

# Jiangling Motors Corporation, Ltd.



## 2019 Half-year Report

2019-043

## 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 any false statement, misrepresentation or major omission.

Chairman Qiu Tiangao, CFO Li Weihua and Chief of Finance Department, Xie Wanzhao, confirm that the Financial Statements in this Half-year Report are truthful, accurate and complete.

Director David Johnston did not attend this meeting, and he authorized Vice Chairman Anning Chen to represent him at this meeting, and all the other Directors were present at the Board meeting in person.

Neither cash dividend nor stock dividend was distributed. The Board decided not to convert capital reserve to share capital this time.

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.

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## Abbreviations:

JMC, or the Company	Jiangling Motors Corporation, Ltd.
JHC	Jiangling Motor Holdings Co., Ltd.
Ford	Ford Motor Company
CSRC	China Securities Regulatory Commission
JMCG	Jiangling Motors Company (Group)
JMCH	JMC Heavy Duty Vehicle Co., Ltd.
EVP	Executive Vice President
CFO	Chief Financial Officer
VP	Vice President

## Chapter II Brief Introduction

### 1. Company's information

Share's name	Jiangling Motors, Jiangling B	Share's Code	000550, 200550
Place of listing	Shenzhen Stock Exchange		
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	Qiu Tiangao		

### 2. Contact person and method

	Board Secretary	Securities Affairs Representative
Name	Wan Hong	Quan Shi
Address	No. 509, Northern Yingbin Avenue, Nanchang City, Jiangxi Province, P.R.C	No. 509, Northern Yingbin Avenue, Nanchang City, Jiangxi Province, P.R.C
Tel	86-791-85266178	86-791-85266178
Fax	86-791-85232839	86-791-85232839
E-mail	relations@jmc.com.cn	relations@jmc.com.cn

### 3. Other

#### I. Contact methods

Changes of registered address, headquarter address, postal code, website and e-mail

Applicable  Not Applicable

There is no change of registered address, headquarter address, postal code, website and e-mail. Please refer to 2018 Annual Report for details.

#### II. Newspapers for information disclosure, website for publication of JMC's half-year report and place for achieving half-year report

Applicable  Not Applicable

There is no change of newspapers for information disclosure, website designated by CSRC for publication of JMC's Half-year Report and place for achieving Half-year Report. Please refer to 2018 Annual Report for details.

#### 4. Main accounting data and financial ratios

Unit: RMB '000

	Reporting period (2019 first half)	Same period last year	Change (%)
Revenue	13,721,954	14,287,497	-3.96
Profit Attributable to the Equity Holders of the Company	58,862	318,951	-81.55
Net Cash Generated From Operating Activities	1,435,202	-906,818	258.27
Basic Earnings Per Share (RMB)	0.07	0.37	-81.55
Diluted Earnings Per Share (RMB)	0.07	0.37	-81.55
Weighted Average Return on Equity Ratio	0.57%	2.72%	Down 2.15 percentage points
	At the end of reporting period	At the end of the previous year	Change (%)
Total Assets	23,668,970	23,396,529	1.16
Shareholders' Equity Attributable to the Equity Holders of the Company	10,408,831	10,384,498	0.23

#### 5. Accounting data difference between domestic and foreign accounting standards

I. Differences in net profit and net assets disclosed respectively per IFRS and PRC GAAP.

Applicable     Not Applicable

There is no difference between IFRS and PRC GAAP in net profit and net assets.

II. Differences in net profit and net assets disclosed respectively per GAAP and PRC GAAP.

Applicable     Not Applicable

There is no difference between GAAP and PRC GAAP in net profit and net assets.

## Chapter III Operating Overview

### 1. Company's Core Business during the Reporting Period

JMC's core business is production and sales of commercial vehicles, SUV and related components. JMC's major products include JMC series light truck, heavy truck, pickup and light bus; Yusheng SUV; Ford-brand light bus, MPV and SUV. The Company also produces and sells engines, castings and other components for sales to domestic and overseas markets.

### 2. Major Change of Main Assets

#### I. Major Change of Main Assets

There's no major change of main assets during the reporting period.

#### II. Main Overseas Assets

Applicable Not Applicable

### 3. Core Competitiveness Analysis

JMC is a sino-foreign joint venture auto company with R&D, manufacturing and sales operations. With leading position and advanced technology of commercial vehicles, JMC is China auto industry pioneer providing excellent products and solutions to smart logistics, which is certificated as a national high-tech enterprise, national innovative pilot enterprise, national enterprise technology centre, national industrial design centre, national intellectual property demonstration enterprises, advanced quality management enterprise and national automobile export base; and had been ranked among the top 100 most valuable global brands for consecutive years.

JMC insists on the guide of strategy, focuses on strengthening the strategy implementation: during the reporting period, the company developed "2025 Strategy" which identified the new vision of JMC, committed to become the industry leader of light commercial vehicle and provider of Ford products with excellent cost performance. Commercial vehicle is positioned on city/main line logistics products and suppliers of comprehensive service scheme. Achieve breakthrough and great development on small/middle passenger vehicle segment.

Centered on innovation and service, promoting structural renovation: JMC adheres to the road of scientific/technological and management innovation. During the reporting period, the company continued vigorous implementation of product innovation to drive development, integrate resources, strengthen technological innovation, promote market-oriented product innovation; deepen transformation and adjustment, adhere to business model innovation; develop systematic cost reduction strategies, focus on promoting the transformation of organization and efficiency, and comprehensively enhance the core competitiveness of products.

Focusing on advantageous business and create product leadership: JMC focuses on the core business, concentrates intensive cultivation on each segment, insists on customer-centered, improve the market awareness of the whole value chain, so as to actively makes the company's products the leaders of each segment.

Collaborative integration of the industrial system, positive layout of "ASEC": aiming at the new trends in the development of the automotive industry, JMC promotes the implementation of the "ASEC" development strategy of "autonomous driving, sharing, electrification, connectivity". The company has developed layout in the core areas such as new energy vehicles, smart connectivity, and autonomous driving to accelerate the construction of a future-oriented and globally competitive business ecosystem through the overall collaboration and integration of "ASEC".

## Chapter IV Management Discussion and Analysis

### 1. Summary

In 2019, China's economy has maintained a trend of overall stable and progressive development. The main macroeconomic indicators reflected the operation in a reasonable range, and the economic structure is constantly being optimized and adjusted. Total sales volume was 12.32 million units, decreased 12.40% compared with last year.

During the reporting period, to cope with more severe competition, more stringent regulatory requirement and intensifying cost pressures, the Company focused on quality improvement, new product development, operating cost control and production efficiency enhancement. Simultaneously, the Company introduced series of sales policy to respond the market risk. In the first half of 2019, JMC achieved sales volume of 136,643 units, decreased 7.27% compared with last year, achieved revenue of RMB 13.72 billion, decreased 3.96% compared with last year, achieved net profit of RMB 59 million, decreased 81.55% compared with last year. It mainly reflects: I. the volume decrease of passenger vehicle in the interim period and the change of overall sales structure; II. Marketing expense increased to compete in the very challenging market. III. Continued spending on new product and technology.

### 2. Core Business Analysis

#### Year-over-Year Changes of Main Financial Data

Unit: RMB '000

	2019 1H	2018 1H	YOY change (%)	Reason
Revenue	13,721,954	14,287,497	-3.96%	
Cost of sales	11,683,969	12,277,724	-4.84%	
Distribution costs	705,875	452,934	55.85%	Due to the marketing expense increase for Territory launch.
Administrative expenses	1,274,585	1,138,530	11.95%	Due to Territory trademark royalty and labour economic.
Finance Income-net	90,141	103,392	-12.82%	
Income tax expense	-46,302	27,404	-268.96%	Due to operating loss.
Research and Development Expenditure	914,829	820,752	11.46%	
Net cash generated from operating activities	1,435,202	-906,818	258.27%	Due to payment of the goods decrease.
Net cash used in investing activities	-684,405	-442,747	-54.58%	Due to cash payment increase for fixed assets purchase.
Net cash used in financing activities	-220	-2,000,548	99.99%	Due to the 2017 mid-term special dividend paid in 2018 Q1.



Net increase/(decrease) in cash and cash equivalents	750,577	-3,350,113	122.40%	Due to increase of net cash generated from operating activities and the 2017 mid-term special dividend paid in 2018 Q1.
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### Composition of Core Business

Unit: RMB '000

	Turnover	Cost	Gross Margin	Y-O-Y turnover change (%)	Y-O-Y Cost Change (%)	Y-O-Y gross margin change (points)
By Industry						
Automobile Industry	13,540,007	11,511,538	14.98%	-4.36%	-5.32%	0.86%
By Products						
Vehicle	12,327,573	10,656,459	13.56%	-3.34%	-4.31%	0.88%
By Region						
China	13,540,007	11,511,538	14.98%	-4.36%	-5.32%	0.86%

### 3. Non-core business analysis

Applicable  Not Applicable

Unit: RMB '000

Item	Amount	Proportion	Explanation	Sustainability (Y/N)
Non-operating Revenue	158,387	1,261.10%	Government incentives to support the Company's development	Y
Investment return	13,841	110.20%	financial investment such as structural deposits	

4. Analysis of Assets and Liabilities  
I. Major changes

Unit: RMB '000

Asset item	June 30, 2019		December 31, 2018		YOY
	Amount	Proportion	Amount	Proportion	Proportion change
					(Points)
Property, plant and equipment	7,118,181	30.07%	6,941,292	29.67%	0.40
Inventories	2,173,276	9.18%	2,522,354	10.78%	-1.60
Trade, other receivables and prepayments	4,054,726	17.13%	4,678,284	20.00%	-2.87
Cash and cash equivalents	8,367,457	35.35%	7,616,880	32.56%	2.79
Trade and other payables	12,454,392	52.62%	12,195,966	52.13%	0.49

II. The fair value of the assets and liabilities (not applicable).

III. Restriction on Assets Rights as of the End of the Reporting Period

There was no major restriction on assets rights as of the end of the reporting period.

5. Investment

I. Summary

Applicable Not Applicable

II. Obtained Major Equity Investment during the Reporting Period

Applicable Not Applicable

III. Ongoing Major Non-Equity Investment during the Reporting Period

Applicable Not Applicable

Project Name	Investment Method/ source	Fixed Assets (Y/N)	Spending in 2019 (RMB Mils)	Investment Committed (RMB Mils)	Progress	Index
Fushan Site	Self-funded	Y	338	710	34.60%	Announcement of this project (NO:2017-044) was published in the website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Total			338	710	--	--

IV. Financial Assets Investment

(a) Stock Investment

Applicable Not Applicable

(b) Derivative Investment

Applicable Not Applicable

6. Sales of Major Assets and Equity

### I. Sale of Major Assets

Applicable Not Applicable

### II. Sales of Major Equity

Applicable Not Applicable

### 7. Operating Results of Main Subsidiaries and Joint-Stock Companies whose impact on JMC's net profit more than 10%

Unit: RMB '000

Name of Companies	Type of Companies	Main Business	Registered Capital	Assets	Net Assets	Turnover	Operating Profit	Net Profit
Jiangling Motors Sales Co., Ltd.	Subsidiary	Sale of vehicles, service parts	50,000	3,114,101	61,660	12,496,605	-250,459	-187,934
JMC Heavy Duty Vehicle Co., Ltd.	Subsidiary	Production and sale of heavy commercial vehicles, engines, components, and related service	281,793	2,812,829	-821,670	145,829	-153,738	-145,814

### Acquisition and disposal of the subsidiary

Applicable Not Applicable

### 8. Structured Entities Controlled by JMC

Applicable Not Applicable

### 9. Business performance prediction in 1-9, 2019

Applicable Not Applicable

### 10. Potential Challenges and Solutions

In 2019, the Company will continue to face fiercer competition, more stringent regulatory requirements, intensifying cost pressures and a slowdown in China's economic growth. To achieve steady growth, the Company will continue to focus on the following aspects in 2019:

- (1) Insight customer demand and improve channel capability to realize the customer-centered business growth;
- (2) Accelerating product platformization, redefine product portfolio, enrich line up and net connectivity configuration to better satisfy customer demand;
- (3) Optimizing company's production system to improve efficiency and product quality ;
- (4) Improve suppliers' capability and parts quality; continue to reduce parts purchasing cost ;
- (5) Sustaining the expense management and control to optimize the business structure;

- (6) Establish highly capable and efficient organization through the current process optimization team to flexibly respond to the market change;
- (7) Strengthening corporate governance and application of appropriate risk assessment and control mechanisms.

The Company will focus on light commercial vehicle with the support of SUV, maximize its own advantage and fully take advantage of shareholders resource to realize sustainable profit. Strengthen channel coverage, improve financing service ability; promote new products development and R&D ability improvement, to accelerate the progress of launching new competitive products to the market; develop more proactive cost reduction plan to improve the company's profit ability. Guided by the new strategy, the company will continuously implement all the specific initiatives to accelerate the strategic target achievement.

## Chapter V Major Events

### 1. Annual and special shareholders' meeting

#### I. Shareholders' meeting during the reporting period

Number	Name	Investors Attending Percentage (%)	Meeting Date	Announcement Date	Announcement Index
1	2019 First Special Shareholders' Meeting	77.45%	Feb 20, 2019	Feb 21, 2019	Number 2019-007, published on the website www.cninfo.com.cn.
2	2018 Annual Shareholders' Meeting	76.86%	June 28, 2019	June 29, 2019	Number 2019-032, published on the website www.cninfo.com.cn.

#### II. Share holders who hold vote right restored preferred shares apply to hold a special shareholders' meeting

Applicable Not Applicable

#### 2. Proposal on profit distribution and converting capital reserve to share capital for the reporting period

Applicable Not Applicable

The Company planned that neither cash dividend nor stock dividend was distributed, and not to convert capital reserve to share capital for the first half of 2019.

#### 3. Commitments of actual controlling parties, shareholders, related parties, acquirers and the Company finished in the reporting period or overdue unfinished by the end of the reporting period

Applicable Not Applicable

There is no commitments of actual controlling parties, shareholders, related parties, acquirers and the Company finished in the reporting period or overdue unfinished by the end of the reporting period.

#### 4. Appointment or dismissal of accounting firm

Whether the 2019 half-year report is audited?

Yes No

JMC 2019 half-year report is not audited.

#### 5. Explanation of the board of directors, the supervisory board to abnormal opinions from accounting firm for the reporting period

Applicable Not Applicable

#### 6. Explanation of the board of directors to abnormal opinions from accounting firm in 2018

Applicable Not Applicable

#### 7. Related matters regarding bankruptcy

Applicable Not Applicable

The Company did not go bankrupt during the reporting period.

#### 8. Litigation or arbitration

Significant litigation or arbitration

Applicable Not Applicable

There is no significant litigation or arbitration in the reporting period.

Other litigation

Applicable Not Applicable

9. Punishment

Applicable Not Applicable

The Company have not been punished by regulatory authorities.

