

Jiangling Motors Corporation, Ltd.



2022Half-year Report

2022-08

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 Half-year Report are truthful, accurate and complete.

All the Directors were present at the Board meeting to review this Half-year Report.

Future plans, development strategies and other forward-looking statements in this report do not constitute a substantial commitment of the Company to investors. Investors are advised to pay attention to investment risks.

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

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

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Abbreviations:

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

Catalogue on Documents for Reference

1. Originals of 2022 Half-year financial statements signed by Chairman, Chief Financial Officer and Chief of Finance Department.
2. Originals of all the documents and public announcements disclosed in newspapers designated by CSRC in the first half of 2022.
3. Chinese version of the Half-year Report prepared per the China GAAP.

Chapter II Brief Introduction

1. Company's information

Share's name	Jiangling Motors, Jiangling B	Share's Code	000550, 200550
Place of listing	Shenzhen Stock Exchange		
Company's Chinese name	江铃汽车股份有限公司		
English name	Jiangling Motors Corporation, Ltd.		
Abbreviation	JMC		
Company legal representative	Qiu Tiangao		

2. Contact person and method

	Board Secretary	Securities Affairs Representative
Name	Xu Lanfeng	Quan Shi
Address	No. 2111, Yingbin Middle Avenue, Nanchang City, Jiangxi Province, P.R.C	No. 2111, Yingbin Middle Avenue, Nanchang City, Jiangxi Province, P.R.C
Tel	86-791-85266178	86-791-85266178
Fax	86-791-85232839	86-791-85232839
E-mail	relations@jmc.com.cn	relations@jmc.com.cn

3. Other

I. Contact methods

Changes of registered address, headquarter address, postal code, website and e-mail in the reporting period

Applicable Not Applicable

The Company's registered address, headquarter address, postal code, website and e-mail remain unchanged during the reporting period.

For details, please refer to the 2021 Annual report.

II. Changes of newspapers for information disclosure, website for publication of JMC's half-year report and place for achieving half-year report in the reporting period

Applicable Not Applicable

There is no change of newspapers for information disclosure, website designated by CSRC for publication of JMC's Half-year Report and place for achieving Half-year Report. Please refer to 2021 Annual Report for details.

III. Other Relevant Information

Whether other relevant information has changed during the reporting period

Applicable Not Applicable

4. Main accounting data and financial ratios

Unit: RMB

	Reporting period (2022 first half)	Same period last year	Change (%)
Revenue	14,222,759,384.00	17,675,621,088.00	-19.53%
Profit Attributable to the Equity Holders of the Company	452,381,022.00	405,214,055.00	11.64%
Net Profit Attributable to Shareholders of Listed Company After Deducting Non-Recurring Profit or Loss	-108,434,576.00	113,841,875.00	-195.25%
Net Cash Generated From Operating Activities	-3,331,546,475.00	69,917,849.00	-4,864.94%
Basic Earnings Per Share (RMB)	0.52	0.47	11.64%
Diluted Earnings Per Share (RMB)	0.52	0.47	11.64%
Weighted Average Return on Equity Ratio	5.02%	3.62%	up 1.4 percentage points
	At the end of the reporting period	At the end of the previous year	Change (%)
Total Assets	25,869,296,314.00	26,359,084,120.00	-1.86%
Shareholders' Equity Attributable to the Equity Holders of the Company	8,778,210,687.00	8,555,444,589.00	2.60%

5. Accounting data difference between domestic and foreign accounting standards

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

Applicable Not Applicable

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

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

Applicable Not Applicable

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

6. Non-recurring profit and loss items and amounts

Applicable Not Applicable

Unit: RMB

	Reporting period (2022 first half)
Profit and loss of non-current assets disposal (including the charge-off part of the asset impairment provision)	395,312,262.00
Government subsidies included in the current profit and loss	261,059,234.00
Capital occupation fee charged for non-financial enterprises included in the current profit and loss	7,029,072.00
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	-4,174,119.00
Return of the impairment provision for receivables with a separate impairment test	110,068.00
Other non-operating income and expenses except the above	1,762,148.00
Less: Income tax impact amount	100,191,259.00
Influence of minority shareholders' equity	91,808.00
Total	560,815,598.00

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. Company's Core Business during the Reporting Period

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

In the first half of 2022, the Covid-19 epidemic broke out frequently in some regions, exerting significant impact on the economic and social development. China's automobile market was also greatly affected. The sales volume in the first half year was 12.057 million units, with YOY reduction of 6.6%.

During the reporting period, JMC further strengthened its customer-centric philosophy and implemented marketing initiatives such as differentiation programs and channel empowerment to improve customer experience in response to risks such as intensified market competition, stricter regulatory requirements and the continued rise in raw material prices. The Company overcame the impact of the epidemic and chip shortage to ensure production and supply. At the same time, the Company continues to focus on improving product quality, promoting new product research and development, improving production efficiency and controlling operating costs. In the first half of 2022, JMC achieved sales volume of 135,957 units, with YOY decrease of 23.24%; the operation revenue reached RMB 14.223 billion, down 19.53% year on year; the net profit reached RMB 452 million, up 11.64% year on year; mainly reflecting the increase of profit driven by the disposal of the land and above-ground buildings and construction in the Qingyunpu site of the Company, which offset the decrease of profit resulted from the decreased sales volume and the higher cost of raw materials and chips.

In 2022, 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.

2. 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 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, and awarded the title of "Vehicle No.1 for Epidemic Fighting".

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.

JMC Pickup insists on 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 enrich the SUV product type spectrum, and promote the construction of brand-new PV channels. In the first half of 2022, there have been 183 Family Space Ford experience stores, covering over 154 cities in China. Jiangling 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.

JMC Ford Equator Sport, a wide-body high-energy pioneer SUV officially launched in March 2022, not only carries the wet 7DCT dual-clutch transmission matched with the latest model of EcoBoost series, but also brings a wide space with the width of 1930mm and a leading intelligent ecosystem with the Tencent TAI4.0 intelligent car machine. In addition to ACC adaptive cruising + LKA lane keeping, it also has the function of tracking reverse and DCLC intelligent lane change assistance (lane change with light).

JMC Ford PV has won high recognition from consumers in overseas market. The export volume was 16,260 units from January to July 2022, with YOY rise of 55%, realizing the brand-new pattern of “in China, for China and the World”.

JMC adheres to the road of scientific and technological innovation, business model innovation and management innovation. The Company was driven to develop upward through new momentum transformation in an innovative way. First, JMC continues to implement the technology and product innovation-driven development strategy, continues to increase R&D investment, strengthens the close combination of R&D and scenarios, so as to ensure the success rate of product market launch, and to improve the efficiency of R&D input-output. JMC also pushes forward the input of core technologies for key resources such as new lightweight materials, power batteries, fuel cells, intelligent networking, and next-generation power transmission, and firmly advances the power system strategy. The combination of independent research and development and cooperation makes the research and development capability the core competitiveness of the Company. Second, JMC innovates business mode, deepens transformation and adjustment, adheres to business mode innovation, expands after-market business, opens up the whole value chain, and helps the development of new business. With scenario application as the starting point, JMC explores the economic value of new energy business, drives the benign development of new energy business, and increases the software development and Pack integration of power batteries, gradually forming a complete layout of new energy industry chain. Third, JMC adopts management innovation, optimizes the management structure, and enhances the efficiency of the organization. The Company also cultivate young cadres, perfects the value oriented performance management system, corporate governance, integrity, and Party construction in pace with the times. JMC improves the soft environment and the soft power of the enterprise, creates a good internal and external environment for enterprise development, thus achieving valuable growth of the Company.

3. Core Business Analysis

Summary

Whether the disclosure is the same as the main business engaged in by the company during the reporting period

Yes No

Year-over-Year Changes of Main Financial Data

Unit: RMB

	2022 1H	2021 1H	YOY change (%)	Reason
Revenue	14,222,759,384	17,675,621,088	-19.53%	
Cost of sales	12,331,101,754	15,050,224,719	-18.07%	
Distribution costs	696,658,422	949,514,418	-26.63%	
Administrative expenses	452,056,986	529,817,540	-14.68%	
Finance expense	-80,197,351	-145,442,287	44.86%	Mainly due to the decrease of interest income from bank deposits and the increase of interest expense.
Income tax expense	-8,935	16,350,895	-100.05%	Mainly affected by the profit changes of subsidiaries.
Research and Development Expenditure	896,948,849	776,879,828	15.46%	
Net cash generated from operating activities	-3,331,546,475	69,917,849	-4,864.94%	Mainly reflecting the decrease in cash received for goods sold due to the decrease in sales revenue.
Net cash used in investing activities	441,137,006	-225,537,449	295.59%	Mainly reflecting the received money by the disposal of the land and above-ground buildings in the Qingyunpu site of the Company.

Net cash used in financing activities	1,120,616,839	-17,714,459	6,426.00%	Mainly due to the increase in short-term borrowing.
Net increase/(decrease) in cash and cash equivalents	-1,769,792,630	-173,334,059	-921.03%	Mainly due to the decrease of cash generated from operating activities.

Significant changes in the composition or source of profits during the reporting period

Applicable Not Applicable

The Company's profits during the reporting period are greatly affected by non-recurring gains and losses, please refer to Section 2 "VI. Non-recurring Profit and Loss Items and Amount" in this report for details.

Composition of Core Business

Unit: RMB

	2022 1H		2021 1H		YOY change (%)
	Amount	Proportion (%)	Amount	Proportion (%)	
Revenue	14,222,759,384	100%	17,675,621,088	100%	-19.53%
By Industry					
Automobile Industry	14,222,759,384	100%	17,675,621,088	100%	-19.53%
By Products					
Vehicle	12,865,705,605	90.46%	16,283,174,183	92.13%	-20.99%
Components	1,060,688,066	7.46%	1,023,854,381	5.79%	3.60%
Automobile Maintenance services	50,406,375	0.35%	53,595,545	0.30%	-5.95%
Material & Others	245,959,338	1.73%	314,996,979	1.78%	-21.92%
By region					
China	14,222,759,384	100%	17,675,621,088	100%	-19.53%

Reach to 10% of Revenue or Profit by Industry, Product or Region

Applicable Not Applicable

Unit: RMB

	Turnover	Cost	Gross Margin	Y-O-Y turnover change (%)	Y-O-Y Cost Change (%)	Y-O-Y gross margin change (points)
By Industry						
Automobile Industry	14,222,759,384	12,331,101,754	13.30%	-19.53%	-18.07%	-1.55%
By Products						
Vehicle	12,865,705,605	11,244,951,198	12.60%	-20.99%	-19.39%	-1.73%
By Region						
China	14,222,759,384	12,331,101,754	13.30%	-19.53%	-18.07%	-1.55%

Explanation on the above 30% year-on-year change of related data

Applicable Not Applicable

4. Non-core business analysis

Applicable Not Applicable

Unit: RMB

Item	Amount	Proportion of PBT	Explanation	Sustainability (Y/N)
Asset disposal income	395,561,300	93.75%	Mainly the disposal of the land and above-ground buildings in the Qingyunpu factory to bring income.	N

5. Analysis of Assets and Liabilities

I. Major changes

Unit: RMB

Asset item	June 30, 2022		December 31, 2021		YOY
	Amount	Proportion	Amount	Proportion	Proportion change
					(Points)
Cash and cash equivalents	7,799,258,684	30.15%	9,569,051,314	36.30%	-6.15%
Accounts receivables	4,503,086,630	17.41%	2,994,798,227	11.36%	6.05%
Inventories	1,858,396,510	7.18%	1,974,728,632	7.49%	-0.31%
Long-term equity investments	253,099,622	0.98%	257,251,255	0.98%	0.00%
Fixed assets	5,637,147,225	21.79%	6,029,302,031	22.87%	-1.08%
Construction in progress	518,054,501	2.00%	448,338,672	1.70%	0.30%
Right-of-use asset	266,522,623	1.03%	306,225,810	1.16%	-0.13%
Short-term borrowings	1,400,000,000	5.41%	300,000,000	1.14%	4.27%
Contract liabilities	140,093,257	0.54%	272,274,177	1.03%	-0.49%
Long-term borrowings	1,977,707	0.01%	2,087,537	0.01%	0.00%
Lease liabilities	194,073,403	0.75%	263,409,414	1.00%	-0.25%

II. Main Overseas Assets

Applicable Not Applicable

III. The fair value of the assets and liabilities.

Applicable Not Applicable

Unit: RMB

Item	Beginning of the period	Loss/profit in fair value in the period	Cumulative changes in fair value recorded into equity	Impairment in the period	Purchase in the period	Sell in the period	Other changes	End of the period
financial assets								
1. Trading financial assets (excluding derivative financial assets)	100,242,329	-242,329	0	0	100,000,000	200,000,000	0	0
2. Receivables financing	201,511,670	0	0	0	1,726,846,085	1,642,098,171	0	286,259,584
Subtotal	301,753,999	-242,329	0	0	1,826,846,085	1,842,098,171	0	286,259,584
Financial liabilities	10,704,619	-5,272,552	0	0	0	0	0	5,432,067

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

Applicable Not Applicable

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

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

6. Investment

I. Summary

Applicable Not Applicable

II. Obtained Major Equity Investment during the Reporting Period

Applicable Not Applicable

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

Applicable Not Applicable

Unit: RMB

Project name	Fushan plant
Investment method	Self-built
Fixed assets (y/n)	Y
Industry the Project Involved	Automotive industry
Spending in the Reporting Period	21,955,628.00
Cumulative actual investment	1,410,391,385.00
Investment source	Self-funded
Progress	96%
Anticipated income	-
Accumulated Earnings Realized by the end of the Reporting Period	-
Reasons for Missed Schedule and Projected Earnings	Not applicable
Date of Disclosure	November 15, 2017
Index	The announcement (No. 2017-044) was published on the website:

VI. Financial Assets Investment

(a) Stock Investment

Applicable Not Applicable

(b) Derivative Investment

Applicable Not Applicable

V. Use of raised funds

Applicable Not Applicable

There is no use of raised funds during the reporting period.

7. Sales of Major Assets and Equity

I. Sale of Major Assets

Applicable Not Applicable

Counterparty	Nanchang Land Reserve Center
Sold assets	The land and above-ground buildings in the Qingyunpu site
Date of sale	June 28, 2022
Transaction price (RMB thousand)	759,208.3
Net profit contributed by the Assets to the listed company from the beginning of the current period to the selling date (RMB thousand)	335,000.1
Impact of the sale on the Company	A positive impact on the Company's profits in 2022.
Proportion of net profit contributed by assets sale to the total net profit of the listed company	74%
Assets sale pricing principle	Evaluation Price
Whether it is a related party transaction	No
Association with the counterparty	No relationship
Whether all the assets involved have been transferred	Yes
Whether the claims and debts involved have been completely transferred	Not applicable
Whether the plan is implemented as scheduled, if not, the reason and the measures taken by the company	Yes
Date of disclosure	June 30, 2022
Index	The announcement (No. 2022-023) was published on the website: www.cninfo.com.cn.

II. Sales of Major Equity

√Applicable □Not Applicable

Counterparty	Volvo Lastvagnar Aktiebolag
Sold equity	100% equity of JMC Heavy Duty Vehicle Co., Ltd., a wholly owned subsidiary of JMC
Date of sale	The deal is still in progress.
Transaction price (RMB thousand)	781,400
Net profit contributed by the equity to the listed company from the beginning of the current period to the selling date	RMB -48,265.7 thousand in the first half of 2022.
Impact of the sale on the Company	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	The deal is still in progress.
Equity sale pricing principle	Public bidding process.
Whether it is a related transaction	No.
Association with the counterparty	No relationship.
Whether all the equity involved has been transferred	No.
Whether the plan is implemented as scheduled, if not, the reason and the measures taken by the company	Yes.
Date of disclosure	August 24, 2021
Index	The announcement (No. 2021-047) was published on the website: www.cninfo.com.cn

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

Unit: RMB'000

Name of Companies	Type of Companies	Main Business	Registered Capital	Assets	Net Assets	Turnover	Operating Profit	Net Profit
Jiangling Motors Sales Co., Ltd.	wholly owned subsidiary	Sale of vehicles, service parts	50,000	5,465,227	184,658	11,579,226	-100,083	-73,711
JMC Heavy Duty Vehicle Co., Ltd.	wholly owned subsidiary	Production and sale of vehicles, engines, components, and related service	1,323,793	779,542	743,777	209	-48,613	-48,266
Jiangling Ford Motor Technology (Shanghai) Co., Ltd.	Holding subsidiary	Sales of cars, new energy vehicles, auto parts, new energy vehicle electric accessories and other new energy vehicle parts	200,000	350,717	37,842	216,919	-82,865	-62,158

Acquisition and disposal of the subsidiary

Applicable Not Applicable

Description of the main holding and participating companies

None.

9. Structured Entities Controlled by JMC

Applicable Not Applicable

10. Potential Challenges and Solutions

The year 2022 is living through complicated environment in and outside China, with increasing instability and uncertainty worldwide. China's macro economy still faces complex and changeable situation. Under the general requirement of controlling epidemic, stabilizing economy and securing development, the government has introduced a series of policy to secure economic growth. The macro economy is recovering, and the trend of growing while keeping steady is more obvious. With the rapid growth of the penetration rate of new energy vehicles and the rise of startups, the industry competition is further intensified. At the same time, the price of raw materials still fluctuates at a high level, which brings great challenges to the Company. To maintain steady growth, the Company will focus on the following areas:

1. Keep good control on the epidemic and steadily promote production and sales.
2. Make in-depth insight into customer demands and market changes with customer-centric principle. Look for new business growing points and seize opportunities in disruptive industry changes.
3. Accelerate the development of new strategic program, expand product line-up and enhance market competitiveness.
4. Speed up digital transformation, utilize digital marketing method to empower and expand channel capability to improve customer experience.
5. Advance the implementation of CV NEV strategy and construct new LCV ecology through cooperation with top logistic companies and freight platform.
6. Consistently promote cost reduction, expense control and efficiency improvement, and meanwhile, enhance supplier capability and vehicle quality.
7. Strengthen company governance, strictly abide by national laws and regulations, perfect risk assessment and control mechanism.
8. Push for process digitalization and increase operation efficiency through swift work teams.

