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

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

**(Stock Code: 9863)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of Zhejiang Leapmotor Technology Co., Ltd. (the “**Company**”, and its subsidiaries, the “**Group**”) is pleased to announce the audited annual consolidated results of the Group for the year ended 31 December 2022 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2021. These annual results have been prepared under the International Financial Reporting Standards and reviewed by the audit committee (the “**Audit Committee**”) of the Board.

## HIGHLIGHTS FOR THE YEAR 2022

### OPERATIONAL HIGHLIGHTS

	For the year ended 31 December	
	2022	2021
Total deliveries	111,168	43,748

- Total deliveries of vehicles were 111,168 units in 2022, representing an increase of 154.1% from 43,748 units in 2021.
- Deliveries of the T03 were 61,919 units in 2022, representing an increase of 58.2% from 39,149 units in 2021.
- Deliveries of the C11 were 44,371 units in 2022, representing an increase of 1,019.1% from 3,965 units in 2021.
- Deliveries of the C01 were 4,815 units in 2022, and the Company started to deliver the C01 in September 2022.
- The Company's sales network continued to expand with 582 stores covering 180 cities as at 31 December 2022.

### FINANCIAL HIGHLIGHTS

- Revenue was RMB12,384.6 million for 2022, representing an increase of 295.4% from 2021.
- Gross margin was (15.4%) for 2022, a continuous improvement from (44.3%) for 2021.
- Net loss of the Company was RMB5,108.9 million for 2022, compared with RMB2,845.8 million for 2021. Excluding the share-based payment as part of employee benefit expense, the adjusted net loss (non-IFRS) was RMB4,565.5 million in 2022, compared with RMB2,628.8 million in 2021. See "Management Discussion and Analysis – Non-IFRS Measure."
- Net cash used in operating activities was RMB2,399.8 million for 2022, compared with RMB1,018.6 million for 2021.

## **BUSINESS REVIEW**

Despite certain impacts on the supply chain and sales due to the resurgence of COVID-19, we achieved a delivery volume of 111,168 new energy vehicles for the year 2022, representing a year-on-year increase of 154.1% over 2021. Among them, 44,371 units of the C11 were delivered in 2022, achieving a year-on-year increase of 1,019.1% over 2021, ranking the C11 the first in domestic B-class battery electric SUVs in 2022 in terms of vehicle insurance registrations, which reflected the market recognition for this smart SUV. The Company's total revenue amounted to RMB12,384.6 million for the year 2022, representing a year-on-year growth of 295.4% over 2021. Such spectacular growth of our business was attributable to the Company's strategic direction of adhering to full-suite R&D, which has allowed the continuous launch of our cost-efficient products with rapid iteration, facilitating our success in the fast-growing market.

We continued to expand and improve our sales network. As at 31 December 2022, we had 582 stores, covering 180 cities, among which, 79 were directly operated stores and 503 were channel partner stores.

### **Product Development and Iteration**

We launched the mid-to-large sized smart sedan C01 on 28 September 2022. We also completed the development of the extended-range version of the C11 and the 2023 product lineup in 2022.

In addition to the launch of new models, we continued to provide users of all models with the application of the Company's latest R&D results through OTA to enhance the driving experience of our customers. In 2022, we completed four OTA updates in total, by which over ten functions and modules such as automatic lane change (ALC) assist function and highway assist (HWA) driving function were added to the C11, and ten functions such as adaptive cruise control (ACC) operation logic were optimized for the T03.

### **Oversea Sales**

In 2022, we took our first step into the global market by entering into the vehicle market in Israel. Our first overseas stores were set up successively in Tel Aviv, Haifa and Ayalon Mall in Ramat Gan, Israel in November 2022. In 2023, we will gradually expand our global footprint to Europe, the Southeast Asia and the Middle East.

### **Capital Market**

We completed the initial public offering of the Company's H shares on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") on 29 September 2022 (the "**Listing Date**"). The H shares of the Company have been included in the Hang Seng Composite Index and its sub-indexes, including the Hang Seng Composite MidCap Index, with effect from 18 November 2022, and have been included as eligible stocks in the respective securities lists of the Shanghai-Hong Kong Stock Connect Program and the Shenzhen-Hong Kong Stock Connect Program with effect from 5 December 2022.

## **RECENT DEVELOPMENTS AFTER THE REPORTING PERIOD**

### **Delivery Updates**

The Company delivered 4,337 vehicles from January to February 2023, representing a decrease of 62.4% as compared to the same period in 2022. It was primarily due to the model iteration of the Company in January and February 2023, when we mainly completed the SOP and production line introduction for the 2023 models.

On 1 March 2023, we released the configurations and prices of the C11 extended-range version and 2023 lineup of battery electric vehicle models, and commenced their sales and delivery. We enriched our product offerings by deploying the dual models of “battery electric + extended-range” to meet the needs of different customers. In the second half of 2023, we will also launch a new model based on a new platform and at the same time roll out its battery electric, extended-range and international versions. Such model will be equipped with our latest R&D results, including the centralised electrical/electronic (“E/E”) architecture, the new smart cockpit system and ADAS.

Save as disclosed above, no important events affecting the Group occurred since 31 December 2022 and up to the date of this results announcement.

### **MESSAGE FROM MR. ZHU JIANGMING, THE FOUNDER, CHAIRPERSON OF THE BOARD AND CHIEF EXECUTIVE OFFICER OF THE COMPANY**

In 2022, we navigated through various difficulties and maintained continuous rapid growth, realizing an increase of 154.1% in our delivery volume as well as an increase of 295.4% in revenue. We started to deliver the C01, a mid-to-large sized smart sedan, in September 2022. The C01 took the lead in adopting a battery-pack-free cell-to-chassis (“CTC”) integrated technology, which was the first-ever mass production model with such technology in the world, showcasing the competitiveness of our technologies brought by our full-suite R&D strategy.

