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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 code: 175)

### ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

#### FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Change %
	2022 (Unaudited)	2021 (Unaudited)	
Revenue (RMB'000)	<b>58,183,773</b>	45,032,091	29
Profit attributable to the equity holders of the Company (RMB'000)	<b>1,552,238</b>	2,381,136	(35)
Earnings per share			
Basic (RMB cents)	<b>14.83</b>	23.60	(37)
Diluted (RMB cents)	<b>14.71</b>	23.59	(38)
Total sales volume (Units) (Note 2)	<b>613,845</b>	630,237	(3)
	<b>As at 30 June 2022 (Unaudited)</b>	As at 31 December 2021 (Audited)	
Total assets (RMB'000)	<b>140,799,019</b>	134,341,404	5
Equity attributable to the equity holders of the Company (RMB'000)	<b>71,061,845</b>	68,606,146	4
Net assets per share attributable to the equity holders of the Company (RMB)	<b>7.09</b>	6.85	4
<i>Notes:</i>			
1.	At a meeting of the Board held on 18 August 2022, the Board resolved not to pay an interim dividend to the Company's shareholders (2021: Nil).		
2.	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 two 50%-owned joint ventures, namely 領克投資有限公司 (LYNK & CO Investment Co., Ltd.) and 重慶睿藍汽車科技有限公司 (Chongqing Livan Automotive Technology Company Limited) on a 100% consolidated basis, the Board believes it is more indicative of the underlying demand of the Group's vehicles.		

## INTERIM RESULTS

The Board of Directors (the “**Board**”) of Geely Automobile Holdings Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2022. These interim results have been reviewed by the Company’s Audit Committee, comprising solely the independent non-executive directors, one of whom chairs the committee, and the Company’s auditor, Grant Thornton Hong Kong Limited.

### CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2022

		Six months ended 30 June	
		2022	2021
	Note	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
<b>Revenue</b>	3	<b>58,183,773</b>	45,032,091
Cost of sales		<u>(49,707,971)</u>	<u>(37,273,044)</u>
<b>Gross profit</b>		<b>8,475,802</b>	7,759,047
Other income	4	<b>896,133</b>	800,410
Distribution and selling expenses		<b>(3,303,773)</b>	(2,554,189)
Administrative expenses		<b>(4,660,511)</b>	(3,246,377)
Impairment loss on trade and other receivables		<b>(24,089)</b>	(4,479)
Share-based payments		<b>(852,818)</b>	(640,601)
Finance income, net	5(a)	<b>214,872</b>	100,735
Share of results of associates		<b>(56,785)</b>	20,428
Share of results of joint ventures		<u><b>627,682</b></u>	<u>685,664</u>
<b>Profit before taxation</b>	5	<b>1,316,513</b>	2,920,638
Taxation	6	<u><b>(38,665)</b></u>	<u>(511,550)</u>
<b>Profit for the period</b>		<u><b>1,277,848</b></u>	<u>2,409,088</u>
<b>Attributable to:</b>			
Equity holders of the Company		<b>1,552,238</b>	2,381,136
Non-controlling interests		<u><b>(274,390)</b></u>	<u>27,952</u>
<b>Profit for the period</b>		<u><b>1,277,848</b></u>	<u>2,409,088</u>
<b>Earnings per share</b>			
Basic	8	<u><b>RMB14.83 cents</b></u>	<u>RMB23.60 cents</u>
Diluted	8	<u><b>RMB14.71 cents</b></u>	<u>RMB23.59 cents</u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022**

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit for the period</b>	<b>1,277,848</b>	<b>2,409,088</b>
<b>Other comprehensive income:</b>		
Items that may be reclassified subsequently to profit or loss:		
– Notes receivable at fair value through other comprehensive income		
Change in fair value	<b>151,860</b>	15,152
Income tax effect	<b>(32,358)</b>	(1,800)
– Share of other comprehensive income/(expense) of associate and joint venture, net of related income tax	<b>9,343</b>	(27,267)
– Exchange differences on translation of financial statements of foreign operations	<b>319,559</b>	25,381
<b>Other comprehensive income for the period, net of tax</b>	<b>448,404</b>	11,466
<b>Total comprehensive income for the period</b>	<b>1,726,252</b>	2,420,554
<b>Attributable to:</b>		
Equity holders of the Company	<b>1,986,262</b>	2,392,049
Non-controlling interests	<b>(260,010)</b>	28,505
<b>Total comprehensive income for the period</b>	<b>1,726,252</b>	2,420,554

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

		As at 30 June 2022	As at 31 December 2021
	<i>Note</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	32,362,132	30,858,504
Intangible assets	10	21,333,305	20,901,178
Land lease prepayments		3,445,075	3,435,744
Goodwill		73,268	58,193
Interests in associates	11	919,925	609,808
Interests in joint ventures	12	10,192,253	9,594,805
Trade and other receivables	14	1,130,717	800,512
Financial assets at fair value through profit or loss ("FVTPL")		378,552	351,646
Deferred tax assets		3,216,281	2,435,192
		<b>73,051,508</b>	69,045,582
<b>Current assets</b>			
Inventories	13	7,566,888	5,521,573
Trade and other receivables	14	22,131,869	31,549,100
Income tax recoverable		212,620	140,350
Derivative financial instruments		–	66,892
Pledged bank deposits		273,889	3,912
Bank balances and cash		37,562,245	28,013,995
		<b>67,747,511</b>	65,295,822
<b>Current liabilities</b>			
Trade and other payables	15	52,232,654	57,392,790
Derivative financial instruments		72,544	–
Lease liabilities		288,713	198,290
Bank borrowings	16	2,457,275	1,906,740
Loans from related companies	17(b)	1,484,937	–
Bonds payable	18	2,003,691	–
Income tax payable		179,542	852,737
		<b>58,719,356</b>	60,350,557
<b>Net current assets</b>		<b>9,028,155</b>	4,945,265
<b>Total assets less current liabilities</b>		<b>82,079,663</b>	73,990,847

		As at <b>30 June 2022</b>	As at 31 December 2021
	<i>Note</i>	<i>RMB'000</i> <b>(Unaudited)</b>	<i>RMB'000</i> <b>(Audited)</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	19	<b>183,054</b>	183,015
Perpetual capital securities	20	<b>3,413,102</b>	3,413,102
Reserves		<b>67,465,689</b>	65,010,029
		<hr/>	<hr/>
<b>Equity attributable to equity holders of the Company</b>		<b>71,061,845</b>	68,606,146
<b>Non-controlling interests</b>		<b>1,467,360</b>	1,614,826
		<hr/>	<hr/>
<b>Total equity</b>		<b>72,529,205</b>	70,220,972
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Trade and other payables	15	<b>1,144,469</b>	961,697
Lease liabilities		<b>1,307,699</b>	502,486
Bank borrowings	16	<b>468,000</b>	–
Loans from related companies	17(a)	<b>6,000,000</b>	–
Bonds payable	18	–	1,901,137
Deferred tax liabilities		<b>630,290</b>	404,555
		<hr/>	<hr/>
		<b>9,550,458</b>	3,769,875
		<hr/>	<hr/>
		<b>82,079,663</b>	73,990,847
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022**

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2022</b>	<b>2021</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash flows from operating activities</b>			
Profit before taxation		<b>1,316,513</b>	2,920,638
Adjustments for non-cash items		<b>4,669,073</b>	3,111,578
Operating profit before working capital changes		<b>5,985,586</b>	6,032,216
Net changes in working capital		<b>5,140,640</b>	(1,445,582)
Cash generated from operations		<b>11,126,226</b>	4,586,634
Income taxes paid		<b>(1,318,680)</b>	(469,582)
<i>Net cash generated from operating activities</i>		<b>9,807,546</b>	4,117,052
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		<b>(2,525,363)</b>	(1,881,642)
Additions of intangible assets		<b>(1,828,920)</b>	(1,776,131)
Additions of land lease prepayments		<b>(52,262)</b>	(56)
Net cash outflow on acquisition of a subsidiary	<i>21</i>	<b>(666,205)</b>	–
Proceeds from disposal of property, plant and equipment		<b>42,254</b>	159,136
Proceeds from disposal of intangible assets		–	117,471
Change in pledged bank deposits		<b>(269,977)</b>	57,915
Additional/initial capital injection in associates		<b>(354,125)</b>	(50,087)
Additional/initial capital injection in joint ventures		<b>(373,200)</b>	–
Interest received		<b>418,627</b>	286,557
<i>Net cash used in investing activities</i>		<b>(5,609,171)</b>	(3,086,837)

**Six months ended 30 June**

		<b>2022</b>	2021
		<i><b>RMB'000</b></i>	<i>RMB'000</i>
<i>Note</i>		<b>(Unaudited)</b>	(Unaudited)
<b>Cash flows from financing activities</b>			
		–	(65,068)
	7	<b>(66,660)</b>	(63,697)
		<b>1,268,360</b>	–
		<b>615,000</b>	–
		<b>(332,769)</b>	–
		<b>6,000,000</b>	–
	19	<b>7,977</b>	24,104
		<b>(301,204)</b>	(19,391)
		<b>(1,807,384)</b>	–
		<b>(105,533)</b>	(60,663)
		<u><b>5,277,787</b></u>	<u>(184,715)</u>
		<b>9,476,162</b>	845,500
		<b>28,013,995</b>	18,976,843
		<u><b>72,088</b></u>	<u>(22,700)</u>
		<u><b>37,562,245</b></u>	<u>19,799,643</u>

## NOTES

### 1. BASIS OF PREPARATION

The interim financial report (the “**Interim Financial Report**”) has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**SEHK**”), including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It was authorised for issue on 18 August 2022.