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.

Chapter IV Corporate Governance Structure

1. Annual and special shareholders' meeting

I Index to the Shareholders' Meeting in the reporting period

Meeting	Meeting Type	Investor Participation Ratio	Convening Date	Disclosure Date	Index
2021 Annual Shareholders' Meeting	Annual Shareholders' Meeting	75.16%	June 24, 2022	June 25, 2022	The announcement (No. 2022-022) was published on the website: www.cninfo.com.cn.

II Special Shareholders' Meeting convened by preferred shareholders whose voting rights were restored

Applicable Not Applicable

2. Changes of directors, supervisors and senior management

Applicable Not Applicable

Name	Position	Status	Date	Reason
Ma Jian	Supervisor	Elected	March 16, 2022	Work need
Li Yanling	Supervisor	Elected	March 16, 2022	Work need
Ding Zhaoyang	EX- Supervisor	Leave	March 15, 2022	Work rotation
Chen Guang	Ex- Supervisor	Leave	March 15, 2022	Work rotation
Liu Shuying	EX-VP	Leave	June 1, 2022	Retired
Jerry Lin	EX-VP	Leave	August 1, 2022	Work rotation
Sam Lo	VP	Appointed	August 1, 2022	Appointment due to work need
Zeng Fafa	VP	Appointed	August 1, 2022	Appointment due to work need

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

Applicable Not Applicable

The Company planned that neither cash dividend nor stock dividend was distributed, and not to convert capital reserve to share capital for the first half of 2022.

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

Applicable Not Applicable

Chapter V Environmental and social responsibility

1. Environmental protection

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

Yes No

Name of company or subsidiary	JMC	JMC
Name of principal pollutant and specific pollutant	Wastewater (COD, NH-N)	Exhaust gas (SO ₂ , NO _x , smoke, toluol, xylene)
Mode of discharge	Continuous discharge	Continuous discharge
Number of discharge outlet	4	115
Distribution of discharge outlet	1 in Fushan Site, 1 in Xiaolan Site, 1 in Cast Plant and 1 in Axle Plant	31 in Fushan Site, 52 in Xiaolan Site, 28 in Cast Plant and 4 in Axle Plant
Discharge concentration	"COD: 175mg/L NH-N: 26.6mg/L	SO ₂ : 3mg/m ³ ; NO _x : 46mg/m ³ ; NMHC: 6.4mg/m ³
Applicable standard for pollutant discharge	Gan EIA [2015] No. 144	<i>Emission Standards for Atmospheric Pollutants from Boilers (GB13271-2014)</i> <i>Volatile Organic Compounds Emission Standards - Part 5: Auto Manufacturing (DB36/1101.5-2019)</i>
Total amount of discharge	COD: 20.5t; NH-N:1.40t	SO ₂ : 2.37t NO _x : 27.18t VOCs: 8.47t
Total amount of discharge audited	COD≤533.861t; NH-N≤25.202t	SO ₂ ≤19.58t NO _x ≤95.59t
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. In 2022, Fushan Plant started wastewater sexual solvents decrement project, Engine Plant modified the package of oil barrels, which reduces the production of dangerous waste from the source; Fushan Plant implemented intelligent management system for dangerous waste, and worked together with Xiaolan Plant to build an intelligent and 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 2022, JMC completed the environmental acceptance 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” and “National pollution source monitoring information management and sharing platform”.

Administrative penalties imposed 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

1. JMC distributed photovoltaic shed power generation project: the total installed capacity is 63.05MWp, and the project adopts "self-use and surplus electricity to access the Internet". During the entire 25-year economic life of the project, the annual average on-grid electricity is 64,033,000 kWh. It can save about 19,850 tons of standard coal for the power grid every year, and will play a positive demonstration role in saving coal and reducing emissions of pollutants, such as CO₂, SO_x, NO_x, soot and ash. Reducing emissions of greenhouse gas CO₂ by 52,122 tons per year. About 397 tons of SO₂ and 134.5 tons of NO_x are reduced annually. After the implementation of the project, all the carbon emission income

generated will be owned by JMC. The proportion of JMC green electricity use is 15-20% per year.

2. Improvement of ITO cooling operation in the ovens of Xiaolan Plant: Automatic cooling control for 8 ovens of primer and topcoat. In the heating process, the furnace temperature is 750°C. Under the premise of meeting the process requirements, when the furnace heating is OK, the furnace temperature will automatically adjust to 680°C. The annual consumption of natural gas can be saved by about 240,000 cubic meters.
3. Deletion of a group of heaters in Xiaolan sealer application oven: 6 groups of heaters were designed in sealer oven, when each group of heaters and the fan are shut off on AB line separately, the baking temperature can still satisfy process requirements. It can save about 100,000 cubic meters of natural gas consumption and 390,000 KWH of electricity annually.
4. Reduction of natural gas consumption of boiler in Paintshop of Frame Plant: E-coat line introduced residual heat recycling facility, which can directly bring the boiler back water to air water heat exchange device. It was found that the residual heat utilization rate was quite low. By adding the circulating pump at the heat exchange device, the utilization rate of residual heat was improved and the natural gas consumption of about 120,000 cubic meters can be saved every year.

Other environmental related information

None.

2. Social responsibility

In the first half of 2022, according to the work arrangement of Jiangxi Provincial Party Committee and government, relying on government policies and taking the base development as an opportunity, the Company actively consolidated the achievements of poverty alleviation in Xianting Village, and adhered to the effective connection between industrial development and poverty alleviation and rural revitalization.

The work team in the village from the Company always persisted in integrating resources and idle labor based on the local reality, promoted the rotation production mode of "Allium chinensis + late rice", and ensured the interests of farmers. At the same time, the work team also adheres to online and offline linkage, and helps villagers to sell 5,000 jin of water chestnuts in total through e-commerce channels, leading villagers to create wealth and increase income.

Chapter VI Major Events

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

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 during the reporting period.

3. Illegal outside guarantee

Applicable Not Applicable

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

4. Appointment or dismissal of accounting firm

Whether the 2022 half-year report is audited?

Yes No

JMC 2022 half-year report is not audited.

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

Applicable Not Applicable

6. Explanation of the board of directors to abnormal opinions from accounting firm in 2022 half-year report

Applicable Not Applicable

7. Related matters regarding bankruptcy

Applicable Not Applicable

The Company did not go bankrupt during the reporting period.

8. Litigation or arbitration

Significant litigation or arbitration

Applicable Not Applicable

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

Other litigation

Applicable Not Applicable

9. Punishment

Applicable Not Applicable

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

Applicable Not Applicable

11. Major related transactions

I. Routine operation related party transactions

Applicable Not Applicable

Please refer to the note 8 “Related party Transactions” to the financial statements for details.

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

Applicable Not Applicable

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

III. Related party transaction concerning outside co-investment

Applicable Not Applicable

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

IV. Related credit and debt

Applicable Not Applicable

Is there non-operating related credit and debt?

Yes No

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

V. 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 end 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%	1,060	6,046	6,364	742

* 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.

Loan

Applicable Not Applicable

Credit granting or other financial business

Applicable Not Applicable

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

Applicable Not Applicable

VII. Other major related party transactions

Applicable Not Applicable

There are no other major related party transactions during the reporting period.

12. Major contracts and execution

I. Entrustment, contract or lease

a. Entrustment

Applicable Not Applicable

There was no entrustment during the reporting period.

b. Contract

Applicable Not Applicable

There was no contract during the reporting period.

c. Lease

Applicable Not Applicable

See the note 8 (5) (b) to financial statements for lease of related parties.

Project earns 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.

II Major Guarantee

Applicable Not Applicable

The Company had no major guarantee during the reporting period.

III. Entrusted financial management

Applicable Not Applicable

There was no entrusted financial management in the reporting period.

IV. Other Major Contracts

Applicable Not Applicable

There was no other major contract in the reporting period.

13. Other major events

Applicable Not Applicable

There was no other major event in the reporting period.

14. Major event of JMC subsidiary
Applicable Not Applicable

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%				20	20	750,860	0.09%
1. Other domestic shares	750,840	0.09%				20	20	750,860	0.09%
Including:									
Domestic legal person shares	745,140	0.09%						745,140	0.09%
Domestic natural person shares	5,700	0.00%				20	20	5,720	0.00%
II. Unlimited tradable shares	862,463,160	99.91%				-20	-20	862,463,140	99.91%
1. A shares	518,463,160	60.06%				-20	-20	518,463,140	60.06%
2. B shares	344,000,000	39.85%						344,000,000	39.85%
III. Total	863,214,000	100.00%				0	0	863,214,000	100.00%

Causes of shareholding changes

Applicable Not Applicable

JMC did not issue shares or derivative securities during the past three years as of June 30, 2022. JMC's total shares remained unchanged in the first half of 2022, and the reasons for the change in shareholding structure was as follows: Mr. Ding Zhaoyang, a former supervisor, left the Company on March 15, 2022, and the 20 JMC shares he held are limited trading for half a year.

Approval of changes of shareholding structure

Applicable Not Applicable

Shares Transfer

Applicable Not Applicable

Progress in the implementation of share repurchase

Applicable Not Applicable

The implementation progress of reducing the buyback shares by means of centralized bidding

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

Name of shareholder	Number of restricted shares at the beginning of the period	Number of shares released in the current period	Increase of restricted shares in the current period	Number of restricted shares at the end of the period	Reasons for trading restriction	Release date
Ding Zhaoyang	0	0	20	20	The leave time of the supervisor is not exceeded half a year	It is expected to release the 20 shares on September 30,2022.
total	0	0	20	20	--	--

2. Securities issuance and listing

Applicable Not Applicable

3. Shareholders and shareholding status

Total shareholders (as of June 30, 2022)	JMC had 48,883 shareholders, including 43,178 A-share holders, and 5,705 B-share holders.					
Top ten shareholders						
Shareholder Name	Shareholder Type	Shareholding Percentage (%)	Shares at the End of Year	Change (+,-)	Shares with Trading Restriction	Shares due to mortgage or 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
Hong Kong Securities Clearing Company Ltd. (HKSCC)	Foreign legal person	0.64%	5,526,488	1,102,610	0	0
GAOLING FUND, L.P.	Foreign legal person	0.63%	5,453,086	0	0	0
Jin Xing	Domestic Natural Person	0.63%	5,411,094	791,958	0	0
National Social Security Fund - One One Eight Combinations	Domestic non-State-owned legal persons	0.46%	3,989,977	-2,653,464	0	0
INVESCO FUNDS SICAV	Foreign legal person	0.44%	3,818,089	-636,755	0	0
Wells Securities dividend index enhanced securities investment fund	Domestic non-State-owned legal persons	0.40%	3,481,700	237,300	0	0
National Social Security Fund - One One Zero	Domestic non-State-owned	0.37%	3,162,287	3,162,287	0	0

Three Combinations	legal persons				
Notes on association among above-mentioned 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		
Hong Kong Securities Clearing Company Ltd. (HKSCC)	5,526,488		A share		
GAOLING FUND, L.P.	5,453,086		B share		
Jin Xing	5,411,094		B share		
National Social Security Fund - One One Eight Combinations	3,989,977		A share		
INVESCO FUNDS SICAV	3,818,089		B share		
Wells Securities dividend index enhanced securities investment fund	3,481,700		A share		
National Social Security Fund - One One Zero Three Combinations	3,162,287		A share		
Notes on association among above-mentioned shareholders		None.			

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

Yes No

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

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

Applicable Not Applicable

There was no change of shares held by Directors, Supervisors and senior management in the reporting period. Please refer to 2021 annual report for details.

5. Change of controlling shareholders or actual controlling parties

Change of controlling shareholders

Applicable Not Applicable

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

Change of actual controlling parties

Applicable Not Applicable

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

Chapter VIII Preferred Shares

Applicable Not Applicable

JMC have no Preferred Shares during the reporting period.

Chapter IX Company Bond

Applicable Not Applicable

Chapter X Financial Statements

JIANGLING MOTORS CORPORATION, LTD.

FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30

JUNE 2022

JIANGLING MOTORS CORPORATION, LTD.
CONSOLIDATED AND COMPANY BALANCE SHEET AS AT 30 JUNE 2022

(All amounts in RMB Yuan unless otherwise stated)

Assets	Note	30 June 2022 Consolidated*	31 December 2021 Consolidated	30 June 2022 Company*	31 December 2021 Company
Current assets					
Cash and cash equivalents	4(1)	7,799,258,684	9,569,051,314	6,223,403,676	7,706,280,711
Financial assets held for trading	4(2)	-	100,242,329	-	-
Notes receivable	4(3)	113,987,950	119,783,900	1,400,000,000	300,000,000
Accounts receivable	4(4)、 14(1)	4,503,086,630	2,994,798,227	1,801,652,252	1,409,320,240
Financing receivables	4(5)	286,259,584	201,511,670	11,267,542	13,725,275
Advances to suppliers	4(6)	428,129,558	497,302,198	428,129,558	496,546,531
Other receivables	4(7)、 14(2)	292,100,216	399,983,736	282,656,320	400,787,837
Inventories	4(8)	1,858,396,510	1,974,728,632	1,858,396,510	1,974,728,632
Current portion of non-current assets	4(10)	13,540,397	13,236,153	13,540,397	13,236,153
Other current assets	4(9)	1,184,665,570	984,174,056	1,184,633,915	881,324,652
Total current assets		16,479,425,099	16,854,812,215	13,203,680,170	13,195,950,031
Non-current assets					
Long-term receivables	4(11)	38,129,034	44,952,638	38,129,034	44,952,638
Long-term equity investments	4(12)、 14(3)	253,099,622	257,251,255	1,150,650,612	1,103,802,245
Fixed assets	4(13)	5,637,147,225	6,029,302,031	5,132,299,354	5,497,170,652
Construction in progress	4(14)	518,054,501	448,338,672	518,054,501	448,112,420
Right-of-use assets	4(15)	266,522,623	306,225,810	265,156,154	304,449,400
Intangible assets	4(16)	1,072,766,835	1,073,881,961	846,403,758	844,988,965
Development expenditures	4(16)	187,167,065	111,004,350	187,167,065	111,004,350
Deferred tax assets	4(17)	1,287,963,213	1,233,315,188	254,564,928	285,288,625
Other non-current assets	4(18)	129,021,097	-	129,021,097	-
Total non-current assets		9,389,871,215	9,504,271,905	8,521,446,503	8,639,769,295
TOTAL ASSETS		25,869,296,314	26,359,084,120	21,725,126,673	21,835,719,326

JIANGLING MOTORS CORPORATION, LTD.
CONSOLIDATED AND COMPANY BALANCE SHEET AS AT 30 JUNE 2022(CONTINUED)
(All amounts in RMB Yuan unless otherwise stated)

Liabilities and equity	Note	30 June 2022 Consolidated*	31 December 2021 Consolidated	30 June 2022 Company*	31 December 2021 Company
Current liabilities					
Short-term borrowings	4(20)	1,400,000,000	300,000,000	1,400,000,000	300,000,000
Derivative financial liabilities	4(21)	5,432,067	10,704,619	5,432,067	10,704,619
Accounts payable	4(22)	7,924,733,465	9,702,584,830	7,924,733,465	9,702,584,830
Contract liabilities	4(23)	140,093,257	272,274,177	119,105,161	67,392,485
Employee benefits payable	4(24)	733,050,932	766,986,525	664,978,606	690,921,936
Taxes payable	4(25)	137,510,198	287,171,720	92,117,740	111,626,950
Other payables	4(26)	5,584,079,719	5,253,800,805	2,342,693,694	1,985,838,271
Current portion of non-current liabilities	4(27)	73,272,572	78,039,188	72,105,132	76,893,591
Other current liabilities	4(28)	412,095,216	420,456,813	45,178,845	35,663,765
Total current liabilities		16,410,267,426	17,092,018,677	12,666,344,710	12,981,626,447
Non-current liabilities					
Long-term borrowings	4(29)	1,977,707	2,087,537	1,977,707	2,087,537
Lease liabilities	4(30)	194,073,403	263,409,414	193,269,923	262,016,700
Provisions	4(31)	208,203,479	197,587,164	-	-
Deferred income	4(32)	61,322,115	49,074,545	61,322,115	49,074,545
Long-term employee benefits payable	4(33)	53,747,263	55,684,000	53,433,263	55,370,000
Deferred tax liabilities	4(17)	23,652,989	24,000,545	-	-
Other non-current liabilities	4(34)	119,298,885	119,777,649	-	108,673,373
Total non-current liabilities		662,275,841	711,620,854	310,003,008	477,222,155
Total liabilities		17,072,543,267	17,803,639,531	12,976,347,718	13,458,848,602
Equity					
Share capital	4(35)	863,214,000	863,214,000	863,214,000	863,214,000
Capital surplus	4(36)	839,442,490	839,442,490	839,442,490	839,442,490
Other comprehensive income	4(37)	(16,422,750)	(16,422,750)	(16,684,500)	(16,684,500)
Surplus reserve	4(38)	431,607,000	431,607,000	431,607,000	431,607,000
Retained earnings	4(39)	6,660,369,947	6,437,603,849	6,631,199,965	6,259,291,734
Total equity attributable to shareholders of the Company		8,778,210,687	8,555,444,589	8,748,778,955	8,376,870,724
Minority interests	4(40)	18,542,360	-	-	-
Total equity		8,796,753,047	8,555,444,589	8,748,778,955	8,376,870,724
TOTAL LIABILITIES AND EQUITY		25,869,296,314	26,359,084,120	21,725,126,673	21,835,719,326

note: * Unaudited financial indexes

JIANGLING MOTORS CORPORATION, LTD.

