

# **Jiangling Motors Corporation, Ltd.**



## **2021 Annual Report**

2022-03

## **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 Joey Zhu and Chief of Finance Department, Ding Ni, confirm that the Financial Statements in this Annual Report are truthful and complete.

All Directors were present at the Board meeting to review this Annual Report.

The year 2021 profit distribution proposal approved by the Board of Directors is as follows:

A cash dividend of RMB 2.66(including tax) will be distributed for every 10 shares held based on the total share capital of 863,214,000 shares, and there is no stock dividend. The Board decided not to convert capital reserve to share capital this time.

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## Catalog on Documents for Reference

1. Originals of 2021 financial statements signed by legal representative, Chief Financial Officer and Chief of Finance Department.
2. Originals of the Independent Auditor's Reports signed by Independent accountants and stamped by the accounting firm.
3. Originals of all the documents and public announcements disclosed in newspapers designated by CSRC in 2021.
4. The Annual Report in the China GAAP.

### Abbreviations:

JMC or the Company

JIC

Ford

CSRC

JMCG

JMCH

EVP

CFO

VP

Jiangling Motors Corporation, Ltd.

Nanchang Jiangling Investment Co., Ltd.

Ford Motor Company

China Securities Regulatory Commission

Jiangling Motors Group Co., Ltd.

JMC Heavy Duty Vehicle Co., Ltd.

Executive Vice President

Chief Financial Officer

Vice President

## Chapter II Brief Introduction and Operating Highlight

### 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		
Registered Address	No. 2111, Yingbin Middle Avenue, Nanchang County, Nanchang City, Jiangxi Province, P.R.C		
Postal Code of Registered Address	330200		
Changes of Registered Address	Due to the relocation of JMC's Qingyunpu site, the original registered address " No. 509, Northern Yingbin Avenue, Nanchang City, Jiangxi Province" was changed to "No.2111, Yingbin Middle Avenue, Nanchang County, Nanchang City, Jiangxi Province" in October 2021.		
Headquarters Address	No. 2111, Yingbin Middle Avenue, Nanchang County, Nanchang City, Jiangxi Province, P.R.C		
Postal Code of Headquarters Address	330200		
Website	<a href="http://www.jmc.com.cn">http://www.jmc.com.cn</a>		
E-mail	relations@jmc.com.cn		

### 2. Contact Person and Method

	Board Secretary	Securities Affairs Representative
Name	Xu Lanfeng	Quan Shi
Address	No. 2111, Yingbin Middle Avenue, Nanchang County, Nanchang City, Jiangxi Province, P.R.C	No. 2111, Yingbin Middle Avenue, Nanchang County, 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. Information Disclosure and Place for Achieving Annual Report

Stock Exchange Website for Publication of JMC's Annual Report	<a href="http://www.szse.cn">http://www.szse.cn</a>
Newspapers and Website for	China Securities, Securities Times, Hong Kong

Publication of JMC's Annual Report	Commercial Daily, cninfo ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
Place for Achieving Annual Report	Securities Department, Jiangling Motors Corporation, Ltd.

#### 4. Changes of Registration

Organization Code	913600006124469438
Changes in the Main Business since the Listing	No change.
Changes of Controlling Shareholders	<p>On December 1, 1993, JMC A shares were listed on Shenzhen Stock Exchange, while JMCG, the founder-member, was the controlling shareholder of the Company. On September 29, 1995 and November 12, 1998, JMC issued additional 344 million B shares totally, while, after the additional B share issuance, JMCG and Ford were the controlling shareholders of the Company. On December 8, 2005, the 354.176 million JMC shares held by JMCG, the former controlling shareholder, were transferred to Jiangling Motor Holdings Co., Ltd. After the transference, Jiangling Motor Holdings Co., Ltd. and Ford were the controlling shareholders of the Company.</p> <p>In 2019, Jiangling Motor Holdings Co., Ltd., the former controlling shareholder, was divided and separated into Jangling Motor Holdings Co., Ltd. and Nanchang Jiangling Investment Co., Ltd., and transferred the 354.176 million JMC shares it held to Nanchang Jiangling Investment Co., Ltd. Presently, Nanchang Jiangling Investment Co., Ltd. and Ford are the controlling shareholders of the Company.</p>

#### 5. Other Information

##### Accounting Firm Appointed by JMC for Audit

Name	PricewaterhouseCoopers Zhong Tian LLP ('PwC Zhong Tian')
Headquarters Address	11/F, PricewaterhouseCoopers Center Link Square 2, 202 Hu Bin Road, Huangpu District, Shanghai 200021, PRC
Names of Signed Accountants	Lei Fang, Ye Dan

The recommendation agency engaged by the Company executing the persistent supervision responsibilities in the reporting period

Applicable Not Applicable

The financial consultant engaged by the Company performing the duties of persistent supervision and guidance in the reporting period

Applicable Not Applicable

## 6. Main accounting data and financial ratios

Unit: RMB

	2021	2020	Change (%)	2019
Revenue	35,221,306,472	33,095,733,665	6.42%	29,173,636,262
Profit Attributable to the Equity Holders of the Company	574,165,944	550,698,958	4.26%	147,812,078
Net Profit Attributable to Shareholders of Listed Company After Deducting Non-Recurring Profit or Loss	29,628,811	405,188,533	-92.69%	-308,254,449
Net Cash Generated From Operating Activities	1,760,193,010	3,698,342,828	-52.41%	2,736,867,238
Basic Earnings Per Share (RMB)	0.67	0.64	4.26%	0.17
Diluted Earnings Per Share (RMB)	0.67	0.64	4.26%	0.17
Weighted Average Return on Equity Ratio	5.87%	5.13%	0.74%	1.42%
	End of Year 2021	End of Year 2020	Change (%)	End of Year 2019
Total Assets	26,359,084,120	28,185,185,418	-6.48%	24,298,528,593
Shareholders' Equity Attributable to the Equity Holders of the Company	8,555,444,589	10,986,474,009	-22.13%	10,496,563,781

The lower of the Company's net profit before and after deduction of non-recurring gains and losses in the most recent three fiscal years is negative, and the audit report of the most recent year shows that the Company's ability to continue operations is uncertain

Yes No

The lower of the net profit before and after non-recurring gains and losses is negative

Yes No

## 7. Accounting data difference between China GAAP and IFRS

I. Differences in net profit and net assets in financial statements between in accordance with international accounting standards and Chinese accounting standards

Applicable Not Applicable

II. Differences in net profit and net assets in financial statements between in accordance with overseas accounting standards and Chinese accounting standards

Applicable Not Applicable

8. Main accounting data quarterly

Unit: RMB

	Q1	Q2	Q3	Q4
Revenue	8,041,295,685	9,634,325,403	7,815,433,165	9,730,252,219
Profit Attributable to the Equity Holders of the Company	277,530,327	127,683,728	72,235,853	96,716,036
Net Profit Attributable to Shareholders of Listed Company After Deducting Non-Recurring Profit or Loss	150,125,194	-36,283,319	75,550,360	-159,763,424
Net Cash Generated From Operating Activities	-2,012,581,942	2,082,499,791	-523,738,971	2,214,014,132

Whether or not the above mentioned financial indicators and the total number of the company has disclosed the major difference between quarterly reports and semi-annual report

Yes No

9. Non-recurring profit and loss items and amounts

Applicable Not Applicable

Unit: RMB

	2021	2020	2019
Profit and loss of non-current assets disposal (including the charge-off part of the asset impairment provision)	5,107,814	-167,780,780	-4,212,722
Gains on disposal of long-term equity investments	52,133,307	-	-
Government subsidies included in the current profit and loss	552,831,370	277,756,664	466,818,134
Capital occupation fee charged for non-financial enterprises included in the current profit and loss	15,836,668	7,628,722	10,877,889
In addition to the effective hedging business related to the normal operating business of the Company, holding the gains and losses of fair value changes arising from trading financial assets and trading financial liabilities, as well as the investment income obtained from the disposal of trading financial assets, trading financial liabilities and available for sale financial assets	-16,082,076	76,150,461	36,773,734



Return of the impairment provision for receivables with a separate impairment test	2,250,000	6,540,000	-
Other non-operating income and expenses except the above	2,027,076	5,869,080	-940,331
Other profit and loss items that meet the definition of non-recurring profit and loss	18,765,020	-10,493,560	-
Less: Income tax impact amount	88,332,046	50,160,162	53,250,177
Total	544,537,133	145,510,425	456,066,527

Details of other profit and loss items that meet the definition of non-recurring profit and loss

Applicable Not Applicable

There is no any other profit and loss items that meet the definition of non-recurring profit and loss in the Company.

The description of that the non-recurring profit and loss items listed in Corporate Information Disclosure of Public Issuing Securities No.1 are defined as recurring profit and loss items

Applicable Not Applicable

The Company does not have a situation in which the non-recurring profit and loss items listed in No.1 of Corporate Information Disclosure Announcement No.1 are defined as recurring profit and loss.

## Chapter III Management Discussion and Analysis

### 1. The industry situation of the company during the reporting period

Looking back to 2021, affected by economic recovery, industry prosperity, dual carbon targets, the overall market bottomed out and rebounded, showing a trend of high before and low after.

The overall market: the total sales volume of the whole year was 26,275,000 units, with a year-on-year growth of 3.8%. Influenced by economic recovery, industry prosperity and dual carbon target, the control of the epidemic provided a guarantee for the recovery of the auto market, but attention should also be paid to the adverse factors such as chip shortage and rising raw material prices.

Commercial vehicle market: the annual sales volume of commercial vehicles was 4,793,000 units, down 6.6% year on year (among which, the cumulative sales volume of light commercial vehicles was 3,189,000 units, down 0.6% year on year), mainly affected by the overdraft of Stage VI switch and the overload control, etc.

Passenger vehicle market: in the whole year, passenger vehicles showed recovery growth, with the sales volume of 21,482,000 units, up 6.5% year-on-year (among which, SUV totalled 10,101,000 units, with the highest growth rate of 6.8%).

New energy vehicle market: the annual sales volume of new energy vehicles was 3,521,000 units, up 157.5% year on year, and the penetration rate increased to 13.4%, while the monthly penetration rate in December was close to 20%. The overall new energy vehicle market was further shifted from policy-driven to market-driven.

The commercial vehicle segment light bus that JMC is in, driven by double cycle, E-commerce, the rapid development of boutique tourism and customized passenger transport, will further promote the sales of this segment. In the future, with the gradual liberalization of urban traffic restriction policy, people's pursuit of a better life and the development of modern agriculture will further release the demand for Pickup trucks. With the promotion of the dual carbon target, the rise of green distribution, the construction of new urbanization and urban circle, the structural freight demand will be further enlarged, which will be a stimulating factor for the development of light truck market. With the continuous improvement of people's income level and the personalized demand of the Z era consumer group, the SUV market with high cost performance will continue to grow. The market segment that JMC is in will be further developed in the future, and continue to open up incremental space.

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

During the reporting period, the Company's main business is the production and sale of commercial vehicles, SUVs and related components. The main products include JMC light truck, Pickup, light bus, Yusheng SUV, Ford-branded light bus, MPV and other commercial vehicles and SUV products. JMC also produces engines, castings and other components. The Company takes high quality development as the main line, focuses on value, lean operation, and transforms from scale expansion development to lean value growth.

In 2021, JMC continued to expand the technical reservation and investment in new products, smart connectivity, new energy and light weight, etc. Based on vehicle, JMC developed autonomous driving and smart connectivity functions and achieved more function expansion through the third space with vehicle as the carrier. At the same time, JMC strengthens the construction of digitalization operation capability, thus entering such key value fields as network socialization and financial payment, etc., forming massive ecological circle and presenting excellent overall performance in the industry.

Vehicle manufacturing and operation

Applicable Not Applicable

#### Production and Sales Volume Information

	Production Volume (Unit)			Sales Volume (Unit)		
	2021 FY	2020 FY	YOY change (%)	2021 FY	2020 FY	YOY change (%)
<b>By Products</b>						
Light Bus	100,168	94,945	5.50%	101,516	92,994	9.16%
Truck	118,117	128,949	-8.40%	118,105	128,875	-8.36%
Pickup	68,268	66,209	3.11%	67,906	65,204	4.14%
SUV	53,096	46,212	14.90%	53,481	44,025	21.48%
Total	339,649	336,315	0.99%	341,008	331,098	2.99%
<b>By Region</b>						
China	339,649	336,315	0.99%	341,008	331,098	2.99%

Explanation on the above 30% year-on-year change of related date.

Applicable Not Applicable

#### Component Kit System Construction

JMC owns in-house R&D and manufacturing capability for key components, with such important components as engine, body parts, frame, wheel and front axle, etc. developed and manufactured independently. For some other key components, JMC keeps strategic cooperation with industry leading suppliers, e.g. Bosch, Garrett, Yunnei Power, and ZF. JMC has established strategic cooperation with such leading enterprises as CATL and Suzhou Inovance on new energy development. For smart connectivity, JMC conducted diversified

cooperation with such giants as Tencent, Hengrun, IFLYTEK and Desay SV, etc. for ecology development. JMC takes enabling customers successful as the vision, and works with suppliers on providing customer-centric vehicle experience and creating sustainable swift supply system. Through innovative thinking and digitalized means, JMC established complete supplier admission, capability enhancement and supplier control mechanism from the perspectives of technology, quality, cost, delivery and service, etc., so as to effectively promote the competitiveness improvement of supplier system.

Production and operation of auto parts during the reporting period

Applicable Not Applicable

The Company carries out auto finance business

Applicable Not Applicable

The Company carries out new energy vehicle related business

Applicable Not Applicable

Production and operation of new energy vehicles and parts

Product Category	Capacity(Unit)	Production Volume(Unit)	Sales Volume (Unit)	Revenue (RMB)
New Energy Bus Series	50,000	190	186	32,817,563
New Energy Passenger Vehicles and Pickup	50,000	785	793	116,617,579
New Energy Truck	30,000	1,427	1,178	159,171,122
Total	130,000 Note: all new energy vehicles are collinear with corresponding fuel vehicles.	2,402	2,157	308,606,264

New energy vehicle Subsidy

JMC did not receive new energy vehicle subsidy in 2021.

### 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 a China auto industry pioneer providing excellent products and solutions to smart logistics, and a provider of Ford value products. JMC also is certificated as a national high-tech enterprise, national innovative pilot enterprise, national enterprise technology center, national industrial design center, national intellectual property demonstration enterprises and national automobile export base. JMC has been ranking among the top 100 most valuable global brands for consecutive years. JMC light buses ranked No.1 in the segment with 30.5%

market share. JMC Pickup ranked No.2 in the segment with 14.6% market share. JMC light trucks ranked No.4 in the segment with 7.7% market share.

As No.1 brand in China, JMC light bus insists on taking customers as the center, observes customer demand and light bus operation scenarios. JMC launched European light bus product portfolio with high quality, excellent performance and great cost performance, covering all scenarios of freight, passenger transport and refitting. JMC is the pioneer in industry providing Uptime 100% solution, continuing to help customers create value, thus achieving rapid growth of sales volume. JMC's light bus market share has been ranking No.1 in the segment for consecutive seven years. Awarded the title of "Vehicle No.1 for Epidemic Fighting", JMC light bus continued to contribute to medical and health vehicles in 2021, developing a number of special vehicles such as nucleic acid sampling test vehicle and Novel Coronavirus Nucleic acid testing mobile laboratory. JMC new Transit negative pressure ambulance has also provided an important barrier for the prevention and control of the epidemic around the Beijing Winter Olympics and ensured the success of the Beijing Winter Olympics. As the flagship product of the family, the new generation Transit Pro has up to 13 kinds of intelligent driving auxiliary configurations. Equipped with iFLYTEK intelligent network system, it makes driving more convenient and more enjoyable. Moreover, "Uptime 100% solution" is used to meet users' 24-hour all-weather efficient vehicle demand and service demand, leading the new era of digital light bus. As a multi-functional light bus with No.1 applicability, the new Transit is equipped with Ward's global top ten engine, with the strongest boron steel body of light bus, and the driving comfort of passenger car level, which can meet the diversified use scenarios. Teshun is an economical light bus with No.1 cost performance. In 2021, Teshun Space King was launched with a great impact. Together with freight head platform "Cargo Lala", Teshun showed its talents in the fast-winning competition called "ceiling" of logistics competition and won high praise. JMC light bus with strong brand strength and product strength, recognized by mainstream authoritative media and official authorities, won a number of authoritative awards, becoming the "grand slam" winner in light bus market.

JMC light truck has always been customer-oriented, with in-depth insight into light truck operation scenarios, and constantly enriching product lines. In response to the new blue license plate laws and regulations, lightweight iron and aluminium containers were launched. Lightweight chassis and a series of weight reduction measures were utilized on the new-generation light truck to enhance product competitiveness.

As the leading brand in Pickup market, with the unremitting customer-centric concept, JMC launched new Yuhu7 and Baodian products, creating Pickup life mode with immersive experience. Yuhu7 possesses the highlights of strong power, extraordinary quality, leading technology and fashionable life. In order to expand the multiple application attributes of Pickup, to meet customers' higher pursuit of fun in life, JMC launched the JFX Yuhu Life Family series activities. Various activities interpreted Yuhu Life Family and enabled Pickup infinite

possibilities. Based on the customers' use habits in various scenarios, Baodian provides low dock model and flat container structure, which enables design more practical, goods moving more energy saving and overall style more fashionable.

JMC continues to promote the construction of brand-new PV channels. In order to further deepen the cooperation between both parties, and also to facilitate the implementation of Ford China 2.0 strategy, the Company and Ford Motor Company established the JMC Ford Automobile Technology (Shanghai) Co., Ltd (hereinafter referred to as "JMC Ford Technology"). In 2021, there have been 175 Family Space Ford experience stores, covering over 150 cities in China. JMC Ford Technology shall insist on the belief of challenger, adheres to Ford brand spirit of pioneering and innovation, challenges tradition and disrupts itself, strengthens technical innovative capability, and creates outstanding customer experience with differentiation, rejuvenation, personalization and profession.

Ford Everest is a high-performance all-road SUV, equipped with 2.3T Ward global top ten engine + Ford 10AT transmission, professional non-carrying chassis, intelligent all-time four-wheel drive and TMS all-road management system. Ford Equator is a cost-effective medium and large SUV, equipped with more than 20 configurations of Co-Pilot360 Chi Hang driving assistance system, dual 12.3 screen equipped with Tencent TAI 3.0 voice intelligent vehicle system, AR real navigation, bringing intelligent technology cockpit experience. In 2021, the export volume of Ford Territory surged by 106% year on year. Ford Territory won high recognition from overseas consumers, thus realizing the brand-new layout of "in China, for China, for World".

Ford Equator Sport, which is a new wide-body SUV pioneer with official orders kicked off in 2022, not only adopts new Ford potential aesthetics with Mobileye autonomous driving chip, but also leads the peers in hashrate, autonomous driving and smart cabin, displaying the highly potential starting of JMC Ford Technology, and providing the confidence to the new power of auto technology company.

#### 4. Core Business Analysis

##### I. Summary

2021 is still not free from the impact of the epidemic, but the entire automotive industry is still tenacious forward. Looking back at the auto market in 2021, due to the lack of chip, auto manufacturer reduced production volume, and technology companies were optimistic about the auto market, so scrambled to manufacture vehicles. The auto market strived to recover and grow in the face of multiple challenges. In 2021, 26,275,000 vehicles were sold in China, up 3.8% year-on-year.

During the reporting period, in order to respond to the intensified competition, stricter homologation requirement and cost increase, JMC has been dedicated in

improving the product quality, promoting new product development, controlling operation cost and enhancing production efficiency. At the same time, JMC launched a series of marketing proposals to actively cope with market risks. In 2021, JMC achieved sales volume of 341,008 units, including 101,516 light buses, 118,105 trucks, 67,906 Pickups and 53,481 SUVs, with YOY growth of 2.99%. In 2021, the total production volume was 339,649 units, including 100,168 light buses, 118,117 trucks, 68,268 Pickups and 53,096 SUVs, with YOY increase of 0.99%.

In 2021, the operation revenue reached RMB35.221 billion, up 6.42% year on year. The operation cost was RMB 30.117 billion, up 9.44% year on year. The marketing expense was RMB1.532 billion, with YOY decrease of 0.84%. The administration expense was RMB1.152 billion, up 13.82% year over year. R&D cost was RMB 1.709 billion, up 27.18% year on year. The financial expense was RMB -296 million, down by 49.70% year over year.

In 2021, JMC planned the productivity of 320,000 units and the utilization rate was 106%. In 2021, the investment in Fushan Plant project was RMB 345 million, with 63% of the project completed.

## II. Revenue and Cost

### (a) Composition of Sales Revenue

Unit: RMB

	2021 FY		2020 FY		YOY change (%)
	Amount	Proportion (%)	Amount	Proportion (%)	
Revenue	35,221,306,472	100%	33,095,733,665	100%	6.42%
By Industry					
Automobile Industry	35,221,306,472	100%	33,095,733,665	100%	6.42%
By Products					
Vehicle	32,317,182,099	91.75%	30,666,834,098	92.66%	5.38%
Components	2,101,505,690	5.97%	1,774,007,492	5.36%	18.46%
Automobile Maintenance Services	111,360,531	0.32%	94,435,844	0.29%	17.92%
Material & Others	691,258,152	1.96%	560,456,231	1.69%	23.34%
By Region					
China	35,221,306,472	100%	33,095,733,665	100%	6.42%
Sales model					
Distribution	33,828,173,736	96.04%	31,731,165,121	95.88%	6.61%
Direct selling	1,393,132,736	3.96%	1,364,568,544	4.12%	2.09%

### (b) Reach to 10% of Revenue or Profit by Industry, Product, Region or Sales Model

Applicable  Not Applicable

Unit: RMB

	Turnover	Cost	Gross Margin	YOY turnover change (%)	YOY Cost Change (%)	YOY gross margin change (points)
By Industry						
Automobile Industry	35,221,306,472	30,117,454,367	14.49%	6.42%	9.44%	-2.36%
By Products						
Vehicle	32,317,182,099	27,809,982,305	13.95%	5.38%	8.47%	-2.45%
By Region						
China	35,221,306,472	30,117,454,367	14.49%	6.42%	9.44%	-2.36%

If the Company's core business scope is adjusted during the reporting period, the Company's core business data of last year need to be adjusted per the scope in this year

Applicable Not Applicable

(c) Whether the Company's Goods Revenue Higher Than Service Revenue

Yes No

Industry	Item	Unit	2021	2020	Change (%)
Automobile	Sales Volume	unit	341,008	331,098	2.99%
	Production Volume	unit	339,649	336,315	0.99%
	Inventory Volume	unit	10,188	11,821	-13.81%

Explanation on YOY change of over 30%

Applicable Not Applicable

(d) Execution of the Company's Signed Major Sales Contracts and Major Purchase Contracts as of the Reporting Period

Applicable Not Applicable

(e) Composition of Operating Cost

Product categories

Unit: RMB

Product	Item	2021 FY		2020 FY		YOY Change (%)
		Cost	Proportion (%)	Cost	Proportion (%)	
Vehicle	Cost	27,809,982,305	92.34%	25,638,598,860	93.17%	8.47%
Components	Cost	1,557,352,106	5.17%	1,250,772,343	4.54%	24.51%



Automobile Maintenance Services	Cost	118,486,239	0.39%	95,282,459	0.35%	24.35%
Material & Others	Cost	631,633,717	2.10%	533,856,251	1.94%	18.32%

(f) Whether the Consolidated Scope was Changed During the Reporting Period

Yes No

The 60% equity of Taiyuan Jiangling Power Co., Ltd., a former wholly-owned subsidiary of the Company, has been transferred to Yunnan Yunnei Power Group Co., Ltd. in November 2021. "Taiyuan Jiangling Power Co., Ltd." has been renamed as "Shanxi Yunnei Power Co., Ltd.". After the equity transfer, Shanxi Yunnei Power Co., Ltd. was not included in the scope of the consolidated statement of the Company.

In 2021, the Company and Ford Motor Company("Ford") subscribed to the capital contribution of RMB102 million and RMB 98 million respectively to set up Jiangling Ford Automobile Technology (Shanghai) Co., Ltd.("Jiangling Ford Technology"), the total registered capital subscribed amount to RMB200 million. The Company holds 51% of the shares of Jiangling Ford Technology and got the control of Jiangling Ford Technology's Board of Shareholders and Directors. Jiangling Ford Technology is a subsidiary of the Company. As of December 31, 2021, Jiangling Ford Technology completed the business registration while not in operation yet.

(g) Major Change or Adjustment on Business, Products or Services During the Reporting Period

Applicable Not Applicable

(h) Main Customers and Suppliers

#### Main Customers

Total sales value to top 5 customers (RMB)	5,601,678,211.00
Accounted for the proportion of JMC's total annual turnover	15.90%
Included related party transaction accounted for the proportion of JMC's total annual turnover	9.75%

#### Top 5 Customers

No.	Name of the Customer	Sales Value (RMB)	Percentage of JMC's Total Turnover (%)
1	Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	3,009,681,649	8.55%
2	Zhejiang Jiangling Motors Sales Company	1,061,202,534	3.01%
3	Chengli Special Automobile Co., Ltd.	560,588,462	1.59%
4	Beijing Jinglyngshun Auto Sales Company	545,373,013	1.55%

5	Jiangxi JMCG Specialty Vehicles Sales Service Co., Ltd.	424,832,553	1.20%
Total		5,601,678,211	15.90%

Other introduction to main customers

Applicable Not Applicable

Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd. and Jiangxi JMCG Specialty Vehicles Sales Service Co., Ltd. are related parties of the Company.

Top 5 Suppliers:

Total purchase value from top 5 suppliers (RMB)	4,890,214,576
Accounted for the proportion of JMC's total annual purchase amount	18.40%
Included related party transaction accounted for the proportion of JMC's total annual purchase amount	10.73%

No.	Name of the Supplier	Purchase Value (RMB)	Percentage of JMC's Total Annual Purchase Amount (%)
1	Bosch Auto Diesel System (Wuxi) Company	1,238,849,375	4.66%
2	Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	985,020,418	3.71%
3	Nanchang Baojiang Steel Processing Distribution Co., Ltd.	967,549,307	3.64%
4	Jiangxi Jiangling Chassis Co., Ltd.	898,433,987	3.38%
5	Bosch Powertrain Co., Ltd.	800,361,489	3.01%
Total		4,890,214,576	18.40%

Other introduction to main suppliers

Applicable Not Applicable

Jiangxi Jiangling Special Purpose Vehicle Co., Ltd., Nanchang Baojiang Steel Processing Distribution Co., Ltd., and Jiangxi Jiangling Chassis Co., Ltd. are related parties of the Company.

### III. Expense

Unit: RMB

	2021	2020	YOY Change	Description of significant Changes
Distribution Expenses	1,531,808,043	1,544,737,028	-0.84%	
Administrative Expenses	1,152,218,590	1,012,347,173	13.82%	

Finance Income-net	-295,755,557	-197,567,513	49.70%	mainly due to the interest income from bank deposits increased.
R & D Expenses	1,709,014,171	1,343,812,092	27.18%	

#### IV. Research & Development

Name of main R&D project	Project purpose	Project progress	Goals to be achieved	The expected impact on the Company's future development
PV product program	Enhance the competitiveness of Jiangling Ford passenger vehicle products.	Equator was launched in March 2021, Equator Sport was launched in January 2022, and the other PV products are in progress.	Increase the Company's operating revenue.	
Light bus product program	Enhance the competitiveness of light bus products.	In progress.	Increase the Company's operating revenue.	
Light truck product program	Enhance the competitiveness of light truck products.	In progress.	Increase the Company's operating revenue.	
Pickup product program	Enhance the competitiveness of pickup products.	In progress.	Increase the Company's operating revenue.	

#### Company R & D personnel

	2021	2020	Change(%)
R&D staff (person)	2,315	2,393	-3.26%
R&D staff as % of total employees	17.90%	17.73%	0.17%
Educational structure of R&D personnel	—	—	—
Undergraduate	1,609	1,646	-2.20%
Master	559	593	-5.70%
Age composition of R&D personnel	—	—	—
Under the age of 30	602	816	-26.20%
30 ~ 40 years old	1,382	1,278	8.10%

## R&D Investment

	2021	2020	Change(%)
R&D investment (RMB)	1,886,139,707	1,664,559,872	13.31%
R&D investment as % of revenue	5.36%	5.03%	0.33%
Capitalization of R&D investment	177,125,536	320,747,780	-44.78%
Capitalization of R&D investment as % of R&D investment	9.39%	19.27%	-9.88%

Causes and impacts of major changes in the composition of R&D personnel

Applicable Not Applicable

Major change of R&D investment as % of revenue

Applicable Not Applicable

Major change of capitalization of R & D investment

Applicable Not Applicable

Reason of the change is due to the decrease in the amount of R&D investment eligible for capitalization in this year.

## V. Cash Flow Analysis

Unit: RMB

Item	2021	2020	Change (%)
Cash received from operating activities	39,740,902,264	35,570,910,131	11.72%
Cash outflows from operating activities	37,980,709,254	31,872,567,303	19.16%
Net cash flows from operating activities	1,760,193,010	3,698,342,828	-52.41%
Cash received from investing activities	2,915,954,321	15,608,879,156	-81.32%
Cash outflows from investing activities	2,994,592,220	17,522,317,586	-82.91%
Net cash flows from investing activities	-78,637,899	-1,913,438,430	95.89%
Cash received from financing activities	1,484,497,639	2,291,211,222	-35.21%
Cash outflows from financing activities	4,718,956,565	1,892,097,149	149.40%
Net cash flows from financing activities	-3,234,458,926	399,114,073	-910.41%
Net increase/(decrease) in cash and cash equivalents	-1,552,903,815	2,184,018,471	-171.10%

Explanation on the major factors regarding major change of related data

Applicable Not Applicable

Year on year decrease of the net cash flow generated by operating activities was due to the increase in payment for goods purchased.

Year on year increase of the net cash flow from investment activities was mainly due to the reduced cash payments on current investments.

Year on year decrease of the net cash flow from financing activities was mainly due to the reduction in the current loan and the payment of 2020 annual dividends.

Year on year decrease of the net increase in cash and cash equivalents was mainly attributable to the payment of 2020 annual dividends.

Explanation on significant difference between net cash generated from operating activities and net profit during the reporting period.

Applicable Not Applicable

5. Non-core business analysis

Applicable Not Applicable

6. Analysis of Assets and Liabilities

I. Major changes

Unit: RMB

Asset item	End of 2021		Beginning of 2021		YOY
	Amount	Proportion	Amount	Proportion	Proportion change (Points)
Cash and cash equivalents	9,569,051,314	36.30%	11,121,955,129	39.46%	-3.16%
Accounts receivables	2,994,798,227	11.36%	2,999,883,212	10.64%	0.72%
Inventories	1,974,728,632	7.49%	2,086,605,692	7.40%	0.09%
Long-term equity investments	257,251,255	0.98%	39,496,548	0.14%	0.84%
Fixed assets	6,029,302,031	22.87%	5,165,956,410	18.33%	4.54%
Construction in progress	448,338,672	1.70%	1,535,497,770	5.45%	-3.75%
Right-of-use assets	306,225,810	1.16%	28,405,890	0.10%	1.06%
Short-term borrowings	300,000,000	1.14%	500,000,000	1.77%	-0.63%
Contract liabilities	272,274,177	1.03%	558,526,846	1.98%	-0.95%
Long-term borrowings	2,087,537	0.01%	2,563,666	0.01%	-
Lease liabilities	263,409,414	1.00%	18,998,952	0.07%	0.93%

Foreign assets account for a relatively high proportion

Applicable Not Applicable

II. The fair value of the assets and liabilities.

Unit: RMB

Item	financial assets	1.Trading financial assets (excluding derivative financial assets)	2.Receivables financing	Subtotal	Financial liabilities
Beginning of the period		803,892,985	815,583,669	1,619,476,654	3,716,727
Loss/profit in fair value in the period		-3,650,656	0	-3,650,656	6,987,892
Cumulative changes in fair value recorded into equity		0	0	0	0
Impairment in the period		0	0	0	0
Purchase in the period		1,800,000,000	3,073,998,320	4,873,998,320	0
Sell in the period		2,500,000,000	3,688,070,319	6,188,070,319	0
Other changes		0	0	0	0
End of the period		100,242,329	201,511,670	301,753,999	10,704,619

Other change  
None.

Whether there is a significant change in the measurement attributes of the Company's main assets during the reporting period

Applicable Not Applicable

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

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

## 7. Investment Analysis

### I. Summary

Applicable Not Applicable

### II. Obtained Major Equity Investment during the Reporting Period

Applicable Not Applicable

Unit: RMB

Name of investee company	Jiangling Ford Motor Technology (Shanghai) Co., Ltd.
Main business	Engineering and technical research and experimental development, sales of vehicles, new energy vehicles, auto parts, electric accessories of new energy vehicles, plug-in hybrid professional engines, charging piles, centralized rapid charging stations, new energy vehicles for electric facilities, new energy vehicles production and testing equipment; Technical consulting and business information consulting in the field of automotive science and technology; Economic information consulting, marketing planning, corporate image planning, etc.
Investment way	Establish a new company
Investment amount	102,000,000
Proportion of shareholding	51.00%
Investment source	Self-funded
Partner	Ford Motor Company
Investment horizon	30 years
Product type	Not applicable
Progress as of the balance sheet date	Business registration was completed on December 27, 2021.
Expected earnings	-
Profit and loss of investment in the current period	Not yet in operation.
Whether litigation is involved	No
Date of disclosure	September 27, 2021
Index	The announcement (No. 2021-054) was published on the website: www.cninfo.com.cn.

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

Applicable Not Applicable

Project Name	Fushan Plant
Investment Method	Self-built
Fixed Assets (Y/N)	Y
Industry	Automobile Industry
Spending in 2021 (RMB)	345,225,886
Cumulative Actual Investment (RMB)	1,388,435,757
Investment source	Self-funded
Progress	95%

Anticipated income	-
Accumulated earnings realized by the end of the reporting period	-
Reasons for missed schedule and projected earnings	Not Applicable
Disclosure date	November 15th, 2017
Index	*

\*The announcement (No. 2017-044) was published on November 15, 2017 on the website: [www.cninfo.com.cn](http://www.cninfo.com.cn).

#### IV. Financial Assets Investment

##### (a) Stock Investment

Applicable Not Applicable

There was no financial assets investment on the reporting period.

##### (b) Derivative Investment

Applicable Not Applicable

There was no derivative investment on the reporting period.

#### V. Usage of Raised Fund

Applicable Not Applicable

There was no usage of raised fund on the reporting period.

#### 8. Sales of Major Assets and Equity

##### I. Sale of Major Assets

Applicable Not Applicable

There was no sale of major assets on the reporting period.

##### II. Sales of Major Equity

Applicable Not Applicable

Counterparty	Yunnan Yunnei Power Group Co., Ltd.	Volvo Lastvagnar Aktiebolag
Sold equity	60% equity of Taiyuan Jiangling Power Co., Ltd., a wholly-owned subsidiary	100% equity of JMC Heavy Duty Vehicle Co., Ltd., a wholly owned subsidiary of JMC
Date of sale	November 5, 2021	The deal is still in progress.
Transaction price (RMB thousand)	360,000	781,400
Net profit contributed by the equity to the listed company from the beginning of the current period to the selling date	RMB -38,086.8thousand	RMB -120,947.4thousand in 2021.



Impact of the sale on the Company	Introduce external strategic partner to develop heavy engine business.	One of the measures to achieve the Company's strategic vision.
Proportion of net profit contributed by equity sale to the total net profit of the listed company	9.08%	The deal is still in progress.
Equity sale pricing principle	Public bidding process.	Public bidding process.
Whether it is a related party transaction	No.	No.
Association with the counterparty	No relationship.	No relationship.
Whether all the equity involved has been transferred	Yes.	No.
Whether the plan is implemented as scheduled, if not, the reason and the measures taken by the company	Yes.	Yes.
Date of disclosure	January 7, 2021	August 24, 2021
Index	The announcement (No. 2021-002) was published on the website: www.cninfo.com.cn	The announcement (No. 2021-047) was published on the website: www.cninfo.com.cn

#### 9. Analysis of major shareholding companies

Applicable  Not Applicable

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	Jiangling Motors Sales Corporation, Ltd	JMC Heavy Duty Vehicle Co., Ltd.
Type of companies	Subsidiary	Subsidiary
Main business	Sales of vehicles and service parts.	Production and sales of automobiles, engines and other automotive parts
Registered capital	50,000	1,323,793
Assets	4,898,230	832,562
Net assets	258,369	792,043
Turnover	30,749,374	258

Operating profit	35,649	-121,391
Net profit	28,189	-120,947

Acquisition and disposal of the subsidiaries

Applicable Not Applicable

Name of Companies	Acquisition and disposal of the subsidiaries	Influence
Taiyuan Jiangling Power Co., Ltd.	60% equity of Taiyuan Jiangling Power Co., Ltd. was sold through public bidding process.	Introducing external strategic partner to develop heavy engine business. This transaction has no significant impact on the Company's profit in the current period.
Jiangling Ford Motor Technology (Shanghai) Co., Ltd.	JMC and Ford Motor Company jointly invested.	This external investment was invested by the Company's own funds, and it is not expected to have a significant adverse impact on the Company's financial position and operating results in the current period and future.

Description of the main holding and participating companies

None.

10. Structured Entities Controlled by JMC

Applicable Not Applicable

11. Outlook

I. Industry Competition and Development Trend

(I) Industry Trend

Looking ahead to 2022, the economic growth will return to the potential rate with higher downturn pressure. It's predicted that there will be more room for macro policy easing, which will form cross-cycle adjustment to the economy. There will be low growth before high growth in the whole year, with 5.5% growth rate. The tone of stabilizing growth is beneficial to the bulk commodity like automobile.

The overall market: the annual sales volume was 27.5 million units, with YOY increase of 3%. The policy on stabilizing growth is conducive to the stable growth of bulk commodity.

Commercial Vehicle market: the annual sales volume was 4.5 million units, with YOY decrease of 6%. The switch of emission homologation, the normalized advance of overload governance and the stricter environmental protection rules result in rationalization of CV market.

Passenger Vehicle market: the annual sales volume was 23 million units, up 5.5% year on year. The restocking is expected to propel for sales volume rise.

New Energy Vehicle market: the annual sales volume was 5 million units, with YOY growth of 56%. There are high supply and demand of NEVs, which shall continue.

The economic growth rate was adjusted, and power was being switched. China's auto market ended a three-year decline. The trend of electrification, connectivity and intelligence in auto industry has been established. JMC shall keep the strategy firm, insist on taking customers as the center and optimize business structure, with technology studied in depth, marketing service updated and ecological cooperation deepened.

## (II) Company Strategy

JMC adheres to the vision of Becoming Leader in LCV and Provider of Ford Value Product, and the value of Integrity, Dedication, Innovation and Collaboration. Commercial vehicle is targeted at becoming the integrated supplier of product and service for urban and mainline logistics. Passenger vehicle is to look for breakthrough and great development in medium and small size market. JMC is to center around the main line of high-quality development, focus on value and operation in a lean way, thus transforming from scale expansion development mode to lean value growth mode. JMC will focus on key business and be dedicated in its segments. With customer-centric concept and improved all-value chain market awareness, JMC is to actively make its products the leaders in segments. JMC is also following the new development trend of auto industry, promoting the CASE strategy of Connectivity, Artificial, Sharing and Electrification. JMC has planned for New Energy Vehicle, smart connectivity, autonomous driving and other key area. Through overall coordination and CASE integration, JMC accelerates to build the business ecology system with global competitiveness that looks into the future.

## (III) Operation Plan

In 2022, JMC is targeting at the sales volume of 380,000 units, with business revenue of about RMB 39 billion, up 11% respectively year on year. In order to improve the revenue and profitability, JMC is committed to the following in 2022:

- i. to continue to consolidate and improve the leading advantages in LCV segment, to deepen LCV marketing system and dealer capability build, with brand reputation improved;
- ii. through establishing a PV Joint Venture, to accelerating the expansion of PV business and channel capability improvement, with customer experience innovated, "JMC Ford" brand positioning specified and star product created;
- iii. to insist on taking customers as the center, and deeply understands market changes and customer demands, with continuous innovation and efficient synergy, thus providing the best product and service to customers;
- iv. to launch Ford Equator Sport, next-generation Teshun, new Transit SVO and brand-new light truck, etc., with high quality. And meanwhile, to improve product competitiveness and complete PV and LCV product line-up;

- v. to continue the promotion of digital transformation and improves customer experience with proactive digital service and predictive service system;
- vi. to create the new business concept of “Lifelong Partner” and construct operation ecology with customized product and integrated service;
- vii. to continue to reduce the cost and improve efficiency with lean management, and also to build efficient and swift team to lay solid foundation for the overall strategy development; and
- viii. to expand the whole vehicle export and component sales.

#### (IV) Potential Risks and Solutions

In 2022, there are still repeated outbreaks of the epidemic in the world and also uncertainties in the recovery and growth of world economy. Guided by the long-term strategic planning of "double cycle" new development pattern, dual carbon goals and common prosperity, China's economy is expected to start a round of overall optimization of the demand structure, but it faces short-term economic costs. With the rise of start-ups in vehicle manufacturing, and due to stricter regulations, rising raw material prices and tight chip supply, the industry competition is further intensified, which brings great challenges to the Company's operation. In order to maintain robust development, JMC will focus on the following:

- i. JMC will continue to have a good control on epidemic and steadily promote the company's production and sales;
- ii. Being customer-centric, JMC will make in-depth insight into customer demands and market changes, with new business growth point identified and opportunities grasped in the disruptive industry;
- iii. JMC is to accelerate the digital transformation and utilize digital marketing means to empower channel capability expansion with customer experience enhanced;
- iv. JMC will complete CV BEV strategy and construct brand-new LCV ecology through the cooperation with leading logistic company / freight platform;
- v. JMC will continue the cost reduction and efficiency improvement with supplier capability and vehicle quality improved;
- vi. JMC is going to strengthen the Company governance and strictly abide by national laws and regulations with risk assessment and control mechanism completed; and
- vii. JMC is to accelerate business process digitalization and increase operation efficiency by establishing swift work team.

The company will focus on LCV with SUV as the support. And meanwhile, JMC is going to push for in-depth scientific innovation and continue to consolidate the advantages of commercial vehicles, thus being strong in passenger vehicle. The Company shall accelerate the development of new energy vehicles with focus on marketing and service, and speed up the digital transformation of each function so as to improve customer experience. By expanding new business and profit mode, the Company is to construct the sustainable ecology platform. By strengthening sales channel construction, JMC will enhance the market reputation and customer experience. At the same time, JMC also focuses on new

product development and launch the competitive products with required quality and cost target as soon as possible, thus expanding the market share and profitability, supporting the Company's high-quality development with stable cash flow.

12. External Research, Communication, and Media Interview to the Company

Applicable    Not Applicable

Date	Communication Method	Type of Object	Information Discussed and Materials offered
April 8, 2021	Other	Individual Investors	JMC Operating highlights
May 14, 2021	Other	Individual Investors	JMC Operating highlights

## Chapter IV Corporate Governance Structure

### 1. Status of the Corporate Governance in JMC

During the reporting period, the Company strictly abided by the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies in China, the Rules Governing Listing of Stock on Shenzhen Stock Exchange, as well as relevant laws and regulations, to carry out corporate governance activities and continued to improve its corporate governance.

Whether there are significant differences between the actual situation of corporate governance in the company and the laws, administrative regulations and that of regulations on corporate governance of listed companies promulgated by CSRC

Yes No

There is no significant difference between the actual situation of corporate governance in JMC and the laws, administrative regulations and that of regulations on corporate governance of listed companies promulgated by CSRC.

