Jiangling Motors Corporation, Ltd.

2013 Half-year Report

Chapter I Important Notes, Contents and Abbreviations

Important Note

The Board of Directors and its members, the Supervisory Board and its members, and the senior executives are jointly and severally liable for the truthfulness, accuracy and completeness of the information disclosed in the report and confirm that the information disclosed herein does not contain false statements, misrepresentations or major omissions.

JMC decides not to distribute cash dividend, bonus shares, or convent capital reserve to share capital this time.

Chairman Wang Xigao, President Yuan-Ching Chen, CFO Dennis Leu and Chief of Finance Department, Ding Ni, confirm that the Financial Statements in this Half-year Report are truthful and complete.

The prospective description regarding future business plan and development strategy in this report does not constitute virtual commitment. The investors shall pay attention to the risk.

All financial data in this report are prepared under International Financial Reporting Standards (‘IFRS’) unless otherwise specified.

The Half-year Report is prepared in Chinese and English. In case of discrepancy, the Chinese version will prevail.

Contents

Abbreviations:

JMC, or the Company	Jiangling Motors Corporation, Ltd.
JMH	Jiangling Motor Holding Co., Ltd.
Ford	Ford Motor Company
Jiangling-Isuzu	Jiangling-Isuzu Motors Company, Ltd.
CSRC	China Securities Regulatory Commission
JMCG	Jiangling Motors Company (Group)
TCHT	Taiyuan Changan Heavy Truck Company
JMCH	JMC Heavy Duty Vehicle Co., Ltd.

Chapter II Brief Introduction

Company's Chinese name: 江铃汽车股份有限公司
English name: Jiangling Motors Corporation, Ltd.
Abbreviation: JMC
Company legal representative: Mr. Wang Xigao
JMC's Board secretary: Mr. Wan Hong (Tel: 86-791-85235675)
Person for financial information disclosure:
Mr. Dennis Leu (Tel: 86-791-85266503)
JMC's securities affairs representative:
Mr. Quan Shi (Tel: 86-791-85266178)
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There was no change in other information of JMC brief introduction in the reporting period. Please refer to 2012 Annual Report for details.

Chapter III Operating Highlight

I. Main accounting data and financial ratios of the past three years.

Unit: RMB '000

	Reporting period (2013 first half)*	Same period last year*	Change (%)
Revenue	9,670,757	8,721,529	10.88
Profit Attributable to the Equity Holders of the Company	937,503	838,898	11.75
Net Cash Generated From Operating Activities	1,488,194	972,431	53.04
Basic Earnings Per Share (RMB)	1.09	0.97	11.75
Diluted Earnings Per Share (RMB)	1.09	0.97	11.75
Weighted Average Return on Net Asset Ratio	10.96	10.85	Up 0.11 percentage points
	At the end of reporting period*	At the end of the previous year	Change (%)
Total Assets	14,931,213	13,111,354	13.88
Shareholders' Equity Attributable to the Equity Holders of the Company	8,414,585	8,082,872	4.10

Note: *unaudited financial indexes.

Chapter IV   Report of the Board of Directors

1. Summary
In the first half of 2013, under slowed down economy development, China automobile industry production and sales volume increased steadily and rationally. The first half total sales volume was 10.78 million, increased 12.3% compared with the same period last year. Commercial vehicle sales volume was 3.06 million, decreased 4.0% compared with the same period last year.

JMC's core business is production and sales of commercial vehicles, SUV, and related components. Its major products include JMC series light truck, pickup, heavy-duty truck, Yusheng SUV and Transit series commercial vehicles. The Company also produces engines, castings and other components.

During the reporting period, to face more severe competition, more stringent regulatory requirement, intensifying cost pressures, and commercial vehicle industry slowdown pressure, the Company focused on quality improvement, new product development and new plant construction, simultaneously, the company introduced a series of sales policy to respond market share pressure. In the first half of 2013, JMC achieved sales volume of 110,230 units, increased 7% compared with the same period last year, achieved revenue of RMB 9.67 billion, which increased 11% compared with the same period last year, and achieved net profit of RMB 0.96 billion, which increased 12% compared with the same period last year. The causes of net profit increase are mainly increase of sales volume and revenue, improvement of marketing combination and the sustained and effective cost control.

2. Core Business Analysis
i. Sales Revenue Analysis
In the first half of 2013, JMC achieved record sales volume of 110,230 units, including JMC light truck of 38,035 units, JMC pickup of 34,455 units, Yusheng SUV of 4,884 units and Transit CV of 32,553 units and Heavy Truck of 303 units. Total sales volume increased 7% compared with the same period last year. Total production volume was 111,525 units, including JMC light truck of 37,471 units, JMC pickup of 34,349 units, Yusheng SUV of 5,027 units and Transit CV of 34,597 units and Heavy Truck of 81 units.

In the first half of 2013, JMC achieved a market share at 1.02% of total industry, down 0.02 point from last year. JMC light truck and pickup accounted for 7.2% market share, down 0.1 points from last year. Transit accounted for 17.2% market share, up 0.7 points from last year. (Data source for above data: China Association of Automobile Manufacturers and the Company sales records)

In the first half of 2013, JMC total sales revenue was RMB 9.67 billion, increased 11% compared with the same period last year.
In the first half of 2013, total sales value to the top 5 customers was RMB 1,361 million, accounting for 14% of JMC's total turnover.

ii. Cost Analysis

Unit: RMB'000

Product	2013 1H		2012 1H		YOY change（%）
	Cost in core business	proportion（%）	Cost in core business	proportion（%）	
Vehicle	6,505,300	92.0%	6,093,748	93.0%	6.8%
Components	565,224	8.0%	461,975	7.0%	22.3%

The total value of purchases from the top 5 suppliers was RMB 1,449 million, accounting for 22% of JMC's total annual buy.

iii. Expense Analysis

Unit: RMB'000

Item	2013 1H	2012 1H	Y-O-Y change（%）
Administrative Expenses	675,574	375,191	80.1%
Income Tax Expense	144,073	220,496	-34.7%

Administrative expenses increased by 80%，mainly due to the research and development expenditure increased.

Income tax expense decreased by 35%, mainly due to the difference applicable tax rate of deductible deferred income tax assets.

iv. Product Development

As a result of intensified efforts to develop and implement new vehicle programs, product development efforts are focused on responding to market needs as well as regulatory compliance. The V348 MCA, N330, N350, N351, N800, J08, J09, J10 programs will reflect market driven improvements including increased payloads, new styling, improved power lift, etc. The JX4D24, JX493, and E802 projects, self-development gas engine, V348 transit emission upgrade will further expand the Company's engine development capability, engine manufacturing capacity and ensure the Company is compliance with stringent emission regulations. The development expenditure which accounted as administrative expense is RMB 493 million, 6% of net assets, 5% of the revenues.

v. Cash flow analysis

Generated from operating activities net cash increased by RMB 516 million, up 53% from the same period last year, mainly due to cash generated from operations increase in the reporting period ;

Generated from financial activities net cash increased by RMB 550 million, up 71464% from the same period last year, mainly due to repayment of accounts payable of JMC Heavy Duty Vehicle Co., Ltd. ("JMCH")

3. Composition of main business

Table below breaks down Revenue & Cost of Goods Sold from Core Business.

Unit: RMB'000

Product	Turnover	Cost in core business	Gross Margin	Y-O-Y turnover change (%)	Y-O-Y Change in costs of core business (%)	Y-O-Y gross margin change (points)
I. Vehicle	8,796,283	6,505,300	26.0%	9.9	6.8	2.2
II. Components	784,275	565,224	27.9%	22.4	22.3	0.0
Total	9,580,558	7,070,524	26.2%	10.9	7.9	2.1
Including: Related party transaction	737,757	604,403	18.1%	11.4	7.5	3.0

The increase of the margin in the reporting period reflects the favorable sales mix and continuing and effective cost control of the Company.

Details pertaining to core business classified according to region:

Unit: RMB'000

Region	Turnover	Y-O-Y turnover change (%)
North-east China	420,041	-3.41
North China	1,019,297	19.22
East China	4,724,714	12.48
South China	1,302,347	0.34
Central China	894,879	16.31
North-west China	405,543	-4.90
South-west China	813,737	23.74

4. Analysis of assets and liabilities

i. Major changes in assets

Unit: RMB'000

Asset item	June 30, 2013		December 31, 2012		YOY Amount change	YOY Proportion change
	Amount	Proportion	Amount	Proportion	(%)	(Points)
Cash and cash equivalents	6,010,697	40.3%	5,559,693	42.4%	8.1%	-2.1
Trade and other receivables	1,676,174	11.2%	1,649,916	12.6%	1.6%	-1.4
Inventory	1,408,450	9.4%	1,194,811	9.1%	17.9%	0.3
Property, plant and equipment	4,980,871	33.4%	4,139,276	31.6%	20.3%	1.8
Lease prepayment	542,845	3.6%	264,824	2.0%	105.0%	1.6

Lease prepayment at the end of report period increased by RMB 278 million, up 105% from the end of 2012, primarily reflecting the inclusion of the land property of JMC Heavy Duty Vehicle Co., Ltd. ("JMCH").

ii. Major changes in liabilities

Unit: RMB'000

Liabilities	June 30, 2013		December 31, 2012		YOY Amount change	YOY Proportion change
	Amount	Proportion	(%)	(Points)	(%)	（Point）
Trade and other payables	6,226,103	95.5%	4,669,878	94.9%	33.3%	0.6
Provisions for warranty and other liabilities	177,373	2.7%	152,467	3.1%	16.3%	-0.4

The fair value of the assets and liabilities - see the notes to financial statements for 12

5. Core competitiveness analysis

Steady Growth in Company's core competitiveness.

JMC is a Sino-foreign joint venture with automotive R&D, manufacturing and sales. As a mainstay of domestic light commercial vehicle industry, JMC ranked the top hundred Chinese listing Corporation with comprehensive strength for many years. Company is certificated as a national enterprise technology center, high-tech enterprise and national automobile export base.

Company's influence over auto industry is improving steadily, making considerable progress both in technical equipment and new product development. JMC is promoting to execute Xiao Lan new Assembly Plant, National R&D Center, Test Track and N800, N351 programs, thus leading to greatly strengthen company's competitive advantage.

6. Investment in the reporting period

i. External investment

During the reporting period, JMC did not invest in securities, or in holding the corporate equity of other listed or non-listed financial enterprises.

ii. JMC did not entrust financial transactions, derivatives investment and entrust loan during the reporting period.

iii. JMC did not raise equity funding, nor did it use equity funding raised in previous years.

iv.Operating Results of Main Subsidiaries and Joint-Stock Companies

Name of Companies	Type of Companies	Main Products	Registered Capital	Assets (RMB'000)	Net Assets (RMB'000)	Turnover (RMB'000)	Operating Profit (RMB'000)	Net Profit (RMB' 000)
JMC Heavy Duty	Wholly-ow	Automobile,	RMB	903,810	114,095	55,526	-68,497	-66,877

Vehicle Co., Ltd.	ned subsidiary	engine and other components	281.79 million					
Visteon Auto Air-conditioning (Nanchang) Co. Ltd.	Joint -Stock Company	Automotive air conditioning and Parts	RMB 46.63 million	254,272	147,414	238,623	42,045	30,867

v. Self-funded major projects of which amount invested reaches 10% of net asset :

Project Name	Total Investment Approval (RMB Mils)	Spending in 2013 1H (RMB Mils)	Investment Committed (RMB Mils)	Planned Job#1 Date
Capacity Investment in Xiaolan Site	2,133	462	1,557	First Half, 2014

The spending will be funded from cash reserves.

7. Outlook

i. Industry Competition and Development Trend

In the first half of 2013, total sales of domestic vehicle were around 10.8 million units, up 12.3% over 2012. Commercial vehicle sales continued to decline, decreasing by 4.0% compared with the same period 2012. Meanwhile passenger vehicle industry maintained growth, increasing by 13.8% compared with the same period 2012. Especially SUV sales growth rate achieved 41.4%, becoming a major force in the future growth of the auto market.