CONSOLIDATED AND COMPANY INCOME STATEMENTS FOR 2022 FIRST HALF-YEAR

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	2022 First Half-year Consolidated*	2021 First Half-year Consolidated*	2022 First Half-year Company*	2021 First Half-year Company*
Revenue	4(41)、14(4)	14,222,759,384	17,675,621,088	13,389,364,818	16,423,558,481
Less: Cost of sales	4(41)、4(47)、14(4)	(12,331,101,754)	(15,050,224,719)	(11,909,476,970)	(14,542,226,983)
Taxes and surcharges	4(42)	(389,826,444)	(479,241,514)	(377,488,847)	(457,195,578)
Selling and distribution expenses	4(43)、4(47)	(696,658,422)	(949,514,418)	(83,308,622)	(137,982,658)
General and administrative expenses	4(44)、4(47)	(452,056,986)	(529,817,540)	(406,986,891)	(446,001,303)
Research and development expenses	4(45)、4(47)	(666,994,373)	(726,466,190)	(666,994,373)	(718,611,661)
Financial expenses	4(46)	80,197,351	145,442,287	54,389,966	116,227,293
Including: Interest expenses		(28,127,051)	(12,133,084)	(28,081,558)	(12,101,916)
Interest income		116,152,161	149,147,665	90,066,994	119,819,393
Add: Other income	4(49)	261,059,234	333,292,836	260,767,899	333,208,941
Investment income	4(50)、14(5)	(21,941,623)	(10,863,242)	(21,583,903)	(4,619,007)
Including: Share of profit of associates and joint ventures	4(50)、14(5)	(4,151,633)	(264,201)	(4,151,633)	(264,201)
Gains on changes in fair value	4(51)	5,030,223	(5,130,493)	5,272,552	(7,246,932)
Credit impairment losses	4(48)	14,373,447	7,389,378	6,759,141	1,197,855
Gains on disposal of assets	4(52)	395,561,300	11,152,182	395,626,098	20,345,706
Operating profit		420,401,337	421,639,655	646,340,868	580,654,154
Add: Non-operating income	4(53)	2,019,528	2,510,277	152,468	1,052,244
Less: Non-operating expenses	4(54)	(506,418)	(2,584,982)	(501,138)	(2,387,862)
Total profit		421,914,447	421,564,950	645,992,198	579,318,536
Less: Income tax expenses	4(55)	8,935	(16,350,895)	(44,469,043)	(38,064,142)
Net profit		421,923,382	405,214,055	601,523,155	541,254,394
Classified by continuity of operations					
Net profit from continuing operations		421,923,382	405,214,055	601,523,155	541,254,394
Net profit from discontinued operations		-	-	-	-
Classified by ownership of the equity					
Minority interests		(30,457,640)	-	-	-
Attributable to shareholders of the Company		452,381,022	405,214,055	601,523,155	541,254,394
Other comprehensive income, net of tax					
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(37)	-	-	-	-
Attributable to minority interests		-	-	-	-
Total comprehensive income		421,923,382	405,214,055	601,523,155	541,254,394

Attributable to shareholders of the Company		452,381,022	405,214,055	601,523,155	541,254,394
Attributable to minority interests		(30,457,640)	-	-	-
Earnings per share					
Basic earnings per share(RMB Yuan)	4(56)	0.52	0.47	—	—
Diluted earnings per share(RMB Yuan)	4(56)	0.52	0.47	—	—

note: * Unaudited financial indexes

JIANGLING MOTORS CORPORATION, LTD.
CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS FOR 2022 FIRST HALF-
YEAR

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	2022 First Half-year Consolidated*	2021 First Half-year Consolidated*	2022 First Half-year Company*	2021 First Half-year Company*
Cash flows (uesd in)/generated from operating activities					
Cash received from sales of goods or rendering of services		13,881,647,926	19,342,042,070	13,084,629,718	17,810,262,253
Refunds of taxes		186,169,752	-	139,724,259	-
Cash received relating to other operating activities	4(57)	345,024,561	450,958,933	312,654,885	364,859,759
Sub-total of cash inflows		14,412,842,239	19,793,001,003	13,537,008,862	18,175,122,012
Cash paid for goods and services		(13,805,191,534)	(15,712,429,064)	(13,336,027,601)	(15,292,180,904)
Cash paid to and on behalf of employees		(1,339,385,986)	(1,504,023,988)	(1,232,176,140)	(1,400,304,399)
Payments of taxes and surcharges		(1,243,506,029)	(1,271,259,251)	(1,055,447,311)	(1,022,744,168)
Cash paid relating to other operating activities	4(57)	(1,356,305,165)	(1,235,370,851)	(736,258,757)	(663,632,878)
Sub-total of cash outflows		(17,744,388,714)	(19,723,083,154)	(16,359,909,809)	(18,378,862,349)
Net cash flows (uesd in)/generated from operating activities	4(58)	(3,331,546,475)	69,917,849	(2,822,900,947)	(203,740,337)
Cash flows generated from/(uesd in) investing activities					
Cash received from disposal of investments		200,000,000	1,850,000,000	-	2,142,000,000
Cash received from returns on investments		1,523,836	10,204,593	-	3,894,456
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		781,145,312	13,292,324	781,143,451	12,434,835
Net cash received from disposal of subsidiaries and other business units		63,700,000	108,000,000	63,700,000	108,000,000
Cash received relating to other investing activities	4(57)	125,467,180	122,821,020	102,590,963	101,929,208
Sub-total of cash inflows		1,171,836,328	2,104,317,937	947,434,414	2,368,258,499
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(619,241,914)	(722,025,976)	(615,965,224)	(715,324,702)
Cash paid to acquire investments		(100,000,000)	(1,600,000,000)	(51,938,730)	(1,688,461,068)
Cash paid relating to other investing activities		(11,457,408)	(7,829,410)	(11,457,408)	(7,829,408)
Sub-total of cash outflows		(730,699,322)	(2,329,855,386)	(679,361,362)	(2,411,615,178)
Net cash flows generated from/(uesd in) investing activities		441,137,006	(225,537,449)	268,073,052	(43,356,679)
Cash flows generated from/(uesd in) financing activities					
Cash received from absorbing investments		49,000,000	-	-	-
Including: cash received by the subsidiary from absorbing minority shareholders' investment		49,000,000	-	-	-
Cash received from borrowings		2,378,749,167	989,255,556	2,378,749,167	989,255,556
Sub-total of cash inflows		2,427,749,167	989,255,556	2,378,749,167	989,255,556
Cash repayments of borrowings		(1,300,208,436)	(1,000,214,487)	(1,300,208,436)	(1,000,214,487)
Cash payments for distribution of		(168,968)	(2,346,105)	(168,968)	(2,346,105)

dividends, profits or interest expenses					
Cash paid relating to other financing activities	4(57)	(6,754,924)	(4,409,423)	(6,420,903)	(4,409,424)
Sub-total of cash outflows		(1,307,132,328)	(1,006,970,015)	(1,306,798,307)	(1,006,970,016)
Net cash flows generated from/(used in) financing activities		1,120,616,839	(17,714,459)	1,071,950,860	(17,714,460)
Effect of foreign exchange rate changes on cash and cash equivalents		-	-	-	-
Net decrease in cash and cash equivalents	4(58)	(1,769,792,630)	(173,334,059)	(1,482,877,035)	(264,811,476)
Add: Cash and cash equivalents at beginning of year	4(58)	9,569,051,314	11,121,955,129	7,706,280,711	8,473,562,045
Cash and cash equivalents at end of period	4(58)	7,799,258,684	10,948,621,070	6,223,403,676	8,208,750,569

note: * Unaudited financial indexes

JIANGLING MOTORS CORPORATION, LTD.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Attributable to equity owners of the Company					Minority interests	Total equity
		Share capital	Capital surplus	Other comprehensive income	Surplus reserves	Retained earnings		
Balance at 1 January 2021		863,214,000	839,442,490	(11,759,250)	431,607,000	8,863,969,769	-	10,986,474,009
Movements for the six months ended 30 June 2021*		-	-	-	-	(2,595,317,809)	-	(2,595,317,809)
Total comprehensive income								
Net profit		-	-	-	-	405,214,055	-	405,214,055
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	405,214,055	-	405,214,055
Profit distribution								
Distribution to shareholders	4(39)	-	-	-	-	(3,000,531,864)	-	(3,000,531,864)
Balance at 30 June 2021*		863,214,000	839,442,490	(11,759,250)	431,607,000	6,268,651,960	-	8,391,156,200
Balance at 1 January 2022		863,214,000	839,442,490	(16,422,750)	431,607,000	6,437,603,849	-	8,555,444,589
Movements for the six months ended 30 June 2022*		-	-	-	-	222,766,098	18,542,360	241,308,458
Total comprehensive income								
Net profit		-	-	-	-	452,381,022	(30,457,640)	421,923,382
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	452,381,022	(30,457,640)	421,923,382
Capital contributed by owners and capital decreases								
Capital invested by shareholders		-	-	-	-	-	49,000,000	49,000,000
Profit distribution								
Distribution to shareholders	4(39)	-	-	-	-	(229,614,924)	-	(229,614,924)
Balance at 30 June 2022*		863,214,000	839,442,490	(16,422,750)	431,607,000	6,660,369,947	18,542,360	8,796,753,047

note: * Unaudited financial indexes

JIANGLING MOTORS CORPORATION, LTD.
COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Share capital	Capital surplus	Other comprehensive income	Surplus reserves	Retained earnings	Total equity
Balance at 1 January 2021		863,214,000	839,442,490	(12,021,750)	431,607,000	10,032,100,709	12,154,342,449
Movements for the six months ended 30 June 2021*		-	-	-	-	(2,459,277,470)	(2,459,277,470)
Total comprehensive income							
Net profit		-	-	-	-	541,254,394	541,254,394
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	541,254,394	541,254,394
Profit distribution							
Distribution to shareholders	4(39)	-	-	-	-	(3,000,531,864)	(3,000,531,864)
Balance at 30 June 2021*		863,214,000	839,442,490	(12,021,750)	431,607,000	7,572,823,239	9,695,064,979
Balance at 1 January 2022		863,214,000	839,442,490	(16,684,500)	431,607,000	6,259,291,734	8,376,870,724
Movements for the six months ended 30 June 2022*		-	-	-	-	371,908,231	371,908,231
Total comprehensive income							
Net profit		-	-	-	-	601,523,155	601,523,155
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	601,523,155	601,523,155
Profit distribution							
Distribution to shareholders	4(39)	-	-	-	-	(229,614,924)	(229,614,924)
Balance at 30 June 2022*		863,214,000	839,442,490	(16,684,500)	431,607,000	6,631,199,965	8,748,778,955

note: * Unaudited financial indexes

JIANGLING MOTORS CORPORATION, LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR EDNE 30 June 2022

(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(35).

As at 30 June 2022, 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 period are detailed in Note 6.

These financial statements were authorised for issue by the Company’s Board of Directors on 26th August 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 EDNEED 30 June 2022

(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.

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

The financial statements of the Company for the Six Months Ended 30 June 2022 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 30 June 2022 and their financial performance, cash flows and other information for the period then ended.

(3) Fiscal year

The Company’s fiscal year starts on 1 January and ends on 30 June.

(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.

JIANGLING MOTORS CORPORATION, LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR EDNE 30 June 2022

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

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 remeasure the remaining investment held at its fair value in the consolidated statement of financial position when the control is lost because of the partially 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.

JIANGLING MOTORS CORPORATION, LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR EDNEED 30 June 2022

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

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.

JIANGLING MOTORS CORPORATION, LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR EDNED 30 June 2022**

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

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR EDNED 30 June 2022**

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

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.

JIANGLING MOTORS CORPORATION, LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR EDNE 30 June 2022

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

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.

JIANGLING MOTORS CORPORATION, LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR EDNE 30 June 2022

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

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.

JIANGLING MOTORS CORPORATION, LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR EDNED 30 June 2022

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

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR EDNED 30 June 2022**

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

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.

JIANGLING MOTORS CORPORATION, LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR EDNED 30 June 2022

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

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 tax payer within the Group and the same taxation authority; and
- that tax payer 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 therefrom 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 the first half of 2022, the weights of “base”, “bad” and “good” are 68%, 16% and 16% (In the first half of 2021: 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 the first half of 2022, 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%

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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 a fair trade, 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 Six Months Ended 30 June 2022 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 when preparing the financial statement for the Six Months Ended 30 June 2022. 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 the Six Months Ended 30 June 2022.

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; those expenses recognised as intangible assets can be amortised before tax at 200% of the costs of intangible assets.

- (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%.

In 2022, 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%. The company's holding subsidiary Jiangling Ford Motor Technology (Shanghai) Co., Ltd. ("Jiangling Ford Technology") was subject to the enterprise income tax at the rate of 25%

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

	30 June 2022	31 December 2021
Cash at bank (a)	<u>7,799,258,684</u>	<u>9,569,051,314</u>

- (a) As at 30 June 2022, cash at bank of the Group deposited with Jiangling Motor Group Finance Company ("JMCF") was RMB741,784,787 (31 December 2021: RMB1,059,580,980) (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 (2021: 1.725% to 2.25%)(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

	30 June 2022	31 December 2021
Structural deposits	<u>-</u>	<u>100,242,329</u>

(3) Notes receivable

	30 June 2022	31 December 2021
Trade acceptance notes	113,987,950	119,783,900
Less: Provision for bad debts	<u>-</u>	<u>-</u>
	<u>113,987,950</u>	<u>119,783,900</u>

- (a) As at 30 June 2022, there were no notes receivable pledged.
- (b) As at 30 June 2022, 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 30 June 2022, 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

	30 June 2022	31 December 2021
Accounts receivable	4,707,595,902	3,213,330,895
Less: Provision for bad debts	<u>(204,509,272)</u>	<u>(218,532,668)</u>
	<u>4,503,086,630</u>	<u>2,994,798,227</u>

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

	30 June 2022	31 December 2021
Within 1 year	4,370,867,407	2,713,109,300
1 to 2 years	2,875,838	128,900,600
Over 2 years	<u>333,852,657</u>	<u>371,320,995</u>
	<u>4,707,595,902</u>	<u>3,213,330,895</u>

(b) As at 30 June 2022, 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	1,515,593,940	(1,737,398)	32.19%
Company 2	111,812,079	(41,801)	2.38%
Company 3	101,717,442	(37,978)	2.16%
Company 4	88,989,702	(36,084)	1.89%
Company 5	<u>84,790,397</u>	<u>(695,802)</u>	1.80%
	<u>1,902,903,560</u>	<u>(2,549,063)</u>	<u>40.42%</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:

	30 June 2022		
	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>80,752,812</u>	100%	<u>(80,752,812)</u>
	<u>183,933,230</u>		<u>(183,933,230)</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 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)	80,862,880	100%	(80,862,880)
	<u>184,043,298</u>		<u>(184,043,298)</u>

i) As at 30 June 2022 and 31 December 2021, 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 30 June 2022 and 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, therefore, full provision was made for those receivables.

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

Grouping - Sales of general automobiles:

	30 June 2022		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL (%)	Amount
Not overdue	3,461,261,005	0.04%	(1,294,211)
Overdue for 1 to 30 days	323,846,206	0.04%	(121,218)
Overdue for 31 to 60 days	154,548,824	0.86%	(1,331,630)
Overdue for 61 to 90 days	36,070,131	2.39%	(863,486)
Overdue over 90 days	36,848,589	3.95%	(1,457,231)
	<u>4,012,574,755</u>		<u>(5,067,776)</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 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>

Grouping - Sales of new energy automobiles:

	30 June 2022		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL(%)	Amount
Overdue over 90 days	<u>65,245,565</u>	21.06%	<u>(13,742,299)</u>

	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>

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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:

	30 June 2022		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL(%)	Amount
Not overdue	359,092,293	0.30%	(1,088,180)
Overdue for 1 to 30 days	66,611,013	0.30%	(199,833)
Overdue for 31 to 60 days	5,111,057	0.50%	(25,555)
Overdue for 61 to 90 days	2,627,848	0.60%	(15,767)
Overdue over 90 days	12,400,141	3.52%	(436,632)
	<u>445,842,352</u>		<u>(1,765,967)</u>

	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>

(iii) The provision for bad debts in the current period amounted to RMB14,023,396 was reversed, because the accrued bad debts were received in 2022. Among them, RMB 110,068 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 110,068. 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>110,068</u>	Received

(d) As at 30 June 2022 and 31 December 2021, there were no accounts receivable pledged.

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

(5) Financing receivables

	30 June 2022	31 December 2021
Bank acceptance notes	<u>286,259,584</u>	<u>201,511,670</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 30 June 2022, the Group measures the loss provision of financing receivables based on the lifetime ECL. As at 30 June 2022, 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 30 June 2022, the Group had no pledged bank acceptance notes receivable presented in financing receivables.