10. Honesty and credit of JMC and its controlling shareholder or actual controlling party

Applicable Not Applicable

11. Implementation of equity incentive plan, employee stock ownership plan and other employee incentive method

Applicable Not Applicable

12. Major related transactions

I. Routine operation related party transactions

Please refer to the note 31 “Related party Transactions” to the financial statements for details.

II. Major related party transaction concerning transfer of assets or equity

Applicable Not Applicable

There was no major related party transaction concerning transfer of assets or equity during the reporting period.

III. Related party transaction concerning outside co-investment

Applicable Not Applicable

There was no outside co-investment during the reporting period.

IV. Related credit and debt

Applicable Not Applicable

Is there non-operating related credit and debt?

Yes No

The Company had no non-operating related credit and debt during the reporting period.

V. Other major related party transactions

Applicable Not Applicable

Please refer to the note 31 “Related party Transactions” to the financial statements for details.

Index for the Announcement of Major related party transactions:

Announcement Title	Announcement Disclosure Date	Website for Disclosure
Jiangling Motors Corporation, Ltd. Public Announcement on Forecast of the Routine Related Party Transactions in 2019	March 28, 2019	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

13. Non-operating funding in the Company occupied by controlling shareholder and its affiliates

Applicable Not Applicable

There was no non-operating funding in the Company occupied by controlling shareholder and its affiliates during the reporting period.

14. Major contracts and execution

I. Entrustment, contract or lease

a. Entrustment

Applicable Not Applicable

There was no entrustment during the reporting period.

b. Contract

Applicable Not Applicable

There was no contract during the reporting period.

c. Lease

Applicable Not Applicable

See the note 31(b) to financial statements for lease of related parties.

Project earns more than 10% of net profit.

Applicable Not Applicable

Project deficits more than 10% of net profit.

Applicable Not Applicable

II Major guarantee

Applicable Not Applicable

The Company had no outside guarantee during the reporting period.

III. Other important contracts

Applicable Not Applicable

There was no other important contract during the reporting period.

15. Corporation social responsibilities

I. Environmental protection

Whether the Company and affiliates is the key pollution discharge unit published by environmental protection administration?

Yes No

Main Pollutants	Emission Ways	Emission Outlet Number	Emission Outlet Distribution	Emission Concentration	Emission Standard	Emission Amount	Emission Standard Amount	Meet Standard or Not
Wastewater (COD, NH-N)	continuous discharge	6	3 in Mainsite, 1 in Xiaolan Site, 1 in Cast Plant and 1 in Axle Plant	"COD:128.8mg/L NH-N:12mg/L"	"Wastewater Discharge Standard"(GB 8978-1996)	COD: 47.862t, NH-N : 2.635t	COD≤841.2t, NH-N≤21.72t	Meet Standard
Exhaust gas (SO <sub>2</sub> , NO <sub>x</sub> , smoke, toluol, dimethylbenzene, NMHC)	continuous discharge	148	51 in Mainsite, 58 in Xiaolan Site, 33 in Cast Plant and 6 in Axle Plant	SO <sub>2</sub> : 44mg/m <sup>3</sup> , NO <sub>x</sub> : 187mg/m <sup>3</sup> , solid: 63.7mg/m <sup>3</sup> , toluol : 1.83mg/m <sup>3</sup> , dimethylbenzene: 3.22mg/m <sup>3</sup> .	"The Emission Standard of Air Pollutants", "Emission Standard of Air Pollutants for Boiler" (GB 13271-2014)	SO <sub>2</sub> : 9.856t, NO <sub>x</sub> : 15.307t	SO <sub>2</sub> ≤93.01t, NO <sub>x</sub> ≤60.91t	Meet Standard

### The construction and operation of environmental protection facilities

Since 2006, JMC has invested more than RMB 30 million to construct seven wastewater treatment stations (including the wastewater treatment station in the east plant area and Xiaolan wastewater treatment station), with the treatment capacity as high as 9,000t/d. The treated wastewater reached the national discharge standard. In 2019, the Company invested RMB 870 thousand to upgrade the wastewater treatment process of the wastewater treatment station in Axle Plant, and enhance the treatment capacity to ensure the treated wastewater will reach the national discharge standard.

For up-to-standard emission of waste gases, JMC has taken new control measures over the years. In 2012, the Company invested RMB 10 million to reconstruct the cupola furnace in the casting plant. In 2013, Xiaolan Branch invested RMB 14 million to install a TNV waste gas incinerator. In 2014, JMC invested RMB 14.6 million to construct the boiler coal-gas-switch project in the south district. In 2017, the casting plant reconstructed the ventilation & dust removal system for the smelting furnace in the large-size and middle & small-sized parts workshop, and installed efficient environmental-friendly dust removal equipment, effectively reducing the environmental pollution by dust. From 2018 to 2019, the casting plant add electric furnace dust collectors in the large-size part workshop, and reconstruct the sand shakeout & dust removal system for KW moulding line, reducing the environmental pollution.

For noise reduction, JMC took different measures to reduce the environmental impact, such as increase of protective sound-proof doors & windows, establishment of noise enclosure for air blower, installation of muffler and transformation of sound-proof doors & windows. All these measures can make sure up-to-standard discharge of noise at the plant boundary.

In the process of waste management, JMC managed from the source, and divided the generation of wastes. JMC established a temporary storage yard for solid wastes. Warning graphic symbols have been posted at the temporary storage site of hazardous wastes. Besides, signboards have been provided as well, so as to remind the passer-by of probable hazards in the storage



process of hazardous wastes. In 2017, JMC invested RMB500 thousand to extend Xiaolan storage yard for solid wastes. In 2018 JMC has renovated the engine plant garbage station. In 2019, the Company plans to invest RMB600 thousand to extend Xiaolan Dangerous Waste Station. At the same time, Qingyunpu plant actively adopt waste reduction measures and invested RMB 110 thousand to purchase primer robot waste solvent recycling device in 2019.

### **EIA on construction project and other administrative permits for environmental protection**

The Company strictly implements the construction project environmental impact assessment system. With respect to new construction, expansion and reconstruction, JMC comprehensively planned environmental protection and evaluated the “Three Simultaneities”. From the source of design, JMC carried out the philosophy of energy saving and low carbon all the time. The Company carries on the environmental monitoring every year according to the requirements, ensures the pollutant discharge meeting the requirements of discharge permit, formulates the stricter internal control target, and strives to reduce the impact of environmental pollution to the minimum. In 2019, the Company obtained the environmental assessment approval of the vehicle production expansion project, the new collision simulation laboratory project and the project of expanding the capacity of 300 thousand vehicle parts and components per year (Phase II).

### **Emergency plan on emergency environmental incidents**

In order to dilute or prevent environmental risks, JMC established an emergency preparation and response procedure and specific environmental emergency plans which were submitted to the Environmental Protection Bureau for the record, so as to formulate corresponding control methods for potential accidents and emergencies occurred or that may probably occur. JMC organized emergency drills every year to ensure the efficiency of emergency plan.

### **Environmental self-monitoring scheme**

In 2019, JMC’s Qingyunpu Main Plant Area (the “Plant Area”) was listed as a key pollutant discharging organization of wastewater/hazardous wastes. The Plant Area monitored by itself in strict accordance with the *Method for Self-monitoring and Information Disclosure of State Key Monitoring Enterprises (Trial)*. Its self-monitoring schemes, monitoring results and annual monitoring reports on pollution sources were disclosed on the “pollution source self-monitoring reporting platform of Jiangxi Province”.

### **Other information related to environmental protection**

JMC paid high attention to environmental protection and pollution source control, taking resource saving and cost reduction as the primary task. Moreover, the Company also took full advantage of 6sigma, and controlled from the source, so as to achieve the effect of environmental improvement. In the new expansion and reconstruction projects, JMC laid emphasis on improving the environmental performance, strictly implemented the system of “Three Simultaneities”, transacted the EIA procedure according to national standards, stipulated the preventive and control measures for environmental pollution, and reported to competent administrative departments on environmental protection for approval.

## II. One-to-one poverty alleviation

### a. Plan on one-to-one poverty alleviation

The Company joined the one-to-one poverty alleviation, depending on JMCG, in Qianmo Village, Dai Jiapu Township, Suichuang County, Jiangxi Province and Xianting Village, Songhu Town, Xinjian District, Nanchang City in accordance with the working arrangement of Jiangxi Provincial Party Committee and Provincial Government. The overall goal is: to help the poor village to achieve a well-off standard of living before 2020 by cooperating with the local government.

### b. Summary of one-to-one poverty alleviation in the first half

The Company regards the realization of precision poverty relief as the basic strategy of precision poverty alleviation. The Company continued to consolidate efforts of one-to-one poverty alleviation in the first half of 2019.

### c. Status of targeted measures in poverty alleviation

Item	Unit	Amount/Progress
I. Brief Introduction	—	—
including: 1. Funding	RMB ('000)	828.9
2. Sum converted from the materials	RMB ('000)	19.6
II. Investments	—	—
1. Anti-poverty depending on industry development	—	—
2. Anti-poverty depending on employment transfer	—	—
3. Anti-poverty depending on relocation	—	—
4. Anti-poverty depending on education	—	—
including: 4.1 Grants in aid to poor students	RMB ('000)	806.9
5. Health Anti-poverty	—	—
6. Ecological protection anti-poverty	—	—
7. Miscellaneous provisions	—	—
including: 7.1 Investments on stay-at-home children, women and elderly	RMB ('000)	41.6
8. Social anti-poverty	—	—
9. Other	—	—
III. Awards	—	—

## 16. Other major events

Applicable Not Applicable

JMC received government incentives about RMB 260 million appropriated by Nanchang County Xiaolan Economic & Technological Development Zone, Nanchang City Wanli District and Shanxi Comprehensive Reform Demonstration Zone during the reporting period, which is to support JMC's development.

## 17. Major event of JMC subsidiary

Applicable Not Applicable

## Chapter VI Share Capital Changes & Shareholders

### 1. Changes of Shareholding Structure

#### I. 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	786,840	0.09%	-	-	-	100	100	786,940	0.09%
1. Other domestic shares	786,840	0.09%	-	-	-	100	100	786,940	0.09%
Including:									
Domestic legal person shares	785,940	0.09%	-	-	-	-36,000	-36,000	749,940	0.09%
Domestic natural person shares	900	-	-	-	-	36,100	36,100	37,000	-
II. Unlimited tradable shares	862,427,160	99.91%	-	-	-	-100	-100	862,427,060	99.91%
1. A shares	518,307,145	60.06%	-	-	-	-100	-100	518,427,160	60.06%
2. B shares	344,000,000	39.85%	-	-	-	-	-	344,000,000	39.85%
III. Total	863,214,000	100.00%	-	-	-	-	-	863,214,000	100.00%

#### Causes of shareholding changes

Applicable Not Applicable

During the past three years as of June 30, 2019, the Company did not issue shares and derivative securities. JMC's total number of shares remained unchanged. The change in shareholding structure was caused by the limited A shares of 36,000 shares held by Shenzhen Airport Terminal Building Co., Ltd. were transferred to nature person shareholders in 2019.

#### Approval of changes of shareholding structure

Applicable Not Applicable

#### Shares transfer

Applicable Not Applicable

Impact on accounting data, such as the latest EPS, diluted EPS, shareholders' equity attributable to the equity holders of the Company, generated from shares changes

Applicable Not Applicable

Others to be disclosed necessarily or per the requirements of securities regulator

Applicable Not Applicable

#### II. Changes of limited tradable shares

Applicable Not Applicable

## 2. Securities issuance and listing

□Applicable   √Not Applicable

## 3. Shareholders and shareholding status

Total shareholders (as of June 30, 2018)	JMC had 20,943 shareholders, including 15,772 A-share holders, and 5,171 B-share holders.					
Top ten shareholders						
Shareholder Name	Shareholder Type	Shareholding Percentage (%)	Shares at the End of Year	Change (+,-)	Shares with Trading Restriction	Shares due to mortgage or frozen
Jiangling Motor Holdings Co., Ltd.	State-owned legal person	41.03	354,176,000	0	0	0
Ford Motor Company	Foreign legal person	32.00	276,228,394	0	0	0
China Securities Corporation Limited	Other	2.72	23,458,066	0	0	0
Shanghai Automotive Co., Ltd.	State-owned Legal person	1.51	13,019,610	0	0	0
Harvest Environmental Protection Low Carbon Stock Investment Fund	Other	0.98	8,465,988	277,005	0	0
Central Huijin Investment Ltd.	State-owned legal person	0.83	7,186,600	0	0	0
JPMBLSA RE FTIF TEMPLETON CHINA FUND GTI 5497	Foreign legal person	0.68	5,848,450	0	0	0
GAOLING FUND, L.P.	Foreign legal person	0.63	5,453,086	0	0	0
National Social Security Fund 504 Portfolio	Other	0.61	5,250,455	5,250,455	0	0
INVESCO FUNDS SICAV	Foreign legal person	0.58	5,035,746	0	0	0
Notes on association among above-mentioned shareholders	None.					
Top ten shareholders holding unlimited tradable shares						
Shareholder Name	Shares without Trading Restriction		Share Type			
Jiangling Motor Holdings Co., Ltd.	354,176,000		A share			
Ford Motor Company	276,228,394		B share			
China Securities Corporation Limited	23,458,066		A share			
Shanghai Automotive Co., Ltd.	13,019,610		A share			
Harvest Environmental Protection Low Carbon Stock Investment Fund	8,465,988		A share			
Central Huijin Investment Ltd.	7,186,600		A share			
JPMBLSA RE FTIF TEMPLETON CHINA FUND GTI 5497	5,848,450		B share			
GAOLING FUND, L.P.	5,453,086		B share			
National Social Security Fund 504 Portfolio	5,250,455		A share			
TEMPLETON DRAGON FUND, INC.	5,035,746		B share			
Notes on association among above-mentioned shareholders	None.					

Stock buy-back by top ten shareholders or top ten shareholders holding unlimited tradable shares in the reporting period

Yes No

There is no stock buy-back by top ten shareholders or top ten shareholders holding unlimited tradable shares in the reporting period.

#### 4. Change of controlling shareholders or actual controlling parties

Change of controlling shareholders

Applicable Not Applicable

There was no change of controlling shareholders during the reporting period.

Change of actual controlling parties

Applicable Not Applicable

There was no change of actual controlling parties during the reporting period.