In 2022, we also consistently maintained high efficiency in our R&D in the fields of E/E architecture and electric system, allowing us to iterate our products at a lower cost and faster pace. We made remarkable progress in the R&D of the centralised integrated E/E architecture, which has higher level of integration, enhanced platform approach rate, high communication efficiency and fast iteration. Such R&D results will be equipped on our next model to be launched in the second half of 2023. In 2022, in addition to the CTC integration technology, we have completed the R&D and mass production of our oil-cooling electric drive system “Pan Gu”, which is featured with industry-leading efficiency, weight, NVH and other parameters. Meanwhile, we also completed the development and mass production of the range extender and range extender controller, which have been applied in the extended-range version of the C11.

We are also strengthening our industry cooperations. A number of suppliers, including Faurecia, are planning to build supporting factories near our production base in Jinhua, Zhejiang Province. As such, we will continuously achieve cost reduction and supply assurance through such cooperations and provide our users with more cost-effective products and better service experience.

In 2023, we believe that the new energy vehicle (“NEV”) market will see further growth and intensified competition, and we are thrilled to operate in such a market full of opportunities and challenges. We will continue to strive for better development of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Analysis

#### *Revenues*

Total revenues were RMB12,384.6 million in 2022, representing an increase of 295.4% from RMB3,132.1 million in 2021. The increase was primarily due to the increase in the sales volume of EVs and parts and the higher average selling price across our portfolio as our product mix evolves.

Sales of electric vehicles and parts were RMB12,378.0 million in 2022, representing an increase of 304.7% from RMB3,058.8 million in 2021. This increase was mainly attributable to (i) the increase in the sales volume of our EVs, and (ii) an increase in the average selling price across our portfolio as our product mix continued to evolve. The number of EVs delivered increased from 43,748 units in 2021 to 111,168 units in 2022.

In 2022, we did not generated revenue from sales of automotive regulatory credits, while such revenues amounted to RMB71.9 million in 2021.

The revenue from services amounted to RMB6.6 million in 2022. The embedded services primarily include extended one-year or lifetime warranty, vehicle internet connection and OTA updates.

#### *Cost of Sales*

Cost of sales was RMB14,295.9 million in 2022, representing an increase of 216.3% from RMB4,519.7 million in 2021. The increase was primarily due to the increase in the cost of raw materials and consumables resulting from the increased sales volume of our EVs.

#### *Gross Loss and Gross Margin*

Gross loss was RMB1,911.3 million in 2022, representing an increase of 37.7% from RMB1,387.6 million in 2021.

Gross margin improved from (44.3%) in 2021 to (15.4%) in 2022, primarily due to (i) the increase in the average selling price and (ii) the decrease in average manufacturing cost per electric vehicle as a percentage of the average selling price, as our product mix evolved. In particular, gross margin for the second half of 2022 was (8.1%), and discounting the effects of the rebates paid to our channel partners, we recorded a positive gross margin in the second half year.

#### *Selling Expenses*

Selling expenses were RMB1,113.6 million in 2022, representing an increase of 160.2% from RMB427.9 million in 2021. This increase was primarily due to (i) the increased marketing campaigns and promotional activities, and (ii) the increased number of sales personnel in line with our business expansion.

### *Administrative Expenses*

Administrative expenses were RMB842.1 million in 2022, representing an increase of 111.4% from RMB398.3 million in 2021. This increase was primarily due to the increased number of administrative personnel in line with our business expansion.

### *R&D Expenses*

R&D expenses were RMB1,410.6 million in 2022, representing an increase of 90.6% from RMB740.0 million in 2021. The increase was primarily driven by an increased number of R&D employees resulting in higher employee compensation expenses.

### *Operating Loss*

Operating loss was RMB5,226.8 million in 2022, compared with RMB2,868.3 million in 2021. The increase in operating loss was mainly attributable to higher operating expenses as described above.

### *Net Finance Income*

Net finance income was RMB106.3 million in 2022, representing an increase of 376.7% from RMB22.3 million in 2021. This increase was primarily due to an increase in cash balance leading to an increase in interest income from bank deposits.

### *Share of Net Profit of an Associate*

Share of net profit of an associate was RMB11.7 million in 2022, representing an increase of 5,750.0% from RMB0.2 million in 2021. This increase was primarily due to the improved performance of such associate.

### *Net Loss and Adjusted Net Loss*

Net loss was RMB5,108.9 million in 2022, compared with RMB2,845.8 million in 2021. Excluding the share-based payment as part of employee benefit expense, the adjusted net loss (non-IFRS) was RMB4,565.5 million in 2022, compared with RMB2,628.8 million in 2021. See “– Non-IFRS Measure.”

### *Basic and Diluted Loss Per Share*

Basic and diluted loss per share was RMB4.89 in 2022, compared with RMB3.03 per share in 2021.

## **Liquidity and Capital Resources**

As at 31 December 2022, we had a liquidity of RMB9,781.9 million, which includes cash and cash equivalents, restricted cash, financial assets at fair value through profit or loss and short-term bank time deposits, representing an increase of 40.3% from RMB6,974.1 million as at 31 December 2021. Our cash and cash equivalents primarily consist of cash at banks under RMB and USD denominations. We believe that this level of liquidity with the net proceeds received from the Global Offering (as defined in the prospectus of the Company dated 20 September 2022 (the “**Prospectus**”)) is sufficient to finance our operations, having considered our business development and expansion plans.

### **Free Cash Flow**

Free cash flow represents net cash used in operating activities less capital expenditures. In 2022, our free cash flow amounted to RMB(3,817.9) million, representing an increase of 50.1% from RMB(2,544.1) million in 2021.

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

Interest expenses on bank and other borrowings was RMB52.5 million for the year ended 31 December 2022, representing a decrease of 31.1% from RMB76.2 million for the year ended 31 December 2021.