As at 30 June 2022, the Group's notes receivable had been endorsed or discounted but not yet matured were as follows:

	Derecognised	Not derecognised
Bank acceptance notes	<u>1,275,480,753</u>	<u>-</u>

(6) Advances to suppliers

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

	<u>30 June 2022</u>		<u>31 December 2021</u>	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	<u>428,129,558</u>	<u>100%</u>	<u>497,302,198</u>	<u>100%</u>

(b) As at 30 June 2022, the top five advances to suppliers ranked by remaining balances are analysed as follows:

	Amount	% of total balance
Company 1	328,060,152	76.63%
Company 2	52,873,991	12.35%
Company 3	27,075,537	6.32%
Company 4	10,893,548	2.54%
Company 5	<u>6,421,133</u>	<u>1.50%</u>
	<u>425,324,361</u>	<u>99.34%</u>

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

(7) Other receivables

	30 June 2022	31 December 2021
Receivable for subsidiary disposal(Note 5)	188,300,000	252,000,000
Advances for gas fee	13,866,643	7,409,989
Import working capital advances	10,000,000	25,000,000
Disposal of assets	4,930,445	17,668,457
Others	75,713,157	98,941,850
	<u>292,810,245</u>	<u>401,020,296</u>
Less: Provision for bad debts	(710,029)	(1,036,560)
	<u>292,100,216</u>	<u>399,983,736</u>

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

	30 June 2022	31 December 2021
Within 1 year	288,500,177	398,699,129
Over 1 year	4,310,068	2,321,167
	<u>292,810,245</u>	<u>401,020,296</u>

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

	Stage 1		Stage 3		Total
	12-month ECL (grouping)		Lifetime ECL (credit-impaired)		
	Book balance	Provision for bad debts	Book balance	Provision on for bad debts	Provision for bad debts
31 December 2021	401,020,296	(1,036,560)	-	-	(1,036,560)
Increase/(decrease) in the current period	(108,262,989)	-	52,938	-	-
Reversal in the current period	-	-	-	(2,118)	(2,118)
Write-off in the current period	-	328,649	-	-	328,649
30 June 2022	<u>292,757,307</u>	<u>(707,911)</u>	<u>52,938</u>	<u>(2,118)</u>	<u>(710,029)</u>

As at 30 June 2022 and 31 December 2021, the Group had no other receivables at Stage 2. The analysis of other receivables at Stage 1 and Stage 3 is stated below:

(i) As at 30 June 2022 and 31 December 2021, 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 30 June 2022 and 31 December 2021, 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:

	30 June 2022			31 December 2021		
	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	231,988,892	0.30%	(695,140)	343,446,354	0.30%	(1,029,601)
Over 1 year	4,257,130	0.30%	(12,771)	2,321,167	0.30%	(6,959)
Grouping of others i):						
Within 1 year	56,511,285	-	-	55,252,775	-	-
	<u>292,757,307</u>		<u>(707,911)</u>	<u>401,020,296</u>		<u>(1,036,560)</u>

i) As at 30 June 2022 and 31 December 2021, 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.

Other receivables with provision on the grouping basis at Stage 3: :

	30 June 2022			31 December 2021		
	Book balance	Provision for losses		Book balance	Provision for losses	
	Amount	Provision ratio	Amount	Amount	Provision ratio	Amount
Grouping of operating advances and guarantees:						
Over 1 year	52,938	4.00%	(2,118)	-	-	-

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

(c) For the six months ended 30 June 2022, The amount of bad debt provision was RMB2,118., The provision for bad debts amounted to RMB328,649 was reversed.

(d) As at 30 June 2022, 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 Advances	188,300,000	Within 1 year	64.31%	(564,900)
Company 2	Advances classified as expenses	13,853,696	Within 1 year	4.73%	(41,561)
Company 3	Advances classified as expenses	10,000,000	Within 1 year	3.42%	(30,000)
Company 4	Disposal of assets	4,604,745	Within 1 year	1.57%	(13,814)
Company 5	Advances classified as expenses	4,535,834	Within 1 year	1.55%	(13,608)
		<u>221,294,275</u>		<u>75.58%</u>	<u>(663,883)</u>

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

(8) Inventories

(a) Inventories are summarised by categories as follows:

	30 June 2022			31 December 2021		
	Book balance	Provision for inventories	Carrying amount	Book balance	Provision for inventories	Carrying amount
Raw materials	1,055,501,759	(66,180,981)	989,320,778	875,837,414	(70,998,768)	804,838,646
Finished goods	454,372,320	-	454,372,320	740,881,390	-	740,881,390
Work in progress	213,331,412	(1,008,410)	212,323,002	205,597,637	(1,297,098)	204,300,539
Materials in transit	86,701,332	-	86,701,332	94,075,651	-	94,075,651
Low-cost consumables	91,046,008	(185,448)	90,860,560	93,028,528	(4,443,955)	88,584,573
Materials processed on commission	24,818,518	-	24,818,518	42,047,833	-	42,047,833
	<u>1,925,771,349</u>	<u>(67,374,839)</u>	<u>1,858,396,510</u>	<u>2,051,468,453</u>	<u>(76,739,821)</u>	<u>1,974,728,632</u>

(b) Provision for inventories is analysed as follows:

	31 December 2021	Increase in the current period		Decrease in the current period		30 June 2022
		Provision	Reversal	Write-off	Write-off	
Raw materials	(70,998,768)	-	-	4,817,787	(66,180,981)	
Low-cost consumables	(4,443,955)	-	-	4,258,507	(185,448)	
Work in progress	(1,297,098)	-	-	288,688	(1,008,410)	
	<u>(76,739,821)</u>	<u>-</u>	<u>-</u>	<u>9,364,982</u>	<u>(67,374,839)</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**

	30 June 2022	31 December 2021
Taxes prepaid, input VAT to be deducted and to be verified	<u>1,184,665,570</u>	<u>984,174,056</u>

(10) Current portion of long-term receivables

	30 June 2022	31 December 2021
Current portion of long-term receivables(Note 4(11))	<u>13,540,397</u>	<u>13,236,153</u>

(11) Long-term receivables

	30 June 2022	31 December 2021
Long-term receivables	56,535,507	64,375,548
Less: Unearned financing income	(4,696,469)	(5,993,630)
Provision for bad debts	(169,607)	(193,127)
Current portion of long-term receivables	<u>(13,540,397)</u>	<u>(13,236,153)</u>
	<u>38,129,034</u>	<u>44,952,638</u>

As at 30 June 2022, 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

	30 June 2022	31 December 2021
Associate		
- Shanxi Yunnei Power Co., Ltd. ("The Power Company")	216,835,692	220,842,615
- Hanon Systems (Nanchang) Co., Ltd. ("Hanon Systems")	36,263,930	36,408,640
Less: Provision for impairment of long-term equity investments	-	-
	<u>253,099,622</u>	<u>257,251,255</u>

Associate

	<u>Movements for the current period</u>					30 June 2022	Shareholding (%)	Voting rights (%)	Ending balance of provision for impairment
	31 December 2021	Increase in the current period	Share of net profit/(loss) under equity method	Cash dividends declared by joint ventures	Provision for impairment				
The Power Company	220,842,615	-	(4,006,923)	-	-	216,835,692	40%	40%	-
Hanon Systems	36,408,640	-	(144,710)	-	-	36,263,930	19.15%	33.33%	-
Total	<u>257,251,255</u>	<u>-</u>	<u>(4,151,633)</u>	<u>-</u>	<u>-</u>	<u>253,099,622</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)

(13) Fixed assets

	30 June 2022	31 December 2021
Fixed assets (a)	5,637,036,553	6,027,890,644
Fixed assets pending for disposal (b)	110,672	1,411,387
	5,637,147,225	6,029,302,031

(a) Fixed assets

	Buildings	Machinery and equipment	Vehicles	Moulds	Electronic and other equipment	Total
Cost						
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
Increase in the current period						
Transfer from construction in progress	-	55,598,316	8,266,550	225,797,315	75,242,634	364,904,815
Decrease in the current period						
Disposal or retirement	(545,490,834)	(4,776,830)	(5,890,934)	(77,546,897)	(19,506,588)	(653,212,083)
Others	-	(71,073,989)	-	-	(51,017,227)	(122,091,216)
30 June 2022	2,199,578,248	3,471,596,509	379,173,289	3,384,202,153	3,887,108,819	13,321,659,018
Accumulated depreciation						
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)
Increase in the current period						
Provision	(29,270,265)	(132,169,374)	(18,700,043)	(79,166,122)	(175,811,583)	(435,117,387)
Decrease in the current period						
Disposal or retirement	261,824,676	3,187,768	4,653,611	63,906,167	17,838,464	351,410,686
Others	-	46,231,843	-	-	44,120,419	90,352,262
30 June 2022	(391,131,347)	(1,757,850,468)	(245,617,487)	(2,501,818,408)	(2,432,133,878)	(7,328,551,588)
Provision for impairment						
31 December 2021	-	(12,564,527)	(2,833,467)	(336,857,072)	(16,714,643)	(368,969,709)
Increase in the current period						
Provision	-	-	-	-	-	-
Decrease in the current period						
Disposal or retirement	-	737,384	259,118	10,545,025	1,357,305	12,898,832
30 June 2022	-	(11,827,143)	(2,574,349)	(326,312,047)	(15,357,338)	(356,070,877)
Carrying amount						
30 June 2022	1,808,446,901	1,701,918,898	130,981,453	556,071,698	1,439,617,603	5,637,036,553
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

For the six months ended 30 June 2022, depreciation charged to fixed assets amounted to RMB435,117,387 (the six months ended 30 June 2021: RMB433,395,705), 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 RMB353,653,366, RMB1,141,073, RMB47,510,686 and RMB32,812,262 (the six months ended 30 June 2021: RMB336,443,335, RMB1,008,818, RMB63,916,100 and RMB32,027,452), 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 RMB364,904,815 (the six months ended 30 June 2021: RMB129,605,207).

(i) Temporarily idle fixed assets

As at 30 June 2022, the fixed assets with a carrying amount of approximately RMB544,197,433 (a cost of RMB1,523,873,635) (31 December 2021: a carrying amount of approximately RMB862,054,869 and a cost of RMB2,081,185,910) 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	409,240,038	(91,246,226)	-	317,993,812
Machinery and equipment	169,905,796	(94,798,073)	(5,077,105)	70,030,618
Vehicles	74,967,830	(52,299,737)	(2,477,224)	20,190,869
Moulds	476,542,160	(162,770,288)	(312,658,359)	1,113,513
Electronic and other equipment	393,217,811	(246,671,786)	(11,677,404)	134,868,621
	<u>1,523,873,635</u>	<u>(647,786,110)</u>	<u>(331,890,092)</u>	<u>544,197,433</u>

(ii) Fixed assets with pending certificates of ownership:

	Carrying amount	Reasons for not obtaining certificates of ownership
Buildings	<u>680,482,049</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

	30 June 2022	31 December 2021
Electronic and other equipment	85,891	1,096,021
Machinery and equipment	24,781	280,051
Vehicles	-	35,315
	<u>110,672</u>	<u>1,411,387</u>

(14) Construction in progress

	30 June 2022			31 December 2021		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
V363C project	132,735,336	-	132,735,336	29,320,960	-	29,320,960
N822 project	69,884,750	-	69,884,750	92,903,791	-	92,903,791
JP360	57,810,850	-	57,810,850	2,615,448	-	2,615,448
CX743 conversion project	44,064,311	-	44,064,311	62,473,608	-	62,473,608
P789 project	37,377,865	-	37,377,865	122,400	-	122,400
Fushan new plant investment project	34,118,177	-	34,118,177	56,875,765	-	56,875,765
CX756 project	32,101,575	-	32,101,575	50,714,716	-	50,714,716
Capacity optimisation project	20,640,798	-	20,640,798	18,120,130	-	18,120,130
L536	13,179,838	-	13,179,838	-	-	-
V362 MCA project	6,896,254	-	6,896,254	4,666,773	-	4,666,773
JF8/CX743 project	3,622,051	-	3,622,051	3,622,051	-	3,622,051
Coating VOC treatment project	2,264,071	-	2,264,071	59,811,593	-	59,811,593
Construction of Xiaolan 600 mu Phase 3 plan	1,899,942	-	1,899,942	1,858,797	-	1,858,797
Other miscellaneous and pending installation projects	62,150,329	(691,646)	61,458,683	65,924,286	(691,646)	65,232,640
	<u>518,746,147</u>	<u>(691,646)</u>	<u>518,054,501</u>	<u>449,030,318</u>	<u>(691,646)</u>	<u>448,338,672</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 2021	Increase in the current period	Transfer to fixed assets in the current period	Decrease in the current period	30 June 2022	% of project investment in budget	Progress of project	Accumulative capitalised borrowing costs	Including: Borrowing costs capitalised in the current period	Source of fund
V363C project	54,300	29,320,960	104,764,788	(1,350,412)	-	132,735,336	25%	25%	-	-	Self-owned funds
N822 project	20,700	92,903,791	68,352,088	(91,371,129)	-	69,884,750	86%	86%	-	-	Self-owned funds
JP360	26,823	2,615,448	55,195,402	-	-	57,810,850	24%	24%	-	-	Self-owned funds
CX743 conversion project	11,349	62,473,608	29,014,612	(47,423,909)	-	44,064,311	83%	83%	-	-	Self-owned funds
P789 project	27,688	122,400	37,255,465	-	-	37,377,865	13%	13%	-	-	Self-owned funds
Fushan new plant investment project	205,200	56,875,765	21,955,628	(44,713,216)	-	34,118,177	96%	96%	-	-	Self-owned funds
CX756 project	17,768	50,714,716	16,872,349	(35,485,490)	-	32,101,575	85%	85%	-	-	Self-owned funds
Capacity optimisation project	133,990	18,120,130	19,309,767	(16,459,099)	(330,000)	20,640,798	75%	75%	-	-	Self-owned funds
L536	7,735	-	13,179,838	-	-	13,179,838	17%	17%	-	-	Self-owned funds
V362 MCA project	3,966	4,666,773	4,030,206	(1,800,725)	-	6,896,254	22%	22%	-	-	Self-owned funds
JF8/CX743 project	13,690	3,622,051	-	-	-	3,622,051	96%	96%	-	-	Self-owned funds
Coating VOC treatment project	7,730	59,811,593	22,829,334	(80,376,856)	-	2,264,071	93%	93%	-	-	Self-owned funds
Construction of Xiaolan 600 mu Phase 3 plan	20,977	1,858,797	1,174,549	(1,133,404)	-	1,899,942	80%	80%	-	-	Self-owned funds
Other miscellaneous and pending installation projects		65,924,286	42,909,345	(44,790,575)	(1,892,727)	62,150,329			292,897	-	Self-owned funds
		<u>449,030,318</u>	<u>436,843,371</u>	<u>(364,904,815)</u>	<u>(2,222,727)</u>	<u>518,746,147</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 2021	Increase in the current period	Decrease in the current period	30 June 2022	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 2021	362,092,645
Increase in the current period	
New lease contracts	-
Decrease in the current period	
Expiration of lease contract	(9,795,685)
30 June 2022	352,296,960

Accumulated depreciation

31 December 2021	(55,866,835)
Increase in the current period	
Provision	(35,233,057)
Decrease in the current period	
Expiration of lease contract	5,325,555
30 June 2022	(85,774,337)

Provision for impairment

31 December 2021	-
Increase in the current period	-
Decrease in the current period	-
30 June 2022	-

Carrying amount

30 June 2022	266,522,623
31 December 2021	306,225,810

For the six months ended 30 June 2022, depreciation of right-of-use assets amounted to RMB35,233,057 (the six months ended 30 June 2021: RMB7,354,220), of which RMB31,995,045, RMB409,941, RMB2,398,822 and RMB429,249 were included in cost of sales, selling and distribution expenses and administrative expenses and research and development expenses, respectively (the six months ended 30 June 2021: RMB3,554,214, RMB1,685,693, RMB1,599,215 and RMB515,098 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

	Land use rights	Software licenses	Non-patent technologies	After-sales services management mode	Others	Total
Cost						
31 December 2021	755,093,373	255,342,587	779,747,498	36,979,184	1,599,516	1,828,762,158
Increase in the current period						
Transfer from construction in progress	-	2,222,727	-	-	-	2,222,727
Internal research and development	-	-	153,791,760	-	-	153,791,760
Decrease in the current period						
Disposal	(126,129,216)	-	-	-	-	(126,129,216)
30 June 2022	628,964,157	257,565,314	933,539,258	36,979,184	1,599,516	1,858,647,429
Accumulated amortisation						
31 December 2021	(186,339,168)	(157,597,674)	(333,557,694)	(36,979,184)	(1,599,516)	(716,073,236)
Increase in the current period						
Provision	(6,843,480)	(16,006,277)	(68,017,620)	-	-	(90,867,377)
Decrease in the current period						
Disposal	59,866,980	-	-	-	-	59,866,980
30 June 2022	(133,315,668)	(173,603,951)	(401,575,314)	(36,979,184)	(1,599,516)	(747,073,633)
Provision for impairment						
31 December 2021	-	-	(38,806,961)	-	-	(38,806,961)
Increase in the current period						
Provision	-	-	-	-	-	-
30 June 2022	-	-	(38,806,961)	-	-	(38,806,961)
Carrying amount						
30 June 2022	495,648,489	83,961,363	493,156,983	-	-	1,072,766,835
31 December 2021	568,754,205	97,744,913	407,382,843	-	-	1,073,881,961

For the six months ended 30 June 2022, amortization charged to intangible assets amounted to RMB90,867,377 (the six months ended 30 June 2021: RMB77,362,902), of which RMB24,071, RMB223,566, RMB21,185,313 and RMB 69,434,427 were included in cost of sales, selling and distribution expenses and administrative expenses and research and development expenses, respectively (the six months ended 30 June 2021: RMB273,069, RMB 223,108, RMB19,015,855, RMB57,850,870 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 2021	Increase in the current period	Decrease in the current period		30 June 2022
			Recognised as intangible assets	Write-off	
Automobile products development project	111,004,350	229,954,476	-	(153,791,761)	187,167,065

Expenditures on research and development of the Group incurred in the six months ended 30 June 2022 amounted to RMB896,948,849 (the six months ended 30 June 2021: RMB 776,879,828) in total, of which RMB666,994,373 (the six months ended 30 June 2021: RMB726,466,190) was recognised in profit or loss for the current period, RMB62,429,052 (the six months ended 30 June 2021: RMB21,350,253) was recognised as intangible assets for the current period and RMB167,525,424 (the six months ended 30 June 2021: RMB29,063,385) was included in the ending balance of development expenditures. As at 30 June 2022, the intangible assets developed by the Group accounted for 46% (31 December 2021: 38%) of the carrying amount of intangible assets.