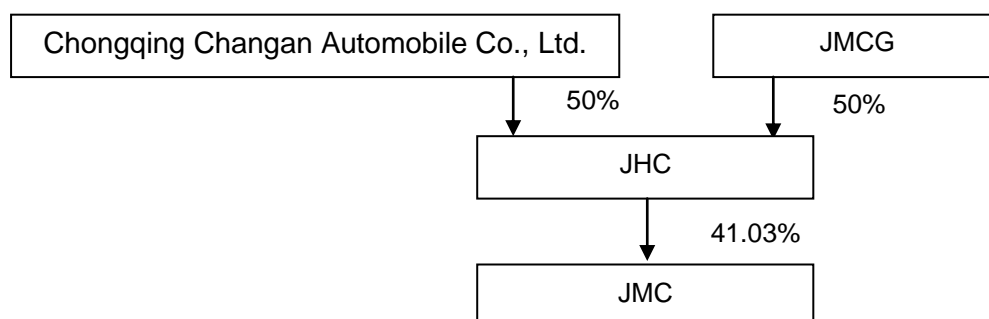
#### Subsequent events

Jiangling Motor Holdings Co., Ltd. (hereinafter referred to as “JHC”), a controlling shareholder of Jiangling Motors Co., Ltd. (hereinafter referred to as “JMC” or “the Company”), has been divided and separated into the new company, Nanchang Jiangling Investment Co., Ltd. (hereinafter referred to as “JIC”) and Jiangling Motor Holdings Co., Ltd. (as an existing company). After the separation, JHC intends to divide its hold 41.03% equity of JMC into the new company, JIC, and therefore, the controlling shareholder of JMC will be changed from JHC to JIC, but actual controllers of JMC remains unchanged.

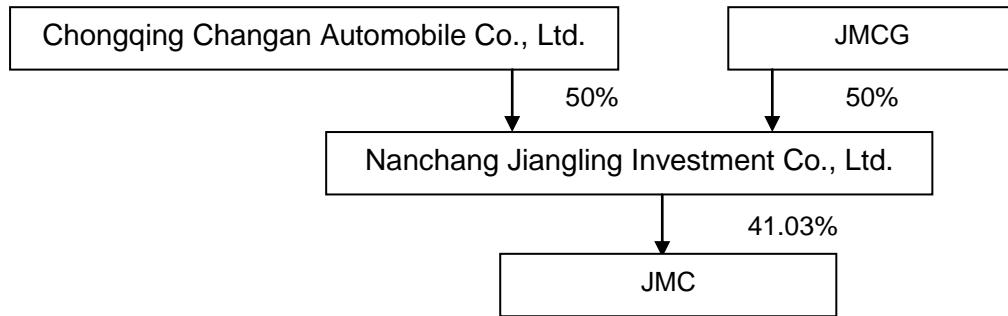
As of July 26, 2019, the 354,176,000 JMC shares, accounting for about 41.03% of the total share capital of the Company, held by JHC, the former controlling shareholder of the Company, have been transferred to JIC, and JHC no longer held the shares of the Company. JIC holds 354,176.000 shares of the Company, accounting for about 41.03% of the total share capital of the Company, and becomes a controlling shareholder of the Company.

Shareholding relationship with JMC and the shareholders of JHC before and after the separation are shown as follows:

##### (1) Before the separation



(2) After the separation



## Chapter VII Preferred Shares

Applicable  Not Applicable

JMC have no preferred shares during the reporting period.

## Chapter VIII Directors, Supervisors and Senior Management

### 1. Changes of shares held by directors, supervisors and senior management

Applicable Not Applicable

There was no change of shares held by Directors, Supervisors and senior management in the reporting period. Please refer to 2018 annual report for details.

### 2. Changes of directors, supervisors and senior management

Applicable Not Applicable

Name	Position	Status	Date	Reason
Manto Wong	President	Appointed	March 1, 2019	
Andy Ball	VP	Appointed	April 1, 2019	
Luo Xiaofang	VP	Appointed	May 1, 2019	
Manto Wong	Director	Elected	June 28, 2019	
Jin Wenhui	Director	Elected	June 28, 2019	
Milton Wong	VP	Appointed	July 1, 2019	
Thomas Fann	President	Leave	March 1, 2019	Retirement.
Tim Slatter	VP	Leave	March 1, 2019	Work rotation.
Christian Chen	VP	Leave	May 1, 2019	Work rotation.
Andy Ball	VP	Leave	May 1, 2019	Resign from the vice president position for the personal reasons.



## Chapter IX      Company Bond

Whether the Company owns the corporate bond that is lists in the securities exchange and undue or is not paid in full although it's due.

Yes     No

## **Chapter X Financial Statements**

**JIANGLING MOTORS CORPORATION, LTD.**

**FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30  
JUNE 2019**

**JIANGLING MOTORS CORPORATION, LTD.**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

(All amounts in thousands of RMB unless otherwise stated)

	Notes	Six Months Ended 30 June	
		2019#	2018#
Revenue from contracts with customers	5	13,721,954	14,287,497
Taxes and surcharges		(368,975)	(368,792)
Cost of sales	6	(11,683,969)	(12,277,724)
<b>Gross profit</b>		<b>1,669,010</b>	<b>1,640,981</b>
Distribution costs	6	(705,875)	(452,934)
Administrative expenses	6	(1,274,585)	(1,138,530)
Net expected credit losses on financial assets	3.1(2)	1,056	(918)
Net impairment losses on property, plant and equipment		(3,126)	(3,607)
Other income	8	235,605	195,360
<b>Operating (loss)/profit</b>		<b>(77,915)</b>	<b>240,352</b>
Finance income	9	92,765	106,654
Finance costs	9	(2,624)	(3,262)
Finance income-net	9	90,141	103,392
Share of profit of investments accounted for using the equity method	16b	334	2,611
<b>Profit before income tax</b>		<b>12,560</b>	<b>346,355</b>
Income tax credit/(expense)	10	46,302	(27,404)
<b>Profit for the period</b>		<b>58,862</b>	<b>318,951</b>
<b>Profit attributable to:</b>			
Shareholders of the Company		<b>58,862</b>	<b>318,951</b>
<b>Total comprehensive income for the period</b>		<b>58,862</b>	<b>318,951</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders of the Company		<b>58,862</b>	<b>318,951</b>
<b>Earnings per share for profit attributable to the shareholders of the Company for the period (expressed in RMB per share)</b>			
- Basic and diluted	11	0.07	0.37

#Unaudited financial indexes

The notes on pages 32 to 90 are an integral part of these consolidated financial statements.

**JIANGLING MOTORS CORPORATION, LTD.**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

(All amounts in thousands of RMB unless otherwise stated)

	Notes	As at	
		30 June 2019#	31 December 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	7,118,181	6,941,292
Lease prepayment	13	593,473	601,260
Intangible assets	14	288,412	246,026
Deferred income tax assets	17	789,091	743,096
Investments accounted for using the equity method	16b	40,446	40,112
Total non-current assets		<u>8,829,603</u>	<u>8,571,786</u>
<b>Current assets</b>			
Inventories	18	2,173,276	2,522,354
Trade and other receivables and prepayments	19	4,054,726	4,678,284
Derivative financial instruments	3.3	-	979
Financial assets at fair value through other comprehensive income	3.3	223,907	6,246
Cash and cash equivalents	20	8,367,457	7,616,880
Restricted cash		20,001	-
Total current assets		<u>14,839,367</u>	<u>14,824,743</u>
<b>Total assets</b>		<u><b>23,668,970</b></u>	<u><b>23,396,529</b></u>

**JIANGLING MOTORS CORPORATION, LTD.**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)  
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

(All amounts in thousands of RMB unless otherwise stated)

	Notes	As at	
		30 June 2019#	31 December 2018
<b>EQUITY</b>			
Share capital	21	863,214	863,214
Share premium		816,609	816,609
Other reserves	22	447,472	447,472
Retained earnings		8,281,536	8,257,203
<b>Total equity</b>		<b>10,408,831</b>	<b>10,384,498</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Contract liabilities	5	54,499	38,382
Borrowings	23	3,376	3,595
Deferred income tax liabilities	17	25,676	26,024
Retirement benefit obligations	24	60,777	63,425
Provisions for statutory warranty	25	166,251	151,492
Other non-current liabilities		93,301	60,160
Total non-current liabilities		403,880	343,078
<b>Current liabilities</b>			
Trade and other payables	26	12,454,356	12,195,966
Contract liabilities	5	188,911	266,702
Current income tax liabilities		72	179
Borrowings	23	450	449
Derivative financial instruments		2,578	-
Retirement benefit obligations	24	4,595	4,595
Provisions for statutory warranty	25	205,297	201,062
Total current liabilities		12,856,259	12,668,953
<b>Total liabilities</b>		<b>13,260,139</b>	<b>13,012,031</b>
<b>Total equity and liabilities</b>		<b>23,668,970</b>	<b>23,396,529</b>

#Unaudited financial indexes

The notes on pages 32 to 90 are an integral part of these consolidated financial statements.

**JIANGLING MOTORS CORPORATION, LTD.**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

(All amounts in thousands of RMB unless otherwise stated)

	Notes	Share capital	Share premium	Other reserves	Retained earnings	Total
<b>Balance at 1 January 2018</b>		<b>863,214</b>	<b>816,609</b>	<b>450,914</b>	<b>10,441,665</b>	<b>12,572,402</b>
Profit for the six months		-	-	-	318,951	318,951
Dividends relating to 2017		-	-	-	(2,276,295)	(2,276,295)
<b>Balance at 30 June 2018</b>		<b>863,214</b>	<b>816,609</b>	<b>450,914</b>	<b>8,484,321</b>	<b>10,615,058</b>
<b>Balance at 1 January 2019</b>		<b>863,214</b>	<b>816,609</b>	<b>447,472</b>	<b>8,257,203</b>	<b>10,384,498</b>
Profit for the six months		-	-	-	58,862	58,862
Dividends relating to 2018	27	-	-	-	(34,529)	(34,529)
<b>Balance at 30 June 2019</b>		<b>863,214</b>	<b>816,609</b>	<b>447,472</b>	<b>8,281,536</b>	<b>10,408,831</b>

#Unaudited financial indexes

The notes on pages 32 to 90 are an integral part of these consolidated financial statements.

**JIANGLING MOTORS CORPORATION, LTD.**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

(All amounts in thousands of RMB unless otherwise stated)

	Notes	Six Months Ended 30 June	
		2019#	2018#
<b>Cash flows from operating activities</b>			
Cash generated from operations	28	1,435,500	(791,761)
Interest paid		(150)	(151)
Income tax paid		(148)	(114,906)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>1,435,202</b>	<b>(906,818)</b>
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment ("PPE")		(801,467)	(572,583)
Purchase of financial assets at fair value through profit or loss		(4,700,000)	(3,462,000)
Other cash paid relating to investing activities		(7,591)	(13,354)
Proceeds from disposal of PPE	28	2,990	2,569
Proceeds from disposal of financial assets at fair value through profit or loss		4,700,000	3,462,000
Investment income from financial assets at fair value through profit or loss		18,447	10,202
Interest received		100,566	129,686
Other cash received from investing activities		2,650	733
<b>Net cash outflow from investing activities</b>		<b>(684,405)</b>	<b>(442,747)</b>
<b>Cash flows from financing activities</b>			
Repayments of borrowings		(220)	(207)
Dividends paid to shareholders of the Company		-	(1,999,237)
Other cash paid relating to financing activities		-	(1,104)
<b>Net cash outflow from financing activities</b>		<b>(220)</b>	<b>(2,000,548)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>750,577</b>	<b>(3,350,113)</b>
Cash and cash equivalents at beginning of year		7,616,880	11,137,723
Effects of exchange rate changes		-	-
<b>Cash and cash equivalents at end of period</b>	20	<b>8,367,457</b>	<b>7,787,610</b>

#Unaudited financial indexes

The notes on pages 32 to 90 are an integral part of these consolidated financial statements.

# JIANGLING MOTORS CORPORATION, LTD.

## FOR THE SIX MONTHS ENDED 30 JUNE 2019 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands of RMB unless otherwise stated)

### 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 Nanchang Revolution and Authorisation 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 Group Co.,Ltd (“JMCG”). The legal representative’s operating license of the Company is No. 913600006124469438.

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 2019, 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 subsidiaries (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 27 August 2019.

### 2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting the Company and its subsidiaries.

#### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRS”). The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments, financial assets at FVOCI and financial liabilities at FVPL) are measured at fair value.



**JIANGLING MOTORS CORPORATION, LTD.**

**FOR THE SIX MONTHS ENDED 30 JUNE 2019**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(All amounts in thousands of RMB unless otherwise stated)

**2 Summary of significant accounting policies (continued)**

**2.1 Basis of preparation (continued)**

New and amended standards adopted by the Group

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

- **IFRS 16 Leases**

IFRS 16 has been effective from 1 January 2019. As permitted under the specific transitional provisions in the standard, the Group has adopted IFRS 16 retrospectively, but has not restated comparatives for the 2018 reporting period. There is no reclassifications and adjustments arising from the new leasing rules need to be recognised in the opening balance sheet on 1 January 2019 because the leases are short-term or for which the underlying asset is of low value.

# JIANGLING MOTORS CORPORATION, LTD.

## FOR THE SIX MONTHS ENDED 30 JUNE 2019 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands of RMB unless otherwise stated)

### 2 Summary of significant accounting policies (continued)

#### 2.2 Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### 2.3 Associates

An associate is an entity 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, after initially being recognised at cost.

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. Dividends received or receivable from associates and joint ventures are recognised as a reduction in 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 of investments accounted for using equity method' 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.

Gains or losses on dilution of equity interest in associates are recognised in profit or loss.

## JIANGLING MOTORS CORPORATION, LTD.

### FOR THE SIX MONTHS ENDED 30 JUNE 2019 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands of RMB unless otherwise stated)

## 2 Summary of significant accounting policies (continued)

### 2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary 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.

### 2.5 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.

### 2.6 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.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary 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 and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

## JIANGLING MOTORS CORPORATION, LTD.

### FOR THE SIX MONTHS ENDED 30 JUNE 2019 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands of RMB unless otherwise stated)

## 2 Summary of significant accounting policies (continued)

### 2.7 Property, plant and equipment

Property, plant and equipment is 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 automobiles	6-10 years
Moulds	5 years
Electronic and other equipment	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 2.10).

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.

### 2.8 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.

**FOR THE SIX MONTHS ENDED 30 JUNE 2019**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(All amounts in thousands of RMB unless otherwise stated)

**2 Summary of significant accounting policies (continued)**

**2.9 Intangible assets**

(1) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(2) 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.

The development cost of an internally generated intangible asset is the sum of the expenditure incurred from the date the asset meets the recognition criteria above to the date when it is available for use. The development costs capitalised in connection with the intangible asset include costs of materials and services used or consumed and employee costs incurred in the creation of the asset.

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.

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.

## JIANGLING MOTORS CORPORATION, LTD.

### FOR THE SIX MONTHS ENDED 30 JUNE 2019 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands of RMB unless otherwise stated)

## 2 Summary of significant accounting policies (continued)

### 2.9 Intangible assets (continued)

#### (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.

#### (4) Non-patent technology

Non-patent technology is capitalised from the development cost. These costs are amortised over their estimated useful lives of 5 years.

### 2.10 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### 2.11 Non-current assets held-for-sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position.

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### FOR THE SIX MONTHS ENDED 30 JUNE 2019 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in thousands of RMB unless otherwise stated)

#### 2.12 Investments and other financial assets

##### (1) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

##### (2) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

##### (3) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

##### *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income/(expense)-net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

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**2 Summary of significant accounting policies (continued)**

**2.12 Investments and other financial assets (continued)**

(3) Measurement (continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income/(expense)-net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/(expense)-net and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other income/(expense)-net in the period in which it arises.

*Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other income/(expense)-net in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(4) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.1 for further details.



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## 2 Summary of significant accounting policies (continued)

### 2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Group currently has 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. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

### 2.14 Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. No derivative is designated as a hedging instrument by the Group, changes in the fair value of derivatives are recognised immediately in profit or loss and included in other income/(expense)-net.

### 2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, the latter being allocated on the basis of normal operating capacity. Cost excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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## 2 Summary of significant accounting policies (continued)

### 2.16 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 allowance for impairment. See Note 3.1 for further information about the Group's accounting for trade receivables and a description of the Group's impairment policies.

### 2.17 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 and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

### 2.18 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.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to owners of the Company until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's shareholders.

### 2.19 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### 2.20 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. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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## 2 Summary of significant accounting policies (continued)

### 2.20 Borrowings (continued)

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income/(expense)-net or finance costs.

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 reporting period.

### 2.21 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.

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on interest rates on similar borrowings in the entity's functional currency.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined for each annual period and are limited to the difference between the hypothetical interest amount for the functional currency borrowings and the actual interest incurred for foreign currency borrowings. Foreign exchange differences that did not meet the criteria for capitalisation in previous years should not be capitalised in subsequent years.

### 2.22 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

#### (1) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. 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.

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**2 Summary of significant accounting policies (continued)**

**2.22 Current and deferred income tax (continued)**

(2) Deferred income tax

Deferred income tax is provided in full, 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. Deferred income tax is also 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 nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred 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.

**2.23 Employee benefits**

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for termination of employment relationship, which include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

(1) Short-term employee benefits

Short-term employee benefits include wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs, short-term paid absences and etc. The short-term employee benefits actually occurred are recognised as a liability in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Non-monetary benefits are measured at fair value.

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## 2 Summary of significant accounting policies (continued)

### 2.23 Employee benefits (continued)

#### (2) Post-employment benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the premiums or contributions on basic pensions and unemployment insurance belong to defined contribution plans; the premiums or contributions on supplementary retirement benefits belong to defined benefit plans.

#### (i) Defined contribution plans

##### Basic pensions

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to the bases and percentage prescribed by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

#### (ii) Defined benefit plans

The Group provides employees with some supplementary retirement benefits belong to defined benefit plans in addition to the social security policy prescribed by the State. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. 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 using interest rates of national debt that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

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## 2 Summary of significant accounting policies (continued)

### 2.23 Employee benefits (continued)

#### (3) Termination benefits

The Group provides compensation for terminating the employment relationship with employees before the end of the employment contracts or as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts. The Group recognises a liability arising from compensation for termination of the employment relationship with employees, with a corresponding charge to profit or loss for the current period at the earlier of the following dates: 1) when the Group cannot unilaterally withdraw an employment termination plan or a curtailment proposal; 2) when the Group recognises costs or expenses for a restructuring that involves the payment of termination benefits.

#### (4) Early retirement benefits

The Group offers early retirement benefits to those employees who accept early retirement arrangements. The early retirement benefits refer to the salaries and social security contributions to be paid to and for the employees who accept voluntary retirement before the normal retirement date prescribed by the State, as approved by the management. The Group pays early retirement benefits to those early retired employees from the early retirement date until the normal retirement date. The Group accounts for the early retirement benefits in accordance with the treatment for termination benefits, in which the salaries and social security contributions to be paid to and for the early retired employees from the off-duty date to the normal retirement date are recognised as liabilities with a corresponding charge to the profit or loss for the current period. The differences arising from the changes in the respective actuarial assumptions of the early retirement benefits and the adjustments of benefit standards are recognised in profit or loss in the period in which they occur.

The termination benefits expected to be settled within one year since the balance sheet date are classified as current liabilities.

### 2.24 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.

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## 2 Summary of significant accounting policies (continued)

### 2.25 Revenue recognition

The Group manufactures and sells a range of automobiles and automobile parts to dealers and ending customers. Besides, the Group also provides automobile maintenance and additional warranty services. The Group recognises revenue when the customer obtains control of the goods and services. The revenue is recognised based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to customers.

#### (1) Sales of goods – Automobile and automobile parts

The Group manufactures and sells a range of automobiles and automobile parts to dealers and ending customers. Sales are recognised when control of the products has transferred, being when the customer has the ability to direct the use of and obtain substantially all of the remaining benefits from the products. Control of automobiles is transferred when automobiles are delivered out of warehouse, being when customer has accepted the products. Control of automobile parts is transferred when the products out of warehouse or shipped to designated destination, being when customer has accepted the products.

When the contracts include two performance obligations, selling automobiles and providing shipping services, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated considering market information, expected cost plus margin.

No element of financing is deemed present as the sales are made with a credit term within one year, which is consistent with market practice. The Group's obligation to repair or replace faulty products under the statutory warranty terms prescribed by the industry law and regulations is recognised as a provision, see Note 2.24. For additional warranty, it is considered as a separate performance obligation under IFRS 15, see Note 2.25(2).

Revenue from these sales is recognised based on the price specified in the contract, net of the estimated discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

#### (2) Rendering of services

The Group provides service of automobile maintenance and additional warranty. Revenue is recognised on the basis of inputs to the satisfaction of the performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

Trade receivables are recognised when the Group recognised revenue according to the completion process and has an unconditional right to consideration. Contract assets are recognised when the Group satisfies a performance obligation but does not have an unconditional right to consideration. The provision of trade receivables and contract assets are subject to expected credit loss model. Contract liabilities are recognised when the consideration received before the Group satisfies the performance obligation. The contract assets and liabilities are presented on a net basis for the some contract.

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## 2 Summary of significant accounting policies (continued)

### 2.26 Earnings per share

#### (1) Basic earnings per share

Basic earnings per share is calculated by dividing: the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

#### (2) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### 2.27 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.

### 2.28 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, where appropriate.

### 2.29 Government grants

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government, including tax return, financial subsidy and etc.

Government grants are recognised when the grants can be received and the Group can comply with all attached conditions. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

Government grants related to assets refer to government grants which are obtained by the Group for the purposes of purchase, construction or acquisition of the long-term assets. Government grants related to income refer to the government grants other than those related to assets.

Government grants related to assets will be recorded as deferred income and recognised evenly in profit or loss over the useful lives of the related assets.



# JIANGLING MOTORS CORPORATION, LTD.

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### 2 Summary of significant accounting policies (continued)

#### 2.29 Government grants (continued)

Government grants related to income will be recorded as deferred income and recognised in profit or loss in the period in which the related expenses are recognised if the grants are intended to compensate for future expenses or losses, and otherwise recognised in profit or loss for the current period if the grants are used to compensate for expenses or losses that have been incurred.

#### 2.30 Interest income

Interest income from financial assets at FVPL is included in other income/(expense)-net, see Note 8 below.

Interest income on financial assets at amortised cost and financial assets at FVOCI (2017 –loans and receivables) calculated using the effective interest method is recognised in the statement of profit or loss as part of finance income. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 9 below. Any other interest income is included in other income/(expense)-net.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

### 3 Financial risk management

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.

The Group's risk management is predominantly controlled by Finance Department under policies approved by the Board of Directors. Group Finance Department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

#### 3.1 Financial risk factors

- (1) Market risk
  - (i) 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 US dollar ("USD") and Euro.

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.

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(All amounts in thousands of RMB unless otherwise stated)

#### 3 Financial risk management (continued)

##### 3.1 Financial risk factors (continued)

- (1) Market risk (continued)
- (i) Foreign exchange risk (continued)

###### *Exposure*

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in RMB, was as follows:

	30 June 2019			31 December 2018		
	USD RMB'000	EUR RMB'000	Other currency RMB'000	USD RMB'000	EUR RMB'000	Other currency RMB'000
Derivative financial instruments						
Foreign exchange forwards	(2,578)	-	-	979	-	-
Trade and other receivables	-	266	-	-	265	-
Borrowings	(3,826)	-	-	(4,044)	-	-
Trade and other payables	(202,250)	(106,365)	(4,171)	(164,599)	(100,450)	(4,045)
	<u>(208,654)</u>	<u>(106,099)</u>	<u>(4,171)</u>	<u>(167,664)</u>	<u>(100,185)</u>	<u>(4,045)</u>

###### *Sensitivity*

As shown in the table above, the Group is primarily exposed to changes in USD/RMB and Euro/RMB exchange rates.

As at 30 June 2019, if RMB had strengthened/weakened by 10% against USD with all other variable held constant, the Group's net profit for the year then ended would have been approximately RMB17,722,000 (2018: RMB14,187,000) higher/lower.

As at 30 June 2019, if RMB had strengthened/weakened by 10% against Euro with all other variable held constant, the Group's net profit for the year then ended would have been approximately RMB9,074,000 (2018: RMB8,626,000) higher/lower.

- (ii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. As at 30 June 2019, a large portion of its bank deposits were at variable rates and all of its borrowings were at fixed rate. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

As at 30 June 2019, 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 year then ended would have been increased/decreased by approximately RMB7,313,000 (2018: RMB14,174,000).

As at 30 June 2019, the difference between the fair value and book value of the Group's borrowings with fixed rate is immaterial.

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**3 Financial risk management (continued)**

**3.1 Financial risk factors (continued)**

(2) Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of other financial instruments at fair value through comprehensive income and at fair value through profit or loss, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

(i) Risk management

Credit risk is managed on a group basis. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by line management.

(ii) Impairment of financial assets

The Group has four types of financial assets that are subject to the expected credit loss model:

trade receivables for sales of inventory and from the provision of services, and

notes receivables carried at FVOCI

other financial assets at amortised cost

cash and cash equivalents.

*Trade receivables*

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 24 month before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of China in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 30 June 2019 was determined as follows for trade receivables:

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3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(2) Credit risk (continued)

(ii) Impairment of financial assets (continued)

(a) As at 30 June 2019, receivables with amounts are subject to separate assessment for impairment as below:

30 June 2019	Current	1-30 days past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	-	-	-	-	100%	—
Gross carrying amount – trade receivables	-	-	-	-	8,633	8,633
<b>Loss allowance</b>	-	-	-	-	<b>(8,633)</b>	<b>(8,633)</b>

As the above debtors involved in several lawsuits, the Group cannot be able to collect the amount under the original terms, a full provision for bad debts of that receivable were made.

(b) As at 30 June 2019, trade receivables have been grouped on the basis of shared credit risk characteristics and the days past due for the measurement of expected credit losses:

i) Notes receivables group

As at 30 June 2019, all the notes receivables are bank acceptance bills of RMB6,500,000, which will be accepted mainly by large state-owned banks or national commercial banks. The Group believes that there is no significant credit losses due to the bank default.

ii) Automobiles sales group

30 June 2019	Current	1-30 days past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	0.31%	0.36%	0.93%	15.58%	15.97%	—
Gross carrying amount – trade receivables	1,893,816	47,929	8,611	5,115	22,607	1,978,078
<b>Loss allowance</b>	<b>(5,916)</b>	<b>(173)</b>	<b>(80)</b>	<b>(797)</b>	<b>(3,610)</b>	<b>(10,576)</b>

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**3 Financial risk management (continued)**

**3.1 Financial risk factors (continued)**

(2) Credit risk (continued)

(ii) Impairment of financial assets (continued)

(b) As at 30 June 2019, trade receivables have been grouped on the basis of shared credit risk characteristics and the days past due for the measurement of expected credit losses (continued):

iii) New energy automobiles subsidies group

<b>30 June 2019</b>	<b>Current</b>	<b>1-30 days past due</b>	<b>More than 30 days past due</b>	<b>More than 60 days past due</b>	<b>More than 90 days past due</b>	<b>Total</b>
Expected loss rate	0.30%	-	-	-	-	—
Gross carrying amount – trade receivables	253,162	-	-	-	-	253,162
<b>Loss allowance</b>	<b>(759)</b>	-	-	-	-	<b>(759)</b>

iv) Automobile parts group:

<b>30 June 2019</b>	<b>Current</b>	<b>1-30 days past due</b>	<b>More than 30 days past due</b>	<b>More than 60 days past due</b>	<b>More than 90 days past due</b>	<b>Total</b>
Expected loss rate	0.30%	0.30%	0.50%	0.60%	5.00%	—
Gross carrying amount – trade receivables	321,294	24,382	3,050	218	2,457	351,401
<b>Loss allowance</b>	<b>(964)</b>	<b>(73)</b>	<b>(15)</b>	<b>(1)</b>	<b>(123)</b>	<b>(1,176)</b>

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Financial assets at fair value through other comprehensive income

Notes receivables carried at FVOCI are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Management considers 'low credit risk' for the instruments that the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. JMC Heavy Duty Vehicle Co., Ltd. ("JMCH"), the subsidiary of the Group, held notes receivables for endorsement and presented as FVOCI at the statement of financial position. All the notes receivables are bank acceptable bills and considered as low credit risk financial instruments without significant credit risk because the

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banks have a strong capacity to meet its contractual cash flow obligations in the near term.

### 3 Financial risk management (continued)

#### 3.1 Financial risk factors (continued)

(2) Credit risk (continued)

(ii) Impairment of financial assets (continued)

##### *Other financial assets at amortised cost*

Other financial assets at amortised cost include bank interest receivables and other receivables. The closing loss allowances for other financial assets as at 30 June 2019 reconcile to the opening loss allowances as follows:

	1-30 days past due: expected credit losses in the next 12 months RMB'000	More than 90 days past due: expected credit losses throughout lifetime RMB'000	Total RMB'000
Opening loss allowance as at 1 January 2019	240	203	443
Increase in the allowance recognised in profit or loss during the period	29	63	92
Reverse of the allowance recognised in profit or loss during the period	(15)	-	(15)
<b>Closing loss allowance as at 30 June 2019</b>	<b>254</b>	<b>266</b>	<b>520</b>

All the bank interest receivables are considered as low credit risk financial instruments without significant credit risk because the banks have a strong capacity to meet its contractual cash flow obligations in the near term.