### **Borrowings**

As at 31 December 2022 and 31 December 2021, we had total borrowings of RMB1,791.8 million and RMB874.2 million, respectively. Our bank and other borrowings were denominated in RMB.

### **Gearing Ratio**

We monitored capital using gearing ratio. As at 31 December 2022, the Group’s gearing ratio was negative value, which is calculated as net debt divided by total capital at the end of each financial period. Net debt equals to our total borrowings, lease liabilities and preferred share and other financial liabilities less our cash and cash equivalents. Total capital is calculated as total equity plus net debt.

### **Treasury Policy**

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

## **Pledge of Assets**

As at 31 December 2022, our Company pledged restricted deposits of RMB2,522.2 million, representing an increase of 21.5% from RMB2,076.1 million as at 31 December 2021. Such restricted deposits included restricted cash, and long-term bank time deposit.

As at 31 December 2022, the Group pledged certain financial assets at FVPL, land use rights and property, plant and equipment for borrowings.

## **Significant Investments Held**

For the year ended 31 December 2022, our Company did not have any significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as at 31 December 2022).

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

As at 31 December 2022, the Group has no specific plan for material investments and acquisition of capital assets.

## **Capital Commitments and Capital Expenditure**

Our Company had capital commitments amounting to RMB2,636.2 million primarily for the acquisition of property, plant and equipment as at 31 December 2022. Our Company recorded capital expenditures of RMB1,418.2 million for the year ended 31 December 2022, which were primarily used for the expansion of production capacity of our production base in Jinhua, Zhejiang Province as well as the construction of our production base in Hangzhou, Zhejiang Province.

## **Contingent Liabilities**

As at 31 December 2022, our Company did not have any material contingent liabilities.

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

For the year ended 31 December 2022, our Company did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.



## Non-IFRS Measure

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

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

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

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Reconciliation of net loss to adjusted net loss:</b>		
Net loss for the year	<b>(5,108,886)</b>	(2,845,773)
Add:		
– Share-based payment expenses <sup>(1)</sup>	<b>543,377</b>	216,955
Adjusted net loss <sup>(2)</sup>	<b><u>(4,565,509)</u></b>	<u>(2,628,818)</u>

### Notes:

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

## RISK MANAGEMENT

### Foreign Exchange Risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the Group. Our Company and its major subsidiaries were incorporated in Mainland China. Our Company considers RMB as the functional currency and believes that it currently does not have any significant direct foreign exchange risk arising from its operating activities. As at 31 December 2022, our Company did not hold any financial instruments for hedging purposes.

### Interest Rate Risk

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

## EMPLOYEES, TRAINING AND REMUNERATION POLICIES

As at 31 December 2022, the Group had 8,336 full-time employees, the majority of whom are based in Zhejiang Province, China. The following table sets forth the breakdown of the Group's employees by function as at 31 December 2022:

<b>Function</b>	<b>Number of Employees</b>	<b>% of Total</b>
Manufacturing	4,193	50.3
R&D	2,195	26.3
Sales and marketing	1,345	16.1
Supply chain management	249	3.0
General and administration	354	4.3
<b>Total</b>	<b>8,336</b>	<b>100.0</b>

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

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

To recognise the contributions of key employees and motivate them to further promote the development of the Company, the Company adopted two share award schemes and one pre-IPO share option scheme. For details, please refer to "Appendix VI – Statutory and General Information – 5. Employee Incentive Schemes" in the Prospectus.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date to 31 December 2022.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

Our Company's corporate governance practices are based on the principles and code provisions set forth in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). As the H shares of our Company were not yet listed on the Stock Exchange until 29 September 2022, the principles and code provisions of the CG Code contained in Appendix 14 to the Listing Rules were not applicable to the Company until 29 September 2022.

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

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

## **DIVIDEND**

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

## **DIRECTORS' SECURITIES TRANSACTIONS**

Our Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors’ dealing in the Company’s securities. As the H Shares of our Company were not yet listed on the Stock Exchange until 29 September 2022, the Model Code was not applicable to our Company until 29 September 2022.

Having made specific enquiries to all of the Directors of the Company, all Directors confirmed that they have fully complied with all relevant requirements set out in the Model Code from the Listing Date to the date of this results announcement.

## **SCOPE OF WORK OF INDEPENDENT AUDITOR**

The figures in respect of the Group’s consolidated balance sheets, consolidated statements of comprehensive loss and the related notes thereto for the year ended 31 December 2022 as set out in this results announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 December 2022. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this results announcement.

## **AUDIT COMMITTEE**

The Audit Committee of our Company comprises Mr. Fu Yuwu, Dr. Huang Wenli and Ms. Drina C Yue, all of whom are independent non-executive Directors. The Audit Committee of our Company has reviewed the audited final results of our Company for the year ended 31 December 2022.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

		<b>Year ended 31 December</b>	
	Note	<b>2022</b>	2021
		<b>RMB'000</b>	<b>RMB'000</b>
Revenue	3	<b>12,384,630</b>	3,132,059
Cost of sales	4	<b>(14,295,946)</b>	(4,519,690)
<b>Gross loss</b>		<b>(1,911,316)</b>	(1,387,631)
Selling expenses	4	<b>(1,113,589)</b>	(427,855)
Administrative expenses	4	<b>(842,097)</b>	(398,310)
Research and development expenses	4	<b>(1,410,645)</b>	(740,015)
Net impairment losses on financial assets		<b>(1,791)</b>	(298)
Other income		<b>83,938</b>	66,293
Other (losses)/gains – net	5	<b>(31,302)</b>	19,498
<b>Operating loss</b>		<b>(5,226,802)</b>	(2,868,318)
Finance income		<b>143,271</b>	84,007
Finance costs		<b>(37,012)</b>	(61,658)
<b>Finance income – net</b>		<b>106,259</b>	22,349
Share of net profit of an associate accounted for using the equity method		<b>11,705</b>	196
<b>Loss before income tax</b>		<b>(5,108,838)</b>	(2,845,773)
Income tax expense	7	<b>(48)</b>	–
<b>Loss and total comprehensive loss for the year attributable to the equity holders of the Company</b>		<b>(5,108,886)</b>	(2,845,773)
<b>Loss per share attributable to the equity holders of the Company (in RMB)</b>			
Basic and diluted loss per share	6	<b>(4.89)</b>	(3.03)

