37,481
Jingling Automobile Sales (Nanning) Company Limited [#] 精靈汽車銷售(南寧)有限公司	Operational service income	–	14,312
Zhejiang Joint Control Technology Company Limited [#] 浙江聯控技術有限公司	Research, development and technology licensing service income Research, development and technology licensing service fee	94,824 243,806	179,423 563,386
Geely Changxing Automatic Transmission Company Limited [#] 吉利長興自動變速器有限公司	Purchase of automobile parts and components Research, development and technology licensing service income Operational service income Sales of powertrain and related components	1,722,589 22,536 12,037 –	1,267,035 16,858 – 13,100
Volvo Car Corporation	Sales of automobile components (Automobile Components Sales Agreement) Research, development and technology licensing service income	– –	108,367 114,000
Zhejiang Geely Automobile Manufacturing Co., Ltd. [#] 浙江吉利汽車製造有限公司	Interest expense	33,988	156,178

MANAGEMENT DISCUSSION AND ANALYSIS

Name of connected parties	Nature of transactions	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Connected companies (notes (a) and (b)) <i>(continued)</i>			
Valmet Automotive EV Power Ltd.	Sales of automobile components (Automobile Components Sales Agreement)	3,079,616	2,019,225
Polestar Performance AB	Research, development and technology licensing service income	40,426	–
Hangzhou Geely Yiyun Technology Company Limited [#] 杭州吉利易雲科技有限公司	Operational service fee	95,531	23,034
Zhangjiakou Jiguangwan Engine Manufacturing Company Limited [#] 張家口極光灣發動機製造有限公司	Sales of powertrain and related components	10,294	27,386
Binzhou Lingjixin Automobile Sales and Services Co., Ltd. [#] 濱州領吉欣汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories	–	22,527
Geely Qizheng	Disposal of an associate	504,000	–
Associates			
Closed Joint Stock Company BELGEE	Sales of complete build-up units	345,921	601,781
	Sales of automobile parts and components	24,342	13,000
Zhejiang Haohan Energy Technology Company Limited [#] 浙江浩瀚能源科技有限公司	Purchase of automobile parts and components	55,861	20,443
PROTON Group	Sales of complete build-up units	1,033,859	–
	Sales of automobile parts and components	60,743	–
	Interest income	14,345	4,167
Chongqing Livan Automobile Sales Company Limited ^{#*} 重慶睿藍汽車銷售有限公司	Operational service income	–	13,374
	Sales of automobile parts and components	–	14,573
Joint Ventures			
Lynk&Co JV	Research, development and technology licensing service income	811,535	430,261
	Operational service income	47,780	101,546
	Sales of powertrain and related components	–	11,597
	Sales of complete build-up units, complete knock-down kits and related after-sales parts	42,190	–
	Sales of automobile components (Automobile Components Sales Agreement)	13,536	–