Since 2012, growth of domestic auto industry is obviously slowing down, which comes back to rationale. But from the view of consumption, China's car parc per capita is less than the half of world average level, Auto market has a great development potential and the rigid demand of automobile consumption will exist for a long time. Meanwhile, the world economy is recovering, which should be leading to the rebound of international automobile industry and the growth of export.

ii. Corporation Strategy

Company’s aim is to produce and sell world class products with the best customer satisfaction in auto industry. New type light truck, pickup and light bus will be continuously launched in the future to strengthen the existing market share. At the same time, efforts will be made to expand the SUV passenger car market and heavy truck area.

iii. 2013 Business Planning

The Company is projecting revenue at RMB 20,000 million for 2013, increasing by 15% compared with 2012. Intensified competition resulting from new competitor and new product entries will require increased levels of marketing expense. Additionally, R&D and capital expenditures are projected to be higher as we progress with new product programs and capacity expansion actions. To enhance profitability, the company will be developing the following plan in the second half of 2013:

(1) Accelerate efforts to strengthen our brands through enhancing the Company's distribution network to achieve volume and market share targets;
(2) Increase product cost reduction efforts and improve operating efficiencies to achieve profit and cost targets;
(3) Work with technology partners to execute N800, N351,N330, E802, J08, J09, J18 and Xiao Lan new Assembly Plant, New R&D Center, etc.;
(4) Expand finished vehicle exports and OEM component sales business.

iv. Potential Challenges and Solutions

In 2013, company will continue to face fiercer competition challenges, more stringent regulations requirements, cost rising pressures and auto industry slowdown difficulties.

In order to maintain steady growth, company will continue to focus on the following aspects:

(1) To accomplish the relocation of Transit plant and the launch of new plant as plan, to Improve products' quality and production efficiency;
(2) Increase marketing efforts to improve market share of existing products and new product;
(3) Continue to reduce purchasing cost of parts and improve production efficiency;
(4) To ensure the long-term development and realize company's objectives, more strict management of controllable costs will be implemented including expenditure on operation, capacity and related new product development;
(5) Strengthen corporate governance and improve mechanism of risk assessment and control.

Company will continue to reduce existing product cost and minimize internal operating waste through the established process and working group. Meanwhile company will focus on maximizing new product design optimization and cost reduction. With support of technology partners, company continue to promote approved major programs, including N800, N351, N330, E802, J08, J09, J18, etc. These measures will accelerate the progress of new competitive and profitable product's entrance into the market. Finally, company will put more efforts to strengthen company's distribution network and continuously expand the overseas market and OEM component sales business.

8. Profit Distribution

The 2012 Annual Shareholders' Meeting of the Company approved the 2012 calendar year profit distribution plan on June 21, 2013. Announcement of 2012 calendar year dividend distribution was published in China Securities, Securities Times and Hong Kong Commercial Daily on July 6, 2013, and it has been executed accordingly.

The 2012 calendar year dividend distribution plan was as follows:

Based on the Company's total share capital of 863,214,000 shares, a cash dividend of RMB 7 (including tax) per 10 shares is to be distributed to shareholders. Please refer to income tax for cash dividends on the aforesaid public announcement on Year 2012 Dividend Distribution.

The cash dividends on B shares shall be paid in Hong Kong Dollars converted at HKD 1.00 = RMB 0.7967, being the middle rate of the exchange rates between HK dollar and RMB quoted by the People's Bank of China on the first business day (June 24, 2013) immediately after the relevant resolutions were passed at the Company's Shareholders' Meeting.

Equity Record Date and Ex-dividend Date as follows:

i. Equity record date for A shares: July 12, 2013;

Ex-dividend date: July 15, 2013.

ii. Last trading date for B shares: July 12, 2013;
Ex-dividend date: July 15, 2013;
Equity record date for B shares: July 17, 2013.

JMC did not convert capital reserves into share capital in the reporting period.

9. Table of external research, communication and media interviews with the Company

Date	Place	Communication Method	Object	Information Discussed and Materials offered
January 7, 2013	In the Company	Oral Communication	An analyst from Harvest Fund Management Co., Ltd.	JMC Operating highlights
January 9, 2013	In the Company	Oral Communication	An analyst from China International Capital Corporation Limited.	JMC Operating highlights
January 10, 2013	In the Company	Oral Communication	Four analysts from Guotai Junan Securities Co., Ltd.	JMC Operating highlights
January 16, 2013	In the Company	Oral Communication	An analyst from Tianli Investment Singapore (Private) Company	JMC Operating highlights
January 18, 2013	In the Company	Oral Communication	An analyst from BOC International (China) Limited	JMC Operating highlights
January 24, 2013	In the Company	Oral Communication	Eleven analysts from Sun Life Everbright Asset Management Co., Ltd., Essence Fund Management Co., Ltd, SMC China Fund, CITIC Securities Co., Ltd., Huashang Fund Management Co., Ltd., AEGON-INDUSTRIAL Fund Management Co., Ltd., New Times Securities Co., Ltd., Juntai Consulting Company, Keywise Capital Management Co., Ltd.	JMC Operating highlights
February 20, 2013	In the Company	Oral Communication	An analyst from Changjiang Securities Co., Ltd.	JMC Operating highlights
March 29, 2013	In the Company	Oral Communication	Four analysts from China Fortune Securities Company, ABC-CA Fund Management Co., Ltd., Haitong Securities Co., Ltd.	JMC Operating highlights
April 8, 2013	In the Company	Oral Communication	Two analysts from ABC-CA Fund Management Co., Ltd., Haitong Securities Co., Ltd.	JMC Operating highlights

April 16, 2013	In the Company	Oral Communication	An analyst from Dongxing Securities Co., Ltd.	JMC Operating highlights
May 16, 2013	In the Company	Oral Communication	Two analysts from GF Securities Co., Ltd., Penghua Fund Management Co., Ltd.	JMC Operating highlights
May 22, 2013	In the Company	Oral Communication	An analyst from Great Wall Securities Co., Ltd.	JMC Operating highlights
May 24, 2013	In the Company	Oral Communication	Four analysts from Pingan Securities Co., .Ltd, CITIC-Prudential Fund Management Co., Ltd., Bank of Communications Schroder Fund Management Co., Ltd.	JMC Operating highlights

Chapter V Major Events

1. During the reporting period, the Company continued to operate its corporate governance in compliance with the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies in China, as well as relevant laws and regulations, and appointed PricewaterhouseCoopers Zhong Tian CPAs Company Limited as JMC's 2013 C-SOX auditor.

2. There was neither major litigation or arbitration, nor query from the media in the reporting period.

3. Purchase or sale of assets
i. On January 8, 2013, Taiyuan Changan Heavy Truck Company ("TCHT") completed its industrial and commercial registration changes and its company name was changed as JMC Heavy Duty Vehicle Co., Ltd. ("JMCH"). JMC paid off the remaining of RMB 189,000,000 for acquiring 100% equity of TCHT in January 2013 (total consideration concerning TCHT equity transfer was RMB 270 million, and prepayment of RMB 81 million was paid off in 2012). Upon the completion of the equity transfer, JMCH is a whole-owned subsidiary of the Company to manufacture heavy duty trucks. In the reporting period, JMCH has been added into the consolidated scope of JMC financial statements.

ii. Jiangling Motors Company (Group) had paid off RMB 318,499,168 to the Company as a consideration of the equity transfer and profit distribution of Jiangling-Isuzu Motors Company, Ltd. ("Jiangling-Isuzu"). The relevant government approval and industrial and commercial registration changes concerning the equity transfer has been completed. Jiangling-Isuzu has been deleted from the consolidated scope of JMC financial statements.

Jiangling-Isuzu was a subsidiary of JMC in the past, and JMC held 75% equity of Jiangling-Isuzu.

4. Major Related Transactions
i. Routine related party transactions
A. JMC purchased certain raw materials, auxiliary materials and components from related parties. Transactions with annual value over RMB 150 million are listed as below:

Transaction Parties	Relationship	Pricing Principle	Settlement Method	Amount (RMB'000)	As % of Total Purchases
Jiangxi Jiangling Chassis Company	Subsidiary of JMCG	Contracted price	60 days after delivery and invoicing	335,341	5.02
GETRAG (Jiangxi) Transmission Company	Associate of JMCG	Contracted price	60 days after delivery and invoicing	322,463	4.83
JMCG Interior Trim Factory	JMCG wholly-owned subsidiary	Contracted price	30 days after delivery and invoicing	317,252	4.75
Nanchang Bao-jiang Steel Processing & Distribution Co., Ltd.	Associate of JMCG	Contracted price	Prepayment	261,224	3.91
Jiangling-Lear Interior Trim Factory	Subsidiary of JMCG	Contracted price	60 days after delivery and invoicing	186,733	2.80
Ford	Controlling shareholder of JMC	Contracted price	D/P	174,537	2.62

Necessity and continuity: the purchase of the imported components will immediately stop when the respective localization is achieved, and these components will be substituted by localized ones; some components from other related parties were unique parts for JMC's Transit series, N series and T series, and other general components were purchased through open bidding.

B. The sales of products by JMC to related party with annual value over RMB 150 million:

Transaction Party	Relationship	Pricing Principle	Settlement Method	Amount (RMB'000)	As % of Total Revenue
JMCG Import and Export Co., Ltd.	Subsidiary of JMCG	Contracted price	40% of prepayment and the remains paid during 30 days after delivery	545,058	5.64

Necessity and continuity: because JMCG Import and Export Co., Ltd. has a mature network and human resources to support import & export trade, JMC will continue to use its sales network to sell products to overseas markets.

C. The labor service by related party to JMC with annual value over RMB 150 million:

Transaction Party	Relationship	Pricing Principle	Settlement Method	Amount (RMB'000)	As % of Total Revenue

Ford	Controlling shareholder of JMC	Contracted price	Payment quarterly	153,889	13.39

Necessity and continuity: The engineering service fee to Ford for the Ford support in the product development can make implementation of the program smooth. The engineering service fee is determined by working hours taken in the program and the generally external standard wage level accepted by Ford.

ii. The Company had no major related party transaction concerning transfer of assets or equity in the reporting period.

5. Major Contracts and Execution

i. There was neither entrustment, contract or lease of assets from other companies, nor entrustment, contract or lease of JMC's assets to other companies from which profit was generated to exceed 10% of total profit in the reporting period.

ii The Company had no outside guarantee in the reporting period.

iii. JMC did not entrust other people with cash asset management in the reporting period.

6. Commitments of the Company or the shareholder holding 5% or more of the Company shares

Item	Promisor	Content of Commitments	Time	Term of Commitments	Implementation of commitments
Share reform		None	None	None	N/A
Acquisition report or Statement of changes in equity		None	None	None	N/A
Asset restructuring		None	None	None	N/A
Initial Public Offering or re-funding		None	None	None	N/A
Other commitments	Ford	*	April 16, 2013	within 6 months as of the completion date of this Shareholding Increase	In the reporting period, Ford exercised its commitments sincerely and did not breach the promise.

* Ford undertakes that the additional shares acquired by it within 12 months as of the First Shareholding Increase Date (January 21, 2013) will not exceed 2% of the aggregate issued shares of the Company, and it will not reduce the shares it acquires in this Shareholding Increase within 6 months as of the completion date of this Shareholding Increase.

Prior to the First Shareholding Increase Date (January 21, 2013), Ford held 258,964,200 B shares of JMC, representing 30% of the aggregate issued shares of JMC. From January 21, 2013 to the end of the reporting period, Ford acquires 14,772,876 B shares of JMC, representing 1.71% of the aggregate issued shares of JMC.

7. Appointment or Dismissal of Accounting Firms

Upon the approval of 2012 Annual Shareholders' Meeting, JMC agrees to appoint PwC Zhong Tian as JMC's 2013 C-SOX auditor.