## CONSOLIDATED BALANCE SHEETS

		As at 31 December	
	Note	2022	2021
		RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		3,207,746	1,929,028
Right-of-use assets		820,382	454,362
Intangible assets		446,631	419,867
Investment in an associate accounted for using the equity method		30,375	18,670
Long-term bank time deposits		1,038,228	717,103
Other non-current assets		86,084	32,593
		<u>5,629,446</u>	<u>3,571,623</u>
<b>Current assets</b>			
Inventories	9	1,748,854	749,471
Trade and notes receivables	8	1,685,217	782,250
Contract assets		37,238	28,497
Other current assets		385,240	420,518
Financial assets at fair value through profit or loss		929,800	1,260,078
Short-term bank time deposits		80,823	–
Restricted cash		1,822,236	1,376,072
Cash and cash equivalents		6,948,994	4,337,967
		<u>13,638,402</u>	<u>8,954,853</u>
<b>Total assets</b>		<u>19,267,848</u>	<u>12,526,476</u>
<b>EQUITY</b>			
Paid-in capital		–	–
Share capital		1,142,706	1,011,887
Reserves		16,796,443	10,789,743
Accumulated losses		(9,680,300)	(4,571,414)
<b>Total equity</b>		<u>8,258,849</u>	<u>7,230,216</u>

## CONSOLIDATED BALANCE SHEETS (CONTINUED)

	Note	As at 31 December	
		2022 RMB'000	2021 RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	12	773,276	534,021
Contract liabilities		117,505	31,222
Lease liabilities		268,931	16,364
Provisions		177,929	55,425
Deferred income		413,971	329,706
		<u>1,751,612</u>	<u>966,738</u>
<b>Current liabilities</b>			
Trade and notes payables	10	5,986,761	2,596,106
Other payables and accruals	11	1,762,711	825,326
Advances from customers		218,528	503,213
Contract liabilities		31,225	3,728
Borrowings	12	1,018,532	340,166
Lease liabilities		149,179	24,559
Provisions		90,451	36,424
		<u>9,257,387</u>	<u>4,329,522</u>
<b>Total liabilities</b>		<u>11,008,999</u>	<u>5,296,260</u>
<b>Total equity and liabilities</b>		<u>19,267,848</u>	<u>12,526,476</u>
<b>Net current assets</b>		<u>4,381,015</u>	<u>4,625,331</u>
<b>Total assets less current liabilities</b>		<u>10,010,461</u>	<u>8,196,954</u>

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company				Total RMB'000
	Paid-in capital RMB'000	Share capital RMB'000	Reserves RMB'000	Accumulated losses RMB'000	
<b>As at 1 January 2021</b>	538,984	–	1,604,431	(2,706,611)	(563,196)
Loss and total comprehensive loss for the year	–	–	–	(2,845,773)	(2,845,773)
	<u>538,984</u>	<u>–</u>	<u>1,604,431</u>	<u>(5,552,384)</u>	<u>(3,408,969)</u>
<b>Transactions with equity holders</b>					
Capital contributions from equity holders	249,819	–	4,091,911	–	4,341,730
Conversion into a joint stock company	(788,803)	788,803	(980,970)	980,970	–
Issuance of shares	–	223,084	5,857,416	–	6,080,500
Share-based payment	–	–	216,955	–	216,955
	<u>(538,984)</u>	<u>1,011,887</u>	<u>9,185,312</u>	<u>980,970</u>	<u>10,639,185</u>
<b>As at 31 December 2021</b>	<u>–</u>	<u>1,011,887</u>	<u>10,789,743</u>	<u>(4,571,414)</u>	<u>7,230,216</u>
<b>As at 1 January 2022</b>	<u>–</u>	<u>1,011,887</u>	<u>10,789,743</u>	<u>(4,571,414)</u>	<u>7,230,216</u>
Loss and total comprehensive loss for the year	–	–	–	(5,108,886)	(5,108,886)
	<u>–</u>	<u>1,011,887</u>	<u>10,789,743</u>	<u>(9,680,300)</u>	<u>2,121,330</u>
<b>Transactions with equity holders</b>					
Issuance of ordinary shares upon global offering	–	130,819	5,463,323	–	5,594,142
Share-based payment	–	–	543,377	–	543,377
	<u>–</u>	<u>130,819</u>	<u>6,006,700</u>	<u>–</u>	<u>6,137,519</u>
<b>As at 31 December 2022</b>	<u>–</u>	<u>1,142,706</u>	<u>16,796,443</u>	<u>(9,680,300)</u>	<u>8,258,849</u>



## CONSOLIDATED STATEMENTS OF CASH FLOWS

	<b>Year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Cash flows from operating activities</b>		
Net cash used in operations	(2,511,274)	(1,048,105)
Interest received from cash at banks	111,526	29,468
Income taxes paid	(16)	–
	<u>(2,399,764)</u>	<u>(1,018,637)</u>
<b>Net cash used in operating activities</b>		
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	26,636	7,587
Payments for land use rights	–	(322,947)
Payments for property, plant and equipment	(1,370,698)	(691,069)
Payments for intangible assets	(47,467)	(511,480)
Proceeds from sale of equity interest of a company	–	100,000
Government grants received in relation to acquisition of non-current assets	118,036	98,925
Proceeds from disposals of financial assets at fair value through profit or loss	4,918,456	3,626,202
Payments for financial assets at fair value through profit or loss	(4,566,493)	(4,788,000)
Payments for time deposits	(428,000)	(2,270,000)
Proceeds from time deposits	50,000	1,710,000
Interest received from time deposits	7,797	37,543
	<u>(1,291,733)</u>	<u>(3,003,239)</u>
<b>Net cash used in investing activities</b>		

## CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Cash flows from financing activities</b>		
Proceeds from contributions from equity holders	–	4,341,730
Proceeds from issuance of shares	–	6,080,500
Proceeds from issuance of H shares upon global offering	<b>5,687,687</b>	–
Principal payments of lease liabilities	<b>(120,456)</b>	(28,021)
Proceeds from loans from equity holders	–	340,000
Repayments of loans and interests to equity holders	–	(1,151,322)
Placement of restricted cash for bank borrowings	–	(610,000)
Repayments of borrowings	<b>(338,406)</b>	(791,007)
Proceeds from borrowings	<b>1,253,881</b>	138,262
Interest paid for borrowings	<b>(18,405)</b>	(58,812)
Interest paid for lease liabilities	<b>(16,461)</b>	(1,666)
Payments for listing expenses	<b>(92,430)</b>	(538)
	<hr/>	<hr/>
<b>Net cash generated from financing activities</b>	<b>6,355,410</b>	8,259,126
	<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>	<b>2,663,913</b>	4,237,250
	<hr/>	<hr/>
Cash and cash equivalents at beginning of the year	<b>4,337,967</b>	100,806
Exchange losses on cash and cash equivalents	<b>(52,886)</b>	(89)
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of the year</b>	<b>6,948,994</b>	4,337,967
	<hr/>	<hr/>

## NOTES TO FINANCIAL INFORMATION

### 1 GENERAL INFORMATION

Zhejiang Leapmotor Technology Co., Ltd. (“**Zhejiang Leapmotor**”, or the “**Company**”) was incorporated in the People’s Republic of China (the “**PRC**”) on 24 December 2015 as a limited liability company under the Company Law of the PRC. The address of the Company’s registered office is 1st floor, No. 451, Wulianwang Street, Binjiang District, Hangzhou, Zhejiang Province, PRC.

The Company and its subsidiaries (together, “**the Group**”) are principally engaged in the production, research and development and sales of new energy vehicles in the PRC. The Group commenced the delivery of its first volume manufactured electric vehicles for sale in July 2019. The Company converted into a joint stock company in April 2021.

During the year ended 31 December 2022, the Company successfully completed its initial public offering. The Company’s H shares have been listed on The Main Board of The Stock Exchange of Hong Kong Limited since 29 September 2022.

### 2 BASIS OF PREPARATION

#### (i) Compliance with IFRS

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) as issued by the International Accounting Standards Board (“**IASB**”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

#### (ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the certain financial assets and liabilities that are measured at fair value.

#### (iii) New or amended standards not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

The followings are new standards, amendments to existing standards and new interpretations that have been issued but are not effective for 31 December 2022 and have not been early adopted by the Group. The Group plans to adopt these new standards, amendments to standards and annual improvements when they become effective:

<b>Standards and amendments</b>	<b>Effective for accounting periods beginning on or after</b>
IFRS 17 ‘Insurance Contracts’	1 January 2023
IAS 1 (Amendment) and IFRS Practice Statement 2 (Amendment) ‘Disclosure of Accounting Policies’	1 January 2023
IAS 8 (Amendment) ‘Definition of Accounting Estimates’	1 January 2023
IAS 12 (Amendment) ‘Deferred Tax related to Assets and Liabilities arising from a Single Transaction’	1 January 2023
IAS 1 (Amendment) ‘Classification of Liabilities as Current or Non-current’	1 January 2024
IFRS 10 (Amendment) and IAS 28 (Amendment) ‘Sale or contribution of Assets between an Investor and its Associate or Joint Venture’	To be determined

## 2 BASIS OF PREPARATION (CONTINUED)

### (iii) New or amended standards not yet adopted (Continued)

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

## 3 REVENUE AND SEGMENT INFORMATION

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

### (a) Revenue by geographical

During the year ended 31 December 2022, apart from the business and operations conducted in Mainland China, the Group exported new energy vehicles and parts outside the Mainland China. The following table shows the Group's total consolidated revenue by location of the customers for the year ended 31 December 2022 and 2021:

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Mainland China	<b>12,303,465</b>	3,132,059
Others	<b>81,165</b>	–
	<b><u>12,384,630</u></b>	<b><u>3,132,059</u></b>

### 3 REVENUE AND SEGMENT INFORMATION(CONTINUED)

#### (b) Revenue during the reporting period

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

Revenue mainly comprises sales of vehicles and parts, rendering of embedded services and sales of automotive regulatory credits. An analysis of the Group's revenue by category for the years ended 31 December 2022 and 2021 is as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
<b>Revenue from customers and recognized at point in time</b>		
Sales of vehicles and parts (i)	12,378,011	3,058,818
Sales of automotive regulatory credits	–	71,934
	<u>12,378,011</u>	<u>3,130,752</u>
<b>Revenue from customer and recognized over time</b>		
Rendering of services	6,619	1,307
	<u>12,384,630</u>	<u>3,132,059</u>

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

#### (c) Contract liabilities

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

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
<b>Non-current</b>		
Rendering of services	117,505	31,222
<b>Current</b>		
Rendering of services	31,225	3,728
	<u>148,730</u>	<u>34,950</u>

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

### 3 REVENUE AND SEGMENT INFORMATION(CONTINUED)

#### (d) Unsatisfied performance obligations

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Aggregate amount of the transaction price allocated to performance obligations that are partially or fully unsatisfied	<b>148,730</b>	34,950

Management expected that approximately RMB31,225,000 of the transaction price allocated to unsatisfied performance obligations as at 31 December 2022 will be recognized as revenue within one year. The remaining amount of approximately RMB117,505,000 will be recognized during the upcoming seven years from 1 January 2024 (recognizing over eight-years since the deliveries of vehicles to respective customers).