### 2. Separation between JMC and the Controlling Shareholders and actual controller in respect of Personnel, Assets and Finance, and Independence concerning Organization and Business:

(1) With respect to personnel matters, the positions of chairman and president are held by different individuals; JMC's senior management do not hold positions other than director positions with its controlling shareholders; JMC senior management personnel are paid by JMC; labor, personnel matters and compensation management of JMC are completely independent.

(2) With respect to assets, JMC assets are complete. The assets utilized by JMC, including production system, supporting production system and peripheral facilities, and non-patent technology, are owned and/or controlled by JMC.

(3) With respect to finance, JMC has an independent finance department and independent accounting system, and has a uniform and independent accounting system and financial control system for its branches and subsidiaries. JMC has its own bank accounts, and there are no bank accounts jointly owned by JMC and its controlling shareholders. JMC pays taxes independently in accordance with relevant laws.

(4) With respect to organization, JMC's organization is independent, complete and scientifically established with a sound and efficient operating mechanism. The establishment and the operation of JMC's corporate governance are strictly carried out per the Articles of Association of JMC. Production and administrative management are independent from the controlling shareholders. JMC has established an organization structure that meets the need for ongoing development.

(5) With respect to business, JMC has independent purchasing, production and sales systems. The purchasing, production and sales of main materials and products are carried out through its own purchasing, production & sales functions. JMC is independent from the controlling shareholders in respect to its business,

and has independent and complete business and self-sufficient operating capability.

### 3. Horizontal Competition

Applicable Not Applicable

### 4 Introduction to the Shareholders' Meetings Held in the Reporting Period

#### (1) Index to the Shareholders' Meeting in the reporting period

In 2021, the Company has hold four Shareholders' Meetings, and the relevant contents are as follows:

#### Meeting 1: 2021 First Special Shareholders' Meeting

The meeting type: special shareholders' meeting

Investor participation ratio: 75.92%

Convening date: January 25, 2021

Disclosure date: January 26, 2021

The meeting resolution: approved the proposal on the capital increase to JMC Heavy Duty Vehicle Co., Ltd., a wholly owned subsidiary of JMC.

#### Meeting2: 2021 Second Special Shareholders' Meeting

The meeting type: special shareholders' meeting

Investor participation ratio: 75.44%

Convening date: May 25, 2021

Disclosure date: May 26, 2021

The meeting resolution: approved the proposal on the sale of 100% of the equities of JMC Heavy Duty Vehicle Co., Ltd., a wholly owned subsidiary of JMC, through the public bidding process.

#### Meeting3: 2020 Annual Shareholders' Meeting

The meeting type: annual shareholders' meeting

Investor participation ratio: 75.92%

Convening date: June 25, 2021

Disclosure date: June 26, 2021

The meeting resolutions:

1. approved the 2020 Work Report of the Board of Directors of JMC;
2. approved the 2020 Work Report of the Supervisory Board of JMC;
3. approved the 2020 Financial Statements of JMC;
4. approved the Proposal on JMC Profit Distribution for Year 2020;
5. approved the Proposal on Retaining PricewaterhouseCoopers Zhong Tian CPAs LLP as External Auditor from 2022 to 2024 with Annual Audit Fee of RMB 1.88 million;
6. approved the Proposal on Retaining PricewaterhouseCoopers Zhong Tian CPAs LLP as the C-Sox Auditor from 2022 to 2024 with Annual Audit Fee of RMB 440 thousand;
7. approved the Proposal on the Y2021 Routine Related Party Transaction Framework with JMCG Finance Company;
8. approved the Proposal on the Y2021 Routine Related Party Transaction Framework with Jiangling Motors Group Co., Ltd. and its subsidiaries;
9. approved the Proposal on the Y2021 Routine Related Party Transaction Framework with Ford Motor Company and its subsidiaries;

10. approved the Proposal on the Y2021 Routine Related Party Transaction Framework with Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd. and its subsidiaries;
11. approved the Proposal on the Y2021 Routine Related Party Transaction Framework with China South Industries Group Corporation and its subsidiaries;
12. approved the Proposal on the Y2021 Routine Related Party Transaction Framework with Jiangxi Huaxiang Auto Components Co., Ltd.;
13. approved the Proposal on the Y2021 Routine Related Party Transaction Framework with Nanchang Baojiang Steel Processing Distribution Co., Ltd.;
14. approved the Proposal on the Y2021 Routine Related Party Transaction Framework with GETRAG (Jiangxi) Transmission Company;
15. approved the Proposal on the Y2021 Routine Related Party Transaction Framework with Jiangxi Jiangling Lear Interior System Co., Ltd.;
16. approved the Proposal on the Y2021 Routine Related Party Transaction Framework with Nanchang Faurecia Emissions Control Technologies Co., Ltd.;
17. approved the Proposal on Electing Ms. Xiong Chunying as a Director of the Tenth Board of Directors of the Company.

### Meeting 3: 2021 Third Special Shareholders' Meeting

The meeting type: special shareholders' meeting

Investor participation ratio: 75.13%

Convening date: October 18, 2021

Disclosure date: October 19, 2021

The meeting resolutions:

1. approved the Proposal on Amendment to the Articles of Association of JMC (Year 2021);
2. approved the Proposal on Electing Mr. Yu Zhuoping as an Independent Director of the Tenth Board of Directors of JMC;
3. approved the Proposal on Electing Mr. Zhang Yangyang as a Supervisor of JMC;
- 4.01. approved the Proposal on Electing Mr. Yuan Mingxue as a Director of the Tenth Board of Directors of JMC;
- 4.02. approved the Proposal on Electing Mr. Ryan Anderson as a Director of the Tenth Board of Directors of JMC.

(2) Special Shareholders' Meeting convened by preferred-shareholders whose voting rights were restored

Applicable Not Applicable

### 5. Directors, supervisors and senior managers

#### (1) Basic information

Name	Position	Gender	Age	Term of Office	Shares at the period-beginning	Stock options	restricted stock	Share Change in the reporting period	Shares at the period-end
Qiu Tiangao	Chairman	Male	55	2020.06.19 - 2023.06.18	0	0	0	0	0
Manto Wong	Vice Chairman	Male	59	2021.06.25 -	0	0	0	0	0



				2023.06.18					
Ryan Anderson	Director	Male	48	2021.10.18 - 2023.06.18	0	0	0	0	0
Xiong Chunying	Director & President	Female	57	2021.06.25 - 2023.06.18	1,200	0	0	0	1,200
Jin Wenhui	Director & EVP	Male	54	2020.06.19 - 2023.06.18	0	0	0	0	0
Yuan Mingxue	Director	Male	53	2021.10.18 - 2023.06.18	0	0	0	0	0
Chen Jiangfeng	Independent Director	Male	42	2020.06.19 - 2023.06.18	0	0	0	0	0
Wang Yue	Independent Director	Female	43	2020.06.19 - 2023.06.18	0	0	0	0	0
Yu Zhuoping	Independent Director	Male	61	2021.10.18 - 2023.06.18	0	0	0	0	0
Xiao Hu	Chief supervisor	Male	53	2020.06.19 - 2023.06.18	0	0	0	0	0
Zhang Yangyang	Supervisor	Male	45	2021.10.18 - 2023.06.18	0	0	0	0	0
Zhang Jian	Supervisor	Male	52	2020.06.19 - 2023.06.18	40	0	0	0	40
Ma Jian	Supervisor	Male	46	2022.03.16 - 2023.06.18	0	0	0	0	0
Li Yanling	Supervisor	Female	44	2022.03.16 - 2023.06.18	0	0	0	0	0
Joey Zhu	CFO	Male	39	2021.10.01 - 2023.06.18	0	0	0	0	0
Ding Wenmin	VP	Male	49	2020.06.19 - 2023.06.18	0	0	0	0	0
Erik Hermann	VP	Male	47	2021.02.01 - 2023.06.18	0	0	0	0	0
Wu Xiaojun	VP	Male	47	2020.06.19 - 2023.06.18	0	0	0	0	0
Xu Lanfeng	VP & Board Secretary	Female	52	2021.04.01 - 2023.06.18	0	0	0	0	0
Liu Shuying	VP	Female	59	2020.06.19 - 2023.06.18	0	0	0	0	0
Jerry Lin	VP	Male	45	2020.08.01 -	0	0	0	0	0

				2023.06.18					
Liu Rangpo	VP	Male	48	2021.04.01 - 2023.06.18	0	0	0	0	0
Xiang Dongping	VP	Male	46	2021.09.01 - 2023.06.18	0	0	0	0	0
Wu Jiehong	VP	Female	45	2021.10.01 - 2023.06.18	0	0	0	0	0
Yang Shenghua	VP	Male	41	2021.12.01 - 2023.06.18	0	0	0	0	0
Anning Chen	Ex-Vice Chairman	Male	60	2020.06.19 - 2021.06.25	0	0	0	0	0
Wan Jianrong	Ex-Director	Male	56	2020.06.19 - 2021.10.18	0	0	0	0	0
Thomas Peter Hilditch	Ex-Director	Male	44	2020.06.19 - 2021.10.18	0	0	0	0	0
Manto Wong	Ex-President	Male	59	2020.06.19 - 2021.06.25	0	0	0	0	0
Li Xianjun	Ex-Independent Director	Male	54	2020.06.19 - 2021.10.18	0	0	0	0	0
Alvin Qing Liu	Ex-Supervisor	Male	64	2020.06.19 - 2021.10.18	0	0	0	0	0
Ding Zhaoyang	Ex-Supervisor	Male	52	2020.06.19 - 2022.03.15	20	0	0	0	20
Chen Guang	Ex-Supervisor	Male	48	2020.06.19 - 2022.03.15	0	0	0	0	0
Li Weihua	Ex-CFO	Female	44	2020.06.19 - 2021.09.30	0	0	0	0	0
Wan Hong	Ex-VP	Male	60	2020.06.19 - 2021.03.31	0	0	0	0	0
Li Xiaojun	Ex-VP	Male	46	2020.06.19 - 2021.09.01	0	0	0	0	0
Milton Wong	Ex-VP	Male	47	2020.06.19 - 2021.01.31	0	0	0	0	0
Luo Xiaofang	Ex-VP	Female	43	2020.06.19 - 2021.11.30	0	0	0	0	0
Yu Jianbin	Ex-VP	Male	53	2020.06.19 - 2021.12.17	0	0	0	0	0
Xiong Yi	Ex-VP	Male	46	2021.04.01 -	0	0	0	0	0

				2021.08.31					
Total					1260	0	0	0	1260

Whether there are any outgoing Directors and Supervisors and the dismissal of senior management personnel during the reporting period?

Yes  No

Changes of Directors, Supervisors and Senior Management

Applicable  Not Applicable

Name	Position	Status	Date	Reason
Manto Wong	Vice Chairman	elected	2021.06.25	Work need.
Xiong Chunying	Director	elected	2021.06.25	Work need.
Ryan Anderson	Director	elected	2021.10.18	Work need.
Yuan Mingxue	Director	elected	2021.10.18	Work need.
Yu Zhuoping	Independent Director	elected	2021.10.18	Work need.
Zhang Yangyang	Supervisor	elected	2021.10.18	Work need.
Ma Jian	Supervisor	elected	2022.03.16	Work need.
Li Yanling	Supervisor	elected	2022.03.16	Work need.
Xiong Chunying	President	employment	2021.05.01	Appointment due to work need.
Joey Zhu	CFO	employment	2021.10.01	Appointment due to work need.
Eric Hermann	VP	employment	2021.02.01	Appointment due to work need.
Xu Lanfeng	VP	employment	2021.04.01	Appointment due to work need.
Liu Rangpo	VP	employment	2021.04.01	Appointment due to work need.
Xiong Yi	VP	employment	2021.04.01	Appointment due to work need.
Xiang Dongping	VP	employment	2021.09.01	Appointment due to work need.
Wu Jiehong	VP	employment	2021.10.01	Appointment due to work need.
Yang Shenghua	VP	employment	2021.12.01	Appointment due to work need.
Aning Chen	Ex-Vice Chairman	Leave	2021.06.25	Work rotation.
Wan Jianrong	Ex-Director	Leave	2021.10.18	Work rotation.
Thomas Peter Hilditch	Ex-Director	Leave	2021.10.18	Work rotation.
Manto Wong	Ex-President	Leave	2021.06.25	Work rotation.
Li Xianjun	Ex-Independent Director	Leave	2021.10.18	The term of office has expired.
Alvin Qing	Ex-	Leave	2021.10.18	Work rotation.

Liu	Supervisor			
Ding Zhaoyang	Ex-Supervisor	Leave	2022.03.15	Work rotation.
Chen Guang	Ex-Supervisor	Leave	2022.03.15	Work rotation.
Li Weihua	Ex-CFO	Leave	2021.09.30	Work rotation.
Wan Hong	Ex-VP	Leave	2021.03.31	Retired.
Li Xiaojun	Ex-VP	Leave	2021.08.31	Work rotation.
Milton Wong	Ex-VP	Leave	2021.01.31	Work rotation.
Luo Xiaofang	Ex-VP	Leave	2021.11.30	Work rotation.
Yu Jianbin	Ex-VP	Leave	2021.12.16	Work rotation.
Xiong Yi	Ex-VP	Leave	2021.08.31	Resign.

## (2). Employment

Particulars about working experience of Directors, Supervisors and senior management:

### **Directors:**

Mr. Qiu Tiangao, born in 1966, holds a Bachelor Degree in Mechanical Manufacturing and a Master Degree in Industrial Engineering from Huazhong University of Science and Technology, and is Chairman of JMCG, Chairman of Nanchang Jiangling Investment Co., Ltd., and Chairman of JMC. Mr. Qiu Tiangao held various positions including General Manager, Chairman of Nanchang Gear Co., Ltd., Chairman of Jiangxi JMCG Gear Co., Ltd., Vice President of Jiangling Motor Holdings Co., Ltd., and Director & General Manager of JMCG.

Mr. Manto Wong, born in 1962, holds a Bachelor's Degree in Computer Engineering and a Master's Degree in Business Administration from the University of Michigan, U.S.A., and is General manager of Commercial Vehicle Division for Ford Motor (China) Ltd., and Vice Chairman of JMC. Mr. Manto Wong held various positions including Manger of U.S. Market Analysis Department of Ford, Chief Financial Officer of JMC, President of JMC, Chief Financial Officer of Ford Japan operations, Director of Business Strategy for Asia Pacific of Ford, Vice President and Chief Financial Officer for Ford Motor (China) Ltd., and Vice President of Finance for Chang'an Ford, President of JMC.

Mr. Ryan Anderson, born in 1973, holds a Bachelor's degree in Economics from University of Chicago and a Master's degree in Business Administration from University of Michigan - Ann Arbor, and is Director and CFO of Ford Motor (China) Ltd., Director of JMC, Director of Chang'an Ford Automobile Limited and Fuqi Trading (Shanghai) Ltd., and Chairman of Ford Blue Mache Technology (Nanjing) Co., Ltd. Mr. Ryan Anderson has held various positions including Treasurer of Ford Europe, Product Development Controller, Marketing & Sales Controller of Ford Asia Pacific, Director of Corporate Financial Planning and Analysis for Ford Motor Company.

Ms. Xiong Chunying, born in 1964, senior engineer, holds a Bachelor Degree in Automobile Engineering from Jiangsu Engineering College, a Master Degree in

Industrial Economics from Jiangxi University of Finance and Economics and an EMBA Degree from China Europe International Business School, and is President and a Director of JMC, in charge of the Company's product research and development. Ms. Xiong Chunying held various positions including Chief of Quality Management Department, Assistant to the President, Vice President, and Director for JMC.

Mr. Jin Wenhui, born in 1967, senior engineer, holds a Bachelor's Degree in Mechanical Manufacturing, a Master's Degree in Mechanical Engineering from Huazhong University of Science and Technology and an EMBA Degree in China Europe International Business School, and is Director & First Executive Vice President of JMC, in charge of marketing sales & service, and assist the President to manage the Company. Mr. Jin Wenhui held various positions including Chief of Manufacturing Department, Assistant to the President, Vice President for JMC, Director, General Manager of JMCG Jingma Motors Co., Ltd., and Executive Vice General Manager of Jiangxi-Isuzu Motors Co., Ltd., and Executive Vice President of JMC.

Mr. Yuan Mingxue, born in 1968, holds a Bachelor's degree in Auto Engineering from Beijing Institute of Technology and an EMBA from China Europe International Business School, and is Deputy Secretary of the Party Committee, Chairman of the Labor Union, President of Chang'an Automobile University for Chongqing Chang'an Automobile Company Limited and Director of JMC. Mr. Yuan Mingxue has held various positions including Assistant to the President of Chang'an Auto and Executive Vice President of Jiangling Holdings Limited Company, Assistant to the President and Director of Strategy Planning Department for Chang'an Auto, Assistant to the President and Director of Overseas Development Department for Chang'an Auto, Vice President, Executive Vice President of Chang'an Auto.

Mr. Chen Jiangfeng, born in 1979, holds a Bachelor's Degree and Master's Degree in Law from International Law Department, Foreign Affairs College, and is Senior Deputy General Counsel & Executive Director of Gilead (Shanghai) Pharmaceutical Technology Co., and an Independent Director of JMC. Mr. Chen Jiangfeng has held various positions including Legal Counsel of Ford Motor (China) Ltd., Legal Counsel of Ford Motor Research & Engineering (Nanjing) Co., Ltd./Chang'an Ford Mazda Automobile Corporation, Ltd., Nanjing Company/Chang'an Ford Mazda Engine Company, Ltd., Senior Legal Counsel & Compliance Officer of Ford Asia Pacific & Africa, Senior Legal Counsel of BMW China Automotive Trading Ltd., and Member of China Country Council, Head of legal, Director, Merck Healthcare China.

Ms. Wang Yue, born in 1978, holds a Bachelor's Degree in Accountancy from Henan University, a Master's Degree in Accountancy from Zhongnan University of Economics and Law, and a Doctor's Degree in Accountancy from Shanghai University of Financial and Economics, and is an Associate Professor of School of Accountancy for Shanghai University of Financial and Economics, an Independent Director of JMC, an Independent Director of Shanghai Xinhua Media Co., Ltd., an Independent Director of Zhuhai Letong Chemical Co., Ltd., an Independent Director of Jiangsu Hongde Special Components Co., Ltd., and an Independent Director of Guangdong Yangshan United Precision Manufacturing Co., Ltd. Ms. Wang Yue has served as Research Assistant at The Hong Kong Polytechnic

University and China Europe International School, and during 2012~2013, served as Visiting Scholar at Zimmerman Center for University of Illinois at Urbana-Champaign.

Mr. Yu Zhuoping, born in 1960, holds a Bachelor's degree in Mechanical Engineering and a Master's degree in Mechanical Engineering from Tongji University and a Doctor's degree in Automotive Engineering from Tsinghua University, and is Director of Collaborative Innovation Center for Intelligent Energy Vehicles of Tongji University, Chairman of Tongji Automobile Design and Research Institute Co., Ltd., Chairman of Nanchang Jiling New Energy Technology Co. Ltd., a Director of Shanghai Motor Vehicle Inspection Certification & Tech Innovation Center Co., Ltd., a Director of Beijing National Hydrogen Zhonglian Hydrogen Energy Technology Research Institute Co., Ltd., Chairman and General Manager of Shanghai Intelligent New Energy Vehicle Science and Technology Innovation Function Platform Co., Ltd., a Counsellor of Shanghai Municipal People's Government, a Vice President of China Society of Automotive Engineers, a Non-Executive Director of Huazhong In-Vehicle Holdings Company Limited, an Independent Director of Shanghai Haili (Group) Co., Ltd., an Independent Director of Weichai Power Co., Ltd., an Independent Director of Ningbo Shenglong Automotive Powertrain System Co., Ltd., an Independent Director of Huayu Automotive Systems Co., Ltd and an Independent Director of JMC. Mr. Yu Zhuoping held various positions including Director of School of Mechanical Engineering, Executive Deputy Director of New Energy Vehicle Engineering Center, Executive Vice Dean, Dean of School of Automotive Studies for Tongji University, and Assistant to the President of Tongji University.

#### **Supervisors:**

Mr. Xiao Hu, born in 1968, holds a Bachelor's Degree in Radio from Information Science & Electronic Engineering Department of Zhejiang University, and is a member of the Standing Committee of the CPC, the secretary of Discipline Inspection Commission and Chairman of Supervisory Board for JMCG, and Chief Supervisor of JMC. Mr. Xiao Hu has served as a cadre in the General Office of the Nanchang Municipal People's Government, deputy director of the Office of the Working Committee of the Nanchang Hi-tech Industrial Development Zone, deputy director of the Software Industry Office of the Nanchang Hi-tech Industry Development Zone Administrative Committee, deputy head of the Organization Department of the Working Committee of Nanchang Hi-tech Industry Development Zone, deputy director of the Personnel and Labor Bureau of the Nanchang Hi-tech Industry Development Zone Administrative Committee, Head of the Organization Department of the Working Committee of Nanchang Hi-tech Industry Development Zone, and the Director of the Personnel Bureau of the Nanchang Hi-tech Industry Development Zone Administrative Committee.

Mr. Zhang Yangyang, born in 1979, holds a LLB degree in International Law from China Foreign Affairs University and a LLM degree from the University of Michigan Law School (Ann Arbor), is qualified to practice law in People's Republic of China and in the State of New York, the United States of America, and is currently serve as a Director and General Counsel of Ford Motor (China) Ltd., Principle of Beijing Branch for Ford Motor (China) Ltd., a Supervisory of Ford Blue Mache Technology (Nanjing) Co., Ltd., a Supervisor of Ford Blue Mache Auto Sales (Shanghai) Co., Ltd and a Supervisor of JMC. Mr. Zhang Yangyang previously assumed a series

of legal related positions within Ford including Managing Counsel for Ford China and ASEAN region, Senior Counsel for Ford China Operations, etc.

Mr. Zhang Jian, born in 1969, holds a College Degree in Secretarial Professional from North China University of Technology, and is Chairman of JMCG Labor Union, Chairman of Supervisor Board of Nanchang Jiangling Investment Co., Ltd., and a Supervisor of JMC. Mr. Zhang Jian held various positions including Secretary of Chairman and Deputy Director of Office for JMC, Director of Office, Director of Communist Party Office, Chief of Publicity Department for JMCG, Assistant to General Manager of JMCG, and Senior Vice Chairman of JMCG Labor Union.

Mr. Ma Jian, born in 1975, holds a College Degree in Mechanical & Electrical Engineering from Nanchang University of Aeronautical Technology, a Master Degree in Mechanical Engineering from Huazhong University of Science and Technology, and is a Supervisor and Chief of Manufacturing Department for JMC. Mr. Ma Jian held various positions including Lead Engineer, Assistant to the Chief, Deputy Chief of Manufacturing Department for JMC, Director of Nanchang factory for Getrag Powertrain (Jiangxi) Co. Ltd., and Director of Nanchang Factory and Director of DCT Factory for Magna Powertrain (Jiangxi) Co. Ltd.

Ms. Li Yanling, born in 1977, holds a College Degree in Industrial and Trade English from Nanchang University of Aeronautical Technology, a Bachelor Degree in English from Jiangxi Normal University, and is a Supervisor and Deputy Chief of Public Relationship Department for JMC. Ms. Li Yanling held various positions including Assistant to Ford Quality Expert of Quality Control Department, Assistant to Ford Expert of Public Relationship and Legal Affairs Department, Executive Assistant to President, Chief of Translation Office, and Deputy Chief of Public Relationship Department of JMC.

**Senior management:**

Ms. Xiong Chunying, please refer to the part of Directors for her resume.

Mr. Jin Wenhui, please refer to the part of Directors for his resume.

Mr. Joey Zhu, born in 1982, holds a Bachelor's Degree in Accounting from Nanjing University and a Master's Degree in Financial Engineering from Nanyang Technological University, and is CFO of JMC. Mr. Joey Zhu held various positions including PD Profit Planning Manager, Profit Analysis Manager, Admin & IT Controller, and PD Finance Controller for Ford Asia & Pacific, Deputy CFO of CEVT, Sweden, Finance Controller of Byton NEV Company, Senior Business Development Manager, CFO of BEV Division, and BEV Strategic Partnership Development Director for Ford China.

Mr. Ding Wenming, born in 1972, holds a Bachelor's Degree in Automobile Exertion from Wuhan University of Technology, and is a Vice President of JMC, in charge of the Company's product research and development. Mr. Ding Wenming held various positions including Deputy Chief of Product Development Center, Chief of Product Planning & Program Management Department, and Assistant to the President for JMC.

Mr Eric Hermann, born in 1964, holds a Bachelor's Degree in Engineering Mechanical and a Master's Degree in Engineering Mechanical from University of Michigan, and is a Vice President of JMC, in charge of the Company's product research and development. Mr. Eric Hermann held various positions in Ford Motor Company including Light Truck Exhaust Design Engineer, Vehicle NVH Supervisor, VE Launch Leader, Exhaust, AIS & Clutch Supervisor, AIS, Cooling, Exhaust & CAE Manager, BoF Cooling & Mounts Manager, Unibody Exhaust & AIS Manager, and Global AIS Manager, as well as the Director of Powertrain Engineering Department and Assistant President for JMC.

Mr. Wu Xiaojun, born in 1974, holds a Bachelor's Degree from Wuhan University of Technology and a MBA from Jiangxi University of Finance and Economics, and is a Vice President of JMC, CEO of New Energy Division for JMC, Executive Director and General Manager of Jiangling Heavy Vehicle Co., Ltd., in charge of the new energy business of commercial vehicles for the Company. Mr. Wu Xiaojun held various positions including Chief of Quality Department, Assistant to the President for JMC, and Executive Deputy General Manager of JMC Heavy Duty Vehicle Co., Ltd.

Ms. Xu Lanfeng, born in 1969, holds a Bachelor's Degree in Forging Technology and Equipment from Jiangxi Industry University and a MBA from University of International Business and Economics, and is a Vice President and the Board Secretary of JMC, in charge of the Company's human resources and relevant duties of Board Secretary. Ms. Xu Lanfeng held various positions in JMC including Deputy Plant Manager of Framing Plant, Deputy Chief, Chief of Manufacture Department and Assistant to the President of JMC.

Ms. Liu Shuying, born in 1962, senior engineer, holds a Bachelor's Degree in Mechanical Manufacturing from Jiangxi University of Technology, and is a Vice President of JMC, in charge of the Company's product research and development. Ms. Liu Shuying held various positions including Chief of Quality & Supervision Department of Jiangling-Isuzu Motors Company Limited, Director of Product Development Center and Assistant to the President of JMC.

Mr. Jerry Lin, born in 1976, holds a Bachelor's Degree in Aerospace Engineering and a Master's Degree in Aerospace Engineering from Tamkang University, China Taiwan, and is a Vice President of JMC, in charge of manufacturing business of the Company. Mr. Jerry Lin held various positions including AE TCF & Powertrain Lead Engineer, AE TCF & Powertrain Supervisor, TCF MPE Superintendent for Ford Lio Ho Motor Co., Ltd., Program Manager of Ford Motor Company, Plant Launch & FPS Manager, TCF Area Manager, Body Area Manager, and Plant Manager of Chang'an Ford Automobile Co., Ltd.

Mr. Liu Ranbo, born in 1973, holds a Bachelor's Degree in Plastic Forming from Wuhan Automotive Polytechnic University, and is a Vice President for JMC and General Manager of Jiangling Motor Sales Co., Ltd., in charge of commercial vehicle sales business of the Company. Mr. Liu Ranbo held various positions in JMC including Marketing Service Manager for Customer Service Department, Regional Manager for East 3 / East 1 District, JMC Light Truck Brand Manager,



Sales Director of Jiangling Motors Sales General Company, and Deputy General Manager of Jiangling Motor Sales Co., Ltd.

Mr. Xiang Dongping, born in 1975, holds a Bachelor's Degree in Management Engineering from Shanghai Jiao Tong University, a MBA Degree from The Hong Kong Polytechnic University and an EMBA Degree from China Europe International Business School, and is a Vice President for JMC, General Manager of Jiangling Ford Motor Technology (Shanghai) Co., Ltd., in charge of the passenger vehicle sales business of the Company. Mr. Xiang Dongping held various positions including Executive Director and Senior Director of Sales for Shanghai Volkswagen Brand Marketing Division, Vice General Manager of Shanghai Automotive International Trading Co., Ltd. and General Manager of SAIC International Marketing Center, Executive Vice-President of Volvo Cars China Sales Co. Ltd., Co-founder & Chief Marketing Officer of ENOVATE, Vice President of Hyundai Motor Group (China) and Vice-General Manager & Sales Director of Beijing Hyundai Motor Co., Ltd.

Ms. Wu Jiehong, born in 1976, holds a Bachelor's Degree in Finance Management from Nanchang University and a MBA from Jiangxi University of Finance and Economics, and is a Vice President for JMC, in charge of the strategic development of the Company and assist the CFO to support the financial work. Ms. Wu Jiehong held various positions including Assistant to the Chief of Financial Department, Chief of Internal Audit Office, and Chief of Financial Department for JMC, Finance Manager for Ford APA, Chief of Planning Department, and Assistant to the President for JMC.

Mr. Yang Shenghua, born in 1980, holds a Bachelor's Degree in English Language & Literature from Huazhong University of Science and Technology and a Master's Degree in Business Administration from Nanjing University, and is a Vice President of JMC, in charge of purchasing business of the Company. Mr. Yang Shenghua held various positions including Program Purchasing Supervisor of Chang'an Ford Automobile Co., Ltd., Program Purchasing Manager, and Purchasing Strategy & Program Director for JMC.

Positions at the shareholder entities

Applicable  Not Applicable

Name	Shareholder Entity	Title	Term of Office	Compensation Paid by Shareholder Entity (Y/N)
Qiu Tiangao	JIC	Chairman	2019.05.28	N
Manto Wong	Ford	General manager of Commercial Vehicle Division, Ford China	2021.05.01	Y
Ryan Anderson	Ford	CFO, Ford China	2021.06.01	Y
Jin Wenhui	JIC	Director	2019.05.28	N
Yuan Mingxue	JIC	Director	2019.05.28	N
Zhang Jian	JIC	Chief supervisor	2019.05.28	N
Description of the positions in the shareholder entities			None.	

Particulars about positions and concurrent positions in other entities

Applicable  Not Applicable

Name	Entity	Title	Compensation Paid by Other Entities (Y/N)
Qiu Tiangao	JMCG	Chairman, Legal Representative	Y
Qiu Tiangao	Jiangxi SUZU Co., Ltd.	Chairman, Legal Representative	N
Qiu Tiangao	JMCG New Energy Vehicle Co., Ltd.	Chairman, Legal Representative	N
Qiu Tiangao	Nanchang Jiangling Investment Co. Ltd.	Chairman, Legal Representative	N
Qiu Tiangao	Nanchang Intelligent New Energy Vehicle Research Institute	Chairman	N
Manto Wong	Ford Motor (China) Ltd.	General Manager of Commercial Vehicle Division	N
Ryan Anderson	Ford Motor (China) Ltd.	Director, Chief Financial Officer	N
Ryan Anderson	Chang'an Ford Automobile Co., Ltd.	Director	N
Ryan Anderson	Ford Shuttle Trading (Shanghai) Co., Ltd.	Director	N
Ryan Anderson	Lincoln Automobile Sales Service (Shanghai) Co., Ltd	Director	N
Ryan Anderson	Ford blue Mach Technology (Nanjing) Co., Ltd	Chairman	N
Jin Wenhui	JMCG	Director	N
Jin Wenhui	Jiangling Ford Motor Technology (Shanghai) Co., Ltd.	Chairman	N
Jin Wenhui	Jiangling Motor Sales Co., Ltd.	Executive Director, Legal Representative	N
Jin Wenhui	Hanon Systems (Nanchang) Co., Ltd.	Vice Chairman	N
Jin Wenhui	Guangzhou Fujiang New Energy Automobile Sales Co., Ltd.	Executive Director, Legal Representative	N
Yuan Mingxue	Chongqing Chang'an Automobile Company Limited	Chairman of the Labor Union	Y
Yuan Mingxue	Chang'an Automobile University	President	N
Chen Jiangfeng	Gilead (Shanghai) Pharmaceutical Technology Co., Ltd.	Executive Director, Senior Deputy General Counsel	Y
Wang Yue	Shanghai University of Finance and Economics	Associate Professor	Y
Wang Yue	Shanghai XinHua Media Co., Ltd.	Independent	Y

		Director	
Wang Yue	Zhuhai Letong Chemical Co., Ltd.	Independent Director	Y
Wang Yue	Jiangsu Hongde Special Parts Co., Ltd.	Independent Director	Y
Wang Yue	Guangdong Yangshan United Precision Manufacturing Co., Ltd.	Independent Director	Y
Yu Zhuoping	Tongji Automobile Design and Research Institute Co., Ltd.	Chairman	N
Yu Zhuoping	Nanchang Jiling New Energy Technology Co., Ltd.	Chairman	N
Yu Zhuoping	Shanghai Motor Vehicle Inspection Certification & Tech Innovation Center Co., Ltd.	Director	Y
Yu Zhuoping	Beijing National Hydrogen Zhonglian Hydrogen Energy Technology Research Institute Co., Ltd.	Director	N
Yu Zhuoping	Shanghai Intelligent New Energy Vehicle Science and Technology Innovation Function Platform Co., Ltd.	Chairman & President	N
Yu Zhuoping	Shanghai Haili (Group) Co., Ltd.	Independent Director	Y
Yu Zhuoping	Huayu Automotive Systems Co., Ltd.	Independent Director	Y
Yu Zhuoping	Weichai Power Co., Ltd.	Independent Director	Y
Yu Zhuoping	Ningbo Shenglong Automotive Powertrain System Co., Ltd.	Independent Director	Y
Yu Zhuoping	Huazhong In-Vehicle Holdings Company Limited	Non-executive Director	Y
Yu Zhuoping	Shanghai Municipal People's Government	Counsellor	N
Yu Zhuoping	China Society of Automotive Engineers	Vice Chairman	N
Xiao Hu	JMCG	Chief Supervisor	Y
Xiao Hu	JMCG Jingma Motors Co., Ltd.	Supervisor	N
Xiao Hu	Jiangxi Jiangling Group Special Vehicle Co., Ltd.	Supervisor	N
Xiao Hu	Jiangxi Jiangling Chassis Co., Ltd.	Supervisor	N
Xiao Hu	Jiangling Dingsheng Investment Co., Ltd.	Supervisor	N
Xiao Hu	Jiangxi Jiangling Real Estate Co., Ltd.	Chief Supervisor	N
Zhang Yangyang	Ford Motor (China) Ltd.	Director, General Counsel, Principal of Beijing Branch	Y
Zhang	Ford Motor Research (Nanjing)	Supervisor	N

Yangyang	Co., Ltd.		
Zhang Yangyang	Ford Motor Research Test(Nanjing) Co., Ltd.	Supervisor	N
Zhang Yangyang	Ford Shuttle Trading (Shanghai) Co., Ltd.	Supervisor	N
Zhang Yangyang	Lincoln Automobile Sales Service (Shanghai) Co., Ltd.	Supervisor	N
Zhang Yangyang	Jiangling Ford Motor Technology (Shanghai) Co., Ltd.	Supervisor	N
Zhang Yangyang	Ford blue Mach Technology (Nanjing) Co., Ltd.	Supervisor	N
Zhang Yangyang	Ford Blue Mach Technology (Nanjing) Co., Ltd.	Supervisor	N
Zhang Jian	JMCG	Chairman of the Labor Union	Y
Zhang Jian	Nanchang Jiangling Investment Co. Ltd.	Chief Supervisor	N
Zhang Jian	JMCG New Energy Automobile Co. Ltd.	Supervisor	N
Zhang Jian	Jiangxi Jiangling Special-Purpose Vehicle Co., Ltd.	Supervisor	N
Zhang Jian	Jiangxi JMCG Specialty Vehicles Co., Ltd.	Supervisor	N
Zhang Jian	Nanchang Gear Co., Ltd.	Chief Supervisor	N
Zhang Jian	JMCG Finance Co., Ltd.	Chief Supervisor	N
Zhang Jian	Jiangxi Lingrui Renewable Resources Development Co., Ltd.	Supervisor	N
Zhang Jian	Jiangxi Jiangling Real Estate Co.,Ltd	Supervisor	N
Zhang Jian	Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	Chief Supervisor	N
Zhang Jian	Magna Powertrain (Jiangxi) Co. Ltd.	Supervisor	N
Zhang Jian	Jiangxi Yizhizhixing Automobile Operation Service Co., Ltd.	Supervisor	N
JoeyZhu	Jiangling Ford Motor Technology (Shanghai) Co., Ltd.	Director	N
JoeyZhu	Hanon Systems (Nanchang) Co., Ltd.	Director	N
JoeyZhu	Guangzhou Fujiang New Energy Automobile Sales Co., Ltd.	Supervisor	N
Ding Wenming	JMCG	Director	N
Wu Xiaojun	JMC Heavy Duty Vehicle Co., Ltd.	Executive Director, General Manager	N
Wu Xiaojun	Shenzhen Fujiang New Energy Automobile Sales Co., Ltd.	Executive Director	N
Wu Xiaojun	Shanxi Yunnei Power Co., Ltd.	Director	N
Wu Jiehong	JMC Heavy Duty Vehicle Co.,	Supervisor	N

	Ltd.		
Wu Jiehong	Shenzhen Fujiang New Energy Automobile Sales Co., Ltd.	Supervisor	N
Wu Jiehong	Shanxi Yunnei Power Co., Ltd.	Director	N
Liu Rangpo	Jiangling Ford Motor Technology (Shanghai) Co., Ltd.	Director	N
Liu Rangpo	Jiangling Motor Sales Co., Ltd.	General Manager	N
Xiang Dongping	Jiangling Ford Motor Technology (Shanghai) Co., Ltd.	General Manager	N
Description of the positions in other entities		None	

Penalties from securities regulator to the present and resigned Directors, Supervisors and senior executives in the recently three years

Applicable Not Applicable

#### (4). Compensation of Directors, Supervisors and Senior Executives

Decision-making procedure, determination of basis, and actual payment regarding the compensation of the Directors, Supervisors and senior executives

Directors and Supervisors who did not concurrently hold other management positions in JMC were not paid by JMC. Director Qiu Tiangao, Supervisor Xiao Hu and Supervisor Zhang Jian were paid by JMCG. Director Manto Wong, Director Ryan Anderson and Supervisor Zhang Yangyang were paid by Ford. Director Yuan Mingxue were paid by Chongqing Chang'an Automobile Co., Ltd.

(a) In accordance with JMC Executive Compensation Scheme approved by the Board of Directors, the compensation for the Chinese-side senior management consists of base salary and floating bonus. The base salary level is determined according the grade of the senior executives, and the floating bones shall be paid according to the operating performance. 70% of the bonus will be distributed in this year, and the rest 30% will be distributed in the next three years. In 2021, the Company paid annual compensation before tax of approximately RMB 2,010 thousand to First EVP Jin Wenhui, paid approximately RMB 1,450thousand to VP Ding Wenming, paid approximately RMB 1,610thousand to VP Wu Xiaojun, paid approximately RMB 1,380thousand to VP & Board Secretary Xu Lanfeng, paid approximately RMB 1,420 thousand to VP Liu Shuying, paid approximately RMB 1,730 thousand to VP Liu Rangpo, paid approximately RMB 1,320 thousand to VP Wu Jiehong, paid annual compensation before tax of approximately RMB 820 thousand per person to two Ex-employee-representative Supervisors, Mr. Ding Zhaoyang and Mr. Chen Guang, paid approximately RMB 1,390 thousand to Ex-EVP Xiong Chunying, paid approximately RMB 720 thousand to Ex-VP Wan Hong, paid approximately RMB 1,150 thousand to Ex-VP Li Xiaojun, paid approximately RMB 1,280 thousand to Ex-VP Yu Jianbin. The total compensation before tax paid by JMC for the aforesaid persons was about RMB 17.10 million in the reporting period, including the long-term incentive of RMB 1,100 thousand deferred from the previous years.

(b) JMC pays annual compensation for Ford-seconded senior management personnel to Ford in accordance with the Personnel Secondment Agreement signed between JMC and Ford & Ford Affiliates. In 2021, the Company should pay approximately RMB 730 thousand to Ford for Director and President Xiong Chunying, pay approximately RMB 280 thousand for CFO Joey Zhu, pay US\$470

thousand for Vice President Erik Hermann, pay RMB 1,100 thousand for Vice President Jerry Lin, pay RMB 370 thousand for Vice President Xiang Dongping, pay RMB 1,100 thousand for Vice President Yang Shenghua, pay US\$170 thousand for Ex-President Manto Wong, pay US\$40 thousand for Ex-Vice President Milton Wong, pay RMB 830 thousand for Ex-CFO Li Weihua, pay RMB 1,100 thousand for Ex-Vice President Luo Xiaofang. These payments made by JMC to Ford do not reflect the actual salaries earned by Ford-seconded senior management.

(c) Pursuant to the resolutions of JMC 2011 Annual Shareholder's Meeting, the annual compensation for the JMC Independent Directors is RMB 100 thousand per person, and JMC bears their travel-related expenses associated with JMC's business. In 2021, the Company paid annual compensation before tax of RMB 100 thousand to Independent Director Chen Jiangfeng, paid annual compensation before tax of RMB 100 thousand to Independent Director Wang Yue, paid annual compensation before tax of RMB 20 thousand to Independent Director Yu Zhuoping, paid annual compensation before tax of RMB 80 thousand to Ex-Independent Director Li Xianjun.

Table on compensation of the Directors, Supervisors and senior executives in the reporting period

Unit: RMB' 000

Name	Position	Gender	Age	Present (Y/N)	Compensation Before Tax Paid by JMC	Compensation Paid by Related Party (Y/N)
Qiu Tiangao	Chairman	Male	55	Y	0	Y
Manto Wong	Vice Chairman	Male	59	Y	*	Y
Ryan Anderson	Director	Male	48	Y	0	Y
Xiong Chunying	Director & President	Female	57	Y	1,390*	N
Jin Wenhui	Director & EVP	Male	54	Y	2,010	N
Yuan Mingxue	Director	Male	53	Y	0	Y
Chen Jiangfeng	Independent Director	Male	42	Y	100	N
Wang Yue	Independent Director	Female	43	Y	100	N
Yu Zhuoping	Independent Director	Male	61	Y	20	N
Xiao Hu	Chief supervisor	Male	53	Y	0	Y
Zhang Yangyang	Supervisor	Male	45	Y	0	Y
Zhang Jian	Supervisor	Male	52	Y	0	Y
Joey Zhu	CFO	Male	39	Y	*	Y
Ding Wenming	VP	Male	49	Y	1,450	N
Erik Hermann	VP	Male	47	Y	*	Y
Wu Xiaojun	VP	Male	47	Y	1,610	N
Xu Lanfeng	VP & Board Secretary	Female	52	Y	1,380	N
Liu Shuying	VP	Female	59	Y	1,420	N

Jerry Lin	VP	Male	45	Y	*	Y
Liu Rangpo	VP	Male	48	Y	1,730	N
Xiang Dongping	VP	Male	46	Y	*	Y
Wu Jiehong	VP	Female	45	Y	1,320	N
Yang Shenghua	VP	Male	41	Y	*	Y
Anning Chen	Ex-Vice Chairman	Male	60	N	0	Y
Wan Jianrong	Ex-Director	Male	56	N	0	Y
Thomas Peter Hilditch	Ex-Director	Male	44	N	0	Y
Manto Wong	Ex- President	Male	59	N	*	Y
Li Xianjun	Ex-Independent Director	Male	54	N	80	N
Alvin Qing Liu	Ex-Supervisor	Male	64	N	0	Y
Ding Zhaoyang	Ex-Supervisor	Male	52	Y	820	N
Chen Guang	Ex-Supervisor	Male	48	Y	820	N
Li Weihua	Ex-CFO	Female	44	N	*	Y
Wan Hong	Ex-VP	Male	60	N	720	N
Li Xiaojun	Ex-VP	Male	46	N	1,150	N
Milton Wong	Ex-VP	Male	47	N	*	Y
Luo Xiaofang	Ex-VP	Female	43	N	*	Y
Yu Jianbin	Ex-VP	Male	53	N	1,280	N
Xiong Yi	Ex-VP	Male	46	N	*	Y
Total	-	-	-	-	17,400	-

\*See the instructions in the previous paragraph.