The compensation paid to the accounting firm is as follows:

Accountant Firm	A & B Share Auditor for Year 2012	2012 C-SOX auditor	Out of Pocket Expense
PwC ZhongTian	RMB 1.32 million	RMB 0.8 million	Included in audit fee.

8. Neither JMC nor its Directors or senior management were punished by regulatory authorities in the reporting period.

9. Others

Ford, a controlling shareholder of the Company, acquired 14,772,876 B shares of JMC in the first half year of 2013. Relevant items of this Shareholding Increase are as follows:

Purpose of this Shareholding Increase: As having confidence in sustainable development of JMC in the future, Ford intends to, by means of increasing its shareholding of the Company, share the proceeds generated by the Company's future development.

Plan of this Shareholding Increase: Ford will acquire no more than 2% of the issued shares of JMC in a method permitted by the securities trading system of the Shenzhen Stock Exchange (including without limitation, centralized bidding and block transaction) within 12 months as of the First Shareholding Increase Date.

Please refer to Article 6, Chapter V for the commitments of Ford regarding the Shareholding Increase.

Chapter VI Share Capital Changes & Shareholders

I. Table of the changes of shareholding structure

	Before the change		**Change (+, -)**					**After the change**	
	Shares	Proportion of total shares (%)	New shares	Bonus Shares	Reserve-converted shares	Others	Subtotal	Shares	Proportion of total shares (%)
I. Limited tradable A shares	2,781,900	0.32%	-	-	-	-240,000	-240,000	2,541,900	0.29%
1.State-owned shares	-	-	-	-	-	-	-	-	-
2. State-owned legal person shares	-	-	-	-	-	-	-	-	-
3. Other domestic shares	2,781,000	0.32%	-	-	-	-	-	2,541,000	0.29%
Including:									
Domestic legal person shares	2,781,000	-	-	-	-	-240,000	-240,000	2,541,000	0.29%
Domestic natural person shares	0	-	-	-	-	-	-	0	-
4. Management Shares	900	-	-	-	-	-	-	900	-

II. Unlimited tradable shares	860,432,100	99.68%	-	-	-	240,000	240,000	860,672,100	99.71%
1. A shares	516,432,100	59.83%	-	-	-	240,000	240,000	516,672,100	59.86%
2. B shares	344,000,000	39.85%	-	-	-	-	-	344,000,000	39.85%
III. Total	863,214,000	100%	-	-	-	-	-	863,214,000	100%

The change in shareholding structure was caused by the following reason:
The trading restriction on the limited tradable A shares of 240,000 shares held by Anhui Wind Star Auto Company was relieved on April 25, 2013.

II. Shareholders

1. Total shareholders, top ten shareholders, and top ten shareholders holding unlimited tradable shares

Total shareholders (as of June 30, 2013)	JMC had 25,768 shareholders, including 20,374 A-share holders and 5,394 B-share holders.					
Shareholders holding 5% or above of total shares						
Shareholder Name	Shareholder Type	Shareholding Percentage (%)	Shares as of June 30, 2013	Change (+, -)	Shares with Trading Restriction	Shares due to mortgage or frozen
Jiangling Motor Holding Co., Ltd.	State-owned legal person	41.03	354,176,000	0	0	0
Ford Motor Company	Foreign legal person	31.71	273,737,076	14,772,876	0	0
Shanghai Automotive Co., Ltd.	State-owned Legal person	1.51	13,019,610	0	0	0
National Social Security Fund- Portfolio 102	Domestic non-state-owned legal person	0.98	8,500,000	-2,734,091	0	0
National Social Security Fund- Portfolio 418	Domestic non-state-owned legal person	0.86	7,454,095	2,542,395	0	0
Jpmblsa Re Ftif Templeton China Fund Gti 5497	Foreign legal person	0.70	6,071,850	1,036,587	0	0
New China Select Securities Investment Fund	Domestic non-state-owned legal person	0.62	5,354,483	549,900	0	0
Huaan Tactical Select Securities Investment Fund	Domestic non-state-owned legal person	0.58	4,970,154	-18,051,249	0	0
Invesco Funds Sicav	Foreign legal person	0.54	4,698,109	0	0	0
Templeton Dragon Fund, Inc.	Foreign legal person	0.44	3,792,650	157,630	0	0

Top ten shareholders holding unlimited tradable shares		
Shareholder Name	Shares without Trading Restriction	Share Type
Jiangling Motor Holding Co., Ltd.	354,176,000	A share
Ford Motor Company	273,737,076	B share
Shanghai Automotive Co., Ltd.	13,019,610	A share
National Social Security Fund- Portfolio 102	8,500,000	A share
National Social Security Fund- Portfolio 418	7,454,095	A share
Jpmblsa Re Ftif Templeton China Fund Gti	6,071,850	B share

5497		
New China Select Securities Investment Fund	5,354,483	A share
Huaan Tactical Select Securities Investment Fund	4,970,154	A share
Invesco Funds Sicav	4,698,109	B share
Templeton Dragon Fund, Inc.	3,792,650	B share
Notes on association among above-mentioned shareholders	None.	

2. Change of controlling shareholder or actual controller
There is no change in the controlling shareholders and actual controlling parties.

Chapter VII Directors, Supervisors, Senior Management and Employees

1. There was no change in the status of JMC directors, supervisors and senior management holding JMC shares in the reporting period.

2. Changes of Directors, Supervisors and Senior Management
Director Change:
Per approval of the JMC 2012 Annual Shareholders' Meeting, Mr. John Lawler was elected as a Director of JMC. Mr. Howard D. Welsh did not hold the post of Director of JMC.

Subsequent event
Senior Management change:
The Board of Directors accepted Mr. Zhou Yazhuo's resignation from the position of Vice President of the Company due to work rotation on July 30, 2013, effective as of August 1, 2013.

Chapter VIII Financial Statements

JIANGLING MOTORS CORPORATION, LTD.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2013
(All amounts in RMB unless otherwise stated)

	Note	Six months ended 30 June	
		2013#	**2012#**
		RMB'000	RMB'000
Revenue	5	9,670,757	8,721,529
Sales tax		(272,146)	(255,970)
Cost of sales	6	(7,154,927)	(6,591,019)
Gross profit		**2,243,684**	**1,874,540**
Distribution costs	6	(567,567)	(551,581)
Administrative expenses	6	(675,574)	(375,191)
Other income	8	6,180	8,449
Operating profit		**1,006,723**	**956,217**
Finance income	9	92,971	115,662
Finance costs	9	(4,769)	(508)
Finance income-net	9	88,202	115,154
Share of profit of associates	15	5,911	3,412
Profit before income tax		**1,100,836**	**1,074,783**
Income tax expense	10	(144,073)	(220,496)
Profit for the period		**956,763**	**854,287**
Profit attributable to:			
Equity holders of the Company		937,503	838,898
Non-controlling interests		19,260	15,389
		956,763	**854,287**
Other comprehensive income		-	-
Total comprehensive income for the period		**956,763**	**854,287**
Total comprehensive income attributable to:			
Equity holders of the Company		937,503	838,898
Non-controlling interests		19,260	15,389
		956,763	**854,287**
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB per share)			
- Basic and diluted	11	1.09	0.97

#Unaudited financial indexes
The notes on pages 22 to 68 are an integral part of these consolidated financial statements.

JIANGLING MOTORS CORPORATION, LTD.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013
(All amounts in RMB unless otherwise stated)

		As at	
	Note	**30 June 2013#**	**31 December 2012**
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	4,980,871	4,139,276
Lease prepayment	13	542,845	264,824
Intangible assets	14	105,433	17,678
Investments in associate	15	28,230	22,319
Other non-current assets		-	81,000
Deferred income tax assets	16	178,513	181,515
		5,835,892	4,706,612
Current assets			
Financial assets at fair value through profit or loss	17	-	322
Inventories	18	1,408,450	1,194,811
Trade and other receivables	19	1,676,174	1,649,916
Cash and cash equivalents	20	6,010,697	5,559,693
		9,095,321	8,404,742
Total assets		14,931,213	13,111,354
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	21	863,214	863,214
Share premium		816,609	816,609
Other reserves	22	456,110	457,650
Retained earnings		6,278,652	5,945,399
		8,414,585	8,082,872
Non-controlling interests		-	106,378
Total equity		8,414,585	8,189,250
LIABILITIES			
Non-current liabilities			
Borrowings	23	5,462	5,762
Deferred income tax liabilities	16	31,008	-
Retirement benefit obligations	24	44,879	50,592
Provisions for warranty and other liabilities	25	177,373	152,467
Other non-current liabilities		5,600	-
		264,322	208,821
Current liabilities			
Financial liabilities at fair value through profit or loss	26	270	-
Trade and other payables	27	6,226,103	4,669,878
Current income tax liabilities		13,811	31,276
Borrowings	23	405	412
Retirement benefit obligations	24	11,717	11,717
		6,252,306	4,713,283
Total liabilities		6,516,628	4,922,104
Total equity and liabilities		14,931,213	13,111,354

#Unaudited financial indexes
The notes on pages 22 to 68 are an integral part of these consolidated financial statements.

JIANGLING MOTORS CORPORATION, LTD.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

(All amounts in RMB unless otherwise stated)

	Note	Attributable to equity holders of the Company					
		Share capital	Share premium	Other reserves	Retained earnings	Non-controlling Interests#	Total Equity#
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2012		863,214	816,609	457,650	5,174,295	115,352	7,427,120
Profit for the six months		-	-	-	838,898	15,389	854,287
Dividend relating to 2011		-	-	-	(742,364)	-	(742,364)
Balance at 30 June 2012		**863,214**	**816,609**	**457,650**	**5,270,829**	**130,741**	**7,539,043**
Balance at 1 January 2013		863,214	816,609	457,650	5,945,399	106,378	8,189,250
Profit for the six months		-	-	-	937,503	19,260	956,763
Dividend relating to 2012	28	-	-	-	(604,250)	(125,638)	(729,888)
Other		-	-	(1,540)	-	-	(1,540)
Balance at 30 June 2013		**863,214**	**816,609**	**456,110**	**6,278,652**	**-**	**8,414,585**

#Unaudited financial indexes

The notes on pages 22 to 68 are an integral part of these consolidated financial statements.

JIANGLING MOTORS CORPORATION, LTD.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013
(All amounts in RMB unless otherwise stated)

	Note	Six months ended 30 June	
		2013#	**2012#**
		RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from operations	29	1,640,083	1,112,092
Interest paid		(5,211)	(271)
Income tax paid		(146,678)	(139,390)
Net cash generated from operating activities		1,488,194	972,431
Cash flows from investing activities			
Purchase of held-to-maturity investments		(200,000)	-
Purchase of property, plant and equipment ("PPE")		(443,625)	(754,004)
Acquisition of subsidiaries,net of cash acquired		(166,169)	-
Other cash paid relating to investing activities		(431)	(7,159)
Proceeds from disposal of PPE	29	1,644	1,151
Proceed from repayment of held-to-maturity investments		200,524	-
Interest received		121,753	95,534
Other cash received from investing activities		154	508
Net cash used in investing activities		(486,150)	(663,970)
Cash flows from financing activities			
Repayments of borrowings		(424,202)	(206)
Dividends paid to the Company's shareholders		(845)	(265)
Dividends paid to minority shareholders of a subsidiary		(125,638)	-
Other cash paid relating to financing activities		(355)	(299)
Net cash used in financing activities		(551,040)	(770)
Net increase/(decrease)in cash and cash equivalents		451,004	307,691
Cash and cash equivalents at beginning of year		5,559,693	5,384,977
Effects of exchange rate changes		-	-
Cash and cash equivalents at end of period		**6,010,697**	**5,692,668**

#Unaudited financial indexes
The notes on pages 22 to 68 are an integral part of these consolidated financial statements.