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 2021.

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

#### **Amended HKFRSs that are effective for annual periods beginning on 1 January 2022**

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 2021, except for the adoption of the following amended HKFRSs effective as of 1 January 2022.

Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination

The adoption of these amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

## Issued but not yet effective HKFRSs

As at the date of this announcement, 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 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
HKFRS 17	Insurance Contracts and related amendments <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's condensed consolidated financial statements.

### **Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”**

The amendments to HKAS 1 require entities to disclose material accounting policy information instead of significant accounting policies in their financial statements. The amendments also provide some guidance on how material policy information are being identified and provide some examples of when accounting policy information is likely to be material.

In March 2021, HKICPA issued HKFRS Practice Statement 2 “Making Materiality Judgements” to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRSs. HKFRS Practice Statement 2 was subsequently revised to provide guidance and examples on how to apply the concept of materiality to accounting policy disclosures.

The amendments to HKAS 1 are effective for annual reporting period beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. Except for the disclosures of accounting policies may need to be revised to cope with the above changes, the directors expect that the amendments have no other material impact on the condensed consolidated financial statements.

### **Amendments to HKAS 8 “Definition of Accounting Estimates”**

The amendments clarify how entities should distinguish changes in accounting policies from changes in accounting estimates by introducing a definition for accounting estimates, which is now defined as “monetary amounts in the financial statements that are subject to measurement uncertainty”.

Besides, the amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. Accounting estimates typically involve the use of judgements or assumptions based on latest available reliable information. A change in accounting estimate that results from new information or new development is not correction of an error. Therefore, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual reporting period beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. The directors expect that the amendments have no material impact on the condensed consolidated financial statements.

### **Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”**

The amendments clarify that the initial recognition exemption of deferred tax in HKAS 12 “Income Taxes” does not apply to transactions that give rise to equal taxable and deductible temporary differences, such as lease contracts that give rise to the recognition of a lease liability and the corresponding right-of-use assets and contracts that give rise to the recognition of decommissioning obligations and corresponding amounts recognised as assets. Instead, entities are required to recognise the related deferred tax asset and liability on initial recognition, with the recognition of any deferred tax asset being subject to the recoverability criteria in HKAS 12 “Income Taxes”.

The amendments are effective for annual reporting period beginning on or after 1 January 2023. Earlier application is permitted. The Group is still in the process of assessing the full impact of the application of the amendments. The cumulative effect of initially applying the amendments will be recognised as an adjustment to the opening balance of retained profits at the beginning of the earliest comparative period presented.

### 3. REVENUE AND SEGMENT INFORMATION

#### Revenue

Revenue represents sales of automobiles, automobile parts and components, battery packs and related parts, 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	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Revenue from contracts with customers within the scope of HKFRS 15 “Revenue from Contracts with Customers” (“HKFRS 15”)</b>		
<b>Disaggregated by major products/services</b>		
– Sales of automobiles and related services	49,202,613	39,312,044
– Sales of automobile parts and components	4,727,305	4,636,222
– Sales of battery packs and related parts	1,686,566	–
– Research and development and related technological support services	1,838,922	446,825
– Licensing of intellectual properties	728,367	637,000
	<u>58,183,773</u>	<u>45,032,091</u>
<b>Disaggregated by timing of revenue recognition</b>		
– At a point in time	56,214,324	44,507,265
– Over time	1,969,449	524,826
	<u>58,183,773</u>	<u>45,032,091</u>

#### 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, battery packs and related parts, provision of 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.

#### 4. OTHER INCOME

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants and subsidies ( <i>note</i> )	235,282	626,183
Gain on disposal of scrap materials	14,282	27,139
Net realised and unrealised gain on derivative financial instruments	406,591	–
Fair value changes on financial assets at FVTPL	26,906	–
Net foreign exchange gain	38,132	35,862
Rental income	1,585	17,264
Storage income	–	7,068
Sundry income	173,355	86,894
	<u>896,133</u>	<u>800,410</u>

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

#### 5. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>(a) Finance income and costs</b>		
<b>Finance costs</b>		
Effective interest expense on bonds payable	1,722	1,658
Coupon expense on bonds payable	35,606	34,073
Interest on discounted notes receivable	52,309	86,074
Interest on lease liabilities	30,716	1,239
Interest on loans from related companies	49,916	–
Interest on bank borrowings wholly repayable within five years	38,320	25,971
	<u>208,589</u>	<u>149,015</u>
<b>Finance income</b>		
Bank and other interest income	<u>(423,461)</u>	<u>(249,750)</u>
<b>Net finance income</b>	<u>(214,872)</u>	<u>(100,735)</u>

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>(b) Staff costs (including directors' emoluments)</b>		
<i>(note (a))</i>		
Salaries, wages and other benefits	2,788,778	2,111,412
Retirement benefit scheme contributions <i>(note (b))</i>	195,669	177,957
Equity settled share-based payments	852,818	640,601
	<u>3,837,265</u>	<u>2,929,970</u>
<b>(c) Other items</b>		
Depreciation <i>(note (a))</i> :		
– Owned assets	1,369,278	1,192,899
– Right-of-use assets (including land lease prepayments)	317,921	76,523
Total depreciation	<u>1,687,199</u>	<u>1,269,422</u>
Amortisation of intangible assets (related to capitalised product development costs)	2,339,000	1,964,903
Research and development costs	926,194	339,677
Cost of inventories recognised as an expense <i>(note (a))</i> , including:	48,044,111	36,880,884
– Reversal of write-down of inventories to net realisable value	(3,676)	–
Lease charges on short term leases	57,787	10,537
Net loss on disposal/written off of property, plant and equipment	35,462	5,500
Net foreign exchange gain	<u>(38,182)</u>	<u>(35,862)</u>

*Notes:*

- (a) Cost of inventories included RMB2,958,903,000 (six months ended 30 June 2021: RMB2,555,974,000) 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 2022, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future periods/years (as at 31 December 2021: RMBNil).

## 6. TAXATION

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Current tax:</b>		
– PRC enterprise income tax	673,440	748,707
– (Over)/Under-provision in prior years	<u>(38,495)</u>	<u>15,478</u>
	634,945	764,185
<b>Deferred tax</b>	<u>(596,280)</u>	<u>(252,635)</u>
	<u><b>38,665</b></u>	<u><b>511,550</b></u>

Hong Kong profits tax has not been provided as the Hong Kong incorporated companies within the Group had no estimated assessable profits in Hong Kong for the six months ended 30 June 2022 and 2021.

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 2021: 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. Accordingly, they enjoyed a preferential income tax rate of 15% for the six months ended 30 June 2022 and 2021.

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 were entitled to claim 175% of their research and development costs so incurred as tax deductible expenses when determining their assessable profits for the period up to 31 December 2020. With effect from 1 January 2021, these entities are entitled to claim 200% of their research and development costs for income tax deduction (“**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 2022 and 2021.

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

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

## 7. DIVIDENDS

During the current period, a final dividend for the year ended 31 December 2021 of HK\$0.21 (six months ended 30 June 2021: HK\$0.20) per ordinary share, amounting to approximately RMB1,787,669,000 (six months ended 30 June 2021: RMB1,611,904,000), has been declared and approved by the shareholders at the annual general meeting of the Company. The 2021 final dividend was paid in July 2022 and reflected as dividends payable in this announcement.

In addition, the Company made a distribution on perpetual capital securities of RMB66,660,000 (six months ended 30 June 2021: RMB63,697,000) to the securities holders during the six months ended 30 June 2022.

## 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 RMB1,485,578,000 (six months ended 30 June 2021: RMB2,317,439,000) and the weighted average number of ordinary shares of 10,019,544,970 shares (six months ended 30 June 2021: 9,819,349,883 shares), calculated as follows:

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to equity holders of the Company	1,552,238	2,381,136
Distribution paid on perpetual capital securities	<u>(66,660)</u>	<u>(63,697)</u>
Profit for the period attributable to ordinary equity holders of the Company	<u><u>1,485,578</u></u>	<u><u>2,317,439</u></u>

#### *Weighted average number of ordinary shares*

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Issued ordinary shares as at 1 January (note 19)	10,018,441,540	9,816,626,540
Effect of share options exercised	<u>1,103,430</u>	<u>2,723,343</u>
Weighted average number of ordinary shares as at 30 June	<u><u>10,019,544,970</u></u>	<u><u>9,819,349,883</u></u>

(b) **Diluted earnings per share**

The calculation of diluted earnings per share is based on profit for the period attributable to ordinary equity holders of the Company of RMB1,485,578,000 (six months ended 30 June 2021: RMB2,317,439,000) and the weighted average number of ordinary shares of 10,096,115,647 shares (six months ended 30 June 2021: 9,824,357,024 shares), calculated as follows:

*Weighted average number of ordinary shares (diluted)*

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
Weighted average number of ordinary shares (basic) as at 30 June	<b>10,019,544,970</b>	9,819,349,883
Effect of deemed issue of shares under the Company's share option scheme	<b>59,528</b>	5,007,141
Effect of dilutive potential ordinary shares arising from award shares issued under the Company's share award scheme	<b>76,511,149</b>	—
Weighted average number of ordinary shares (diluted) as at 30 June	<b><u>10,096,115,647</u></b>	<u>9,824,357,024</u>

**9. PROPERTY, PLANT AND EQUIPMENT**

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

	<b>As at 30 June 2022</b>	As at 31 December 2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
<b>Net carrying amount</b>		
At the beginning of the period/year	<b>30,858,504</b>	26,574,279
Additions	<b>2,912,618</b>	3,384,695
Acquisition through business combination	<b>377,728</b>	3,799,775
Disposals/written off	<b>(136,380)</b>	(312,872)
Depreciation	<b>(1,644,268)</b>	(2,587,373)
Exchange realignment	<b>(6,070)</b>	—
At the end of the period/year	<b><u>32,362,132</u></b>	<u>30,858,504</u>

The Group has obtained the right to use office and factory premises, retail and service centres, motor vehicles and plant and machinery through the tenancy agreements. The leases typically run on initial periods from one to six years (as at 31 December 2021: one to six years). The Group generally makes fixed payments during the contract period. During the six months ended 30 June 2022, the total additions to right-of-use assets were RMB1,085,235,000 (six months ended 30 June 2021: RMB27,844,000).