## 6. Directors' Performance of Duty

### (1) Introduction to the Board of Directors

Meeting	Convening Date	Disclosure Date	Meeting Resolutions
Paper Meeting	2021.01.05-01.08	2021.01.09	1.agreed the proposal on capital increase to JMCH. 2.approved the Notice on Holding 2021 First Special Shareholders' Meeting of JMC.
Paper Meeting	2021.01.15-01.20	2021.01.22	approved MC 2020 Second Half Assets Impairment Provisions& Write-off proposal.
Paper Meeting	2021.01.22-01.28	2021.01.30	approved the personnel changes of senior executives.
Paper Meeting	2021.01.28-02.04	2021.02.06	approved <i>CX756 Vehicles Cooperation Contract</i> among Ford Motor Company, Ford Global Technologies, LLC and the Company.
Fourth Session of the Tenth Board	2021.03.26	2021.03.27	approved the personnel changes of senior executives.
Paper Meeting	2021.03.27		approves the L536 program KO.
Paper Meeting	2021.03.17-03.26	2021.03.30	1. Proposal on Year 2020 Profit Distribution;

			<p>2. approved the 2020 Annual Report of the Company and the Extracts from such Annual Report.</p> <p>3. approved the 2020 Work Report of the Board of Directors of the Company.</p> <p>4. approved the Company's 2020 Financial Statements.</p> <p>5. approved the Company's 2020 Internal Control Self-assessment Report.</p> <p>6. approved the Company's 2020 Corporate Social Responsibility Report.</p> <p>7. approved JMCG Finance Company Continuous Risk Assessment Report.</p> <p>8. approved retaining PricewaterhouseCoopers Zhong Tian CPAs LLP as external auditor and the C-Sox Auditor from 2022 to 2024.</p>
Paper Meeting	2021.04.19-04.27	2021.04.28	approved the 2021 First Quarter Report of the Company.
Paper Meeting	2021.04.21-04.27	2021.04.29	approved the personnel changes of senior executives.
Paper Meeting	2021.04.30		<p>1. approved the Articles of Association of Shanxi Yunnei Power Co., Ltd.</p> <p>2. approved the Appointment of Directors for Shanxi Yunnei Power Co., Ltd.</p>
Paper Meeting	2021.04.30-05.06	2021.05.08	<p>1. approved the proposal on the sale of 100% of the equities of JMC Heavy Duty Vehicle Co., Ltd., a wholly owned subsidiary of JMC, through the public bidding process;</p> <p>2. approved the Notice on Holding 2021 Second Special Shareholders' Meeting of JMC.</p>
Paper Meeting	2021.05.21-05.27	2021.05.29	Approved the <i>FE Credits Trading Agreement</i> among Jiangling Holdings Limited, Jiangling Motors Group Co., Ltd. and the Company, and the <i>FE Credits Trading Agreement</i> between JMCG New Energy Vehicle Co., Ltd. and the Company.
Paper Meeting	2021.05.21-05.18	2021.06.01	<p>1. approved the proposal on the personnel changes of Directors;</p> <p>2. approved the Notice on Holding 2020 Annual Shareholders' Meeting of JMC.</p>
Fifth Session of the Tenth Board	2021.06.25	2021.06.29	Elected the Vice Chairman and members of the special committees under the Board of Directors.
Paper Meeting	2021.06.25		1. approved the V362C MCA Program;



			2. approved the V363C program phase II long lead funding; 3. approved the N822 program; 4. approved the T360 program Phase II long lead funding.
Paper Meeting	2021.07.13		approved the P789 program Phase II long lead funding.
Paper Meeting	2021.08.23	2021.08.24	approved the personnel changes of senior executives.
Paper Meeting	2021.08.19-08.26	2021.08.28	1. approved JMC 2021 Half-year Report and the Extracts from JMC 2021 Half-year Report. 2. approved JMCG Finance Company Continuous Risk Assessment Report.
Sixth Session of the Tenth Board	2021.09.24	2021.09.25	approved the personnel changes of senior executives.
Paper Meeting	2021.09.24-09.26		approved the changes of Directors of JMCH.
Paper Meeting	2021.09.25	2021.09.27	Approved the Joint Venture and Shareholders Agreement of Jiangling Ford Joint Venture Company between Ford Motor Company and JMC.
Paper Meeting	2021.09.25		1. approved the Articles of Association of Jiangling Ford Joint Venture Company. 2. approved JMC BOD Authorization to JMC ECM on Jiangling Ford Joint Venture Company.
Paper Meeting	2021.09.26-09.27	2021.09.29	1. agreed the Proposal on Amendment to the Articles of Association of JMC (Year 2021), and to submit it to the Shareholders' Meeting for approval. 2. approved the Independent Director Changes Proposal; 3. approved the Notice on Holding 2021 Third Special Shareholders' Meeting of JMC.
Paper Meeting	2021.09.30-10.07	2021.10.08	1. Opinions of the Board of Directors on additional of temporary proposals by the Company's shareholders to the 2021 Third Special Shareholders' Meeting; 2. approved the postponement of the 2021 Third Special Shareholders' Meeting of JMC.
Paper Meeting	2021.10.18		1. Proposal for the election of members of the special committee under the Board of Directors ; 2. approved the Proposal on Amendment to the Articles of Association of Jiangling Motors Sales Corporation, Ltd. (Year 2021).
Paper Meeting	2021.11.02-	2021.11.12	approved the 2021 Third Quarter

	10.26		Report of the Company.
Paper Meeting	2021.11.02-11.10	2021.11.12	approved the personnel changes of senior executives.
Paper Meeting	2021.11.02		Approved the nomination of the Directors for Jiangling Ford Joint Venture Company.
Paper Meeting	2021.11.18		Approved the "SUPERDUTY" Trademark Transfer Agreement between Ford and JMC
Seventh Session of the Tenth Board	2021.12.17	2021.12.21	1. approved the 2022 Routine Related Party Transaction Forecast Proposal; 2. approved the personnel changed of senior executives.
Paper Meeting	2021.12.20		1.approved the 2022 Operating Budget of the Company; 2.approved the JP360 Program; 3.approved the V363CProgram.

(2) Particulars about the Directors' attendance to the Board meeting and the Shareholders' Meeting

Name	Required Board Attendance	Presence in Person	Presence in form of Paper Meeting	Presence by Proxy	Absence	Not to present in person in two consecutive meetings (Y/N)	Presence at the Shareholders' Meeting
Qiu Tiangao	31	4	27	-	-	N	3
Manto Wong	31	4	27	-	-	N	4
Ryan Anderson	7	1	6	-	-	N	0
Xiong Chunying	19	3	16	-	-	N	2
Jin Wenhui	31	2	16	13	-	Y	2
Yuan Mingxue	7	1	6	-	-	N	0
Chen Jiangfeng	31	4	27	-	-	N	1
Wang Yue	31	3	27	1	-	N	0
Yu Zhuoping	7	1	6	-	-	N	0
Anning Chen	12	1	11	-	-	N	0
Wan Jianrong	24	3	21	-	-	N	1
Thomas Peter Hilditch	24	1	6	17	-	Y	0
Li Xianjun	24	1	21	2	-	N	0

Statements on failure to attend Board meetings in person for two consecutive occasions

Director Jin Wenhui did not attend the Board meetings in person for two consecutive occasions due to physical reasons. Ex-Director Thomas Peter Hilditch did not attend the Board meetings in person for two consecutive occasions due to work rotation to the United States.

(3) Dissent from Directors

Yes No

The Directors of the Company had no dissent to the relevant proposals of the Company in the reporting period.

#### (4) Other introduction to Directors' Performance of Duty

Yes No

All the Directors of the Company fulfill their duties, diligent, active attention to the Company's management information, financial situation, major matters, etc., to the proposals submitted to the Board of Directors thorough study and discussion, and put forward their respective opinions, make recommendations for the Company's business development, make decisions fully consider the interests of minority shareholders and the demands, strengthen the scientific Board decision, promote the sustainable, stable and healthy development of the work.

### 7. 2021 Situation of the Committees under the Board of Directors

#### (1) Audit Committee

Members:

Chairman: Wang Yue

Member: Yuan Mingxue, Ryan Anderson, Chen Jiangfeng, Yu Zhuoping

Secretary: Joey Zhu

The number of meetings held in the reporting period: five.

The first Audit Committee meeting of 2021 was convened on January 14, 2021. Meeting contents:

1.Approved the Asset Impairment Reserve for the second half of 2020, and agreed to submit it to the Board of Directors for approval;

2.Reviewed the 2020 Annual Financial and Accounting Statements of JMC, and would review the Company's financial and accounting statements again after the auditor forms the preliminary audit opinions.

Important comments and suggestions made: None.

Other performance of duties: None.

Details of the objection to matters (if any): None.

The second Audit Committee meeting of 2021 was convened on February 20, 2021. Meeting contents:

Reviewed the Company's financial report after the certified auditor issued its initial audit opinions.

Important comments and suggestions made: None.

Other performance of duties: None.

Details of the objection to matters (if any): None.

The third Audit Committee meeting of 2021 was convened on March 3, 2021. Meeting contents:

1.Reviewed the PwC Report;

2.Reviewed the 2020 Financial Report audited by the auditor and agreed to submit it to the Board of Directors for approval;

3.Reviewed the Annual Audit Summary Report of External Auditors and agreed to submit it to the Board of Directors for approval;

4. Reviewed the 2020 Internal Control Self-Evaluation Report and agreed to submit it to the Board of Directors for approval;

5. Reviewed the Audit Committee Performance Report and agreed to submit it to the Board of Directors for approval;

6. Reviewed the External Auditor Selection and Fees and submitted to the Board of Directors and Shareholders' Meeting for approval.

Important comments and suggestions made: None.

Other performance of duties: None.

Details of the objection to matters (if any): None.

The fourth Audit Committee meeting of 2021 was convened on June 25, 2021. Meeting contents:

1. Reviewed the Internal Control Work Report for the first half of 2021 and the Work Plan for the second half of 2021;

2. Reviewed the PwC Report.

Important comments and suggestions made: the Committee members recommended the Company pay attention to data security and antitrust compliance risk, and attach importance to information security and the use and protection of sensitive data.

Other performance of duties: None.

Details of the objection to matters (if any): None.

The fifth Audit Committee meeting of 2021 was convened on December 17, 2021. Meeting contents:

1. Reviewed the Internal Control Work Report 2021 and approved the Internal Audit Work Plan 2022.

2. Reviewed the Asset Impairment Preparation Report 2021 and agreed to submit it to the Board for review.

3. Reviewed and approved the Financial Statements Audit Schedule 2021.

4. Reviewed the PwC Report.

Important comments and suggestions made: None.

Other performance of duties: None.

Details of the objection to matters (if any): None.

## (2) Compensation Committee

Members:

Chairman: Chen Jiangfeng

Member: Qiu Tiangao, Ryan Anderson, Wang Yue, Yu Zhuoping

Secretary: Xu Lanfeng

The number of meetings held in the reporting period: one.

A Compensation Committee meeting was convened on March 3, 2021. Meeting contents:

1. Reviewed and approved the Proposal on 2020 Year-end Bonus for the Company's senior executives;

2. Reviewed and approved the adjustment of the annual total cash income target of the Company's senior executives in 2021;

3. Reviewed and approved the KPIs for the Company's senior executives in 2021;

4. Reviewed and approved to adjust the cap of single KPI fulfillment in JMC Executive Compensation Scheme; and,

5. Reviewed and approved the 2020 Due Diligence Report of the Compensation Committee.

Important comments and suggestions made: None.

Other performance of duties: None.

Details of the objection to matters (if any): None.

### (3) Strategy Committee

Members:

Chairman: Qiu Tiangao

Member: Manto Wong, Ryan Anderson, Xiong Chunying, Jin Wenhui, Yuan Mingxue

Secretary: Wu Jiehong

The number of meetings held in the reporting period: one.

A Strategy Committee meeting was convened on September 24, 2021.

Meeting contents:

Reviewed the Company's 2025 Strategy Status Report.

Important comments and suggestions made: in order to cope with the new situation, new changes and new challenges, the Company needs to focus on the strategic deployment and realization path at the strategic level, and continuously promote the implementation of the winning strategy of customized products and integrated services; and called for further study of new strategic opportunities.

Other performance of duties: None.

Details of the objection to matters (if any): None.

### 8. Works of Supervisory Board

Risks found by the Supervisory Board in the reporting period

Yes  No

The Supervisory Board had no dissent on inspection items in the reporting period.

### 9. Employees

#### (1) Employees, Professional Structure and Educational Level

Employees in parent company at the end of reporting period(persons)	12,462
Employees in subsidiaries at the end of reporting period(persons)	468
Total employees at the end of reporting period(persons)	12,930
Total employees paid compensation (persons)	13,842
Retired employees bore retirement benefits in parent company and its subsidiaries	912
Professional Structure	
Type	Employees (Persons)
Production Worker	8,470
Sales Personnel	599
Technical Personnel	2,992
Finance Personnel	156
Administrative Staff	713

Total	12,930
Educational Level	
Type	Employees (Persons)
Master degree and higher	889
Undergraduate degree	3,437
Polytechnic school degree	1,692
Below polytechnic school degree	6,912
Total	12,930

#### (2) Compensation Policy

In 2021, JMC strictly abided by the relevant requirements of national labor laws and regulations, and provided safe and comfortable work places. The Company also established and improved the incentive system that can effectively help the realization of the Company's strategy and targets, which can reflect the close relationship between personal value contribution and the Company's strategy realization. JMC established performance-oriented culture and identity, rewarded talents with excellent performance. At the same time, the Company constantly improves employee welfare policies to meet the diversified individual needs of employees and improve employee experience and satisfaction.

#### (3) Training

In 2021, with To Become Leader in Light Commercial Vehicle and Provider of Ford Value Products as the vision, JMC paid attention to the talent transformation and training of new automotive technologies, built an effective learning ecology, focused on learning effects and experience, based on improving customer performance, and provided human resource support for the Company's strategic goals, so as to meet the company's future industry challenges in the field of new energy, intelligent network and intelligent manufacturing. For more information about the completion of 2021 training, please refer to the 2021 Social Responsibility Report released by the Company.

#### (4) Labour outsourcing

Applicable Not Applicable

#### 10. Profit distribution and capital reserve conversion

Establishment, implementation or adjustment of profit distribution policy, esp. cash dividend distribution policy, regarding common stock during the reporting period

Applicable Not Applicable

In accordance with the requirements of laws, regulations and the Articles of Association of the Company, the Company's profit distribution policy maintains continuity and stability, and the Company pays attention to the reasonable return to investors. The Company gives priority to cash dividend, and subject to the provisions of laws, regulations and the Articles of Association of the Company, the Board of Directors can put forward a mid-term or special profit distribution proposal. The Company's profit distribution policy is in line with the CSRC's guidance on encouraging cash dividends for listed companies.

Special Explanation on Cash Dividend Policy	
Whether to comply with the requirements of the Articles of Association of JMC or resolution of the Shareholders' Meeting (Y/N)	Y

Whether the standards and proportion of dividends on profit distribution are clear (Y/N)	Y
Whether the procedures are valid and legal (Y/N)	Y
Whether the Independent Director fulfil their duties (Y/N)	Y
Whether middle and small shareholders have opportunities to claim their appeals and their legal rights and interests are completely protected (Y/N)	Y
Whether the condition and procedure are reasonable and transparent when the cash dividend policy is being changed (Y/N)	Y

The Company made a profit during the reporting period and the profit of the parent company distributable to the common shareholders is positive, but a distribution plan of cash dividends for the common shares is not put forward

Applicable Not Applicable

Proposal on Year 2021 Profit Distribution Plan or Capital Reserve Conversion

Applicable Not Applicable

Stock dividend (share) for every 10 shares	0
Cash Dividend (RMB) for every 10 shares (including tax)	2.66
Total share capital (share)	863,214,000
Total cash dividend distribution amounts (RMB) (including tax)	229,614,924.00
Amount of cash dividend (RMB) in other ways (e.g. repurchase of shares)	0.00
Total cash dividend amounts (RMB) (including other ways)	229,614,924.00
Distributable profit (RMB)	6,259,291,734.00
Total cash dividends (including other ways) as a proportion of total profit distribution	100%

#### Cash dividend status

If the development stage of the Company is not easy to distinguish but there are major fund expenditure arrangements, the minimum proportion of cash dividends in this profit distribution shall reach 20% when the profit distribution is carried out.

#### Detailed description of profit distribution or capital reverse conversion proposal

Proposal on year 2021 profit distribution: the Company plans to distribute a cash dividend of RMB 2.66 (including tax) for every 10 shares held. Based on the total share capital of 863,214,000 shares as of December 31, 2021, the total cash dividend distribution amounts shall be RMB 229,614,924. The cash dividend on B share shall be paid in Hong Kong Dollars and converted at the middle rate of the HK dollar's exchange rate against RMB quoted by the People's Bank of China on the first working day following the relevant resolution adopted by the Company's Annual Shareholders' Meeting. The Board decided not to convert the capital reserve to the share capital this time. The proposal is subject to the approval of the Company's 2021 annual shareholders' meeting.

11. Implementation of Equity Incentive Plan, Employee Stock Ownership Plan and Other Employee Incentive Method

Applicable Not Applicable

There was neither equity incentive plan or ESOP, nor other employee incentive method during the reporting period.

12. Internal control system construction and implementation during the reporting period

(1) Internal control construction and implementation

According to the requirements of the Basic Standard for Enterprise Internal Control (C-SOX) along with its Application Guidelines and Internal Control Guidelines for Public Companies listed on the Shenzhen Stock Exchange jointly issued by the Ministry of Finance and China Security Regulation Commission, the Company has established a set of sound and effective internal control system, and at the same time, combined with the internal and external environment, internal institutions and management requirements, so as to make the internal control system design scientific, simple, applicable and effective operation.

The Company has reasonably planned the organizational structure, and established a control structure with the full participation of the Audit Committee, Executive Committee, senior management and business level under the leadership of the Board of Directors. The Audit Committee has an audit department, which supervises and evaluates the operation of the Company's internal control system through internal audit.

Through the operation, analysis and evaluation of the internal control system, the Company has effectively prevented the risks in the operation and management, and promoted the realization of the internal control objectives.

This year, the Company's internal control can cover the main aspects of the Company's operation and management without major omissions; the units, businesses and matters and high-risk areas included in the evaluation scope cover the main aspects of the Company's operation and management without major omissions.

(2) Major defect of internal control in the reporting period

Yes No

13.The Company's management control over the subsidiaries during the reporting period

Applicable Not Applicable

During the reporting period, the Company has not purchased new subsidiaries.

14. Internal Control Self-Assessment Report or Internal Control Audit Report

(1) Internal Control Self-Assessment Report

Issuance date	March 30, 2022	
Index	www.cninfo.com.cn	
Total value of assets of the entities in scope counts as % of that disclosed in the consolidated financial statements	100.00%	
Total value of operating revenue of the entities in scope counts as % of that disclosed in the consolidated financial statements	100.00%	
Deficiency Determination Criteria		
Type	Type	Type
Qualitative Criteria	Material Weakness: An error that changes the trend of results, changes profit to loss or loss to profit Ineffective anti-fraud process	Material Weakness: Unscientific decision making process such as incorrect decisions that result in unsuccessful mergers and



	<p>or any fraud involving senior management Ineffective control over accounting policies Ineffective oversight by the Audit Committee Significant Deficiency; Errors in management reporting systems or Corporate accounting records that could lead to incorrect management decisions; Actions inconsistent with Company values, policies and other Corporate guidelines that are likely to significantly impact cost, quality, customer satisfaction, reputation, or competitive advantage; Control issues in IT infrastructure or applications that may lead to impairment of Company operations. Any actions indicating fraud or theft that is significant in value Minor Deficiency; Any control deficiencies that do not meet the criteria for material or significant.</p>	<p>acquisitions; Major regulatory compliance issues; Frequent media reports harmful to the Company's reputation; A lack of control within key business processes or systematic breakdown of control policies</p> <p>Material weakness identified in the self-assessment without any action plan implemented Significant Deficiency; control deficiency, or combination of control deficiencies, that does not meet the criteria for material weakness but deserves the concerns of the Audit Committee and the Board of Directors. Minor Deficiency Any control deficiencies that do not meet the criteria for material or significant.</p>
<p><b>Quantitative Criteria</b></p>	<p>Material Weakness Misstatement in the Income Statement is more than 5% of the annual profit before taxation; Misclassification in the Income Statement is more than 0.4% of the annual sales revenue Adjustment of net assets in the Balance Sheet is more than 1% of the shareholders' equity Adjustment of asset or liability in the Balance Sheet is more than 0.6% of the total assets; Adjustment in the Cash Flow Statement is more than 3% of the total net cash flow in the operating activities. Significant Deficiency Misstatement in the Income Statement is more than 2.5% of the annual profit before taxation; Misclassification in the Income Statement is more than 0.2% of the annual sales revenue; Adjustment of net assets in the Balance Sheet is more than 0.5% of the Shareholders' equity; Adjustment of asset or</p>	<p>Please refer to internal control deficiency over financial reporting for the criteria for non-financial reporting internal control.</p>

	liability in the Balance Sheet is more than 0.3% of the Total assets; Adjustment in the Cash Flow Statement is more than 1.5% of the total net cash flow from the operating activities. Minor Deficiency All the deficiencies that do not meet the quantitative criteria for significant.	
Number of Material Weakness in financial report		0
Number of Material Weakness in non-financial report		0
Number of Significant Deficiency in financial report		0
Number of Significant Deficiency in non-financial report		0

(2). Internal Control Audit Report

Applicable Not Applicable

Opinions in the Internal Control Audit Report	
The comments in the Internal Control Audit Report issued by PWC Zhongtian Accountants (special general partnership) are as follows: On December 31, 2021, JMC maintained effective internal control of financial reporting in all major aspects in accordance with the Basic Code for Enterprise Internal Control and relevant provisions.	
Disclosure of Internal Control Audit Report	Disclosed
Issuance Date	March 30, 2022
Index	www.cninfo.com.cn
Type of Opinion	Standard and unqualified opinions
Major Defect Regarding Non-financial Report or no	No

Abnormal opinion issued by the accounting firm

Yes No

Whether the Opinion issued by the accounting firm keeps the same with that of self-assessment report made by the Board?

Yes No

15.Situation of Problem Rectification for the self-inspection of the special action for the governance of listed companies

According to the deployment of the China Securities Regulatory Commission, in 2021, the Company organized the self-inspection of the special action for the governance of listed companies. After self-inspection, the Company did not find any situation that needs to be rectified.

## Chapter V Environment and Social Responsibilities

### 1. Major Environmental issues

#### (1) Environmental protection

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

Yes No

Name of principal pollutant and specific pollutant	Wastewater (COD, NH-N)	Exhaust gas (SO <sub>2</sub> , NO <sub>x</sub> , smoke, toluol, xylene)
Mode of discharge	continuous discharge	continuous discharge
Number of discharge outlet	4	120
Distribution of discharge outlet	3 in Fushan Site, 1 in Xiaolan Site, 1 in Cast Plant and 1 in Axle Plant	38 in Fushan Site, 47 in Xiaolan Site, 31 in Cast Plant and 4 in Axle Plant
Discharge concentration	"COD:68mg/L NH-N:0.786mg/L"	SO <sub>2</sub> : 12mg/m <sup>3</sup> ; NO <sub>x</sub> :91mg/m <sup>3</sup> ; smoke: 20mg/m <sup>3</sup> ; toluol:0.316mg/m <sup>3</sup> ; dimethylbenzene:0.145mg/m <sup>3</sup> ;
Applicable standard for pollutant discharge	"Wastewater Discharge Standard"(GB 8978-1996)	"The Emission Standard of Air Pollutants", "Emission Standard of Air Pollutants for Boiler" (GB 13271-2014)
Total amount of discharge	COD: 30.9t; NH-N:0.61	NO <sub>x</sub> : 22.4t
Total amount of discharge audited	COD≤517.39t; NH-N≤24.795t	NO <sub>x</sub> ≤60.91t
Excessive discharge	Meet Standard	Meet Standard

The construction and operation of pollutant preventive and control facilities

In order to meet the environmental protection requirements and ensure that all environmental indicators meet the standard of emission, the Company has continuously taken various governance measures. The Company has built some standardized hazardous waste storage sites, such as Xiaolan hazardous waste station, Fushan hazardous waste station, Casting Plant hazardous waste station, and Axle Plant hazardous waste station. In 2021, JMC has governed the VOCs emission of Xiaolan Plant and Axle Plant. Through process modification and adding VOCs disposal facility, VOCs emission was reduced significantly, thus lowering the risk of environmental pollution. The Company also managed the exhaust of diesel test vehicles to ensure the emission meets the standards. The governance facility in Fushan and Xiaolan Plant has been put into full operation, providing protection to the green JMC. The newly-added wastewater sludge drying system strives to reduce both the amount and cost of waste. The Company has established intelligent environmental protection monitoring platform, pollutants online real-time monitoring, hazardous waste intelligent management system and other digital platforms to create intelligent green JMC.

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 2021, JMC completed the Fushan Plant productivity optimization project, productivity optimization component relocation project and environmental acceptance of Xiaolan simulation crash lab. And meanwhile, the Company also received the environmental approval of VOC governance in Xiaolan Paintshop.

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, so as to formulate corresponding control methods for potential accidents and emergencies occurred or that may probably occur, and has been filed with the environmental protection bureau. JMC organize various emergency drills to the effectiveness of the plan.

Environmental self-monitoring scheme

JMC carries out self-monitoring 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 “Jiangxi Province pollution source enterprise portal system”.

Administrative punishment for environmental problems during the reporting period  
None.

Other information related to environmental protection  
None.

Measures and effects taken to reduce carbon emissions during the reporting period

Applicable Not Applicable

In response to the national call for carbon neutrality and carbon standards, the Company promoted the green and low-carbon development of enterprises in 2021. The energy supervisor team and all plants promoted energy saving and consumption reduction from production organization, standardized management, process optimization, production pace improvement, and application of energy saving technologies. The Company also increased the energy conservation publicity, for the staff to popularize the concept of energy conservation, enhance the staff energy awareness.

In 2021, the comprehensive energy consumption of the company's million output value down 5% compared with 2020. The company's comprehensive energy consumption per unit down 3% compared with 2020. In the T coating workshop of Xiaolan Plant transferred from Qingyunpu Plant, chain roller machines and rotary moving machines can increase the storage area in painting, improve the production time of painting trolley line in single shift, meet the capacity adjustment ability of welding WBS, thus reducing the production time of painting and saving energy consumption. JMC Manufacturing Department implemented energy management system in Fushan Plant, and through the system timely and comprehensive grasped their energy utilization, by monitoring the production status, combining with the production information system data. Through the organic combination of energy and the output, as well as utilizing the energy big data from the industry, the assessment can be made on the actual energy usage of the enterprise, thus providing support for production and operation planning.

Other environmental protection related information

None.

## 2. Corporation Social Responsibilities

JMC always consciously undertake social responsibility and create brand public-benefit “Jiangling Xiqiao Project” with the aim of “Green, Love, and Safe”. By the end of 2021, JMC has invested a total of more than RMB 34 million in building 412 caring bridges distributed in 128 counties of 25 provinces or municipalities directly under the central government or autonomous regions, and over 600,000 people benefit and get lifted out of poverty.

During the reporting period, the Company operated according to law and regulations, upheld the interest of the shareholders, especially small & medium-sized shareholders, protected the legitimate rights and interests of employees, and treated suppliers, customers and consumers sincerely. Simultaneously, JMC paid attention to environmental protection, energy saving and consumption reduction, fully reduced energy consumption and pollutant discharge, and actively fulfilled corporate social responsibility.

JMC 2021 Corporation Social Responsibilities Report can be downloaded from JMC official website: [www.jmc.com.cn](http://www.jmc.com.cn) or the website: [www.cninfo.com.cn](http://www.cninfo.com.cn).

## 3. The consolidation and expansion of poverty alleviation achievements and rural revitalization

In 2021, the Company placed the consolidation and expansion of poverty alleviation achievements at the top of its priority list, promoted poverty alleviation policies, measures and work systems, and gradually made a smooth transition to rural revitalization to ensure effective linkage with rural revitalization.

We need to consolidate and expand our achievements in poverty alleviation, maintain overall policy stability, and improve the mechanism for monitoring and helping prevent people from falling back into poverty. Timely detection and assistance will be provided to unstable households and marginal households prone to poverty. Industrial assistance should not be provided from village to household, but should be provided from township to village. We will continue to do

a good job in labor service cooperation and actively expand channels for local and nearby employment.

We also comprehensively improved Xianting rice, horseshoe and other characteristic agricultural products market competitiveness. Through land transfer, we promoted vegetable industry development, optimized characteristic industry development structure. We will continue to consolidate the infrastructure of agriculture and lay a solid foundation for industrial development.

In 2022, the village task force will continue to strengthen targeted assistance and prevent people from returning to poverty, and constantly explore new methods and approaches for targeted assistance. We will continue to carry out the practical activities of "Doing practical things for the people", do our best to do good things for the people, take concrete actions to consolidate the achievements in poverty alleviation and lay a solid foundation for rural revitalization.

## Chapter VI Major events

### 1. Commitments

(1) 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 commitment 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.

(2) Earnings forecast of the assets or project and the explanations

Applicable Not Applicable

### 2. 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.

### 3. Illegal outside guarantee

Applicable Not Applicable

The Company had no illegal outside guarantee during the reporting period.

### 4. The board's explanation of the situation related to the latest "non-standard audit Report"

Applicable Not Applicable

### 5. Explanation of the Board of Directors, Supervisory Committee and Independent Directors to abnormal opinions from accounting firm

Applicable Not Applicable

### 6. Explanation on major accounting errors that shall be restated during the reporting period

Applicable Not Applicable

There was no major accounting error that shall be restated during the reporting period.

### 7. Description of changes in the scope of consolidated statements as compared with the previous year's financial statements

Applicable Not Applicable

In January 2021, the Company and Yunnan Yunnei Power Group Co., Ltd. (hereinafter referred to as "Yunnei Group") signed by consensus the property rights transaction contract of Yunnei Group purchasing 60% of the equity of Taiyuan Jiangling Power Co., Ltd. In November 2021, 60% of the equity of Taiyuan Jiangling Power Co., Ltd. was transferred to Yunnei Group, and "Taiyuan Jiangling Power Co., Ltd." was renamed as "Shanxi Yunnei Power Co., Ltd.". After the equity transfer, Shanxi Yunnei Power Co., Ltd. was not included in the scope of the Company's consolidated statements.

In 2021, the Company and Ford Motor Company (“Ford”) subscribed to the capital contribution of RMB 102 million and RMB 98 million respectively to set up Jiangling Ford Automobile Technology (Shanghai) Co., Ltd. (“Jiangling Ford Technology”), the total registered capital subscribed amount to RMB 200 million. The Company holds 51% of the shares of Jiangling Ford Technology and got the control of Jiangling Ford Technology’s Board of Shareholders and Directors. Jiangling Ford Technology is a subsidiary of the Company. As of December 31, 2021, Jiangling Ford Technology completed the business registration while not in operation yet.

#### 8. Appointment or Dismissal of Accounting Firm

Current accounting firm

Name	PricewaterhouseCoopers Zhong Tian LLP
Compensation (RMB’000)	2,000
Consecutive years offering audit services	20
Names of signed accountants	Lei Fang, Ye Dan
Consecutive years offering audit services of signed accountants	Lei Fang 5 year, Ye Dan 4 year

Dismissal of accounting firm

Applicable Not Applicable

Appointment of C-SOX auditor, financial consultant or sponsor

Applicable Not Applicable

Upon the approval of 2017 Annual Shareholders’ Meeting, JMC agreed to appoint PricewaterhouseCoopers Zhong Tian LLP as JMC’s 2019to 2021 C-SOX auditor. In 2021, JMC paid RMB 550 thousand to PricewaterhouseCoopers Zhong Tian LLP for the C-SOX audit.

#### 9. Suspension and Termination of Listing after Annual Report Disclosed

Applicable Not Applicable

#### 10. Related Matters regarding Bankruptcy

Applicable Not Applicable

There was no matter involving bankruptcy during the reporting period.

#### 11. Major Litigation or Arbitration

Applicable Not Applicable

There was no major litigation or arbitration during the reporting period.

#### 12. Punishment

Applicable Not Applicable

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

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

Applicable Not Applicable

#### 14. Major Related Transactions

(1) Routine related party transactions



Please refer to the Note 8 related party transactions of the notes to the consolidated financial statements in the Chapter X Financial Statements for details.

(2) 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 in the reporting period.

(3) Related party transaction concerning outside co-investment

Applicable Not Applicable

Partner	Ford Motor Company
Relationship	Ford, representing 32% of the outstanding shares of the Company, is the second largest shareholder of the Company.
Name of the invested enterprise	Jiangling Ford Motor Technology (Shanghai) Co., Ltd.
The main business of the invested enterprise	Engineering and technical research and experimental development, sales of vehicles, new energy vehicles, auto parts, electric accessories of new energy vehicles, plug-in hybrid professional engines, charging piles, centralized rapid charging stations, new energy vehicles for electric facilities, new energy vehicles production and testing equipment; Technical consulting and business information consulting in the field of automotive science and technology; Economic information consulting, marketing planning, corporate image planning, etc.
The registered capital of the invested enterprise	RMB 200 million
The total assets of the investee enterprise	*
The net assets of the invested enterprise	*
The net profit of the invested enterprise	*
Progress of the major projects under construction of the invested enterprises	None

\* Note: Jiangling Ford Motor Technology (Shanghai) Co., Ltd. completed business registration on December 27, 2021, and not yet make operating activities in the reporting period.

(4) 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 in the reporting period.

5. Transaction with related financial companies or financial companies that the company holds

Applicable Not Applicable

Related party	The related relationship	Maximum daily deposit limit	Deposit rate	Balance at the beginning of the period(RMB mils)	Current amount		Balance at the beginning of the period (RMB mils)
					Deposit amount (RMB mils)	Take out the amount (RMB mils)	
JMCG Finance Company	Subsidiary of JMCG	*	1.725%-2.25%	1,232	21,206	21,378	1,060

\* Note: JMC applies the consolidated deposit limit in JMCG Finance Company at the end of each month to the lower of the following: 1) 25% of JMCG Finance Company absorbing deposit in prior year end; or 2) 12% of JMC's consolidated total cash reserve.

6. The transactions between the financial company controlled by the company and its related parties

Applicable Not Applicable

There is no deposit, loan, credit granting or other financial business between the financial company controlled by the company and its related parties.

(7) Other major related party transactions

Applicable Not Applicable

Please refer to the Note 8 related party transactions of the notes to the consolidated financial statements for details.

The announcement on Related Party Transactions

Name	Disclosure Date	Website for Disclosure
Public Announcement on Related Party Transactions	2021.02.06	www.cninfo.com.cn.
Public Announcement on Related Party Transactions	2021.05.29	www.cninfo.com.cn.
Public Announcement on Establishment of a Joint Venture with Related Party	2021.09.27	www.cninfo.com.cn.
Public Announcement on the 2021 Forecast Routine Related Party Transactions	2021.12.21	www.cninfo.com.cn.

15. Major Contracts and Execution

(1) Entrustment, contract or lease

a. Entrustment

Applicable Not Applicable

There was no entrustment in the reporting period.

b. Contract

Applicable Not Applicable

There was no contract in the reporting period.

c. Lease

Applicable Not Applicable

Please refer to the Note 4 (15), note 4 (29) and note 8 (5) (b) of the financial statements in the Chapter X Financial Statements for detail.

Project with more than 10% of net profit

Applicable Not Applicable

There was no lease project with more than 10% of net profit in the reporting period.

(2) Major guarantee

Applicable Not Applicable

The Company had no outside guarantee in the reporting period.

(3) Entrustment on cash asset management

a. Trust investment

Applicable Not Applicable

There was no trust investment in the reporting period.

b. Entrusted loan

Applicable Not Applicable

There was no entrusted loan in the reporting period.

(4) Other major contract

Applicable Not Applicable

16. Other Major Events

Applicable Not Applicable

In 2021, the Company received government incentives of approximate RMB 552million appropriated from Nanchang City, Nanchang Xiaolan Economic and Technological Development Zone, which is to support the daily operation and development of the Company.

17. Major event of JMC subsidiary

Applicable Not Applicable

In January 2021, the Company and Yunnan Yunnei Power Group Co., Ltd. (hereinafter referred to as "Yunnei Group") signed by consensus the property rights transaction contract of Yunnei Group purchasing 60% of the equity of Taiyuan Jiangling Power Co., Ltd. In August 2021, the Company and Yunnei Group completed the transfer procedures of 60% of the equity of Taiyuan Jiangling Power Co., Ltd., and renamed Taiyuan Jiangling Power Co., Ltd. as Shanxi Yunnei Power Co., Ltd. The Company now holds 40% of the equity of Shanxi Yunnei Power Co., Ltd., Yunnei Group holds 60% of the equity of Shanxi Yunnei Power Co., Ltd., and Shanxi Yunnei Power Co., Ltd. is not included in the scope of the Company's consolidated statements.

In January 2021, the Shareholders' Meeting of JMC approved to increase the capital by RMB 1.142 billion in cash to JMC Heavy Duty Vehicle Co., Ltd. Upon completion of the capital increase, the registered capital of JMC Heavy Duty Vehicle Co., Ltd. was increased from RMB 181,793,174 to RMB 1,323,793,174. In May 2021, the Shareholders' Meeting of JMC approved to sell 100% of the equity of JMC Heavy Duty Vehicle Co., Ltd. through the public bidding process at Shanxi

Property Rights Exchange. At the expiration of the bidding announcement period, the above subject matter is solicited to an intended transferee, Volvo Lastvagnar Aktiebolag. On August 23, 2021, by consensus, the Company signed the Equity Interest Transfer Agreement Relating to 100% of the Equity Interests in JMC Heavy Duty Vehicle Co., Ltd. with Volvo Lastvagnar Aktiebolag. As of the date of disclosure of the report, the relevant transaction between the Company and Volvo Lastvagnar Aktiebolag is still in progress.

In September 2021, the Board of Directors of JMC approved to jointly establish Jiangling Ford Joint Venture Company with Ford Motor Company. In December 2021, the Joint Venture by the Company and Ford, Jiangling Ford Motor Technology (Shanghai) Co., LTD., completed the business registration and obtained the business license with a registered capital of RMB 200 million. JMC held 51% equity, and Ford held 49% equity.

## Chapter VII

## Share Capital Changes & Shareholders

### 1. Changes of shareholding structure

#### I. Table of the changes of shareholding structure

	Before the change		Change (+, -)					After the change	
	Shares	Proportion of total shares (%)	New shares	Bonus Shares	Reserve-converted shares	Others	Subtotal	Shares	Proportion of total shares (%)
I. Limited tradable A shares	750,840	0.09%						750,840	0.09%
1. Other domestic shares	750,840	0.09%						750,840	0.09%
Including:									
Domestic legal person shares	745,140	0.09%						745,140	0.09%
Domestic natural person shares	5,700	0.00%						5,700	0.00%
II. Unlimited tradable shares	862,463,160	99.91%						862,463,160	99.91%
1. A shares	518,463,160	60.06%						518,463,160	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

#### 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 transfer

Applicable Not Applicable

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

Applicable Not Applicable

#### II. Changes of limited A shares

Applicable Not Applicable

### 2. Securities Issuance and Listing

#### I. Securities issuance (not including preferred shares) in the reporting period

Applicable Not Applicable

#### II. Explanation on changes of shares, shareholding structure, assets and liabilities structure

Applicable Not Applicable

#### III. Current staff shares

Applicable Not Applicable

### 3. Shareholders and actual controlling parties

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

Total shareholders as of the end of the reporting period	JMC had 50,481 shareholders, including 44,678 A-share holders, and 5,806 B-share holders, as of December 31, 2021.					
Total shareholders as of the last month-end prior to the disclosure date of the Report	JMC had 45,406 shareholders, including 39,620 A-share holders, and 5,786 B-share holders, as of February 28, 2022.					
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 mark or frozen
Nanchang Jiangling Investment 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
Shanghai Automotive Co., Ltd.	State-owned legal person	1.51%	13,019,610	0	0	0
National Social Security Fund - One One Eight Combinations	Domestic non-State-owned legal persons	0.77%	6,643,441	6,643,441	0	0
GAOLING FUND,L.P.	Foreign legal person	0.63%	5,453,086	0	0	0
Jin Xin	Domestic Natural Person	0.54%	4,619,136	2,022,736	0	0
INVESCO FUNDS SICAV	Foreign legal person	0.52%	4,454,844	-387,045	0	0
Hong Kong Central Clearing Limited	Foreign legal person	0.51%	4,423,878	-1,746,698	0	0
Wells Securities dividend index enhanced securities investment fund	Domestic non-State-owned legal persons	0.38%	3,244,400	3,244,400	0	0
Li Yifeng	Domestic Natural Person	0.34%	2,896,026	1,677,318	0	0
Strategic investors or general legal persons become the top 10 shareholders due to the placement of new shares	None.					
Notes on association among above-mentioned shareholders	None.					
Description of the above shareholders' entrusted / entrusted voting rights and waived voting rights	None.					
A special description of the special repurchase account among the first 10 shareholders	None.					
Top ten shareholders holding unlimited tradable shares						
Shareholder Name	Shares without Trading Restriction		Share Type			
Nanchang Jiangling Investment Co., Ltd.	354,176,000		A share			
FORD MOTOR COMPANY	276,228,394		B share			
Shanghai Automotive Co., Ltd.	13,019,610		A share			
National Social Security Fund - One One Eight Combinations	6,643,441		A share			
GAOLING FUND,L.P.	5,453,086		B share			
Jin Xin	4,619,136		B share			

INVESCO FUNDS SICAV	4,454,844	B share
Hong Kong Central Clearing Limited	4,423,878	A share
Wells Securities dividend index enhanced securities investment fund	3,244,400	A share
Li Yifeng	2,896,026	B share
The top 10 shareholders to sell circulated shares, and the infinite tradable relationship between shareholders and top 10 shareholders or concerted action	None.	
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

Applicable Not Applicable

The top 10 common shareholders of the company and the top 10 common shareholders with unlimited conditions of sale did not conduct agreed repurchase transactions during the reporting period.

## II. Controlling Shareholders

Nature of controlling shareholders: Central/Local government holdings, foreign holdings

Type: Legal person

Name	Legal representative	Established Date	Organization code	Main scope of business
Nanchang Jiangling Investment Co., Ltd.	Qiu Tiangao	May 28, 2019	91360125MA38LUR91F	investment management, industrial investment, asset management and other business.
Ford Motor Company	William Clay Ford, Jr.	January 1, 1903		to design, manufacture, market, and service a full line of Ford cars, trucks, sport utility vehicles ("SUVs"), electrified vehicles, and Lincoln luxury vehicles, provide financial services through Ford Motor Credit Company LLC, and be pursuing leadership positions in electrification, autonomous vehicles, and mobility solutions.

Change of controlling shareholders

Applicable Not Applicable

The controlling shareholder of the company did not change during the reporting period.