#### (e) Contract assets

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

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Contract assets	37,271	28,518
Loss allowance	(33)	(21)
	<b>37,238</b>	28,497

### 4 EXPENSES BY NATURE

The detailed analysis of cost of sales, selling expenses, administrative expenses and research and development expenses is as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Changes in inventories of finished goods	(605,769)	(233,577)
Raw materials and consumables used	13,736,948	4,164,058
Provision for impairment of inventories	26,235	244,635
Employee benefit expenses	2,335,078	821,999
Advertising and publicity expenses	638,612	256,267
Depreciation and amortization expenses	415,664	219,162
Design and development expenses	352,498	258,669
Warranty expenses	277,470	104,707
Freight expenses	142,173	61,989
Legal, consulting and other professional fees	58,042	82,405
Listing expenses	46,994	12,024
Expenses relating to short-term leases	36,973	3,972
Auditors' remuneration – Audit services	4,080	3,839
Others	197,279	85,721
	<b>17,662,277</b>	6,085,870

## 5 OTHER (LOSSES)/GAINS – NET

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Net fair value gains on financial assets at FVPL	21,685	22,238
Net foreign exchange losses	(52,387)	(89)
Net gains/(losses) on disposals of property, plant and equipment, intangible assets and right-of-use assets	2,102	(668)
Other items	(2,702)	(1,983)
	<u>(31,302)</u>	<u>19,498</u>

## 6 LOSS PER SHARE

### (a) Basic loss per share

Basic loss per share for the years ended 31 December 2022 and 2021 is calculated by dividing the loss attributable to the Company's equity holders by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2022	2021
Loss attributable to the equity holders of the Company (RMB'000)	(5,108,886)	(2,845,773)
Weighted average number of ordinary shares outstanding (thousand shares) (Note)	<u>1,045,219</u>	<u>940,091</u>
Basic loss per share (expressed in RMB per share)	<u>(4.89)</u>	<u>(3.03)</u>

#### Note:

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

### (b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the year ended 31 December 2022, the Group had potential ordinary shares, including restricted shares and share options issued under the Company's share incentive plan and Pre-IPO Share Option Scheme. As the Group incurred losses for the year ended 31 December 2022, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the year ended 31 December 2022 are the same as basic loss per share for the respective year.

## 7 INCOME TAX EXPENSE

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Current income tax expense	48	–
Deferred income tax expense	–	–
Income tax expense	<u>48</u>	<u>–</u>

## 7 INCOME TAX EXPENSE (CONTINUED)

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

The Company was entitled to a preferential income tax rate of 15% during the years ended 31 December 2022 and 2021. The Company obtained its High and New Technology Enterprises (“HNTTE”) status in year 2018, hence is entitled to a preferential tax rate of 15% for a three-year period commencing 2018. This status is subject to a requirement that the Company reapply for HNTTE status every three years. The Company re-applied for HNTTE status and the application was approved for another three-year period commencing 2021.

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

The Company's subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at a rate of 16.5% (2021: 16.5%) for the year ended 31 December 2022.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC, enterprises engaging in research and development activities are entitled to claim 175% from 2018 onwards (subsequently raised to 200% from 2021 onwards) of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year (the “**Super Deduction**”).

A reconciliation of the expected income tax calculated at the applicable corporate income tax rate and loss before income tax, with the actual corporate income tax is as follows:

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Loss before income tax	<b>(5,108,838)</b>	(2,845,773)
Share of net profit of an associate accounted for using the equity method	<b>(11,705)</b>	(196)
	<b>(5,120,543)</b>	(2,845,969)
Income tax credit computed at the applicable income tax rate of 25%	<b>(1,280,136)</b>	(711,492)
Tax effects of:		
Preferential tax rate	<b>142,966</b>	66,750
Expenses not deductible for taxation purposes	<b>106,289</b>	41,677
Super Deduction in respect of R&D expenditures	<b>(115,094)</b>	(102,275)
Utilization of previously unrecognized tax losses and temporary differences	<b>(1,102)</b>	–
Tax losses and deductible temporary differences for which no deferred income tax asset was recognized	<b>1,147,125</b>	705,340
Income tax expense	<b>48</b>	–

As at 31 December 2022, the Group had unused tax losses of approximately RMB9,023,285,000 (2021: RMB4,567,379,000) that can be carried forward against future taxable income, respectively. No deferred income tax asset has been recognized in respect of such tax losses due to the unpredictability of future taxable income.



## 7 INCOME TAX EXPENSE (CONTINUED)

The Group principally conducted its business in Mainland China, where the accumulated tax losses will normally expire within 5 years. Pursuant to the relevant regulations on extension for expiries of unused tax losses of HNTE issued in August 2018, the expiry period of the accumulated unexpired tax losses of the Company, which is qualified as HNTE, from 2018 had been extended from 5 years to 10 years. The Company re-applied for HNTE status in 2021 and the approval was obtained in November 2021.

Deductible losses that are not recognized for deferred income tax assets will expire as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Expiry year		
2022	–	11,470
2023	45,256	45,256
2024	609,499	609,499
2025	829,080	829,080
2026	1,715,323	1,715,323
2027	2,799,419	155,596
2028	227,303	227,303
2029	164,455	164,455
2030	97,232	97,232
2031	712,165	712,165
2032	1,823,553	–
	<u>9,023,285</u>	<u>4,567,379</u>

## 8 TRADE AND NOTES RECEIVABLES

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Notes receivables	<u>509</u>	–
Trade receivables		
Due from related parties	–	6,534
Government subsidies receivables for promotion of new energy vehicles (i)	1,654,586	776,188
Due from customers	<u>31,716</u>	–
Gross trade receivables	1,686,302	782,722
Provisions for impairment	<u>(1,594)</u>	<u>(472)</u>
	<u>1,684,708</u>	<u>782,250</u>
Total	<u>1,685,217</u>	<u>782,250</u>

The carrying amounts of the Group's trade and notes receivables, excluding provision for impairment, are denominated in the following currencies:

## 8 TRADE AND NOTES RECEIVABLES (CONTINUED)

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
RMB	1,653,638	782,250
USD	31,579	–
	<u>1,685,217</u>	<u>782,250</u>

### (a) Trade receivables

(i) As at 31 December 2021, government subsidies receivables for promotion of new energy vehicles of RMB200,000,000 has been pledged for issuance of bank acceptance notes of the Group (Note 10) and released during the year ended 31 December 2022.