As at 30 June 2022, the aggregate carrying amount of the Group's right-of-use assets in relation to the buildings, plant and machinery and motor vehicles are RMB1,621,707,000 (as at 31 December 2021: RMB692,352,000).

## 10. INTANGIBLE ASSETS

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

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
<b>Net carrying amount</b>		
At the beginning of the period/year	20,901,178	18,610,115
Additions	2,705,613	4,257,210
Acquisition through business combination	65,663	2,272,806
Disposals/written off	–	(13,192)
Amortisation	(2,339,000)	(4,225,761)
Exchange realignment	(149)	–
	<b>21,333,305</b>	<b>20,901,178</b>

## 11. INTERESTS IN ASSOCIATES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Cost of unlisted investments	874,483	520,358
Share of post-acquisition results and other comprehensive income	96,074	140,082
Impairment loss recognised	(3,349)	(3,349)
Exchange realignment	(47,283)	(47,283)
	<b>919,925</b>	<b>609,808</b>

During the six months ended 30 June 2022, the Group and other investors established an associate company, Wuxi Xingqu Technology Company Limited# 無錫星驅科技有限公司 (“**Wuxi Xingqu**”). Pursuant to the articles of association of Wuxi Xingqu, the registered capital of Wuxi Xingqu will be RMB61,250,000, and will be contributed as to 27.96% (equivalent to RMB17,125,000) by the Group and as to 72.04% (equivalent to RMB44,125,000) by other investors, respectively.

Further, the Group injected the capital of RMB196,000,000 and RMB141,000,000 into Times Geely Power Battery Company Limited# 時代吉利動力電池有限公司 (“**Times Geely**”) and Zhejiang Haohan Energy Technology Company Limited# 浙江浩瀚能源科技有限公司 (“**Haohan Energy**”), respectively, in May 2022. Upon the completion of the capital injection, the Group’s equity interest in Times Geely and Haohan Energy remain at 49% and 30%, respectively.

During the six months ended 30 June 2021, Closed Joint Stock Company BELGEE (“**BELGEE**”) effected an increase in registered capital whereby the Group and other investors injected additional capital to BELGEE amounting to Belarusian Ruble (“**BYN**”) 20,087,000 (equivalent to approximately RMB50,087,000) and BYN32,369,000 (equivalent to approximately RMB82,553,000), respectively. Upon the completion of the capital increase, the registered capital of BELGEE was changed from BYN182,079,000 (equivalent to approximately RMB672,963,000) to BYN234,535,000 (equivalent to approximately RMB805,603,000).

## 12. INTERESTS IN JOINT VENTURES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Cost of unlisted investments	7,805,706	7,432,506
Unrealised gain on disposal of a subsidiary to a joint venture	(14,943)	(14,943)
Share of post-acquisition results and other comprehensive income	<u>2,401,490</u>	<u>2,177,242</u>
	<u><b>10,192,253</b></u>	<u><b>9,594,805</b></u>

Details of the Group's joint ventures as at 30 June 2022 and 31 December 2021 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 2022	As at 31 December 2021	
Genius Auto Finance Company Limited <sup>#</sup> (“Genius AFC”) 吉致汽車金融有限公司	PRC	Incorporated	RMB4,000,000,000	80%	80%	Vehicles financing business
LYNK & CO Investment Co., Ltd. <sup>#</sup> (“LYNK & CO Investment”) 領克投資有限公司	PRC	Incorporated	RMB7,500,000,000	50%	50%	Manufacturing and sales of vehicles under the “Lynk & Co” brand
Zhejiang Geely AISIN Automatic Transmission Company Limited <sup>#</sup> (“Zhejiang AISIN”) 浙江吉利愛信自動變速器有限公司	PRC	Incorporated	United States dollars (“US\$”) 117,000,000	40%	40%	Manufacturing and sale of front-wheel drive 8-speed automatic transmissions and related parts and components
Shandong Geely Sunwoda Power Battery Company Limited <sup>#</sup> (“Geely Sunwoda”) 山東吉利欣旺達動力電池有限公司	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 <sup>#</sup> (“Xinyueneng”) 廣東芯粵能半導體有限公司	PRC	Incorporated	RMB400,000,000	40%	40%	Provision of integrated circuit design, manufacturing, sales and the manufacturing of semiconductor

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	As at	
				30 June 2022	31 December 2021	
Chongqing Livan Automotive Technology Company Limited <sup>#</sup> ("Chongqing Livan") 重慶睿藍汽車科技有限公司	PRC	Incorporated	RMB600,000,000	50%	–	Research and development, sales and operations of vehicles (including but not limited to battery swapping vehicles)

<sup>#</sup> The English translation of the names of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

On 13 December 2021, the Group entered into the investment cooperation agreement with Lifan Technology (Group) Company Limited<sup>#</sup> 力帆科技(集團)股份有限公司 ("Lifan Technology"), pursuant to which the Company and Lifan Technology agreed to form a joint venture company, Chongqing Livan, to engage in the research and development, sales and operations of vehicles (including but not limited to battery swapping vehicles). Pursuant to the terms of the investment cooperation agreement, the registered capital of the joint venture company is RMB600 million, and is contributed as to 50% (equivalent to RMB300 million) by the Group and as to 50% (equivalent to RMB300 million) by Lifan Technology, respectively. Unanimous resolution of all shareholders of Chongqing Livan for certain key corporate matters is required. Therefore, Chongqing Livan is under the joint control of the Group and accounted for using the equity method.

During the six months ended 30 June 2022, the Group and Lifan Technology contributed RMB300,000,000 and RMB300,000,000, respectively, to Chongqing Livan.

Further, the Group injected the capital of RMB33,200,000 and RMB40,000,000 into Geely Sunwoda and Xinyueneng in March 2022 and May 2022, respectively. Upon the completion of the capital injection, the Group's equity interest in Geely Sunwoda and Xinyueneng remain at 41.5% and 40%, respectively.

Summarised financial information of LYNK & CO Investment 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 statement of financial position, were disclosed below:

	LYNK & CO Group		Genius AFC	
	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Non-current assets	14,387,137	14,156,681	1,802,607	1,811,372
Current assets	12,374,936	12,560,038	52,706,064	52,663,546
Current liabilities	(14,976,654)	(14,845,926)	(28,992,077)	(30,705,939)
Non-current liabilities	(3,607,506)	(3,886,217)	(18,737,913)	(17,231,651)
Net assets	<u>8,177,913</u>	<u>7,984,576</u>	<u>6,778,681</u>	<u>6,537,328</u>
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	1,609,797	1,694,958	5,935,347	5,797,475
Current financial liabilities (excluding trade and other payables and provisions)	(805,365)	(153,536)	(24,821,345)	(26,364,071)
Non-current financial liabilities (excluding trade and other payables and provisions)	<u>(948,041)</u>	<u>(995,435)</u>	<u>(18,737,913)</u>	<u>(17,231,651)</u>
	LYNK & CO Group		Genius AFC	
	2022 RMB'000 (Unaudited)	Six months ended 30 June 2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	12,457,018	14,319,248	2,217,306	2,006,949
Profit for the period	200,205	462,357	741,353	597,674
Other comprehensive expense for the period	(6,868)	(47,884)	–	–
Total comprehensive income for the period	193,337	414,473	741,353	597,674
Dividend from joint ventures	–	888,689	400,000	–
The above profit for the period including the following:				
Depreciation and amortisation	(1,434,927)	(1,323,028)	(19,512)	(14,572)
Interest income	26,018	34,057	2,167,619	1,972,951
Interest expenses	(37,866)	(54,515)	(889,969)	(816,415)
Income tax expense	<u>(71,010)</u>	<u>(134,535)</u>	<u>(247,118)</u>	<u>(200,220)</u>

Reconciliation of the above summarised financial information to the carrying amount of the Group's interests in joint ventures recognised in the condensed consolidated statement of financial position was as follows:

	<b>LYNK &amp; CO Group</b>		<b>Genius AFC</b>	
	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	<b>As at 31 December 2021 RMB'000 (Audited)</b>	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	<b>As at 31 December 2021 RMB'000 (Audited)</b>
Net assets of the joint ventures	<b>8,177,913</b>	7,984,576	<b>6,778,681</b>	6,537,328
The Group's effective interests in the joint ventures	<u><b>50%</b></u>	<u>50%</u>	<u><b>80%</b></u>	<u>80%</u>
The Group's share of the net assets of the joint ventures	<b>4,088,957</b>	3,992,288	<b>5,422,945</b>	5,229,862
Unrealised gain on disposal of a subsidiary to a joint venture	<u><b>(14,943)</b></u>	<u>(14,943)</u>	<u>—</u>	<u>—</u>
Carrying amount of the Group's interests in joint ventures	<u><b>4,074,014</b></u>	<u>3,977,345</u>	<u><b>5,422,945</b></u>	<u>5,229,862</u>

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

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	<b>As at 31 December 2021 RMB'000 (Audited)</b>
Aggregate amounts of the Group's share of loss for the period/year	<b>(65,503)</b>	(51,474)
Aggregate amounts of the Group's share of other comprehensive expense for the period/year	—	—
Aggregate carrying amount of the Group's interests in these joint ventures	<u><b>695,294</b></u>	<u>387,598</u>

### 13. INVENTORIES

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Raw materials	3,013,002	2,120,500
Work in progress	490,398	509,762
Finished goods	<u>4,063,488</u>	<u>2,940,334</u>
	7,566,888	5,570,596
Less: provision for inventories	<u>–</u>	<u>(49,023)</u>
	<u><b>7,566,888</b></u>	<u><b>5,521,573</b></u>

### 14. TRADE AND OTHER RECEIVABLES

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
<b>Trade and notes receivables</b>		
Trade receivables, net of loss allowance		
– Third parties	1,405,486	872,445
– Joint ventures	1,274,055	731,034
– Associates	981,192	1,682,610
– Related companies controlled by the substantial shareholder of the Company	<u>5,364,653</u>	<u>3,882,261</u>
	9,025,386	7,168,350
Notes receivable	<u>7,064,258</u>	<u>19,863,681</u>
	<u><b>16,089,644</b></u>	<u><b>27,032,031</b></u>
<b>Deposits, prepayments and other receivables</b>		
Prepayments to suppliers		
– Third parties	1,352,487	622,404
– Related companies controlled by the substantial shareholder of the Company	<u>440,256</u>	<u>241,368</u>
	1,792,743	863,772
Deposits paid for acquisition of property, plant and equipment	121,818	116,662
Dividend receivable from a joint venture	380,000	–
Other contract costs	473,142	433,012
Utility deposits and other receivables	2,384,991	1,006,913
VAT and other taxes receivables	<u>1,945,054</u>	<u>2,706,652</u>
	<u><b>7,097,748</b></u>	<u><b>5,127,011</b></u>

	<i>Note</i>	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Amounts due from related companies controlled by the substantial shareholder of the Company	<i>(d)</i>	<u>75,194</u>	<u>190,570</u>
		<u>7,172,942</u>	<u>5,317,581</u>
		<u><b>23,262,586</b></u>	<u><b>32,349,612</b></u>
<i>Representing:</i>			
– Current		<u>22,131,869</u>	<u>31,549,100</u>
– Non-current		<u>1,130,717</u>	<u>800,512</u>
		<u><b>23,262,586</b></u>	<u><b>32,349,612</b></u>

**(a) Trade receivables**

The Group allows average credit periods ranged from 30 days to 90 days to its PRC customers from sales of automobiles, automobile parts and components, battery packs and related parts, provision of research and development and related technological support services. In respect of the trade receivables 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 reporting date was as follows:

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
0 – 60 days	<u>4,411,619</u>	<u>3,734,754</u>
61 – 90 days	<u>33,460</u>	<u>338,779</u>
91 – 365 days	<u>678,068</u>	<u>202,687</u>
Over 365 days	<u>1,234,740</u>	<u>445,107</u>
	<u><b>6,357,887</b></u>	<u><b>4,721,327</b></u>

For overseas customers, the Group allows credit periods ranged from 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 reporting date was as follows:

	As at <b>30 June 2022</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
0 – 60 days	<b>1,507,548</b>	1,582,818
61 – 90 days	<b>150,174</b>	281,174
91 – 365 days	<b>982,639</b>	583,031
Over 365 days	<b>27,138</b>	–
	<b><u>2,667,499</u></b>	<b><u>2,447,023</u></b>

As at 30 June 2022, the Group has adopted average expected loss rate of 5% (as at 31 December 2021: 5%) on the gross carrying amount of trade receivables amounted to RMB9,272,253,000 (as at 31 December 2021: RMB7,391,128,000). The loss allowance as at 30 June 2022 is RMB246,867,000 (as at 31 December 2021: RMB222,778,000).

**(b) Notes receivable**

All notes receivable are denominated in RMB. As at 30 June 2022 and 31 December 2021, all notes receivable were guaranteed by established banks in the PRC and had maturities of less than one year from the reporting date.

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 fair value through other comprehensive income (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 2022 and 31 December 2021 from expected timing of endorsements and discounting at the interest rates for the respective notes receivable. The fair value is within level 2 of the fair value hierarchy.

As at 30 June 2022, the Group endorsed certain notes receivable accepted by banks in the PRC (the “**Endorsed Notes**”) with carrying amount of RMB458,892,000 (as at 31 December 2021: RMB931,366,000) 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 2022, the aggregate carrying amount of the trade payables settled by the Endorsed Notes during the period to which the suppliers have recourse was RMB458,892,000 (as at 31 December 2021: RMB931,366,000).

As at 30 June 2022, the Group discounted and endorsed certain notes receivable accepted by banks in the PRC (the “**Derecognised Notes**”) to certain banks in order to obtain additional financing or to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amount in aggregate of RMB33,092,708,000 (as at 31 December 2021: RMB44,965,874,000). The Derecognised Notes had a maturity of less than one year (as at 31 December 2021: 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 and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts.

**(c) Other contract costs**

Other contract costs capitalised as at 30 June 2022 and 31 December 2021 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 reporting date. 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 2022 (six months ended 30 June 2021: RMBNil).

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

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

## 15. TRADE AND OTHER PAYABLES

	<i>Note</i>	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
<b>Trade and notes payables</b>			
Trade payables			
– Third parties		23,736,812	27,711,329
– Associates		900,184	999,220
– Joint ventures		13,616	5,274
– Related companies controlled by the substantial shareholder of the Company		<u>3,054,506</u>	<u>3,290,590</u>
	<i>(a)</i>	27,705,118	32,006,413
Notes payable	<i>(b)</i>	<u>3,612,088</u>	<u>106,947</u>
		<u>31,317,206</u>	<u>32,113,360</u>
<b>Other payables</b>			
Receipts in advance from customers	<i>(c)</i>		
– Third parties		5,738,692	7,458,586
– Associates		–	8,307
– Joint ventures		37,724	194,088
– Related companies controlled by the substantial shareholder of the Company		<u>333,628</u>	<u>387,506</u>
		6,110,044	8,048,487
Deferred government grants which conditions have not been satisfied		2,611,142	3,574,474
Payables for acquisition of property, plant and equipment		1,612,092	2,304,916
Payables for capitalised product development costs from related companies	<i>(d)</i>	2,501,260	2,345,333
Payables for acquisition of additional interests in a subsidiary		–	1,807,384
Accrued staff salaries and benefits		1,058,171	1,776,055
VAT and other taxes payables		1,157,397	1,276,494
Dividends payable		1,787,669	–
Other accrued charges and payables	<i>(e)</i>	<u>4,450,169</u>	<u>4,604,101</u>
		21,287,944	25,737,244

	<i>Note</i>	As at <b>30 June 2022</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2021 <i>RMB'000</i> <b>(Audited)</b>
Amounts due to related companies controlled by the substantial shareholder of the Company	<i>(f)</i>	<u>771,973</u>	<u>503,883</u>
		<u>22,059,917</u>	<u>26,241,127</u>
		<u><b>53,377,123</b></u>	<u><b>58,354,487</b></u>
<i>Representing:</i>			
– Current		<u>52,232,654</u>	<u>57,392,790</u>
– Non-current		<u>1,144,469</u>	<u>961,697</u>
		<u><b>53,377,123</b></u>	<u><b>58,354,487</b></u>

**(a) Trade payables**

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

	As at <b>30 June 2022</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2021 <i>RMB'000</i> <b>(Audited)</b>
0 – 60 days	<u>25,449,144</u>	<u>29,125,014</u>
61 – 90 days	<u>1,370,428</u>	<u>1,699,916</u>
91 – 365 days	<u>799,861</u>	<u>950,736</u>
Over 365 days	<u>85,685</u>	<u>230,747</u>
	<u><b>27,705,118</b></u>	<u><b>32,006,413</b></u>

Trade payables are non-interest bearing. The average credit period on the settlement of purchase invoice is 60 days.

**(b) Notes payable**

All notes payable are denominated in RMB and are notes paid and/or payable to third parties for the settlement of trade payables. As at 30 June 2022 and 31 December 2021, all notes payable had maturities of less than six months from the reporting date.

(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, licensing of intellectual properties 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, battery packs and related parts, and services were delivered to the customers and the right to use the intellectual properties was obtained by customers.