## III. Actual Controlling Parties

Nature of controlling shareholders: Central/Local State-owned Assets Supervision and Administration

Type: Legal person

Name	Legal representative	Established Date	Organization code	Main scope of business
JMCG	Qiu Tiangao	July 27, 1991	91360000158263759R	manufacturing of automobiles, engines, chassis, specialty vehicle, transmission, other products, automotive quality testing, sales of self-produced products and raw

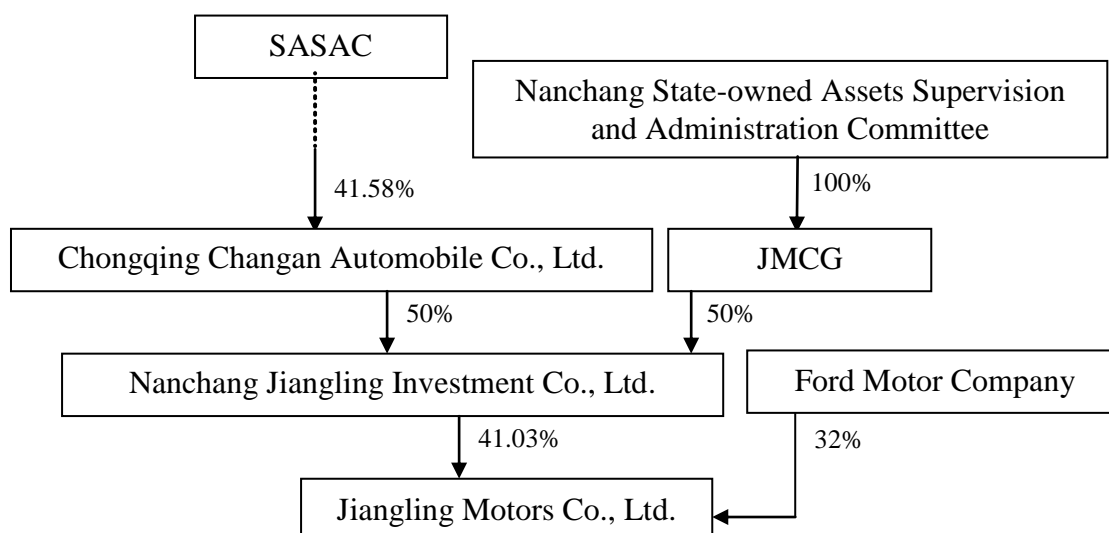
				materials, equipment, electronic products, parts and others, as well as related after-sales services and maintenance services; development of products derived from JMC brand light vehicle; overseas auto project-contracting, export equipment, material and related labour services.
Chongqing Changan Automobile Co., Ltd.	Zhu Huarong	October 31, 1996	9150000020286320X6	development, manufacturing, sales, import & export business of auto (including sedan), engine, automotive components, die, tools, installation of machinery, technological consultant services.
Equity of listed company in domestic and aboard market held by the entity controlled by the actual controlling party during the reporting period				None

Change of actual controlling parties

Applicable Not Applicable

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

Ownership and control relations between the Company and the actual controlling parties are shown as follows:



Actual controlling parties control the Company by the way of trust or other assets management

Applicable Not Applicable

IV. The cumulative number of shares pledged by the controlling shareholder or the largest shareholder and its acting partners accounts for 80% of the number of shares held by them.

Applicable Not Applicable

V. Other legal person shareholder holding more than 10% of total equity of the Company

Applicable Not Applicable

VI Shareholding reducing restriction to controlling shareholders, actual controlling parties, restructuring parties and other commitment-making entities



Applicable Not Applicable

4.The specific implementation of share repurchase during the reporting period  
The implementation progress of share repurchase.

Applicable Not Applicable

The implementation progress of the reduction of the shares repurchase through  
centralized bidding

Applicable Not Applicable

## **Chapter VIII Preferred Shares**

Applicable Not Applicable

JMC had no preferred shares in the reporting period.

## **Chapter IX      Bond related Information**

Applicable   Not Applicable

## **Chapter X      Financial Statements**

Type of Audit Report	Standard and Unqualified Opinion
Signature date	March 28, 2022
Name of Auditor	PricewaterhouseCoopers Zhong Tian LLP
Document No. of Audit Report	PwC ZT Shen Zi (2022) No. 10080

## Auditor's Report

PwC ZT Shen Zi (2022) No. 10080  
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To the shareholders of Jiangling Motors Corporation, Ltd.,

### Opinion

#### *What we have audited*

We have audited the accompanying financial statements of Jiangling Motors Corporation, Ltd. (hereinafter "Jiangling Motors"), which comprise:

- the consolidated and company balance sheets as at 31 December 2021;
- the consolidated and company income statements for the year then ended;
- the consolidated and company cash flow statements for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended; and
- notes to the financial statements.

#### *Our opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of Jiangling Motors as at 31 December 2021, and their financial performance and cash flows for the year then ended in accordance with the requirements of the Accounting Standards for Business Enterprises ("CASs").

### Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of Jiangling Motors in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit is Expenditures on research and development.

**Key Audit Matters (Cont'd)**

Key Audit Matters	How our audit addressed the Key Audit Matter
<p><b>Expenditures on research and development</b></p> <p>Please refer to Note 2(14)(e) and Note 4(16) to the financial statements.</p> <p>We focussed on this matter due to the incurred amount of research and development expenditures is RMB1,886,139,707, among which the amount of the development costs capitalised is RMB 177,125,536 in 2021 and the fact that there is management's judgement involved in assessing whether the criteria set out in the accounting policies(Note 2(14)(e)), required for capitalisation of such development costs had been met, particularly:</p> <ul style="list-style-type: none"> <li>• Technical feasibility of the project</li> <li>• Likelihood of the generating of sufficient future economic benefits</li> <li>• Timing to start capitalisation</li> </ul> <p>We had particular regard to the fact that Jiangling Motors has continued to invest in the technical improvements for its automobile products, and therefore we focussed on the accuracy and completeness of recorded research and development expenditures and whether the economic benefits of the projects under development supported the amounts capitalised.</p> <p>As part of our work we also focussed on management's judgements regarding whether capitalised costs were of a development stage rather than research stage (which would result in the costs being expensed rather than capitalised), and</p>	<p>We understood, evaluated and tested the internal controls related to the expenditures on research and development.</p> <p>We obtained a breakdown, by value, of all individual research and development projects and reconciled this to the amounts of research and development expenses and capitalised research and development projects, which were recorded in the general ledger, identifying no reconciling differences.</p> <p>We tested the projects where research and development expenses were in excess of RMB21,000,000, together with a sample of randomly selected immaterial projects from the remaining population, as follows:</p> <ul style="list-style-type: none"> <li>• We obtained the lists of expenses by nature on selected projects and inspected contracts and underlying invoices which were directly related to those projects. We also checked the reasonableness of the indirect expenses attributable to relevant projects, including employment costs and depreciation expenses, by understanding the allocating method and inspecting the supporting for the assembling and allocating process of those indirect expenses.</li> <li>• We compared the recorded research and development costs of the above projects to their budgeted amounts and discussed the progress of the above projects with the project managers.</li> </ul> <p>We found no material issues arising from the above procedures.</p> <p>We obtained the lists of capitalised projects and tested those projects with the capitalised amounts over RMB21,000,000. We obtained explanations from management of why those projects were considered to be capital in nature, in terms of how the specific requirements of CASs No. 6 - Intangible Assets were met. We also conducted interviews with individual project managers responsible for those projects selected to corroborate these explanations, which enabled us to independently assess whether the projects met all the criteria for capitalisation set out in accounting standards. In addition, we reviewed the selected projects' inspection reports at different phases including the reports which indicated that the subject projects entered into developmental stage and related management and board meeting minutes. We found the information we gathered from those documents to be consistent with explanations obtained from individual project managers and to be in line with management's assessment that the costs met the relevant capitalisation criteria. We considered management's judgements on whether those selected projects should be capitalised were appropriate.</p>

whether costs, including employment costs, were directly attributable to relevant projects.

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### **Other Information**

Management of Jiangling Motors is responsible for the other information. The other information comprises all of the information included in 2021 annual report of Jiangling Motors other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and the Audit Committee for the Financial Statements**

Management of Jiangling Motors is responsible for the preparation and fair presentation of these financial statements in accordance with the CASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing Jiangling Motors's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate Jiangling Motors or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing Jiangling Motors's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **Auditor's Responsibilities for the Audit of the Financial Statements(Cont'd)**

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Jiangling Motors's ability of to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Jiangling Motors to cease to continue as a going concern.
- Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Jiangling Motors to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



**Auditor’s Responsibilities for the Audit of the Financial Statements (Cont’d)**

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Zhong TianLLP	Signing CPA	----- Lei Fang (Engagement Partner)
Shanghai, the People’s Republic of China 28 March 2022	Signing CPA	----- Ye Dan

**JIANGLING MOTORS CORPORATION, LTD.**

**CONSOLIDATED FINANCIAL STATEMENTS AND  
REPORT OF THE AUDITORS**

**31 DECEMBER 2021**

**JIANGLING MOTORS CORPORATION, LTD.**  
**CONSOLIDATED AND COMPANY BALANCE SHEET AS AT 31 DECEMBER 2021**  
 (All amounts in RMB Yuan unless otherwise stated)

Assets	Notes	31 December 2021 Consolidated	31 December 2020 Consolidated	31 December 2021 Company	31 December 2020 Company
<b>Current assets</b>					
Cash and cash equivalents	4(1)	9,569,051,314	11,121,955,129	7,706,280,711	8,473,562,045
Financial assets held for trading	4(2)	100,242,329	803,892,985	-	502,797,917
Notes receivable	4(3)	119,783,900	-	300,000,000	-
Accounts receivable	4(4)、 15(1)	2,994,798,227	2,999,883,212	1,409,320,240	3,330,880,651
Financing receivables	4(5)	201,511,670	815,583,669	13,725,275	29,412,448
Advances to suppliers	4(6)	497,302,198	452,714,683	496,546,531	451,832,917
Other receivables	4(7)、 15(2)	399,983,736	128,989,573	400,787,837	1,359,907,223
Inventories	4(8)	1,974,728,632	2,086,605,692	1,974,728,632	2,020,079,494
Current portion of non-current assets	4(10)	13,236,153	-	13,236,153	-
Other current assets	4(9)	984,174,056	737,369,737	881,324,652	678,079,950
<b>Total current assets</b>		16,854,812,215	19,146,994,680	13,195,950,031	16,846,552,645
<b>Non-current assets</b>					
Long-term receivables	4(11)	44,952,638	-	44,952,638	-
Long-term equity investments	4(12)、 15(3)	257,251,255	39,496,548	1,103,802,245	1,561,496,548
Fixed assets	4(13)	6,029,302,031	5,165,956,410	5,497,170,652	4,331,796,677
Construction in progress	4(14)	448,338,672	1,535,497,770	448,112,420	1,429,348,858
Right-of-use assets	4(15)	306,225,810	28,405,890	304,449,400	28,405,890
Intangible assets	4(16)	1,073,881,961	931,391,553	844,988,965	637,918,837
Development expenditures	4(16)	111,004,350	173,473,242	111,004,350	173,473,242
Deferred tax assets	4(17)	1,233,315,188	1,163,969,325	285,288,625	370,120,915
<b>Total non-current assets</b>		9,504,271,905	9,038,190,738	8,639,769,295	8,532,560,967
<b>TOTAL ASSETS</b>		26,359,084,120	28,185,185,418	21,835,719,326	25,379,113,612

**JIANGLING MOTORS CORPORATION, LTD.**  
**CONSOLIDATED AND COMPANY BALANCE SHEET AS AT 31 DECEMBER**  
**2021(CONTINUED)**

(All amounts in RMB Yuan unless otherwise stated))

Liabilities and equity	Notes	31 December 2021 Consolidated	31 December 2020 Consolidated	31 December 2021 Company	31 December 2020 Company
<b>Current liabilities</b>					
Short-term borrowings	4(19)	300,000,000	500,000,000	300,000,000	500,000,000
Derivative financial liabilities	4(20)	10,704,619	3,716,727	10,704,619	3,716,727
Accounts payable	4(21)	9,702,584,830	10,026,215,877	9,702,584,830	10,022,399,964
Contract liabilities	4(22)	272,274,177	558,526,846	67,392,485	42,397,868
Employee benefits payable	4(23)	766,986,525	759,368,606	690,921,936	687,984,808
Taxes payable	4(24)	287,171,720	218,445,227	111,626,950	95,599,544
Other payables	4(25)	5,253,800,805	4,153,849,625	1,985,838,271	1,495,307,482
Current portion of non-current liabilities	4(26)	78,039,188	10,909,163	76,893,591	10,909,163
Other current liabilities	4(27)	420,456,813	410,899,328	35,663,765	39,220,370
<b>Total current liabilities</b>		<b>17,092,018,677</b>	<b>16,641,931,399</b>	<b>12,981,626,447</b>	<b>12,897,535,926</b>
<b>Non-current liabilities</b>					
Long-term borrowings	4(28)	2,087,537	2,563,666	2,087,537	2,563,666
Lease liabilities	4(29)	263,409,414	18,998,952	262,016,700	18,998,952
Provisions	4(30)	197,587,164	195,896,139	-	-
Deferred income	4(31)	49,074,545	49,944,625	49,074,545	49,944,625
Long-term employee benefits payable	4(32)	55,684,000	62,855,000	55,370,000	62,561,000
Deferred tax liabilities	4(17)	24,000,545	126,995,164	-	102,300,000
Other non-current liabilities	4(33)	119,777,649	99,526,464	108,673,373	90,866,994
<b>Total non-current liabilities</b>		<b>711,620,854</b>	<b>556,780,010</b>	<b>477,222,155</b>	<b>327,235,237</b>
<b>Total liabilities</b>		<b>17,803,639,531</b>	<b>17,198,711,409</b>	<b>13,458,848,602</b>	<b>13,224,771,163</b>
<b>Equity</b>					
Share capital	4(34)	863,214,000	863,214,000	863,214,000	863,214,000
Capital surplus	4(35)	839,442,490	839,442,490	839,442,490	839,442,490
Other comprehensive income	4(36)	(16,422,750)	(11,759,250)	(16,684,500)	(12,021,750)
Surplus reserve	4(37)	431,607,000	431,607,000	431,607,000	431,607,000
Retained earnings	4(38)	6,437,603,849	8,863,969,769	6,259,291,734	10,032,100,709
<b>Total equity attributable to shareholders of the Company</b>		<b>8,555,444,589</b>	<b>10,986,474,009</b>	<b>8,376,870,724</b>	<b>12,154,342,449</b>
Minority interests		-	-	-	-
<b>Total equity</b>		<b>8,555,444,589</b>	<b>10,986,474,009</b>	<b>8,376,870,724</b>	<b>12,154,342,449</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>26,359,084,120</b>	<b>28,185,185,418</b>	<b>21,835,719,326</b>	<b>25,379,113,612</b>

Legal representative: Qiu Tiangao CFO: Joey Zhu

Finance Department: Ding Ni

**JIANGLING MOTORS CORPORATION, LTD.**  
**CONSOLIDATED AND COMPANY INCOME STATEMENTS FOR THE YEAR ENDED 31**  
**DECEMBER 2021**

(All amounts in RMB Yuan unless otherwise stated)

Item	Notes	2021 Consolidated	2020 Consolidated	2021 Company	2020 Company
<b>Revenue</b>	4(39)、15(4)	35,221,306,472	33,095,733,665	32,892,038,392	30,728,247,865
Less: Cost of sales	4(39)、4(45)、 15(4)	(30,117,454,367)	(27,518,509,913)	(29,110,316,368)	(26,277,296,318)
Taxes and surcharges	4(40)	(968,148,993)	(837,877,008)	(928,747,793)	(808,544,571)
Selling and distribution expenses	4(41)、4(45)	(1,531,808,043)	(1,544,737,028)	(247,250,188)	(226,152,644)
General and administrative expenses	4(42)、4(45)	(1,152,218,590)	(1,012,347,173)	(993,790,073)	(806,195,496)
Research and development expenses	4(43)、4(45)	(1,709,014,171)	(1,343,812,092)	(1,696,132,130)	(1,341,100,949)
Financial expenses	4(44)	295,755,557	197,567,513	212,372,641	179,281,512
Including: Interest expenses		(23,640,234)	(19,283,170)	(23,561,570)	(19,232,913)
Interest income		300,401,839	215,262,461	216,746,764	196,071,590
Add: Other income	4(48)	551,071,245	268,222,289	550,726,007	246,472,249
Investment income	4(49)、15(5)	(568,716)	70,178,856	(46,544,278)	70,427,986
Including: Share of profit of associates and joint ventures	4(49)、15(5)	(22,245,293)	(1,438,009)	(21,475,697)	(1,438,009)
Gains on changes in fair value	4(50)	(10,638,548)	721,890	(9,785,809)	(373,178)
Credit impairment losses	4(47)	14,328,162	(79,766,249)	3,505,404	(56,761,565)
Asset impairment losses	4(46)	(43,273,452)	(681,884,784)	(1,422,816,945)	(1,158,304,106)
Gains on disposal of assets	4(51)	16,977,005	(713,072)	26,312,882	(548,969)
<b>Operating profit</b>		566,313,561	612,776,894	(770,428,258)	549,151,816
Add: Non-operating income	4(52)	4,606,837	11,634,917	2,363,699	4,303,815
Less: Non-operating expenses	4(53)	(14,448,952)	(172,753,545)	(14,140,968)	(30,611,761)
<b>Total profit</b>		556,471,446	451,658,266	(782,205,527)	522,843,870
Less: Income tax expenses	4(54)	17,694,498	99,040,692	15,547,022	85,506,286
<b>Net profit</b>		574,165,944	550,698,958	(766,658,505)	608,350,156
Classified by continuity of operations					
Net profit from continuing operations		574,165,944	550,698,958	(766,658,505)	608,350,156
Net profit from discontinued operations		-	-	-	-
Classified by ownership of the equity					
Minority interests		-	-	-	-
Attributable to shareholders of the Company		574,165,944	550,698,958	(766,658,505)	608,350,156
<b>Other comprehensive income, net of tax</b>					
Attributable to shareholders of the Company					
Other comprehensive income items which will not be reclassified to profit or loss					
Changes arising from remeasurement of defined benefit plan	4(36)	(4,663,500)	(363,750)	(4,662,750)	(405,000)
Attributable to minority interests		-	-	-	-
<b>Total comprehensive income</b>		569,502,444	550,335,208	(771,321,255)	607,945,156
Attributable to shareholders of the Company		569,502,444	550,335,208	(771,321,255)	607,945,156
Attributable to minority interests		-	-	-	-
<b>Earnings per share</b>					
Basic earnings per share(RMB Yuan)	4(55)	0.67	0.64	—	—
Diluted earnings per share(RMB Yuan)	4(55)	0.67	0.64	—	—

Legal representative: Qiu Tiangao

CFO: Joey Zhu

Finance Department: Ding Ni

**JIANGLING MOTORS CORPORATION, LTD.**  
**CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2021**  
(All amounts in RMB Yuan unless otherwise stated)

Item	Notes	2021 Consolidated	2020 Consolidated	2021 Company	2020 Company
<b>Cash flows from operating activities</b>					
Cash received from sales of goods or rendering of services		39,004,121,378	35,125,114,857	37,770,178,605	30,135,915,527
Cash received relating to other operating activities	4(56)	736,780,886	445,795,274	613,181,977	348,244,836
<b>Sub-total of cash inflows</b>		39,740,902,264	35,570,910,131	38,383,360,582	30,484,160,363
Cash paid for goods and services		(30,184,229,122)	(25,087,676,080)	(29,501,916,289)	(24,034,906,418)
Cash paid to and on behalf of employees		(2,621,245,572)	(2,140,291,935)	(2,458,757,584)	(1,934,667,949)
Payments of taxes and surcharges		(2,262,657,388)	(1,797,705,380)	(1,819,787,242)	(1,561,759,004)
Cash paid relating to other operating activities	4(56)	(2,912,577,172)	(2,846,893,908)	(1,742,292,716)	(1,708,207,234)
<b>Sub-total of cash outflows</b>		(37,980,709,254)	(31,872,567,303)	(35,522,753,831)	(29,239,540,605)
<b>Net cash flows from operating activities</b>	4(57)	1,760,193,010	3,698,342,828	2,860,606,751	1,244,619,758
<b>Cash flows from investing activities</b>					
Cash received from disposal of investments		2,500,000,000	15,307,000,000	2,142,000,000	17,624,568,383
Cash received from returns on investments		15,174,593	77,849,662	3,894,456	75,400,552
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		37,460,481	32,672,679	36,440,992	30,206,852
Cash received from disposal of subsidiaries and other business units		84,615,031	-	108,000,000	-
Cash received relating to other investing activities	4(56)	278,704,216	191,356,815	215,581,457	249,783,971
<b>Sub-total of cash inflows</b>		2,915,954,321	15,608,879,156	2,505,916,905	17,979,959,758
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(1,169,407,698)	(1,410,515,107)	(1,158,649,784)	(1,357,972,695)
Cash paid to acquire investments		(1,800,000,000)	(16,107,000,000)	(1,720,252,413)	(18,467,738,455)
Cash paid relating to other investing activities		(25,184,522)	(4,802,479)	(20,697,147)	(4,802,479)
<b>Sub-total of cash outflows</b>		(2,994,592,220)	(17,522,317,586)	(2,899,599,344)	(19,830,513,629)
<b>Net cash flows from investing activities</b>		(78,637,899)	(1,913,438,430)	(393,682,439)	(1,850,553,871)
<b>Cash flows from financing activities</b>					
Cash received from borrowings		1,484,497,639	2,291,211,222	1,484,497,639	2,291,211,222
<b>Sub-total of cash inflows</b>		1,484,497,639	2,291,211,222	1,484,497,639	2,291,211,222
Cash repayments of borrowings		(1,700,425,493)	(1,800,450,682)	(1,700,425,493)	(1,800,450,682)
Cash payments for distribution of dividends, profits or interest expenses		(3,002,467,779)	(78,895,390)	(3,002,467,779)	(78,895,390)
Cash paid relating to other financing activities	4(56)	(16,063,293)	(12,751,077)	(15,810,013)	(10,297,938)
<b>Sub-total of cash outflows</b>		(4,718,956,565)	(1,892,097,149)	(4,718,703,285)	(1,889,644,010)
<b>Net cash flows from financing activities</b>		(3,234,458,926)	399,114,073	(3,234,205,646)	401,567,212
<b>Effect of foreign exchange rate changes on cash and cash equivalents</b>		-	-	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	4(57)	(1,552,903,815)	2,184,018,471	(767,281,334)	(204,366,901)
Add: Cash and cash equivalents at beginning of year	4(57)	11,121,955,129	8,937,936,658	8,473,562,045	8,677,928,946
<b>Cash and cash equivalents at end of year</b>	4(57)	9,569,051,314	11,121,955,129	7,706,280,711	8,473,562,045

Legal representative: Qiu Tiangao

CFO: Joey Zhu

Finance Department: Ding Ni

**JIANGLING MOTORS CORPORATION, LTD.**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021**  
 (All amounts in RMB Yuan unless otherwise stated)

Item	Notes	Attributable to shareholders of the parent company					Minority interests	Total equity
		Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Retained earnings		
<b>Balance at 1 January 2020</b>		863,214,000	839,442,490	(11,395,500)	431,607,000	8,373,695,791	-	10,496,563,781
<b>Movements for the year ended 31 December 2020</b>		-	-	(363,750)	-	490,273,978	-	489,910,228
Total comprehensive income								
Net profit		-	-	-	-	550,698,958	-	550,698,958
Other comprehensive income		-	-	(363,750)	-	-	-	(363,750)
Total comprehensive income for the year		-	-	(363,750)	-	550,698,958	-	550,335,208
Profit distribution								
Distribution to shareholders	4(38)	-	-	-	-	(60,424,980)	-	(60,424,980)
<b>Balance at 31 December 2020</b>		863,214,000	839,442,490	(11,759,250)	431,607,000	8,863,969,769	-	10,986,474,009
<b>Balance at 1 January 2021</b>		863,214,000	839,442,490	(11,759,250)	431,607,000	8,863,969,769	-	10,986,474,009
<b>Movements for the year ended 31 December 2021</b>		-	-	(4,663,500)	-	(2,426,365,920)	-	(2,431,029,420)
Total comprehensive income								
Net profit		-	-	-	-	574,165,944	-	574,165,944
Other comprehensive income		-	-	(4,663,500)	-	-	-	(4,663,500)
Total comprehensive income for the year		-	-	(4,663,500)	-	574,165,944	-	569,502,444
Profit distribution								
Distribution to shareholders	4(38)	-	-	-	-	(3,000,531,864)	-	(3,000,531,864)
<b>Balance at 31 December 2021</b>		863,214,000	839,442,490	(16,422,750)	431,607,000	6,437,603,849	-	8,555,444,589

Legal representative: Qiu Tiangao

CFO: Joey Zhu

Finance Department: Ding Ni

**JIANGLING MOTORS CORPORATION, LTD.**  
**COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021**

(All amounts in RMB unless otherwise stated)

Item	Notes	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Retained earnings	Total equity
<b>Balance at 1 January 2020</b>		863,214,000	839,442,490	(11,616,750)	431,607,000	9,484,175,533	11,606,822,273
<b>Movements for the year ended 31 December 2020</b>		-	-	(405,000)	-	547,925,176	547,520,176
Total comprehensive income							
Net profit		-	-	-	-	608,350,156	608,350,156
Other comprehensive income		-	-	(405,000)	-	-	(405,000)
Total comprehensive income for the year		-	-	(405,000)	-	608,350,156	607,945,156
Profit distribution							
Distribution to shareholders	4(38)	-	-	-	-	(60,424,980)	(60,424,980)
<b>Balance at 31 December 2020</b>		863,214,000	839,442,490	(12,021,750)	431,607,000	10,032,100,709	12,154,342,449
<b>Balance at 1 January 2021</b>		863,214,000	839,442,490	(12,021,750)	431,607,000	10,032,100,709	12,154,342,449
<b>Movements for the year ended 31 December 2021</b>		-	-	(4,662,750)	-	(3,772,808,975)	(3,777,471,725)
Total comprehensive income							
Net profit		-	-	-	-	(766,658,505)	(766,658,505)
Other comprehensive income		-	-	(4,662,750)	-	-	(4,662,750)
Total comprehensive income for the year		-	-	(4,662,750)	-	(766,658,505)	(771,321,255)
Profit distribution							
Distribution to shareholders	4(38)	-	-	-	-	(3,000,531,864)	(3,000,531,864)
Others		-	-	-	-	(5,618,606)	(5,618,606)
<b>Balance at 31 December 2021</b>		863,214,000	839,442,490	(16,684,500)	431,607,000	6,259,291,734	8,376,870,724

Legal representative: Qiu Tiangao

CFO: Joey Zhu

Finance Department: Ding Ni



## JIANGLING MOTORS CORPORATION, LTD.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR EDNEED 31 DECEMBER 2021

(All amounts in RMB Yuan unless otherwise stated)  
[English translation for reference only]

#### 1 General information

Jiangling Motors Corporation, Ltd. (hereinafter “the Company”) is a Sino-foreign joint stock enterprise established under the approval of Hong ban (1992) No. 005 of Nanchang Revolution and Authorisation Group of Company’s Joint Stock on the basis of Jiangxi Motors Manufacturing Factory on 16 June 1992. The registration number of the enterprise business license is No. 913600006124469438. The registered address of the Company and the address of its headquarters are both Nanchang City, Jiangxi Province of the People’s Republic of China (“the PRC”).

On 23 July 1993, with the approval of the China Securities Regulatory Commission (hereinafter “CSRC”) (Zheng Jian Fa Shen Zi [1993] No. 22) and (Zheng Jian Han Zi [1993] No. 86), the Company was listed on the Stock Exchange of Shenzhen on 1 December 1993, issuing 494,000,000 shares in total. On 8 April 1994, a total of 25,214,000 shares were distributed for the 1993 dividend distribution programme with the approval of the shareholders’ meeting and Jiangxi Securities Management Leading Group (Gan Securities [1994] No. 02). In 1995, with the approval of CSRC (Zheng Jian Fa Zi [1995] No. 144) and the Shenzhen Securities Management Office (Shenzhen Office Fu [1995] No. 92), the Company issued 174,000,000 ordinary shares (“B shares”). In 1998, with the approval of CSRC (Zheng Jian Fa Zi [1998] No. 19), the Company issued additional 170,000,000 B shares.

According to the resolution of the shareholders’ meeting regarding the split share structure reform on 11 January 2006, the Company implemented the *Scheme on Split Share Structure Reform* on 13 February 2006. After the implementation, the Company’s total paid-in capital remains the same. Related details are disclosed in Note 4(34).

As at 31 December 2021, the Company’s paid-in capital totalled RMB863,214,000, with par value of RMB1 per share.

The business scope of the Company and its subsidiaries (hereinafter “the Group”) includes production and sales of automobile assemblies such as automobiles, special (modified) vehicles, engines and chassis and other automobile parts, and provision of related after-sales services; retail and wholesale of imported E series automobiles of Ford Motor (China) Co., Ltd. (“FORD”) as the dealer; import and export of automobiles and parts; dealership of used cars; provision enterprise management and consulting services related to production and sales of automobiles.

Subsidiaries included in the consolidation scope for the current year are detailed in Note 6.

These financial statements were authorised for issue by the Company’s Board of Directors on 28th March 2022.

#### 2 Summary of significant accounting policies and accounting estimates

The Group determines specific accounting policies and estimates based on the features of its production and operation, which mainly comprise the measurement of expected credit losses (“ECL”) on receivables (Note 2(8)), valuation of inventories (Note 2(9)), depreciation of fixed assets and amortisation of intangible assets and right-of-use assets (Note 2(11), (14), (22)), criteria for capitalisation of development expenditures (Note 2(14)), recognition and measurement of revenue (Note 2(19)), etc.

Key judgements and critical accounting estimates and key assumptions applied by the Group on the determination of significant accounting policies are set out in Note 2(24).

## JIANGLING MOTORS CORPORATION, LTD.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR EDNE 31 DECEMBER 2021

(All amounts in RMB Yuan unless otherwise stated)  
[English translation for reference only]

#### 2 Summary of significant accounting policies and accounting estimates (Cont'd)

##### (1) Basis of preparation

The financial statements are prepared in accordance with the *Accounting Standards for Business Enterprises - Basic Standard*, specific accounting standards and relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (hereinafter collectively referred to as “the Accounting Standards for Business Enterprises” or “CASs”) and the disclosure requirements in the *Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 - General Rules on Financial Reporting* issued by CSRC.

As at 31 December 2021, the Group's net current liabilities amounted to RMB237,206,462. Of which, the contract liabilities amount to RMB272,274,177 will be recognised in revenue within 12 months after the balance sheet date. The reason for the occurrence of net current liabilities at the end of this year was mainly due to the significant amount of cash dividends distributed to all shareholders by the Company this year (Note 4 (38)). Considering the 12-month cash flow projection of the Group provided by the management, including the expected net operation cash inflows and the bank facilities available, as well as the dividends distribution plan proposed by the Board of Directors and the expected net investment cash outflows, the management expected that the Group has enough funds to cover maturing debt and maintain the usual operation in the next 12 months. Accordingly, the management of the Company prepared the financial statements on a going concern basis.

##### (2) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for the year ended 31 December 2021 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the consolidated and company's financial position of the Company. As at 31 December 2021 and their financial performance, cash flows and other information for the year then ended.

##### (3) Fiscal year

The Company's fiscal year starts on 1 January and ends on 31 December.

##### (4) Recording currency

The recording currency is Renminbi (“RMB”). The financial statements are presented in RMB.

##### (5) Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profits realised before the combination date is presented separately in the consolidated income statement.

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#### 2 Summary of significant accounting policies and accounting estimates (Cont'd)

##### (5) Preparation of consolidated financial statements (Cont'd)

In preparing the consolidated financial statements, where the accounting policies or the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting period of the Company. For subsidiaries acquired from business combinations involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant intra-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of subsidiaries' shareholders' equity and the portion of subsidiaries' net profits and losses and comprehensive income for the period not attributable to the Company are recognised as minority interests, net profit attributed to minority interests and total comprehensive income attributed to minority interests, and presented separately in the consolidated financial statements under shareholders' equity, net profits and total comprehensive income respectively. If the subsidiaries' loss for the current period attributed to the minority shareholders exceeds their share in the opening shareholder's equity, the excess will be deducted against the minority interests. Unrealised profits and losses resulting from the sale of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to owners of the parent. Unrealised profits and losses resulting from the sale of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to owners of the parent and net profit attributed to minority interests in accordance with the allocation proportion of the parent in the subsidiary. Unrealised profits and losses resulting from the sale of assets by one subsidiary to another are eliminated and allocated between net profit attributable to owners of the parent and net profit attributed to minority interests in accordance with the allocation proportion of the parent in the subsidiary.

If the accounting treatment of a transaction is inconsistent in the financial statements at the Group level and at the Company or its subsidiary level, adjustment will be made from the perspective of the Group.

The Group remeasures the remaining investment held at its fair value in the consolidated statement of financial position when the control is lost because of the partial disposal of the equity or other reasons. The difference between the consideration of the disposal as well as the fair value of the remaining investment and the share of net assets of the former subsidiary calculated based on the original share since the acquisition date as well as the good will is recognised in investment income in the period of control lost. In addition, the other comprehensive income and other changes in owner's equity related to the investment of the former subsidiary, are reclassified to profit or loss when the control is lost, except for the changes arising from remeasurement of net liabilities or net assets of defined benefit, the accumulated changes in fair value from the equity instruments not held for trading and designated as financial assets at fair value through other comprehensive income by the investee.

##### (6) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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#### 2 Summary of significant accounting policies and accounting estimates (Cont'd)

##### (7) Foreign currency translation

###### Foreign currency transactions

Foreign currency transactions are translated into recording currency using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into recording currency using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

##### (8) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset or a financial liability is recognised when the Group becomes a party to the contractual provisions of the instrument.

###### (a) Financial assets

###### (i) Classification and measurement

Based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, financial assets are classified as: (1) financial assets at amortised cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

The financial assets are measured at fair value at initial recognition. Related transaction costs that are attributable to the acquisition of the financial assets are included in the initially recognised amounts, except for the financial assets at fair value through profit or loss, the related transaction costs of which are recognised directly in profit or loss for the current period. Accounts receivable or notes receivable arising from sales of products or rendering of services (excluding or without regard to significant financing components) are initially recognised at the consideration that is entitled to be charged by the Group as expected.

###### Debt instruments

The debt instruments held by the Group refer to the instruments that meet the definition of financial liabilities from the perspective of the issuer, and are measured in the following three ways:

###### Measured at amortised cost:

The objective of the Group's business model is to hold the financial assets to collect the contractual cash flows, and the contractual cash flow characteristics are consistent with a basic lending arrangement, which gives rise on specified dates to the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The interest income of such financial assets is recognised using the effective interest method. Such financial assets mainly include cash at bank and on hand, notes receivable, accounts receivable, other receivables and long-term receivables, etc.

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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

(8) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(i) Classification and measurement (Cont'd)

Measured at fair value through other comprehensive income:

The objective of the Group's business model is to hold the financial assets to both collect the contractual cash flows and sell such financial assets, and the contractual cash flow characteristics are consistent with a basic lending arrangement. Such financial assets are measured at fair value through other comprehensive income, except for the impairment gains or losses, foreign exchange gains and losses, and interest income calculated using the effective interest method which are recognised in profit or loss for the current period. Such financial assets mainly include financing receivables, etc.

Measured at fair value through profit or loss:

Debt instruments held by the Group that are not divided into those at amortised cost, or those measured at fair value through other comprehensive income, are measured at fair value through profit or loss. At initial recognition, the Group does not designate a portion of financial assets as at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch. Financial assets that are due in more than one year as from the balance sheet date and are expected to be held for over one year are included in other non-current financial assets, and the others are included in financial assets held for trading.

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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

(8) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(ii) Impairment

Loss provision for financial assets at amortised cost and investments in debt instruments at fair value through other comprehensive income is recognised on the basis of ECL.

Giving consideration to reasonable and supportable information on past events, current conditions and forecasts of future economic conditions, as well as the default risk weight, the Group recognises the ECL as the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to collect.

As at each balance sheet date, the ECL of financial instruments at different stages are measured respectively. 12-month ECL provision is recognised for financial instruments in Stage 1 that have not had a significant increase in credit risk since initial recognition; lifetime ECL provision is recognised for financial instruments in Stage 2 that have had a significant increase in credit risk yet without credit impairment since initial recognition; and lifetime ECL provision is recognised for financial instruments in Stage 3 that have had credit impairment since initial recognition.

For the financial instruments with low credit risk on the balance sheet date, the Group assumes there is no significant increase in credit risk since initial recognition and recognises the 12-month ECL provision.

For the financial instruments in Stage 1, Stage 2 and with low credit risk, the Group calculates the interest income by applying the effective interest rate to the gross carrying amount (before deduction of the impairment provision). For the financial instrument in Stage 3, the interest income is calculated by applying the effective interest rate to the amortised cost (after deduction of the impairment provision from the gross carrying amount).

For notes receivable, accounts receivable and financing receivables arising from sales of goods and rendering of services in the ordinary course of operating activities, the Group measures the lifetime ECL provision regardless of whether there is a significant financing component.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR EDNE 31 DECEMBER 2021

(All amounts in RMB Yuan unless otherwise stated)  
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#### 2 Summary of significant accounting policies and accounting estimates (Cont'd)

(8) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(ii) Impairment (Cont'd)

In case the ECL of an individually assessed financial asset can be evaluated with reasonable cost, the Group determines the ECL based on impairment assessment of an individual financial asset. In case the ECL of an individually assessed financial asset cannot be evaluated with reasonable cost, the Group divides the receivables into certain groupings based on credit risk characteristics, and calculates the ECL for the groupings. Basis for determining groupings and related provision method are as follows:

Grouping - Bank acceptance notes	State-owned banks and joint stock banks
Grouping - Trade acceptance notes	Customers purchasing using Trade acceptance
Grouping - Sales of general automobiles:	Customers of general automobiles
Grouping - Sales of new energy automobiles	Customers of new energy automobiles
Grouping - Sales of automobile parts	Customers of automobile parts
Grouping -operating advances and guarantees	Operating advances and guarantees
Grouping –Others	Accrued interest on cash at bank

For accounts receivable that are classified into groupings and notes receivable and financing receivables arising from sales of goods and rendering of services in the ordinary course of operating activities, the Group calculates the ECL with reference to historical credit losses experience, current conditions and forecasts of future economic conditions, and based on the exposure at default and the lifetime ECL rate. For other notes receivable, financing receivables and other receivables classified into groupings, the Group calculates the ECL with reference to the historical credit loss experience, current conditions and forecasts of future economic conditions, and based on the exposure at default and the 12-month or lifetime ECL rate.

The Group recognises the loss provision made or reversed into profit or loss for the current period. For debt instruments held at fair value through other comprehensive income, the Group adjusts other comprehensive income while the impairment loss or gain is recognised in profit or loss for the current period.

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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

(8) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(iii) Derecognition

A financial asset is derecognised when: (i) the contractual rights to the cash flows from the financial asset expire, (ii) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, or (iii) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

When a financial asset is derecognised, the difference between the carrying amount and the sum of the consideration received and the cumulative changes in fair value that are previously recognised directly in other comprehensive income is recognised in profit or loss for the current period.

(b) Financial liabilities

Financial liabilities are classified as financial liabilities at amortised cost and financial liabilities at fair value through profit or loss at initial recognition.

Financial liabilities of the Group mainly comprise financial liabilities at amortised cost, including notes payable, accounts payable, other payables, borrowings, etc. Such financial liabilities are initially recognised at fair value, net of transaction costs incurred, and subsequently measured using the effective interest method. Financial liabilities that are due within one year (inclusive) are classified as current liabilities; those with maturities over one year but are due within one year (inclusive) as from the balance sheet date are classified as current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognised or partly derecognised when the underlying present obligation is discharged or partly discharged. The difference between the carrying amount of the derecognised part of the financial liability and the consideration paid is recognised in profit or loss for the current period.



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#### 2 Summary of significant accounting policies and accounting estimates (Cont'd)

##### (8) Financial instruments (Cont'd)

##### (c) Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. In valuation, the Group adopts valuation techniques applicable in the current situation and supported by adequate available data and other information, selects inputs with the same characteristics as those of assets or liabilities considered in relevant transactions of assets or liabilities by market participants, and gives priority to the use of relevant observable inputs. When relevant observable inputs are not available or feasible, unobservable inputs are adopted.

##### (9) Inventories

##### (a) Classification

Inventories include raw materials, work in progress products, finished goods, materials in transit, low value consumables, materials consigned for processing, etc., and are measured at the lower of cost and net realisable value.

##### (b) Costing of inventories

Cost is determined using the weighted average method. The cost of finished goods and work in progress comprise raw materials, direct labour and systematically allocated production overhead based on the normal production capacity.

##### (c) Basis for determining net realisable value of inventories and method for making provision for inventories

Provision for inventories is determined at the excess amount of the carrying amounts of the inventories over their net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes.

##### (d) The Group adopts the perpetual inventory system.

##### (e) Amortisation methods of low-value consumables

Low-value consumables are amortised into expenses in full when issued for use.

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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

**(10) Long-term equity investments**

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, and the Group's long-term equity investments in its associates.

Subsidiaries are the investees over which the Company is able to exercise control. Associates are the investees that the Group has a significant influence on their financial and operating decisions.

Investments in subsidiaries are presented using the cost method in the Company's financial statements, and adjusted to the equity method when preparing the consolidated financial statements. Investments in associates are accounted for using the equity method.

**(a) Determination of investment cost**

For long-term equity investments acquired through a business combination involving enterprises under common control, the investment cost shall be the absorbing party's share of the carrying amount of owners' equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party at the combination date; for long-term equity investments acquired through a business combination not involving enterprises under common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through a business combination, such as long-term equity investments acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

**(b) Subsequent measurement and recognition of profit or loss**

Long-term equity investments accounted for using the cost method are measured at the initial investment cost. Cash dividend or profit distribution declared by an investee is recognised as investment income into profit or loss for the current period.

Where the initial investment cost exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the investment is initially measured at that cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is included in profit or loss for the current period and the cost of the long-term equity investment is adjusted upwards accordingly.

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#### 2 Summary of significant accounting policies and accounting estimates (Cont'd)

##### (10) Long-term equity investments (Cont'd)

##### (b) Subsequent measurement and recognition of profit or loss (Cont'd)

For long-term equity investments accounted for using the equity method, the Group recognises the investment income or losses according to its share of net profit or loss of the investee. The Group does not recognise further losses when the carrying amounts of the long-term equity investment together with any long-term interests that, in substance, form part of the Group's net investment in investees are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions are satisfied, the Group continues recognising the investment losses and the provisions at the amount it expects to undertake. The Group's share of the changes in investee's owner's equity other than those arising from the net profit or loss, other comprehensive income and profit distribution is recognised in capital surplus with a corresponding adjustment to the carrying amounts of the long-term equity investment. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by the investees. Unrealised gains or losses on transactions between the Group and its investees are eliminated to the extent of the Group's equity interest in the investees, based on which the investment income or losses are recognised. Any losses resulting from transactions between the Group and its investees, which are attributable to asset impairment losses are not eliminated.

##### (c) Basis for determining existence of control and significant influence over investees

Control is the power over investees that can bring variable returns through involvement in related activities of investees and the ability to influence the returns by using such power over investees.

Significant influence is the power to participate in making decisions on financial and operating policies of the investee but is not control or joint control over making those policies.

##### (d) Impairment of long-term equity investments

The carrying amounts of long-term equity investments in subsidiaries and associates is reduced to the recoverable amounts when the recoverable amounts are below their carrying amount (Note 2(15)).

##### (11) Fixed assets

##### (a) Recognition and initial measurement of fixed assets

Fixed assets comprise buildings, machinery and equipment, Vehicles, moulds, and electronic and other equipment.

Fixed assets are recognised when it is probable that the related economic benefits will flow to the Group and the costs can be reliably measured. Fixed assets purchased or constructed by the Group are initially measured at cost at the time of acquisition. The fixed assets contributed by the state-owned shareholders upon the restructuring of the Company are recorded at the valued amount determined by the state-owned asset administration department.