### (ii) Aging analysis of the trade receivables

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

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Up to 6 months	570,491	405,400
6 months to 1 year	527,389	209,485
1 to 2 years	483,965	150,136
2 to 3 years	104,457	17,701
Total	<u>1,686,302</u>	<u>782,722</u>

As at 31 December 2022 and 2021, trade receivables with aging of more than one year are government subsidies receivables for promotion of new energy vehicles.

### (iii) Fair values of the trade receivables

Due to the short-term nature of the current receivables, their carrying amounts are considered to be approximately the same as their fair values.

## 8 TRADE AND NOTES RECEIVABLES (CONTINUED)

### (a) Trade receivables (Continued)

#### (iv) Impairment and risk exposure

##### Trade receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The loss allowance for trade receivables as at 31 December 2022 and 2021 is determined as follows:

As at 31 December 2022 and 2021, the Group has no individually impaired trade receivables.

As at 31 December 2022	Up to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Total
Expected credit loss rate	0.11%	0.09%	0.09%	0.09%	N/A
Gross carrying amount – trade receivables (RMB'000)	<u>570,491</u>	<u>527,389</u>	<u>483,965</u>	<u>104,457</u>	<u>1,686,302</u>
Loss allowances (RMB'000)	<u>(611)</u>	<u>(464)</u>	<u>(427)</u>	<u>(92)</u>	<u>(1,594)</u>
As at 31 December 2021	Up to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Total
Expected credit loss rate	0.04%	0.04%	0.11%	0.22%	N/A
Gross carrying amount – trade receivables (RMB'000)	<u>405,400</u>	<u>209,485</u>	<u>150,136</u>	<u>17,701</u>	<u>782,722</u>
Loss allowances (RMB'000)	<u>(172)</u>	<u>(93)</u>	<u>(168)</u>	<u>(39)</u>	<u>(472)</u>

## 9 INVENTORIES

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Raw materials and spare parts	1,194,796	774,947
Finished goods	907,591	301,822
	<u>2,102,387</u>	<u>1,076,769</u>
Less: provisions for impairment of raw materials	(170,824)	(253,273)
Less: provisions for impairment of finished goods	(182,709)	(74,025)
	<u>(353,533)</u>	<u>(327,298)</u>
	<u>1,748,854</u>	<u>749,471</u>

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

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

During the year ended 31 December 2022, inventories recognized as cost of sales amounted to approximately RMB12,703,787,000 (2021: RMB3,799,599,000), and the provision for impairment of inventories as recognized for the respective years amounted to approximately RMB352,196,000 (2021: RMB323,165,000). All these expenses and impairment charge have been included in "cost of sales" in the consolidated statements of comprehensive loss.

During the year ended 31 December 2022, the provision for impairment of inventories as utilized upon the Group's ultimate sales of the related vehicles/parts amounted to approximately RMB325,961,000 (2021: RMB78,530,000) and there was not any reversal of over-provision recognized in profit or loss for the respective years.

## 10 TRADE AND NOTES PAYABLES

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Trade payables		
– Payables for materials	2,345,688	1,245,389
Notes payables (a)		
– Payables for materials	3,641,073	1,350,717
	<u>5,986,761</u>	<u>2,596,106</u>

- (a) The notes payables have maturity terms ranging from 6 to 9 months and the issuance of these notes payables are guaranteed by certain restricted cash, certain long-term bank time deposits and financial assets at FVPL. As at 31 December 2021, the notes payables are also guaranteed by government subsidies receivables for promotion of new energy vehicles (Note 8) and released during the year ended 31 December 2022.
- (b) The carrying amounts of trade payables approximate their fair values due to their short-term maturity in nature.
- (c) The aging analysis of the trade payables based on purchase date at the end of each reporting period is as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Up to 6 months	2,317,173	1,194,983
6 months to 1 year	20,070	31,502
1 to 2 years	7,137	8,918
2 to 3 years	371	9,986
Over 3 years	937	–
	<u>2,345,688</u>	<u>1,245,389</u>

## 11 OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Accrued expenses		
– Rebate payables	354,542	132,642
– Advertising and publicity expense	308,127	114,335
– Freight expenses	60,888	26,602
Payables for purchases of property, plant and equipment	328,120	104,195
Payroll and welfare payables	311,385	178,259
Payables for design and development services	165,871	145,244
Deposit from suppliers and distributors	138,207	63,286
Other taxes payables	27,850	11,908
Payables for listing expenses	12,410	12,591
Others	55,311	36,264
	<u>1,762,711</u>	<u>825,326</u>

## 12 BORROWINGS

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
<b>Borrowings included in non-current liabilities:</b>		
Bank borrowings, secured (a)	425,276	534,021
Bank borrowings, unsecured and unguaranteed (b)	98,000	–
Other borrowings, secured (c)	250,000	–
	<u>773,276</u>	<u>534,021</u>
<b>Borrowings included in current liabilities:</b>		
Bank borrowings, secured (d)	300,000	–
Current portion of long-term borrowings (a)(b)(c)	714,627	338,406
Interest payables	3,905	1,760
	<u>1,018,532</u>	<u>340,166</u>
<b>Total borrowings</b>	<u>1,791,808</u>	<u>874,187</u>

## 12 BORROWINGS (CONTINUED)

- (a) As at 31 December 2022 and 2021, the Group had long-term bank borrowings with a total amount of approximately RMB887,903,000 and RMB872,427,000, respectively. Borrowings of approximately RMB462,627,000 and RMB338,406,000, respectively will be due within one year from the respective balance sheet date.