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	<b>As at 31 December 2021 RMB'000 (Audited)</b>
Relating to the sales of automobiles, automobile parts and components and battery packs and related parts	<b>4,791,834</b>	6,689,535
Relating to the licensing of intellectual properties	–	215,017
Relating to the obligation for service agreed to be part of the sales of automobiles	<b>1,318,210</b>	1,143,935
	<b><u>6,110,044</u></b>	<b><u>8,048,487</u></b>

The decrease (six months ended 30 June 2021: increase) in receipts in advance from customers was mainly due to the decrease (six months ended 30 June 2021: 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 2022.

Receipts in advance from customers outstanding at the beginning of the period amounting to RMB6,995,671,000 (six months ended 30 June 2021: RMB2,389,952,000) have been recognised as revenue during the period.

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

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	<b>As at 31 December 2021 RMB'000 (Audited)</b>
Within one year	<b>173,746</b>	182,238
More than one year	<b>1,144,464</b>	961,697
	<b><u>1,318,210</u></b>	<b><u>1,143,935</u></b>

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, 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 from related companies**

The credit terms for payables for capitalised product development costs from related companies generally ranged from 60 days to 90 days.

**(e) Other accrued charges and payables**

The amounts mainly comprised (i) deposits provided by automobile dealers and (ii) payables for warranty, advertising and promotion, transportation and general operations.

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

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

**16. BANK BORROWINGS**

As at 30 June 2022 and 31 December 2021, the Group's bank loans were repayable as follows:

	As at <b>30 June 2022</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2021 <i>RMB'000</i> (Audited)
Carrying amount repayable ( <i>note (i)</i> )		
Within one year	<b>2,457,275</b>	1,906,740
In the third to fifth year	<b>468,000</b>	—
Total carrying amount	<b>2,925,275</b>	1,906,740
Less:		
Amount due within one year	<b>(2,457,275)</b>	(1,906,740)
Carrying amount shown under non-current liabilities	<b>468,000</b>	—

*Notes:*

- (i) The amounts are based on the scheduled repayment dates set out in the loan agreements.
- (ii) As at 30 June 2022, the bank loans were carried at amortised cost and repayable within one to three years. Of which, the bank loans of RMB615,000,000 and RMB169,182,000 were guaranteed by the Company's ultimate holding company and immediate holding company, respectively.
- (iii) The weighted average interest rate on bank loans as at 30 June 2022 was 2.86% (as at 31 December 2021: 1.05%) per annum.

## 17. LOANS FROM RELATED COMPANIES

### (a) Loan from a fellow subsidiary

As at 30 June 2022, the loan was granted to the Group's subsidiary in the PRC and was unsecured, repayable within ten years and carried interest rate at 4.5% per annum.

### (b) Loan from ultimate holding company

As at 30 June 2022, the loan was granted to the Group's subsidiary in Sweden and was unsecured, repayable within one year and carried interest rate at 1% per annum.

## 18. BONDS PAYABLE

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

The carrying amount of the Bonds 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 were measured at amortised cost at the reporting date.

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

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
<b>Carrying amount</b>		
At the beginning of the period/year	1,901,137	1,949,735
Exchange differences	100,832	(51,921)
Interest expenses	1,722	3,323
At the end of the period/year	<u>2,003,691</u>	<u>1,901,137</u>
<i>Representing:</i>		
– Current	2,003,691	–
– Non-current	<u>–</u>	<u>1,901,137</u>

## 19. SHARE CAPITAL

	Number of shares	Nominal value <i>RMB'000</i>
Authorised:		
Ordinary shares of HK\$0.02 each		
At 31 December 2021 (audited) and 30 June 2022 (unaudited)	<b><u>12,000,000,000</u></b>	<b><u>246,720</u></b>
Issued and fully paid:		
Ordinary shares of HK\$0.02 each		
At 1 January 2021	9,816,626,540	179,672
Shares issued under share option scheme	5,405,000	91
Shares issued on acquisition of additional interests in a subsidiary	<u>196,410,000</u>	<u>3,252</u>
At 31 December 2021 and 1 January 2022	10,018,441,540	183,015
Shares issued under share option scheme ( <i>note</i> )	<u>2,405,000</u>	<u>39</u>
At 30 June 2022 (unaudited)	<b><u>10,020,846,540</u></b>	<b><u>183,054</u></b>

*Note:*

During the six months ended 30 June 2022, share options were exercised to subscribe for 2,405,000 ordinary shares (six months ended 30 June 2021: 4,050,000 ordinary shares) of the Company at a consideration of approximately RMB7,977,000 (six months ended 30 June 2021: RMB24,104,000) of which approximately RMB39,000 (six months ended 30 June 2021: RMB68,000) was credited to share capital and approximately RMB7,938,000 (six months ended 30 June 2021: RMB24,036,000) was credited to the share premium account. As a result of the exercise of share options, share option reserve of RMB3,543,000 (six months ended 30 June 2021: RMB5,844,000) was transferred to the share premium account.

## 20. PERPETUAL CAPITAL SECURITIES

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

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

## 21. BUSINESS COMBINATION

### **Acquisition of China-Euro Vehicle Technology AB (“CEVT”)**

On 2 July 2021, Zeekr Intelligent Technology Holding Limited (“**Zeekr Holding**”) and a fellow subsidiary owned by the Company’s ultimate holding company entered into an acquisition agreement pursuant to which Zeekr Holding conditionally agreed to acquire 100% of the equity interests in CEVT for a cash consideration of approximately 1,057.8 million Swedish Krona (equivalent to approximately RMB741.3 million). CEVT is principally engaged in automotive design, software systems development, modular development, virtual engineering of intelligent electric vehicles and provision of mobility technology solutions. The acquisition of CEVT was completed in February 2022. Please refer to the Company’s announcement dated 2 July 2021 for further details.

As at the date of this announcement, the Group is in the process of completing a valuation to assess the fair value of the identifiable assets acquired and liabilities assumed of CEVT. Accordingly, the assets acquired and liabilities recognised at the acquisition date has been determined on a provisional basis. Upon finalisation of the valuation, goodwill arising on acquisition may change accordingly. The directors expect the valuation will be finalised on or before December 2022.

The assets acquired and liabilities recognised at the acquisition date (determined on a provisional basis) are as follows:

	<b>Provisional fair value recognised on acquisition RMB'000</b>
<b>The net assets acquired:</b>	
Property, plant and equipment ( <i>note 9</i> )	377,728
Intangible assets ( <i>note 10</i> )	65,663
Trade and other receivables	3,166,231
Deferred tax assets	7,149
Income tax recoverable	41,730
Bank balances and cash	75,068
Trade and other payables	(693,348)
Bank borrowings	(651,924)
Loan from a related company	(1,476,113)
Lease liabilities	(170,269)
Deferred tax liabilities	<u>(15,717)</u>
	<u>726,198</u>
<b>Goodwill arising on acquisition (determined on a provisional basis):</b>	
Cash consideration transferred	741,273
Provisional fair value of identifiable net assets acquired	<u>(726,198)</u>
	<u>15,075</u>
<b>Net cash outflow arising on acquisition of a subsidiary:</b>	
Cash consideration paid	(741,273)
Bank balances and cash acquired	<u>75,068</u>
	<u><u>(666,205)</u></u>

## 22. NON-CONTROLLING INTERESTS

The following table lists out the information related to subgroup of Zhejiang Jirun Automobile Company Limited# 浙江吉潤汽車有限公司 (“**Jirun Automobile**”), and Zeekr Holding, the subsidiaries of the Group which have material non-controlling interests. The summarised financial information presented below represents the amounts before any inter-company elimination.

	<b>Jirun Automobile</b>		<b>Zeekr Holding</b>	
	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	<b>As at 31 December 2021 RMB'000 (Audited)</b>	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	<b>As at 31 December 2021 RMB'000 (Audited)</b>
Non-controlling interests percentage	1%	1%	41.69%	40.27%
Non-current assets	52,202,948	54,051,493	9,246,212	5,323,972
Current assets	145,596,783	144,902,780	16,581,088	6,839,320
Current liabilities	(141,011,634)	(144,495,481)	(13,520,745)	(7,853,511)
Non-current liabilities	(1,791,373)	(1,421,525)	(7,872,643)	(486,229)
Net assets	<u>54,996,724</u>	<u>53,037,267</u>	<u>4,433,912</u>	<u>3,823,552</u>
Carrying amount of non-controlling interests	<u>549,870</u>	<u>529,894</u>	<u>798,505</u>	<u>1,021,717</u>

  

	<b>Jirun Automobile</b>		<b>Zeekr Holding</b>	
	<b>Six months ended 30 June</b>			
	<b>2022 RMB'000 (Unaudited)</b>	<b>2021 RMB'000 (Unaudited)</b>	<b>2022 RMB'000 (Unaudited)</b>	<b>2021 RMB'000 (Unaudited)</b>
Revenue	88,980,368	79,722,368	8,828,040	–
Profit/(Loss) for the period	1,528,764	2,459,814	(759,129)	–
Other comprehensive income/(expense) for the period	468,841	18,778	(20,438)	–
Total comprehensive income/(expense) for the period	1,997,605	2,478,592	(779,567)	–
Profit/(Loss) allocated to non-controlling interests	15,288	24,598	(286,414)	–
Other comprehensive income/(expense) allocated to non-controlling interests	4,688	188	(8,519)	–
Dividend paid to non-controlling interests	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

# The English translation of the name of the company established in the PRC is for reference only. The official name of the company is in Chinese.