##### *Net impairment losses on financial assets recognised in profit or loss*

##### Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

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#### 3 Financial risk management (continued)

##### 3.1 Financial risk factors (continued)

###### (3) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group 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
<b>At 30 June 2019</b>				
Bank borrowings				
- Principals	450	450	1,350	1,576
- Interests	56	49	106	47
Trade and other payables (exclude payroll and welfare payables, other tax payables)	12,081,645	-	-	-
	<u>12,082,151</u>	<u>499</u>	<u>1,456</u>	<u>1,623</u>
<b>At 31 December 2018</b>				
Bank borrowings				
- Principals	449	449	1,348	1,798
- Interests	59	52	116	61
Trade and other payables (exclude payroll and welfare payables, other tax payables)	11,658,259	-	-	-
	<u>11,658,767</u>	<u>501</u>	<u>1,464</u>	<u>1,859</u>

##### 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.

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**3 Financial risk management (continued)**

**3.2 Capital risk management (continued)**

The gearing ratios at 30 June 2019 and 31 December 2018 were as follows:

	<u>30 June 2019</u>	<u>31 December 2018</u>
Total borrowings	3,826	4,044
Total equity	10,408,831	10,384,498
Total capital	<u>10,412,657</u>	<u>10,388,542</u>
Gearing ratio	<u>0.04%</u>	<u>0.04%</u>

**3.3 Fair value estimation**

(1) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. The Group has classified its financial instruments into the three levels prescribed under the accounting standards:

<b>As at 30 June 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Financial assets at FVOCI				
Notes receivables	-	-	223,907	<b>223,907</b>
<b>Total financial assets</b>	-	-	<b>223,907</b>	<b>223,907</b>
<b>Financial Liabilities</b>				
Derivatives				
Foreign exchange forwards	-	2,578	-	<b>2,578</b>
<b>Total financial liabilities</b>	-	<b>2,578</b>	-	<b>2,578</b>
 <b>As at 31 December 2018</b>				
<b>Financial liabilities</b>				
Derivatives				
Foreign exchange forwards	-	979	-	<b>979</b>
Financial assets at FVOCI				
Notes receivables	-	-	6,246	<b>6,246</b>
<b>Total financial liabilities</b>	-	<b>979</b>	<b>6,246</b>	<b>7,225</b>

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.



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#### 3 Financial risk management (continued)

##### 3.3 Fair value estimation (continued)

###### (2) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

for foreign currency forwards - present value of future cash flows based on forward exchange rates at the balance sheet date

for other financial instruments - discounted cash flow analysis.

###### (3) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 30 June 2019 and 31 December 2018:

	Financial assets at FVPL- monetary fund and structural deposits	Financial assets at FVOCI- notes receivables	Total
<b>Opening balance 1 January 2018</b>	-	—	-
Acquisitions	10,353,000	102,802	10,455,802
Disposals	(10,353,000)	(96,556)	(10,449,556)
<b>Closing balance 31 December 2018</b>	<b>-</b>	<b>6,246</b>	<b>6,246</b>
<b>Opening balance 1 January 2019</b>	-	6,246	6,246
Acquisitions	4,700,000	975,559	5,675,559
Disposals	(4,700,000)	(757,898)	(5,457,898)
<b>Closing balance 30 June 2019</b>	<b>-</b>	<b>223,907</b>	<b>223,907</b>

There is no unrealised gains or losses recognised in profit or loss attributable to balances held at the end of the reporting period. The gains or losses arising from the holding of the financial assets measured at fair value during the financial period are recognised in other income/(expense)-net.

#### 4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and 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.

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#### 4 Critical accounting estimates and judgements (continued)

##### 4.1 Critical accounting estimates

###### (1) Measurement of expected credit losses

The Group calculates expected credit losses according to the default risk exposure and expected credit loss rate, and determines the expected credit loss rate based on default probability and default loss rate. In determining the expected credit loss rate, the Group uses data such as internal historical credit loss experience, etc., and adjusts historical data based on current conditions and forward-looking information. When considering forward-looking information, the indicators used by the Group include the risk of economic downturn, the expected increase in unemployment rate, the external market environment, the technological environment and changes in customer conditions. The Group regularly monitors and reviews assumptions related to the calculation of expected credit losses. In the six months ended 2019, there was no significant change in the above estimation techniques and key assumptions.

###### (2) Impairment of long term assets

The Group assesses whether there are indicators that the long term assets except for financial assets are impaired at each balance sheet date. When there are indicators that the carrying amounts of those long term assets are unrecoverable, an impairment test will be performed.

When the carrying amount of the long term assets except for financial assets or the cash generating unit ("CGU") is higher than its recoverable amount, which is the higher of an asset's or CGU's fair value less costs of disposal and its value in use, the impairment occurred.

The Group determines the fair value less costs of disposal based on discounted future cash flow forecasts. The Group use the medium and long-term budgets of the business development plan approved by the management as a starting point when applying the present value technique, adjusting for market conditions.

Key judgements are made on revenue growth rate, sales price growth rate, discount rate and long term growth rate when estimate the discounted future cash flow forecasts. The Group uses relevant accessible information, including the production and sales volumn, relevant market information which are based on the reasonable and supportable assumptions, to estimate the recoverable amount of those long term assets.

###### (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 of final tax outcome.

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.

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#### 4 Critical accounting estimates and judgements (continued)

##### 4.1 Critical accounting estimates (continued)

###### (3) Taxation (continued)

As at 30 June 2019, the Group recorded deferred tax assets of approximately RMB789,091,000. 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.

###### (4) Provisions

The Group provides statutory 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.

###### (5) Write-down of inventory

Inventories shall be measured at the lower of cost and the net realisable value. The net realisable value is estimated sales price less estimated cost to finish goods, estimated distribution expenses and related taxes in the daily operation.

If management revises estimated sales price, estimated cost to finish goods, distribution expenses and related taxes, and revised sales price is lower than current sales price, or revised cost to finish goods, distribution expenses and related taxes are higher than those current estimation, the Group needs to consider increasing the write-down provision of the inventories.

If the actual sales price, the cost to finish goods, distribution expenses and related taxes are higher or lower than the estimation of management, the Group will recognise the relevant influence in profit or loss in the relevant accounting period.

##### 4.2 Critical accounting judgements

###### (1) Classification of financial assets

Significant judgements made by the Group in the classification of financial assets include business model and analysis on contractual cash flow characteristics.

The Group determines the business model for financial assets management on the group basis, and factors to be considered include the methods for evaluating of the financial assets performance and reporting the financial assets performance to key management personnel, the risks relating to the financial assets performance and corresponding management methods, the ways in which related business management personnel are remunerated, etc.

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**4 Critical accounting estimates and judgements (continued)**

**4.2 Critical accounting judgements (continued)**

(1) Classification of financial assets (continued)

When assessing whether contractual cash flow characteristics of financial assets are consistent with basic lending arrangement, key judgements made by the Group include: the possibility of changes in time schedule or amount of the principal during the lifetime due to reasons such as repayment in advance; whether interest only include time value of money, credit risks, other basic lending risks and considerations for costs and profits; whether the repayment in advance reflects the principal outstanding and corresponding interest and reasonable compensation paid for early termination of the contract.

(2) Judgement on significant increase in credit risk

Judgement made by the Group for significant increase in credit risk is mainly based on whether the overdue days exceed 30 days, or whether one or more of the following indicators change significantly: business environment of the debtor, internal and external credit rating, significant changes in actual or expected operating results, significant decrease in value of collateral or credit rate of guarantor, etc.

Judgement made by the Group for the occurrence of credit impairment is mainly based on whether the overdue days exceed 90 days (i.e., a default has occurred), or whether one or more of the following conditions is/are satisfied: the debtor is suffering significant financial difficulties, the debtor is undergoing other debt restructuring, or the debtor probably goes bankrupt, etc.

(3) Capitalisation of development costs

Development costs are capitalised when the criteria in Note 2.9(2) are fulfilled. The assessments on whether the criteria for capitalisation of development have been met involves the judgements of the Group, including the technical feasibility of the project, the likelihood of the project generating sufficient future economic benefits and the timing to start capitalisation particularly. The Group makes the judgements on the capitalisation of development costs and recorded the process in meeting minutes based on feasibility analysis and regular review on the development project phase etc.

(4) Timing of revenue recognition

The Group sells automobiles and automobile parts to distributors and ending customers. As prescribed in the contract, control of automobiles is transferred to the customers when the good are out of the warehouse, while control of automobile parts is transferred when the parts are out of the warehouse or shipped to the designate destination based on the contract terms. The distributors and ending customers sign the delivery documents after they accept the products. Thereafter, the distributors or ending customers control the products and have the right to set the price, bear the risks of any obsolescence and loss of the products. The distributors and ending customers have obtained the control of the products after accepting the products. Therefore, the Group recognises the sales revenue of the products at the time when the delivery documents have been signed.

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### 4 Critical accounting estimates and judgements (continued)

#### 4.2 Critical accounting judgements (continued)

##### (5) Sales with product warranties

The Group provides statutory warranty for automobiles and automobile parts, and the period and terms of such warranty comply with the requirements of laws and regulations related to the products. The Group does not provide any significant additional service for this purpose, thus this kind of warranty does not identified as a separate performance obligation. In addition, the Group also offers additional warranty other than the requirements of laws and regulations, which identified as a separate performance obligation. The Group recognises the revenue of the additional warranty over time during the period when services are rendered.

### 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.

The revenue by product of the whole business as follows:

	Six months ended 30 June 2019				
	Automobiles	Automobile parts	Maintenance services	Materials and others	Total
Main business income	12,327,573	1,168,533	43,900	-	13,540,006
-Recognition at a point in time	12,327,573	1,168,533	-	-	13,496,106
-Recognition over time	-	-	43,900	-	43,900
Other business income	-	-	-	181,948	181,948
	<u>12,327,573</u>	<u>1,168,533</u>	<u>43,900</u>	<u>181,948</u>	<u>13,721,954</u>
	Six months ended 30 June 2018				
	Automobiles	Automobile parts	Maintenance services	Materials and others	Total
Main business income	12,753,388	1,370,722	33,762	-	14,157,872
-Recognition at a point in time	12,753,388	1,370,722	-	-	14,124,110
-Recognition over time	-	-	33,762	-	33,762
Other business income	-	-	-	129,625	129,625
	<u>12,753,388</u>	<u>1,370,722</u>	<u>33,762</u>	<u>129,625</u>	<u>14,287,497</u>

As at 30 June 2019, the expected revenue of unsatisfied performance obligations from signed contract is RMB103,676,000. The Group will recognise the revenue from 2019 to 2022.

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**5 Revenue and segment information (continued)**

The Group has recognised the following assets and liabilities related to contracts with customers:

	<b>30 June 2019</b>	<b>31 December 2018</b>
Contract liabilities		
Automobiles and automobile parts	139,734	212,246
Maintenance services and additional warranty	103,676	92,838
Total contract liabilities	243,410	305,084
Less: non-current liabilities	(54,499)	(38,382)
Total current contract liabilities	188,911	266,702

**6 Expenses by nature**

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
Changes in inventories of finished goods and work in progress	101,187	(53,018)
Raw materials and consumables used	10,151,019	10,805,572
Employee benefit expense (Note 7)	1,246,623	1,118,958
Depreciation of PPE (Note 12, 28)	475,243	463,097
Repairs and maintenance expenditure on PPE	40,473	53,666
Transportation expenses	332,654	320,658
Amortisation of lease prepayment (Note 13, 28)	7,787	7,787
Amortisation of intangible assets (Note 14, 28)	35,164	25,814
Provision of statutory warranty (Note 25)	159,699	123,718
Design fees	243,684	250,316
Sales promotion expenses	106,691	94,463
Advertising and new product planning expenses	228,204	89,635
Provision for inventories write-down	5,310	5,195
Others	530,691	563,327
Total cost of sales, distribution expenses and administrative expenses	13,664,429	13,869,188

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7 Employee benefit expense

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
Wages and salaries	907,635	812,503
Social security costs	119,810	109,307
Pension costs – defined contribution plans	139,569	138,023
Others	79,609	59,125
	<u>1,246,623</u>	<u>1,118,958</u>

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.

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

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
Government grants (a)	230,279	159,254
Net fair value gains/(losses) on derivative financial instruments	(3,557)	6,915
Net loss on disposal of derivative financial instruments	(4,940)	(12,620)
Others	13,823	41,811
	<u>235,605</u>	<u>195,360</u>

- (a) In the six months ended 2019, the Group received grants of approximately RMB230,279,000, mainly from Economic Development District Administrative Commission of Xiaolan and the Finance Bureau of Economic, Transformation and Comprehensive Reform Demonstration Zone Administrative Commission of Shanxi. Those grants were income related government grants to support the Group's operation.

9 Finance income and expenses

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
(a) Finance income		
Interest income on bank deposits	87,147	95,632
Interest income on credit sales	5,618	11,022
	<u>92,765</u>	<u>106,654</u>
(b) Finance expenses		
Interest expense on bank loans	(106)	(107)
Bank charges and others	(2,518)	(3,155)
	<u>(2,624)</u>	<u>(3,262)</u>
Net finance income	<u>90,141</u>	<u>103,392</u>

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#### 10 Taxation

##### (i) Corporate income tax ("CIT")

As the Company is qualified as a high-tech enterprise and approved by the relevant tax authorities in 2018, the Company is entitled to a preferential CIT rate of 15% from 2018 to 2020 (2018: 15%). The CIT rates of JMCH, Jiangling Motor Sales Co., Ltd. ("JMCS"), Shenzhen Fujiang New Energy Automobile Sales Co., Ltd. ("SZFJ"), Guangzhou Fujiang New Energy Automobile Sales Co., Ltd. ("GZFJ") and Xiamen Fujiang New Energy Automobile Sales Co., Ltd. ("XMFJ"), the subsidiaries of the Company, are 25%.

The amounts of income tax expense charged to profit or loss represented:

	Six months ended 30 June	
	2019	2018
Current tax	41	7,428
Deferred tax (Note 17)	(46,343)	19,976
	<u>(46,302)</u>	<u>27,404</u>

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	
	2019	2018
Profit before tax	12,560	346,355
Tax calculated at tax rates applicable to profits in the respective companies	(38,028)	29,341
Tax concessions	(9)	(69)
Expenses not deductible for tax purposes	294	297
R&D costs deduction	(64,124)	(47,715)
Income not subject to tax	(882)	(391)
Effect of different tax rates applied for the periods in which the temporary differences are expected to reverse	18,925	10,116
Utilisation of previously temporary differences for which no deferred income tax asset was recognised	-	(1,764)
Temporary differences for which no deferred income tax asset was recognised	4,195	-
Tax losses for which no deferred income tax asset was recognised	33,327	37,589
Tax charge	<u>(46,302)</u>	<u>27,404</u>



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**10 Taxation (continued)**

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

Pursuant to the No.39, 2019 notice jointly issued from the Ministry of Finance, the State Administration of Taxation, the general administration of customs, the Group's taxable products sales income applicable VAT rate is 13% from 1 April 2019, while the VAT rate was 16% before then. The VAT rate applicable to the Group's transportation business is 9% from 1 April 2019, while the VAT rate was 10% before then.

(iii) Consumption Tax ("CT")

The Group's automobile sale is subject to CT at 3%, 5% or 9% on the selling price of goods.

**11 Earnings per share**

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

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
Profit attributable to shareholders of the Company	58,862	318,951
Weighted average number of ordinary shares in issue ('000)	863,214	863,214
Basic earnings per share (RMB)	0.07	0.37

Diluted earnings per share equals to basic earnings per share as there were no dilutive potential ordinary shares outstanding during the year ended 30 June 2019.