(17) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets before offsetting

	30 June 2022		31 December 2021	
	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Accrued expenses and provisions	4,894,124,853	1,105,178,720	4,820,934,400	1,096,537,713
Recoverable losses	2,250,486,206	375,006,112	1,878,611,797	282,043,452
Provision for asset impairment	1,172,846,324	180,281,330	1,209,522,802	186,548,154
Non-patent technology	179,436,949	41,955,003	155,010,935	34,890,219
Employee education funds unpaid	80,722,320	12,506,352	67,882,259	10,494,123
Retirement benefits plan	58,004,263	13,856,839	59,941,000	14,147,350
Deferred income	61,322,115	9,198,317	49,074,545	7,361,182
Others	168,432,008	28,023,500	138,426,727	23,420,738
	<u>8,865,375,038</u>	<u>1,766,006,173</u>	<u>8,379,404,465</u>	<u>1,655,442,931</u>
Including:				
Expected to be recovered within 1 year (inclusive)		1,424,304,462		1,320,586,445
Expected to be recovered after 1 year		341,701,711		334,856,486
		<u>1,766,006,173</u>		<u>1,655,442,931</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

	30 June 2022		31 December 2021	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Depreciation of fixed assets	1,862,188,994	407,158,349	1,685,457,873	353,019,830
Net losses related to debt exemption and equity transactions between parent and subsidiary	408,000,000	61,200,000	408,000,000	61,200,000
Differences between the fair value of the identifiable net assets and carrying amount arising from business combinations not under common control	94,611,956	23,652,989	96,002,180	24,000,545
Amortisation of intangible assets	49,812,059	9,684,611	45,631,805	7,847,331
Others	-	-	242,329	60,582
	<u>2,414,613,009</u>	<u>501,695,949</u>	<u>2,235,334,187</u>	<u>446,128,288</u>
Including:				
Expected to be recovered within 1 year (inclusive)		123,934,808		116,988,634
Expected to be recovered after 1 year		<u>377,761,141</u>		<u>329,139,654</u>
		<u>501,695,949</u>		<u>446,128,288</u>

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

	30 June 2022	31 December 2021
Deductible temporary differences	1,380,407,877	1,380,010,739
Deductible losses	<u>156,106,747</u>	<u>108,539,538</u>
	<u>1,536,514,624</u>	<u>1,488,550,277</u>

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

	30 June 2022	31 December 2021
2024	109,336,011	108,539,538
2025	-	-
2026	-	-
2027	<u>46,770,736</u>	<u>-</u>
	<u>156,106,747</u>	<u>108,539,538</u>

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

	30 June 2022		31 December 2021	
	Offsetting amount	Balance after offsetting	Offsetting amount	Balance after offsetting
Deferred tax assets	(478,042,960)	1,287,963,213	(422,127,743)	1,233,315,188
Deferred tax liabilities	(478,042,960)	23,652,989	(422,127,743)	24,000,545

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(18) Other non-current assets

	30 June 2022	31 December 2021
Long-term technology development license fee	<u>129,021,097</u>	<u>-</u>

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

(19) Provision for asset impairment and losses

	31 December 2021	Increase in the current period	Decrease in the current period		30 June 2022
			Reversal	Write-off	
Provision for bad debts of accounts receivable	218,532,668	-	(14,023,396)	-	204,509,272
Including: Provision for bad debts on the individual basis	184,043,298	-	(110,068)	-	183,933,230
Provision for bad debts on the grouping basis	34,489,370	-	(13,913,328)	-	20,576,042
Provision for bad debts of other receivables	1,036,560	2,118	(328,649)	-	710,029
Provision for impairment of long-term receivables	193,127	-	(23,520)	-	169,607
Sub-total	<u>219,762,355</u>	<u>2,118</u>	<u>(14,375,565)</u>	<u>-</u>	<u>205,388,908</u>
Provision for inventories	76,739,821	-	-	(9,364,982)	67,374,839
Provision for impairment of fixed assets	368,969,709	-	-	(12,898,832)	356,070,877
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>574,236,549</u>	<u>-</u>	<u>-</u>	<u>(22,263,814)</u>	<u>551,972,735</u>
	<u>793,998,904</u>	<u>2,118</u>	<u>(14,375,565)</u>	<u>(22,263,814)</u>	<u>757,361,643</u>

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

(20) Short-term borrowings

	30 June 2022	31 December 2021
Credit loan	<u>1,400,000,000</u>	<u>300,000,000</u>

As at 30 June 2022, the interest rate for the short-term borrowings is between 2.05%-2.85%(31 December 2021: 2.85%).

(21) Derivative financial liabilities

	30 June 2022	31 December 2021
Derivative financial liabilities - Forward exchange contracts	<u>5,432,067</u>	<u>10,704,619</u>

As at 30 June 2022 and 31 December 2021, derivative financial liabilities mainly represented forward exchange contracts.

(22) Accounts payable

	30 June 2022	31 December 2021
Payable for automobile parts	7,640,512,798	9,377,900,014
Payable for raw and auxiliary materials	<u>284,220,667</u>	<u>324,684,816</u>
	<u>7,924,733,465</u>	<u>9,702,584,830</u>

As at 30 June 2022, accounts payable with ageing over 1 year amounted to RMB926,067,916 (31 December 2021: RMB747,156,926), 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)

(23) Contract liabilities

	30 June 2022	31 December 2021
Advances for automobiles and automobile parts	82,088,388	223,779,674
Advances for maintenance and warranty services	177,303,754	168,272,152
	<u>259,392,142</u>	<u>392,051,826</u>
Less: Contract liabilities carried forward to revenue after 1 year (Note 4(34))	(119,298,885)	(119,777,649)
	<u>140,093,257</u>	<u>272,274,177</u>

(24) Employee benefits payable

	30 June 2022	31 December 2021
Short-term employee benefits payable (a)	544,810,327	593,229,732
Defined contribution plans payable (b)	182,645,429	168,161,617
Defined benefit plans payable (c)	2,930,000	2,930,000
Termination benefits payable (d)	2,665,176	2,665,176
	<u>733,050,932</u>	<u>766,986,525</u>

(a) Short-term employee benefits

	31 December 2021	Increase in the current period	Decrease in the current period	30 June 2022
Wages and salaries, bonus, allowances, and subsidies	465,474,414	915,767,461	(973,431,264)	407,810,611
Staff welfare	39,317,102	43,976,481	(44,610,876)	38,682,707
Social security contributions	17,331,862	68,414,528	(72,052,242)	13,694,148
Including: Medical insurance	13,375,711	63,555,055	(68,167,896)	8,762,870
Work injury insurance	3,956,151	4,859,473	(3,884,346)	4,931,278
Housing funds	192,461	85,426,328	(85,231,010)	387,779
Labor union and employee education costs	70,913,893	33,606,817	(20,285,628)	84,235,082
Other short-term employee benefits	-	3,459,500	(3,459,500)	-
	<u>593,229,732</u>	<u>1,150,651,115</u>	<u>(1,199,070,520)</u>	<u>544,810,327</u>

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

(24) Employee benefits payable (Cont'd)

(b) Defined contribution plans

	31 December 2021	Increase in the current period	Decrease in the current period	30 June 2022
Basic pensions	163,081,887	136,653,545	(132,693,786)	167,041,646
Supplementary pensions	-	10,400,000	-	10,400,000
Unemployment insurance	5,079,730	4,270,806	(4,146,753)	5,203,783
	<u>168,161,617</u>	<u>151,324,351</u>	<u>(136,840,539)</u>	<u>182,645,429</u>

(c) Defined benefit plans

	31 December 2021	Increase in the current period	Decrease in the current period	30 June 2022
Post-retirement benefits payable (Note 4(33))	<u>2,930,000</u>	<u>1,272,237</u>	<u>(1,272,237)</u>	<u>2,930,000</u>

(d) Termination benefits payable

	30 June 2022	31 December 2021
Early retirement benefits payable (Note 4(33))	1,327,000	1,327,000
Other termination benefits (i)	<u>1,338,176</u>	<u>1,338,176</u>
	<u>2,665,176</u>	<u>2,665,176</u>

(i) For the six months ended 30 June 2022, other termination benefits paid by the Group for termination of the employment relationship were RMB1,123,392.

(25) Taxes payable

	30 June 2022	31 December 2021
Consumption tax payable	58,593,251	85,326,751
Enterprise income tax payable	54,447,546	170,084,881
Land use tax payable	4,589,474	6,174,129
Unpaid VAT	3,491,036	434,482
Others	16,388,891	25,151,477
	<u>137,510,198</u>	<u>287,171,720</u>

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

(26) Other payables

	30 June 2022	31 December 2021
Promotion expenses	2,638,663,954	2,620,282,716
Research and development project expenses	995,306,694	877,392,808
Construction payment	427,126,860	541,897,265
Ordinary share dividends payable	236,453,715	6,463,836
Transportation expenses	167,571,547	273,386,502
Advertising and new product planning fees	149,506,863	138,500,269
Guarantees payable	124,949,518	131,123,402
Technological transformation project expenses	55,894,428	61,104,696
Trademark license fee	14,692,296	15,572,521
Consulting fees	13,913,424	14,322,912
Others	760,000,420	573,753,878
	<u>5,584,079,719</u>	<u>5,253,800,805</u>

As at 30 June 2022, other payables with ageing over 1 year of RMB1,378,347,472 (31 December 2021: RMB1,433,335,159) 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.

(27) Current portion of non-current liabilities

	30 June 2022	31 December 2021
Current portion of lease liabilities (Note 4(30))	72,833,082	77,621,681
Current portion of long-term borrowings (Note 4(29))	439,490	417,507
	<u>73,272,572</u>	<u>78,039,188</u>

(28) Other current liabilities

	30 June 2022	31 December 2021
Provisions expected to be settled within 1 year (Note 4(31))	401,423,725	391,365,455
Others	10,671,491	29,091,358
	<u>412,095,216</u>	<u>420,456,813</u>

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

(29) Long-term borrowings

	30 June 2022	31 December 2021
Guaranteed loans	2,417,197	2,505,044
Less: Current portion of long-term borrowings (Note 4(27))	<u>(439,490)</u>	<u>(417,507)</u>
	<u>1,977,707</u>	<u>2,087,537</u>

The above guaranteed loans were long-term borrowings amounting to USD360,163 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. For the six months ended 30 June 2022, the interest rate of long-term borrowings was 1.5% (For the Six Months Ended 30 June 2021: 1.5%).

	Starting date	Maturity date	Currency	Interest rate (%)	30 June 2022		31 December 2021	
					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%	360,163	2,417,197	392,905	2,505,044

(30) Lease liabilities

	30 June 2022	31 December 2021
Lease liabilities	266,906,485	341,031,095
Less: Current portion of non-current liabilities (Note 4(27))	<u>(72,833,082)</u>	<u>(77,621,681)</u>
	<u>194,073,403</u>	<u>263,409,414</u>

- (a) As at 30 June 2022, the Group has no leases that are not included in lease liabilities but will result in potential future cash outflows.
- (b) As at 30 June 2022, 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)

(31) Provisions

	31 December 2021	Increase in the current period	Decrease in the current period	30 June 2022
Product warranties i)	569,247,478	195,277,051	(173,771,731)	590,752,798
Provision for contracts	<u>19,705,141</u>	<u>-</u>	<u>(830,735)</u>	<u>18,874,406</u>
	588,952,619	195,277,051	(174,602,466)	609,627,204
Less: Provisions expected to be settled within 1 year (Note 4(28))	<u>(391,365,455)</u>			<u>(401,423,725)</u>
	<u>197,587,164</u>			<u>208,203,479</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.

(32) Deferred income

	31 December 2021	Increase in the current period	Decrease in the current period	30 June 2022	Reason
Government grants (a)	<u>49,074,545</u>	<u>12,475,000</u>	<u>(227,430)</u>	<u>61,322,115</u>	Subsidy for projects

(a) Government grants

	31 December 2021	Increase in the current period	Recognised in other income in the current period	30 June 2022	Asset related/ Income related
Research and development- related subsidies	48,170,026	1,000,000	(93,204)	49,076,822	Income related
Assets -related subsidies	-	11,275,000	(134,226)	11,140,774	assets -related
Others	<u>904,519</u>	<u>200,000</u>	<u>-</u>	<u>1,104,519</u>	Income related
	<u>49,074,545</u>	<u>12,475,000</u>	<u>(227,430)</u>	<u>61,322,115</u>	

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

(33) Long-term employee benefits payable

	30 June 2022	31 December 2021
Supplementary retirement benefits and early-retirement benefits eligible for recognition of provisions	58,004,263	59,941,000
Less: Payable within 1 year	<u>(4,257,000)</u>	<u>(4,257,000)</u>
	<u>53,747,263</u>	<u>55,684,000</u>

The retirement and early-retirement benefits payable within one year are included in employee benefits payable (Note 4(24)(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	
	30 June 2022	31 December 2021
Opening balance	59,941,000	67,587,000
Cost of defined benefit plans recognised in profit or loss for the current period		
- Current service cost	-	1,346,000
- Past service cost	-	(14,664,000)
- Actuarial losses/(gains) recognised immediately	-	800,000
- Net interest	-	2,463,000
Remeasurement of net liabilities for defined benefit plans		
- Actuarial losses	-	6,218,000
Other movements		
- Benefits paid	(1,936,737)	(3,809,000)
Ending balance	58,004,263	59,941,000

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

(33) Long-term employee benefits payable (Cont'd)

(b) The actuarial assumptions used to determine the present value of defined benefit plan obligations

	30 June 2022	31 December 2021
Discount rate	3.00%	3.00%
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.

(34) Other non-current liabilities

	30 June 2022	31 December 2021
Contract liabilities carried forward to revenue after one year (Note 4(23))	<u>119,298,885</u>	<u>119,777,649</u>

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

(35) Share capital

	31 December 2021	Movements for the current period					30 June 2022
		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	-	-	-	20	-	5,720
	<u>750,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>	<u>-</u>	<u>750,860</u>
Shares not subject to trading restriction - Ordinary shares denominated in RMB	518,463,160	-	-	-	(20)	-	518,463,140
Domestically listed foreign shares	344,000,000	-	-	-	-	-	344,000,000
	<u>862,463,160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20)</u>	<u>-</u>	<u>862,463,140</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 30 June 2022, there were 750,860 shares currently unavailable for trading. 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)

(35) Share capital (Cont'd)

	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>

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4 Notes to the consolidated financial statements (Cont'd)**(36) Capital surplus**

	31 December 2021	Increase in the current period	Decrease in the current period	30 June 2022
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 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>

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

(37) Other comprehensive income

	Other comprehensive income in the balance sheet			Other comprehensive income in the income statement for the six months ended 30 June 2022			
	31 December 2021	Attributable to the parent company after tax	30 June 2022	Amount incurred before income tax for the current period	Less: Transfer- out of previous other comprehensive income in the current period	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	(16,422,750)	-	(16,422,750)	-	-	-	-
	<hr/>			<hr/>			
	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)

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

(38) Surplus reserve

	31 December 2021	Increase in the current period	Decrease in the current period	30 June 2022
Statutory surplus reserve	431,607,000	-	-	431,607,000
	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

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 period (2021: 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.

(39) Retained earnings

	Six months ended 30 June	
	2022	2021
Retained earnings at the beginning of the year	6,437,603,849	8,863,969,769
Add: Net profit attributable to shareholders of the parent company for the current period	452,381,022	405,214,055
Less: Ordinary share dividends payable (a)	(229,614,924)	(3,000,531,864)
Retained earnings at the end of the year	6,660,369,947	6,268,651,960

- (a) According to the resolution of the meeting of board of directors on 28 March 2022, the board of directors propose 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, and the proposal was approved by the shareholders' meeting on June 24, 2022

(40) Minority interests

	30 June 2022	31 December 2021
Minority shareholders' equity attributable to minority shareholders of subsidiary Jiangling Ford Technology	18,542,360	-

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

(41) Revenue and cost of sales

	Six months ended 30 June	
	2022	2021
Revenue from main operations	13,987,205,046	17,360,624,109
Revenue from other operations	235,554,338	314,996,979
	<u>14,222,759,384</u>	<u>17,675,621,088</u>
	Six months ended 30 June	
	2022	2021
Cost of sales from main operations	12,109,195,653	14,756,422,659
Cost of sales from other operations	221,906,101	293,802,060
	<u>12,331,101,754</u>	<u>15,050,224,719</u>

(a) Revenue and cost of sales from main operations

	Six months ended 30 June			
	2022		2021	
	Revenue from main operations	Cost of revenue from main operations	Revenue from main operations	Cost of revenue from main operations
Sales of automobiles	12,865,705,605	11,244,951,198	16,283,174,183	13,950,596,206
Sales of automobile parts	1,060,688,066	803,494,300	1,023,854,381	747,849,973
Automobile maintenance services, etc.	60,811,375	60,750,155	53,595,545	57,976,480
	<u>13,987,205,046</u>	<u>12,109,195,653</u>	<u>17,360,624,109</u>	<u>14,756,422,659</u>

(b) Revenue and cost of sales from other operations

	Six months ended 30 June			
	2022		2021	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Sales of materials	191,061,332	178,388,921	257,593,313	238,590,185
Others	44,493,006	43,517,180	57,403,666	55,211,875
	<u>235,554,338</u>	<u>221,906,101</u>	<u>314,996,979</u>	<u>293,802,060</u>

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

(41) Revenue and cost of sales (Cont'd)

(c) The Group's revenue is broken down as follows:

	Six months ended 30 June 2022				Total
	Automobiles	Automobile parts	Automobile maintenance services	Materials and others	
Revenue from main operations	12,865,705,605	1,060,688,066	50,406,375	10,405,000	13,987,205,046
Including: Recognised at a time point	12,865,705,605	1,060,688,066	-	10,405,000	13,936,798,671
Recognised within a certain period	-	-	50,406,375	-	50,406,375
Revenue from other operations	-	-	-	235,554,338	235,554,338
	12,865,705,605	1,060,688,066	50,406,375	245,959,338	14,222,759,384

	Six months ended 30 June 2021				Total
	Automobiles	Automobile parts	Automobile maintenance services	Materials and others	
Revenue from main operations	16,283,174,183	1,023,854,381	53,595,545	-	17,360,624,109
Including: Recognised at a time point	16,283,174,183	1,023,854,381	-	-	17,307,028,564
Recognised within a certain period	-	-	53,595,545	-	53,595,545
Revenue from other operations	-	-	-	314,996,979	314,996,979
	16,283,174,183	1,023,854,381	53,595,545	314,996,979	17,675,621,088

(i) As at 30 June 2022, the amount of revenue corresponding to the performance obligations that the Group has signed but has not performed or has not yet performed is RMB259,392,142, which was expected to be recognised between 2022 and 2027.