As at 31 December 2022, the aforementioned borrowings of approximately RMB887,902,000 (2021: RMB872,427,000) with the effective interest rate ranged from 3.5% to 4.85% (2021: 4.60% to 4.85%) per annum were secured by pledge of the Group's restricted cash with the amount of RMB610,000,000 (2021: RMB610,000,000), the long-term bank time deposits with the amount of RMB300,000,000 (2021: RMB300,000,000) and the land use right with the carrying value of approximately RMB25,149,000 (2021: nil).

- (b) As at 31 December 2022, the effective fixed interest rate of the long-term unsecured and unguaranteed borrowing from a PRC bank with the amount of RMB100,000,000 was 3.9% per annum. Borrowings of RMB2,000,000 will be due within one year.
- (c) As at 31 December 2022, the Group had 24-month borrowings with a total amount of RMB500,000,000 with two finance leasing companies, obtained through sales and leaseback arrangements, whereby certain property, plant and equipment of the Group were sold and leased back over a 24-month lease term. The Group has the option to re-acquire the property, plant and equipment upon the completion of the leases at an insignificant nominal value. During such lease term and before the exercise of the completion repurchase options, such property, plant and equipment were effectively pledged as security for the borrowings and were restricted under the agreements where lessors' consent must be obtained for the pledge or disposal of these assets. The long-term borrowings have effective interest rates ranging from 5% to 5.1% per annum and was pledged by the property, plant and equipment with the carrying amount of approximately RMB513,992,000. Borrowings of RMB250,000,000 will be due within one year.
- (d) As at 31 December 2022, the Group had three secured short-term borrowings from PRC bank with amounts totalling RMB300,000,000, and the effective interest ranging from 1.62% to 1.69% per annum. The aforementioned borrowings were secured by pledge of the Group's financial assets at FVPL with the amount of RMB465,000,000.

## 12 BORROWINGS (CONTINUED)

### (e) Other disclosures

The Group's borrowings are all denominated in RMB.

During the years ended 31 December 2022 and 2021, the Group had not been in violation of any of the covenants nor subject to material financial covenants pursuant to the applicable borrowing agreements that the Group entered with the lenders.

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

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Less than 6 months	552,704	240,723
Between 6 and 12 months	461,923	97,683
Between 1 and 2 years	440,628	459,087
Between 2 and 5 years	191,096	74,934
Over 5 years	141,552	–
	<u>1,787,903</u>	<u>872,427</u>

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

The fair values of non-current borrowings as at 31 December 2022 and 2021 were disclosed as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Non-current borrowings	<u>768,096</u>	<u>537,015</u>

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

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
RMB facilities	<u>895,830</u>	<u>234,726</u>

## 13 DIVIDEND

No dividend has been paid or declared by the Company or subsidiaries of the Company during the years ended 31 December 2022 and 2021.



## **PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement has been published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.leapmotor.com](http://www.leapmotor.com). The annual report of the Company will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Company's shareholders in due course.

## **RESULTS CONFERENCE CALL**

The Company's management will host a conference call in relation to the annual results of the Group for the year ended 31 December 2022 (the "**Results Conference Call**") through webcast at 7:00 p.m. on Tuesday, 21 March 2023 (Beijing/Hong Kong time), and the questions which are of common concern to the investors will be answered on the Results Conference Call. Please refer to the Company's announcement dated 9 March 2023 for details of the Results Conference Call.

Investors who wish to attend the Results Conference Call shall complete registration online through the following link at least 20 minutes prior to the commencement time of the Results Conference Call: <https://ir.leapmotor.com/zh-hans/active>.

Investors may revisit the webcast and audio recording of the Results Conference Call at the following website: <https://ir.leapmotor.com/zh-hans/active>.

## **ABOUT THE COMPANY**

The Company is a NEV company based in China that possesses full-suite R&D capabilities in NEV's core technologies. The Company designs, develops, manufactures and sells NEVs, and at the same time develops and produces EIC core components and provides vehicle internet solutions based on cloud computing. With an aim to maximize user value, it strives to provide products and services which deliver superior experience beyond expectation. Since 2019, the Company has mass-produced four EV models, including electric sedan S01, smart BEV T03, best-in-class smart electric SUV C11 and deluxe smart electric sedan C01. In 2023, the Company began to mass produce and deliver extended-range versions of SUVs, of which the extended-range version of C11 has ultra-long range on a single charge. In the coming years, the Company will launch more new models of BEV and extended-range versions to meet various needs of users.

**The Company’s shareholders and potential investors should note that this announcement includes forward-looking statements, including, without limitation, those regarding our future financial position, strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate. These forward-looking statements can be identified by terminology such as “will,” “expect,” “anticipate,” “aim,” “future,” “intend,” “plan,” “believe,” “estimate,” “could,” and similar statements. These forward-looking statements are based on some assumptions regarding our present and future business strategies and the environment in which we will operate in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. All information provided in this announcement is as of the date of this announcement, and the Company does not accept any responsibility or obligation to update any of the forward-looking statements, except as required under applicable laws.**

**The Company’s shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By order of the Board  
**Zhejiang Leapmotor Technology Co., Ltd.**  
**Mr. Zhu Jiangming**  
*Founder, Chairperson of the Board and  
Chief Executive Officer*

Hong Kong, 21 March 2023

*As at the date of this announcement, the Board comprises Mr. Zhu Jiangming, Mr. Wu Baojun and Mr. Cao Li as executive Directors; Mr. Jin Yufeng as a non-executive Director; and Mr. Fu Yuwu, Dr. Huang Wenli and Ms. Drina C Yue as independent non-executive Directors.*