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12 Property, plant and equipment

	Buildings	Plant and Machinery	Motor Automobiles	Moulds	Electronic and other equipment	Assets under constructions	Total
<b>At 1 January 2018</b>							
Cost	2,084,217	3,954,028	280,071	2,411,080	3,137,100	678,684	12,545,180
Accumulated depreciation and impairment	(414,792)	(1,935,093)	(144,009)	(1,608,649)	(1,727,441)	(1,108)	(5,831,092)
Net book amount	1,669,425	2,018,935	136,062	802,431	1,409,659	677,576	6,714,088
<b>Year ended 31 December 2018</b>							
Opening net book amount	1,669,425	2,018,935	136,062	802,431	1,409,659	677,576	6,714,088
Additions	-	-	-	-	-	1,214,241	1,214,241
Transfers	101,202	97,601	21,936	176,549	199,671	(596,959)	-
Disposals	(56)	(1,164)	(1,188)	(5,986)	(688)	(7)	(9,089)
Reclassification	2,965	(143,415)	29,462	3,871	107,117	-	-
Other deductions	-	(10,119)	-	-	(2,647)	(32,151)	(44,917)
Impairment charge	-	(2,832)	(478)	-	(3,478)	(355)	(7,143)
Depreciation charge	(51,781)	(246,570)	(37,514)	(252,144)	(337,879)	-	(925,888)
Closing net book amount	1,721,755	1,712,436	148,280	724,721	1,371,755	1,262,345	6,941,292
<b>At 31 December 2018</b>							
Cost	2,188,306	3,837,053	326,799	2,556,744	3,376,670	1,263,392	13,548,964
Accumulated depreciation and impairment	(466,551)	(2,124,617)	(178,519)	(1,832,023)	(2,004,915)	(1,047)	(6,607,672)
Net book amount	1,721,755	1,712,436	148,280	724,721	1,371,755	1,262,345	6,941,292
<b>Six months ended 30 June 2019</b>							
Opening net book amount	1,721,755	1,712,436	148,280	724,721	1,371,755	1,262,345	6,941,292
Additions	-	-	-	-	-	669,832	669,832
Transfers	567	49,482	13,598	80,843	107,046	(251,536)	-
Disposals	-	(4,768)	(1,798)	-	(374)	(10)	(6,950)
Other deductions	(1,986)	(5,481)	-	-	(5)	(152)	(7,624)
Impairment charge (Note 28)	-	(2,662)	(91)	-	(373)	-	(3,126)
Depreciation charge (Note 6, 28)	(27,016)	(121,043)	(18,623)	(134,848)	(173,713)	-	(475,243)
Closing net book amount	1,693,320	1,627,964	141,366	670,716	1,304,336	1,680,479	7,118,181
<b>At 30 June 2019</b>							
Cost	2,186,887	3,819,204	333,327	2,626,163	3,460,597	1,681,171	14,107,349
Accumulated depreciation and impairment	(493,567)	(2,191,240)	(191,961)	(1,955,447)	(2,156,261)	(692)	(6,989,168)
Net book amount	1,693,320	1,627,964	141,366	670,716	1,304,336	1,680,479	7,118,181

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**12 Property, plant and equipment (continued)**

For the six months ended 30 June 2019, depreciation expense of approximately RMB407,308,000 (the six months ended 30 June 2018: RMB404,610,000) has been charged in cost of sales, RMB1,639,000 (the six months ended 30 June 2018: RMB1,568,000) in distribution costs and RMB66,296,000 (the six months ended 30 June 2018: RMB56,919,000) in administrative expenses.

(i) Temporarily idle property, plant and equipment

As at 30 June 2019, property, plant and equipment with book value of approximately RMB 13,170,000 (cost of RMB132,424,000) (31 December 2018: book value of approximately RMB 2,497,000 and cost of RMB56,727,000) were temporarily idle due to product process adjustment and other reasons. The specific analysis is as follows:

	Cost	Accumulated depreciation	Impairment	Net book amount
Plant and Machinery	110,939	(89,092)	(11,503)	10,344
Motor Automobiles	2,418	(1,947)	(98)	373
Electronic and other equipment	19,067	(15,564)	(1,050)	2,453
	<u>132,424</u>	<u>(106,603)</u>	<u>(12,651)</u>	<u>13,170</u>

(ii) Property, plant and equipment not yet obtained proper certificate

	Net book amount	Reasons for not completing proper certificate
Buildings	<u>882,715</u>	Procedure not yet completed

**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:

	<u>30 June 2019</u>	<u>31 December 2018</u>
Opening net book amount	601,260	616,834
Additions	-	-
Amortisation charge (Note 6, 28)	<u>(7,787)</u>	<u>(15,574)</u>
Closing net book amount	<u>593,473</u>	<u>601,260</u>
Cost	751,626	751,626
Accumulated amortisation	<u>(158,153)</u>	<u>(150,366)</u>
Net book amount	<u>593,473</u>	<u>601,260</u>

Amortisation expense was charged in administrative expenses.

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14 Intangible assets

	Non-patent technology	Software	Goodwill	After-sale management model	Other	Total
<b>Year ended 31 December 2018</b>						
Opening net book amount	146,556	47,842	3,462	-	-	197,860
Addition	71,814	32,152	-	-	-	103,966
Disposals	-	(63)	-	-	-	(63)
Amortisation charge	(38,952)	(16,785)	-	-	-	(55,737)
<b>Closing net book amount</b>	<b>179,418</b>	<b>63,146</b>	<b>3,462</b>	<b>-</b>	<b>-</b>	<b>246,026</b>
<b>At 31 December 2018</b>						
Cost	254,412	152,014	89,028	36,978	1,649	534,081
Accumulated amortisation and impairment	(74,994)	(88,868)	(85,566)	(36,978)	(1,649)	(288,055)
<b>Net book amount</b>	<b>179,418</b>	<b>63,146</b>	<b>3,462</b>	<b>-</b>	<b>-</b>	<b>246,026</b>
<b>Six months ended 30 June 2019</b>						
Opening net book amount	179,418	63,146	3,462	-	-	246,026
Addition	77,398	152	-	-	-	77,550
Disposals	-	-	-	-	-	-
Amortisation charge (Note 6, 28)	(25,002)	(10,162)	-	-	-	(35,164)
<b>Closing net book amount</b>	<b>231,814</b>	<b>53,136</b>	<b>3,462</b>	<b>-</b>	<b>-</b>	<b>288,412</b>
<b>At 30 June 2019</b>						
Cost	331,809	152,165	89,028	36,978	1,649	611,629
Accumulated amortisation and impairment	(99,995)	(99,029)	(85,566)	(36,978)	(1,649)	(323,217)
<b>Net book amount</b>	<b>231,814</b>	<b>53,136</b>	<b>3,462</b>	<b>-</b>	<b>-</b>	<b>288,412</b>

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**14 Intangible assets (continued)**

- (i) For six months ended 30 June 2019, amortisation expense of approximately RMB34,745,000 (the six months ended 30 June 2018: RMB25,356,000) was charged in administrative expenses, RMB249,000 (the six months ended 30 June 2018: RMB288,000) in cost of sales and RMB170,000 (the six months ended 30 June 2018: RMB170,000) in distribution costs.
- (ii) Development cost of approximately RMB77,398,000 (the six months ended 30 June 2018:RMB19,693,000) were capitalised by the Group during the six months ended 30 June 2019.
- (iii) Impairment test for goodwill

Goodwill arises on the acquisition of a subsidiary, and is monitored by the management at the cash generating unit level. The goodwill is allocated to the following cash generating unit ("CGU"):

	<b>31 December 2018</b>	<b>Addition</b>	<b>Impairment</b>	<b>30 June 2019</b>
JMCH	<u>3,462</u>	<u>-</u>	<u>-</u>	<u>3,462</u>

The recoverable amount of the CGU is determined based on fair value less costs of disposal. These calculations use after-tax cash flow projections based on financial budgets approved by management covering a seven-year period according to the medium and long-term budgets for the business development plan approved by the management. Adjustments for market conditions are also considered for the forecast. Cash flows beyond the seven-year period are extrapolated using the estimated long term growth rate stated below. The long term growth rate does not exceed the average growth rate for the heavy duty automobile business in which the CGU operates.

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**14 Intangible assets (continued)**

(iii) Impairment test for goodwill (continued)

In the opinion of management, the recoverable amount of the CGU will not be lower than the carrying amount even if taking into account a reasonably possible change in the key assumptions on the calculation of recoverable amount of the CGU.

The fair value measurement is categorised in level 3 of the fair value hierarchy.

**15 Financial instruments by category**

The Group holds the following financial instruments:

<b>Financial assets</b>	<b>Notes</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Financial assets at amortised cost			
Trade receivables	19	2,570,128	2,674,650
Notes receivables	19	6,500	626,509
Other receivables	19	89,423	84,588
Interest receivables	19	29,683	37,923
Cash and cash equivalents	20	8,367,457	7,616,880
Financial assets at fair value through other comprehensive income			
Notes receivables		223,907	6,246
Derivative financial instruments		-	979
		<u>11,287,098</u>	<u>11,047,775</u>
<b>Financial liabilities</b>	<b>Notes</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Liabilities at amortised cost			
Trade and other payables(exclude payroll and welfare payables, other tax payables)	26	12,081,645	11,658,259
Borrowings	23	3,826	4,044
Derivative financial instruments		2,578	-
		<u>12,088,049</u>	<u>11,662,303</u>

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

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**16a Subsidiaries**

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

<b>Entity</b>	<b>Place and date of incorporation</b>	<b>Percentage of equity interest held</b>	<b>Principal activities</b>
JMCH	Taiyuan, PRC /8 January 2013	100%	Manufacture and sale of automobiles and spare parts
JMCS	Nanchang, PRC /11 October 2013	100%	Sale of automobiles and spare parts
SZFJ	Shenzhen, PRC /3 May 2018	100%	Sale of automobiles and spare parts
GZFJ	Guangzhou, PRC /15 June 2018	100%	Sale of automobiles and spare parts
XMFJ	Xiamen, PRC /20 June 2018	100%	Sale of automobiles and spare parts

**16b Investments accounted for using the equity method**

(i) Summarised financial information for immaterial associate

The amount recognised in the consolidated statement of financial position was as follow:

	<b>30 June 2019</b>	<b>31 December 2018</b>
Associate	40,446	40,112

The amount recognised in the consolidated statement of comprehensive income was as follow:

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
Share of profit	334	2,611

The Company holds 19.15% interest of Hanon Systems (Nanchang) Co., Ltd. ("Hanon Systems") and the investment is accounted for using the equity method of accounting.

(ii) Reconciliation of summarised financial information of the associate

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
<b>At beginning of the year</b>	209,460	197,774
Profit for the year	1,742	13,634
Dividends distributed	-	-
<b>At end of the year</b>	211,202	211,408
Interest in associate	19.15%	19.15%
Carrying value	40,446	40,485

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**17 Deferred income tax**

	<u>30 June 2019</u>	<u>31 December 2018</u>
Deferred tax assets	1,016,943	926,630
Deferred tax liabilities-can be offset	(227,852)	(183,534)
Deferred tax liabilities-cannot be offset	<u>(25,676)</u>	<u>(26,024)</u>
Deferred tax assets-net	789,091	743,096
Deferred tax liabilities-net	<u>(25,676)</u>	<u>(26,024)</u>

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

	<u>30 June 2019</u>	<u>31 December 2018</u>
At beginning of the year	717,072	663,517
Credited to profit or loss (Note 10(i))	46,343	52,407
Credited to other comprehensive income (Note 10(i))	-	1,148
At end of the year	<u>763,415</u>	<u>717,072</u>

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:

	Provision for impairment of assets	Retirement benefits obligation	Accrued expenses and provision for statutory warranty	Amortization of non- patented technology	Tax losses	Others	Total
Deferred tax assets							
At 1 January 2018	12,149	13,543	723,387	4,505	-	4,293	757,877
Credited/(charged) to profit or loss	4,549	1,405	(18,816)	4,869	178,791	(3,193)	167,605
Credited to other comprehensive income	-	1,148	-	-	-	-	1,148
At 31 December 2018	16,698	16,096	704,571	9,374	178,791	1,100	926,630
(Charged) /credited to profit or loss	(2,528)	(397)	55,467	3,125	26,594	8,052	90,313
Credited to other comprehensive income	-	-	-	-	-	-	-
At 30 June 2019	<u>14,170</u>	<u>15,699</u>	<u>760,038</u>	<u>12,499</u>	<u>205,385</u>	<u>9,152</u>	<u>1,016,943</u>
Deferred tax liabilities							
At 1 January 2018	(3,545)	(64,079)	(26,736)	-	-	-	(94,360)
(Charged)/credited to profit or loss	(841)	(114,922)	712	-	(147)	-	(115,198)
At 31 December 2018	(4,386)	(179,001)	(26,024)	-	(147)	-	(209,558)
(Charged)/credited to profit or loss	(1,309)	(43,156)	348	-	147	-	(43,970)
At 30 June 2019	<u>(5,695)</u>	<u>(222,157)</u>	<u>(25,676)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(253,528)</u>



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**17 Deferred income tax (continued)**

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	<u>30 June 2019</u>	<u>31 December 2018</u>
Deferred tax assets:		
- Deferred tax asset to be recovered after more than 12 months	233,281	203,802
- Deferred tax asset to be recovered within 12 months	783,661	722,828
	<u>1,016,942</u>	<u>926,630</u>
	<u>30 June 2019</u>	<u>31 December 2018</u>
Deferred tax liabilities:		
- Deferred tax liabilities to be recovered after more than 12 months	(214,572)	(182,373)
- Deferred tax liabilities to be recovered within 12 months	(38,956)	(27,185)
	<u>(253,528)</u>	<u>(209,558)</u>

Deductible temporary differences and tax losses which no deferred income tax assets were recognised were as follows:

	<u>30 June 2019</u>	<u>31 December 2018</u>
Deductible temporary differences	251,214	234,433
Tax losses	749,897	639,805
	<u>1,001,111</u>	<u>874,238</u>

The expiry years of the tax losses are as follows:

	<u>30 June 2019</u>	<u>31 December 2018</u>
2019	36,772	36,772
2020	72,470	72,470
2021	115,820	115,820
2022	150,713	150,713
2023	240,815	264,030
2024	133,307	-
	<u>749,897</u>	<u>639,805</u>

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**18 Inventories**

	<u>30 June 2019</u>	<u>31 December 2018</u>
Raw materials	1,305,690	1,553,135
Work in progress	205,122	211,490
Finished goods	662,464	757,729
	<u>2,173,276</u>	<u>2,522,354</u>

For the six months ended 30 June 2019, the cost of inventories recognised as expenses and included in cost of sales amounted to approximately RMB10,252,206,000 (the six months ended 30 June 2018: RMB10,752,554,000).