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#### 2 Summary of significant accounting policies and accounting estimates (Cont'd)

##### (11) Fixed assets (Cont'd)

##### (a) Recognition and initial measurement of fixed assets (Cont'd)

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss for the period in which they are incurred.

##### (b) Depreciation methods of fixed assets

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated net residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the estimated net residual values expressed as a percentage of cost and the annual depreciation rates of fixed assets are as follows:

	Estimated useful lives	Estimated net residual values	Annual depreciation rates
Buildings	35 to 40 years	4%	2.4% to 2.7%
Machinery and equipment	10 to 15 years	4%	6.4% to 9.6%
Vehicles	5 to 10 years	4%	9.6% to 19.2%
Moulds	5 years	-	20%
Electronic and other equipment	5 to 7 years	4%	13.7% to 19.2%

The estimated useful life and the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed and adjusted as appropriate at each year-end.

##### (c) The carrying amount of a fixed asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(15)).

##### (d) Disposal of fixed assets

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

(12) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the construction in progress ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation is charged starting from the following month. The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(15)).

(13) Borrowing costs

The borrowing costs that are directly attributable to acquisition and construction of an asset that needs a substantially long period of time for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of an asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

The capitalised amount of specific borrowings intended to be used for the acquisition and construction of qualifying assets is determined by the interest expenses incurred in the current period less interest income of the unused borrowings deposited at banks or investment income from temporary investments.

The capitalised amount of general borrowings intended to be used for the acquisition or construction of qualifying assets is determined by the weighted average of the excess of accumulated capital expenditure over capital expenditure of the special borrowings multiplied by the weighted average effective interest rate of the utilised general borrowings. The effective interest rate is the rate at which the future cash flows of the borrowings over the expected lifetime or a shorter applicable period are discounted into the initial recognised amount of the borrowings.

(14) Intangible assets

Intangible assets include land use rights, software use fees, non-patent technologies and after-sales service management mode, and are measured at cost.

(a) Land use rights

Land use rights are amortised on the straight-line basis over their approved use period of 50 years. If the acquisition costs of the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the acquisition costs are recognised as fixed assets.

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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

(14) Intangible assets (Cont'd)

(b) Software use fees

Software use fees are amortised on a straight-line basis over the estimated useful life of 5 years.

(c) Non-patent technologies

Non-patent technologies are amortised on the straight-line basis over the estimated useful life of 5 years.

(d) Periodical review of useful life and amortisation method

For an intangible asset with a finite useful life, review of its useful life and amortisation method is performed at each year-end, with adjustment made appropriately.

(e) Research and development

The expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at the end of the project.

Expenditure on the research phase related to planned survey, evaluation and selection for research on manufacturing technique of automobile products is recognised in profit or loss in the period in which it is incurred. Prior to mass production, expenditure on the development phase related to the design and testing phase in regard to the final application of manufacturing technique of automobile products is capitalised only if all of the following conditions are satisfied:

- the development of manufacturing technique of automobile products has been fully demonstrated by technical team;
- management intends to complete the development of manufacturing technique of automobile products, and use or sell it;
- the research and analysis of preliminary market survey indicate that products manufactured with manufacturing technique of automobile products are marketable;
- adequate technical and financial supports are available for development of manufacturing techniques of automobile products and subsequent mass production; and
- expenditure on development of manufacturing techniques of automobile products can be reliably collected.

Other expenditures on the development phase that do not meet the conditions above are recognised in profit or loss in the period in which they are incurred. Development expenditures previously recognised as expenses are not recognised as an asset in a subsequent period. Capitalised expenditure on the development phase is presented as development expenditures in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

(f) Impairment of intangible assets

The carrying amounts of intangible assets are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note 2(15)).

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#### 2 Summary of significant accounting policies and accounting estimates (Cont'd)

##### (15) Impairment of long-term assets

Fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives and long-term equity investments in subsidiaries and associates are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date; intangible assets that are not yet available for their intended use are tested for impairment at least once a year, irrespective of whether there is any indication of impairment. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an asset impairment loss are 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 disposal costs and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least once a year for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying amount of goodwill is allocated to the related asset group or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or a group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset group or group of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in the subsequent periods.

##### (16) 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, etc.

###### (a) 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, 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 and accounting estimates (Cont'd)

##### (16) Employee benefits (Cont'd)

##### (b) 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, premiums or contributions on basic pensions and unemployment insurance paid for employees belong to defined contribution plans; supplementary retirement benefits for employees are 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 Resources 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 also provides employees with supplementary retirement benefits in addition to the insurance system prescribed by the State. Such supplementary retirement benefits belong to defined benefit plans. The defined benefit liabilities recognised on the balance sheet represent the present value of defined benefit obligations less the fair value of the plan assets. The defined benefit obligations are calculated annually by an independent actuary using projected unit credit method at the interest rate of treasury bonds with similar obligation term and currency. Service costs related to supplementary retirement benefits (including current service costs, historical service costs and settled gains or losses) and net interest are recognised in profit or loss for the current period or the cost of related assets, and changes arising from remeasurement of net liabilities or net assets of defined benefit plans are recognised in other comprehensive income.

##### (c) 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.



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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

(16) Employee benefits (Cont'd)

(c) Termination benefits (Cont'd)

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 employee benefits payable.

(17) Dividend distribution

Cash dividends are recognised as liabilities in the period in which the dividends are approved at the shareholders' meeting.

(18) Provisions

Provisions for product warranties, compensation to suppliers, etc. are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors on a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

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

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#### 2 Summary of significant accounting policies and accounting estimates (Cont'd)

##### (19) Revenue

The Group manufactures automobiles and automobile parts and sells them to distributors and end customers. In addition, the Group also provides customers with auto maintenance and additional quality warranty services. The Group recognises revenue at the amount of the consideration that is entitled to be charged by the Group as expected when the customer obtains control over relevant goods or services.

##### (a) Selling automobiles and automobile parts to distributors and end customers

The Group manufactures automobiles and automobile parts and sells such products to distributors and end customers. The Group recognises revenue from sales of automobiles after they are delivered as prescribed in the contract, customers have accepted the products and the delivery documents have been signed by both parties. The Group recognises revenue from sales of parts after they are delivered to the designated location as prescribed in the contract, customers have accepted the products and the delivery documents have been signed by both parties.

Where two or more obligations are included in a contract between the Group and the customers, at the beginning date of the contract, the Group allocates the transaction price to individual obligation in the relative proportion to the individual selling prices of products or services committed in each individual obligation. When the individual selling price is unobservable, the Group makes reasonable estimates on the individual selling price with comprehensive consideration to all available information, and by using market adjustment method, cost plus method, etc.

The credit periods granted by the Group to distributors and end customers are generally within one year, which is consistent with the industry practice, and there is no significant financing component. The Group provides product warranties for automobiles and automobile parts as required by laws and regulations, and recognises the corresponding provisions (Note 2(18)).

The Group provides distributors and end customers with sales discounts based on sales volume, and related revenue is recognised at contract consideration net of the discount amount estimated based on historical experience and using the expected value method.

##### (b) Rendering of services

The Group provides customers with car maintenance and additional quality warranty services, and the revenue is recognised based on the progress of service provision within a certain period. According to the nature of the service provided, the performance progress is determined in accordance with the value of the labour provided to the customer.

When the Group recognises revenue based on the stage of completion, the amount with unconditional collection right obtained by the Group is recognised as accounts receivable, and the rest is recognised as contract assets. Meanwhile, loss provision for accounts receivable and contract assets are recognised on the basis of ECL (Note 2(8)). If the contract price received or receivable exceeds the amount for the completed service, the excess portion will be recognised as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

(20) Government grants

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government, including support funds for enterprise development, financial subsidies, 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 are recorded as deferred income and recognised in profit or loss on a reasonable and systemic basis over the useful lives of the assets. Government grants related to income that compensate future costs, expenses or losses are recorded as deferred income and recognised in profit or loss in reporting the related expenses; government grants related to income that compensate incurred costs, expenses or losses are recognised in profit or loss directly in the current period.

The Group applies the presentation method consistently to the similar government grants in the financial statements.

Government grants that are related to ordinary activities are included in operating profit, otherwise, they are recorded in non-operating income.

The interest subsidies directly received from government are recorded as a reduction of interest expenses.

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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

**(21) Deferred tax assets and deferred tax liabilities**

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising from investments in subsidiaries and associates, except where the Group is able to control the timing of reversal of such temporary differences, and it is probable that the temporary differences will not reverse in the foreseeable future. When it is probable that the deductible temporary differences arising from investments in subsidiaries and associates will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the deductible temporary differences can be utilised, the corresponding deferred tax assets are recognised.

Deferred tax assets and deferred tax liabilities are offset when:

- the deferred tax assets and deferred tax liabilities are related to the same taxpayer within the Group and the same taxation authority; and
- that taxpayer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

(22) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as the lessee:

At the commencement date, the Group shall recognise the right-of-use asset and measure the lease liabilities at the present value of the lease payments that are not paid at that date. Lease payments include fixed payments, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease if the lessee exercises an option to terminate the lease. Variable lease payments in proportion to sales are excluded from lease payments and recognised in profit or loss as incurred. Lease liabilities that are due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current liabilities.

The Group's right-of-use assets represent leased buildings. Right-of-use assets are measured initially at cost which comprises the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date and any initially direct costs, less any lease incentives received. If it is reasonably probable that the Group will obtain ownership of the underlying asset by the end of the lease term, the asset is depreciated over its remaining useful life; otherwise the asset is depreciated over the shorter of the lease term and its remaining useful life. The carrying amounts of the right-of-use assets are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note 2(15)).

For short-term leases with a term of 12 months or less and leases of an individual asset (when new) of low value, the Group may, instead of recognising right-of-use assets and lease liabilities, recognise the lease payments in the cost of the underlying assets or in profit or loss for the current period on a straight-line basis over the lease term.

The Group shall account for a lease modification as a separate lease if both: (1) the modification extends the scope of the lease by adding the right to use one or more underlying assets; (2) the increased consideration is equivalent to the amount of the individual price of the expanded part of the lease scope adjusted according to the contract conditions.

For a lease modification that is not accounted for as a separate lease, the Group shall redetermine the lease term at the effective date of the lease modification, and remeasure the lease liability by discounting the revised lease payments using a revised discount rate, except for the simplified method for contract changes directly caused by COVID-19. For a lease modification which narrows the scope of the lease or shortens the lease term, the Group decreases the carrying amount of the right-of-use asset, and recognises in profit or loss any gain or loss relating to the partial or full termination of the lease. For other changes which lead to the remeasurement of lease liabilities, the Group correspondingly adjusts the carrying amount of the right-of-use asset.

For the rental waivers due to COVID-19 and for the period ended before 30 June 2022 only, the Group applies the simplified method, records the undiscounted waivers in profit or loss and adjusts lease liability when the agreement is reached to dismiss the original payment obligation.

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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

(22) Leases (Cont'd)

The Group as the lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. An operating lease is a lease other than a finance lease.

As the lessor, the Group does not hold any finance lease. Where the Group leases out self-owned buildings under operating leases, rental income the refrom is recognised on a straight-line basis over the lease term.

(23) Segment information

The Group identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenues and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group. Two or more operating segments that have similar economic characteristics and satisfy certain conditions can be aggregated into one single operating segment.

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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

(24) Critical accounting estimates and judgements

The Group continually evaluates the critical accounting estimates and key judgements applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the accounting policies

(i) Classification of financial assets

Significant judgements made by the Group in the classification of financial assets include business models 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 the financial assets performance and reporting such 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.

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 includes time value of money, credit risks, other basic lending risks and considerations for costs and profits. For example, whether the repayment in advance only reflects the principal outstanding and corresponding interest and reasonable compensation paid for early termination of the contract.

(ii) Judgement on significant increase in credit risk and occurrence of credit impairment

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.

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#### 2 Summary of significant accounting policies and accounting estimates (Cont'd)

##### (24) Critical accounting estimates and judgements (Cont'd)

##### (a) Critical judgements in applying the accounting policies (Cont'd)

##### (iii) Judgement on capitalisation of development expenditures

Development expenditures are capitalised when the criteria in Note 2(14)(e) are fulfilled. The assessments on whether the criteria for capitalisation of development expenditures have been met involve 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 expenditures and records the process in meeting minutes based on feasibility analysis, regular review on the development project phase, etc.

##### (iv) Timing of revenue recognition

The Group sells automobiles and automobile parts to distributors or end customers. The Group recognises revenue from sales of automobiles after they are delivered as prescribed in the contract, distributors or end customers have accepted the products and the delivery documents have been signed by both parties. The Group recognises revenue from sales of parts after they are delivered to the designated location as prescribed in the contract, distributors or end customers have accepted the products and the delivery documents are signed by both parties. Thereafter, the distributors or end customers own the products, have the right to set prices independently, and bear the risks from price fluctuation or damage of the products. The distributors or end 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.

##### (v) Sales with product warranties

The Group provides statutory warranty for automobiles and automobile parts, and the periods 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 or additional warranty for this purpose, thus this kind of warranty cannot be identified as a separate performance obligation. In addition, the Group also offers additional warranty other than the requirements of laws and regulations, which is identified as a separate performance obligation. The Group recognises the revenue of the additional warranty over time during the period when services are rendered.



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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

(24) Critical accounting estimates and judgements (Cont'd)

(b) Critical accounting estimates and key assumptions

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are outlined below:

(i) Measurement of ECL

The Group calculates ECL through default risk exposure and ECL rate and determines the ECL rate based on default probability and default loss rate. In determining the ECL 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 Group takes different macroeconomic scenarios into consideration. In 2021, the weights of "base", "bad" and "good" are 68%, 16% and 16% (2020: 68%, 16% and 16%) under three economic scenarios respectively for the consideration of forward-looking information. The Group regularly monitors, and reviews important macroeconomic assumptions and parameters related to the calculation of ECL rate, including the risks of economic downturn, external market environment, changes of technological environment and customer, gross domestic product, consumer price index and broad money supply. In 2021, the Group has considered the uncertainty caused by COVID-19 and updated relevant assumptions and parameters accordingly. The key macroeconomic parameters used in each scenario are listed as follows:

	Scenarios		
	Base	Bad	Good
Gross domestic product	7.81%	4.74%	10.89%
Consumer price index	1.82%	-1.38%	5.02%

In 2020, the key macroeconomic parameters used in each scenario are listed below:

	Scenarios		
	Base	Bad	Good
Gross domestic product	14.25%	14.15%	14.34%
Money supply	9.20%	7.72%	10.68%

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#### 2 Summary of significant accounting policies and accounting estimates (Cont'd)

(24) Critical accounting estimates and judgements (Cont'd)

(b) Critical accounting estimates and key assumptions (Cont'd)

(ii) Impairment of long-term asset

The Group assesses whether there is any indication that non-current assets other than financial assets may be impaired at the balance sheet date. When there are indications showing the carrying amounts of such assets cannot be recovered, an impairment test will be performed.

When the carrying amount of non-current assets or asset groups other than financial assets is higher than the recoverable amount, which is the higher of an asset's fair value less disposal costs and the present value of the future cash flows expected to be derived from the asset, it shows non-current assets or asset groups are impaired.

The amount of an asset's fair value less disposal costs was determined by the price of a sale agreement in affair rade, less the costs that are directly attributable to the disposal of the asset. Where there is no sales agreement but there is an active market of assets, the amount is determined by the market price less the costs that are directly attributable to the disposal of the asset. The market price of assets is determined by the considerations provided by the buyer. Where there is no sales agreement or active market of assets, the amount of an asset's fair value less disposal costs was determined based on the best information available, with reference to the latest transaction price or results of similar assets of the same industry.

Disposal costs include legal cost, taxes and handling fee related to asset disposal, and direct costs incurred to bring the assets to a saleable state.

(iii) Income tax and deferred income tax

The Group is subject to enterprise income tax in multiple regions. There are some transactions and events for which the ultimate tax treatment is uncertain during the ordinary course of business. Significant judgement is required from the Group in determining the provision for income taxes in each of these regions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

(24) Critical accounting estimates and judgements (Cont'd)

(b) Critical accounting estimates and key assumptions (Cont'd)

(iii) Income tax and deferred income tax (Cont'd)

As stated in Note 3(2), the Company is a high-tech enterprise. The “High-Tech Enterprise Certificate” is effective for three years. Upon expiration, application for high-tech enterprise assessment should be submitted again to the relevant government authorities. Based on the past experience of reassessment for high-tech enterprise upon expiration and its actual conditions, the Company considers that it is able to obtain the qualification for high-tech enterprises in the next 3 years, and therefore a preferential tax rate of 15% is used to calculate the corresponding deferred income tax. If the Company cannot obtain the qualification for high-tech enterprise upon expiration, then the Company is subject to a statutory tax rate of 25% for the calculation of income tax, which further influences the recognised deferred tax assets, deferred tax liabilities and income tax expenses.

Deferred tax assets are recognised for the deductible tax losses that can be carried forward to subsequent years to the extent that it is probable that taxable profit will be available in the future against which the deductible tax losses can be utilised. Taxable profit that will be available in the future includes the taxable profit that will be realised through ordinary course of business and the taxable profit that will be increased upon the future reversal of taxable temporary differences incurred in prior periods. Judgements and estimates are required to determine the time and amounts of taxable profit in the future. Any difference between the reality and the estimate may result in adjustment to the carrying amount of deferred tax assets.

(iv) Provisions

The Group undertakes after-sales repair or replacement obligations for automobiles sold based on the after-sales service agreement. Management estimates related provisions based on historical after-sales service data, including the repair and replacement provided as well as current trends.

Factors that may impact the estimation of warranty costs include improvement of the Group’s productivity and production quality, as well as changes in related parts and labour costs. Any increase or decrease in provisions will have impact on profit or loss of the Group in the future.

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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

(24) Critical accounting estimates and judgements (Cont'd)

(b) Critical accounting estimates and key assumptions (Cont'd)

(v) Provision for decline in the value of inventories

The Group's inventories are stated at the lower of cost and net realisable value. Net realisable value of inventories is the amount of the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sales and related taxes.

If the management revises the estimated selling price of the inventory, the estimated costs to be incurred by the time of completion, and the estimated selling expenses and related taxes, the revised estimated selling price is lower than the currently adopted estimated selling price, or the revised until The estimated costs, estimated sales expenses, and related taxes and fees at the completion of the project are higher than the currently adopted estimates, the Group needs to make provision for inventory.

If the actual selling prices, costs to completion, selling and distribution expenses and related taxes are higher or lower than management's estimates, the Group shall recognise the relevant differences in the consolidated income statement during the corresponding accounting period.

(25) Significant changes in accounting policies

The Ministry of Finance released the *Notice on Adjusting the Application Scope of the Provisions on the Accounting Treatment Regarding COVID-19-Related Rent Concessions* (Cai Kuai [2021] No. 9), the *Circular on Issuing Interpretation No. 14 of Accounting Standards for Business Enterprises* (Cai Kuai [2021] No. 1) and *Q&A on Implementation of Accounting Standards for Business Enterprises* in 2021. The financial statements for the year ended 31 December 2021 have been prepared in accordance with the above standard, circular and Q&A, and the impacts on the financial statements of the Group and the Company are as follows:

(a) Accounting treatment regards COVID-19-related rent concession

For the part of the rent concession that is caused directly by COVID-19, which is respectively made with the lessee and the lessor and happened before 30 June 2022, the Group and the Company has taken simplified methods in the above Notice (note 4(45)) when preparing the financial statement for the year ended 31 December 2021. The notice listed above has no impact on the accounting treatment of the Group and the Company as the lessor.

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## 2 Summary of significant accounting policies and accounting estimates (Cont'd)

### (25) Significant changes in accounting policies (Cont'd)

- (b) Accounting treatment for changes on the basis of determining the contractual cash flows of financial assets or financial liabilities due to the reform in the benchmark interest rate

Reform towards benchmark interest rate, specified in *Interpretation No.14 of Accounting Standards for Business Enterprises*, has no significant influence towards the basis of determining the contractual cash flows of financial assets and financial liabilities when preparing the Group and Company's financial statements for 2021.

## 3 Taxation

- (1) The main categories and rates of taxes applicable to the Group are set out below:

Category	Taxation basis	Tax rate
Enterprise income tax (a)	Taxable income	15% and 25%
Value-added tax ("VAT")(b)	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible input VAT of the current period)	13%, 9% and 6%
Consumption tax (c)	Taxable sales amount	3%, 5% and 9%
City maintenance and construction tax (d)	The payment amount of VAT and consumption tax	5% and 7%

- (a) Pursuant to the *Circular on Enterprise Income Tax Policy Concerning Deductions for Equipment and Appliances* (Cai Shui [2018] No. 54) and the *Announcement on Extending the Implementation Period of Certain Preferential Tax Policies* (Cai Shui [2021] No. 6) issued by the State Taxation Administration and relevant regulations, during the period from 1 January 2018 to 31 December 2023, the cost of newly purchased equipment with the original cost less than RMB5 million can be fully deducted against taxable profit in the next month after the asset is put into use, instead of being depreciated annually for tax filing.

Pursuant to the *Circular on Further Improving Pre-tax additional deduction for Research and Development Expenses* (Cai Shui [2021] No. 13) issued by the Ministry of Finance and the State Taxation Administration, from 1 January 2021, the Group's actual research and development expenses that are not recognised as intangible assets but included in profit or loss, are allowed to 100% pre-tax additional deduction (during the period of 1 January 2018 to 31 December 2020:75%); those expenses recognised as intangible assets can be amortised before tax at 200% of the costs of intangible assets (during the period of 1 January 2018 to 31 December 2020:175%).

- (b) Pursuant to the *Announcement on Relevant Policies for Deepening Value-Added Tax Reform* (Announcement [2019] No. 39) and relevant regulations jointly issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs, the Group's taxable products sales revenue is subject to the VAT at the rate of 13%. The Group's real estate leasing business is subject to the VAT at the rate of 9%. Revenue from provision of technical service to external parties is subject to VAT at the rate of 6%.

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#### 3 Taxation (Cont'd)

- (1) The main categories and rates of taxes applicable to the Group are set out below (Cont'd):
  - (c) Pursuant to the *Interim Regulations of the People's Republic of China on Consumption Tax* promulgated by the State Council (Order No. 539 of the State Council of the People's Republic of China) and the *Notice of Ministry of Finance and State Taxation Administration on Adjusting Consumption Tax Policies for Passenger Cars* (Cai Shui [2008] No. 105), the consumption tax rates of the Group's taxable products are 3%, 5% and 9%.
  - (d) Pursuant to the *Circular of the State Council on Unifying the Collection of City Construction and Maintenance Tax and Educational Surcharge on Domestic and Foreign-Owned Enterprises and Individuals* (Guo Fa [2010] No. 35) issued by the State Council, the Group is subject to city construction and maintenance tax at the rates of 5% and 7%.

#### (2) Tax preference

Pursuant to the *Circular on the Announcement of the First Batch of High-Tech Enterprises of Jiangxi Province for the year 2021* (Gan Gao Qi Ren Ban [2021] No. 8), the Company is certified as a high-tech enterprise, and the valid term is three years. During the period from 1 January 2021 to 31 December 2023, the Company is subject to enterprise income tax at the rate of 15%(2020:15%).

In 2021, except for the Company, the Company's wholly-owned companies, including JMC Heavy Duty Vehicle Co., Ltd. ("JMCH"), Jiangling Motor Sales Co., Ltd. ("JMCS"), Shenzhen Fujiang New Energy Automobile Sales Co., Ltd. ("SZFJ"), and Guangzhou Fujiang New Energy Automobile Sales Co., Ltd. ("GZFJ"), were subject to the enterprise income tax at the rate of 25% (2020: 25%).

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**4 Notes to the consolidated financial statements****(1) Cash at bank and on hand**

	31 December 2021	31 December 2020
Cash at bank (a)	<u>9,569,051,314</u>	<u>11,121,955,129</u>

- (a) As at 31 December 2021, cash at bank of the Group deposited with Jiangling Motor Group Finance Company ("JMCF") was RMB1,059,580,980 (31 December 2020: RMB1,231,825,734) (Note 8(6)), and interest was calculated at the bank annual interest rate for RMB deposit of 1.725% to 2.25% over the same period (2020: 0.455% to 3.30%)(Note 8(5)).

JMCF, a holding subsidiary of Jiangling Motors Group Co., Ltd ("JMCG"), is a non-banking financial institution. JMCG holds 50% equity capital of Nanchang Jiangling Investment Co., Ltd. ("JIC"), a main shareholder of the Company.

**(2) Financial assets held for trading**

	31 December 2021	31 December 2020
Structural deposits	<u>100,242,329</u>	<u>803,892,985</u>

**(3) Notes receivable**

	31 December 2021	31 December 2020
Trade acceptance notes	119,783,900	-
Less: Provision for bad debts	-	-
	<u>119,783,900</u>	<u>-</u>

- (a) As at 31 December 2021, there were no notes receivable pledged.
- (b) As at 31 December 2021, there was no notes receivable that have been endorsed or discounted but not yet matured.
- (c) Provision for bad debts

For notes receivable arising from sales of goods and rendering of services in the ordinary course of operating activities, the Group measures the loss provision based on the lifetime ECL regardless of whether there is a significant financing component. As at 31 December 2021, the acceptors of the notes receivable held by the Group were dealers with good credit and the Group therefore believed that the relevant notes receivable would not result in material losses due to their defaults.

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**4 Notes to the consolidated financial statements (Cont'd)**

(4) Accounts receivable

	31 December 2021	31 December 2020
Accounts receivable	3,213,330,895	3,233,785,212
Less: Provision for bad debts	<u>(218,532,668)</u>	<u>(233,902,000)</u>
	<u>2,994,798,227</u>	<u>2,999,883,212</u>

(a) The ageing of accounts receivable is analysed as follows:

	31 December 2021	31 December 2020
Within 1 year	2,713,109,300	2,729,338,870
1 to 2 years	128,900,600	18,746,837
Over 2 years	<u>371,320,995</u>	<u>485,699,505</u>
	<u>3,213,330,895</u>	<u>3,233,785,212</u>

(b) As at 31 December 2021, the top five accounts receivable ranked by remaining balances are analysed as follows:

	Balance	Amount of provision for bad debts	% of total balance
Company 1	1,055,206,739	(2,469,956)	32.84%
Company 2	124,233,514	(247,448)	3.87%
Company 3	118,452,703	(96,776)	3.69%
Company 4	100,295,872	(80,107)	3.12%
Company 5	<u>72,230,000</u>	<u>(72,230,000)</u>	2.25%
	<u>1,470,418,828</u>	<u>(75,124,287)</u>	<u>45.77%</u>

(c) Provision for bad debts

For accounts receivable, the Group measures the loss provision based on the lifetime ECL regardless of whether there is a significant financing component.

(i) Accounts receivable for which provision for bad debts is made on the individual basis are analysed as follows:

	31 December 2021		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL (%)	Amount
New energy subsidies receivable i)	103,180,418	100%	(103,180,418)
Receivables for automobiles ii)	<u>80,862,880</u>	100%	<u>(80,862,880)</u>
	<u>184,043,298</u>		<u>(184,043,298)</u>



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**4 Notes to the consolidated financial statements (Cont'd)**

(4) Accounts receivable (Cont'd)

(c) Provision for bad debts (Cont'd)

(i) Accounts receivable for which provision for bad debts is made on the individual basis are analysed as follows (Cont'd):

	31 December 2020		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL (%)	Amount
New energy subsidies receivable i)	103,180,418	100%	(103,180,418)
Receivables for automobiles ii)	83,112,880	100%	(83,112,880)
	<u>186,293,298</u>		<u>(186,293,298)</u>

i) As at 31 December 2021 and 31 December 2020, government subsidies receivable for new energy automobiles amounted to RMB103,180,418. As the corresponding new energy vehicles may not meet the corresponding subsidy policy standards, the Group considered the receivables cannot be collected, therefore, full provision was made for those receivables.

ii) As at 31 December 2021, since aforesaid companies in debts had difficulties in operation and were involved in several legal proceedings, the Group considered that it was difficult to recover such receivables, so related provision for bad debts was made in full amount RMB80,862,880(31 December 2020: RMB83,112,880).

(ii) Accounts receivable for which provision for bad debts is made on the grouping basis are analysed as follows:

Grouping - Sales of general automobiles:

	31 December 2021		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL (%)	Amount
Not overdue	2,279,044,623	0.08%	(1,829,856)
Overdue for 1 to 30 days	182,608,365	0.08%	(146,245)
Overdue for 31 to 60 days	48,703,203	2.44%	(1,186,068)
Overdue for 61 to 90 days	25,563,462	4.15%	(1,061,263)
Overdue over 90 days	37,478,374	5.01%	(1,876,531)
	<u>2,573,398,027</u>		<u>(6,099,963)</u>

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**4 Notes to the consolidated financial statements (Cont'd)**

(4) Accounts receivable (Cont'd)

(c) Provision for bad debts (Cont'd)

(ii) Accounts receivable for which provision for bad debts is made on the grouping basis are analysed as follows (Cont'd):

Grouping - Sales of general automobiles(Cont'd):

	31 December 2020		
	Book balance	Provision for bad debts	
	Amount	Life timeECL(%)	Amount
Not overdue	2,092,329,084	0.21%	(4,395,983)
Overdue for 1 to 30 days	262,730,035	0.21%	(551,996)
Overdue for 31 to 60 days	345,798	6.35%	(21,961)
Overdue for 61 to 90days	1,936,800	10.74%	(208,085)
Overdue over 90 days	17,757,747	17.59%	(3,123,783)
	<u>2,375,099,464</u>		<u>(8,301,808)</u>

Grouping - Sales of new energy automobiles:

	31 December 2021		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL(%)	Amount
Overdue over 90 days	<u>187,009,300</u>	14.67%	<u>(27,438,915)</u>

	31 December 2020		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL(%)	Amount
Not overdue	149,343,763	6.28%	(9,378,788)
Overdue for 1 to 30 days	-	—	-
Overdue for 31 to 60 days	194,083,088	14.52%	(28,173,753)
Overdue for 61 to 90 days	-	—	-
Overdue over 90 days	3,993,700	16.25%	(649,037)
	<u>347,420,551</u>		<u>(38,201,578)</u>

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**4 Notes to the consolidated financial statements (Cont'd)**

(4) Accounts receivable (Cont'd)

(c) Provision for bad debts (Cont'd)

(ii) Accounts receivable for which provision for bad debts is made on the grouping basis are analysed as follows (Cont'd):

Grouping –Automobile parts:

	31 December 2021		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL(%)	Amount
Not overdue	236,210,964	0.30%	(708,633)
Overdue for 1 to 30 days	10,782,728	0.30%	(32,348)
Overdue for 31 to 60 days	14,692,940	0.50%	(73,465)
Overdue for 61 to 90 days	3,469,461	0.60%	(20,817)
Overdue over 90 days	3,724,177	3.09%	(115,229)
	<u>268,880,270</u>		<u>(950,492)</u>

	31 December 2020		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL(%)	Amount
Not overdue	288,024,625	0.30%	(864,074)
Overdue for 1 to 30 days	21,425,030	0.30%	(64,275)
Overdue for 31 to 60 days	11,544,651	0.50%	(57,723)
Overdue for 61 to 90 days	1,809,917	0.60%	(10,860)
Overdue over 90 days	2,167,676	5.00%	(108,384)
	<u>324,971,899</u>		<u>(1,105,316)</u>

(iii) The provision for bad debts in the current year amounted to RMB15,345,078 was reversed, because the accrued bad debts were received in 2021. Among them, RMB 2,250,000 of accounts receivable for which provision for bad debts was made on the individual basis in the previous period were recovered in the current period, and the corresponding book balance was RMB 2,250,000. The significant amounts reversed or recovered were as follows:

	Reasons for reversal/recovery	Basis and justification for determining the provision for bad debts	Amount of reversal/recovery	Recovery method
Accounts receivable 1	The actual receipt of account receivables relating to the provision for bad debts made in the prior period.	The aforesaid companies in debts had difficulties in operation and were involved in several legal proceedings, the Group considered the receivables cannot be collected, therefore, full provision was made for those receivables.	<u>2,250,000</u>	Received

(d) As at 31 December 2021 and 31 December 2020, there were no accounts receivable pledged.

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**4 Notes to the consolidated financial statements (Cont'd)**

(5) Financing receivables

	31 December 2021	31 December 2020
Bank acceptance notes	<u>201,511,670</u>	<u>815,583,669</u>

The Group endorses the bank acceptance notes as required by daily fund management, which also met the criteria for derecognition, and therefore classified those the bank acceptance notes as financial assets at fair value through other comprehensive income.

The Group had no bank acceptance notes for which the provision for impairment was made on the individual basis. As at 31 December 2021, the Group measures the loss provision of financing receivables based on the lifetime ECL. As of 31 December, 2021, the acceptors of the Groups' notes receivable were mainly major state-owned banks or large and medium-sized banks with good reputation and credit ranking. Therefore, the Group expected there was no significant loss on related bank acceptance notes arising from bank default.

As at 31 December 2021, the Group had no pledged bank acceptance notes receivable presented in financing receivables.

As at 31 December 2021, the Group's notes receivable had been endorsed or discounted but not yet matured were as follows:

	Derecognised	Not derecognised
Bank acceptance notes	<u>1,326,983,992</u>	<u>-</u>

(6) Advances to suppliers

(a) The ageing of advances to suppliers is analysed as below:

	<u>31 December 2021</u>		<u>31 December 2020</u>	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	<u>497,302,198</u>	<u>100%</u>	<u>452,714,683</u>	<u>100%</u>

(b) As at 31 December 2021, the top five advances to suppliers ranked by remaining balances are analysed as follows:

	Amount	% of total balance
Company 1	399,394,083	80.31%
Company 2	58,836,729	11.83%
Company 3	21,870,265	4.40%
Company 4	8,885,838	1.79%
Company 5	<u>5,016,888</u>	<u>1.01%</u>
	<u>494,003,803</u>	<u>99.34%</u>

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**4 Notes to the consolidated financial statements (Cont'd)**

(7) Other receivables

	31 December 2021	31 December 2020
Receivable for subsidiary disposal (Note 5)	252,000,000	-
Import working capital advances	25,000,000	35,000,000
Disposal of assets	17,668,457	-
Advances for gas fee	7,409,989	7,367,141
Others	98,941,850	86,840,341
	<u>401,020,296</u>	<u>129,207,482</u>
Less: Provision for bad debts	<u>(1,036,560)</u>	<u>(217,909)</u>
	<u>399,983,736</u>	<u>128,989,573</u>

(a) The ageing of other receivables is analysed as follows:

	31 December 2021	31 December 2020
Within 1 year	398,699,129	128,336,086
Over 1 year	2,321,167	871,396
	<u>401,020,296</u>	<u>129,207,482</u>

(b) Provision for losses and changes in book balance statements:

	Stage 1		Total
	12-month ECL (grouping)		
	Book balance	Provision for bad debts	Provision for bad debts
31 December 2020	129,207,482	(217,909)	(217,909)
Net increase in the current year	271,812,814	—	—
Bad debt provision reserved in the current year	—	(823,789)	(823,789)
Bad debt provision written off in the current year	—	5,138	5,138
31 December 2021	<u>401,020,296</u>	<u>(1,036,560)</u>	<u>(1,036,560)</u>

As at 31 December 2021 and 31 December 2020, the Group had no other receivables at Stage 2 and Stage 3. The analysis of other receivables at Stage 1 is stated below:

(i) As at 31 December 2021 and 31 December 2020, the Group had no other receivables with provision for bad debts on the individual basis.

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**4 Notes to the consolidated financial statements (Cont'd)**

(7) Other receivables (Cont'd)

(b) Provision for losses and changes in book balance statements (Cont'd):

(ii) As at 31 December 2021 and 31 December 2020, the Group's other receivables with provision for bad debts on the grouping basis were analysed below:

Other receivables with provision on the grouping basis at Stage 1:

	31 December 2021			31 December 2020		
	Book balance	Provision for losses		Book balance	Provision for losses	
	Amount	Provision ratio	Amount	Amount	Provision ratio	Amount
Grouping of operating advances and guarantees:						
Within 1 year	343,446,354	0.30%	(1,029,601)	68,052,441	0.32%	(215,154)
Over 1 year	2,321,167	0.30%	(6,959)	871,396	0.32%	(2,755)
Grouping of others i):						
Within 1 year	55,252,775	-	-	60,283,645	-	-
	<u>401,020,296</u>		<u>(1,036,560)</u>	<u>129,207,482</u>		<u>(217,909)</u>

i) As at 31 December 2021 and 31 December 2020, the grouping of others are mainly interest receivables from the Group's bank deposits. the Group's interest receivable from cash at bank mainly came from major state-owned banks or other large and medium sized banks with good reputation and credit ranking. Therefore, the Group expected that there was no material credit risk associated with related interest receivable and thus there was no significant losses on related interest receivable from bank default.

(c) RMB823,789 of provision for bad debts was reversed in the current year.

(d) As at 31 December 2021, the top five other receivables by the balance of the debtors are listed as follows:

	Nature	Balance	Ageing	% of total balance	Provision for bad debts
Company 1	Receivable for subsidiary disposal	252,000,000	Within 1 year	62.84%	(756,000)
Company 2	Advances classified as expenses	31,266,512	Within 1 year	7.80%	(93,800)
Company 3	Advances classified as expenses	25,000,000	Within 1 year	6.23%	(75,000)
Company 4	Disposal of assets	17,668,457	Within 1 year	4.41%	(53,005)
Company 5	Advances classified as expenses	7,397,042	Within 1 year	1.84%	(22,191)
		<u>333,332,011</u>		<u>83.12%</u>	<u>(999,996)</u>

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4 Notes to the consolidated financial statements (Cont'd)

(8) Inventories

(a) Inventories are summarised by categories as follows:

	31 December 2021			31 December 2020		
	Book balance	Provision for inventories	Carrying amount	Book balance	Provision for inventories	Carrying amount
Raw materials	875,837,414	(70,998,768)	804,838,646	816,201,410	(109,312,198)	706,889,212
Finished goods	740,881,390	-	740,881,390	815,055,053	-	815,055,053
Work in progress	205,597,637	(1,297,098)	204,300,539	268,716,191	(175,387)	268,540,804
Materials in transit	94,075,651	-	94,075,651	98,887,111	-	98,887,111
Low-cost consumables	93,028,528	(4,443,955)	88,584,573	160,969,525	(32,479,143)	128,490,382
Materials processed on commission	42,047,833	-	42,047,833	68,743,130	-	68,743,130
	<u>2,051,468,453</u>	<u>(76,739,821)</u>	<u>1,974,728,632</u>	<u>2,228,572,420</u>	<u>(141,966,728)</u>	<u>2,086,605,692</u>

(b) Provision for inventories is analysed as follows:

	31 December 2020	Increase in the current year	Decrease in the current year		31 December 2021
		Provision	Reversal	Write-off	
Raw materials	(109,312,198)	(40,609,433)	5,024,205	73,898,658	(70,998,768)
Low-cost consumables	(32,479,143)	(4,223,181)	1,402,449	30,855,920	(4,443,955)
Work in progress	(175,387)	(1,234,309)	5,218	107,380	(1,297,098)
	<u>(141,966,728)</u>	<u>(46,066,923)</u>	<u>6,431,872</u>	<u>104,861,958</u>	<u>(76,739,821)</u>

(c) Provision for decline in the value of inventories is as follows:

	Specific basis for determining net realisable value	Reason for current year reversal or write-off of provision for decline in the value of inventories
Raw materials/Work in progress/Low value consumables	Based on the estimated selling price, less the estimated costs to completion, estimated selling and distribution expenses and related taxes	Increase in the net realisable value of the inventories of which a provision for decline in the value had been made in prior years or sales realised

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**4 Notes to the consolidated financial statements (Cont'd)**

(9) Other current assets

	31 December 2021	31 December 2020
Taxes prepaid, input VAT to be deducted and to be verified	984,174,056	736,953,815
Others	-	415,922
	<u>984,174,056</u>	<u>737,369,737</u>

(10) Current portion of long-term receivables

	31 December 2021	31 December 2020
Current portion of long-term receivables(Note 4(11))	<u>13,236,153</u>	<u>-</u>

(11) Long-term receivables

	31 December 2021	31 December 2020
Long-term receivables	64,375,548	-
Less: Unearned financing income	(5,993,630)	-
Provision for bad debts	(193,127)	-
Current portion of long-term receivables	<u>(13,236,153)</u>	<u>-</u>
	<u>44,952,638</u>	<u>-</u>

As at 31 December 2021, the Group's long-term receivables were generated by instalment collections from disposal of fixed assets, which will be recovered from 2022 to 2026.



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**4 Notes to the consolidated financial statements (Cont'd)**

(12) Long-term equity investments

	31 December 2021	31 December 2020
Associate		
- Shanxi Yunnei Power Co., Ltd. ("The PowerCompany")	220,842,615	—
- Hanon Systems (Nanchang) Co., Ltd. ("Hanon Systems")	36,408,640	39,496,548
Less: Provision for impairment of long-term equity investments	-	-
	<u>257,251,255</u>	<u>39,496,548</u>

Associate

	<u>Movements for the current year</u>					31 December 2021	Shareholding (%)	Voting rights (%)	Ending balance of provision for impairment
	31 December 2020	Increase in the current period	Share of net profit/(loss) under equity method	Cash dividends declared by joint ventures	Provision for impairment				
ThePower Company (i)	—	240,000,000	(19,157,385)	-	-	220,842,615	40%	40%	-
Hanon Systems	39,496,548	-	(3,087,908)	-	-	36,408,640	19.15%	33.33%	-
Total	<u>39,496,548</u>	<u>240,000,000</u>	<u>(22,245,293)</u>	<u>-</u>	<u>-</u>	<u>257,251,255</u>			

Related information of equity in associates is set forth in Note 6(2).

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#### 4 Notes to the consolidated financial statements (Cont'd)

##### (12) Long-term equity investments (Cont'd)

- (i) The Power Company, formerly known as Taiyuan Jiangling Power Co., Ltd., was a wholly owned subsidiary of the Company. According to the resolution of the Board of Directors in October 2020, the Company sold 60% of the equity of Taiyuan Jiangling Power Co., Ltd. through public listing on the Shanghai United Assets and Equity Exchange.

In January 2021, the Company and Yunnan Yunnei Power Group Co., Ltd. (hereinafter referred to as "Yunnei Group") signed the equity transaction contract.

On November 5, 2021, Taiyuan Jiangling Power Co., Ltd. held the first shareholders meeting in 2021, and approved the change of the Power Company's name to Shanxi Yunnei Power Co., Ltd., the change of shareholders to Yunnei Group and the Company, and the establishment of the board of directors, and election of directors. After the completion of the aforementioned changes, Yunnei Group has become the parent company and the ultimate parent company of the Power Company. The Company holds 40% of the shares of the Power Company and the Power Company becomes an associate of the Company.

- (ii) Hanon Systems has applied new financial instruments standard, new revenue standard and new lease standard ("new standards") since 1 January 2021, which have no significant impact on the opening balance of retained earnings in 2021 and have no significant impact on the opening balance of retained earnings and long-term equity investments in 2021 of the Group and the Company.