1 General information

Jiangling Motors Corporation, Ltd. (the "Company") was established in the People's Republic of China (the "PRC") under the Company Law of the PRC and according to the approval of Hongban (1992) No. 005 of Nangchang Revolution and Authorization Group of Company's Joint Stock as a joint stock limited company to hold certain operational assets and liabilities of the automotive manufacturing business of Jiangxi Motors Manufacturing Factory, which was owned by Jiangling Motors Corporation Group ("JMCG"). The legal representative's operating license of the Company is No. 360000511000021.

The address of the Company's registered office is No.509, Northern Yingbin Avenue, Nanchang, Jiangxi Province, the PRC.

In December 1993, the Company issued 494,000,000 domestic ordinary shares ("A share"). In addition, the Company issued 25,214,000 A shares as bonus shares to the existing shareholders in 1994. The bonus shares were issued by utilisation of the Company's retained earnings.

In 1995, the Company issued 174,000,000 domestically listed foreign shares ("B share") and the Company issued 170,000,000 additional B shares in 1998.

As at 30 June 2013, the total number of issued shares of the Company is 863,214,000 shares, which are all listed on the Shenzhen Stock Exchange, the PRC.

The Company and its subsidiary (the "Group") are principally engaged in the development, manufacturing and selling of automobiles, engines and automobile related parts, dies and tools.

These consolidated financial statements were authorised for issue by the Board of Directors on 28 August 2013.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the consolidated financial statements are disclosed in Note 4.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the group

The IASB has amended IAS 12, ‘Income taxes’, to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale.

The amendments do not have a material impact on the Group.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the group, except the following set out below:

- Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

- IFRS 13, ‘Fair value measurement’, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

- IFRS 9, ‘Financial instruments’, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The group is yet to assess IFRS 9’s full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015. The group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

- IAS 19, 'Employee benefits', was amended in June 2011. The impact on the group will be as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The group is yet to assess the full impact of the amendments.

- IFRS 10, Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2013.

- IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

2 Summary of significant accounting policies (continued)

2.3 Associates (continued)

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

2.4 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

2.5 Foreign currency translation

(1) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional and the Group's presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses are presented in profit or loss within "other income/(expense)-net".

2 Summary of significant accounting policies (continued)

2.5 Foreign currency translation (continued)

(2) Transactions and balances (continued)

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	35-40 years
Plant and machinery	10-15 years
Motor vehicles	6-10 years
Moulds	5 years
Electronic and other equipments	5-7 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within ‘other income/(expense) – net’ in profit or loss.

Assets under construction represent buildings under construction and plant and equipment pending installation, and are stated at cost. Costs include construction and acquisition costs. No provision for depreciation is made on assets under construction until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

2 Summary of significant accounting policies (continued)

2.7 Lease prepayment

Lease prepayment represents upfront prepayment made for the land use rights, and is expensed in profit or loss on a straight line basis over the period of the lease or when there is impairment, the impairment is expensed in profit or loss.

2.8 Intangible assets

(1) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

(a) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
(b) management intends to complete the intangible asset and use or sell it;
(c) there is an ability to use or sell the intangible asset;
(d) it can be demonstrated how the intangible asset will generate probable future economic benefits;
(e) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
(f) the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life.

No development costs were capitalised by the Group during the six months ended 30 June 2013.

(2) Technical know-how

Technical know-how referred to after-sale management model are initially recorded at costs incurred to acquire and are amortised over the estimated useful lives of 6 years.

(3) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 years.

2 Summary of significant accounting policies (continued)

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Financial assets

(1) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets.

(c) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

2 Summary of significant accounting policies (continued)

2.10 Financial assets (continued)

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(2) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within 'other income/(expense) – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends on available-for-sale equity instruments are recognised in profit or loss as part of other income when the Group's right to receive payments is established.

2.11 Financial liabilities at fair value through profit or loss and offsetting financial instruments

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified in this category if incurred principally for the purpose of selling in the short term. A financial liability initially recognised at fair value, and transaction costs are expensed in profit or loss. Subsequent measurements are measured at fair value. Liabilities in this category are classified as current liability if expected to be settled within 12 months; otherwise, they are classified as non-current. A financial liability is derecognised when it is extinguished.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2 Summary of significant accounting policies (continued)

2.12 Impairment of financial assets

(1) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(2) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria refer to (1) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the profit or loss on equity instruments are not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

2 Summary of significant accounting policies (continued)

2.12 Impairment of financial assets (continued)

(2) Assets classified as available-for-sale (continued)

Impairment testing of the investments in subsidiaries or associates is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary or associate in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.13 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group has no derivative instruments that qualifying for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in profit or loss.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling prices in the ordinary course of business, less applicable variable distribution costs.

2.15 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.16 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2.17 Share capital

Share capital consists of “A” and “B” shares.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2 Summary of significant accounting policies (continued)

2.18 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.19 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the report period.

2.20 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.21 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(1) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the PRC. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 Summary of significant accounting policies (continued)

2.21 Current and deferred income tax (continued)

(2) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(3) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.22 Employee benefits

(1) Pension obligations

The Group contributes on a monthly basis to a defined contribution retirement scheme managed by the PRC government. The contribution to the scheme is charged to profit or loss as and when incurred. The Group's obligations are determined at a certain percentage of the salaries of the employees.

In addition, the Group provides supplementary pension subsidies to certain qualified employees. Such supplementary pension subsidies are considered as under defined benefit plans. The liability recognised in the statement of financial position in respect of these defined benefit plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows according to the terms of the related pension liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to profit or loss in the period in which they arise.

2 Summary of significant accounting policies (continued)

2.22 Employee benefits (continued)

(2) Housing fund and other benefits

The Group's full-time employees are entitled to participate in a state-sponsored housing fund. The fund can be used by the employees for the purchase of apartment accommodation, or may be withdrawn upon their retirement. The Group is required to make annual contributions to the state-sponsored housing fund equivalent to a certain percentage of the employees' salaries.

(3) Bonus entitlement

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

2.23 Provisions

Provisions, mainly warranty costs, are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.24 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2 Summary of significant accounting policies (continued)

2.24 Revenue recognition (continued)

(1) Sales of goods

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

(2) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

(3) Rental income

Rental income is recognised on a straight-line basis over the period of the rental contracts.

2.25 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2.26 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.27 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate. Government grants not relating to future costs are recognised on receipt basis.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight line basis over the expected lives of the related assets.

3 Financial risk management

3.1 Financial risk factors

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

Risk management is carried out by Finance Department under policies approved by the Board of Directors.

(1) Market risk

(a) Foreign exchange risk

The Group operates domestically and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to other payables dominated in U.S.dollar ("USD").

Management has set up a policy to require the Group to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency.

As at 30 June 2013, if RMB had strengthened/weakened by 10% against USD with all other variable held constant, the Group's net profit for the six months ended 30 June 2013 would have been approximately RMB11,190,000 higher/lower.

(b) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. As at 30 June 2013, a large portion of its bank deposits and all of its borrowings were at floating rate. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

As at 30 June 2013, if the interest rate of the Group's bank deposits had been increased/decreased by 10% and all other variables were held constant, the Group's net profit for the six months ended 30 June 2013 would have been increased/decreased by approximately RMB6,385,000(the six months ended 30 June 2012:RMB7,384,000).

(2) Credit risk

The Group's maximum exposure to credit risk in relation to financial assets is the carrying amounts of cash and cash equivalents and trade and other receivables.

As at 30 June 2013, the Group had cash of approximately RMB190,974,000 (2012: RMB188,865,000) deposited in Jiangling Motor Group Finance Company ("JMCF"), which is a non-bank financial institution and a subsidiary of JMCG (Note 20). The Group's other bank deposits are deposited in state-owned banks or other listed banks. Management believes all these financial institutions have high credit quality without significant credit risk.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(2) Credit risk (continued)

All the Group's trade and other receivables have no collateral. However, the Group has policies in place to ensure that sales are made to customers with appropriate credit history and the Group performs periodic credit evaluations of its customers. The Group assesses the credit quality of each customer by taking into account its financial position, past experience and other factors. Credit limit and terms are reviewed on periodic basis, and the financial department is responsible for such monitoring procedures. In determining whether provision for impairment is required, the Group takes into consideration the aging status and the likelihood of collection. In this regards, the directors of the Company are satisfied that the risks is minimal as all customers are existing ones or related parties and have no default in the past and adequate provision for impairment, if any, has been made in the financial statements after assessing the collectability of individual debts. Further quantitative disclosures in respect of the impairment of trade and other receivables are set out in Note 19.

(3) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group in and aggregated by Finance Department. Finance Department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (Note 23) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB '000	Between 1 and 2 years RMB '000	Between 2 and 5 years RMB '000	Over 5 years RMB '000
At 30 June 2013				
Bank borrowings				
- Principals	405	405	1,214	3,843
- Interests	86	81	205	288
Trade and other payables	5,207,559	-	-	-
Financial liabilities at fair value through profit or loss	270	-	-	-
	5,208,320	486	1,419	4,131
At 31 December 2012				
Bank borrowings				
- Principals	412	412	1,234	4,116
- Interests	91	85	218	324
Trade and other payables	4,328,461	-	-	-
	4,328,964	497	1,452	4,440

3 Financial risk management (continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as borrowings divided by total capital. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus borrowings. The Group aims to maintain the gearing ratio at a reasonable level.

The gearing ratios at 30 June 2013 and 31 December 2012 were as follows:

	30 June 2013	31 December 2012
	RMB'000	RMB'000
Total borrowings	5,867	6,174
Total equity	8,414,585	8,189,250
Total capital	8,420,452	8,195,424
Gearing ratio	0.07%	0.08%

3.3 Fair value estimation

The financial liabilities held for trading contain forward exchange contracts which are not traded in an active market. The fair value is determined by using valuation techniques which maximised the use of observable market data where it is available and rely as little as possible on entity specific estimates. The different levels have been defined as follows:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Since all significant inputs required to value the instrument are observable, the forward exchange contracts are classified as level 2.

The carrying amounts of the Group's financial assets including cash and cash equivalents, trade and other receivables and financial liabilities including trade and other payables, short-term borrowings, approximate their fair values due to their short maturities. The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

In assessing the fair value of non-traded financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at the balance sheet date. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(1) Provisions

The Group provides warranties on automobile and undertakes to repair or replace items that fail to perform satisfactorily based on certain pre-determined conditions. Management estimates the related warranty claims based on historical warranty claim information including level of repairs and returns as well as recent trends that might suggest that past cost information may differ from future claims.

Factors that could impact the estimated claim information include the success of the Group’s productivity and quality controls, as well as parts and labour costs. Any increase or decrease in the provision would affect profit or loss in future years.

(2) Pension benefits

The present value of the pension obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 24.

4 Critical accounting estimates and judgements (continued)

(3) Taxation

The Group is subject to various taxes in the PRC, including corporate income tax, value added tax and consumption tax. Significant judgment is required in determining the provision for these taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from amounts that were initial recorded, such differences will impact the tax provisions in the period such determination is made.

Deferred income tax assets relating to certain temporary differences are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and tax in the periods in which such estimate is changed.

As at 30 June 2013, the Group has deferred tax assets in the amount of approximately RMB178,513,000. To the extent that it is probable that taxable profit will be available against which the deductible temporary differences will be utilised, deferred tax assets are recognised mainly for temporary differences arising from accrued expenses and retirement benefit obligations.

5 Revenue and segment information

The Group principally derives its turnover from the manufacture, assembly and sale of automobiles, related spare parts and components, and sales are made principally in the PRC. Revenue represents the total invoiced value of goods supplied to customers, net of value-added tax, returns and allowances.

Management has determined the operating segment based on the reports reviewed by the strategic executive committee that are used to make strategic decisions. The committee considers the business from the product perspective as all the Group's sales are made in the PRC. Since the Group principally derives its turnover from the sale of automobiles, the committee considers the automobile business as a whole in allocating resources and assessing performance. Accordingly, no segment information is presented.