Movement on the provision for inventories write-down is as follows:

	<u>30 June 2019</u>	<u>31 December 2018</u>
At beginning of the year	(76,815)	(45,130)
Provision for inventories write-down (Note 28)	(5,310)	(53,651)
Inventories written off during the year as uncollectible	21,192	21,966
At end of the year	<u>(60,933)</u>	<u>(76,815)</u>

**19 Trade and other receivables and prepayments**

	<u>30 June 2019</u>	<u>31 December 2018</u>
Trade receivables	2,591,273	2,696,928
Less: Provision for impairment of trade receivables	(21,145)	(22,278)
Trade receivables – net	<u>2,570,128</u>	<u>2,674,650</u>
Notes receivables	6,500	626,509
Other receivables	89,943	85,031
Less: Provision for impairment of other receivables	(520)	(443)
Other receivables – net	<u>89,423</u>	<u>84,588</u>
Prepayments	1,192,605	1,158,303
-Material payment in advance	555,268	525,777
-Advance payment of taxes and surcharges	637,337	632,048
-Others	-	478
Deductible VAT input tax	166,387	96,311
Interest receivables	29,683	37,923
	<u>4,054,726</u>	<u>4,678,284</u>

Refer to Note 31 for details of receivables from related parties.

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

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**19 Trade and other receivables and prepayments (continued)**

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

	<u>30 June 2019</u>	<u>31 December 2018</u>
At beginning of the year	(22,721)	(21,674)
Provision for receivables impairment (Note 28)	1,056	(1,089)
Receivables written off during the year as uncollectible	-	42
At end of the year	<u>(21,665)</u>	<u>(22,721)</u>

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**

	<u>30 June 2019</u>	<u>31 December 2018</u>
Cash at bank and in hand	6,655,457	2,016,859
Short-term bank deposits (a)	1,712,000	5,600,021
	<u>8,367,457</u>	<u>7,616,880</u>

As at 30 June 2019 and 31 December 2018, all bank deposits are in RMB.

As at 30 June 2019, the Group had cash of approximately RMB577,916,000 (2018: RMB833,617,000) deposited in Jiangling Motor Group Finance Company ("JMCF") (Note 31 (ix)). 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.

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**21 Share capital**

	Number of shares (thousands)	Tradable shares		Total	
		"A" shares			"B" shares
		Restricted	Non-restricted		
<b>Year ended 31 December 2018</b>					
Balance at 1 January 2018	863,214	907	518,307	344,000	863,214
Transfer	-	(120)	120	-	-
Balance at 31 December 2018	863,214	787	518,427	344,000	863,214
<b>Six months ended 30 June 2019</b>					
Balance at 1 January 2019	863,214	787	518,427	344,000	863,214
Transfer	-	-	-	-	-
Balance at 30 June 2019	863,214	787	518,427	344,000	863,214

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

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

After the implementation of the share reform scheme on 13 February 2006, 787,000 shares were still restricted as at 30 June 2019.

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**22 Other reserves**

	<b>Statutory surplus reserve fund (a)</b>	<b>Reserve fund</b>	<b>Others</b>	<b>Total</b>
At 1 January 2018	431,607	18,627	680	450,914
Other comprehensive income -Remeasurements of retirement benefit obligation, net of tax	-	-	(3,442)	(3,442)
At 31 December 2018	431,607	18,627	(2,762)	447,472
Other comprehensive income -Remeasurements of retirement benefit obligation, net of tax	-	-	-	-
At 30 June 2019	431,607	18,627	(2,762)	447,472

- (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 shareholding or by increasing the par value of the shares currently held by them. The fund is non-distributable except for liquidation.

As the balance of the statutory surplus reserve fund has reached 50% of the Company's share capital, no further appropriations to the statutory surplus reserve fund were provided for the six months ended 30 June 2019.

**23 Borrowings**

	<b>30 June 2019</b>	<b>31 December 2018</b>
<b>Current</b>		
Bank borrowings - guaranteed (a)	450	449
<b>Non-current</b>		
Bank borrowings - guaranteed (a)	3,376	3,595
<b>Total borrowings</b>	3,826	4,044

- (a) Bank borrowings of USD557,000 (equivalent to approximately RMB3,826,000) (2018: USD589,000 equivalent to approximately RMB4,044,000) were guaranteed by JMCF (Note 31 (iii)).

The interest rate of bank borrowings is 1.50% per annum (2018: 1.50%).

The fair value of borrowings approximates their carrying values.

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**23 Borrowings (continued)**

The maturity of non-current borrowings is as follows:

	<u>30 June 2019</u>	<u>31 December 2018</u>
Between 1 and 2 years	450	449
Between 2 and 5 years	1,350	1,348
Over 5 years	1,576	1,798
	<u>3,376</u>	<u>3,595</u>

The Group has the following undrawn borrowing facilities:

	<u>30 June 2019</u>	<u>31 December 2018</u>
Fixed rate		
- Expiring within one year	<u>1,973,097</u>	<u>2,270,784</u>

**24 Retirement benefits obligations**

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

	<u>30 June 2019</u>	<u>31 December 2018</u>
Present value of defined benefits obligations	<u>65,372</u>	<u>68,020</u>

The movement of early retirement and supplemental benefit obligations for the year ended 31 December 2018 is as follows:

	<u>30 June 2019</u>	<u>31 December 2018</u>
At beginning of the year	68,020	59,184
For the year		
-Current service cost	-	1,315
-Interest cost	-	2,410
-Payment	(2,648)	(4,954)
-Past service cost from the change of plan	-	2,386
-Actuarial loss	-	7,679
At end of the year	<u>65,372</u>	<u>68,020</u>
Current	4,595	4,595
Non-current	<u>60,777</u>	<u>63,425</u>
	<u>65,372</u>	<u>68,020</u>

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

	<u>30 June 2019</u>	<u>31 December 2018</u>
Discount rate adopted	—	3.5%
Inflation rate adopted	—	2%
The salary and supplemental benefits inflation rate of retiree, early-retiree and employee at post	—	0% to 6%

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**24 Retirement benefits obligations (continued)**

Based on the assessment and IAS 19, the Group estimated that, at 30 June 2019, a provision of RMB65,372,000 is sufficient to cover all future retirement-related obligations.

Obligation in respect of retirement benefits of RMB65,372,000 is the present value of the unfunded obligations, of which the current portion amounting to RMB4,595,000 (2018: RMB4,595,000) has been included under current liabilities.

**25 Provisions for statutory warranty**

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

	<u>30 June 2019</u>	<u>31 December 2018</u>
At beginning of the year	352,554	374,981
Charged for the year (Note 6)	159,699	291,471
Utilised during the year	(140,705)	(313,898)
At end of the period	<u>371,548</u>	<u>352,554</u>

Analysis of total provisions:

	<u>30 June 2019</u>	<u>31 December 2018</u>
Non-current	166,251	151,492
Current	<u>205,297</u>	<u>201,062</u>
	<u>371,548</u>	<u>352,554</u>

The above represents the statutory warranty protecting customer from faults that arise after the product has been transferred to the customer. The statutory warranty is estimated based on prior years' experience on the occurrence of such cost.

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**26 Trade and other payables**

	<u>30 June 2019</u>	<u>31 December 2018</u>
Trade payables	7,914,886	7,824,908
Payroll and welfare payables	356,075	304,322
Dividend payables	41,313	6,790
Other tax payables	16,636	233,385
Payables of sales rebates	1,748,027	1,714,485
Payables of R&D expenses	930,737	828,807
Others	1,446,682	1,283,269
	<u>12,454,356</u>	<u>12,195,966</u>

Refer to Note 31 for details of amount due to related parties.

**27 Dividends**

A final dividend for 2018 of RMB0.04 per share, amounting to a total dividend of approximately RMB34,529,000 was proposed at the Board of Directors' Meeting on 26 March 2019, and such dividend is proposed at the Shareholders' Meeting on 28 June 2019.

**28 Cash generated from operations**

	<u>Six months ended 30 June</u>	
	<u>2019</u>	<u>2018</u>
Profit before tax	12,560	346,355
Depreciation of PPE (Note 6, 12)	475,243	463,097
Amortisation of lease prepayment (Note 6, 13)	7,787	7,787
Amortisation of intangible assets (Note 6, 14)	35,164	25,814
Impairment charges of PPE (Note 12)	3,126	3,607
Provision for receivables impairment (Note 19)	(1,056)	918
Provision of inventories (Note 18)	5,310	5,195
(Gain)/loss on disposals of PPE	4,412	(34,273)
Finance expenses (Note 9)	2,170	2,879
Finance income (Note 9)	(92,765)	(106,654)
Net foreign exchange transaction loss/(gain)	451	3,219
Share of profit from investment accounted for using equity method (Note 16b)	(334)	(2,611)
Investment gain of finance asset investment	(18,447)	(10,202)
Investment loss of forwards exchange contracts	4,940	12,620
Changes on fair value of forwards exchange contracts	3,557	(6,915)
Provisions for statutory warranty	18,994	(7,799)
Changes in working capital:		
-Increase in restricted cash	(20,001)	-
- Increase in inventories	333,470	(20,248)
- Increase in trade and other receivables	368,709	(399,396)
- (Decrease)/increase in trade and other payables	294,858	(1,072,349)
- Increase/(decrease) in pensions and other retirement benefits	(2,648)	(2,805)
Cash generated from operations	<u>1,435,500</u>	<u>(791,761)</u>



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**28 Cash generated from operations (continued)**

In the cash flow statement, proceeds from disposal of PPE, lease prepayment and intangible assets comprise:

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
Net book amount	6,950	95,408
(Loss) /gain on disposal of PPE	(4,412)	34,273
(Decrease)/increase in trade and other payables	452	(127,112)
Proceeds from disposal of PPE	<u>2,990</u>	<u>2,569</u>

**29 Contingencies**

At 30 June 2019, the Group did not have any significant contingent liabilities.

**30 Commitments**

Capital commitments

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

	<b>30 June 2019</b>	<b>31 December 2018</b>
Contracted but not provided for:		
Purchases of buildings, plant and machinery	<u>946,316</u>	<u>1,095,333</u>

**31 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. ("JHC") (a), which owns 41.03% of the Company's shares, and Ford Motor Company ("Ford"), which owns 32% of the Company's shares, are major shareholders of the Company as at 30 June 2019. The shareholders of JHC are Chongqing Changan Automobile Corporation Ltd. and JMCG, and both of them hold 50% equity interest of JHC, respectively.

The following is a summary of the significant transactions carried out between the Group, its associates, JMCG and its subsidiaries, JHC and its subsidiaries and joint venture, Ford and its subsidiaries and joint venture in the ordinary course of business during the six months ended 30 June 2019.

(a) As of July 26, 2019, JHC has transferred the total share capital of the Company to Nanchang Jiangling Investment Co., Ltd. ("JIC"). JHC no longer held the shares of the Company, the controlling shareholder of JMC will be changed from JHC to JIC.

## JIANGLING MOTORS CORPORATION, LTD.

### FOR THE SIX MONTHS ENDED 30 JUNE 2019 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### 31 Related party transactions (continued)

For the six months ended 30 June 2019, related parties, other than the subsidiary, and their relationship with the Group are as follows:

Name of related party	Relationship
JMCG	Shareholder of JHC
Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	Subsidiary of JMCG
Jiangling Material Co.	Subsidiary of JMCG
Nanchang Gear Co., Ltd.	Subsidiary of JMCG
Jiangxi JMCG Industry Co., Ltd.	Subsidiary of JMCG
Jiangxi Lingrui Recycling Resources Development Corporation	Subsidiary of JMCG
JMCG Jingma Motors Co., Ltd.	Subsidiary of JMCG
JMCG Property Management Co.	Subsidiary of JMCG
Nanchang Baojiang Steel Processing Distribution Co., Ltd.	Associate of JMCG
Faurecia Emissions Control Technologies (Nanchang) Co., Ltd.	Associate of JMCG
Nanchang JMCG Mekra-Lang Vehicle Mirror Co., Ltd.	Associate of JMCG
Jiangxi JMCG Specialty Vehicles Corporation, Ltd.	Associate of JMCG
Jiangxi Jiangling Group Special Vehicle Co., Ltd.	Associate of JMCG
Nanchang Hengou Industry Co., Ltd.	Associate of JMCG
Jiangxi JMCG Specialty Vehicles Sales Corporation, Ltd.	Associate of JMCG
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	Associate of JMCG
GETRAG (Jiangxi) Transmission Company	Associate of JMCG
Jiangxi jiangling overseas automobile sales and service Co., Ltd	Associate of JMCG
Jiangxi JMCG Motorhome Co., Ltd.	Associate of JMCG
Jiangxi Jiangling Chassis Co.,Ltd.	Subsidiary of JMCG
Nanchang JMCG Shishun Logistics Co., Ltd.	Subsidiary of JMCG
Jiangxi Lingge Non-ferrous Metal Die-casting Co., Ltd.	Subsidiary of JMCG
Nanchang JMCG Xincheng Auto Component Co., Ltd.	Subsidiary of JMCG
JMCF	Subsidiary of JMCG
Nanchang Jiangling Hua Xiang Auto Components Co., Ltd.	Joint venture of JMCG
Jiangxi Jiangling Lear Interior System Co., Ltd.	Joint venture of JMCG
Nanchang Unistar Electric & Electronics Co., Ltd.	Joint venture of JMCG
Nanchang Yinlun Heat-exchanger Co., Ltd.	Joint venture of JMCG
Jiangxi ISUZU Engine Co.,Ltd.	Joint venture of JMCG
Nanchang JMCG Liancheng Auto Component Co., Ltd.	Subsidiary of JMCG
Nanchang Lianda Machinery Co., Ltd.	Subsidiary of JMCG
Jiangling Aowei Automobile Spare Part Co., Ltd.	Subsidiary of JMCG
NC.Gear Forging Factory	Subsidiary of JMCG
Jiangxi Biaohong Engine Tappet Co., Ltd.	Subsidiary of JMCG
Jiangxi JMCG Shangrao Industrial Co., Ltd.	Subsidiary of JMCG
JMCG Jiangxi Engineering Construction Co., Ltd.	Subsidiary of JMCG
Jiangxi JMCG Yicheng Second-hand Motors Sales Co., Ltd.	Subsidiary of JMCG
Jiang ling Motor Electricity Vehicle Sales Co., Ltd	Subsidiary of JMCG
Ford Global Technologies, LLC	Subsidiary of Ford
Ford Motor (China) Co., Ltd.	Subsidiary of Ford
Ford Motor Research & Engineering (Nanjing) Co., Ltd.	Subsidiary of Ford
Ford Otomotiv Sanayi A.S.	Subsidiary of Ford
Auto Alliance (Thailand) Co., Ltd.	Subsidiary of Ford
Ford Vietnam Limited	Subsidiary of Ford
Changan Ford Automobile Co., Ltd.	Joint venture of Ford
Jiangxi JMCG boya brake system Co., Ltd	Subsidiary of JMCG

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**31 Related party transactions (continued)**