(42) Taxes and surcharges

	Six months ended 30 June	
	2022	2021
Consumption tax	287,322,632	366,921,695
City construction and maintenance tax	36,012,229	46,652,034
Educational surcharge	34,946,861	42,987,981
Land use tax	11,981,547	9,534,267
Real estate tax	11,253,617	8,736,554
Stamp duty	8,049,599	4,155,789
Others	259,959	253,194
	389,826,444	479,241,514

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

(43) Selling and distribution expenses

	Six months ended 30 June	
	2022	2021
Promotion expenses	206,589,048	241,079,452
Warranties	195,277,051	238,355,518
Employee benefits	106,274,641	96,986,506
Advertising and new product planning fees	89,719,606	139,947,287
Storage expenses	24,386,326	30,124,253
Packaging material expenses	16,349,345	18,318,542
Sales network construction expenses	2,089,221	122,520,260
Depreciation and amortisation expenses	1,774,580	2,917,619
Others	54,198,604	59,264,981
	<u>696,658,422</u>	<u>949,514,418</u>

(44) General and administrative expenses

	Six months ended 30 June	
	2022	2021
Employee benefits	262,789,333	303,656,754
Depreciation and amortisation expenses	71,094,821	84,531,170
Trademark license fee	29,184,964	22,232,060
Repair expenses	13,075,304	6,143,557
Consulting expenses	8,748,003	13,339,805
General office expenses	7,077,300	10,744,528
Cartage fee	5,001,516	20,427,458
Others	55,085,745	68,742,208
	<u>452,056,986</u>	<u>529,817,540</u>

(45) Research and development expenses

	Six months ended 30 June	
	2022	2021
Employee benefits	250,946,160	273,546,646
Design fee	107,366,166	93,888,283
Depreciation and amortisation expenses	102,675,938	90,393,420
Technology development expenses	96,028,487	123,421,584
Materials expenses	61,555,048	72,889,999
Others	48,422,574	72,326,258
	<u>666,994,373</u>	<u>726,466,190</u>

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

(46) Financial expenses

	Six months ended 30 June	
	2022	2021
Interest costs	21,269,478	13,014,765
Add: Interest costs on lease liabilities	6,857,573	878,444
Less: Government grants	-	(1,760,125)
Interest expenses	28,127,051	12,133,084
Less: Interest income from cash at bank	(107,825,929)	(142,004,807)
Fund occupation fee (a)	(1,297,161)	(7,142,858)
Other interest income	(7,029,072)	-
Interest income	(116,152,161)	(149,147,665)
Exchange gains or losses	7,477,127	(8,772,108)
Others	350,632	344,402
	<u>(80,197,351)</u>	<u>(145,442,287)</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.

(47) 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:

	Six months ended 30 June	
	2022	2021
Changes in inventories of finished goods and work in progress	278,486,607	201,864,808
Consumed raw materials, low value consumables, etc.	10,797,906,093	13,230,742,782
Employee benefits	1,303,098,857	1,370,346,825
Depreciation of fixed assets	435,117,387	433,395,705
Amortisation of intangible assets	90,867,377	77,362,902
Depreciation of right-of-use assets	35,233,057	7,354,220
Transportation expenses	316,638,202	424,338,871
Warranties	195,277,051	238,355,518
Promotion expenses	206,589,048	241,079,452
Advertising and new product planning fees	89,719,606	139,947,287
Design fee	107,366,166	93,888,283
Research and development expenses	96,028,487	123,421,584
Fixed asset repair and maintenance expenses (a)	20,438,204	63,661,306
Others	174,045,393	610,263,324
	<u>14,146,811,535</u>	<u>17,256,022,867</u>

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

(47) 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.

(48) Credit impairment losses

	Six months ended 30 June	
	2022	2021
Losses on bad debts of accounts receivable	(14,023,396)	(7,566,557)
Losses on bad debts of other receivables	(326,531)	177,179
Losses on bad debts of long-term receivables	(23,520)	-
	<u>(14,373,447)</u>	<u>(7,389,378)</u>

(49) Other income

	Six months ended 30 June		
	2022	2021	
Equipment procurement related subsidies	134,226	-	Assets related
Research and development activities related subsidies	93,204	9,227,727	Income related
Subsidy for operating activities	260,831,804	324,065,109	Income related
	<u>261,059,234</u>	<u>333,292,836</u>	

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

(50) Investment income

	Six months ended 30 June	
	2022	2021
Investment income from financial assets held for trading	1,523,836	10,204,592
Losses on discount of financing receivables eligible for derecognition	(8,585,648)	(13,053,249)
Losses on long-term equity investments under equity method	(4,151,633)	(264,201)
Investment loss from forward exchange settlement	(10,728,178)	(7,750,384)
	<u>(21,941,623)</u>	<u>(10,863,242)</u>

There is no significant restriction on the remittance of investment income of the Group.

(51) Gains on changes in fair value

	Six months ended 30 June	
	2022	2021
Financial assets at fair value through profit or loss - Structural deposits	(242,329)	(681,478)
Derivative financial assets and derivative financial liabilities - Forward exchange contracts	5,272,552	(4,449,015)
	<u>5,030,223</u>	<u>(5,130,493)</u>

(52) Gains on disposal of assets

	Six months ended 30 June		Amount recognised in non-recurring profit or loss for the six months ended 30 June 2022
	2022	2021	
Income from disposal of land and above ground buildings of Qingyunpu factory	394,117,791	-	394,117,791
Gains on disposal of other assets	1,443,509	11,152,182	1,443,509
	<u>395,561,300</u>	<u>11,152,182</u>	<u>395,561,300</u>

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

(53) Non-operating income

	Six months ended 30 June		Amount recognised in non-recurring profit or loss for the six months ended 30 June 2022
	2022	2021	
Compensation and penalty income	1,933,841	1,520,395	1,933,841
Others	85,687	989,882	85,687
	2,019,528	2,510,277	2,019,528

(54) Non-operating expenses

	Six months ended 30 June		Amount recognised in non-recurring profit or loss for the six months ended 30 June 2022
	2022	2021	
Losses on scrapping and disposal of assets	249,038	143,574	249,038
Donations	5,280	1,995,000	5,280
Others	252,100	446,408	252,100
	506,418	2,584,982	506,418

(55) Income tax expenses

	Six months ended 30 June	
	2022	2021
Current income tax calculated based on tax law and related regulations	(37,967,101)	165,333,174
Deferred income tax	37,958,166	(148,982,279)
	(8,935)	16,350,895

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

(55) 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:

	Six months ended 30 June	
	2022	2021
Total profit	421,914,447	421,564,950
Income tax calculated at applicable tax rates	40,560,200	49,035,811
Effect of change in the tax rates	25,295,893	14,052,432
Tax credit	(1,487,861)	-
Additional deductions	(76,963,987)	(73,910,521)
Non-taxable loss	622,745	39,630
Equity transactions and debt exemption between parent and subsidiary	-	25,985,873
Costs, expenses and losses not deductible for tax purposes	161,737	15,530,448
Utilisation of previously unrecognised deductible temporary differences	-	(663,003)
Deductible temporary differences of unrecognized deferred income tax assets in the current period	109,654	-
Utilisation of the deductible loss of the unrecognized deferred tax asset in the previous period	-	(13,719,775)
Deductible losses for which no deferred tax asset was recognised in the current period	11,692,684	-
Income tax expenses	<u>(8,935)</u>	<u>16,350,895</u>

(56) 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:

	Six months ended 30 June	
	2022	2021
Consolidated net profit attributable to ordinary shareholders of the parent company	452,381,022	405,214,055
Weighted average number of ordinary shares outstanding issued by the Company	863,214,000	863,214,000
Basic earnings per share	<u>0.52</u>	<u>0.47</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 For the six months ended 30 June 2022 (six months ended 30 June 2021: Nil), diluted earnings per share equalled to basic earnings per share.

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

(57) Notes to the cash flow statement

(a) Cash received relating to other operating activities

	Six months ended 30 June	
	2022	2021
Government grants	273,306,804	334,382,070
Guarantees from distributors	32,972,688	78,002,972
Others	38,745,069	38,573,891
	<u>345,024,561</u>	<u>450,958,933</u>

(b) Cash paid relating to other operating activities

	Six months ended 30 June	
	2022	2021
Research and development expenses	425,248,558	271,562,707
Promotion expenses	304,676,243	185,146,657
Warranties	193,444,885	216,744,709
Advertising expenses	83,599,440	113,004,161
Guarantees	38,337,255	49,908,699
Maintenance expenses	34,587,032	44,654,150
Travelling expenses	12,680,227	17,919,914
Others	263,731,525	336,429,854
	<u>1,356,305,165</u>	<u>1,235,370,851</u>

(c) Cash received relating to other investing activities

	Six months ended 30 June	
	2022	2021
Interest from cash at bank	115,825,204	116,825,862
Interest from credit sales	4,941,671	1,020,809
Interest from acceptance notes	3,971,074	4,895,325
Investment income from forward exchange settlement	729,231	79,024
	<u>125,467,180</u>	<u>122,821,020</u>

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

(57) Notes to the cash flow statement (Cont'd)

(d) Cash paid relating to other financing activities

	Six months ended 30 June	
	2022	2021
Payments of lease liabilities	6,754,924	4,409,423

(58) 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

	Six months ended 30 June	
	2022	2021
Net profit	421,923,382	405,214,055
Add: Provision for credit impairment (Note 4(48))	(14,373,447)	(7,389,378)
Depreciation of fixed assets (Note 4(13))	435,117,387	433,395,705
Amortisation of intangible assets (Note 4(16))	90,867,377	77,362,902
Depreciation of right-of-use assets (Note 4(15))	35,233,057	7,354,220
Increase in provisions (Note 4(31))	20,674,585	36,150,011
Gain on disposal of long-term assets	(395,312,262)	(11,008,608)
Financial expenses	(80,553,800)	(145,788,789)
Investment income (Note 4(50))	21,941,623	10,863,242
Losses /(Gains) on changes in fair value (Note 4(51))	(5,030,223)	5,130,493
Increase in deferred tax assets (Decrease)/Increase in deferred tax liabilities	(347,556)	15,244,406
Decrease/(Increase) in inventories	47,455,534	(139,999,996)
Increase in other cash and cash equivalents	-	(1,565,665)
Increase in operating receivables	(1,823,060,996)	(279,516,996)
Decrease in operating payables	(2,031,433,111)	(171,301,068)
Net cash flows from operating activities	<u>(3,331,546,475)</u>	<u>69,917,849</u>

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

(58) 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

	Six months ended 30 June	
	2022	2021
Cash and cash equivalents at the end of the year	7,799,258,684	10,948,621,070
Less: Cash and cash equivalents at the beginning of the year	<u>(9,569,051,314)</u>	<u>(11,121,955,129)</u>
Net increase in cash and cash equivalents	<u>(1,769,792,630)</u>	<u>(173,334,059)</u>
(b) Cash and cash equivalents		
	30 June 2022	31 December 2021
Cash at bank available for payment at any time	<u>7,799,258,684</u>	<u>9,569,051,314</u>

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

(59) Foreign currency monetary items

	30 June 2022		
	Amounts foreign currencies	Translation exchange rate	Amounts in RMB
Long-term borrowings - USD	360,163	6.7114	<u>2,417,197</u>
Other payables - USD	27,846,205	6.7114	186,887,018
EUR	33,288	7.0084	<u>233,296</u>
			<u>187,120,314</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 Technology, the total registered capital subscribed amount to RMB200,000,000. 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 the holding subsidiary of the Company.

As of June 30, 2022 the industrial and commercial registration of Jiangling Ford Technology has been completed and has been put into operation; The paid in capital of the company and Ford is RMB51,000,000 and RMB49,000,000 respectively.

(2) Disposal of subsidiaries

In 2021, the company transferred 60% of the 100% equity of the power company to Yunnei group, and the date of loss of control is November 5, 2021. As of June 30, 2022, the group has received RMB171,700,000 of equity purchase payment from Yunnei group, and the remaining receivables of RMB188,300,000 are listed in other receivables (note 4 (7)).

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6 Equity in other entities

(1) Equity in subsidiaries

(a) 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%	-	Set up by investment
SZFJ	Shenzhen, Guangdong, Guangzhou,	Shenzhen, Guangdong, Guangzhou,	Retail, wholesale and lease of automobiles	100%	-	Set up by investment
GZFJ	Guangdong	Guangdong	Retail, wholesale and lease of automobiles	100%	-	Set up by investment
Jiangling Ford Technology (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 June 30, 2022, the equity transaction is still under approval by the relevant state departments.

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6 Equity in other entities (Cont'd)

(1) Equity in subsidiaries (Cont'd)

(b) Subsidiaries with significant minority interests

Name of subsidiary	Minority shareholders Shareholding (%)	Gains/(losses) attributable to minority shareholders	Six months ended 30 June 2022	
			Dividends distributed to minority shareholders	June 30 2022 Minority interests
Jiangling Ford Technology	49%	(30,457,640)	-	18,542,360

The main financial information of the above important non wholly owned subsidiaries is listed below:

	June 30 2022					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Jiangling Ford Technology	287,695,590	63,021,800	350,717,390	312,875,838	-	312,875,838

	Six months ended 30 June 2022			
	Revenue	Net profit	Total comprehensive income	Operating activities cash flow
Jiangling Ford Technology	216,918,799	(62,158,449)	(62,158,449)	52,740,308

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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	Taiyuan City, Shanxi Province	40%	-

The above equity investments are accounted for using the equity method by the Group.

(b) Summarised financial information for significant associates

	30 June 2022 The Power Company
Current assets	174,628,241
Non-current assets	417,797,052
Total assets	<u>592,425,293</u>
Current liabilities	63,389,614
Non-current liabilities	60,855
Total liabilities	<u>63,450,469</u>
Minority interests	211,589,930
Attributable to shareholders of the parent company	<u>317,384,894</u>
Shares of net assets based on shareholding (i)	211,589,930
Adjustments	
- Unrealised profits arising from internal transactions	(15,607,561)
- Others (ii)	20,853,323
	<u>216,835,692</u>
	Six months ended 30 June 2022 The Power Company
Revenue	40,592,217
Net loss	(11,009,189)
Other comprehensive income	-
Total comprehensive loss	<u>(11,009,189)</u>
Dividends received from associates by the Group	<u>-</u>

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6 Equity in other entities (Cont'd)

(2) Equity in associates (Cont'd)

(b) Summarised financial information for significant associates(Cont'd)

(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

	Six months ended 30 June	
	2022	2021
Aggregated carrying amount of investments	36,263,930	39,232,347
Aggregate of the following items in proportion		
Net profit (i)	(144,710)	(264,201)
Other comprehensive income (i)	-	-
Total comprehensive income	(144,710)	(264,201)

(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.

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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 period.