MANAGEMENT DISCUSSION AND ANALYSIS

Name of connected parties	Nature of transactions	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Joint Ventures (continued)			
Kaiyue Auto Parts Manufacture (Zhangjiakou) Co., Ltd. ^{#A} 凱悅汽車大部件製造(張家口)有限公司	Sales of powertrain and related components	212,417	221,727
	Sales of automobile components (Automobile Components Sales Agreement)	5,107,440	–
	Purchase of automobile parts and components	–	65,937
	Operational service income	91,712	–
	Research, development and technology licensing service income	–	22,832
LYNK & CO Automobile Sales Company Limited ^{#A} 領克汽車銷售有限公司	Operational service income	98,690	–
	Sales of complete build-up units and related after-sales parts, components and accessories	–	76,970
	Purchase of automobile parts and components	89,195	31,792
	Sales of automobile components (Automobile Components Sales Agreement)	31,228	107,959
	Research, development and technology licensing service income	15,673	–
	Sales of powertrain and related components	10,152	–
Yuyao LYNK & CO Auto Parts Company Limited ^{#A} 余姚領克汽車部件有限公司	Sales of powertrain and related components	900,764	415,262
	Operational service income	25,044	13,670
	Purchase of automobile parts and components	–	19,529
	Research, development and technology licensing service income	–	84,539
	Sales of automobile components (Automobile Components Sales Agreement)	70,556	681,355
Chengdu LYNK & CO Automobile Company Limited ^{#A} 成都領克汽車有限公司	Research, development and technology licensing service income	–	41,007
LYNK & CO Automotive Technology (Ningbo Meishan Bonded Port Area) Co., Ltd. (formerly known as Geely Yaou (Ningbo Meishan Bonded Port Area) Technology Co., Ltd.) ^{#A} 領克汽車科技(寧波梅山保稅港區)有限公司(前稱吉利亞歐(寧波梅山保稅港區)科技有限公司)	Research, development and technology licensing service income	–	17,682
Sichuan LYNK & CO Automobile Manufacturing Company Limited ^{#A} 四川領克汽車製造有限公司	Purchase of complete knock-down kits and automobile components	512,258	644,851
	Purchase of automobile parts and components	13,840	15,090
	Sales of powertrain and related components	326,937	327,355
	Sales of automobile components (Automobile Components Sales Agreement)	151,391	90,388
	Operational service fee	–	23,457
Genius AFC	Interest income	150,364	148,276
Guizhou Geely Engine Company Limited ^{#F} 貴州吉利發動機有限公司 (note (g))	Purchase of powertrain products	125,434	–

MANAGEMENT DISCUSSION AND ANALYSIS

Name of connected parties	Nature of transactions	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Joint Ventures (continued)			
Ningbo Shangzhongxia Automatic Transmission Company Limited [#] 寧波上中下自動變速器有限公司 (note (g))	Purchase of powertrain products	93,531	-
Yiwu Geely Powertrain Company Limited [#] 義烏吉利動力總成有限公司 (note (g))	Purchase of powertrain products	229,892	-
	Interest income	7,763	-
Taizhou Binhai Geely Powertrain Company Limited ^{#*} 台州濱海吉利發動機有限公司 (note (g))	Purchase of powertrain products	313,900	-
Yiwu Geely Automatic Transmission Company Limited [#] 義烏吉利自動變速器有限公司 (note (g))	Purchase of powertrain products	190,518	-
	Interest income	5,438	-
Baoji Geely Powertrain Company Limited [#] 寶雞吉利發動機有限公司 (note (g))	Purchase of powertrain products	93,119	-
Ningbo Geely Luoyou Powertrain Parts Company Limited [#] 寧波吉利羅佑發動機零部件有限公司 (note (g))	Purchase of powertrain products	20,619	-
Geely Changxing Automatic Transmission Company Limited [#] 吉利長興自動變速器有限公司 (note (g))	Purchase of powertrain products	272,171	-
Ultimate holding company			
Geely Holding	Operational service fee	26,189	10,592
	Acquisition of property, plant and equipment (note (d))	-	26,011

Notes:

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

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

same reason, the related claims income from and claims expenses paid to these connected parties have also been presented on a net basis as long as they are back-to-back transactions.

(c) Pursuant to the acquisition agreement dated 4 November 2020, the Company entered into a transaction with Geely Holding, pursuant to which the Group agreed to acquire and the Geely Holding, together with its subsidiaries ("Geely Holding Group"), agreed to sell the assets comprising predominantly imported equipment for use in the Group's production and research and development, as well as a small amount of office equipment and software systems for a maximum consideration of approximately RMB743,918,000.

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

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

(f) Pursuant to the assets transfer agreement dated 15 September 2023, the Company entered into a transaction with Geely Holding, pursuant to which the Group agreed to purchase, and the Geely Holding Group agreed to sell, the assets (which comprise predominantly equipment for use in the Group's research and development for the LYNK & CO-branded, ZEEKR-branded, and Geely-branded vehicles related products such as vehicles engines and transmissions, as well as a small amount of office equipment and software systems) for a maximum cash consideration of approximately RMB508,500,000; and the Group agreed to sell and the Geely Holding Group agreed to purchase the assets (which comprise vehicle testing-related machinery and equipment) for a maximum cash consideration of approximately RMB168,400,000.