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**4 Notes to the consolidated financial statements (Cont'd)**

(13) Fixed assets

	31 December 2021	31 December 2020
Fixed assets (a)	6,027,890,644	5,164,260,516
Fixed assets pending for disposal (b)	1,411,387	1,695,894
	6,029,302,031	5,165,956,410

(a) Fixed assets

	Buildings	Machinery and equipment	Vehicles	Moulds	Electronic and other equipment	Total
<b>Cost</b>						
31 December 2020	2,300,951,630	4,011,283,000	353,517,996	3,154,261,304	4,004,241,347	13,824,255,277
Increase in the current year						
Transfer from construction in progress	538,509,317	706,767,723	69,996,484	180,038,631	626,022,878	2,121,335,033
Decrease in the current year						
Disposal or retirement	(12,050,420)	(935,268,120)	(38,506,644)	(87,011,282)	(602,643,563)	(1,675,480,029)
Disposal of subsidiary	(82,341,445)	(143,668,191)	(8,210,163)	(11,336,918)	(103,958,753)	(349,515,470)
Others	-	(147,265,400)	-	-	(41,271,909)	(188,537,309)
31 December 2021	2,745,069,082	3,491,849,012	376,797,673	3,235,951,735	3,882,390,000	13,732,057,502
<b>Accumulated depreciation</b>						
31 December 2020	(573,584,513)	(2,390,076,662)	(232,596,897)	(2,372,671,702)	(2,596,189,492)	(8,165,119,266)
Increase in the current year						
Provision	(62,844,878)	(242,175,058)	(33,820,824)	(199,661,463)	(349,487,527)	(887,989,750)
Decrease in the current year						
Disposal or retirement	4,630,261	769,404,860	29,799,812	80,589,492	539,734,981	1,424,159,406
Disposal of subsidiary	8,113,372	53,053,728	5,046,854	5,185,220	55,174,829	126,574,003
Others	-	134,692,427	-	-	32,486,031	167,178,458
31 December 2021	(623,685,758)	(1,675,100,705)	(231,571,055)	(2,486,558,453)	(2,318,281,178)	(7,335,197,149)
<b>Provision for impairment</b>						
31 December 2020	-	(94,376,123)	(6,070,058)	(343,015,623)	(51,413,691)	(494,875,495)
Increase in the current year						
Provision	-	(2,131,673)	(263,994)	-	(1,242,734)	(3,638,401)
Decrease in the current year						
Disposal or retirement	-	83,943,269	3,500,585	6,158,551	35,941,782	129,544,187
31 December 2021	-	(12,564,527)	(2,833,467)	(336,857,072)	(16,714,643)	(368,969,709)
<b>Carrying amount</b>						
31 December 2021	2,121,383,324	1,804,183,780	142,393,151	412,536,210	1,547,394,179	6,027,890,644
31 December 2020	1,727,367,117	1,526,830,215	114,851,041	438,573,979	1,356,638,164	5,164,260,516

In 2021, depreciation charged to fixed assets amounted to RMB887,989,750 (2020: RMB984,968,013), of which the depreciation expenses charged in the cost of sales, selling and distribution expenses, general and administrative expenses and research and development expenses were RMB694,724,288, RMB1,965,774, RMB125,771,056 and RMB65,528,632 (2020: RMB747,787,243, RMB2,892,455, RMB166,883,300 and RMB67,405,015), respectively.

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**4 Notes to the consolidated financial statements (Cont'd)**

(13) Fixed assets (Cont'd)

(a) Fixed assets (Cont'd)

The costs of fixed assets transferred from construction in progress amounted to RMB2,121,335,033 (2020: RMB974,985,684).

(i) Temporarily idle fixed assets

As at 31 December 2021, the fixed assets with a carrying amount of approximately RMB862,054,869 (a cost of RMB2,081,185,910) (31 December 2020: a carrying amount of approximately RMB16,532,578 and a cost of RMB483,214,712) were temporarily idle due to the reorganization plan of JMCH and the change of business development, product strategies, product process, etc. The analysis is as follows:

	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Buildings	956,130,282	(347,949,680)	-	608,180,602
Machinery and equipment	165,809,251	(86,285,548)	(5,802,462)	73,721,241
Vehicles	75,474,990	(48,323,990)	(2,777,601)	24,373,399
Moulds	476,856,785	(152,576,330)	(322,906,129)	1,374,326
Electronic and other equipment	406,914,602	(239,436,212)	(13,073,089)	154,405,301
	<u>2,081,185,910</u>	<u>(874,571,760)</u>	<u>(344,559,281)</u>	<u>862,054,869</u>

(ii) Fixed assets with pending certificates of ownership:

	Carrying amount	Reasons for not obtaining certificates of ownership
Buildings	<u>726,462,819</u>	Pending procedures

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**4 Notes to the consolidated financial statements (Cont'd)**

(13) Fixed assets (Cont'd)

(b) Fixed assets pending for disposal

	31 December 2021	31 December 2020
Electronic and other equipment	1,096,021	1,639,777
Machinery and equipment	280,051	56,117
Vehicles	35,315	-
	<u>1,411,387</u>	<u>1,695,894</u>

(14) Construction in progress

	31 December 2021			31 December 2020		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
N822 project	92,903,791	-	92,903,791	31,176,961	-	31,176,961
CX743 conversion project	62,473,608	-	62,473,608	26,409,132	-	26,409,132
Coating VOC treatment project	59,811,593	-	59,811,593	5,000,000	-	5,000,000
Fushan new plant investment project	56,875,765	-	56,875,765	522,070,550	-	522,070,550
CX756 project	50,714,716	-	50,714,716	89,516,432	-	89,516,432
V363C project	29,320,960	-	29,320,960	-	-	-
Capacity optimisation project	18,120,130	-	18,120,130	504,378,481	-	504,378,481
V348 conversion project	13,061,667	-	13,061,667	23,183,603	-	23,183,603
V362 MCA project	4,666,773	-	4,666,773	-	-	-
JF8/CX743 project	3,622,051	-	3,622,051	7,347,943	-	7,347,943
JP360	2,615,448	-	2,615,448	-	-	-
Construction of Xiaolan 600 mu Phase 3 plan	1,858,797	-	1,858,797	105,196,107	-	105,196,107
Collision Simulation Laboratory	4,535	-	4,535	45,422,684	-	45,422,684
N356 project	-	-	-	13,789,890	-	13,789,890
Other miscellaneous and pending installation projects	52,980,484	(691,646)	52,288,838	162,697,633	(691,646)	162,005,987
	<u>449,030,318</u>	<u>(691,646)</u>	<u>448,338,672</u>	<u>1,536,189,416</u>	<u>(691,646)</u>	<u>1,535,497,770</u>

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**4 Notes to the consolidated financial statements (Cont'd)**

(14) Construction in progress (Cont'd)

(a) Movement of significant projects of construction in progress

Project name	Budget (In RMB 0'000)	31 December 2020	Increase in the current year	Transfer to fixed assets in the current year	Disposal of subsidiary in the current year	Decrease in the current year	31 December 2021	% of project investment in budget	Progress of project	Accumulative capitalised borrowing costs	Including: Borrowing costs capitalised in the current year	Source of fund
N822 project	20,700	31,176,961	79,784,264	(18,057,434)	-	-	92,903,791	53%	53%	-	-	Self-owned funds
CX743conversion project	11,349	26,409,132	38,096,925	(2,032,449)	-	-	62,473,608	57%	57%	-	-	Self-owned funds
Coating VOC treatment project	7,730	5,000,000	55,305,566	(493,973)	-	-	59,811,593	78%	78%	-	-	Self-owned funds
Fushan new plant investment project	205,200	522,070,550	283,887,779	(676,873,577)	-	(72,208,987)	56,875,765	95%	95%	-	-	Self-owned funds
CX756 project	17,768	89,516,432	33,843,896	(72,645,612)	-	-	50,714,716	76%	76%	-	-	Self-owned funds
V363C project	54,300	-	29,632,695	(311,735)	-	-	29,320,960	6%	6%	-	-	Self-owned funds
Capacity optimisation project	133,990	504,378,481	473,577,551	(959,835,902)	-	-	18,120,130	73%	73%	-	-	Self-owned funds
V348 conversion project	4,390	23,183,603	10,238,869	(20,360,805)	-	-	13,061,667	83%	83%	-	-	Self-owned funds
V362 MCA project	3,966	-	4,666,773	-	-	-	4,666,773	12%	12%	-	-	Self-owned funds
JF8/CX743 project	13,690	7,347,943	4,288,655	(8,014,547)	-	-	3,622,051	96%	96%	-	-	Self-owned funds
JP360	26,823	-	2,813,837	(198,389)	-	-	2,615,448	3%	3%	-	-	Self-owned funds
Construction of Xiaolan 600 mu Phase 3 plan Collision Simulation Laboratory	20,977	105,196,107	59,858,339	(163,195,649)	-	-	1,858,797	79%	79%	-	-	Self-owned funds
N356 project	9,651	45,422,684	6,937,581	(52,355,730)	-	-	4,535	80%	80%	-	-	Self-owned funds
Other miscellaneous and pending installation projects	11,802	13,789,890	406,366	(14,196,256)	-	-	-	100%	100%	-	-	Self-owned funds
		<u>162,697,633</u>	<u>180,000,970</u>	<u>(132,762,975)</u>	<u>(108,340,562)</u>	<u>(48,614,582)</u>	<u>52,980,484</u>			<u>292,897</u>		Self-owned funds
		<u>1,536,189,416</u>	<u>1,263,340,066</u>	<u>(2,121,335,033)</u>	<u>(108,340,562)</u>	<u>(120,823,569)</u>	<u>449,030,318</u>			<u>292,897</u>		

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**4 Notes to the consolidated financial statements (Cont'd)**

(14) Construction in progress (Cont'd)

(b) Provision for impairment of construction in progress

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021	Reason for provision
Other miscellaneous and pending installation projects	<u>(691,646)</u>	<u>-</u>	<u>-</u>	<u>(691,646)</u>	The recoverable amount is lower than the book value

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**4 Notes to the consolidated financial statements (Cont'd)**

(15) Right-of-use assets

	Buildings
Cost	
31 December 2020	42,736,398
Increase in the current year	
New lease contracts	319,356,247
Decrease in the current year	
Expiration of lease contract	-
31 December 2021	362,092,645
Accumulated depreciation	
31 December 2020	(14,330,508)
Increase in the current year	
Provision	(41,536,327)
Decrease in the current year	
Expiration of lease contract	-
31 December 2021	(55,866,835)
Provision for impairment	
31 December 2020	-
Increase in the current year	-
Decrease in the current year	-
31 December 2021	-
Carrying amount	
31 December 2021	306,225,810
31 December 2020	28,405,890

In 2021, depreciation of right-of-use assets amounted to RMB41,536,327 (2020:RMB14,748,075), of which RMB32,683,225, RMB3,824,867, RMB3,998,038 and RMB1,030,197 were included in cost of sales, selling and distribution expenses and administrative expenses and research and development expenses, respectively (2020: RMB11,550,187, RMB3,112,038 and RMB85,850 were included in cost of sales, selling and distribution expenses and research and development expenses, respectively).



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**4 Notes to the consolidated financial statements (Cont'd)**

(16) Intangible assets

	Land use rights	Software licenses	Non-patent technologies	After-sales services management mode	Others	Total
<b>Cost</b>						
31 December 2020	751,625,667	206,965,791	540,153,070	36,979,184	1,599,516	1,537,323,228
Increase in the current year						
Transfer from construction in progress	72,208,987	48,614,582	-	-	-	120,823,569
Internal research and development	-	-	239,594,428	-	-	239,594,428
Decrease in the current year						
Disposal	-	(183,146)	-	-	-	(183,146)
Disposal of subsidiary	(68,741,281)	(54,640)	-	-	-	(68,795,921)
31 December 2021	755,093,373	255,342,587	779,747,498	36,979,184	1,599,516	1,828,762,158
<b>Accumulated amortisation</b>						
31 December 2020	(181,512,922)	(130,785,042)	(216,248,050)	(36,979,184)	(1,599,516)	(567,124,714)
Increase in the current year						
Provision	(16,014,455)	(26,963,804)	(117,309,644)	-	-	(160,287,903)
Decrease in the current year						
Disposal	-	137,360	-	-	-	137,360
Disposal of subsidiary	11,188,209	13,812	-	-	-	11,202,021
31 December 2021	(186,339,168)	(157,597,674)	(333,557,694)	(36,979,184)	(1,599,516)	(716,073,236)
<b>Provision for impairment</b>						
31 December 2020	-	-	(38,806,961)	-	-	(38,806,961)
Increase in the current year						
Provision	-	-	-	-	-	-
31 December 2021	-	-	(38,806,961)	-	-	(38,806,961)
<b>Carrying amount</b>						
31 December 2021	568,754,205	97,744,913	407,382,843	-	-	1,073,881,961
31 December 2020	570,112,745	76,180,749	285,098,059	-	-	931,391,553

In 2021, amortization charged to intangible assets amounted to RMB160,287,903 (2020: RMB128,255,625), of which RMB415,534, RMB363,744, RMB40,110,291 and RMB 119,398,334 were included in cost of sales, selling and distribution expenses and administrative expenses and research and development expenses, respectively(2020: RMB546,138, RMB 406,143, RMB37,768, 698, RMB89,534,646 were included in cost of sales, selling and distribution expenses and administrative expenses and research and development expenses, respectively).

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**4 Notes to the consolidated financial statements (Cont'd)**

(16) Intangible assets (Cont'd)

The Group's development expenditures are set out below:

	31 December 2020	Increase in the current year	Decrease in the current year		31 December 2021
			Recognised as intangible assets	Write-off	
Automobile products development project	<u>173,473,242</u>	<u>177,125,536</u>	-	<u>(239,594,428)</u>	<u>111,004,350</u>

Expenditures on research and development of the Group incurred in 2021 amounted to RMB1,886,139,707 (2020: RMB1,664,559,872) in total, of which RMB1,709,014,171 (2020: RMB1,343,812,092) was recognised in profit or loss for the current period, RMB66,121,186 (2020: RMB147,274,538) was recognised as intangible assets for the current period and RMB111,004,350 (2020: RMB173,473,242) was included in the ending balance of development expenditures. As at 31 December 2021, the intangible assets developed by the Group accounted for 38% (31 December 2020: 31%) of the carrying amount of intangible assets.

(17) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets before offsetting

	31 December 2021		31 December 2020	
	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Accrued expenses and provisions	4,820,934,400	1,096,537,713	3,918,637,644	896,970,479
Recoverable losses	1,878,611,797	282,043,452	2,032,780,205	307,105,716
Provision for asset impairment	1,209,522,802	186,548,154	897,520,189	140,838,024
Non-patent technology	155,010,935	34,890,219	108,124,026	23,281,348
Employee education funds unpaid	67,882,259	10,494,123	42,695,014	6,607,339
Retirement benefits plan	59,941,000	14,147,350	67,587,000	15,497,050
Deferred income	49,074,545	7,361,182	49,944,625	7,491,694
Others	<u>138,426,727</u>	<u>23,420,738</u>	<u>54,068,775</u>	<u>8,189,817</u>
	<u>8,379,404,465</u>	<u>1,655,442,931</u>	<u>7,171,357,478</u>	<u>1,405,981,467</u>
Including:				
Expected to be recovered within 1 year (inclusive)		1,320,586,445		1,065,699,235
Expected to be recovered after 1 year		<u>334,856,486</u>		<u>340,282,232</u>
		<u>1,655,442,931</u>		<u>1,405,981,467</u>

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**4 Notes to the consolidated financial statements (Cont'd)**

(17) Deferred tax assets and deferred tax liabilities (Cont'd)

(b) Deferred tax liabilities before offsetting

	31 December 2021		31 December 2020	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Depreciation of fixed assets	1,685,457,873	353,019,830	1,247,553,627	235,959,055
Net losses related to debt exemption and equity transactions between parent and subsidiary	408,000,000	61,200,000	682,000,000	102,300,000
Differences between the fair value of the identifiable net assets and carrying amount arising from business combinations not under common control	96,002,180	24,000,545	98,780,656	24,695,164
Amortisation of intangible assets	45,631,805	7,847,331	38,367,939	5,779,320
Others	242,329	60,582	1,095,069	273,767
	<u>2,235,334,187</u>	<u>446,128,288</u>	<u>2,067,797,291</u>	<u>369,007,306</u>
Including:				
Expected to be recovered within 1 year (inclusive)		116,988,634		147,540,386
Expected to be recovered after 1 year		<u>329,139,654</u>		<u>221,466,920</u>
		<u>446,128,288</u>		<u>369,007,306</u>

(c) Deductible temporary differences and deductible losses for which no deferred tax asset was recognised are analysed as follows:

	31 December 2021	31 December 2020
Deductible temporary differences	1,380,010,739	3,119,574
Deductible losses	<u>108,539,538</u>	<u>171,901,892</u>
	<u>1,488,550,277</u>	<u>175,021,466</u>

(d) Deductible losses for which no deferred tax asset was recognised will be expired in following years:

	31 December 2021	31 December 2020
2024	<u>108,539,538</u>	<u>171,901,892</u>

(e) The net balances of deferred tax assets and deferred tax liabilities after offsetting are as follows:

	31 December 2021		31 December 2020	
	Offsetting amount	Balance after offsetting	Offsetting amount	Balance after offsetting
Deferred tax assets	(422,127,743)	1,233,315,188	(242,012,142)	1,163,969,325
Deferred tax liabilities	(422,127,743)	24,000,545	(242,012,142)	126,995,164

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**4 Notes to the consolidated financial statements (Cont'd)**

(18) Provision for asset impairment and losses

	31 December 2020	Increase in the current year	Decrease in the current year			31 December 2021
			Reversal	Write-off	Other	
Provision for bad debts of accounts receivable	233,902,000	-	(15,345,078)	-	(24,254)	218,532,668
Including: Provision for bad debts on the individual basis	186,293,298	-	(2,250,000)	-	-	184,043,298
Provision for bad debts on the grouping basis	47,608,702	-	(13,095,078)	-	(24,254)	34,489,370
Provision for bad debts of other receivables	217,909	823,789	-	-	(5,138)	1,036,560
Provision for impairment of long-term receivables	-	193,127	-	-	-	193,127
Sub-total	<u>234,119,909</u>	<u>1,016,916</u>	<u>(15,345,078)</u>	<u>-</u>	<u>(29,392)</u>	<u>219,762,355</u>
Provision for inventories	141,966,728	46,066,923	(6,431,872)	(104,861,958)	-	76,739,821
Provision for impairment of fixed assets	494,875,495	3,638,401	-	(129,544,187)	-	368,969,709
Provision for impairment of construction in progress	691,646	-	-	-	-	691,646
Provision for impairment of goodwill	89,028,412	-	-	-	-	89,028,412
Provision for impairment of intangible assets	38,806,961	-	-	-	-	38,806,961
Sub-total	<u>765,369,242</u>	<u>49,705,324</u>	<u>(6,431,872)</u>	<u>(234,406,145)</u>	<u>-</u>	<u>574,236,549</u>
	<u>999,489,151</u>	<u>50,722,240</u>	<u>(21,776,950)</u>	<u>(234,406,145)</u>	<u>(29,392)</u>	<u>793,998,904</u>

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**4 Notes to the consolidated financial statements (Cont'd)**

(19) Short-term borrowings

	31 December 2021	31 December 2020
Credit loan	<u>300,000,000</u>	<u>500,000,000</u>

As at 31 December 2021, the interest rate for the short-term borrowings is 2.85% (31 December 2020: between 2.05% to 3.15%).

(20) Derivative financial liabilities

	31 December 2021	31 December 2020
Derivative financial liabilities - Forward exchange contracts	<u>10,704,619</u>	<u>3,716,727</u>

As at 31 December 2021 and 31 December 2020, derivative financial liabilities mainly represented forward exchange contracts.

(21) Accounts payable

	31 December 2021	31 December 2020
Payable for automobile parts	9,377,900,014	9,672,652,729
Payable for raw and auxiliary materials	<u>324,684,816</u>	<u>353,563,148</u>
	<u>9,702,584,830</u>	<u>10,026,215,877</u>

As at 31 December 2021, accounts payable with ageing over 1 year amounted to RMB747,156,926 (31 December 2020: RMB431,202,897), which mainly represented materials payable for which a settlement price had not yet been determined, and such payables had not been finally settled yet.

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**4 Notes to the consolidated financial statements (Cont'd)**

(22) Contract liabilities

	31 December 2021	31 December 2020
Advances for automobiles and automobile parts	223,779,674	521,367,837
Advances for maintenance and warranty services	168,272,152	136,685,473
	<u>392,051,826</u>	<u>658,053,310</u>
Less: Contract liabilities carried forward to revenue after 1 year (Note 4(33))	(119,777,649)	(99,526,464)
	<u>272,274,177</u>	<u>558,526,846</u>

In 2021, contract liabilities amounting to RMB558,526,846(2020: RMB268,170,154)included in the carrying amount As at 31 December 2020 were transferred to the revenue of 2021, including advances for automobiles and automobile parts amounting to RMB521,367,837 (2020: RMB227,774,183), and advances for maintenance and warranty services amounting to RMB37,159,009 (2020: RMB40,395,971).

(23) Employee benefits payable

	31 December 2021	31 December 2020
Short-term employee benefits payable (a)	593,229,732	617,598,452
Defined contribution plans payable (b)	168,161,617	135,699,978
Defined benefit plans payable (c)	2,930,000	3,415,000
Termination benefits payable (d)	2,665,176	2,655,176
	<u>766,986,525</u>	<u>759,368,606</u>

(a) Short-term employee benefits

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
Wages and salaries, bonus, allowances, and subsidies	539,376,881	1,870,970,234	(1,944,872,701)	465,474,414
Staff welfare	26,872,505	122,589,603	(110,145,006)	39,317,102
Social security contributions	3,877,466	116,050,622	(102,596,226)	17,331,862
Including: Medical insurance	-	98,300,892	(85,954,986)	12,345,906
Work injury insurance	3,877,466	6,355,063	(6,276,378)	3,956,151
Maternity insurance	-	11,394,667	(10,364,862)	1,029,805
Housing funds	-	159,849,067	(159,656,606)	192,461
Labor union and employee education costs	47,471,600	67,705,466	(44,263,173)	70,913,893
Other short-term employee benefits	-	9,686,712	(9,686,712)	-
	<u>617,598,452</u>	<u>2,346,851,704</u>	<u>(2,371,220,424)</u>	<u>593,229,732</u>

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**4 Notes to the consolidated financial statements (Cont'd)**

(23) Employee benefits payable (Cont'd)

(b) Defined contribution plans

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
Basic pensions	131,620,467	243,129,681	(211,668,261)	163,081,887
Supplementary pensions	-	10,400,000	(10,400,000)	-
Unemployment insurance	4,079,511	7,640,865	(6,640,646)	5,079,730
	<u>135,699,978</u>	<u>261,170,546</u>	<u>(228,708,907)</u>	<u>168,161,617</u>

(c) Defined benefit plans

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
Post-retirement benefits payable (Note 4(32))	<u>3,415,000</u>	<u>2,350,051</u>	<u>(2,835,051)</u>	<u>2,930,000</u>

(d) Termination benefits payable

	31 December 2021	31 December 2020
Early retirement benefits payable (Note 4(32))	1,327,000	1,317,000
Other termination benefits (i)	<u>1,338,176</u>	<u>1,338,176</u>
	<u>2,665,176</u>	<u>2,655,176</u>

(i) In 2021, other termination benefits paid by the Group for termination of the employment relationship were RMB16,420,116 (2020: RMB15,631,166).

(24) Taxes payable

	31 December 2021	31 December 2020
Enterprise income tax payable	170,084,881	88,142,260
Consumption tax payable	85,326,751	78,952,885
Land use tax payable	6,174,129	5,746,521
Unpaid VAT	434,482	26,439,025
Others	25,151,477	19,164,536
	<u>287,171,720</u>	<u>218,445,227</u>

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**4 Notes to the consolidated financial statements (Cont'd)**

(25) Other payables

	31 December 2021	31 December 2020
Promotion expenses	2,620,282,716	2,213,691,765
Research and development project expenses	877,392,808	673,089,112
Construction payment	541,897,265	290,525,592
Transportation expenses	273,386,502	148,274,852
Advertising and new product planning fees	138,500,269	161,524,470
Guarantees payable	131,123,402	97,973,078
Technological transformation project expenses	61,104,696	21,530,592
Trademark license fee	15,572,521	2,485,538
Consulting fees	14,322,912	10,298,545
Ordinary share dividends payable	6,463,836	6,463,836
Others	573,753,878	527,992,245
	<u>5,253,800,805</u>	<u>4,153,849,625</u>

As at 31 December 2021, other payables with ageing over 1 year of RMB1,433,335,159 (31 December 2020: RMB819,824,836) mainly comprised guarantees collected from logistics companies, distributors and repair stations, payables for construction projects and payables for research and development expenses. Such payables have not been finally settled yet in view of the continuing business transactions with distributors and service providers, and engineering projects and research and development projects that had not yet been accepted and completed.

(26) Current portion of non-current liabilities

	31 December 2021	31 December 2020
Current portion of lease liabilities(Note 4(29))	77,621,681	10,481,886
Current portion of long-term borrowings(Note 4(28))	417,507	427,277
	<u>78,039,188</u>	<u>10,909,163</u>

(27) Other current liabilities

	31 December 2021	31 December 2020
Provisions expected to be settled within 1 year(Note 4(30))	391,365,455	343,121,509
Others	29,091,358	67,777,819
	<u>420,456,813</u>	<u>410,899,328</u>



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**4 Notes to the consolidated financial statements (Cont'd)**

(28) Long-term borrowings

	31 December 2021	31 December 2020
Guaranteed loans	2,505,044	2,990,943
Less: Current portion of long-term borrowings(Note 4(26))	<u>(417,507)</u>	<u>(427,277)</u>
	<u>2,087,537</u>	<u>2,563,666</u>

The above guaranteed loans were long-term borrowings amounting to USD392,905 guaranteed by JMCF, borrowed from Industrial and Commercial Bank of China ("ICBC"), Nanchang Ganjiang Sub-branch with interests paid every half year and the principal was paid in instalments between 10 December 2007 and 27 October 2027. In 2021, the interest rate of long-term borrowings was 1.5% (2020: 1.5%).

	Starting date	Maturity date	Currency	Interest rate (%)	31 December 2021		31 December 2020	
					Amount in foreign currency	RMB equivalent	Amount in foreign currency	RMB equivalent
ICBC Nanchang Ganjiang Sub-branch	27 February 1998	27 October 2027	USD	1.5%	392,905	2,505,044	458,389	2,990,943

(29) Lease liabilities

	31 December 2021	31 December 2020
Lease liabilities	341,031,095	29,480,838
Less: Current portion of non-current liabilities (Note 4(26))	<u>(77,621,681)</u>	<u>(10,481,886)</u>
	<u>263,409,414</u>	<u>18,998,952</u>

- (a) As at 31 December 2021, the Group has no leases that are not included in lease liabilities but will result in potential future cash outflows.
- (b) As at 31 December 2021, Group has no signed short-term lease and low-value asset lease contracts that are simplified in accordance with the new lease standards..

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**4 Notes to the consolidated financial statements (Cont'd)**

(30) Provisions

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
Product warranties i)	511,619,012	454,077,121	(396,448,655)	569,247,478
Provision for contracts	<u>27,398,636</u>	-	<u>(7,693,495)</u>	<u>19,705,141</u>
	539,017,648	454,077,121	(404,142,150)	588,952,619
Less: Provisions expected to be settled within 1 year (Note 4(27))	<u>(343,121,509)</u>			<u>(391,365,455)</u>
	<u>195,896,139</u>			<u>197,587,164</u>

i) Product warranties are expenses expected to be incurred during the warranty period from free after-sales services, product warranty and other services for the vehicles sold.

(31) Deferred income

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021	Reason
Government grants (a)	<u>49,944,625</u>	<u>1,200,000</u>	<u>(2,070,080)</u>	<u>49,074,545</u>	Subsidy for projects

(a) Government grants

	31 December 2020	Increase in the current year	<u>Decrease in the current year</u>		31 December 2021	Asset related/ Income related
			Recognised in other income	Offset financial expenses		
Research and development- related subsidies	47,519,981	960,000	(309,955)	-	48,170,026	Income related
Government interest subsidies	1,760,125	-	-	(1,760,125)	-	Income related
Others	<u>664,519</u>	<u>240,000</u>	<u>-</u>	<u>-</u>	<u>904,519</u>	Income related
	<u>49,944,625</u>	<u>1,200,000</u>	<u>(309,955)</u>	<u>(1,760,125)</u>	<u>49,074,545</u>	

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**4 Notes to the consolidated financial statements (Cont'd)**

(32) Long-term employee benefits payable

	31 December 2021	31 December 2020
Supplementary retirement benefits and early-retirement benefits eligible for recognition of provisions	59,941,000	67,587,000
Less: Payable within 1 year	<u>(4,257,000)</u>	<u>(4,732,000)</u>
	<u>55,684,000</u>	<u>62,855,000</u>

The retirement and early-retirement benefits payable within one year are included in employee benefits payable(Note 4(23)(c),(d)).

For retired and early-retired employees, the Group provides them with a certain amount of supplementary benefits during their retirement or early-retirement period. The amount of benefits depends on the employee's position, length of service and salary at the time of retirement or early-retirement, and is adjusted in accordance with inflation rate and other factors. The Group's obligations for supplementary retirement and early-retirement benefits as at the balance sheet date were calculated using projected unit credit method and were reviewed by an external independent actuary.

(a) Movements of retirement and early-retirement benefits of the Group are as follows:

	Present value of the obligations of the defined benefit plan	
	31 December 2021	31 December 2020
Opening balance	67,587,000	68,441,000
Cost of defined benefit plans recognised in profit or loss for the current period		
- Current service cost	1,346,000	1,242,000
- Past service cost	(14,664,000)	-
- Actuarial losses/(gains) recognised immediately	800,000	(843,000)
- Net interest	2,463,000	2,324,000
Remeasurement of net liabilities for defined benefit plans		
- Actuarial losses	6,218,000	485,000
Other movements		
- Benefits paid	(3,809,000)	(4,062,000)
Ending balance	59,941,000	67,587,000

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**4 Notes to the consolidated financial statements (Cont'd)**

(32) Long-term employee benefits payable (Cont'd)

- (b) The actuarial assumptions used to determine the present value of defined benefit plan obligations

	31 December 2021	31 December 2020
Discount rate	3.00%	3.75%
Inflation rate	2.00%	2.00%
Salaries and benefits growth rates	0%-6%	0%-6%

Future mortality assumptions were determined based on the China Life Insurance Mortality Table (2010-2013), which is publicly available statistical information for the Chinese region.

- (c) The sensitivity analysis of the actuarial assumptions used to determine the present value of defined benefit plan obligations is as follows:

	Variation in assumptions	Effect on present value of defined benefit obligations	
		Assumed increase	Assumed decrease
Discount rate	0.5%	Decrease of 5.9%	Increase of 6.7%
Inflation rate	0.5%	Increase of 4.0%	Decrease of 3.4%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, changes in some of the assumptions may be correlated. The projected unit credit method is also utilised in calculating the present value of the defined benefit obligations in the analysis.

- (d) Supplementary retirement and early-retirement benefits expose the Group to various risks, mainly including risk of changes in the interest rate of treasury bonds, inflation risk, etc. Decline in the interest rate of treasury bonds will lead to an increase in defined benefit plan liabilities. Supplementary retirement and early-retirement benefits obligations keep pace with inflation, and the rise in inflation will increase the defined benefit plan liabilities.

(33) Other non-current liabilities

	31 December 2021	31 December 2020
Contract liabilities carried forward to revenue after one year (Note 4(22))	<u>119,777,649</u>	<u>99,526,464</u>

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**4 Notes to the consolidated financial statements (Cont'd)**

(34) Share capital

	31 December 2020	Movements for the current year					31 December 2021
		Shares newly issued	Bonus share	Transfer from capital surplus	Others	Sub-total	
Shares subject to trading restriction - Other domestic shares							
Including: Shares held by domestic non-state- owned legal persons	745,140	-	-	-	-	-	745,140
Shares held by domest natural persons	5,700	-	-	-	-	-	5,700
	<u>750,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>750,840</u>
Shares not subject to trading restriction - Ordinary shares denominated in RMB	518,463,160	-	-	-	-	-	518,463,160
Domestically listed foreign shares	344,000,000	-	-	-	-	-	344,000,000
	<u>862,463,160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>862,463,160</u>
	<u>863,214,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>863,214,000</u>

Since the implementation of the Company's Scheme on Share Split Reform on 13 February 2006, As at 31 December 2021, there were 750,840 shares currently unavailable for trading. During the reporting period, During the reporting period, there was no shares with trading restrictions were released from the restricted conditions.

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**4 Notes to the consolidated financial statements (Cont'd)**

(34) Share capital (Cont'd)

	31 December 2019	Movements for the current year					31 December 2020
		Shares newly issued	Bonus share	Transfer from capital surplus	Others	Sub-total	
Shares subject to trading restriction - Other domestic shares							
Including: Shares held by domestic non-state- owned legal persons	749,940	-	-	-	(4,800)	(4,800)	745,140
Shares held by domest natural persons	975	-	-	-	4,725	4,725	5,700
	<u>750,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75)</u>	<u>(75)</u>	<u>750,840</u>
Shares not subject to trading restriction - Ordinary shares denominated in RMB	518,463,085	-	-	-	75	75	518,463,160
Domestically listed foreign shares	344,000,000	-	-	-	-	-	344,000,000
	<u>862,463,085</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75</u>	<u>75</u>	<u>862,463,160</u>
	<u>863,214,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>863,214,000</u>

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**4 Notes to the consolidated financial statements (Cont'd)****(35) Capital surplus**

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
Share premium	816,609,422	-	-	816,609,422
Other capital surplus	22,833,068	-	-	22,833,068
	<u>839,442,490</u>	<u>-</u>	<u>-</u>	<u>839,442,490</u>

	31 December 2019	Increase in the current year	Decrease in the current year	31 December 2020
Share premium	816,609,422	-	-	816,609,422
Other capital surplus	22,833,068	-	-	22,833,068
	<u>839,442,490</u>	<u>-</u>	<u>-</u>	<u>839,442,490</u>

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**4 Notes to the consolidated financial statements (Cont'd)**

(36) Other comprehensive income

	Other comprehensive income in the balance sheet			Other comprehensive income in the income statement for the year ended 31 December 2021			
	31 December 2020	Attributable to the parent company after tax	31 December 2021	Amount incurred before income tax for the current year	Less: Transfer- out of previous other comprehensive income in the current year	Less: Income tax expenses	Attributable to the parent company after tax
Other comprehensive income items which will not be reclassified to profit or loss							
Actuarial gains on defined benefit plans	(11,759,250)	(4,663,500)	(16,422,750)	(6,218,000)	-	1,554,500	(4,663,500)
	Other comprehensive income in the balance sheet			Other comprehensive income in the income statement for the year ended 31 December 2020			
	31 December 2019	Attributable to the parent company after tax	31 December 2020	Amount incurred before income tax for the current year	Less: Transfer- out of previous other comprehensive income in the current year	Less: Income tax expenses	Attributable to the parent company after tax
Other comprehensive income items which will not be reclassified to profit or loss							
Actuarial gains on defined benefit plans	(11,395,500)	(363,750)	(11,759,250)	(485,000)	-	121,250	(363,750)



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**4 Notes to the consolidated financial statements (Cont'd)**

(37) Surplus reserve

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
Statutory surplus reserve	431,607,000	-	-	431,607,000
	31 December 2019	Increase in the current year	Decrease in the current year	31 December 2020
Statutory surplus reserve	431,607,000	-	-	431,607,000

In accordance with the *Company Law of the People's Republic of China*, the Company's Articles of Association and the resolution of the Board of Directors, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the share capital upon approval from the appropriate authorities. As the accumulated appropriation to the statutory surplus reserve exceeded 50% of the registered capital, no appropriation was made in the current year (2020: Nil).

The Company reserves the discretionary surplus reserve after the shareholders' meeting approves the proposal from the Board of Directors. The discretionary surplus reserve can be used to compensate for the losses incurred in prior years or increase the share capital upon approval from appropriate authorities.

(38) Retained earnings

	2021	2020
Retained earnings at the beginning of the year	8,863,969,769	8,373,695,791
Add: Net profit attributable to shareholders of the parent company for the current year	574,165,944	550,698,958
Less: Ordinary share dividends payable (a)	(3,000,531,864)	(60,424,980)
Retained earnings at the end of the year	6,437,603,849	8,863,969,769

- (a) According to the resolution of the general meeting of shareholders on 25 June 2021, the Company distributed cash dividends of RMB3.476 per share to all shareholders, calculated on the basis of 863,214,000 issued shares, for a total of RMB3,000,531,864.

According to the resolution of the meeting of board of directors on 28 March 2022, the board of directors proposed to distribute cash dividends of RMB0.266 per share to all shareholders, calculated on the basis of 863,214,000 issued shares, for a total of RMB229,614,924 (Note 11).

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**4 Notes to the consolidated financial statements (Cont'd)**

(39) Revenue and cost of sales

	2021	2020
Revenue from main operations	34,530,048,320	32,535,277,434
Revenue from other operations	<u>691,258,152</u>	<u>560,456,231</u>
	<u>35,221,306,472</u>	<u>33,095,733,665</u>

	2021	2020
Cost of revenue from main operations	29,485,820,650	26,984,653,662
Cost of sales from other operations	<u>631,633,717</u>	<u>533,856,251</u>
	<u>30,117,454,367</u>	<u>27,518,509,913</u>

(a) Revenue and cost of sales from main operations

	<u>2021</u>		<u>2020</u>	
	Revenue from main operations	Cost of revenue from main operations	Revenue from main operations	Cost of revenue from main operations
Sales of automobiles	32,317,182,099	27,809,982,305	30,666,834,098	25,638,598,860
Sales of automobile parts	2,101,505,690	1,557,352,106	1,774,007,492	1,250,772,343
Automobile maintenance services	<u>111,360,531</u>	<u>118,486,239</u>	<u>94,435,844</u>	<u>95,282,459</u>
	<u>34,530,048,320</u>	<u>29,485,820,650</u>	<u>32,535,277,434</u>	<u>26,984,653,662</u>

(b) Revenue and cost of sales from other operations

	<u>2021</u>		<u>2020</u>	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Sales of materials	561,673,748	505,559,175	409,363,603	385,388,976
Others	<u>129,584,404</u>	<u>126,074,542</u>	<u>151,092,628</u>	<u>148,467,275</u>
	<u>691,258,152</u>	<u>631,633,717</u>	<u>560,456,231</u>	<u>533,856,251</u>

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**4 Notes to the consolidated financial statements (Cont'd)**

(39) Revenue and cost of sales (Cont'd)

(c) The Group's revenue is broken down as follows:

	2021				Total
	Automobiles	Automobile parts	Automobile maintenance services, etc.	Materials and others	
Revenue from main operations	32,317,182,099	2,101,505,690	111,360,531	-	34,530,048,320
Including: Recognised at a time point	32,317,182,099	2,101,505,690	-	-	34,418,687,789
Recognised within a certain period	-	-	111,360,531	-	111,360,531
Revenue from other operations	-	-	-	691,258,152	691,258,152
	<u>32,317,182,099</u>	<u>2,101,505,690</u>	<u>111,360,531</u>	<u>691,258,152</u>	<u>35,221,306,472</u>
	2020				Total
	Automobiles	Automobile parts	Automobile maintenance services	Materials and others	
Revenue from main operations	30,666,834,098	1,774,007,492	94,435,844	-	32,535,277,434
Including: Recognised at a time point	30,666,834,098	1,774,007,492	-	-	32,440,841,590
Recognised within a certain period	-	-	94,435,844	-	94,435,844
Revenue from other operations	-	-	-	560,456,231	560,456,231
	<u>30,666,834,098</u>	<u>1,774,007,492</u>	<u>94,435,844</u>	<u>560,456,231</u>	<u>33,095,733,665</u>

(i) As at 31 December 2021, the amount of revenue corresponding to the performance obligations that the Group has signed but has not performed or has not yet performed is RMB392,051,826, of which the Group expects that RMB223,779,674 will be recognized as revenue from the sale of automobiles and parts in 2022. RMB168,272,152 will be recognized as revenue from automobile maintenance services during 2022 to 2027.

(40) Taxes and surcharges

	2021	2020
Consumption tax	760,386,647	630,470,931
City construction and maintenance tax	82,265,926	88,105,730
Educational surcharge	76,717,032	77,624,969
Land use tax	18,625,222	18,174,629
Real estate tax	17,284,111	14,724,040
Stamp duty	12,397,463	8,275,503
Others	472,592	501,206
	<u>968,148,993</u>	<u>837,877,008</u>

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**4 Notes to the consolidated financial statements (Cont'd)**

(41) Selling and distribution expenses

	2021	2020
Promotion expenses	462,406,230	341,416,881
Warranties	454,077,121	470,211,035
Employee benefits	189,694,233	146,679,411
Advertising and new product planning fees	186,501,944	246,766,019
Storage expenses	48,592,062	37,410,599
Packaging material expenses	36,696,621	34,225,598
Sales network construction expenses	14,063,346	134,851,706
Depreciation and amortisation expenses	6,154,385	6,410,636
Others	133,622,101	126,765,143
	<u>1,531,808,043</u>	<u>1,544,737,028</u>

(42) General and administrative expenses

	2021	2020
Employee benefits	576,689,666	536,931,919
Depreciation and amortisation expenses	169,879,385	204,651,998
Trademark license fee	56,532,031	46,878,508
Repair expenses	56,019,261	30,893,355
Cartagefee	40,886,163	8,174,289
Consulting expenses	38,531,796	23,668,984
General office expenses	26,545,639	20,691,777
Others	187,134,649	140,456,343
	<u>1,152,218,590</u>	<u>1,012,347,173</u>

(43) Research and development expenses

	2021	2020
Employee benefits	483,915,948	450,728,077
Design fee	378,814,577	239,481,179
Technology development expenses	239,561,528	224,124,643
Materials expenses	204,200,408	91,583,428
Depreciation and amortisation expenses	185,957,163	157,025,511
Others	216,564,547	180,869,254
	<u>1,709,014,171</u>	<u>1,343,812,092</u>

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**4 Notes to the consolidated financial statements (Cont'd)**

(44) Financial expenses

	2021	2020
Interest costs	17,868,043	27,293,064
Add: Interest costs on lease liabilities	7,532,316	1,444,481
Less: Government grants (Note 4(31))	<u>(1,760,125)</u>	<u>(9,454,375)</u>
Interest expenses	<u>23,640,234</u>	<u>19,283,170</u>
Less: Interest income from cash at bank	(257,779,550)	(207,633,739)
Fund occupation fee (a)	(15,836,668)	(7,628,722)
Other interest income	<u>(26,785,621)</u>	<u>-</u>
Interest income	(300,401,839)	(215,262,461)
Exchange gains or losses	(21,273,861)	(2,841,917)
Others	<u>2,279,909</u>	<u>1,253,695</u>
	<u>(295,755,557)</u>	<u>(197,567,513)</u>

- (a) The fund occupation fee is the fee paid to the Group at the rate agreed by both parties when the distributors delay payment or settle with a bill of exchange.

(45) Expenses by nature

The cost of sales, selling and distribution expenses, general and administrative expenses and research and development expenses in the income statement are listed as follows by nature:

	2021	2020
Changes in inventories of finished goods and work in progress	137,184,837	(331,803,127)
Consumed raw materials, low value consumables, etc.	26,762,865,094	24,178,117,051
Employee benefits	2,614,387,917	2,517,567,518
Depreciation of fixed assets	887,989,750	984,968,013
Amortisation of intangible assets	160,287,903	128,255,625
Depreciation of right-of-use assets	41,536,327	14,748,075
Transportation expenses	803,085,951	672,534,669
Promotion expenses	462,406,230	341,416,881
Warranties	454,077,121	470,211,035
Design fee	378,814,577	239,481,179
Technology development expenses	239,561,528	224,124,643
Advertising and new product planning fees	186,501,944	246,766,019
Fixed asset repair and maintenance expenses (a)	184,972,267	153,676,679
Others	<u>1,196,823,725</u>	<u>1,579,341,946</u>
	<u>34,510,495,171</u>	<u>31,419,406,206</u>

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**4 Notes to the consolidated financial statements (Cont'd)**

(45) Expenses by nature (Cont'd)

(a) The Group includes daily maintenance expenses ineligible for the capitalisation of fixed assets regarding the production and processing of inventories into cost of inventories, which will be carried forward to cost of sales, and those regarding the R&D Department, Administrative Department, and Sales Department are included in research and development expenses, management expenses and selling and distribution expenses respectively.