6 Expenses by nature

	Six months ended 30 June	
	2013	**2012**
	RMB'000	RMB'000
Changes in inventories of finished goods and work in progress	(121,744)	(44,352)
Raw materials and consumables used	6,427,278	5,931,027
Employee benefit expenses (Note 7)	631,601	496,559
Depreciation of PPE	205,700	179,464
Repairs and maintenance expenditure on PPE	29,214	22,513
Research and development expenditure	493,021	219,523
Amortisation of lease prepayment (Note 13, 29)	6,411	3,262
Amortisation of intangible assets (Note 14, 29)	3,514	6,610
Write-down of inventories (Note 29)	2,608	1,205
Provision for receivables impairment (Note 19, 29)	1,458	51
Provision of warranty	73,453	89,775
Others	645,554	612,154
Total cost of sales, distribution costs and administrative expenses	8,398,068	7,517,791

7 Employee benefit expenses

	Six months ended 30 June	
	2013	**2012**
	RMB'000	RMB'000
Wages and salaries	460,241	358,520
Social security costs	52,640	42,060
Pension costs – defined contribution plans	76,302	64,660
Others	42,418	31,319
	631,601	496,559

The employees of the Group participated in a retirement benefit plan organised by the municipal and provincial governments under which the Group was required to make defined contributions monthly to this plan.

7 Employee benefit expenses (continued)

In addition, the Group also paid certain pension subsidies to certain retired employees. In accordance with the Group's early retirement programs, the Group was also committed to make periodic benefit payments to certain early-retired employees until they reach their legal retirement ages.

8 Other income

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Government grants	5,653	10,768
Others	527	(2,319)
	6,180	8,449

9 Finance income and cost

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
(a) Finance income		
Interest income on bank deposits	75,359	89,381
Interest income on credit sales	17,612	26,281
	92,971	115,662
(b) Finance cost		
Interest expense on bank loans	(4,414)	(209)
Bank charges	(355)	(299)
	(4,769)	(508)
Net finance income	88,202	115,154

10 Taxation

(a) CIT

As the Company is qualified as a high-tech enterprise and approved by the relevant tax authorities in 2012, the Company is entitled to a preferential corporate income tax ("CIT") rate of 15% from 2012 to 2014.

JMC Heavy Duty Vehicle Co., Ltd. ("JMCH"), a subsidiary of the Company, applied 25% CIT rate in 2013.

10 Taxation (continued)

(a) CIT (continued)

	Six months ended 30 June	
	2013	**2012**
	RMB'000	RMB'000
Current tax	(141,071)	(141,071)
Deferred tax (Note 16)	*(3,002)*	*(79,425)*
	(144,073)	(220,496)

The difference between the actual income tax charge in profit or loss and the amounts which result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

	Six months ended 30 June	
	2013	**2012**
	RMB'000	RMB'000
Profit before tax	1,100,836	1,074,784
Tax calculated at tax rates applicable to profits in the respective companies	(183,810)	(170,089)
Tax concessions	43	86
Expense not deductible for tax purposes	(345)	(1,200)
Income not subject to tax	35,917	14,796
Effect of different tax rates applied for the periods in which the temporary differences are expected to reverse	4,122	(64,089)
Tax charge	(144,073)	(220,496)

The weighted average applicable tax rate was 17% (the six months ended 30 June 2012: 16%).

(b) Value-added tax ("VAT")

Output VAT is levied at a general rate of 17% on the selling price of goods. Input VAT paid on purchase of goods and equipment can be used to offset the output VAT to determine the net VAT payable.

(c) Consumption Tax ("CT")

The Group's automobile sale is subject to CT at 5%-9% on the selling price of goods.

11 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2013	**2012**
Profit attributable to equity holders of the Company ('000)	937,503	838,898
Weighted average number of ordinary shares in issue (thousands)	863,214	863,214
Basic earnings per share	1.09	0.97

Diluted earnings per share equals to basic earnings per share as there were no dilutive potential ordinary shares outstanding during the six months ended 30 June 2013.

12 Property, plant and equipment

	Buildings	Plant and Machinery	Motor Vehicles	Moulds	Electronic and other equipments	Assets under constructions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2012							
Cost	804,670	2,324,487	107,433	1,206,775	1,335,013	992,418	6,770,796
Accumulated depreciation and impairment	(215,202)	(1,498,280)	(49,981)	(883,291)	(851,660)	(692)	(3,499,106)
Net book amount	589,468	826,207	57,452	323,484	483,353	991,726	3,271,690
Year ended 31 December 2012							
Opening net book amount	589,468	826,207	57,452	323,484	483,353	991,726	3,271,690
Additions	-	-	-	-	-	1,248,714	1,248,714
Transfers	17,798	129,153	23,460	104,900	120,345	(395,656)	-
Disposals	-	(3,006)	(1,075)	-	(856)	-	(4,937)
Other deductions	-	-	-	-	-	(7,578)	(7,578)
Impairment charge	-	(515)	(4)	-	(640)	-	(1,159)
Depreciation charge	(19,663)	(108,916)	(12,075)	(116,093)	(110,707)	-	(367,454)
Closing net book amount	587,603	842,923	67,758	312,291	491,495	1,837,206	4,139,276
At 31 December 2012							
Cost	822,468	2,439,904	125,753	1,308,927	1,437,180	1,837,898	7,972,130
Accumulated depreciation and impairment	(234,865)	(1,596,981)	(57,995)	(996,636)	(945,685)	(692)	(3,832,854)
Net book amount	587,603	842,923	67,758	312,291	491,495	1,837,206	4,139,276
Six months ended 30 June 2013							
Opening net book amount	587,603	842,923	67,758	312,291	491,495	1,837,206	4,139,276
Additions	214,810	43,542	15,698	5,492	46,701	727,101	1,053,344
Transfers	482,686	707,276	5,352	24,084	367,153	(1,586,551)	-
Disposals	-	(234)	(3,272)	-	(452)	-	(3,958)
Other deductions	-	-	-	-	-	(2,091)	(2,091)
Impairment charge	-	-	-	-	-	-	-
Depreciation charge (Note 6, 29)	(13,350)	(59,079)	(9,134)	(55,901)	(68,236)	-	(205,700)
Closing net book amount	1,271,749	1,534,428	76,402	285,966	836,661	975,665	4,980,871
At 30 June 2013							
Cost	1,540,653	3,188,771	141,706	1,322,960	1,848,494	976,357	9,018,941
Accumulated depreciation and impairment	(268,904)	(1,654,343)	(65,304)	(1,036,994)	(1,011,833)	(692)	(4,038,070)
Net book amount	1,271,749	1,534,428	76,402	285,966	836,661	975,665	4,980,871

12 Property, plant and equipment (continued)

For the six months ended 30 June 2013, depreciation expense of approximately RMB175,026,000 (the six months ended 30 June 2012: RMB160,910,000) has been charged in cost of sales, RMB1,042,000 (the six months ended 30 June 2012: RMB684,000) in distribution costs and RMB29,632,000 (the six months ended 30 June 2012: RMB17,870,000) in administrative expenses.

Lease rental expenses amounting to RMB 2,957,000 ((the six months ended 30 June 2012: RMB2,272,000) relating to the lease of property are included in profit or loss.

13 Lease prepayment

Lease prepayment represents the Group's interests in land which are held on leases of 50 years. The movement is as follows:

	30 June 2013	**31 December 2012**
	RMB'000	RMB'000
Opening net book amount	264,824	271,347
Additions	284,432	-
Amortisation charge (Note 6, 29)	(6,411)	(6,523)
Closing net book amount	542,845	264,824
Cost	614,295	329,863
Accumulated amortisation	(71,450)	(65,039)
Net book amount	542,845	264,824

All amortisation expense was charged in administrative expenses.

14 Intangible assets

	After-sale management model	Software	Other	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2012				
Opening net book amount	4,624	17,132	198	21,954
Addition	-	7,578	-	7,578
Impairment charge	-	-	-	-
Amortisation charge	(4,624)	(7,032)	(198)	(11,854)
Closing net book amount	-	17,678	-	17,678
At 31 December 2012				
Cost	36,978	40,656	1,600	79,234
Accumulated amortisation	(36,978)	(22,978)	(1,600)	(61,556)
Net book amount	-	17,678	-	17,678
Six months ended 30 June 2013				
Opening net book amount	-	17,678	-	17,678
Addition	-	2,192	89,077	91,269
Impairment charge	-	-	-	-
Amortisation charge (Note 6, 29)	-	(3,509)	(5)	(3,514)
Closing net book amount	-	16,361	89,072	105,433
At 30 June 2013				
Cost	36,978	42,848	90,677	170,503
Accumulated amortisation	(36,978)	(26,487)	(1,605)	(65,070)
Net book amount	-	16,361	89,072	105,433

For the six months ended 30 June 2013, amortisation expense of approximately RMB 3,498,000 (the six months ended 30 June 2012: RMB 6,525,000) was charged in administrative expenses and RMB 16,000 in distribution costs (the six months ended 30 June 2012: RMB 85,000).

15 Investments in associate

(a) Movement of investment in associate is set out as follows:

	30 June 2013	31 December 2012
	RMB'000	RMB'000
At beginning of the year	22,319	17,851
Share of profit (Note 29)	5,911	7,984
Dividends received	-	(3,516)
At end of the period	28,230	22,319

In March 1996, the Company entered into a Sino-foreign equity joint venture agreement with Visteon International Holding Co., Ltd. ("Visteon") to form Jiangxi Fuchang Climate Systems Co., Ltd. ("Jiangxi Fuchang"), with operating period of 30 years, and its principal activities include manufacture and sale of air-conditioners and spare parts for motor vehicles. On 1 June 2008, Visteon transferred its equity interests of Jiangxi Fuchang to Visteon Motor Climate Control Holding (Hong Kong) Co., Ltd. ("Visteon Hong Kong"), a subsidiary of Visteon, and Jiangxi Fuchang was renamed as Visteon Climate Control (Nanchang) Co., Ltd. ("Visteon Climate Control Nanchang").

Visteon Climate Control Nanchang has a registered capital of USD5.6 million, of which Visteon Hong Kong has 80.85% interest and the Company has the remaining 19.15% interest. As the Company has 2 out of 6 seats in the board, Visteon Climate Control Nanchang is regarded as a 19.15% owned associate of the Company.

(b) The Group's share of assets, liabilities, revenue and results of its associates are as follows:

	30 June 2013	31 December 2012
	RMB'000	RMB'000
Total assets	48,693	40,867
Total liabilities	(20,463)	(18,548)
Net assets	28,230	22,319

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Revenue	45,696	26,273
Profit for the period	5,911	3,412

16 Deferred income tax

(a) Deferred income tax assets

	30 June 2013	31 December 2012
	RMB'000	RMB'000
Deferred tax assets	178,513	181,563
Deferred tax liabilities	-	(48)
Deferred tax assets (net)	178,513	181,515

The gross movement on the deferred income tax account is as follows:

	30 June 2013	31 December 2012
	RMB'000	RMB'000
At beginning of the year	181,515	250,182
Charged to profit or loss (Note 10)	(3,002)	(68,667)
At end of the period	178,513	181,515

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets	Provision for impairment of assets	Retirement benefits obligation	Accrued expenses	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2012	3,371	15,728	194,512	39,096	252,707
Charged to profit or loss	(2,199)	(2,158)	(55,527)	(11,260)	(71,144)
At 31 December 2012	1,172	13,570	138,985	27,836	181,563
Credited/(charged) to profit or loss	33	(856)	240	(2,467)	(3,050)
At 30 June 2013	1,205	12,714	139,225	25,369	178,513

Deferred tax liabilities	Depreciation of property, plant and equipment	Forward exchange contracts	Total
	RMB'000		
At 1 January 2012	(2,525)	-	(2,525)
Credited(charged) to profit or loss	2,525	(48)	2,477
At 31 December 2012	-	(48)	(48)
Credited to profit or loss	-	48	48
At 30 June 2013	-	-	-

The amounts shown in the statement of financial position include the followings:

16 **Deferred income tax (continued)**

	30 June 2013	31 December 2012
	RMB'000	RMB'000
Deferred tax assets:		
–Deferred tax asset to be recovered after more than 12 months	12,181	13,164
–Deferred tax asset to be recovered within 12 months	166,332	168,399
	178,513	181,563

	30 June 2013	31 December 2012
	RMB'000	RMB'000
Deferred tax liabilities:		
–Deferred tax liability to be recovered within 12 months	-	(48)

(b) Deferred income tax liabilities

	Acquisition of subsidiary
	RMB'000
At 1 January 2012	-
Credited to profit or loss	-
At 31 December 2012	-
Charged to profit or loss	(31,008)
At 30 June 2013	(31,008)

17 Financial assets at fair value through profit or loss

	30 June 2013	31 December 2012
	RMB'000	RMB'000
Forward exchange contracts	-	322

18 Inventories

	30 June 2013	31 December 2012
	RMB'000	RMB'000
Raw materials	815,197	721,804
Work in progress	129,263	98,246
Finished goods	463,990	374,761
	1,408,450	1,194,811

For the six months ended 30 June 2013, the cost of inventories recognised as expenses and included in cost of sales amounted to approximately RMB6,305,534,000 (the six months ended 30 June 2012: RMB5,886,675,000),which included inventory provision of RMB 2,608,000(the six months ended 30 June 2012:1,205,000).