## 23. EVENT AFTER THE REPORTING DATE

### **Exercise of call option by BNP Paribas Personal Finance (“BNPP PF”)**

On 11 August 2020, BNPP PF served a written notice to the Company on the exercise of the call option associated with the joint venture agreement (the “**Call Option**”) pursuant to which, subject to the agreement on the exercise price and other terms, BNPP PF will acquire from the Company such additional equity interest in Genius AFC to increase its equity interest in Genius AFC up to 50%.

On 11 July 2022, the Company entered into the equity transfer agreement (the “**Equity Transfer Agreement**”) with BNPP PF and its wholly owned subsidiary as purchaser in relation to the exercise of the Call Option by BNPP PF, pursuant to which the wholly owned subsidiary of BNPP PF has conditionally agreed to purchase from the Company and the Company has conditionally agreed to sell to the wholly owned subsidiary of BNPP PF an interest of 5% in the registered capital of Genius AFC at an initial cash consideration of approximately RMB420,706,000, which will be subsequently adjusted for any change in the book value of Genius AFC between 31 July 2020 and the completion date which will be determined and confirmed in the audited financial statements of Genius AFC as of the completion date. The transaction contemplated under the Equity Transfer Agreement has not yet been completed as at the date of this announcement. Please refer to the Company’s announcement dated 11 July 2022 for further details.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overall Performance

The Group's sales performance in the first half of 2022 was below the management's expectations, primarily attributable to the disruption to production and sales caused by the pandemic prevention and controls in some cities in the PRC and global shortage of chips. As a result, the Group's total sales volume in the China market decreased 9% year-on-year ("YoY") to 526,217 units (including the total sales volume<sup>#</sup> of "Lynk&Co" and "Livan" vehicles sold by the Group's two 50%-owned joint ventures, namely 领克投资有限公司 (Lynk&Co Investment Co., Ltd. or "Lynk&Co JV") and 重慶睿藍汽車科技有限公司 (Chongqing Livan Automotive Technology Company Limited or "Livan JV")) in the first half of 2022. Despite the total sales volume of new energy vehicles ("NEV(s)") recorded nearly fourfold YoY increase and the proportion of NEVs in total sales volume surged to 18%, the decrease in the sales volume of internal combustion engine ("ICE") vehicles more than offset the increase in the sales volume of NEVs during the period, resulting in the decline in the Group's domestic sales volume, whereas the overall sales volume in China's passenger vehicle market increased slightly during the first six months of 2022, according to the data of China Association of Automobile Manufacturers. On the other hand, the Group's export sales volume surged 64% YoY to 87,628 units in the first half of 2022, helped by the strong recovery of demand in its major export markets as the impact of Covid-19 temporarily subsided. Overall, the Group sold a total of 613,845 units of vehicles (including the total sales volume<sup>#</sup> of "Lynk&Co" and "Livan" vehicles sold by the Lynk&Co JV and the Livan JV) in the first six months of 2022, representing a slight decline of 3% YoY from 2021.

Total revenue (excluding the total revenue of the Lynk&Co JV and the Livan JV) however increased by 29% to RMB58.2 billion during the period as better product pricing and product mix more than offset the decline in sales volume. Gross margin ratio in the first half of 2022 was negatively affected by the higher raw materials costs and the increase in the proportion of NEVs. As a result, gross margin ratio was down by 2.6 percentage points YoY to 14.6%. Besides, the distribution and selling expenses increased by 29% due to the investment in 66 direct selling stores under "Zeekr" brand, whereas the administrative expenses (excluding share-based payments) increased by 44% mainly due to the increase in amortisation expenses as a result of substantial investment in research and development over the past years. Both increases created further pressure on the profitability during the period. Further, the relatively high operating costs of Zeekr Holding during its early stage of development and the current period's recognition of share-based payment expenses also negatively affected the Group's profitability during the period. As a result, the Group's profit attributable to the equity holders was down 35% YoY to RMB1.55 billion and the diluted earnings per share (EPS) was down 38% YoY to RMB14.71 cents in the first half of 2022. If the non-cash share-based payment expenses were excluded, the Group's profit attributable to the equity holders would have decreased by 20% YoY to RMB2.41 billion in the first half of 2022.

<sup>#</sup>: While the total sales volume does not correlate directly to the revenue the Group recognises during a particular period as it includes all sales volume of the Group's two 50%-owned joint ventures, namely the Lynk&Co JV and the Livan JV on a 100% consolidated basis, the Board believes it is more indicative of the underlying demand of the Group's vehicles.

## Financial Resources

Despite less than satisfactory overall performance in the first half of 2022, the Group's financial position remained strong at the end of June 2022. During the period, the Group discounted large amount of notes receivable for cash as the interest rate of bank deposits became higher than the finance costs of discounted notes receivable. Also, the Group increased its borrowings to support the fast-growing operation under "Zeekr" brand, most of which were loans from our parent, 浙江吉利控股集團有限公司 (Zhejiang Holding Group Company Limited or "**Geely Holding**"). As a result, the Group's total cash level (bank balances and cash + pledged bank deposits) increased by 35% from the end of December 2021 to RMB37.8 billion at the end of June 2022, while its total borrowings (including loans and the 5-year US\$300 million 3.625% bonds due 2023) also increased by 226% from the end of December 2021 to RMB12.4 billion at the end of June 2022. Net cash on hand (total cash level – total borrowings – perpetual capital securities) still increased to RMB22.0 billion, versus a net cash level of RMB20.8 billion six months ago. In addition, net notes receivable (bank notes receivable – bank notes payable) at the end of June 2022 amounted to RMB3.5 billion, which could provide the Group with further cash reserves when necessary through discounting the notes receivable with the banks.

The Group has been assigned credit ratings from both Standard & Poor's Ratings Services and Moody's Investors Service. Standard & Poor's corporate credit rating on the Group is currently "BBB-/Stable". Separately, Moody's Investors Service assigned the Group's credit rating as "Baa3" issuer rating with "stable" outlook.

## Research and Development

The Group's research and development activities mainly focus on the development of NEVs, new energy technologies (such as hybrid technology), and the development of intelligent and digital technologies.

During the first six months ended 30 June 2022, the Group recorded a total expense of RMB3,265.2 million (2021: RMB2,304.6 million) in relation to its research and development activities and such expense was included in “Administrative expenses” in the condensed consolidated income statement. Further details were illustrated in the table below:

	<b>2022</b> <b>RMB('000)</b>	<b>2021</b> <b>RMB('000)</b>	<b>YoY change</b> <b>(%)</b>
Amortisation of intangible assets (i.e. capitalised product development costs)	2,339,000	1,964,903	19
Research and product development costs (i.e. not qualified for capitalisation)	<u>926,194</u>	<u>339,677</u>	<u>173</u>
<i>Total research and development costs charged to profit or loss</i>	<u><u>3,265,194</u></u>	<u><u>2,304,580</u></u>	<u><u>42</u></u>

As most of the ongoing research and development projects are aimed for new technologies not yet used in existing products, 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.

### ***Vehicle Manufacturing***

The Group sold a total of 613,845 units of vehicles (including the total sales volume of “Lynk&Co” and “Livan” vehicles sold by the Lynk&Co JV and the Livan JV) in the first half of 2022, down 3% YoY, primarily due to the disruption to production and sales caused by the pandemic prevention and controls in some cities in the PRC and the global shortage of chips. Meanwhile, as a result of rising oil prices and government policy support, Chinese consumers’ demand for NEVs continued to surge, which in turn reduced the demand for ICE vehicles during the same period.

The Group’s domestic sales volume in the first half of 2022 decreased 9% YoY to 526,217 units (including the total sales volume of “Lynk&Co” and “Livan” vehicles sold by the Lynk&Co JV and the Livan JV). On the other hand, the Group’s export sales volume recorded a 64% YoY increase to 87,628 units in the first half of 2022, helped by the strong recovery of demand in its major export markets as the impact of Covid-19 temporarily subsided. Export sales accounted for 14.3% of the Group’s total sales volume in the first half of 2022, compared with only 8.5% in the same period of 2021.

In the first half of 2022, the Group sold a total of 109,711 units of NEVs (including the total sales volume of “Lynk&Co” and “Livan” vehicles sold by the Lynk&Co JV and the Livan JV), up nearly fourfold when compared with the same period in 2021. Amongst them, the total sales volume of pure electric vehicles was 85,820 units, increased 520% YoY, and the total sales volume of plug-in hybrid electric vehicles was 23,891 units, increased 192% YoY. The Group officially started the delivery of two Leishen hybrid vehicle models in the first half of 2022, which were well received by the market. It is expected that the sales contribution of hybrid vehicles, especially plug-in hybrid electric vehicles equipped with Leishen hybrid technology, would increase significantly in the second half of the year.

During the first six months of 2022, the total sales volumes of the Group under “Geely”, “Geometry” (as part of “Geely”), “Zeekr”, “Lynk&Co” and “Livan” brands were 500,282 units (decreased 4% YoY), 54,481 units (increased 293% YoY), 19,013 units, 77,258 units (decreased 28% YoY) and 17,292 units, respectively.

Helped by better product pricing and product mix, the Group’s average ex-factory selling price (“ASP”) increased by around 26% YoY in the first half of 2022. After incorporating the sales of “Lynk&Co” and “Livan” vehicles sold by the Lynk&Co JV and the Livan JV on a proforma basis, the Group’s combined ASP recorded a 21% YoY increase.