(b) As stated in Note 2(22), the Group directly recognises the lease payments of short-term lease and low value lease into profit or loss for the current period. In 2021, the amount was RMB1,066,925(2020: RMB898,733).

Due to the impact of COVID-19, the lessor exempted the Group from paying the rental of RMB47,937for the 2021, and the Group has deducted the above rental waivers against the rental expense for the current period (2020: RMB442,611).

(46) Asset impairment losses

	2021	2020
Provision for inventories	39,635,051	133,257,119
Impairment of fixed assets	3,638,401	487,531,202
Impairment of intangible assets	-	38,806,961
Impairment of development expenditures	-	22,289,502
	<u>43,273,452</u>	<u>681,884,784</u>

(47) Credit impairment losses

	2021	2020
Losses on bad debts of accounts receivable	(15,345,078)	79,857,936
Losses on bad debts of other receivables	823,789	(91,687)
Losses on bad debts of long-term receivables	193,127	-
	<u>(14,328,162)</u>	<u>79,766,249</u>

(48) Other income

	2021	2020	Assets related/ Income related
Subsidy for operating activities	539,301,095	240,480,710	Income related
Research and development activities related subsidies	11,770,150	27,741,579	Income related
	<u>551,071,245</u>	<u>268,222,289</u>	

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**4 Notes to the consolidated financial statements (Cont'd)**

(49) Investment income

	2021	2020
Investment income from disposal of long-term equity investments	52,133,307	-
Investment income from financial assets held for trading	15,174,593	77,849,662
Losses on discount of financing receivables eligible for dere cognition	(25,013,202)	(3,811,706)
Losses on long-term equity investments under equity method	(22,245,293)	(1,438,009)
Investment loss from forward exchange settlement	(20,618,121)	(2,421,091)
	<u>(568,716)</u>	<u>70,178,856</u>

There is no significant restriction on the remittance of investment income of the Group.

(50) Gains on changes in fair value

	2021	2020
Financial assets at fair value through profit or loss - Structural deposits	(3,650,656)	3,892,985
Derivative financial assets and derivative financial liabilities - Losses on forward exchange contracts	(6,987,892)	(3,171,095)
	<u>(10,638,548)</u>	<u>721,890</u>

(51) Gains on disposal of assets

	2021	2020	Amount recognised in non-recurring profit or loss in 2021
Gains/(Losses) on disposal of assets	<u>16,977,005</u>	<u>(713,072)</u>	<u>16,977,005</u>

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**4 Notes to the consolidated financial statements (Cont'd)**

(52) Non-operating income

	2021	2020	Amount recognised in non-recurring profit or loss in 2021
Compensation and penalty income	3,437,808	2,999,142	3,437,808
Government grants			
(a)	-	80,000	-
Others	1,169,029	8,555,775	1,169,029
	<u>4,606,837</u>	<u>11,634,917</u>	<u>4,606,837</u>

(53) Non-operating expenses

	2021	2020	Amount recognised in non-recurring profit or loss in 2021
Losses on scrapping and disposal of assets (i)	11,869,191	167,067,708	11,869,191
Donations	1,995,000	5,198,781	1,995,000
Others	584,761	487,056	584,761
	<u>14,448,952</u>	<u>172,753,545</u>	<u>14,448,952</u>

(i) In 2020, due to the business restructuring plan of JMCH, the disposal losses of land and above-ground buildings amount to RMB141,186,984 was recognised in losses on scrapping and disposal of assets.

(54) Income tax expenses

	2021	2020
Current income tax calculated based on tax law and related regulations	170,451,319	102,545,094
Deferred income tax	(188,145,817)	(201,585,786)
	<u>(17,694,498)</u>	<u>(99,040,692)</u>



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**4 Notes to the consolidated financial statements (Cont'd)**

(54) Income tax expenses (Cont'd)

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the consolidated income statement to the income tax expenses is listed below:

	2021	2020
Total profit	556,471,446	451,658,266
Income tax calculated at applicable tax rates	(149,370,177)	(65,608,806)
Effect of change in the tax rates	46,112,633	(38,461,745)
Tax credit	-	(289,629)
Additional deductions	(166,139,453)	(117,791,694)
Non-taxable loss	3,221,355	215,701
Equity transactions and debt exemption between parent and subsidiary	41,735,873	302,000,000
Costs, expenses and losses not deductible for tax purposes	16,317,418	51,214,472
Utilisation of previously unrecognised deductible temporary differences	(663,082)	(40,487,091)
Deductible losses for which no deferred tax asset was recognised in the current period	206,931,524	-
Utilisation of the deductible loss of the unrecognized deferred tax asset in the previous period	(15,840,589)	(189,831,900)
Income tax expenses	<u>(17,694,498)</u>	<u>(99,040,692)</u>

(55) Earnings per share

(a) Basic earnings per share

Basic earnings per share are calculated by dividing consolidated net profit attributable to ordinary shareholders of the parent company by the weighted average number of outstanding ordinary shares of the parent company:

	2021	2020
Consolidated net profit attributable to ordinary shareholders of the parent company	574,165,944	550,698,958
Weighted average number of ordinary shares outstanding issued by the Company	863,214,000	863,214,000
Basic earnings per share	<u>0.67</u>	<u>0.64</u>

(b) Diluted earnings per share

Diluted earnings per share are calculated by dividing consolidated net profit attributable to ordinary shareholders of the parent company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of outstanding ordinary shares of the Company. As there were no dilutive potential ordinary shares in 2021 (2020: Nil), diluted earnings per share equalled to basic earnings per share.

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**4 Notes to the consolidated financial statements (Cont'd)**

(56) Notes to the cash flow statement

(a) Cash received relating to other operating activities

	2021	2020
Government grants	551,961,290	291,706,526
Guarantees from distributors	113,421,092	32,766,930
Guarantees for bidding	39,786,000	66,942,375
Input VAT refund	-	39,282,451
Others	31,612,504	15,096,992
	<u>736,780,886</u>	<u>445,795,274</u>

(b) Cash paid relating to other operating activities

	2021	2020
Research and development expenses	738,436,009	1,019,457,533
Warranties	432,219,371	403,917,538
Promotion expenses	374,879,458	301,960,017
Advertising expenses	222,689,351	309,656,829
Maintenance expenses	129,000,432	82,439,384
Guarantees	123,112,381	68,989,781
Travelling expenses	40,534,753	33,806,899
Others	851,705,417	626,665,927
	<u>2,912,577,172</u>	<u>2,846,893,908</u>

(c) Cash received relating to other investing activities

	2021	2020
Interest from cash at bank	262,810,420	179,442,715
Interest from acceptance notes	10,349,063	5,836,694
Interest from credit sales	5,465,709	3,696,018
Investment income from forward exchange settlement	79,024	2,381,388
	<u>278,704,216</u>	<u>191,356,815</u>

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**4 Notes to the consolidated financial statements (Cont'd)**

(56) Notes to the cash flow statement (Cont'd)

(d) Cash paid relating to other financing activities

	2021	2020
Payments of lease liabilities	14,398,829	12,717,923
Others	1,664,464	33,154
	<u>16,063,293</u>	<u>12,751,077</u>

(57) Supplementary information to the cash flow statement

(a) Supplementary information to the cash flow statement

Reconciliation from net profit to cash flows from operating activities

	2021	2020
Net profit	574,165,944	550,698,958
Add: Provision for asset impairment (Note 4(46))	43,273,452	681,884,784
Provision for credit impairment (Note 4(47))	(14,328,162)	79,766,249
Depreciation of fixed assets (Note 4(13))	887,989,750	984,968,013
Amortisation of intangible assets (Note 4(16))	160,287,903	128,255,625
Depreciation of right-of-use assets (Note 4(15))	41,536,327	14,748,075
Increase in provisions (Note 4(30))	49,934,971	137,381,909
(Gain)/Losses on disposal of long- term assets	(5,107,814)	167,780,780
Financial expenses	(275,191,314)	(198,304,506)
Investment income (Note 4(49))	568,716	(70,178,856)
Losses /(Gains) on changes in fair value (Note 4(50))	10,638,548	(721,890)
Increase in deferred tax assets	(85,151,198)	(303,240,969)
(Decrease)/Increase in deferred tax liabilities	(102,994,619)	101,655,183
Increase in inventories	(134,813,338)	(325,788,721)
Decrease/(increase) in operating receivables	196,013,053	(1,117,125,510)
Increase in operating payables	413,370,791	2,866,563,704
Net cash flows from operating activities	<u>1,760,193,010</u>	<u>3,698,342,828</u>

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**4 Notes to the consolidated financial statements (Cont'd)**

(57) Supplementary information to the cash flow statement (Cont'd)

(a) Supplementary information to the cash flow statement(Cont'd)

Net increase/(decrease) in cash and cash equivalents

	2021	2020
Cash and cash equivalents at the end of the year	9,569,051,314	11,121,955,129
Less: Cash and cash equivalents at the beginning of the year	<u>(11,121,955,129)</u>	<u>(8,937,936,658)</u>
Net increase in cash and cash equivalents	<u>(1,552,903,815)</u>	<u>2,184,018,471</u>

(b) Disposal of subsidiaries

	2021
Cash or cash equivalents received in the current period for disposal of subsidiaries in the current period	108,000,000
Less: Cash and cash equivalents held by subsidiaries at the date of loss of control	<u>(23,384,969)</u>
Net cash received for disposal of subsidiaries	<u>84,615,031</u>
Considerations for disposal of subsidiaries in 2021	
The Power Company	<u>360,000,000</u>
Net assets of the subsidiaries disposed in 2021 at the date of disposal	
Current assets	150,917,970
Non-current assets	423,199,630
Current liabilities	(26,008,881)
Non-current liabilities	<u>(242,026)</u>
	<u>547,866,693</u>

(c) Cash and cash equivalents

	31 December 2021	31 December 2020
Cash at bank available for payment at any time	<u>9,569,051,314</u>	<u>11,121,955,129</u>

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**4 Notes to the consolidated financial statements (Cont'd)**

## (58) Foreign currency monetary items

	31 December 2021		
	Amounts foreign currencies	Translation exchange rate	Amounts in RMB
Long-term borrowings - USD	392,905	6.3757	<u>2,505,044</u>
Other payables - USD	20,517,258	6.3757	130,811,883
EUR	33,288	7.2197	<u>240,329</u>
			<u>131,052,212</u>

**5 Changes in the scope of consolidation(Cont'd)**

## (1) Set up of subsidiaries

In 2021, the Company and Ford Motor Company("Ford") subscribed to the capital contribution of RMB102,000,000 and 98,000,000 respectively to set up Jiangling Ford Automobile Technology (Shanghai) Co., Ltd.("Jiangling Ford(Shanghai)"), the total registered capital subscribed amount to RMB200,000,000. The Company holds 51% of the shares of Jiangling Ford(Shanghai) and got the control of Jiangling Ford(Shanghai)'s Board of Shareholders and Directors. Jiangling Ford(Shanghai) is the subsidiary of the Company.

As of December 31, 2021, Jiangling Ford(Shanghai) is completed the business registration while not in operation yet; the subscribed capital contribution has not been paid by the Company and Ford.

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**5 Changes in the scope of consolidation**

(2) Disposal of subsidiaries

(a) Aggregated information of subsidiaries disposed in the current year:

Subsidiaries	Proceeds from disposal	Original shareholding proportion	Disposal proportion	Remaining proportion	Method of disposal	Timing of losing control	Basis for judgement of timing of losing control	Difference between proceeds from disposal and corresponding shares of net assets in the consolidated financial statements	Amount transferred to investment income or losses from other comprehensive income related to initial equity investment in the subsidiaries
The Power Company	<u>360,000,000</u>	100%	60%	40%	public listing	5 November 2021	Acquisition of control by purchaser	<u>52,133,307</u>	<u>-</u>

In 2021, the Company sold 60% of the 100% equity of the Power Company to Yunnei Group. The control was lost on 5 November 2021, resulting in a disposal gain of RMB52,133,307.

(b) Gains or losses on disposal are as follows:

	Amount
Consideration received from the disposal	360,000,000
Fair value of the remaining 40% equity at the date of disposal	240,000,000
Less: Share of net assets of the Power Company in the consolidated financial statements	<u>(547,866,693)</u>
Other comprehensive income transferred to profit or loss for the current period	-
Investment income from disposal	<u>52,133,307</u>

The fair value of the remaining 40% equity on the date of losing control was determined mainly based on the consideration of the disposed equity.

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#### 5 Changes in the scope of consolidation(Cont'd)

(2) Disposal of subsidiaries(Cont'd)

(b) Gains or losses on disposal are as follows(Cont'd):

As of December 31, 2021, the Group has received an equity purchase payment of RMB108,000,000 from Yunnei Group, and the remaining receivables amount to RMB252,000,000 are recognised in other receivables(Note 4(7)).

#### 6 Equity in other entities

(1) Equity in subsidiaries

Structure of the Group

Subsidiaries	Main place of business	Place of registration	Nature of business	Shareholding (%)		Method of acquisition
				Direct	Indirect	
JMCS	Nanchang, Jiangxi	Nanchang, Jiangxi	Retail, wholesale and lease of automobiles	100%	-	Set up by investment Business combinations involving enterprises not under common control
JMCH(i)	Taiyuan, Shanxi	Taiyuan, Shanxi	Manufacture and sales of automobiles	100%	-	
SZFJ	Shenzhen, Guangdong	Shenzhen, Guangdong	Retail, wholesale and lease of automobiles	100%	-	Set up by investment
GZFJ	Guangzhou, Guangdong	Guangzhou, Guangdong	Retail, wholesale and lease of automobiles	100%	-	Set up by investment
Jiangling Ford(Shanghai) (Note 5(1))	Shanghai	Shanghai	Sales of automobiles, technical and business information consultation	51%	-	Set up by investment

(i)According to the resolution of Board of Directors held from April 30 to May 6, 2021, the Company sold 100% equity of JMCH held by the Company through Shanxi Property Rights Exchange at a price of not less than RMB764,069,207. On August 9, 2021, the listing announcement period has expired and Volvo Lastvagnar Aktiebolag became the intended transferee for the equity transaction. On August 23, 2021, the Company and Volvo Lastvagnar Aktiebolag reached an agreement through negotiation and signed the "Equity Transaction Agreement on 100% Equity of Jiangling Heavy Duty Truck Co., Ltd.". The benchmark price for equity transfer is RMB781,400,000. As of December 31, 2021, the equity transaction is under approval by the relevant state departments.

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**6 Equity in other entities(Cont'd)**

(2) Equity in associates

(a) General information of significant associates

	Place of registration	Shareholding (%)	
		Direct	Indirect
Associates -			
The Power Company(i)	Taiyuan City, Shanxi Province	40%	-

(i)The Power Company, formerly known as Taiyuan Jiangling Power Co., Ltd., was a wholly-owned subsidiary of the Company. According to the resolution of the Board of Directors in October 2020, the Company sold 60% of the equity of Taiyuan Jiangling Power Co., Ltd. through public listing on the Shanghai United Assets and Equity Exchange.

In January 2021, The Company and Yunnei Group signed the equity transaction contract.

On November 5, 2021, Taiyuan Jiangling Power Co., Ltd. held the first shareholders meeting in 2021, and approved the change of the Power Company's name to Shanxi Yunnei Power Co., Ltd., the change of shareholders to Yunnei Group and the Company, and the establishment of the board of directors, and election of directors. After the completion of the aforementioned changes, Yunnei Group has become the parent company and the ultimate parent company of the Power Company. The Company holds 40% of the shares of the Power Company and the Power Company becomes an associate of the Company.

The above equity investments are accounted for using the equity method by the Group.

(b) Summarised financial information for significant associates

	31 December 2021 The Power Company
Current assets	153,906,457
Non-current assets	421,186,131
Total assets	<u>575,092,588</u>
Current liabilities	35,108,575
Non-current liabilities	-
Total liabilities	<u>35,108,575</u>
Minority interests	215,993,605
Attributable to shareholders of the parent company	<u>323,990,408</u>
Shares of net assets based on shareholding (i)	<u>215,993,605</u>
Adjustments	
- Unrealised profits arising from internal transactions	(16,004,313)
- Others (ii)	<u>20,853,323</u>
Carrying amount of equity investments in associates	<u>220,842,615</u>



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#### 6 Equity in other entities (Cont'd)

##### (2) Summarised financial information for significant associates(Cont'd)

From November 5, 2021  
(date of the equity delivery) to  
December 31, 2021  
The Power Company

Revenue	4,211,261
Net loss	(7,882,680)
Other comprehensive income	-
Total comprehensive loss	<u>(7,882,680)</u>
Dividends received from associates by the Group	<u>-</u>

- (i) The Group calculated the shares of assets in proportion of the shareholdings and based on the amount attributable to the parent company of the associates in their consolidated financial statements. The amount in the consolidated financial statements of associates considers the impacts of fair value of identifiable assets and liabilities of associates at the time of acquisition and the unification of accounting policies. None of the assets involved in transactions between the Group and associates contribute to business.
- (ii) Other adjustments were mainly the remeasurement for fair value of remaining equity in the consolidated financial statements, which resulted from the loss of control over the original subsidiary due to the disposal of part of the equity investment.

##### (c) Summarised information of insignificant associates

	2021	2020
Aggregated carrying amount of investments	<u>36,408,640</u>	<u>39,496,548</u>
Aggregate of the following items in proportion		
Net profit (i)	(3,087,908)	(1,438,009)
Other comprehensive income (i)	-	-
Total comprehensive income	<u>(3,087,908)</u>	<u>(1,438,009)</u>

- (i) The net profit and other comprehensive income have taken into account the impacts of both the fair value of the identifiable assets and liabilities upon the acquisition of investment in joint ventures and associates and the unification of accounting policies adopted by the joint ventures and the associates to those adopted by the Group.

#### 7 Segment information

Revenue and profits of the Company mainly arise from production and domestic sales of automobiles, and the primary assets of the Group are all located in China. Management of the Group assesses the operating performance of the Group as a whole. Therefore, no segment report is prepared for the current year.

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**8 Related parties and related party transactions**

(1) Information of major shareholders

(a) General information of major shareholders

	Type of enterprise	Place of registration	Legal representative	Nature of business	Code of organisation
JIC	State-owned enterprise	Nanchang, China	Qiu Tiangao	Investment and asset management	91360125MA38LU R91F
Ford	Foreign enterprise	United States	William Clay Ford, Jr.	Manufacture and sales of automobiles	N/A

(b) Registered capital and changes in major shareholders

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
JIC	1,000,000,000	-	-	1,000,000,000
Ford	USD 41,000,000	-	-	USD 41,000,000

(c) The percentages of shareholding and voting rights in the Company held by major shareholders

	31 December 2021		31 December 2020	
	Shareholding (%)	Voting rights (%)	Shareholding (%)	Voting rights (%)
JIC	41.03%	41.03%	41.03%	41.03%
Ford	32%	32%	32%	32%

(2) Information of subsidiaries

The general information and other related information of subsidiaries are set out in Note 6(1).

(3) Information of associates

The information of associates is set out in Note 4(12).

## JIANGLING MOTORS CORPORATION, LTD.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR EDNE 31 DECEMBER 2021

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#### 8 Related parties and related party transactions (Cont'd)

##### (4) Information of other related parties

	Relationship with the Group
JMCG	Shareholder of JIC
Chongqing Changan Automobile Co., Ltd.	Shareholder of JIC
JMCG Jingma Motors Co., Ltd.	Wholly-owned subsidiary of JMCG
Jiangxi JIANGLING Special Purpose Vehicle Co., Ltd.	Wholly-owned subsidiary of JMCG
Jiangxi Lingrui Recycling Resources Development Corporation	Wholly-owned subsidiary of JMCG
Nanchang Gear Co., Ltd.	Wholly-owned subsidiary of JMCG
Jiangling Material Co., Ltd.	Wholly-owned subsidiary of JMCG
Jiangxi JMCG Industry Co., Ltd.	Wholly-owned subsidiary of JMCG
JMCG Property Management Co.	Wholly-owned subsidiary of JMCG
Jiangxi Jiangling Chassis Co., Ltd.	Holding subsidiary of JMCG
Nanchang JMCG Shishun Logistics Co., Ltd.	Holding subsidiary of JMCG
JMCF	Holding subsidiary of JMCG
Jiangxi Lingge Non-ferrous Metal Die-casting Co., Ltd.	Holding subsidiary of JMCG
Nanchang JMCG Xincheng Auto Component Co., Ltd.	Holding subsidiary of JMCG
Jingdezhen Shishun Logistics Co., Ltd.	Holding subsidiary of JMCG
Jiangxi Jiangling group Fuxin Auto Parts Co., Ltd.	Holding subsidiary of JMCG
Jiangxi Mingfang Auto Parts Industry Co., Ltd.	Holding subsidiary of JMCG
Ford Global Technologies, LLC	Wholly-owned subsidiary of Ford
Ford Trading Company LLC	Wholly-owned subsidiary of Ford
Ford Motor (China) Co., Ltd.	Wholly-owned subsidiary of Ford
Ford Motor Research & Engineering (Nanjing) Co., Ltd.	Wholly-owned subsidiary of Ford
Ford Motor Co. Thailand Ltd.	Wholly-owned subsidiary of Ford
Ford Otomotiv Sanayi A.S.	Holding subsidiary of Ford
Auto Alliance (Thailand) Co., Ltd.	Holding subsidiary of Ford
Ford Vietnam Limited	Holding subsidiary of Ford
Changan Ford Automobile Co., Ltd.	Joint venture of Ford
Nanchang JMCG Frame Co., Ltd.	Subsidiary under indirect control of JMCG
Nanchang JMCG Liancheng Auto Component Co., Ltd.	Subsidiary under indirect control of JMCG
Nanchang Lianda Machinery Co., Ltd.	Subsidiary under indirect control of JMCG
Jiangling Aowei Automobile Spare Part Co., Ltd.	Subsidiary under indirect control of JMCG
Jiangxi JMCG Boya brake system Co., Ltd.	Subsidiary under indirect control of JMCG
NC.Gear Forging Factory	Subsidiary under indirect control of JMCG
JMCG Jiangxi Engineering Construction Co., Ltd.	Subsidiary under indirect control of JMCG
Guizhou Wanfu Vehicle Sales & Service Co., Ltd.	Group subsidiary of JIC's shareholder
Chongqing Anfu Vehicle Marketing Co., Ltd.	Group subsidiary of JIC's shareholder
Chengdu Wanxing Vehicle Sales & Service Co., Ltd.	Group subsidiary of JIC's shareholder
Chongqing Anbo Vehicle Sales Co., Ltd.	Group subsidiary of JIC's shareholder
Yunan Wanfu Vehicle Sales & Service Co., Ltd.	Group subsidiary of JIC's shareholder
Dali Wanfu Vehicle Sales & Service Co., Ltd.	Group subsidiary of JIC's shareholder
Beijing Beifang Changfu Vehicle Sales & Service Co., Ltd.	Group subsidiary of JIC's shareholder
China Changan Group Hefei Investing Co., Ltd.	Group subsidiary of JIC's shareholder
Beijing Baiwang Changfu Vehicle Sales & Service Co., Ltd.	Group subsidiary of JIC's shareholder

## JIANGLING MOTORS CORPORATION, LTD.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR EDNEED 31 DECEMBER 2021

(All amounts in RMB Yuan unless otherwise stated)  
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#### 8 Related parties and related party transactions (Cont'd)

##### (4) Information of other related parties (Cont'd)

	Relationship with the Group
China Changan Group Tianjin Sales Co., Ltd.	Group subsidiary of JIC's shareholder
Guizhou Wanjia Automobile Sales and Service Co. LTD	Group subsidiary of JIC's shareholder
Anhui Wanyou Automobile Sales service Co. LTD	Group subsidiary of JIC's shareholder
Honghe Wanfu Vehicle Sales & Service Co., Ltd.	Group subsidiary of JIC's shareholder
Jiangxi Jiangling Lear Interior System Co., Ltd.	Joint venture of JMCG
Jiangxi ISUZU Co., Ltd.	Joint venture of JMCG
Nanchang Jiangling HuaXiang Auto Components 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
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	Associate of JMCG
Jiangxi JMCG Specialty Vehicles Sales Corporation, Ltd.	Associate of JMCG
Jiangxi JMCG Specialty Vehicles Co., Ltd.	Associate of JMCG
Jiangxi Jiangling Group Special Vehicle Co., Ltd.	Associate of JMCG
Nanchang JMCG SMR Huaxiang Mirror Co., Ltd. (i)	Associate of JMCG
Nanchang Baojiang Steel Processing Distribution Co., Ltd.	Associate of JMCG
Magna PT Powertrain (Jiangxi) Co., Ltd.	Associate of JMCG
Faurecia Emissions Control Technologies (Nanchang) Co., Ltd.	Associate of JMCG
Jiangling Motor Holdings Co., Ltd.	Associate of JMCG
Jiangxi Lingyun Automobile Industry Technology Co.,Ltd	Associate of JMCG
Nanchang Hengou Industry Co., Ltd.	Associate of JMCG
Jiujiang Fuwantong Vehicle Co., Ltd.	Associate of JMCG
Jiangxi Fuxiang Vehicle Co., Ltd.	Associate of JMCG
Jiangxi Jiangling Overseas Automobile Sales and Service Co., Ltd.	Associate of JMCG
Jiangxi Zhonglian Intelligent Logistics Co., Ltd.	Associate of JMCG
Jiangling Motor Electricity Vehicle Co., Ltd.	Associate of JMCG
Dibao transportation equipment (Nanchang) Co., Ltd	Associate of JMCG
Jiangxi Yizhizhihang automobile operation Service Co., Ltd	Associate of JMCG
Jiangxi JMCG Motorhome Co.,Ltd.	Associate of JMCG
Ji'an Qingyuan District Yongfuda Vehicle Co., Ltd.	Associate of JMCG

(i) In November 2021, Nanchang JMCG Mekra-Lang Vehicle Mirror Co., Ltd. was renamed to Nanchang JMCG SMR Huaxiang Mirror Co., Ltd.

**JIANGLING MOTORS CORPORATION, LTD.**

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**8 Related parties and related party transactions (Cont'd)**

(5) Related party transactions

(a) Purchase and sales of goods, provision and receipt of services

Purchase of goods:

Related parties	Nature of related party transactions	2021	2020
Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	Purchase of automobile parts	985,020,418	880,431,974
Nanchang Baojiang Steel Processing Distribution Co., Ltd.	Purchase of raw materials	967,549,307	963,538,705
Jiangxi Jiangling Chassis Co., Ltd.	Purchase of automobile parts	898,433,987	925,826,174
Magna PT Powertrain (Jiangxi) Co., Ltd.	Purchase of automobile parts	787,759,240	775,969,464
Nanchang Jiangling HuaXiang Auto Components Co., Ltd.	Purchase of automobile parts	772,387,021	754,832,828
Ford	Purchase of automobile parts	627,489,896	652,370,322
Jiangxi Jiangling Lear Interior System Co., Ltd.	Purchase of automobile parts	513,132,683	502,651,787
Faurecia Emissions Control Technologies (Nanchang) Co., Ltd.	Purchase of automobile parts	477,760,140	471,477,165
Jiangxi Zhonglian Intelligent Logistics Co., Ltd.	Purchase of automobile parts	470,431,786	-
Nanchang JMCG Liancheng Auto Component Co., Ltd.	Purchase of automobile parts	416,531,044	404,381,671
Nanchang JMCG Shishun Logistics Co., Ltd.	Purchase of automobile parts	366,945,009	402,465,442
Nanchang Unistar Electric & Electronics Co., Ltd.	Purchase of automobile parts	344,122,534	313,333,686
Hanon Systems	Purchase of automobile parts	213,213,340	215,580,989
JMCG	Purchase of automobile parts	179,153,533	175,089,346
Nanchang Yinlun Heat-exchanger Co., Ltd.	Purchase of automobile parts	112,831,150	87,043,427
Nanchang JMCG SMR Huaxiang Mirror Co., Ltd.	Purchase of automobile parts	105,244,091	113,007,282
Dibao transportation equipment (Nanchang) Co., Ltd	Purchase of automobile parts	92,353,687	-
Jiangxi Lingge Non-ferrous Metal Die-casting Co., Ltd.	Purchase of automobile parts	90,812,109	84,594,829
Nanchang Lianda Machinery Co., Ltd.	Purchase of automobile parts	72,039,671	81,935,083
Changan Ford Automobile Co., Ltd.	Purchase of automobile parts	48,145,204	56,465,853
Auto Alliance (Thailand) Co., Ltd.	Purchase of automobile parts	45,310,450	67,659,797

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**8 Related parties and related party transactions (Cont'd)**

(5) Related party transactions (Cont'd)

(a) Purchase and sales of goods, provision and receipt of services (Cont'd)

Purchase of goods (Cont'd):

Related parties	Nature of related party transactions	2021	2020
Jiangling Motor Holdings Co., Ltd.	Purchase of automobile parts	43,636,191	40,171,568
Jiangxi JMCG Specialty Vehicles Co., Ltd.	Purchase of automobile parts	41,659,140	39,104,828
Jiangxi Lingyun Automobile Industry Technology Co.,Ltd	Purchase of automobile parts	37,844,846	17,290,556
Jiangxi Jiangling Group Special Vehicle Co., Ltd.	Purchase of automobile parts	33,875,299	40,513,016
Jiangling Material Co., Ltd.	Purchase of raw materials and automobile parts	32,138,057	25,302,089
Jiangxi JMCG Boya brake system Co., Ltd	Purchase of automobile parts	30,510,070	19,296,893
Ford Otomotiv Sanayi A.S.	Purchase of automobile parts	22,119,616	39,382,418
Jiangxi ISUZU Engine Co., Ltd.	Purchase of automobile parts	20,171,236	15,163,002
Jiangling Aowei Automobile Spare Part Co., Ltd.	Purchase of automobile parts	18,664,870	22,474,184
Nanchang JMCG Xinchun Auto Component Co., Ltd.	Purchase of automobile parts	14,697,466	16,576,226
Jiangxi Jiangling group Fuxin Auto Parts Co., Ltd	Purchase of automobile parts	14,081,765	-
Jiangxi JMCG Industry Co., Ltd.	Purchase of automobile parts	10,268,410	1,525,809
NC.Gear Forging Factory	Purchase of automobile parts	9,391,656	7,485,354
Jiangxi Lingrui Recycling Resources Development Corporation	Purchase of automobile parts	8,484,962	10,063,375
Ford Motor Co. Thailand Ltd.	Purchase of automobile parts	3,939,065	6,388,549
Jiangxi Mingfang Auto Parts Industry Co., Ltd	Purchase of automobile parts	3,510,953	-
Nanchang Hengou Industry Co., Ltd.	Purchase of automobile parts	3,105,865	203,250
Nanchang Gear Co., Ltd.	Purchase of automobile parts	-	9,786,797
Other related parties	Purchase of automobile parts	4,019,558	5,902,367
		<u>8,938,785,325</u>	<u>8,245,286,105</u>

The products purchased by the Group from related parties are divided into two categories: purchase of imported parts and purchase of domestic parts.

- The pricing on imported parts purchased from Ford or its suppliers is based on the agreed price by both parties.
- The pricing on domestic accessories purchased from other related parties is determined through quotation, cost accounting, and negotiation between the two parties, and is adjusted regularly.

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**8 Related parties and related party transactions (Cont'd)**

(5) Related party transactions (Cont'd)

(a) Purchase and sales of goods, provision and receipt of services (Cont'd)

Receipt of services:

Related parties	Nature of related party transactions	2021	2020
Nanchang JMCG Shishun Logistics Co., Ltd.	Transportation	308,005,709	327,801,942
Ford Global Technologies, LLC	Trademark management fees, technology development	278,546,988	248,378,764
JMCG Jiangxi Engineering Construction Co., Ltd.	Engineering construction	202,783,377	298,581,804
Ford	Technical services and personnel costs	110,282,579	154,911,420
Jiangxi JMCG Industry Co., Ltd.	Meals	22,676,641	27,037,730
Changan Ford Automobile Co., Ltd.	Service fee, labor costs, etc.	21,913,168	63,254,852
Ford Otomotiv Sanayi A.S.	Technical services and technical development, personnel costs	18,265,089	44,011,234
Ford Motor (China) Co., Ltd.	Personnel costs, etc.	16,127,484	11,859,943
Jiangxi Zhonglian Intelligent Logistics Co., Ltd.	Transportation fee, rental fee, etc.	12,343,777	3,078,267
Jiangling Motor Holdings Co., Ltd.	Labor fee, rental fee, personnel fee	10,097,592	6,847,601
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	Agency fee, advertising fee, etc.	9,680,267	9,455,440
Ford Motor Research & Engineering (Nanjing) Co., Ltd.	Personnel costs	9,082,057	10,025,252
JMCG Property Management Co.	Property fees, etc.	3,352,585	2,280,889
Magna PT Powertrain (Jiangxi) Co., Ltd.(i)	Design fee, experimental costs	2,440,812	8,721,427
Nanchang Jiangling HuaXiang Auto Components Co., Ltd.	Design fee, experimental costs	2,175,305	2,425,848
Chongqing Changan Automobile Co., Ltd.	Personnel costs	1,680,278	1,781,095
Jiangxi JMCG Specialty Vehicles Sales Corporation, Ltd.	Promotion	1,509,434	-
Jiangxi JMCG Specialty Vehicles Co., Ltd.	Promotion	1,509,221	6,748,500
Jiangxi ISUZU Engine Co., Ltd.	Experimental costs	1,491,671	-

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**8 Related parties and related party transactions (Cont'd)**

(5) Related party transactions (Cont'd)

(a) Purchase and sales of goods, provision and receipt of services (Cont'd)

Receipt of services (Cont'd):

Related parties	Nature of related party transactions	2021	2020
JMCG	Rental expenses, etc.	1,403,765	722,094
Chongqing Anfu Vehicle Marketing Co., Ltd.	Warranty	1,153,740	87,448
Dali Wanfu Vehicle Sales & Service Co., Ltd.	Warranty, promotions	1,060,388	302,091
Guizhou Wanfu Vehicle Sales & Service Co., Ltd.	Warranty	1,022,766	204,416
Other related parties		5,697,181	9,817,366
		<u>1,044,301,874</u>	<u>1,238,335,423</u>

The Group's pricing on services received from related parties is based on the agreed price by both parties.



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**8 Related parties and related party transactions (Cont'd)**

(5) Related party transactions (Cont'd)

(a) Purchase and sales of goods, provision and receipt of services (Cont'd)

Sales of goods:

Related parties	Nature of related party transactions	2021	2020
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	Sales of vehicles and accessories, utilities, etc.	3,009,201,649	1,503,468,690
Jiangxi JMCG Specialty Vehicles Sales Corporation, Ltd.	Sale of vehicles	424,832,553	390,031,512
Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	Sales of vehicles and accessories, utilities	108,430,877	133,908,645
Jiangxi Lingrui Recycling Resources Development Corporation	Waste materials, utilities	91,363,165	85,072,002
Jiangxi Jiangling Chassis Co., Ltd.	Sales of accessories	71,371,856	68,495,760
Jiangxi JMCG Specialty Vehicles Co., Ltd.	Sales of vehicles and accessories	61,352,599	135,016,982
JMCG Jingma Motors Co., Ltd.	Sales of vehicles and accessories	56,901,153	37,537,654
Jiangxi Jiangling Group Special Vehicle Co., Ltd.	Sales of vehicles and accessories	53,876,378	41,208,636
Chengdu Wanxing Vehicle Sales & Service Co., Ltd.	Sales of vehicles and accessories	47,840,275	8,760,743
Chongqing Anfu Vehicle Marketing Co., Ltd.	Sales of vehicles and accessories	46,641,322	10,872,595
Guizhou Wanfu Vehicle Sales & Service Co., Ltd.	Sales of vehicles and accessories	45,806,320	20,243,696
Dali Wanfu Vehicle Sales & Service Co., Ltd.	Sales of vehicles and accessories	39,401,634	49,648,874
Chongqing Anbo Vehicle Sales Co., Ltd.	Sales of vehicles and accessories	37,899,577	12,999,033
Jiangxi Zhonglian Intelligent Logistics Co., Ltd.	Sales of accessories	35,851,242	-
China Changan Group Tianjin Sales Co., Ltd.	Sales of vehicles and accessories	26,458,070	221,770
Beijing Beifang Changfu Vehicle Sales & Service Co., Ltd.	Sales of vehicles and accessories	12,749,059	21,171,011
Nanchang JMCG Shishun Logistics Co., Ltd.	Sales of vehicles and accessories	12,470,469	33,591,930
Guizhou Wanjia Automobile Sales and Service Co. LTD	Sales of vehicles and accessories	10,893,900	-
Nanchang JMCG SMR Huaxiang Mirror Co., Ltd.	Sales of accessories	10,779,022	871,742
Nanchang Hengou Industry Co., Ltd.	Sales of accessories	9,982,170	8,496,187

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**8 Related parties and related party transactions (Cont'd)**

(5) Related party transactions (Cont'd)

(a) Purchase and sales of goods, provision and receipt of services (Cont'd)

Sales of goods (Cont'd):

Related parties	Nature of related party transactions	2021	2020
Nanchang JMCG Liancheng Auto Component Co., Ltd.	Sales of accessories	8,931,828	36,734,587
Jiujiang Fuwantong Vehicle Co., Ltd.	Sales of vehicles and accessories	7,122,010	23,066,338
Jiangxi Jiangling Lear Interior System Co., Ltd.	Sales of accessories	5,759,013	4,819,843
Nanchang Jiangling HuaXiang Auto Components Co., Ltd.	Sales of accessories	3,382,979	6,300,596
Jiangxi JMCG Industry Co., Ltd.	Sales of accessories, utilities and waste materials, etc.	3,129,560	3,155,702
Jiangxi ISUZU Co., Ltd.	Sales of accessories	2,910,489	4,581,683
Nanchang Lianda Machinery Co., Ltd.	Sales of accessories	2,332,429	1,748,053
Magna PT Powertrain (Jiangxi) Co., Ltd.(i)	Sales of accessories	1,850,790	451,200
Anhui Wanyou Automobile Sales Service Co. LTD	Sales of vehicles and accessories	1,574,031	-
Jiangxi Yizhizhihang automobile operation Service Co., Ltd	Sale of vehicles	1,302,655	-
Yunan Wanfu Vehicle Sales & Service Co., Ltd.	Sales of vehicles and accessories	493,926	6,550,243
Beijing Baiwang Changfu Vehicle Sales & Service Co., Ltd.	Sales of vehicles and accessories	429,324	4,029,396
Jiangxi Jiangling Overseas Automobile Sales and Service Co., Ltd.	Sales of vehicles and accessories	389,202	3,451,607
Ji'an Qingyuan District Yongfuda Vehicle Co., Ltd.	Sales of vehicles and accessories	128,243	2,948,093
China Changan Group Hefei Investing Co., Ltd.	Sales of vehicles and accessories	111,195	14,027,598
Jiangxi Fuxiang Vehicle Co., Ltd.	Sales of vehicles, accessories, utilities	105,495	4,518,451
Honghe Wanfu Vehicle Sales & Service Co., Ltd.	Sales of vehicles and accessories	83,549	2,204,686

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**8 Related parties and related party transactions (Cont'd)**

(5) Related party transactions (Cont'd)

(a) Purchase and sales of goods, provision and receipt of services (Cont'd)

Sales of goods (Cont'd):

Related parties	Nature of related party transactions	2021	2020
Nanchang JMCG Frame Co., Ltd	Sales of accessories	-	9,682,940
Jingdezhen Shishun Logistics Co., Ltd.	Sale of vehicles	-	2,389,380
Other related parties		2,297,881	6,370,413
		<u>4,256,437,889</u>	<u>2,698,648,271</u>

The Group's pricing on goods sold to related parties is based on the agreed price by both parties.

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**8 Related parties and related party transactions (Cont'd)**

(5) Related party transactions (Cont'd)

(b) Leases

(i) The lease income recognised in the current year with the Group as the lessor:

Name of the lessee	Type of the leased asset	2021	2020
Jiangling Material Co., Ltd.	Buildings	60,550	-
Jiangxi ISUZU Co., Ltd.	Buildings	29,708	53,411
		<u>90,258</u>	<u>53,411</u>

(ii) Increase of right-of-use assets in the current year with the Group as the lessee

Name of the lessor	Type of the leased asset	2021	2020
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	Buildings	16,852,582	-
JMCG	Buildings	182,766	-
		<u>17,035,348</u>	<u>-</u>

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**8 Related parties and related party transactions (Cont'd)**

(5) Related party transactions (Cont'd)

(b) Leases (Cont'd)

(iii) Interest expenses on lease liabilities in the current year with the Group as the lessee:

	2021	2020
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	538,978	50,258
JMCG	417,937	568,210
	<u>956,915</u>	<u>618,468</u>

(c) Guarantee received

Guarantor	Guaranteed amount	Starting date	Ending date	Fully performed or not
JMCF	2,505,044	5 March 2001	30 October 2029	Not fully performed

In 2021, JMCF provided guarantees for some bank borrowings of the Group, with a maximum guarantee limit of USD2,282,123. As at 31 December 2021, JMCF provided borrowing guarantee to the bank borrowing of USD392,905, equivalent to RMB2,505,044 (31 December 2020: USD458,389, equivalent to RMB2,990,943) for the Group.

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**8 Related parties and related party transactions (Cont'd)**

(5) Related party transactions (Cont'd)

(d) Transfer of assets

Related parties	Nature of related party transactions	2021	2020
Jiangxi Lingrui Recycling Resources Development Corporation	Sales of fixed assets	19,069,865	-
Jiangxi JMCG Industry Co., Ltd.	Sales of fixed assets	-	1,783
		<u>19,069,865</u>	<u>1,783</u>

The pricing on transfer of assets between the Group and related parties is based on the agreed price by both parties.

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**8 Related parties and related party transactions (Cont'd)**

(5) Related party transactions (Cont'd)

(e) Purchase of assets

Related parties	Nature of related party transactions	2021	2020
Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	Purchase of fixed assets	4,946,744	3,629,699
Magna PT Powertrain (Jiangxi) Co., Ltd.	Purchase of fixed assets	2,480,000	8,120,000
Nanchang Jiangling HuaXiang Auto Components Co., Ltd.	Purchase of fixed assets	444,600	-
Jiangling Motor Holdings Co., Ltd.	Purchase of fixed assets	-	337,660
		<u>7,871,344</u>	<u>12,087,359</u>

The pricing on purchase of assets between the Group and related parties is based on the agreed price by both parties.

(f) Provision of technology sharing

Related parties	Nature of related party transactions	2021	2020
Ford Motor Research & Engineering (Nanjing) Co., Ltd.	Engineering and technical service	66,669,000	83,687,640
Ford Vietnam Limited	Technical service	12,780,000	30,623,000
Ford	Technical service	12,450,000	17,988,000
Jiangxi ISUZU Co., Ltd.	Technical service	6,390,000	-
Ford Trading Company, LLC	Technical service	4,795,000	-
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	Technical service	480,000	1,750,000
Ford Otomotiv Sanayi A.S.	Technical service	340,000	-
		<u>103,904,000</u>	<u>134,048,640</u>

The Group's pricing on technology sharing provided to related parties is based on the agreed price by both parties.

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**8 Related parties and related party transactions (Cont'd)**

## (5) Related party transactions (Cont'd)

## (g) Purchase of CAFC credit and NEV credit

Related parties	2021	2020
Jiangling Motor Holdings Co., Ltd.	177,528,302	-
Jiangling Motor Electricity Vehicle Co., Ltd.	11,186,318	23,304,481
	<u>188,714,620</u>	<u>23,304,481</u>

The Group's pricing on CAFC credit and NEV credit purchased from related parties is base on the agreed price by both parties.

## (h) Remuneration of key management

	2021	2020
Remuneration of key management	<u>17,375,367</u>	<u>12,148,337</u>

## (i) Interest income

	2021	2020
JMCF	<u>17,076,393</u>	<u>18,598,836</u>

Cash at bank of the Group deposited with JMCF was calculated based on the bank annual interest rate for RMB deposit of 1.725% to 2.25% over the same period (2020: 0.455% to 3.30%).