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 2021	Increase in the current period	Decrease in the current period	30 June 2022
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

	30 June 2022		31 December 2021	
	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).

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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 Xinchun 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
Jiangxi JMCG Shangrao Industrial Co., Ltd.	Subsidiary under indirect control of JMCG
JMCG Jiangxi Engineering Construction Co., Ltd.	Subsidiary under indirect control of JMCG
Nanchang Gear Forging Co., Ltd. (i)	Subsidiary under indirect control of JMCG
Jiangxi ISUZU Automobile Sales service 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

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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
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
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. (ii)	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 March 2022, NC.Gear Forging Factory was renamed to Nanchang Gear Forging Co.,Ltd.	
(ii) In November 2021, Nanchang JMCG Mekra-Lang Vehicle Mirror Co., Ltd. was renamed to Nanchang JMCG SMR Huaxiang Mirror Co., 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	Six months ended 30 June	
		2022	2021
Nanchang Baojiang Steel Processing Distribution Co., Ltd.	Purchase of raw materials	403,267,450	487,650,466
Nanchang Jiangling HuaXiang Auto Components Co., Ltd.	Purchase of automobile parts	382,320,934	386,207,282
Jiangxi Jiangling Chassis Co., Ltd.	Purchase of automobile parts	339,792,672	454,821,789
Magna PT Powertrain (Jiangxi) Co., Ltd.	Purchase of automobile parts	333,486,963	416,304,253
Jiangxi Zhonglian Intelligent Logistics Co., Ltd.	Purchase of automobile parts	266,851,205	179,718,350
Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	Purchase of automobile parts	266,044,891	559,640,678
Jiangxi Jiangling Lear Interior System Co., Ltd.	Purchase of automobile parts	242,153,680	253,713,165
Faurecia Emissions Control Technologies (Nanchang) Co., Ltd.	Purchase of automobile parts	214,626,269	204,996,379
Nanchang JMCG Liancheng Auto Component Co., Ltd.	Purchase of automobile parts	189,110,774	192,440,537
Nanchang Unistar Electric & Electronics Co., Ltd.	Purchase of automobile parts	166,933,947	157,062,782
Ford	Purchase of automobile parts	149,947,751	406,714,749
Nanchang JMCG Shishun Logistics Co., Ltd.	Purchase of automobile parts	93,079,273	186,331,354
Hanon Systems	Purchase of automobile parts	76,171,447	113,038,226
JMCG	Purchase of automobile parts	56,308,360	95,172,791
Nanchang Yinlun Heat-exchanger Co., Ltd.	Purchase of automobile parts	50,988,587	57,322,498
Nanchang JMCG SMR Huaxiang Mirror Co., Ltd. (i)	Purchase of automobile parts	46,100,961	51,246,461
Jiangxi Lingge Non-ferrous Metal Die-casting Co., Ltd.	Purchase of automobile parts	40,574,487	40,864,845
Dibao transportation equipment (Nanchang) Co., Ltd.	Purchase of automobile parts	37,004,698	-
Changan Ford Automobile Co., Ltd.	Purchase of automobile parts	27,868,811	22,322,571
Jiangxi Lingyun Automobile Industry Technology Co., Ltd.	Purchase of automobile parts	27,863,903	16,903,992
Nanchang Lianda Machinery Co., Ltd.	Purchase of automobile parts	22,528,774	39,419,200

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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	Six months ended 30 June	
		2022	2021
Jiangling Motor Holdings Co., Ltd.	Purchase of automobile parts	22,122,273	20,348,183
Jiangxi Jiangling Group Special Vehicle Co., Ltd.	Purchase of automobile parts	20,702,602	14,710,069
Auto Alliance (Thailand) Co., Ltd.	Purchase of automobile parts	19,826,351	22,108,469
Jiangxi ISUZU Engine Co., Ltd.	Purchase of automobile parts	14,990,491	5,385,785
Jiangling Material Co., Ltd.	Purchase of raw materials and automobile parts	14,261,806	14,381,157
Shanxi Yunnei Power Group Co., Ltd.	Purchase of automobile parts	12,307,701	-
Jiangxi JMCG Specialty Vehicles Co., Ltd.	Purchase of automobile parts	12,189,849	24,377,547
Jiangxi JMCG Boya brake system Co., Ltd.	Purchase of automobile parts	9,985,963	17,753,794
Jiangxi Lingrui Recycling Resources Development Corporation	Purchase of automobile parts	6,687,750	3,603,406
Jiangxi Jiangling group Fuxin Auto Parts Co., Ltd.	Purchase of automobile parts	6,121,107	-
Jiangling Aowei Automobile Spare Part Co., Ltd.	Purchase of automobile parts	5,589,279	12,432,709
Ford Otomotiv Sanayi A.S.	Purchase of automobile parts	4,123,733	14,985,072
Nanchang JMCG Xincheng Auto Component Co., Ltd.	Purchase of automobile parts	3,521,896	8,531,947
Jiangxi Mingfang Auto Parts Industry Co., Ltd.	Purchase of automobile parts	2,068,147	-
Nanchang Gear Forging Co., Ltd.	Purchase of automobile parts	2,029,108	4,600,012
Ford Motor Co. Thailand Ltd.	Purchase of automobile parts	1,980,663	1,761,533
Nanchang Hengou Industry Co., Ltd.	Purchase of automobile parts	1,781,318	378,277
Jiangxi JMCG Industry Co., Ltd.	Purchase of automobile parts	120,194	5,555,782
Jiangxi JMCG Shangrao Industrial Co., Ltd.	Purchase of automobile parts	495,840	1,532,713
Other related parties	Purchase of automobile parts	586,389	75,752
		<u>3,594,518,297</u>	<u>4,494,414,575</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	Six months ended 30 June	
		2022	2021
Nanchang JMCG Shishun Logistics Co., Ltd.	Transportation	193,566,015	183,101,437
Ford Global Technologies,LLC	Trademark management fees, technology development	117,920,247	137,193,141
Ford	Technical services and personnel costs	84,615,500	45,133,925
Jiangxi JMCG Industry Co., Ltd.	Meals	10,006,592	10,818,912
Ford Motor (China) Co., Ltd.	Personnel costs, etc.	8,952,383	6,622,070
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	Agency fee, advertising fee, etc.	8,769,093	4,734,392
Jiangxi Zhonglian Intelligent Logistics Co., Ltd.	Transportation fee, rental fee, etc.	8,736,909	7,759,524
Ford Otomotiv Sanayi A.S.	Technical services and technical development, personnel costs	7,397,330	9,025,906
Ford Motor Research & Engineering (Nanjing) Co., Ltd.	Personnel costs	7,304,257	3,698,207
Changan Ford Automobile Co., Ltd.	Service fee, labor costs, etc.	5,099,373	16,626,550
Shanxi Yunnei Power Group Co., Ltd.	Consulting fee	4,109,652	-
Magna PT Powertrain (Jiangxi) Co., Ltd.	Design fee, experimental costs	4,036,036	44,000
Chongqing Changan Automobile Co., Ltd.	Personnel costs	1,229,023	840,139
Jiangling Motor Holdings Co., Ltd.	Labor fee, rental fee, personnel fee	1,165,365	5,041,950
Jiangxi JMCG Specialty Vehicles Co., Ltd.	Promotion	1,143,651	1,139,648
JMCG Jiangxi Engineering Construction Co., Ltd.	Engineering construction	-	91,462,137
Nanchang Jiangling HuaXiang Auto Components Co., Ltd.	Design fee, experimental costs	-	2,175,305
Other related parties		5,737,232	3,706,823
		<u>469,788,658</u>	<u>529,124,066</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	Six months ended 30 June	
		2022	2021
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	Sales of vehicles and accessories, utilities, etc.	2,209,977,113	1,448,104,620
Jiangxi JMCG Specialty Vehicles Sales Corporation, Ltd.	Sale of vehicles	282,115,147	116,350,946
Jiangxi JMCG Specialty Vehicles Co., Ltd.	Sales of vehicles and accessories	44,907,062	29,087,061
Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	Sales of vehicles, accessories, utilities	42,637,998	3,429,676
Jiangxi Jiangling Chassis Co., Ltd.	Sales of accessories	42,234,955	35,912,126
Jiangxi Lingrui Recycling Resources Development Corporation	Waste materials, utilities	34,140,746	46,091,112
Jiangxi Jiangling Group Special Vehicle Co., Ltd.	Sales of vehicles and accessories	32,393,211	22,609,914
Chongqing Anfu Vehicle Marketing Co., Ltd.	Sales of vehicles and accessories	29,103,852	19,801,630
JMCG Jingma Motors Co., Ltd.	Sales of vehicles and accessories	24,715,398	28,334,162
Chengdu Wanxing Vehicle Sales & Service Co., Ltd.	Sales of vehicles and accessories	24,018,999	20,425,695
Guizhou Wanfu Vehicle Sales & Service Co., Ltd.	Sales of vehicles and accessories	22,480,856	7,888,813
China Changan Group Tianjin Sales Co., Ltd.	Sales of vehicles and accessories	21,636,708	5,932,997
Chongqing Anbo Vehicle Sales Co., Ltd.	Sales of vehicles and accessories	18,711,495	18,291,943
Dali Wanfu Vehicle Sales & Service Co., Ltd.	Sales of vehicles and accessories	18,290,574	21,352,956
Jiangxi ISUZU Co., Ltd.	Sales of accessories	12,091,000	2,382,506
Beijing Beifang Changfu Vehicle Sales & Service Co., Ltd.	Sales of vehicles and accessories	8,851,241	3,394,918
Guizhou Wanjia Automobile Sales and Service Co. LTD	Sales of vehicles and accessories	7,915,724	3,745,325
Nanchang JMCG SMR Huaxiang Mirror Co., Ltd.	Sales of accessories	6,383,323	4,950,891
Nanchang Hengou Industry Co., Ltd.	Sales of accessories	4,123,832	4,575,689

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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	Six months ended 30 June	
		2022	2021
Jiangxi Jiangling Lear Interior System Co., Ltd.	Sales of accessories	3,840,532	2,376,736
Nanchang JMCG Liancheng Auto Component Co., Ltd.	Sales of accessories	3,283,574	4,850,081
Jiangxi Zhonglian Intelligent Logistics Co., Ltd.	Sales of accessories	2,338,248	24,575,547
Nanchang Jiangling HuaXiang Auto Components Co., Ltd.	Sales of accessories	1,657,502	1,620,115
Jiangxi JMCG Industry Co., Ltd.	Sales of accessories, utilities and waste materials, etc.	1,649,088	1,265,886
Nanchang JMCG Shishun Logistics Co., Ltd.	Sales of vehicles, accessories, utilities	1,057,296	12,279,634
Jiujiang Fuwantong Vehicle Co., Ltd.	Sales of vehicles and accessories	388,555	6,759,745
Anhui Wanyou Automobile Sales service Co. LTD	Sales of vehicles and accessories	166,674	1,425,731
Jiangxi Yizhizhihang automobile operation Service Co., Ltd	Sale of vehicles	-	1,302,655
Nanchang Lianda Machinery Co., Ltd.	Sales of accessories	966,735	1,236,605
Other related parties		1,247,958	3,099,955
		<u>2,903,325,396</u>	<u>1,903,455,670</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 period with the Group as the lessor:

Name of the lessee	Type of the leased asset	Six months ended 30 June	
		2022	2021
Jiangxi JMCG Motorhome Co.,Ltd.	Buildings	2,945	-
Jiangling Material Co., Ltd.	Buildings	-	60,550
Jiangxi ISUZU Co., Ltd.	Buildings	-	31,371
		<u>2,945</u>	<u>91,921</u>

(ii) Increase of right-of-use assets in the current period with the Group as the lessee

Name of the lessor	Type of the leased asset	Six months ended 30 June	
		2022	2021
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	Buildings	-	16,852,582
JMCG	Buildings	-	182,766
		<u>-</u>	<u>17,035,348</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 period with the Group as the lessee:

	Six months ended 30 June	
	2022	2021
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	311,702	213,557
JMCG	169,421	221,943
	<u>481,123</u>	<u>435,500</u>

(c) Guarantee received

Guarantor	Guaranteed amount	Starting date	Ending date	Fully performed or not
JMCF	2,417,197	5 March 2001	30 October 2029	Not fully performed

For the six months ended 30 June 2022, JMCF provided guarantees for some bank borrowings of the Group, with a maximum guarantee limit of USD2,282,123. As at 30 June 2022, JMCF provided borrowing guarantee to the bank borrowing of USD360,163, equivalent to RMB2,417,197 (31 December 2021: USD392,905, equivalent to RMB2,505,044) 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	Six months ended 30 June	
		2022	2021
JMCG Jingma Motors Co., Ltd.	Sales of fixed assets	4,527,773	-

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	Six months ended 30 June	
		2022	2021
Nanchang Jiangling HuaXiang Auto Components Co., Ltd.	Purchase of fixed assets	14,279,803	444,600
Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	Purchase of fixed assets	6,988,280	4,946,744
Nanchang JMCG Liancheng Auto Component Co., Ltd.	Purchase of fixed assets	5,520,000	-
Jiangxi JMCG Specialty Vehicles Co., Ltd.	Purchase of fixed assets	456,637	-
Magna PT Powertrain (Jiangxi) Co., Ltd.	Purchase of fixed assets	-	2,480,000
		<u>27,244,720</u>	<u>7,871,344</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 and distribution services

Related parties	Nature of related party transactions	Six months ended 30 June	
		2022	2021
Ford Motor Research & Engineering (Nanjing) Co., Ltd.	Technical service	13,494,000	24,740,000
Ford Motor (China) Co., Ltd.	Distribution services	10,405,000	-
Ford	Technical service	9,350,000	3,230,000
Ford Vietnam Limited	Technical service	7,890,000	12,780,000
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	Technical service	4,630,000	-
Jiangxi ISUZU Co., Ltd.	Technical service	710,000	4,615,000
Ford Trading Company LLC	Technical service	-	2,350,000
Ford Otomotiv Sanayi A.S.	Technical service	-	340,000
		<u>46,479,000</u>	<u>48,055,000</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	Six months ended 30 June	
	2022	2021
Jiangling Motor Electricity Vehicle Co., Ltd.	64,474,060	11,186,318
Jiangling Motor Holdings Co., Ltd.	-	177,528,259
	<u>64,474,060</u>	<u>188,714,577</u>

The Group's pricing on CAFC credit and NEV credit purchased from related parties is based on the agreed price by both parties.

(h) Remuneration of key management

Remuneration of key management	Six months ended 30 June	
	2022	2021
	<u>6,880,167</u>	<u>11,096,700</u>

(i) Interest income

JMCF	Six months ended 30 June	
	2022	2021
	<u>8,304,462</u>	<u>9,065,202</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 (2021: 1.725% to 2.25%).

(j) Interest expenses

Jiangxi Zhonglian Intelligent Logistics Co., Ltd. Nanchang JMCG Shishun Logistics Co., Ltd.	Six months ended 30 June	
	2022	2021
	-	60,000
	-	15,000
	<u>-</u>	<u>75,000</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:

	30 June 2022		31 December 2021	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Accounts receivable				
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	1,515,593,940	(1,737,398)	1,055,206,739	(2,469,956)
Jiangxi JMCG Specialty Vehicles Sales Corporation, Ltd.	84,790,397	(695,802)	70,709,214	(56,476)
Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	40,841,323	(17,569)	4,511,078	(7,003)
Jiangxi ISUZU Co., Ltd.	12,097,610	(36,544)	534,623	(1,890)
Ford Motor (China) Co., Ltd.	11,029,300	(38,989)	-	-
JMCG Jingma Motors Co., Ltd.	10,891,970	(32,676)	16,858,567	(59,595)
Ford	9,350,000	(33,052)	-	-
Jiangxi Jiangling Group Special Vehicle Co., Ltd.	8,164,252	(43,730)	-	-
Jiangxi Jiangling Lear Interior System Co., Ltd.	2,974,189	(8,923)	1,430,746	(5,058)
Jiangxi Zhonglian Intelligent Logistics Co., Ltd.	1,202,362	(3,607)	4,113,754	(14,542)
Nanchang Jiangling HuaXiang Auto Components Co., Ltd.	1,047,964	(3,144)	622,667	(2,201)
Nanchang JMCG Liancheng Auto Component Co., Ltd.	1,022,204	(3,067)	1,655,446	(5,852)
Jiangxi JMCG Specialty Vehicles Co., Ltd.	546,246	(1,639)	10,889,510	(9,689)
Nanchang JMCG SMR Huaxiang Mirror Co., Ltd. (i)	576,649	(1,730)	3,253,009	(11,499)
Nanchang Hengou Industry Co., Ltd.	23,566	(71)	1,189,979	(4,207)
Magna PT Powertrain (Jiangxi) Co., Ltd.	212,440	(637)	1,102,564	(3,898)
Nanchang JMCG Frame Co., Ltd	-	-	1,094,172	(3,868)
Other related parties	2,050,630	(6,243)	1,130,228	(3,996)
	<u>1,702,415,042</u>	<u>(2,664,821)</u>	<u>1,174,302,296</u>	<u>(2,659,730)</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):

	30 June 2022		31 December 2021	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Other receivables				
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	10,082,646	(30,248)	25,000,000	(75,000)
JMCG Jingma Motors Co., Ltd.	4,614,745	(13,844)	-	-
Jiangling Motor Electricity Vehicle Co., Ltd.	-	-	31,266,512	(93,800)
Jiangxi Lingrui Recycling Resources Development Corporation	-	-	17,668,457	(53,005)
Other related parties	15,783	(47)	121,141	(364)
	<u>14,713,174</u>	<u>(44,139)</u>	<u>74,056,110</u>	<u>(222,169)</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):

		30 June 2022	31 December 2021
Other non-current assets	Ford	<u>129,021,097</u>	<u>-</u>
Advances to suppliers	Nanchang Baojiang Steel Processing Distribution Co., Ltd.	<u>328,060,152</u>	<u>399,394,083</u>
Financing receivables	Jiangxi JMCG Specialty Vehicles Sales Corporation, Ltd.	30,000,000	-
	Jiangxi JMCG Specialty Vehicles Co., Ltd.	20,000,000	-
	JMCG Jingma Motors Co., Ltd.	4,540,310	2,357,022
	Jiangxi ISUZU Co., Ltd.	700,000	-
	Nanchang JMCG Frame Co., Ltd	<u>500,000</u>	<u>2,000,000</u>
		<u>55,740,310</u>	<u>4,357,022</u>
Cash at bank	JMCF	<u>741,784,787</u>	<u>1,059,580,980</u>

For the six months ended 30 June 2022, the sales amount settled by JMCF was RMB6,037,852,983 (2021 half year: RMB10,429,291,680).