A provision of RMB 8,452,000(2012:RMB 4,012,000) was made as at 30 June 2013.During the six months ended 30 June 2013,the Group wrote-off inventories with provision of RMB 53,364,000 made in prior years. The provision and reversal of the inventory write-down have been included in 'cost of sales' of profit or loss.

19 Trade and other receivables

	30 June 2013	31 December 2012
	RMB'000	RMB'000
Trade receivables	657,411	368,883
Less: Provision for impairment of trade receivables	(6,855)	(1,844)
Trade receivables – net	650,556	367,039
Notes receivables	636,901	688,561
Other receivables	35,120	21,881
Less: Provision for impairment of other receivables	(293)	(110)
Other receivables – net	34,827	21,771
Prepayments	308,291	502,762
Interest receivables	45,599	69,783
	1,676,174	1,649,916

Refer to Note 33 for details of receivables from related parties. The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	30 June 2013	31 December 2012
	RMB'000	RMB'000
RMB	1,676,174	1,649,916

The carrying amounts of trade and other receivables approximate their fair values.

As at 30 June 2013, trade and other receivables of approximately RMB7,148,000 (2012: RMB1,954,000) were impaired and provided for.

Movement on the provision for impairment of trade and other receivables is as follows:

	30 June 2013	31 December 2012
	RMB'000	RMB'000
At beginning of the year	(1,954)	(1,632)
Provision arise from business combination	(3,736)	-
Provision for receivables impairment (Note 6, 29)	(1,458)	(322)
At end of the period	(7,148)	(1,954)

The creation of provision for impaired receivables have been included in 'administrative expense' in profit or loss (Note 6).

As at 30 June 2013, trade receivables of approximately RMB 22,405,000 (2012: RMB 11,179,000) were past due but not impaired. These balances related to a number of independent customers for whom there was no recent history of default. The ageing analysis of these trade receivables based on past due date is as below:

19 Trade and other receivables (continued)

	30 June 2013	31 December 2012
	RMB'000	RMB'000
Up to 3 months	15,139	7,622
3 months to 6 months	1,566	1,249
6 months to 1 year	4,698	2,308
More than 1 year	1,002	-
	22,405	11,179

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

20 Cash and cash equivalents

	30 June 2013	31 December 2012
	RMB'000	RMB'000
Cash at bank and in hand	964,982	703,005
Short-term bank deposits (a)	5,045,715	4,856,688
	6,010,697	5,559,693

As at 30 June 2013, the Group had cash of approximately RMB 190,974,000 (2012: RMB188,865,000) deposited in JMCF (Note 33 (iii)). The interest rates range from 0.39% to 1.27% per annum (2012: 0.39% to 1.53%). JMCF, a non-bank financial institution, is a subsidiary of JMCG.

(a) Short-term bank deposits can be withdrawn at the discretion of the Group without any restriction.

21 Share capital

	Number of shares (thousands)	Tradable shares			Total
		"A" shares		"B" shares	
		Restricted	Non-restricted		
		RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2012					
Balance at 1 January 2012	863,214	2,782	516,432	344,000	863,214
Transfer	-	-	-	-	-
Balance at 31 December 2012	863,214	2,782	516,432	344,000	863,214
Six months ended 30 June 2013					
Balance at 1 January 2013	863,214	2,782	516,432	344,000	863,214
Transfer	-	(240)	240	-	-
Balance at 30 June 2013	863,214	2,542	516,672	344,000	863,214

All the "A" and "B" shares are registered, issued and fully paid ordinary shares of RMB1 each.

All the "A" and "B" shares rank pari passu in all respects.

21 Share capital (continued)

After implementation of the share reform scheme on 13 February 2006, all of the non-tradable A shares became tradable with conditions of 1-3 years restricted period. As at 30 June 2013, 2,542,000 shares were still restricted.

22 Other reserves

	Statutory surplus reserve fund (a)	Reserve fund	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2013	431,607	18,627	7,416	457,650
- Profit appropriation	-	-	-	-
- Other	-	-	(1,540)	(1,540)
At 30 June 2013	431,607	18,627	5,876	456,110

(a) In accordance with the relevant laws and regulations in the PRC and Articles of Association of the Company, it is required to appropriate 10% of its annual net profit, after offsetting any prior years' losses as determined under the Accounting Standards for Business Enterprises in the PRC, to the statutory surplus reserve fund before distributing the net profit. When the balance of the statutory surplus reserve fund reaches 50% of the Company's share capital, any further appropriation is at the discretion of shareholders. The statutory surplus reserve fund can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholders or by increasing the par value of the shares currently held by them. The fund is non-distributable except for liquidation situation.

As the balance of the statutory surplus reserve fund has reached 50% of the Company's share capital, there are no further appropriations to the statutory surplus reserve fund for the six months ended 30 June 2013.

23 Borrowings

	30 June 2013	31 December 2012
	RMB'000	RMB'000
Current		
Bank borrowings		
- secured (a)	405	412
Non-current		
Bank borrowings - secured (a)	5,462	5,762
Total borrowings	5,867	6,174

(a) Bank borrowings of USD950,000 (equivalent to approximately RMB5,867,000) (2012: USD982,000 equivalent to approximately RMB6,174,000) were guaranteed by JMCF (Note 33 (v)).

The interest rate of bank borrowings is 1.50% per annum (2012: 1.50%).

The fair value of borrowings approximates their carrying values.

The maturity of non-current borrowings is as follows:

	30 June 2013	31 December 2012
	RMB'000	RMB'000
Between 1 and 2 years	405	412
Between 2 and 5 years	1,214	1,234
Over 5 years	3,843	4,116
	5,462	5,762

The Group has the following undrawn borrowing facilities:

	30 June 2013	31 December 2012
	RMB'000	RMB'000
Fixed rate		
- Expiring within one year	2,052,464	1,725,301
- Expiring beyond one year	300,000	-
	2,352,464	1,725,301

24 Retirement benefits obligations

The amount of early retirement and supplemental benefit obligations recognised in the statement of financial position is as follows:

	30 June 2013	31 December 2012
	RMB'000	RMB'000
Present value of defined benefits obligations		
Defined benefit obligations	56,596	66,396
Unrecognised past service cost	-	(4,087)
Liability on the statement of financial position	56,596	62,309

The movement of early retirement and supplemental benefit obligations for the six months ended 30 June 2013 is as follows:

	30 June 2013	31 December 2012
	RMB'000	RMB'000
At beginning of the year	62,309	62,912
For the year		
-Current service cost	-	451
-Interest cost	-	2,088
-Payment	(5,713)	(11,980)
-Past service cost	-	4,766
-Actuarial loss	-	4,072
At end of the period	56,596	62,309
Current	11,717	11,717
Non-current	44,879	50,592
	56,596	62,309

The material actuarial assumptions used in valuing these obligations are as follows:

(1) Discount rate adopted: 3.75% (2012: 3.75%)
(2) The salary and supplemental benefits inflation rate of retiree, early-retiree and employee at post: 0% to 5% (2012: 0% to 5%)
(3) Mortality: average life expectancy of residents in the PRC

Based on the assessment and IAS 19, the Group estimated that, at 30 June 2013, a provision of RMB 56,596,000 is sufficient to cover all future retirement-related obligations.

Obligation in respect of retirement benefits of RMB 56,596,000 is the present value of the unfunded obligations, of which the current portion amounting to RMB 11,717,000 (2012: RMB11,717,000) has been included under current liabilities.

The sensitivity of the overall pension liability to changes in the weighted principal assumptions is:

	Change in assumption	Impact on overall liability
Discount rate	Increase/decrease by 0.5%	Decrease/increase by 4.11%/4.56%
Inflation rate	Increase/decrease by 0.5%	Increase/decrease by 1.69%/1.48%
Rate of mortality	Increase/decrease by 1 year	Decrease/increase by 1.09%/1.20%

25 Provisions for warranty and other liabilities

The movement on provisions for warranty and other liabilities is as follows:

	Warranty provisions (a)	**Other**	**Total**
	RMB'000	RMB'000	RMB'000
At 1 January 2013	152,467	-	152,467
Charged for the period	74,204	82	74,286
Utilised for the period	(49,380)	-	(49,380)
At 30 June 2013	177,291	82	177,373

(a) The above represents the warranty costs for repairs and maintenance, which are estimated based on present after-sale service policies and prior years' experience on the incurrence of such cost. For the business motor vehicles the warranty period is the sooner of 2 years and 50,000 kilometres since the motor vehicles are sold to consumer, while for the SUV the warranty period is the sooner of 3 years and 60,000 kilometres since the motor vehicles are sold to consumer. For the heavy truck (road vehicle) the warranty period is the sooner of 2 years and 200,000 kilometres since the motor vehicles are sold to consumer, while for the heavy truck (off-road vehicle) the warranty period is the sooner of 9 months and 45,000 kilometres since the motor vehicles are sold to consumer.

26 Financial liabilities at fair value through profit or loss

	30 June 2013	**31 December 2012**
	RMB'000	RMB'000
Forward exchange contracts	270	-

27 Trade and other payables

	30 June 2013	**31 December 2012**
	RMB'000	RMB'000
Trade payables	3,906,560	3,315,268
Payroll and welfare payable	170,766	154,482
Dividend payables	614,239	10,879
Other payables	1,534,538	1,189,249
	6,226,103	4,669,878

Refer to Note 33 for details of amount due to related parties.

28 Dividends

A final dividend for 2012, amounting to a total dividend of RMB 604,249,800 has been approved at the Shareholders' meeting on 21 June 2013(RMB0.7 per share).

29 Cash generated from operations

	Six months ended 30 June	
	2013	**2012**
	RMB'000	RMB'000
Profit before tax	1,100,836	1,074,784
Depreciation of PPE (Note 6, 12)	205,700	179,464
Amortisation of lease prepayment (Note 6, 13)	6,411	3,262
Amortisation of intangible assets (Note 6, 14)	3,514	6,610
Provision for receivables impairment (Note 6, 19)	1,458	51
Write-down of inventories (Note 6)	2,608	1,205
Loss on disposals of PPE	60	468
Finance cost (Note 9)	4,769	508
Finance income (Note 9)	(92,971)	(115,662)
Net foreign exchange transaction (gain) /loss	(549)	1,211
Share of profit of associate (Note 15)	(5,911)	(3,412)
Investment income of held-to-maturity investments	(524)	-
Investment loss of forward exchange contracts	277	6,651
Changes on fair value of forward exchange contracts	591	(6,673)
Changes in working capital:		
- Increase in inventories	(219,468)	(132,123)
-(Increase)/decrease in trade and other receivables	(53,711)	9,741
- Increase in warranty provisions	24,906	15,577
- Increase in trade and other payables	667,800	77,027
-Decrease in pensions and other retirement benefits	(5,713)	(6,597)
Cash generated from operations	1,640,083	1,112,092

In the cash flow statement, proceeds from disposal of property, plant and equipment comprise:

	Six months ended 30 June	
	2013	**2012**
	RMB'000	RMB'000
Net book amount	3,958	1,559
Loss on disposal of property, plant and equipment	(60)	(468)
Offset with trade and other payables	(2,254)	60
Proceeds from disposal of property, plant and equipment	1,644	1,151

30 Contingencies

On 30 June 2013, the Group did not have any significant contingent liabilities.