## (j) Interest expenses

	2021	2020
Jiangxi Zhonglian Intelligent Logistics Co., Ltd.	120,000	120,000
Nanchang JMCG Shishun Logistics Co., Ltd.	30,000	30,000
	<u>150,000</u>	<u>150,000</u>



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**8 Related parties and related party transactions (Cont'd)**

(6) Receivables from and payables to related parties

Receivables from related parties:

	31 December 2021		31 December 2020	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Accounts receivable				
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	1,055,206,739	(2,469,956)	1,081,916,003	(2,368,381)
Jiangxi JMCG Specialty Vehicles Sales Corporation, Ltd.	70,709,214	(56,476)	22,613,476	(47,488)
JMCG Jingma Motors Co., Ltd.	16,858,567	(59,595)	4,953,579	(14,861)
Jiangxi JMCG Specialty Vehicles Co., Ltd.	10,889,510	(9,689)	9,705,710	(20,997)
Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	4,511,078	(7,003)	1,539,411	(4,618)
Jiangxi Zhonglian Intelligent Logistics Co., Ltd.	4,113,754	(14,542)	-	-
Nanchang JMCG SMR Huaxiang Mirror Co., Ltd.	3,253,009	(11,499)	943,109	(2,829)
Nanchang JMCG Liancheng Auto Component Co., Ltd.	1,655,446	(5,852)	8,906,500	(26,720)
Jiangxi Jiangling Lear Interior System Co., Ltd.	1,430,746	(5,058)	1,192,642	(3,578)
Nanchang Hengou Industry Co., Ltd.	1,189,979	(4,207)	394,513	(1,184)
Magna PT Powertrain (Jiangxi) Co., Ltd.(i)	1,102,564	(3,898)	196,507	(590)
Nanchang JMCG Frame Co., Ltd	1,094,172	(3,868)	11,499,163	(34,497)
Ford Vietnam Limited	-	-	19,500,000	(97,500)
Ford	-	-	6,304,000	(31,520)
Jiangxi Jiangling Chassis Co., Ltd.	-	-	4,786,897	(14,361)
Nanchang JMCG Shishun Logistics Co., Ltd.	-	-	4,267,697	(12,803)
Jiangxi Jiangling Group Special Vehicle Co., Ltd.	-	-	3,340,025	(7,014)
Other related parties	2,287,518	(8,087)	3,813,944	(13,215)
	<u>1,174,302,296</u>	<u>(2,659,730)</u>	<u>1,185,873,176</u>	<u>(2,702,156)</u>

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**8 Related parties and related party transactions (Cont'd)**

(6) Receivables from and payables to related parties (Cont'd)

Receivables from related parties (Cont'd):

	31 December 2021		31 December 2020	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Other receivables				
Jiangling Motor Electricity Vehicle Co., Ltd.	31,266,512	(93,800)	-	-
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	25,000,000	(75,000)	35,201,661	(105,605)
Jiangxi Lingrui Recycling Resources Development Corporation	17,668,457	(53,005)	-	-
Other related parties	121,141	(364)	6,644	(20)
	<u>74,056,110</u>	<u>(222,169)</u>	<u>35,208,305</u>	<u>(105,625)</u>

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**8 Related parties and related party transactions (Cont'd)****(6) Receivables from and payables to related parties (Cont'd)**

Receivables from related parties (Cont'd):

		31 December 2021	31 December 2020
Advances to suppliers	Nanchang Baojiang Steel Processing Distribution Co., Ltd.	<u>399,394,083</u>	<u>355,529,951</u>
Financing receivables	JMCG Jingma Motors Co., Ltd.	2,357,022	5,172,364
	Nanchang JMCG Frame Co., Ltd	<u>2,000,000</u>	<u>-</u>
		<u>4,357,022</u>	<u>5,172,364</u>
Prepayment for projects	Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	<u>-</u>	<u>1,239,661</u>
Cash at bank	JMCF	<u>1,059,580,980</u>	<u>1,231,825,734</u>

In 2021, the sales amount settled by JMCF was RMB21,188,639,037 (2020: RMB21,682,764,117).

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**8 Related parties and related party transactions (Cont'd)**

(6) Receivables from and payables to related parties (Cont'd)

Payables to related parties:

		31 December 2021	31 December 2020
Accounts payable	Nanchang Jiangling HuaXiang Auto Components Co., Ltd.	476,070,536	600,620,464
	Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	405,329,856	450,355,413
	Jiangxi Jiangling Chassis Co., Ltd.	314,370,464	381,961,882
	Jiangxi Jiangling Lear Interior System Co., Ltd.	251,892,398	244,023,570
	Magna PT Powertrain (Jiangxi) Co., Ltd.(i)	224,125,697	257,203,673
	Jiangxi Zhonglian Intelligent Logistics Co., Ltd.	188,395,117	343,739
	Faurecia Emissions Control Technologies (Nanchang) Co., Ltd.	181,015,647	140,584,875
	Nanchang JMCG Liancheng Auto Component Co., Ltd.	162,044,531	177,586,249
	Nanchang Unistar Electric & Electronics Co., Ltd.	118,507,723	107,067,804
	Ford	112,369,950	165,212,418
	Nanchang JMCG Shishun Logistics Co., Ltd.	99,211,184	112,968,126
	JMCG	68,694,580	108,139,686
	Nanchang JMCG SMR Huaxiang Mirror Co., Ltd.	61,887,021	84,273,999
	Hanon Systems	51,492,058	119,546,495
	Jiangxi JMCG Specialty Vehicles Co., Ltd.	46,385,916	44,095,229
	Nanchang Yinlun Heat-exchanger Co., Ltd.	38,501,505	39,863,083
	Jiangxi Lingge Non-ferrous Metal Die-casting Co., Ltd.	38,128,081	33,997,041
	Dibao transportation equipment (Nanchang) Co., Ltd	29,226,123	-
	Nanchang Lianda Machinery Co., Ltd.	19,653,964	31,713,777
	Jiangxi Jiangling Group Special Vehicle Co., Ltd.	16,813,329	17,656,588
	Jiangling Motor Holdings Co., Ltd.	15,315,388	11,635,750
	Jiangxi JMCG Boya brake system Co., Ltd	14,172,332	8,797,919
	Changan Ford Automobile Co., Ltd.	10,017,548	7,408,214
	Jiangxi Lingyun Automobile Industry Technology Co.,Ltd	9,533,560	5,184,778
	Jiangxi ISUZU Engine Co., Ltd.	7,167,608	441,696
	Nanchang JMCG Xinchun Auto Component Co., Ltd.	6,542,386	5,721,038
	Jiangxi Lingrui Recycling Resources Development Corporation	5,669,023	4,814,171
	Jiangxi Jiangling group Fuxin Auto Parts Co., Ltd	5,126,842	-
	Jiangling Aowei Automobile Spare Part Co., Ltd.	4,402,913	11,243,037
	Auto Alliance (Thailand) Co., Ltd.	3,986,161	4,294,750
	NC.Gear Forging Factory	3,008,017	921,767
	Jiangxi JMCG Industry Co., Ltd.	2,995,670	1,044,850
	Ford Otomotiv Sanayi A.S.	2,224,130	4,727,288
	Jiangling Material Co., Ltd.	2,143,099	1,955,537
	Jiangxi Mingfang Auto Parts Industry Co., Ltd	1,920,999	-
	Nanchang Hengou Industry Co., Ltd.	1,537,861	-
	Nanchang Gear Co., Ltd.	90,024	3,414,942
	Other related parties	2,100,155	1,810,372
		<u>3,002,069,396</u>	<u>3,190,630,220</u>

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**8 Related parties and related party transactions (Cont'd)**

(6) Receivables from and payables to related parties (Cont'd)

Payables to related parties (Cont'd):

		31 December 2021	31 December 2020
Other payables	JMCG Jiangxi Engineering Construction Co., Ltd.	112,247,451	7,117,653
	Ford Global Technologies, LLC	65,331,412	18,050,765
	Ford	61,135,567	48,814,942
	Jiangxi JMCG Specialty Vehicles Sales Corporation, Ltd.	24,120,434	23,287,853
	Jiangxi Jiangling Group Special Vehicle Co., Ltd.	11,035,849	10,269,987
	Magna PT Powertrain (Jiangxi) Co., Ltd.(i)	8,783,237	13,139,275
	Nanchang JMCG Shishun Logistics Co., Ltd.	7,302,639	8,370,326
	Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	5,719,260	1,588,791
	Ford Motor (China) Co., Ltd.	4,670,514	2,570,952
	Jiangxi JMCG Specialty Vehicles Co., Ltd.	4,590,958	3,682,741
	Ford Otomotiv Sanayi A.S.	4,578,953	5,265,976
	Faurecia Emissions Control Technologies (Nanchang) Co., Ltd.	4,111,935	3,285,350
	Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	3,209,698	1,456,956
	Nanchang Baojiang Steel Processing Distribution Co., Ltd.	2,722,060	1,944,877
	Ford Motor Research & Engineering (Nanjing) Co., Ltd.	2,229,384	1,345,255
	Jiangxi JMCG Industry Co., Ltd.	1,753,181	3,726,567
	Chongqing Changan Automobile Co., Ltd.	1,680,278	1,781,095
	Hanon Systems	1,475,000	1,475,000
	Nanchang Jiangling HuaXiang Auto Components Co., Ltd.	1,438,427	2,481,859
	JMCG Property Management Co.	1,265,900	995,400
	Jiangxi Jiangling Lear Interior System Co., Ltd.	1,007,000	1,207,000
	Nanchang Unistar Electric & Electronics Co., Ltd.	966,018	800,915
	Jiangxi JMCG Motorhome Co., Ltd.	737,264	481,132
	China Changan Group Tianjin Sales Co., Ltd.	700,000	-
	Jiangxi ISUZU Engine Co., Ltd.	596,744	-
	Nanchang Yinlun Heat-exchanger Co., Ltd.	515,028	380,006
	Changan Ford Automobile Co., Ltd.	120,136	18,503,441
JMCG	23,833	2,313,728	
Other related parties	1,828,155	4,423,066	
	<u>335,896,315</u>	<u>188,760,908</u>	
Contract liabilities	Jiangxi Jiangling Group Special Vehicle Co., Ltd.	1,790,486	-
	Other related parties	2,793,328	2,191,137
		<u>4,583,814</u>	<u>2,191,137</u>
Lease liabilities	Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	17,391,559	-
	JMCG	7,027,932	9,033,918
		<u>24,419,491</u>	<u>9,033,918</u>

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**8 Related parties and related party transactions (Cont'd)**

(7) Commitments in relation to related parties

Capital commitments	31 December 2021	31 December 2020
JMCG Jiangxi Engineering Construction Co., Ltd.	<u>270,278,911</u>	<u>377,223,784</u>

Guarantee of commitments in relation to related parties is set out in Note 8(5)(c).

**9 Contingencies**

As at 31 December 2021, the Group had no contingencies that needed to be disclosed in the notes to the financial statements.

**10 Commitments**

Capital expenditure commitments

Capital expenditures contracted for by the Group but are not yet necessary to be recognised on the balance sheet as at the balance sheet date were as follows:

	31 December 2021	31 December 2020
Buildings, machinery and equipment	<u>1,040,550,000</u>	<u>1,127,750,000</u>

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**11 Subsequent events**

(1) Profit distribution

According to the resolution at the Board of Directors' meeting on March 28th, 2022, the Board of Directors proposed that the Company distribute cash dividends of RMB0.266 per share to all shareholders. Based on the issued shares of 863,214,000, the proposed cash dividends totalled RMB229,614,924.

**12 Financial instrument and risk**

The Group's activities expose it to a variety of financial risks, which mainly comprise market risk (primarily including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The above financial risks and the Group's risk management policies to mitigate the risks are as follows:

The Board of Directors is responsible for planning and establishing the Group's risk management framework, formulating the Group's risk management policies and related guidelines, and supervising the implementation of risk management measures. The Group has established risk management policies to identify and analyse the risks faced by the Group. These risk management policies specify the risks such as market risk, credit risk and liquidity risk management. The Group regularly evaluates the market environment and changes in the Group's operating activities to determine whether to update the risk management policies and systems or not. The Group's risk management is carried out by the Risk Management Committee under policies approved by the Board of Directors. The Risk Management Committee works closely with other business departments of the Group to identify, evaluate and avoid relevant risks. The internal audit department of the Group conducts periodical audit to the controls and procedures for risk management and reports the audit results to the Risk Management Committee of the Group.

(1) Market risk

(a) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. The Group is exposed to foreign exchange risk arising from the recognised assets and liabilities, and future transactions denominated in foreign currencies, primarily with respect to USD. The Group monitors the amount of assets and liabilities, and transactions denominated in foreign currencies to minimise the foreign exchange risk. Therefore, the Group signed forward exchange contracts to mitigate the foreign exchange risk (Note 4(20)).

The financial assets and financial liabilities denominated in foreign currencies, which were held by the Group and the subsidiaries of the Group, were expressed in RMB As at 31 December 2021 and 31 December 2020 as follows:

	31 December 2021		
	USD	EUR	Total
Financial liabilities denominated in foreign currency -			
Derivative financial liabilities	10,704,619	-	10,704,619
Current portion of long-term borrowings	417,507	-	417,507
Long-term borrowings	2,087,537	-	2,087,537
Other payables	130,811,883	240,329	131,052,212
	<u>144,021,546</u>	<u>240,329</u>	<u>144,261,875</u>

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**12 Financial instrument and risk (Cont'd)**

(1) Market risk (Cont'd)

(a) Foreign exchange risk (Cont'd)

	31 December 2020		
	USD	EUR	Total
Financial liabilities denominated in foreign currency -			
Derivative financial liabilities	3,716,727	-	3,716,727
Current portion of long-term borrowings	427,277	-	427,277
Long-term borrowings	2,563,666	-	2,563,666
Other payables	70,936,756	1,469,682	72,406,438
	<u>77,644,426</u>	<u>1,469,682</u>	<u>79,114,108</u>

As at 31 December 2021, for the financial assets and liabilities dominated in foreign currencies, if the RMB had strengthened/weakened by 10% against the USD while all other variables had been held constant, the Group's net profit would have been approximately RMB10,422,046(31 December 2020: approximately RMB 6,599,776) higher/lower; if the RMB had strengthened/weakened by 10% against the EUR while all other variables had been held constant, the Group's net profit would have been approximately RMB20,428(31 December 2020: approximately RMB142,961)higher/lower.

(b) Interest rate risk

The Group's interest rate risk mainly arises from interest-bearing debts such as short-term borrowings and long-term borrowings. The financial liabilities of floating interest rate expose the Group to cash flow interest rate risk, and the financial liabilities of fixed interest rate expose the Group to fair value interest rate risk. The Group determines the relative proportions of fixed-rate and floating-rate contracts based on the prevailing market environment. As at 31 December 2021, the Group's short-term borrowings of RMB300,000,000(31 December 2020: RMB500,000,000) were fixed-rate borrowings, and long-term borrowings of USD392,905 (31 December 2020: USD458,389) were fixed-rate contracts, therefore there was no significant cash flow interest rate risk.

As at 31 December 2021 and 31 December 2020, there was no significant difference between the fair value and the carrying amount of the Group's bank borrowings with fixed rates.

(2) Credit risk

The Group's credit risk mainly arises from cash at bank and on hand, notes receivable, accounts receivable, financing receivables, other receivables, long-term receivables and derivative financial assets at fair value through profit or loss that are not included in the impairment assessment scope. The carrying amount of the Group's financial assets reflects its maximum credit exposure on the balance sheet date.

The Group expects that there is no significant credit risk associated with cash at bank and on hand since they are deposited at state-owned banks and other medium or large sizebanks with good reputation and high credit rating. The Group does not expect that there will be significant losses from non-performance by these banks.



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**12 Financial instrument and risk (Cont'd)**

(2) Credit risk (Cont'd)

In addition, the Group has policies to limit the credit exposure on notes receivable, accounts receivable, financing receivables, other receivables and long-term receivables. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

As at 31 December 2021, the Group had no significant collateral or other credit enhancements held as a result of the debtor's mortgage (31 December 2020: Nil).

(3) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group. The Group monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

The financial liabilities of the Group at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flows:

	31 December 2021				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term borrowings	300,000,000	-	-	-	300,000,000
Derivative financial liabilities	10,704,619	-	-	-	10,704,619
Accounts payable	9,702,584,830	-	-	-	9,702,584,830
Other payables	5,253,800,805	-	-	-	5,253,800,805
Lease liabilities	90,602,618	80,927,296	203,090,850	-	374,620,764
Long-term borrowings	453,517	447,254	1,304,189	422,205	2,627,165
	<u>15,358,146,389</u>	<u>81,374,550</u>	<u>204,395,039</u>	<u>422,205</u>	<u>15,644,338,183</u>

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**12 Financial instrument and risk (Cont'd)****(3) Liquidity risk (Cont'd)**

The financial liabilities of the Group at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flows (Cont'd):

	31 December 2020				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term borrowings	502,173,333	-	-	-	502,173,333
Derivative financial liabilities	3,716,727	-	-	-	3,716,727
Accounts payable	10,026,215,877	-	-	-	10,026,215,877
Other payables	4,153,849,625	-	-	-	4,153,849,625
Lease liabilities	11,683,625	11,419,366	8,646,930	-	31,749,921
Long-term borrowings	470,539	464,130	1,353,936	870,579	3,159,184
	<u>14,698,109,726</u>	<u>11,883,496</u>	<u>10,000,866</u>	<u>870,579</u>	<u>14,720,864,667</u>

- (i) As at 31 December 2021, the Group did not have lease contracts that had been signed but had not yet been implemented.

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**13 Fair value estimates**

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

(1) Assets and liabilities measured at fair value on a recurring basis

As at 31 December 2021, the assets measured at fair value on a recurring basis by the above three levels were analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets - Financial assets held for trading - Structural deposits	-	100,242,329	-	100,242,329
Financing receivables - Notes receivable	-	-	201,511,670	201,511,670
	<u>-</u>	<u>100,242,329</u>	<u>201,511,670</u>	<u>301,753,999</u>

As at 31 December 2021, the liabilities measured at fair value on a recurring basis by the above three levels were analysed below:

	Level 1	Level 2	Level 3	Total
Financial liabilities - Derivative financial liabilities - Forward foreign exchange contracts	-	10,704,619	-	10,704,619

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**13 Fair value estimates (Cont'd)**

(1) Assets and liabilities measured at fair value on a recurring basis (Cont'd)

As at 31 December 2020, the assets measured at fair value on a recurring basis by the above three levels were analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets -				
Financial assets held for trading -				
Structural deposits	-	803,892,985	-	803,892,985
Financing receivables -				
Notes receivable	-	-	815,583,669	815,583,669
	<u>-</u>	<u>803,892,985</u>	<u>815,583,669</u>	<u>1,619,476,654</u>

As at 31 December 2020, the liabilities measured at fair value on a recurring basis by the above three levels were analysed below:

	Level 1	Level 2	Level 3	Total
Financial liabilities -				
Derivative financial liabilities -				
Forward foreign exchange contracts	-	3,716,727	-	3,716,727
	<u>-</u>	<u>3,716,727</u>	<u>-</u>	<u>3,716,727</u>

The Group takes the date on which events causing the transfers between the levels take place as the timing specific for recognising the transfers. There was no transfer between Level 1 and Level 2 in 2021.

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly comprise discounted cash flow model and market comparable corporate model. The inputs of valuation technique mainly include risk-free interest rate, benchmark rate, exchange rate, etc.

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**13 Fair value estimates (Cont'd)**

(1) Assets and liabilities measured at fair value on a recurring basis (Cont'd)

The changes in Level 3 financial assets are analysed below:

	31 December 2020	Increase	Decrease	31 December 2021	Gains recognised in profit or loss (a)	Changes in unrealised gains or losses included in profit or loss in 2021 with respect to assets still held As at 31 December 2021 - gains or losses on changes in fair value
Financial assets						
Financial assets held for trading - Monetary fund	-	500,000,000	(500,000,000)	-	198,623	-
Financing receivables - Notes receivable	<u>815,583,669</u>	<u>3,073,998,320</u>	<u>(3,688,070,319)</u>	<u>201,511,670</u>	<u>-</u>	<u>-</u>
Total assets	<u>815,583,669</u>	<u>3,573,998,320</u>	<u>(4,188,070,319)</u>	<u>201,511,670</u>	<u>198,623</u>	<u>-</u>

(a) Gains recognised in profit or loss are recognised in investment income in the income statement.

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**13 Fair value estimates (Cont'd)**

(1) Assets and liabilities measured at fair value on a recurring basis (Cont'd)

The changes in Level 3 financial assets are analysed below(Cont'd):

	31 December 2019	Increase	Decrease	31 December 2020	Gains recognised in profit or loss (a)	Changes in unrealised gains or losses included in profit or loss in 2020 with respect to assets still held As at 31 December 2020 - gains or losses on changes in fair value
Financial assets						
Financial assets held for trading -						
Monetary fund	-	500,000,000	(500,000,000)	-	244,059	-
Financing receivables -						
Notes receivable	<u>289,044,373</u>	<u>2,325,165,208</u>	<u>(1,798,625,912)</u>	<u>815,583,669</u>	<u>-</u>	<u>-</u>
Total assets	<u>289,044,373</u>	<u>2,825,165,208</u>	<u>(2,298,625,912)</u>	<u>815,583,669</u>	<u>244,059</u>	<u>-</u>

(a) Gains recognised in profit or loss are recognised in investment income in the income statement.

## JIANGLING MOTORS CORPORATION, LTD.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR EDNED 31 DECEMBER 2021

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#### 13 Fair value estimates (Cont'd)

- (2) Assets measured at fair value on a non-recurring basis

As at 31 December 2021 and 31 December 2020, the Group had no assets measured at fair value on a non-recurring basis.

- (3) Assets and liabilities not measured at fair value but for which the fair value is disclosed

The Group's financial assets and liabilities measured at amortised cost mainly comprise notes receivable, accounts receivable, other receivables, long-term receivables, short-term borrowings, payables, lease liabilities and long-term borrowings, etc.

The carrying amount of the Group's financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value.

The fair value of long-term borrowings is the present value of the contractually determined stream of future cash flows discounted at the rate of interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows on the same terms, and categorised within Level 3 of the fair value hierarchy.

#### 14 Capital management

The Group's capital management policies aim 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, refund capital to shareholders, issue new shares or sell assets to reduce debts.

The Group's total capital is calculated as "shareholders' equity" as shown in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements, and monitors capital on the basis of equity ratio.

As at 31 December 2021 and 31 December 2020, the Group's equity ratio was as follows:

	31 December 2021	31 December 2020
Total borrowings	302,505,044	502,990,943
Total shareholders' equity	8,555,444,589	10,986,474,009
Equity ratio	<u>4%</u>	<u>5%</u>

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**15 Notes to the Company's financial statements**

(1) Accounts receivable

	31 December 2021	31 December 2020
Accounts receivable	1,576,660,469	3,502,761,954
Less: Provision for bad debts	<u>(167,340,229)</u>	<u>(171,881,303)</u>
	<u>1,409,320,240</u>	<u>3,330,880,651</u>

(a) The ageing of accounts receivable is analysed as follows:

	31 December 2021	31 December 2020
Within 1 year	1,231,549,719	3,043,074,741
Over 1 years	<u>345,110,750</u>	<u>459,687,213</u>
	<u>1,576,660,469</u>	<u>3,502,761,954</u>

(b) As at 31 December 2021, the top five accounts receivable ranked by remaining balances are analysed as follows:

	Balance	Amount of provision for bad debts	% of total balance
Company 1	1,049,027,460	(2,448,112)	66.53%
Company 2	74,668,369	-	4.74%
Company 3	72,230,000	(72,230,000)	4.58%
Company 4	27,956,053	(98,825)	1.77%
Company 5	16,858,567	(59,595)	1.07%
	<u>1,240,740,449</u>	<u>(74,836,532)</u>	<u>78.69%</u>



**JIANGLING MOTORS CORPORATION, LTD.**

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(All amounts in RMB Yuan unless otherwise stated)  
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**15 Notes to the Company's financial statements (Cont'd)**

(1) Accounts receivable (Cont'd)

(c) Provision for bad debts

(i) Accounts receivable for which provision for bad debts is made on the individual basis are analysed as follows:

	31 December 2021		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL (%)	Provision for bad debts
Receivables from related parties within the Group i)	74,668,369	-	-
New energy subsidies receivable ii)	84,903,126	100%	(84,903,126)
Receivables for automobiles iii)	72,230,000	100%	(72,230,000)
	<u>231,801,495</u>		<u>(157,133,126)</u>
	31 December 2020		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL (%)	Provision for bad debts
Receivables from related parties within the Group i)	1,775,196,875	-	-
New energy subsidies receivable ii)	84,903,126	100%	(84,903,126)
Receivables for automobiles iii)	74,480,000	100%	(74,480,000)
	<u>1,934,580,001</u>		<u>(159,383,126)</u>

i) As at 31 December 2021, the Company's accounts receivable from subsidiaries SZFJ was RMB74,668,369. The Company carried out individual assessment on receivables from subsidiaries. Based on the judgement of credit risk, there is no significant credit risk on receivables from subsidiaries, no overdue or impairment.

As at 31 December 2020, the Company's accounts receivable due from subsidiaries JMCS, SZFJ and GZFJ were RMB1,605,066,624, RMB167,353,472 and RMB2,776,779 respectively, totalling to RMB1,775,196,875. The Company carried out individual assessment on receivables from subsidiaries. Based on the judgement of credit risk, there is no significant credit risk on receivables from subsidiaries, no overdue or impairment.

ii) As at 31 December 2021 and 31 December 2020, state subsidies receivable for new energy automobiles amounted to RMB84,903,126. As the corresponding new energy vehicles may not meet the corresponding subsidy policy standards, the Company considered that the state subsidies cannot be collected, therefore, full provision was made.

iii) As at 31 December 2021, since aforesaid companies in debts had difficulties in operation and were involved in several legal proceedings, the Company considered that it was difficult to recover such receivables, so related provision for bad debts was made in full amount RMB72,230,000(31 December 2020:RMB74,480,000).

**JIANGLING MOTORS CORPORATION, LTD.**

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**15 Notes to the Company's financial statements (Cont'd)**

(1) Accounts receivable (Cont'd)

(c) Provision for bad debts (Cont'd)

(ii) Accounts receivable for which provision for bad debts is made on the grouping basis are analysed as follows:

Grouping - Sales of general automobiles:

	31 December 2021		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL(%)	Amount
Not overdue	833,314,688	0.08%	(675,142)
Overdue for 1 to 30 days	149,950,389	0.08%	(120,161)
Overdue for 31 to 60 days	29,645,955	2.44%	(721,967)
Overdue over 90 days	17,638,503	4.15%	(732,260)
	114,035	5.01%	(5,710)
	<u>1,030,663,570</u>		<u>(2,255,240)</u>

	31 December 2020		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL(%)	Amount
Not overdue	1,096,348,057	0.21%	(2,303,427)
Overdue for 1 to 30 days	70,701,614	0.21%	(148,544)
Overdue for 31 to 60 days	345,798	6.35%	(21,961)
	<u>1,167,395,469</u>		<u>(2,473,932)</u>

Grouping - Sales of new energy automobiles:

	31 December 2021		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL(%)	Amount
Overdueover 90 days	<u>111,207,654</u>	<u>6.51%</u>	<u>(7,234,301)</u>

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**15 Notes to the Company's financial statements (Cont'd)**

(1) Accounts receivable (Cont'd)

(c) Provision for bad debts (Cont'd)

(ii) Accounts receivable for which provision for bad debts is made on the grouping basis are analysed as follows (Cont'd):

Grouping - Sales of new energy automobiles(Cont'd):

	31 December 2020		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL(%)	Amount
Not overdue	138,042,462	4.94%	(6,826,200)
Overdue for 1 to 30 days	-	—	-
Overdue for 31 to 60 days	23,243,550	10.25%	(2,381,426)
	<u>161,286,012</u>		<u>(9,207,626)</u>

Grouping - Automobile parts:

	31 December 2021		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL(%)	Amount
Not overdue	171,058,119	0.30%	(513,174)
Overdue for 1 to 30 days	10,595,578	0.30%	(31,787)
Overdue for 31 to 60 days	14,644,585	0.50%	(73,223)
Overdue for 61 to 90 days	3,464,188	0.60%	(20,785)
Overdue over 90 days	3,225,280	2.44%	(78,593)
	<u>202,987,750</u>		<u>(717,562)</u>

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**15 Notes to the Company's financial statements (Cont'd)**

- (1) Accounts receivable (Cont'd)
- (c) Provision for bad debts (Cont'd)
- (ii) Accounts receivable for which provision for bad debts is made on the grouping basis are analysed as follows (Cont'd):

Grouping - Automobile parts (Cont'd):

	31 December 2020		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL (%)	Amount
Not overdue	206,087,099	0.30%	(618,261)
Overdue for 1 to 30 days	19,968,933	0.30%	(59,907)
Overdue for 31 to 60 days	10,595,310	0.50%	(52,977)
Overdue for 61 to 90 days	1,295,045	0.60%	(7,770)
Overdue over 90 days	1,554,085	5.00%	(77,704)
	<u>239,500,472</u>		<u>(816,619)</u>

- (iii) The provision for bad debts in the current year amounted to RMB4,541,074 was reversed, because of the actual receipt of account receivables relating to the provision for bad debts made in the prior period. Among them, RMB2,250,000 of accounts receivable for which provision for bad debts was made on the individual basis in the previous period were recovered in the current period, and the corresponding book balance was RMB2,250,000. The significant amounts reversed or recovered were as follows:

	Reasons for reversal/recovery	Basis and justification for determining the provision for bad debts	Amount of reversal/recovery	Recovery method
Accounts receivable 1	The actual receipt of account receivables relating to the provision for bad debts made in the prior period.	The aforesaid companies in debts had difficulties in operation and were involved in several legal proceedings, the Company considered the receivables cannot be collected, therefore, full provision was made for those receivables.	<u>2,250,000</u>	Received

- (d) In 2021, no accounts receivable were written off.
- (e) As at 31 December 2021 and 31 December 2020, the Company did not have accounts receivable that were pledged.

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**15 Notes to the Company's financial statements (Cont'd)**

(2) Other receivables

	31 December 2021	31 December 2020
Receivable for subsidiary disposal(Note 5)	252,000,000	-
Import working capital advances	25,000,000	35,000,000
Disposal of assets	17,668,457	-
Receivables from JMCH	9,679,410	1,247,724,942
Others	97,471,253	77,371,021
	<u>401,819,120</u>	<u>1,360,095,963</u>
Less: Provision for bad debts	(1,031,283)	(188,740)
	<u>400,787,837</u>	<u>1,359,907,223</u>

(a) The ageing of other receivables is analysed as follows:

	31 December 2021	31 December 2020
Within 1 year	399,577,953	1,359,304,567
Over 1 year	2,241,167	791,396
	<u>401,819,120</u>	<u>1,360,095,963</u>

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**15 Notes to the Company's financial statements (Cont'd)**

(2) Other receivables (Cont'd)

(b) Provision for losses and changes in book balance statements

	Stage 1					
	12-month ECL (grouping)		12-month ECL (individual)		Sub-total	Total
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Provision for bad debts	Provision for bad debts
31 December 2020	112,371,021	(188,740)	1,247,724,942	-	(188,740)	(188,740)
Net increase/(decrease) in the current year	279,768,689	—	(1,238,045,532)	—	—	—
Provision for bad debts reserved in the current year	—	(842,543)	—	-	(842,543)	(842,543)
Provision for bad debts written off in the current year	—	-	—	-	-	-
31 December 2021	<u>392,139,710</u>	<u>(1,031,283)</u>	<u>9,679,410</u>	<u>-</u>	<u>(1,031,283)</u>	<u>(1,031,283)</u>

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**15 Notes to the Company's financial statements (Cont'd)**

(2) Other receivables (Cont'd)

(b) Provision for losses and changes in book balance statements (Cont'd)

As at 31 December 2021 and 31 December 2020, the Company did not have any other receivables at Stage 2 and Stage 3. Other receivables at Stage 1 were analysed below:

(i) As at 31 December 2021 and 31 December 2020, provision for bad debts of other receivables on the individual basis was analysed as follows:

Stage 1	31 December 2021			Reason
	Book balance	12-month ECL (%)	Provision for bad debts	
Receivables from JMCH	9,679,410	-	-	i)

i) As at 31 December 2021, the Company's other receivables from subsidiary JMCH were RMB9,679,410 (31 December 2020: RMB1,247,724,942). The Company carried out an individual assessment on receivables from subsidiaries. Based on the judgement of credit risk, there is no significant credit risk on receivables from subsidiaries that were overdue and impaired.

(ii) As at 31 December 2021 and 31 December 2020, the Company's other receivables with provision for bad debts on the grouping basis were analysed below:

Other receivables with provision on the grouping basis at Stage 1:

	31 December 2021			31 December 2020		
	Book balance	Provision for losses		Book balance	Provision for losses	
	Amount	Provision ratio	Amount	Amount	Provision ratio	Amount
Grouping of operating advances and guarantees						
Within 1 year	341,767,579	0.30%	(1,024,521)	62,120,657	0.30%	(186,365)
Over 1 year	2,241,167	0.30%	(6,762)	791,396	0.30%	(2,375)
Grouping of others):						
Within 1 year	48,130,964	-	-	49,458,968	-	-
	<u>392,139,710</u>		<u>(1,031,283)</u>	<u>112,371,021</u>		<u>(188,740)</u>

i)As at 31 December 2021 and 31 December 2020, the grouping of others are mainly interest receivables from the Company's bank deposits. the Company's interest receivable from cash at bank mainly came state-owned banks and other medium or large size listed banks with good reputation and high credit rating. Therefore, the Company expected there was no significant loss on related interest receivable from non-performance by these banks.

As at 31 December 2021, the Company had no other receivables at Stage 2 and Stage 3.

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**15 Notes to the Company's financial statements (Cont'd)**

(2) Other receivables (Cont'd)

(c) In 2021, the provision for bad debts reserved amounted to RMB842,543.

(d) In 2021, no other receivables were written off.

(e) As at 31 December 2021, the top five other receivables ranked by remaining balances are analysed as follows:

	Nature	Balance	Ageing	% of total balance	Provision for bad debts
Company 1	Receivable for subsidiary disposal	252,000,000	Within 1 year	62.71%	(756,000)
Company 2	Advances classified as expenses	31,266,512	Within 1 year	7.78%	(93,800)
Company 3	Advances classified as expenses	25,000,000	Within 1 year	6.22%	(75,000)
Company 4	Disposal of assets	17,668,457	Within 1 year	4.40%	(53,005)
Company 5	Disposal of assets	9,679,410	Within 1 year	2.41%	-
		<u>335,614,379</u>		<u>83.52%</u>	<u>(977,805)</u>



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**15 Notes to the Company's financial statements (Cont'd)**

(3) Long-term equity investments

	31 December 2021	31 December 2020
Subsidiaries (a)	2,756,943,493	2,048,000,000
Associates (b)	252,402,245	39,496,548
	<u>3,009,345,738</u>	<u>2,087,496,548</u>
Less: Provision for impairment of long-term equity investments for subsidiaries	(1,905,543,493)	(526,000,000)
Provision for impairment of long-term equity investments for associates	-	-
	<u>(1,905,543,493)</u>	<u>(526,000,000)</u>
	<u>1,103,802,245</u>	<u>1,561,496,548</u>

(a) Subsidiaries

	<u>Changes in the current year</u>					31 December 2021	Balance of provision for impairment at the end the year	Cash dividends declared this year
	31 December 2020	Additional investments	Debt exemption	Provision for impairment	Other additions and subtractions			
JMCH	852,000,000	1,142,000,000	166,943,493	(1,379,543,493)	-	781,400,000	(1,905,543,493)	-
JMCS	50,000,000	-	-	-	-	50,000,000	-	-
SZFJ	10,000,000	-	-	-	-	10,000,000	-	-
GZFJ	10,000,000	-	-	-	-	10,000,000	-	-
ThePower Company(i)	600,000,000	-	-	-	(600,000,000)	-	-	-
	<u>1,522,000,000</u>	<u>1,142,000,000</u>	<u>166,943,493</u>	<u>(1,379,543,493)</u>	<u>(600,000,000)</u>	<u>851,400,000</u>	<u>(1,905,543,493)</u>	<u>-</u>

**JIANGLING MOTORS CORPORATION, LTD.**

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**15 Notes to the Company's financial statements (Cont'd)**

(3) Long-term equity investments(Cont'd)

(a) Subsidiaries(Cont'd)

- (i) ThePower Company, formerly known as Taiyuan Jiangling Power Co., Ltd., was a wholly-owned subsidiary of the Company. According to the resolution of the Board of Directors in October 2020, the Company sold 60% of the equity of Taiyuan Jiangling Power Co., Ltd. through public listing on the Shanghai United Assets and Equity Exchange.

In January 2021, The Company and Yunnei Group signed the equity transaction contract.

On November 5, 2021, Taiyuan Jiangling Power Co., Ltd. held the first shareholders meeting in 2021, and approved the change of the Power Company's name to Shanxi Yunnei Power Co., Ltd., the change of shareholders to Yunnei Group and the Company, and the establishment of the board of directors, and election of directors. After the completion of the aforementioned changes, Yunnei Group has become the parent company and the ultimate parent company of the Power Company. The Company holds 40% of the shares of the Power Company and the Power Company becomes an associate of the Company.

(b) Associate

	Movements for the current year					31 December 2021	Shareholding (%)	Voting rights (%)	Ending balance of provision for impairment
	31 December 2020	Increase in the current period	Share of net profit/(loss) under equity method	Cash dividends declared by joint ventures	Provision for impairment				
ThePower Company	—	240,000,000	(24,006,395)	-	-	215,993,605	40%	40%	-
Hanon Systems	39,496,548	-	(3,087,908)	-	-	36,408,640	19.15%	33.33%	-
<b>Total</b>	<b>39,496,548</b>	<b>240,000,000</b>	<b>(27,094,303)</b>	<b>-</b>	<b>-</b>	<b>252,402,245</b>			

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**15 Notes to the Company's financial statements (Cont'd)**

(4) Revenue and cost of sales

	2021	2020
Revenue from main operations	32,230,431,936	30,175,972,435
Revenue from other operations	<u>661,606,456</u>	<u>552,275,430</u>
	<u>32,892,038,392</u>	<u>30,728,247,865</u>
	2021	2020
Cost of revenue from main operations	28,545,317,717	25,758,133,679
Cost of sales from other operations	<u>564,998,651</u>	<u>519,162,639</u>
	<u>29,110,316,368</u>	<u>26,277,296,318</u>

(a) Revenue and cost of sales from main operations

	2021		2020	
	Revenue from main operations	Cost of revenue from main operations	Revenue from main operations	Cost of revenue from main operations
Sales of automobiles	30,095,151,966	26,882,101,617	28,382,524,670	24,423,856,544
Sales of automobile parts	2,026,158,467	1,544,733,777	1,699,021,801	1,238,994,675
Automobile maintenance services	<u>109,121,503</u>	<u>118,482,323</u>	<u>94,425,964</u>	<u>95,282,460</u>
	<u>32,230,431,936</u>	<u>28,545,317,717</u>	<u>30,175,972,435</u>	<u>25,758,133,679</u>

(b) Revenue and cost of sales from other operations

	2021		2020	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Sales of materials	473,568,747	441,423,371	389,754,210	366,341,033
Others	<u>188,037,709</u>	<u>123,575,280</u>	<u>162,521,220</u>	<u>152,821,606</u>
	<u>661,606,456</u>	<u>564,998,651</u>	<u>552,275,430</u>	<u>519,162,639</u>

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**15 Notes to the Company's financial statements (Cont'd)**

(4) Revenue and cost of sales (Cont'd)

(c) The breakdown of revenue earned in 2021 was as follows:

	2021				Total
	Automobiles	Automobile parts	Automobile maintenance services	Materials and others	
Revenue from main operations	30,095,151,966	2,026,158,467	109,121,503	-	32,230,431,936
Including: Recognised at a time point	30,095,151,966	2,026,158,467	-	-	32,121,310,433
Recognised within a certain period	-	-	109,121,503	-	109,121,503
Revenue from other operations	-	-	-	661,606,456	661,606,456
	<u>30,095,151,966</u>	<u>2,026,158,467</u>	<u>109,121,503</u>	<u>661,606,456</u>	<u>32,892,038,392</u>

	2020				Total
	Automobiles	Automobile parts	Automobile maintenance services	Materials and others	
Revenue from main operations	28,382,524,670	1,699,021,801	94,425,964	-	30,175,972,435
Including: Recognised at a time point	28,382,524,670	1,699,021,801	-	-	30,081,546,471
Recognised within a certain period	-	-	94,425,964	-	94,425,964
Revenue from other operations	-	-	-	552,275,430	552,275,430
	<u>28,382,524,670</u>	<u>1,699,021,801</u>	<u>94,425,964</u>	<u>552,275,430</u>	<u>30,728,247,865</u>

- (i) As of 31 December 2021, the amount of revenue corresponding to the performance obligations that the company has signed but has not performed or has not yet performed is RMB176,065,858, of which the company expects that RMB25,201,908 will be recognized as revenue from the sale of automobiles and parts in 2022. RMB150,863,950 will be recognized as revenue from automobile maintenance services during 2022 to 2027.

(5) Investment income

	2021	2020
Investment income from financial assets held for trading	3,894,456	75,400,552
Investment loss from forward exchange settlement	(20,618,121)	(2,421,091)
Losses on discount of financing receivables eligible for derecognition	(8,344,916)	(1,113,466)
Losses on long-term equity investments under equity method	(21,475,697)	(1,438,009)
	<u>(46,544,278)</u>	<u>70,427,986</u>

There is no significant restriction on the remittance of investment income to the Company.

**JIANGLING MOTORS CORPORATION, LTD.**

**SUPPLEMENTARY INFORMATION THE FINANCIAL STATEMENTS  
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**1 Statement of non-recurring profit or loss**

	2021	2020
Government grants recognised in profit or loss for the current period	552,831,370	277,756,664
Gains on disposal of long-term equity investments	52,133,307	-
Gains and losses arising from changes in fair value of financial assets and liabilities held at fair value through profit or loss, and investment losses on disposal of related financial assets and liabilities	(16,082,076)	76,150,461
Fund occupation fee received from non-financial institutions	15,836,668	7,628,722
Gains/Losses on disposal of non-current assets	5,107,814	(167,780,780)
Reversal of provision for impairment of receivables tested individually	2,250,000	6,540,000
Net amount of other non-operating income and expenses	2,027,076	5,869,080
Other items of profit or loss conforming to the definition of non-recurring profit or loss	18,765,020	(10,493,560)
	<u>632,869,179</u>	<u>195,670,587</u>
Effect of income tax	(88,332,046)	(50,160,162)
Effect of gains and losses on minority interests (net of tax)	-	-
	<u>544,537,133</u>	<u>145,510,425</u>

Basis for preparation of statement of non-recurring profit or loss

Under the requirements in the *Explanatory Announcement No. 1 on Information Disclosure by Companies Offering Securities to the Public - Non-recurring Profit or Loss [2008]* from CSRC, non-recurring profit or loss refers to that arises from transactions and events that are not directly relevant to ordinary activities, or that are relevant to ordinary activities, but are extraordinary and not expected to recur frequently that would have an influence on users of financial statements making economic decisions on the financial performance and profitability of an enterprise.

**2 Return on net assets and earnings per share**

	Weighted average return on net assets (%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	2021	2020	2021	2020	2021	2020
Net profit attributable to ordinary shareholders of the Company	5.87%	5.13%	0.67	0.64	0.67	0.64
Net profit attributable to ordinary shareholders of the Company, net of non-recurring profit or loss	0.30%	3.77%	0.03	0.47	0.03	0.47