**(i) Purchases and sales of goods, provision and purchases of services**

Purchase of goods	Six months ended 30 June	
	2019	2018
Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	360,407	397,028
Nanchang Baojiang Steel Processing Distribution Co., Ltd.	356,064	464,830
Jiangxi Jiangling Chassis Co., Ltd.	341,935	464,265
Nanchang Jiangling Hua Xiang Auto Components Co., Ltd.	341,796	244,473
GETRAG (Jiangxi) Transmission Company	316,959	395,455
Jiangxi Jiangling Lear Interior System Co., Ltd.	255,709	234,271
Ford	187,925	301,095
Nanchang JMCG Liancheng Auto Component Co., Ltd.	170,539	211,971
Nanchang Unistar Electric & Electronics Co.,Ltd.	105,848	158,560
Faurecia Emissions Control Technologies (Nanchang) Co., Ltd.	95,764	89,486
Hanon Systems	87,086	136,338
Nanchang JMCG Shishun Logistics Co., Ltd.	86,296	1,406
JMCG	53,907	58,674
Nanchang JMCG Mekra-Lang Vehicle Mirror Co., Ltd	50,767	51,150
Jiangxi Lingge Non-ferrous Metal Die-casting Co., Ltd.	33,620	34,052
Nanchang Yinlun Heat-exchanger Co., Ltd.	32,419	23,536
Nanchang Lianda Machinery Co., Ltd.	30,231	31,963
Jiangxi JMCG Specialty Vehicles Corporation, Ltd.	26,962	89,556
JHC	20,879	-
Jiangling Material Co.	13,022	15,044
Jiangxi Jiangling Group Special Vehicle Co., Ltd.	12,366	13,928
Ford Otomotiv Sanayi A.S.	12,312	88,410
Auto Alliance (Thailand) Co., Ltd.	11,703	53,769
Jiangling Aowei Aotomobile Spare Part Co., Ltd.	10,039	13,657
Nanchang JMCG Xinchen Auto Component Co., Ltd.	8,683	9,717
Jiangxi ISUZU Engine Co., Ltd.	7,416	33,131
Nanchang Gear Co., Ltd.	5,921	7,220
Jiangxi JMCG Industry Co., Ltd.	5,746	5,359
NC.Gear Forging Factory	3,283	6,829
Jiangxi Biaohong Engine Tappet Co., Ltd.	3,134	3,379
Jiangxi Lingrui Recycling Resources Development Corporation	3,012	1,932
Changan Ford Automobile Co., Ltd.	2,401	6,869
Jiangxi JMCG boya brake system Co., Ltd	2,114	24
Jiangxi JMCG Shangrao Industrial Co., Ltd.	1,459	2,248
Nanchang JMCG Skyman Auto Component Co., Ltd. (a)	-	39,904
Others	152	206
	<u>3,057,876</u>	<u>3,689,735</u>

(a) In December 2018, JHC absorbed Nanchang JMCG Skyman Auto Component Co.,Ltd. The Group purchased goods from related parties classified as two types: import parts and home-made parts.

- Purchase import parts from Ford or Ford's suppliers, based on agreed price;
- Purchase home-made parts from other related parts, based on quotation, cost accounting and negotiation.

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**31 Related party transactions (continued)**

**(i) Purchases and sales of goods, provision and purchases of services (continued)**

Purchase of services	Natures of transaction	Six months ended 30 June	
		2019	2018
Nanchang JMCG Shishun Logistics Co., Ltd.	Truckage/Transportation	141,954	126,082
Ford Global Technologies, LLC	Royalty fee	110,123	94,135
Ford	Engineering service and design	106,018	134,540
Changan Ford Automobile Co., Ltd.	Service fee/Labor costs	58,387	4,959
Ford Otomotiv Sanayi A.S.	Engineering service and design	25,937	21,604
Ford	Secondments costs	17,446	19,647
Jiangxi JMCG Industry Co., Ltd.	Working meal	12,669	20,196
Nanchang Hengou Industry Co., Ltd.	Packing/Truckage	12,063	19,944
Ford Otomotiv Sanayi A.S.	Royalty fee	7,508	9,877
JHC	Labor costs /Secondments costs	6,979	687
Ford Motor (China) Co., Ltd.	Regional personnel costs	4,461	3,784
Ford Otomotiv Sanayi A.S.	Secondments costs	3,349	10,746
Ford Motor Research & Engineering (Nanjing) Co., Ltd.	Regional personnel costs	3,279	1,561
Jiangxi JMCG Specialty Vehicles Sales Corporation, Ltd.	Promotion fee	2,902	-
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	Agent business of importation	2,439	2,167
JMCG Property Management Co.	Property management	998	1,083
JMCG Jiangxi Engineering Construction Co., Ltd.	Engineering construction and maintenance fee	969	4,012
GETRAG (Jiangxi) Transmission Company	Design fee	460	3,280
Jiangxi Jiangling Group Special Vehicle Co., Ltd.	Promotion fee	36	1,540
Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	Promotion fee	-	1,959
Faurecia Emissions Control Technologies (Nanchang) Co., Ltd.	Design fee	-	1,315
Others		1,401	922
		<u>519,378</u>	<u>484,040</u>

The Group purchased the service from related parties based on agreement price.

31 **Related party transactions (continued)**

(i) **Purchases and sales of goods, provision and purchases of services (continued)**

<b>Sales of goods</b>	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	474,714	566,065
Jiangxi JMCG Specialty Vehicles Sales Corporation, Ltd.	63,909	91,265
Jiangxi Jiangling Group Special Vehicle Co., Ltd.	41,557	35,586
Jiangxi Lingrui Recycling Resources Development Corporation	36,018	29,625
Jiangxi Jiangling Chassis Co., Ltd.	23,932	44,476
JMCG Jingma Motors Co., Ltd.	20,101	36,743
Nanchang JMCG Liancheng Auto Component Co., Ltd.	17,109	23,602
Jiangxi JMCG Specialty Vehicles Corporation, Ltd.	12,667	61,448
Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	9,066	57,568
Jiangxi JMCG Yichehang Second-hand Motors Sales Co., Ltd.	7,640	7,707
Nanchang JMCG Shishun Logistics Co., Ltd.	4,499	-
Jiangxi jiangling overseas automobile sales and service Co., Ltd	4,341	-
Nanchang Hengou Industry Co., Ltd.	4,245	22,874
Nanchang Jiangling Hua Xiang Auto Components Co., Ltd.	3,385	6,996
Jiangxi JMCG Industry Co., Ltd.	2,303	3,050
Jiangxi Jiangling Lear Interior System Co., Ltd.	1,723	2,902
Nanchang Lianda Machinery Co., Ltd.	1,026	81
JMCG Property Management Co.	204	3,191
JHC	35	23,080
JMCG Jiangxi Engineering Construction Co., Ltd.	-	1,919
Others	1,374	881
	<b>729,848</b>	<b>1,019,059</b>

The Group sold goods to related parties, based on agreement price.

31 Related party transactions (continued)

(ii) Rental

Rental cost

Lessor	Category	Rental cost of six months ended 30 June 2019	Rental cost of six months ended 30 June 2018
JMCG	Building	2,651	1,725
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	Building	2,141	2,136
JMCG Property Management Co.	Building	190	211
		<u>4,982</u>	<u>4,072</u>

Rental income

Lessee	Category	Rental income of six months ended 30 June 2019	Rental income of six months ended 30 June 2018
GETRAG (Jiangxi) Transmission Company	Building	7	-
JHC	Building	3	3
		<u>10</u>	<u>3</u>

(iii) Guarantee

As at 30 June 2019, bank loans of USD557,000 (equivalent to approximately RMB 3,826,000) (2018:USD589,000, equivalent to approximately RMB4,044,000) were guaranteed by JMCF (Note 23).

(iv) Sales of PPE

	Six months ended 30 June	
	2019	2018
Nanchang JMCG Shishun Logistics Co., Ltd.	<u>299</u>	<u>-</u>

(v) Purchase of PPE

	Six months ended 30 June	
	2019	2018
Nanchang Jiangling Hua Xiang Auto Components Co., Ltd.	6,337	-
Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	-	5,671
Nanchang JMCG Liancheng Auto Component Co., Ltd.	-	677
	<u>6,337</u>	<u>6,348</u>

**31 Related party transactions (continued)****(vi) Provide technique sharing**

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
Ford	28,810	-
Ford Vietnam Limited	2,874	-
	<u>31,684</u>	<u>-</u>

**(vii) 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 2019, the total remuneration of the key management was approximately RMB6,361,000 (the six months ended 30 June 2018: RMB7,212,000).

**(viii) Interest received from cash deposit in related parties**

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
JMCF	6,771	9,739

**(ix) Balances arising from sales/purchases of goods/services**

<b>Trade receivables from related parties</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	165,281	251,236
Jiangxi JMCG Specialty Vehicles Sales Corporation, Ltd.	30,136	32,940
Ford	17,610	-
JMCG Jingma Motors Co., Ltd.	10,499	6,162
Nanchang JMCG Liancheng Auto Component Co., Ltd.	8,456	-
Jiangxi JMCG Specialty Vehicles Corporation, Ltd.	8,190	237
Jiangxi Jiangling Group Special Vehicle Co., Ltd.	8,162	5,726
Jiang ling Motor Electricity Vehicle Sales Co., Ltd	5,961	5,961
Nanchang JMCG Shishun Logistics Co., Ltd.	4,736	-
Ford Vietnam Limited	2,874	5,104
Nanchang Jiangling Hua Xiang Auto Components Co., Ltd.	1,522	1,899
Jiangxi Jiangling Chassis Co., Ltd.	-	9,803
Others	1,607	122
	<u>265,034</u>	<u>319,190</u>

31 Related party transactions (continued)

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

<b>Other receivables from related parties</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	39,142	35,027
Nanchang Unistar Electric & Electronics Co., Ltd.	28	-
Hanon Systems	2	-
Others	-	11
	<b>39,172</b>	<b>35,038</b>
	<b>30 June 2019</b>	<b>31 December 2018</b>
<b>Prepayments for purchasing of goods</b>		
Nanchang Baojiang Steel Processing Distribution Co., Ltd.	536,715	496,146
	536,715	496,146
	<b>30 June 2019</b>	<b>31 December 2018</b>
<b>Notes receivables from related parties</b>		
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	15,000	-
JMCG Jingma Motors Co., Ltd.	-	41,418
	15,000	41,418
	<b>30 June 2019</b>	<b>31 December 2018</b>
<b>Prepayments for construction in progress</b>		
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	121	-
Jiangxi JMCG Specialty Vehicles Corporation, Ltd.	-	500
	121	500
	<b>30 June 2019</b>	<b>31 December 2018</b>
<b>Prepayments for mould lease</b>		
Changan Ford Automobile Co., Ltd.	-	478
	<b>30 June 2019</b>	<b>31 December 2018</b>
<b>Cash deposit in related parties</b>		
JMCF	577,916	833,617



31 Related party transactions (continued)

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

Trade payables to related parties	30 June 2019	31 December 2018
Nanchang Jiangling Hua Xiang Auto Components Co., Ltd.	415,736	316,174
Jiangxi Jiangling Chassis Co., Ltd.	297,987	333,431
Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	269,443	336,126
Jiangxi Jiangling Lear Interior System Co., Ltd.	197,031	214,139
GETRAG (Jiangxi) Transmission Company	167,497	275,275
Jiangxi JMCG Specialty Vehicles Corporation, Ltd.	144,038	138,209
Nanchang JMCG Liancheng Auto Component Co., Ltd.	122,978	148,483
Hanon Systems	96,975	91,656
Nanchang JMCG Shishun Logistics Co., Ltd.	85,910	10,113
Nanchang JMCG Mekra-Lang Vehicle Mirror Co., Ltd	62,152	48,200
Nanchang Unistar Electric & Electronics Co., Ltd.	61,872	96,905
Ford	55,833	151,749
Faurecia Emissions Control Technologies (Nanchang) Co., Ltd.	54,896	58,966
JMCG	40,107	68,159
JHC	23,044	26,349
Jiangxi Lingge Non-ferrous Metal Die-casting Co., Ltd.	22,044	19,850
Nanchang Yinlun Heat-exchanger Co., Ltd.	20,437	24,756
Nanchang Lianda Machinery Co., Ltd.	17,409	28,325
Jiangxi Jiangling Group Special Vehicle Co., Ltd.	9,941	28,944
Jiangling Aowei Automobile Spare Part Co., Ltd.	9,523	14,533
Jiangxi ISUZU Engine Co., Ltd.	8,784	9,956
Nanchang JMCG Xincheng Auto Component Co., Ltd.	6,314	6,355
Nanchang Gear Co., Ltd.	6,017	6,179
Jiangxi JMCG Industry Co., Ltd.	6,014	7,830
Auto Alliance (Thailand) Co., Ltd.	2,645	2,151
Jiangxi Lingrui Recycling Resources Development Corporation	2,607	1,736
Jiangxi JMCG boya brake system Co., Ltd	2,322	-
Jiangxi JMCG Shangrao Industrial Co., Ltd.	1,883	1,693
Jiangxi Biaohong Engine Tappet Co., Ltd.	1,586	2,037
NC.Gear Forging Factory	1,369	4,173
Ford Otomotiv Sanayi A.S.	1,344	1,031
Jiangling Material Co.	1,048	1,372
Changan Ford Automobile Co., Ltd.	-	67,622
Others	-	16
	2,216,786	2,542,493

31 Related party transactions (continued)

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

Other payables to related parties	<u>30 June 2019</u>	<u>31 December 2018</u>
Ford	131,973	92,310
Ford Otomotiv Sanayi A.S.	101,544	115,254
Ford Global Technologies, LLC	64,933	41,203
Jiangxi JMCG Specialty Vehicles Sales Corporation, Ltd.	41,230	31,946
Changan Ford Automobile Co., Ltd.	35,868	9,776
JMCG Jiangxi Engineering Construction Co., Ltd.	25,771	30,166
JHC	20,676	15,641
GETRAG (Jiangxi) Transmission Company	12,190	14,216
Nanchang JMCG Shishun Logistics Co., Ltd.	12,038	7,736
Jiangxi Jiangling Group Special Vehicle Co., Ltd.	7,303	6,921
Faurecia Emissions Control Technologies (Nanchang) Co., Ltd.	5,469	13,584
JMCG	2,666	623
Jiangxi JMCG Industry Co., Ltd.	2,486	3,504
Ford Motor (China) Co., Ltd.	2,135	4,803
Jiangxi Jiangling Lear Interior System Co., Ltd.	1,207	4,612
JMCG Property Management Co.	1,189	748
Ford Motor Research & Engineering (Nanjing) Co., Ltd.	1,004	607
Nanchang Hengou Industry Co., Ltd.	413	10,211
Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	250	1,403
Nanchang Jiangling Hua Xiang Auto Components Co., Ltd.	-	7,222
Jiangxi JMCG Motorhome Co., Ltd.	-	1,905
Others	1,733	2,086
	<u>472,078</u>	<u>416,477</u>
<b>Capital commitments</b>	<u><b>30 June 2019</b></u>	<u><b>31 December 2018</b></u>
JMCG Jiangxi Engineering Construction Co., Ltd.	31,940	29,456

## **Chapter XI Catalogue on Documents for Reference**

1. Originals of 2019 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 in the first half of 2019.
4. The Half-year Report in the China GAAP.

Board of Directors  
Jiangling Motors Corporation, Ltd.  
August 29, 2019