31 Commitments

Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	30 June 2013	31 December 2012
	RMB'000	RMB'000
Contracted but not provided for:		
Purchases of buildings, plant and machinery	1,004,524	915,305

32 Business combinations

On January 8, 2013, Taiyuan Changan Heavy Truck Company ("TCHT") completed changes of industrial and commercial registration and renamed the company as JMC Heavy Duty Vehicle Co., Ltd. ("JMCH"). JMC paid off the remaining acquisition price of RMB 189,000,000 for acquiring 100% equity of TCHT in January 2013 (total concerned TCHT equity transfer was RMB 270,000,000, and prepayment of RMB 81,000,000 was paid off in 2012). Upon completion of the equity transfer, JMCH is a wholy-owned subsidiary of the Company for manufacturing heavy duty trucks. During the reporting period, JMCH has been added into the consolidated scope of JMC financial statements.

The following table summarises the consideration payment for Taiyuan Changan Heavy Truck Company, the fair value of assets acquired, liabilities assumed at the acquisition date.

Consideration	**RMB'000**
At 8 January 2013	
-Cash	270,000
Total consideration transferred	**270,000**
Total consideration	**270,000**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	22,831
Trade and other receivables	62,036
Inventories	31,954
Property, plant and equipment	326,296
Lease prepayment	284,432
Intangible assets	149
Borrowings	(335,000)
Deferred income tax liabilities	(32,253)
Trade and other payables	(173,001)
Warranty provisions	(832)
Other non-current liabilities	(5,640)
Total identifiable net assets	**180,972**
Goodwill	89,028
	270,000

32 Business combinations(continued)

Jiangling Motors Company (Group) had paid off RMB 318,499,000 to the Company as a consideration of the equity transfer and profit distribution of Jiangling Isuzu Motors Company, Ltd. ("Jiangling Isuzu"). The relevant government approval and industrial and commercial registration changes concerning the equity transfer has been completed. Jiangling-Isuzu has been deleted from the consolidated scope of JMC financial statements.

Jiangling Isuzu was a subsidiary of JMC in the past, and JMC held 75% equity of Jiangling Isuzu.

At 28 February 2013	**RMB'000**
proceeds from disposal of subsidiary	318,499
Net cash received from disposal of subsidiary	**318,499**
Net assets of Jiangling ISUZU	
Current assets	522,124
Current liabilities	(97,458)
	424,666
Non-controlling interests	(106,167)
	318,499

33 Related party transactions

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

Jiangling Motor Holdings Co. Ltd. ("JMH"), which owns 41.03% of the Company's shares, and Ford, which owns 31.71% of the Company's shares, are major shareholders of the Company as at 30 June 2013. In addition, Chongqing Changan Automobile Corporation Ltd. ("Changan Auto") and JMCG hold 50% equity interest of JMH, respectively.

The following is a summary of the significant transactions carried out between the Group, its associates, JMCG and its subsidiaries, Ford and its subsidiaries in the ordinary course of business during the six months ended 30 June 2013.

33 Related party transactions (continued)

For the six months ended 30 June 2013, related parties, other than the subsidiary, and their relationship with the Group are as follows:

Name of related party	Relationship
JMCG	Shareholder of JMH; the same Chairman as the Company
Ford Motor (China) Co., Ltd.	Subsidiary of Ford
Ford Motor Research & Engineering (Nanjing) Co., Ltd.	Subsidiary of Ford
Ford Global Technologies, LLC	Subsidiary of Ford
Ford Otosan Company	Subsidiary of Ford
Ford Motor Company of Australia Limited	Subsidiary of Ford
JMCG Interior Trim Factory	Subsidiary of JMCG
Jiangxi JMCG Industry Co., Ltd.	Subsidiary of JMCG
JMCG Property Management Co.	Subsidiary of JMCG
Jiangxi Jiangling Chassis Co., Ltd.	Subsidiary of JMCG
Jiangling Material Co.	Subsidiary of JMCG
Land Wind Sales Co., Ltd.	Subsidiary of JMH
Nanchang JMCG Skyman Auto Component Co., Ltd.	Subsidiary of JMH
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	Subsidiary of JMCG
Nanchang Gear Co., Ltd.	Subsidiary of JMCG
Jiangxi Jiangling Lear Interior System Co., Ltd.	Subsidiary of JMCG
Nanchang Jiangling Hua Xiang Auto Components Co., Ltd.	Subsidiary of JMCG
Jiangxi Specialty Vehicles Jiangling Motors Group Co., Ltd.	Subsidiary of JMCG
JMCF	Subsidiary of JMCG
Jiangxi Jiangling Non-ferrous Metal Die-casting Co., Ltd.	Subsidiary of JMCG
Jiangling Auto Component Co.	Subsidiary of JMCG
Jiangxi Jiangling Material Utilization Co., Ltd.	Subsidiary of JMCG
Jiangxi JMCG Shangrao Industrial Co., Ltd.	Subsidiary of JMCG
JMCG Jiangxi Engineering Construction Co., Ltd.	Subsidiary of JMCG
Nanchang JMCG Xinchen Auto Component Co., Ltd.	Subsidiary of JMCG
Jiangling New-power Auto Manufacturing Co., Ltd.	Subsidiary of JMCG
Jiangling Overseas Motors Sales & Service Co., Ltd.	Subsidiary of JMCG
Nanchang JMCG Shishun Logistics Co., Ltd.	Subsidiary of JMCG
Nanchang Lianda Machinery Co., Ltd.	Subsidiary of JMCG
Jiangxi JMCG Yichehang Second-hand Motors Sales Co., Ltd.	Subsidiary of JMCG
Jiangxi Isuzu Engine Co., Ltd.	Subsidiary of JMCG
Nanchang JMCG Trading Co., Ltd.	Subsidiary of JMCG
Nanchang JMCG Liancheng Auto Component Co., Ltd.	Subsidiary of JMCG
JMCG Jingma Motors Co., Ltd.	Subsidiary of JMCG
Nanchang JMCG Printing Plant Co., Ltd.	Associate of JMCG
JMCG Hequn Costume Co., Ltd.	Associate of JMCG
GETRAG (Jiangxi) Transmission Company	Associate of JMCG
Nanchang Baojiang Steel Processing Distribution Co., Ltd.	Associate of JMCG
Jiangling Aowei Aotomobile Spare Part Co., Ltd.	Associate of JMCG
Visteon Climate Control Nanchang	Associate of the Company
GETRAG Ford Transmissions Gmbh	Joint venture of Ford
Jiangxi Biaohong Engine Tappet Co., Ltd.	Subsidiary of JMCG
Nanchang Jiangling Huasheng Cleaner Co., Ltd.	Subsidiary of JMCG
JMCG Special Purpose Vehicle Factory	Subsidiary of JMCG
Jiangxi Sinodef International Trade Co.,Ltd.	Subsidiary of JMCG
Nanchang Unistar Electrical and Electronics Co.,Ltd.	Subsidiary of JMCG

33 Related party transactions (continued)

i) Purchases of goods and services

Purchase of goods	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
JMCG	18,656	61,928
Ford	174,537	117,830
JMCG Interior Trim Factory	317,252	243,391
Jiangxi Specialty Vehicles Jiangling Motors Group Co., Ltd.	120,645	95,320
Jiangxi Isuzu Engine Co., Ltd.	4,667	1,997
Jiangling Material Co.	23,632	24,653
Visteon Climate Control Nanchang	119,046	94,756
Jiangxi Jiangling Chassis Co., Ltd.	335,341	289,881
Jiangxi Jiangling Lear Interior System Co., Ltd.	186,733	170,354
Jiangxi Jiangling Non-ferrous Metal Die-casting Co., Ltd	17,955	17,281
Nanchang Jiangling Hua Xiang Auto Components Co., Ltd.	106,476	101,659
Jiangling Auto Component Co.	-	1,489
Nanchang Gear Co., Ltd.	1,285	3,108
Jiangxi JMCG Shangrao Industrial Co., Ltd.	5,926	6,381
Nanchang JMCG Printing Plant Co., Ltd.	2,112	1,735
GETRAG (Jiangxi) Transmission Company	322,463	296,587
Nanchang JMCG Liancheng Auto Component Co., Ltd.	119,125	113,576
JMCG Hequn Costume Co., Ltd.	599	1,864
Nanchang Baojiang Steel Processing Distribution Co., Ltd.	261,224	351,518
Nanchang JMCG Xinchen Auto Component Co., Ltd.	11,605	12,881
Jiangling Aowei Aotomobile Spare Part Co., Ltd.	19,557	18,133
Nanchang JMCG Skyman Auto Component Co., Ltd.	28,906	27,202
Nanchang Lianda Machinery Co., Ltd.	31,356	27,724
Jiangxi Jiangling Material Utilization Co., Ltd.	3,671	1,013
Jiangxi Biaohong Engine Tappet Co., Ltd.	3,463	3,976
Nanchang Jiangling Huasheng Cleaner Co., Ltd.	3,383	2,247
Nanchang Unistar Electrical and Electronics Co.,Ltd.	33,988	-
Others	180	153
	2,273,783	2,088,637

33 Related party transactions (continued)

i) Purchases of goods and services (continued)

Purchase of services	Six months ended 30 June 2013	Six months ended 30 June 2012
	RMB'000	RMB'000
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.		
- commission expenses	2,451	2,593
JMCG		
- rental expense	2,957	2,272
Ford		
- services (a)	153,889	18,554
JMCG Jiangxi Engineering Construction Co., Ltd.		
- services	2,805	10,741
Jiangxi JMCG Industry Co.,Ltd.		
- services	13,288	10,982
Ford Motor Research & Engineering (Nanjing) Co., Ltd.		
- services	-	2,106
Jiangxi Specialty Vehicles Jiangling Motors Group Co., Ltd.		
- services	2,993	1,239
Nanchang JMCG Shishun Logistics Co., Ltd.		
- services	59,097	2,949
Jiangxi Jiangling Non-ferrous Metal Die-casting Co., Ltd		
- services	1,021	-
Others	231	3,305
	238,732	54,741

(a) The purchase of services from Ford mainly included the following:

Pursuant to an agreement between the Company and Ford in 2012, the Company agreed to pay engineering service fee for project J08 with the total amount of approximately USD 41,600,000 before 30 May 2015 in each quarter starting from 2012. During the six months ended 30 June 2013, the Company accrued service fee of USD 5,140,000 (equivalent to approximately RMB 30,105,000) payable to Ford.

Pursuant to an agreement between the Company and Ford in 2012, the Company agreed to pay engineering service fee for project J09 with the total amount of approximately USD 25,900,000 before 31 March 2013 in each quarter starting from 2012. During the six months ended 30 June 2013, the Company accrued service fee of USD 7,000,000 (equivalent to approximately RMB 45,947,000) payable to Ford.

Pursuant to an agreement between the Company and Ford in 2013, the Company agreed to pay engineering service fee for project J09 with the total amount of approximately USD 64,700,000 before 31 October 2015 in each quarter starting from 2013. During the six months ended 30 June 2013, the Company accrued service fee of USD 9,100,000 (equivalent to approximately RMB 56,940,000) payable to Ford.