(g) The company became a subsidiary of the joint venture, Horse Powertrain upon its formation in May 2024. The amount disclosed represented the transactions entered into after the disposal.

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

^ The companies are the wholly-owned subsidiaries of Lynk&Co JV.

* The company is the wholly-owned subsidiary of Horse Powertrain.

@ The company is the wholly-owned subsidiary of Chongqing Livan.

Facility Agreements with Covenant of the Controlling Shareholders

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

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

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

As at 30 June 2024, according to the register of interests maintained by the Company pursuant to section 336 of the SFO and so far as is known to the directors or the chief executives of the Company, the persons, other than the directors or the chief executives of the Company, who had interests or a short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and any other members of the Group and the amount of each of such persons' interests in such securities, together with any options in respect of such capital, were as follows:

MANAGEMENT DISCUSSION AND ANALYSIS

Substantial Shareholders

(as defined in the SFO)

Name	Nature of interests	Number of shares held Long position	Approximate percentage of shareholding (%)
Proper Glory Holding Inc. (Note 1)	Beneficial owner	2,636,705,000	26.20
Zhejiang Geely Holding Group Company Limited (Note 1)	Interest in controlled corporation	4,019,391,000	39.94
Geely Group Limited (Note 1)	Beneficial owner	102,327,000	1.02
Zhejiang Geely Automobile Company Limited (Note 2)	Beneficial owner	796,562,000	7.92

Notes:

- (1) Proper Glory Holding Inc. (“**Proper Glory**”) is a limited liability company incorporated in the British Virgin Islands and is owned as to 68% by Zhejiang Geely Holding Group Company Limited (“**Geely Holding**”) and as to approximately 31.89% by Geely Group Limited. Geely Group Limited is a limited liability company incorporated in the British Virgin Islands and is beneficially wholly owned by Mr. Li Shu Fu. Geely Holding is a limited liability company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.
- (2) Zhejiang Geely Automobile Company Limited (“**Zhejiang Geely**”) is a limited liability company incorporated in the PRC and is owned as to 72.40% by Geely Holding, as to 1.61% by other Mr. Li’s interested entities and as to 25.99% by independent third parties.

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

Save as disclosed above, as at 30 June 2024, the directors and the chief executives of the Company are not aware of any other person (other than the directors and the chief executives of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and of any other member of the Group.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2024.

Corporate Governance

The Company has complied with the code provision(s) (“**CP(s)**”) of the Corporate Governance Code set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) throughout the six months ended 30 June 2024, except for CP F.2.2 as explained below:

CP F.2.2 provides that the chairman of the Board (the “**Chairman**”) and the chairman of respective Board committees should attend the annual general meeting of the Company. During the six months ended 30 June 2024, the Chairman did not attend the annual general meeting of the Company in person due to scheduling conflicts and other prior business engagements in the PRC. If the Chairman could not attend the general meeting of the Company in person, he would assign an executive director, who does not have a material interest in the matters to be discussed at the meeting and should report to him on any enquiries shareholders of the Company (the “**Shareholders**”) might have, to attend such general meeting on his behalf.

MANAGEMENT DISCUSSION AND ANALYSIS

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

The Company held its annual general meeting on 31 May 2024. Due to scheduling conflicts and other prior business engagements in the PRC, the Chairman was unable to attend the general meeting. One executive Director and the Company's external auditor attended and answered questions raised by the Shareholders at the meeting in person. Five (5) independent non-executive Directors and three (3) other executive Directors attended the meeting via conference call.

In the interim period under review, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules as its own code of conduct for securities transactions by officers (the "**Code**"). All Directors have confirmed their compliance during the review period with the required standards set out in both the Model Code and the Code.

Audit Committee

The Company has an audit committee which was established in accordance with the requirements of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting processes, risk management systems and internal controls. As at 30 June 2024, the audit committee of the Company ("**Audit Committee**") comprises Ms. Gao Jie, Mr. An Qing Heng, Mr. Wang Yang, and Ms. Yu Li Ping, Jennifer, who are the independent non-executive Directors.

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2024.

Appreciation

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

ON BEHALF OF THE BOARD

Li Shu Fu

Chairman

Hong Kong

21 August 2024