In the first half of 2022, the Group’s products were sold under “Geely” brand, “Geometry” brand (through an independent distribution channel), “Zeekr” brand (through an independent distribution channel under “**Zeekr**”), “Lynk&Co” brand (through an independent distribution channel under the Lynk&Co JV), and “Livan” brand (through a new distribution channel under the Livan JV), targeting at different market segments. “Geely” brand is the Group’s mainstream mass market brand, “Geometry” brand is the Group’s pure electric brand, “Zeekr” brand is the Group’s latest pure electric premium brand, whereas “Lynk&Co” is a joint-venture brand between the Group and Volvo Car Corporation (“VCC”), targeting at global premium market and “Livan” is also a joint-venture brand between the Group and Lifan Technology, targeting at battery swapping vehicle market. At the end of June 2022, the Group had 1,054 dealers in China, marketing vehicles under “Geely” brand. “Geometry” brand had 283 dealers in China. Zeekr and Lynk&Co adopted different marketing and distribution systems in China. Zeekr served its customers via 3 Zeekr Centres, 111 Zeekr Spaces and 19 delivery centres in China. Lynk&Co served its customers via 344 Lynk&Co Centres and 4 Lynk&Co Spaces in China.

## **New Products**

During the first half of 2022, the Group successfully launched the following products:

### ***Under the “Geely” brand:***

- Xingyue L Leishen Hi·F (i.e. Xingyue L hybrid electric vehicle (“**HEV**”)); and
- Emgrand L Leishen Hi·P (i.e. Emgrand L plug-in hybrid electric vehicle (“**PHEV**”)).

### ***Under the “Geometry” brand:***

- Geometry E.

NEVs and vehicle models featuring smart and intelligent capabilities would continue to be the Group’s focus in new products offering in the second half of 2022. With the help of Leishen hybrid technology and the new generation of advanced electronic and electrical architecture GEEA2.0, the transformation to new energy and intelligence will be accelerated. In addition, some existing main models will be equipped with a new generation of 1.5T four-cylinder engines to strengthen their product competitiveness. In the future, new energy version and ICE version will be offered simultaneously in the launch of new products.

The Group plans to launch the following new products in the second half of 2022:

### ***Under the “Geely” brand:***

- Smart sport utility vehicle (“**SUV**”) Pioneer – New Boyue L; and
- Xingyue L Leishen Hi·P PHEV model.

### ***Under the “Geometry” brand:***

- Geometry G6 pure electric sedan; and
- Geometry M6 pure electric SUV.

*Under the “Zeekr” brand:*

- The world’s first luxury multi-purpose vehicle (“**MPV**”) on a native pure electric vehicle architecture – Zeekr 009; and
- Zeekr 001 Plus.

*Under the “Lynk&Co” brand:*

- Lynk&Co 01, 03, 05 and 09, 4 smart E-Motive PHEV and HEV models.

**Genius AFC**

Genius Auto Finance Company Limited (“**Genius AFC**”), the Group’s 80%-owned vehicle financing joint-venture with BNP Paribas Personal Finance (“**BNPP PF**”), is principally engaged in the provision of auto wholesales financing solutions to auto dealers and retail financing solutions to end customers, mainly supporting key auto brands under Geely Holding, including “Geely”, “Lynk&Co”, “Zeekr” and “Volvo Car”. Despite fewer new retail financing contracts during the period, the total outstanding loan assets of Genius AFC still increased by 12% YoY to RMB47.6 billion by the end of June 2022. With a healthy level of interest rate spread and a relatively low default rate as a result of enhanced sales management and effective risk control, Genius AFC delivered good earnings results with its net profit increasing 24% YoY to RMB741 million for the first six months of 2022.

Despite intensive competitions from commercial banks, Genius AFC is still on track to achieve its annual goals by actively managing funding costs and expanding into new business areas. In the first half of 2022, Genius AFC further broadened its external funds channels, adding funding types like sustainability-linked syndicated loans, bilateral bank facilities and asset-backed security (“**ABS**”). During the period, Genius AFC successfully launched two ABS issuances with cumulative amount of RMB9.6 billion, further reducing its overall funding costs and providing support to its business growth.

On 11 July 2022, the Company entered into an equity transfer agreement with BNPP PF and its wholly owned subsidiary in relation to the exercise of the call option by BNPP PF, pursuant to which the wholly owned subsidiary of BNPP PF agreed to purchase from the Company and the Company agreed to sell to the wholly owned subsidiary of BNPP PF an interest of 5% in the registered capital of Genius AFC at an initial cash consideration of approximately RMB420,706,000, which will be subsequently adjusted for any change in the book value of Genius AFC between 31 July 2020 and the completion date. Upon completion, Genius AFC will be owned as to 75% and 25% by the Company and BNPP PF respectively.

## **LYNK&CO JV**

Lynk&Co JV, the Group's 50%-owned joint venture with VCC and Geely Holding (together with its subsidiaries, the "**Geely Holding Group**"), was set up to facilitate the development, manufacture, sales and servicing of high-end passenger vehicles in both China and the international market under the "Lynk&Co" brand. Positioned as a global brand with 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. The innovative business model of Lynk&Co JV is supported by new vehicle models developed based on the Compact Modular Architecture ("**CMA**"), which is jointly developed by Geely Holding and VCC and licensed to the Lynk&Co JV.

During the first half of 2022, the total sales volume of the Lynk&Co JV amounted to 77,258 units, down 28% YoY, primarily due to the lack of pure electric vehicles under the brand and challenges in the areas of new energy transformation, intelligent vehicles and supply chain.

Apart from the sales volume disclosed above, Lynk&Co JV delivered 6,253 units of vehicles to its subscription customers in the European market under its subscription model\* in the first half of 2022.

In the first half of 2022, Lynk&Co JV posted a net profit of RMB200 million, down 57% YoY. In view of Chinese consumers' current preference over physical dealer shops to support sales and services, Lynk&Co JV maintains a dealer network in China with 344 stores called "Lynk&Co Centres" and 4 display and customer service centres called "Lynk&Co Spaces" at the end of June 2022. Outside China, Lynk&Co JV has set up 8 Clubs, offering innovative mobility services to customers in Europe.

\*: Subscription means that consumers use vehicles and ancillary services during the subscription service period through regular payment of vehicle subscription fees, including vehicle insurance, daily maintenance, data services, road assistance, etc. Generally, the Lynk&Co JV recognizes the revenue and corresponding profit or loss over time once the subscription consumers have received and consumed the economic benefits of the provided vehicle during the subscription service period.

## Exports

The Group exported a total of 87,628 units of vehicles in the first six months of 2022, up 64% from the same period last year, and accounted for 14.3% of the Group's total sales volume during the period. The robust export sales performance was mainly driven by the strong recovery of demand in its major export markets after the impact of Covid-19 temporarily subsided. "Geely Boyue" and "Binyue" SUV models were the Group's most important export models in terms of sales volume in the first half of 2022, accounting for 67% of the Group's total export sales volume during the period. At the end of June 2022, the Group exported its products to 34 countries through 35 sales agents and 293 sales and service outlets.

Developing countries in Asia, Eastern Europe and the Middle East were the most important markets for the Group's exports in the first half of 2022. In particular, the export of vehicles to Proton Holding Group in Malaysia accounted for 39% of the Group's total export sales volume during the period. In addition to export of vehicles from China, the Group also assembles some models sold overseas using contract manufacturing arrangements and joint-venture manufacturing plants with local partners. Further, the export of technologies through licensing of intellectual properties also contributed positive results to the Group's overall export business.

## Subscription for common shares in Renault Korea Motors

On 9 May 2022, Centurion Industries Limited ("CIL"), a wholly-owned subsidiary of the Company, entered into a subscription agreement with Renault Korea Motors Company Limited ("**Renault Korea Motors**"). Pursuant to the subscription agreement, CIL agreed to subscribe for, and Renault Korea Motors agreed to allot and issue an aggregate of 45,375,000 common shares, representing 34.02% of the total issued shares of Renault Korea Motors on a fully-diluted basis, at a cash consideration of approximately KRW264 billion (approximately RMB1,376 million).

The cash consideration was determined with reference to (i) the appraised value, which was based on the market approach according to the valuation report as of 31 December 2021 prepared by an independent valuer; (ii) the commercial potential and prospects of existing businesses and networks of Renault Korea Motors; and (iii) the reasons for the difference between the implied value and the appraised value in the valuation report. The cash consideration for the subscription will be funded by the Group's internal financial resources.

Through the subscription, the Group, utilizing its existing automobile technology, could establish its presence in the Korean market through collaboration with Renault and further expand its export business into well-established developed market. In addition, the subscription would allow the Group to further strengthen its capability in research in automobile architecture and vehicle model technology, while pursuing development along the industry value chain. Further, the fees receivable under the intellectual properties license agreement would bring in considerable additional revenue to the Group. Meanwhile, the adoption of the Group's technology could help transform the business model of Renault Korea Motors, improving its financial performance and market position in Korea.