33 Related party transactions (continued)

i) Purchases of goods and services (continued)

Purchases of property, plant and equipment	**Six months ended 30 June**	
	2013	**2012**
	RMB'000	RMB'000
Jiangling Overseas Motors Sales & Service Co., Ltd.	-	207
	-	207

ii) Sales of goods and provision of services

Sales of goods	**Six months ended 30 June**	
	2013	**2012**
	RMB'000	RMB'000
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	545,058	502,723
JMCG Interior Trim Factory	36,259	39,466
Jiangxi Specialty Vehicles Jiangling Motors Group Co., Ltd.	101,310	69,502
JMCG Property Management Co.	3,612	3,664
JMCG Jingma Motors Co., Ltd.	17,567	1,266
Jiangxi Jiangling Chassis Co., Ltd.	17,958	13,323
Jiangxi Jiangling Material Utilization Co., Ltd.	41,747	41,743
JMH	520	9,977
Nanchang JMCG Liancheng Auto Component Co., Ltd.	18,686	16,716
Jiangxi Jiangling Lear Interior System Co., Ltd.	6,224	4,298
Jiangling New-power Auto Manufacturing Co., Ltd.	3,368	20,199
Jiangxi JMCG Yichehang Second-hand Motors Sales Co., Ltd.	3,693	754
JMCG Special Purpose Vehicle Factory		
Jiangxi Sinodef International Trade Co.,Ltd.	9,205	-
Jiangxi Isuzu Engine Co., Ltd.	2,183	649
Others	4,547	3,614
	811,937	727,894

Sales of property, plant and equipment	**Six months ended 30 June**	
	2013	**2012**
	RMB'000	RMB'000
JMCG	207	-
Jiangxi JMCG Yichehang Second-hand Motors Sales Co., Ltd.	103	-
	310	-

33 Related party transactions (continued)

iii) Balances arising from sales/purchases of goods/services

Trade receivables from related parties	**30 June 2013**	**31 December 2012**
	RMB'000	RMB'000
Jiangxi Specialty Vehicles Jiangling Motors Group Co., Ltd.	18,101	17,943
JMH	461	1,469
Jiangxi Jiangling Material Utilization Co., Ltd.	-	2,968
Nanchang JMCG Liancheng Auto Component Co., Ltd.	-	380
Jiangling New-power Auto Manufacturing Co., Ltd.	-	4,381
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	103,238	101,822
Jiangxi Isuzu Engine Co., Ltd.	219	-
JMCG Special Purpose Vehicle Factory	206	3,296
Jiangxi Jiangling Lear Interior System Co., Ltd.	1,312	-
Jiangxi JMCG Industry Co., Ltd.	1	-
JMCG Jingma Motors Co., Ltd.	4,942	-
	128,480	132,259

Notes receivables from related parties	**30 June 2013**	**31 December 2012**
	RMB'000	RMB'000
Jiangxi JMCG Yichehang Second-hand Motors Sales Co., Ltd.	870	-
Jiangxi Specialty Vehicles Jiangling Motors Group Co., Ltd..	-	51,600
	870	51,600

Other receivables from related parties	**30 June 2013**	**31 December 2012**
	RMB'000	RMB'000
JMCG Import & Export Co., Ltd	5,093	2,725

Prepayments for purchasing of goods	**30 June 2013**	**31 December 2012**
	RMB'000	RMB'000
Nanchang Baojiang Steel Processing Distribution Co., Ltd.	179,099	99,112

33 Related party transactions (continued)

i iii) Balances arising from sales/purchases of goods/services (continued)

Prepayments for construction in progress	30 June 2013	31 December 2012
	RMB'000	RMB'000
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	9,002	2,265
JMCG Jiangxi Engineering Construction Co., Ltd.	2,643	738
	11,645	3,003

Trade payables to related parties	30 June 2013	31 December 2012
	RMB'000	RMB'000
JMCG Interior Trim Factory	153,866	95,441
Jiangxi Specialty Vehicles Jiangling Motors Group Co., Ltd.	212,366	229,572
Jiangxi Jiangling Lear Interior System Co., Ltd.	105,743	107,978
Visteon Climate Control Nanchang	67,931	57,949
JMCG	9,243	18,199
Jiangxi Jiangling Chassis Co., Ltd.	234,171	165,597
Nanchang Gear Co., Ltd.	941	1,573
Nanchang Jiangling Hua Xiang Auto Components Co., Ltd.	62,585	71,532
Jiangxi Jiangling Non-ferrous Metal Die-casting Co., Ltd.	10,138	8,780
Jiangxi JMCG Shangrao Industrial Co., Ltd.	2,992	3,082
Nanchang JMCG Printing Plant Co., Ltd.	1,130	711
Nanchang Unistar Electrical and Electronics Co.,Ltd.	29,989	-
Jiangling Material Co.	1,333	1,284
GETRAG (Jiangxi) Transmission Company	149,452	166,605
Nanchang JMCG Liancheng Auto Component Co., Ltd.	88,943	67,957
Ford	63,085	48,005
Nanchang JMCG Xinchen Auto Component Co., Ltd.	4,956	7,349
Jiangling Aowei Aotomobile Spare Part Co., Ltd.	20,738	28,609
Nanchang Lianda Machinery Co., Ltd.	16,578	15,367
Nanchang JMCG Skyman Auto Component Co., Ltd.	9,862	9,145
Jiangxi Isuzu Engine Co., Ltd.	3,308	854
Jiangxi Biaohong Engine Tappet Co., Ltd.	1,893	1,601
Nanchang Jiangling Huasheng Cleaner Co., Ltd.	2,598	2,558
Jiangxi Jiangling Material Utilization Co., Ltd.	3,734	1,405
Others	414	631
	1,257,989	1,111,784

33 Related party transactions (continued)

i iii) Balances arising from sales/purchases of goods/services (continued)

Other payables to related parties	30 June 2013	31 December 2012
	RMB'000	RMB'000
Ford	98,948	141,059
Ford Otosan Company	8,290	6,585
Ford Motor (China) Co., Ltd.	1,271	534
JMCG Jiangxi Engineering Construction Co., Ltd.	2,029	5,840
Jiangxi Jiangling Lear Interior System Co., Ltd.	2,200	3,092
Ford Motor Company of Australia Limited	800	1,008
Ford Global Technologies,LLC	17,746	11,440
Jiangxi Jiangling Non-ferrous Metal Die-casting Co., Ltd.	1,195	-
Jiangxi Specialty Vehicles Jiangling Motors Group Co., Ltd.	6,890	4,467
Nanchang Jiangling Hua Xiang Auto Components Co., Ltd.	2,255	2,255
Jiangxi Jiangling Chassis Co., Ltd.	1,702	1,702
JMH	478	266
GETRAG Ford Transmissions Gmbh	-	1,900
Nanchang JMCG Liancheng Auto Component Co., Ltd.	-	1,251
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	285	5,010
Nanchang JMCG Shishun Logistics Co., Ltd.	2,240	2,240
JMCG	1,038	69
Others	1,823	4,002
	149,190	192,720

Advance from related parties	30 June 2013	31 December 2012
	RMB'000	RMB'000
Land Wind Sales Co., Ltd.	231	75
Jiangxi Sinodef International Trade Co.,Ltd.	441	290
Others	24	51
	696	416

Cash deposit in related parties	30 June 2013	31 December 2012
	RMB'000	RMB'000
JMCF (Note 20)	190,974	188,865

33 Related party transactions (continued)

iv) Service fee paid for management staff

Pursuant to an agreement among the Company, Ford, Ford Motor Research & Engineering (Nanjing) Co., Ltd and Ford Motor (China) Co., Ltd. in 2008, some employees of Ford, Ford Motor Research & Engineering (Nanjing) Co., Ltd and Ford Motor (China) Co., Ltd. were assigned to the Company as management staff. During the six months ended 30 June 2013, the Company accrued service fee of approximately USD3,250,000 (equivalent to approximately RMB20,313,000), RMB265,000 and RMB1,347,000 payable to Ford, Ford Motor Research & Engineering (Nanjing) Co., Ltd and Ford Motor (China) Co., Ltd. for these employees, respectively.

Pursuant to an agreement between the Company and JMH in January 2012, some employees of JMH were assigned to the Company as management staff. During the six months ended 30 June 2013, the Company accrued service fee of approximately RMB 478,000 payable to JMH for these employees.

v) Guarantee

As at 30 June 2013, bank loans of USD 950,000 (equivalent to approximately RMB 5,867,000) (2012: USD 982,000 equivalent to approximately RMB 6,174,000) were guaranteed by JMCF (Note 23).

vi) Key management remuneration

Key management includes directors (executive and non-executive), members of the Executive Committee, the Company Secretary and members of the Supervisory Board. During the six months ended 30 June 2013, the total remuneration of the key management was approximately RMB 7,142,000 (the six months ended 30 June 2012: RMB 9,065,000).

vii) Royalty fee

a) Pursuant to a development agreement among the Company, Ford, Ford Global Technologies, LLC and Ford Otosan Company in 2008, the Company agreed to pay royalty fee to Ford at 2.6% on the net sales amount of V348 series automobiles till the sale of the products ceased. The 67.31% and 32.69% of total royalty fee should be paid to Ford Global Technologies, LLC and Ford Otosan Company respectively. During he six months ended 30 June 2013, the total royalty fee due to Ford Global Technologies, LLC and Ford Otosan Company was approximately USD 3,566,000 (equivalent to approximately RMB 22,194,000). As at 30 June 2013, the balance of USD 3,566,000 (equivalent to approximately RMB 22,194,000) not yet paid was included in other payables.

b) Pursuant to a technology licensing contract between the Company, Ford and Ford Global Technologies, LLC in 2007, the Company agreed to pay of licensing fee to Ford or its designee at USD92 for each of the Puma Diesel Engine manufactured by the Company. During the six months ended 30 June 2013, the total licensing fee due to Ford Global Technologies, LLC was approximately USD 774,000 (equivalent to approximately RMB 4,836,000). As at 30 June 2013, the balance of USD 774,000 (equivalent to approximately RMB 4,836,000) not yet paid was included in other payables.

33 Related party transactions (continued)

viii) Transaction with other state-owned entities

The Group's largest shareholder is JMH, which was established by state-owned enterprises, Changan Auto and JMCG, with equity interests of 50% and 50%, respectively. The Group is thereby considered to be significantly influenced by the PRC Government, which controls a substantial number of entities in the PRC. For the purpose of related party transactions disclosure, the Group has in place procedures to assist the identification of the immediate ownership structure of its customers and suppliers as to whether they are state-owned entities. Many state-owned entities have multi-layered corporate structure and the ownership structures change overtime. Nevertheless management of the Company believes that meaningful information relating to such kind of related parties transactions has been adequately disclosed. The Group has certain transactions with other state-owned enterprises mainly including sales and purchases of goods and services, payments for utilities, purchase of fixed assets and depositing and borrowing money. Except for the transactions and balances disclosed as follows, there is no individually or collectively significant transactions:

Transactions with other state-owned entities

	Six months ended 30 June	
	2013	**2012**
	RMB'000	RMB'000
Purchase of goods	779,026	693,188
Purchase of fixed assets	6,570	19,382
Interest income	72,675	86,228

Balances with other state-owned entities

	30 June 2013	**31 December 2012**
	RMB'000	RMB'000
Cash and cash equivalents	5,738,163	5,339,752
Trade and other payables	436,837	303,502

34 Principal subsidiary

As at the date of this report, the Group has the following subsidiary:

Entity	Place and date of incorporation	Percentage of equity interest held	Principal activities
JMCH	Taiyuan, PRC / 8 January 2013	100%	Manufacture and sale of automobiles and spare parts

Chapter XI Catalog on Documents for Reference

1. Originals of 2013 half-year financial statements signed by Chairman, Chief Financial Officer and Chief of Finance Department;
2. Originals of all the documents and public announcements disclosed in newspapers designated by CSRC during the reporting period.
3. The 2013 Half-year Report prepared in China GAAP.

Board of Directors
Jiangling Motors Corporation, Ltd.
August 28, 2013