## Outlook

The intense competition in China's automobile market, the rise in raw material and battery prices and the global shortage of chip supply have showed no sign of subsiding and should continue to put pressure on the sales performance and profitability of the Group in the second half of 2022. Also, Zeekr Holding is still at its earlier stage of development with relatively high operating costs. Despite all these, the recent launch of automobile stimulus policies by the Chinese government, coupled with the launch of more competitive NEV models, should enable the Group to perform better in the second half of the year. In the long term, the trend of the transformation from conventional vehicles to NEVs and intelligent/connected vehicles and the expected relaxation of foreign investment restrictions in China's automobile industry in the coming years should represent additional challenges to the Chinese passenger vehicle manufacturers.

On the positive front, the Group has secured a leading position in China's passenger vehicle market. Further, the Group's financial position remains strong as a result of good operational cash inflow over the past few years. These should enable the Group to continue investing for the future and respond to the rapid market changes promptly.

In view of the huge challenges ahead, we should persist with our original intent, keep our proven strategy and maintain our development pace. The Chinese consumers' demand for intelligent NEVs should continue to grow rapidly amid the popularization of digital networking, the rise in oil prices, the support of the government policies, and the launch of more quality NEV models. The Group would be dedicated to speed up the transformation to new energy and intelligent vehicles. Equipped with Leishen hybrid technology, autonomous driving technology and new generation of advanced electronic and electrical architecture GEEA2.0, the Group would continue to increase the proportion of NEVs in its total sales volume. The amount of new product offerings should stay at high levels in the coming years, providing sufficient momentum for the Group to maintain growth in the long run.

The Group had largely completed the rebranding and the restructuring of its distribution channels in its major export markets. Localization of production to reduce costs and currency risk already started to yield positive results in markets like Malaysia, where customer feedback and demand for the Group's products improved considerably. Further, the export of technologies through licensing of intellectual properties also contributed positively to the Group's overall export business. For the coming few years, exports would not only become a key driver to the Group's growth, but also would help to further enhance the Group's economies of scale. In the second half of 2022, the Group will go ahead to further expand its export sales to new markets in Southeast Asia and Western Europe.

Major acquisitions in the automobile sector by the Group's parent Geely Holding over the past few years, and its recent strategic collaborations with leading global technological partners have started to create synergies and huge opportunities for the Group in both existing automobile business and other new business areas. The partnership facilitated by these acquisitions or collaborations should provide the Group with substantial opportunities for technologies and costs sharing, economies of scale and new market penetration. In the long term, these acquisitions or collaborations would provide additional sources of growth for the Group.

In the second half of the year, the Group will continue to coordinate resources domestically and abroad to ensure the stability of supply chain, aiming at accelerating its production and sales activities. With the recent launch of automobile stimulus policies by the Chinese government, vehicle demand is expected to recover upon the subsiding of pandemic-related disruptions. With the launch of more competitive NEV models and the initial strong market feedback for the upcoming new models to be launched in the remainder of the year, the Group's management team will strive hard to achieve its 2022 full year sales volume target of 1,650,000 units, representing a growth of 24% from the previous year.

## **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 2022, the Group's shareholders' funds amounted to approximately RMB71.1 billion (as at 31 December 2021: approximately RMB68.6 billion). The Company issued 2.405 million ordinary shares upon exercise of share options during the six months ended 30 June 2022.

## **EXPOSURE TO FOREIGN EXCHANGE RISK**

During the six months ended 30 June 2022, the Group's operations were principally related to domestic sales of automobiles, automobile parts and components, battery packs and related parts in China and the Group's assets and liabilities were mainly denominated in Renminbi (RMB), the functional currency of the Company and its key subsidiaries.

In terms of export operations, most of the Group's export sales were denominated in United States dollars (US\$) during the period. Also, the Group could face foreign exchange risk, particularly in emerging markets if it had local subsidiaries, associates or joint ventures in overseas export markets. The devaluation of local currencies in overseas markets could result in foreign exchange losses and affect the Group's competitiveness and therefore its sales volume in these markets. To mitigate the foreign exchange risk, the Group entered into foreign currency forward contracts during the period and has embarked on plans to build additional overseas plants to increase the proportion of its costs in local currencies to engage in local business activities. Also, to compensate for higher costs in export markets, the Group has speeded up the renewal of its export models, and has started to streamline its export operations displaying comparative advantages with an aim to achieve higher customer satisfaction, better operating efficiency and economies of scale in its export markets.

The Group's management would also closely monitor the market situation and might consider tools to manage foreign exchange risk whenever necessary.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2022, the Group's current ratio (current assets/current liabilities) was about 1.15 (as at 31 December 2021: 1.08) and the gearing ratio of the Group was about 17.5% (as at 31 December 2021: 5.6%) 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). During the period, the Group discounted large amount of notes receivable for cash as the interest rate of bank deposits became higher than the finance costs of discounted notes receivable. Also, the Group increased its borrowings to support its fast-growing operation under "Zeekr" brand, most of which were loans from our parent Geely Holding. As a result, the Group's total cash level (bank balances and cash + pledged bank deposits) increased by 35% from RMB28.0 billion at the end of December 2021 to RMB37.8 billion at the end of June 2022.

Total borrowings (excluding trade and other payables and lease liabilities) as at 30 June 2022 amounted to approximately RMB12.4 billion (as at 31 December 2021: approximately RMB3.8 billion) were the Group's bank borrowings, loans from related companies and bonds payable. At the end of June 2022, 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.

## **EMPLOYEES' REMUNERATION POLICY**

As at 30 June 2022, the total number of employees of the Group was about 47,000 (as at 31 December 2021: 44,000). Employees' remuneration packages are based on individual experience and work profile. The packages are reviewed annually by the management who takes into account the overall performance of the working staff and market conditions. The Group also participates in the Mandatory Provident Fund Scheme in Hong Kong and state-managed retirement benefit scheme in the PRC. In addition, employees are eligible for share options under the share option scheme and share awards under the share award schemes adopted by the Group.

## **INTERIM DIVIDEND**

At a meeting of the Board held on 18 August 2022, the Board resolved not to pay an interim dividend to the Company's shareholders (2021: Nil).

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2022.

## CORPORATE GOVERNANCE

The Company has complied with the code provisions (“**CPs**”) of the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 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 2022, except for CPs B.2.3, B.3.4 and CP E.1.2 as explained below:

Pursuant to CP B.2.3, if an independent non-executive director has served more than nine years, the papers to the shareholders in relation to his re-election should state why the board (or the nomination committee) believes that the director is still independent and should be re-elected, including the factors considered, the process and the discussion of the board (or the nomination committee) in arriving at such determination. CP B.3.4 also provides that the circular should include the process used for identifying the individual and why the board believes the individual should be elected and the reasons why it considers the individual to be independent, the perspectives, skills and experience that the individual can bring to the board, and how the individual contributes to diversity of the board.

Mr. Wang Yang (“**Mr. Wang**”) was first appointed as an independent non-executive director of the Company on 17 May 2012 and had served as an independent non-executive director of the Company for more than nine years. Owing to an inadvertent oversight, the Company has not included in the circular sent to the shareholders on, among other things, the re-election of Mr. Wang in relation to the information required under CP B.2.3 and CP B.3.4.

The Board considers that notwithstanding Mr. Wang had served as independent non-executive director for more than nine years, (i) the Board affirmed that Mr. Wang remains independent after having assessed and reviewed the annual confirmation of independence of Mr. Wang based on the criteria set out in Rule 3.13 of the Listing Rules, (ii) the nomination committee of the Company has assessed and is satisfied of the independence of Mr. Wang, and (iii) the Board considers that Mr. Wang remains independent of the management and free of any relationship which could materially interfere with the exercise of his independent judgment. In view of the aforesaid factors and the fact that the experience and knowledge of Mr. Wang in the business sector in which the Company operates, the Board recommended Mr. Wang for re-election at the annual general meeting of the Company held on 25 May 2022.

CP E.1.2 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 2022, the Chairman did not attend the annual general meeting of the Company in person due to conflict of his schedules and other prior business engagement 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 businesses contemplating in the meeting and should report to him on any enquiries shareholders of the Company (the “**Shareholders**”) might have, to attend such general meeting on his behalf. Further, the Company would facilitate 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 businesses contemplating in the general meeting. Through these measures, views of the Shareholders would be properly communicated to the Board as a whole. In addition, the external auditor will be 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 25 May 2022. Due to conflict of his schedules and other prior business engagement in the PRC, the Chairman was unable to attend the general meeting. One independent non-executive Director, one executive Director and the Company's external auditor attended and answered questions raised by the Shareholders at the meeting physically. Four other independent non-executive Directors and two 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 10 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 2022, the audit committee comprises Ms. Gao Jie, Mr. An Qing Heng, Mr. Wang Yang and Ms. Lam Yin Shan, Jocelyn 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 2022.

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

Pursuant to the requirements of the Listing Rules regarding the reporting period, the 2022 interim report will set out all information disclosed in the interim results announcement for the first half of 2022 and will be disclosed on the websites of the Company (<http://www.geelyauto.com.hk>) and The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) in due course.

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

Hong Kong, 18 August 2022

*As at the date of this announcement, the executive directors of the Company are Mr. Li Shu Fu (Chairman), Mr. Li Dong Hui, Daniel (Vice Chairman), Mr. Gui Sheng Yue (Chief Executive Officer), Mr. An Cong Hui, Mr. Ang Siu Lun, Lawrence, Ms. Wei Mei and Mr. Gan Jia Yue, and the independent non-executive directors of the Company are Mr. An Qing Heng, Mr. Wang Yang, Ms. Lam Yin Shan, Jocelyn and Ms. Gao Jie.*