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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:

		30 June 2022	31 December 2021
Accounts payable	Nanchang Jiangling HuaXiang Auto Components Co., Ltd.	481,305,119	476,070,536
	Jiangxi Jiangling Lear Interior System Co., Ltd.	247,329,820	251,892,398
	Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	221,813,473	405,329,856
	Jiangxi Jiangling Chassis Co., Ltd.	209,886,841	314,370,464
	Magna PT Powertrain (Jiangxi) Co., Ltd.	201,777,407	224,125,697
	Jiangxi Zhonglian Intelligent Logistics Co., Ltd.	188,603,956	188,395,117
	Nanchang JMCG Liancheng Auto Component Co., Ltd.	152,465,033	162,044,531
	Faurecia Emissions Control Technologies (Nanchang) Co., Ltd.	152,155,139	181,015,647
	Hanon Systems	85,873,706	51,492,058
	Nanchang Unistar Electric & Electronics Co., Ltd.	83,218,532	118,507,723
	Ford	69,690,303	112,369,950
	JMCG	53,036,999	68,694,580
	Nanchang JMCG Shishun Logistics Co., Ltd.	46,352,928	99,211,184
	Nanchang Yinlun Heat-exchanger Co., Ltd.	34,763,472	38,501,505
	Jiangxi JMCG Specialty Vehicles Co., Ltd.	30,013,729	46,385,916
	Jiangxi Lingge Non-ferrous Metal Die-casting Co., Ltd.	29,142,506	38,128,081
	Nanchang JMCG SMR Huaxiang Mirror Co., Ltd. (i)	27,270,852	61,887,021
	Jiangling Motor Holdings Co., Ltd.	25,342,991	15,315,388
	Jiangxi Lingyun Automobile Industry Technology Co.,Ltd	21,028,675	9,533,560
	Dibao transportation equipment (Nanchang) Co., Ltd	20,296,534	29,226,123
	Jiangxi ISUZU Engine Co., Ltd.	16,951,045	7,167,608
	Changan Ford Automobile Co., Ltd.	16,804,284	10,017,548
	Jiangxi Jiangling Group Special Vehicle Co., Ltd.	12,924,682	16,813,329
	Nanchang Lianda Machinery Co., Ltd.	10,500,231	19,653,964
	Jiangxi Lingrui Recycling Resources Development Corporation	6,151,467	5,669,023
	Auto Alliance (Thailand) Co., Ltd.	4,403,234	3,986,161
	Jiangxi JMCG Boya brake system Co., Ltd	4,266,801	14,172,332
	Jiangling Awei Automobile Spare Part Co., Ltd.	4,096,771	4,402,913
	Nanchang JMCG Xincheng Auto Component Co., Ltd.	3,251,203	6,542,386
	Jiangxi Jiangling group Fuxin Auto Parts Co., Ltd	2,951,938	5,126,842
	Jiangxi Mingfang Auto Parts Industry Co., Ltd	2,392,091	1,920,999
	Nanchang Hengou Industry Co., Ltd.	1,923,147	1,537,861
	Ford Otomotiv Sanayi A.S.	1,639,114	2,224,130
	Nanchang Gear Forging Co.,Ltd.	1,614,819	3,008,017
	Jiangling Material Co., Ltd.	1,172,117	2,143,099
	Jiangxi JMCG Industry Co., Ltd.	140,532	2,995,670
	Other related parties	769,585	2,190,179
		<u>2,473,321,076</u>	<u>3,002,069,396</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):

		30 June 2022	31 December 2021
Other payables	Ford	122,282,789	61,135,567
	JMCG Jiangxi Engineering Construction Co., Ltd.	73,335,270	112,247,451
	Ford Global Technologies,LLC	61,172,428	65,331,412
	Jiangxi JMCG Specialty Vehicles Sales Corporation, Ltd.	19,816,247	24,120,434
	Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	13,451,240	3,209,698
	Magna PT Powertrain (Jiangxi) Co., Ltd.	9,809,987	8,783,237
	Ford Motor (China) Co., Ltd.	9,229,099	4,670,514
	Nanchang JMCG Shishun Logistics Co., Ltd.	8,415,989	7,302,639
	Jiangxi Jiangling Group Special Vehicle Co., Ltd.	4,957,979	11,035,849
	Jiangxi JMCG Specialty Vehicles Co., Ltd.	4,590,958	4,590,958
	Ford Motor Research & Engineering (Nanjing) Co., Ltd.	3,708,366	2,229,384
	Ford Otomotiv Sanayi A.S.	3,659,139	4,578,953
	Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	3,115,248	5,719,260
	Chongqing Changan Automobile Co., Ltd.	2,909,302	1,680,278
	Nanchang Unistar Electric & Electronics Co., Ltd.	2,160,429	966,018
	Faurecia Emissions Control Technologies (Nanchang) Co., Ltd.	2,033,555	4,111,935
	Jiangxi JMCG Industry Co., Ltd.	1,884,570	1,753,181
	Nanchang Baojiang Steel Processing Distribution Co., Ltd.	1,763,051	2,722,060
	Nanchang Jiangling HuaXiang Auto Components Co., Ltd.	1,475,283	1,438,427
	Hanon Systems	1,475,000	1,475,000
	Jiangxi Jiangling Lear Interior System Co., Ltd.	1,077,000	1,007,000
	JMCG Property Management Co.	1,012,500	1,265,900
	Other related parties	4,493,750	4,521,160
		<u>357,829,179</u>	<u>335,896,315</u>
Contract liabilities	Guizhou Wanfu Vehicle Sales & Service Co., Ltd.	1,157,351	376,671
	Chongqing Anbo Vehicle Sales Co., Ltd.	1,129,807	357,767
	Jiangxi JMCG Specialty Vehicles Co., Ltd.	1,048,240	38,335
	Jiangxi Jiangling Group Special Vehicle Co., Ltd.	-	1,790,486
	Other related parties	1,174,187	2,020,555
		<u>4,509,585</u>	<u>4,583,814</u>
Lease liabilities	Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	13,504,023	17,391,559
	JMCG	5,894,009	7,027,932
		<u>19,398,032</u>	<u>24,419,491</u>

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8 Related parties and related party transactions (Cont'd)

(7) Commitments in relation to related parties

Capital commitments	30 June 2022	31 December 2021
JMCG Jiangxi Engineering Construction Co., Ltd.	-	270,278,911

Guarantee of commitments in relation to related parties is set out in Note 8(5)(c).

9 Contingencies

As at 30 June 2022, 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:

	30 June 2022	31 December 2021
Buildings, machinery and equipment	721,650,000	1,040,550,000

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11 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(21)).

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 30 June 2022 and 31 December 2021 as follows:

	30 June 2022		
	USD	EUR	Total
Financial liabilities denominated in foreign currency -			
Derivative financial liabilities	5,432,067	-	5,432,067
Current portion of long-term borrowings	439,490	-	439,490
Long-term borrowings	1,977,707	-	1,977,707
Other payables	186,887,018	233,296	187,120,314
	<u>194,736,282</u>	<u>233,296</u>	<u>194,969,578</u>

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11 Financial instrument and risk (Cont'd)

(1) Market risk (Cont'd)

(a) Foreign exchange risk (Cont'd)

	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>

As at 30 June 2022, 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 RMB15,600,408 (31 December 2021: approximately RMB10,422,046) 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 RMB19,830 (31 December 2021: approximately RMB20,428) 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 30 June 2022, the Group's short-term borrowings of RMB 1,400,000,000 (31 December 2021: RMB300,000,000) were fixed-rate borrowings, and long-term borrowings of USD360,163 (31 December 2021: USD392,905) were fixed-rate contracts, therefore there was no significant cash flow interest rate risk.

As at 30 June 2022 and 31 December 2021, 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 size banks 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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11 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 30 June 2022, the Group had no significant collateral or other credit enhancements held as a result of the debtor's mortgage (31 December 2021: 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:

	30 June 2022				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term borrowings	1,400,000,000	-	-	-	1,400,000,000
Derivative financial liabilities	5,432,067	-	-	-	5,432,067
Accounts payable	7,924,733,465	-	-	-	7,924,733,465
Other payables	5,584,079,719	-	-	-	5,584,079,719
Lease liabilities	84,093,674	75,409,646	134,042,175	-	293,545,495
Long-term borrowings	439,490	439,490	1,318,471	219,746	2,417,197
	<u>14,998,778,415</u>	<u>75,849,136</u>	<u>135,360,646</u>	<u>219,746</u>	<u>15,210,207,943</u>

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11 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 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>

- (i) As at 30 June 2022, the Group did not have lease contracts that had been signed but had not yet been implemented.

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12 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 30 June 2022, 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
Financing receivables - Notes receivable	<u>-</u>	<u>-</u>	<u>286,259,584</u>	<u>286,259,584</u>

As at 30 June 2022, 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	<u>-</u>	<u>5,432,067</u>	<u>-</u>	<u>5,432,067</u>

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12 Fair value estimates (Cont'd)

(1) Assets and liabilities measured at fair value on a recurring basis (Cont'd)

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
	<u>---</u>	<u>10,704,619</u>	<u>--</u>	<u>10,704,619</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 for the six months ended 30 June 2022.

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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12 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 2021	Increase	Decrease	30 June 2022	Gains recognised in profit or loss (a)	Changes in unrealised gains or losses included in profit or loss For the six months ended 30 June 2022 with respect to assets still held As at 30 June 2022 - gains or losses on changes in fair value
Financing receivables - Notes receivable	<u>201,511,670</u>	<u>1,726,846,085</u>	<u>(1,642,098,171)</u>	<u>286,259,584</u>	<u>-</u>	<u>-</u>

(a) Gains recognised in profit or loss are recognised in investment income in the income statement.

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12 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 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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12 Fair value estimates (Cont'd)

- (2) Assets measured at fair value on a non-recurring basis

As at 30 June 2022 and 31 December 2021, 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.

13 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 30 June 2022 and 31 December 2021, the Group's equity ratio was as follows:

	30 June 2022	31 December 2021
Total borrowings	1,402,417,197	302,505,044
Total shareholders' equity	8,796,753,047	8,555,444,589
Equity ratio	<u>16%</u>	<u>4%</u>

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14 Notes to the Company's financial statements

(1) Accounts receivable

	30 June 2022	31 December 2021
Accounts receivable	1,962,586,751	1,576,660,469
Less: Provision for bad debts	<u>(160,934,499)</u>	<u>(167,340,229)</u>
	<u>1,801,652,252</u>	<u>1,409,320,240</u>

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

	30 June 2022	31 December 2021
Within 1 year	1,722,889,665	1,231,549,719
Over 1 years	<u>239,697,086</u>	<u>345,110,750</u>
	<u>1,962,586,751</u>	<u>1,576,660,469</u>

(b) As at 30 June 2022, 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	1,502,387,308	(1,635,029)	76.55%
Company 2	74,668,369	-	3.80%
Company 3	72,230,000	(72,230,000)	3.68%
Company 4	53,472,491	(160,417)	2.72%
Company 5	<u>29,707,434</u>	<u>(89,122)</u>	1.51%
	<u>1,732,465,602</u>	<u>(74,114,568)</u>	<u>88.26%</u>

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14 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:

	30 June 2022		
	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 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>

i) As at 30 June 2022 and 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.

ii) As at 30 June 2022 and 31 December 2021, 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 30 June 2022 and 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.

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14 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:

	30 June 2022		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL(%)	Amount
Not overdue	1,165,315,142	0.04%	(436,969)
Overdue for 1 to 30 days	112,761,821	0.04%	(42,405)
Overdue for 31 to 60 days	76,767,277	0.86%	(663,275)
Overdue for 61 to 90 days	3,822,500	2.91%	(111,240)
Overdue over 90 days	2,737,000	4.84%	(132,592)
	<u>1,361,403,740</u>		<u>(1,386,481)</u>

	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 for 61 to 90 days	17,638,503	4.15%	(732,260)
Overdue over 90 days	114,035	5.01%	(5,710)
	<u>1,030,663,570</u>		<u>(2,255,240)</u>

Grouping - Sales of new energy automobiles:

	30 June 2022		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL(%)	Amount
Overdue over 90 days	<u>6,690,591</u>	<u>16.53%</u>	<u>(1,106,268)</u>

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14 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 2021		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL(%)	Amount
Overdue over 90 days	111,207,654	6.51%	(7,234,301)

Grouping - Automobile parts:

	30 June 2022		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL(%)	Amount
Not overdue	285,342,275	0.30%	(861,029)
Overdue for 1 to 30 days	63,756,212	0.30%	(191,269)
Overdue for 31 to 60 days	3,047,530	0.50%	(15,238)
Overdue for 61 to 90 days	880,854	0.60%	(5,285)
Overdue over 90 days	9,664,054	2.44%	(235,803)
	<u>362,690,925</u>		<u>(1,308,624)</u>

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(All amounts in RMB Yuan unless otherwise stated)
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14 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 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>

(iii) The provision for bad debts in the current period amounted to RMB6,405,730 was reversed, because of the actual receipt of account receivables relating to the provision for bad debts made in the prior period.

(d) For the six months ended 30 June 2022, no accounts receivable were written off.

(e) As at 30 June 2022 and 31 December 2021, the Company did not have accounts receivable that were pledged.

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14 Notes to the Company's financial statements (Cont'd)

(2) Other receivables

	30 June 2022	31 December 2021
Receivable for subsidiary disposal(Note 5)	188,300,000	252,000,000
Receivable within the group related parties	14,892,254	9,679,410
Import working capital advances	10,000,000	25,000,000
Disposal of assets	4,930,445	17,668,457
Others	65,235,014	97,471,253
	<u>283,357,713</u>	<u>401,819,120</u>
Less: Provision for bad debts	<u>(701,393)</u>	<u>(1,031,283)</u>
	<u>282,656,320</u>	<u>400,787,837</u>

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

	30 June 2022	31 December 2021
Within 1 year	269,448,234	399,577,953
Over 1 year	13,909,479	2,241,167
	<u>283,357,713</u>	<u>401,819,120</u>

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14 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			Stage 3		Total	
	Expected credit losses in the following 12 months (grouping)		Expected credit losses in the following 12 months (individual)		Lifetime ECL (Credit impaired)		
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Book balance		Provision for bad debts
31 December 2021	392,139,710	(1,031,283)	9,679,410	-	-	-	(1,031,283)
Net increase/(decrease) in the current period	(123,727,189)	-	5,212,844	-	-	52,938	(2,118)
Reversal in the current period	-	332,008	-	-	332,008	-	332,008
Write-off in the current period	-	-	-	-	-	-	-
30 June 2022	268,412,521	(699,275)	14,892,254	-	(699,275)	52,938	(2,118)

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14 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 30 June 2022 and 31 December 2021, the Company did not have any other receivables at Stage 2. Other receivables at Stage 1 were analysed below:

(i) As at 30 June 2022 and 31 December 2021, provision for bad debts of other receivables on the individual basis was analysed as follows:

Stage 1	30 June 2022			Reason
	Book balance	12-month ECL (%)	Provision for bad debts	
Receivable within the group related parties	14,892,254	-	-	i)

i) As at 30 June 2022, the Company's other receivables from subsidiary JMCH were RMB9,679,410 and from holding subsidiary Jiangling Ford Technology were RMB5,212,844. 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.

As at 31 December 2021, the Company's other receivables from subsidiary JMCH were RMB9,679,410. 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 30 June 2022 and 31 December 2021, 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:

	30 June 2022			31 December 2021		
	Book balance	Provision for losses		Book balance	Provision for losses	
	Amount	ratio	Amount	Amount	ratio	Amount
Grouping of operating advances and guarantees						
Within 1 year	229,190,144	0.30%	(686,744)	341,767,579	0.30%	(1,024,521)
Over 1 year	4,177,131	0.30%	(12,531)	2,241,167	0.30%	(6,762)
Grouping of others i):						
Within 1 year	35,045,246	-	-	48,130,964	-	-
	<u>268,412,521</u>		<u>(699,275)</u>	<u>392,139,710</u>		<u>(1,031,283)</u>

i)As at 30 June 2022 and 31 December 2021, 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.

Other receivables with provision on the grouping basis at Stage 3: :

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14 Notes to the Company's financial statements (Cont'd)

(2) Other receivables (Cont'd)

	30 June 2022			31 December 2021		
	Book balance	Provision for losses		Book balance	Provision for losses	
	Amount	Provision ratio	Amount	Amount	Provision ratio	Amount
Grouping of operating advances and guarantees:						
Over 1 year	<u>52,938</u>	4.00%	<u>(2,118)</u>	-	-	-

(c) For the six months ended 30 June 2022, The amount of bad debt provision was RMB2,118., The provision for bad debts amounted to RMB332,008 was reversed. because of the actual receipt of Other receivables relating to the provision for bad debts made in the prior period.

(d) For the six months ended 30 June 2022, no other receivables were written off.

(e) As at 30 June 2022, 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 Advances classified as expenses	188,300,000	Within 1 year	66.45%	(564,900)
Company 2	Advances classified as expenses	13,853,696	Within 1 year	4.89%	(41,561)
Company 3	Current accounts receivable from subsidiaries	10,000,000	Within 1 year	3.53%	(30,000)
Company 4	Current accounts receivable from subsidiaries	9,679,410	Over 1 year	3.42%	-
Company 5	Current accounts receivable from subsidiaries	<u>5,212,844</u>	Within 1 year	<u>1.84%</u>	<u>-</u>
		<u>227,045,950</u>		<u>80.13%</u>	<u>(636,461)</u>

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14 Notes to the Company's financial statements (Cont'd)

(3) Long-term equity investments

	30 June 2022	31 December 2021
Subsidiaries (a)	2,807,943,493	2,756,943,493
Associates (b)	248,250,612	252,402,245
	<u>3,056,194,105</u>	<u>3,009,345,738</u>
Less: Provision for impairment of long-term equity investments for subsidiaries	(1,905,543,493)	(1,905,543,493)
Provision for impairment of long-term equity investments for associates	-	-
	<u>(1,905,543,493)</u>	<u>(1,905,543,493)</u>
	<u>1,150,650,612</u>	<u>1,103,802,245</u>

(a) Subsidiaries

	Changes in the current period					30 June 2022	Balance of provision for impairment in June 30 2022	Cash dividends declared this period
	31 December 2021	Addition	Debt exemption	Provision for impairment	Other additions and subtractions			
JMCH	781,400,000	-	-	-	-	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	-	-
Jiangling Ford Technology (i)	-	51,000,000	-	-	-	51,000,000	-	-
	<u>851,400,000</u>	<u>51,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>902,400,000</u>	<u>(1,905,543,493)</u>	<u>-</u>

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14 Notes to the Company's financial statements (Cont'd)

(3) Long-term equity investments(Cont'd)

(a) Subsidiaries(Cont'd)

- (i) 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 Technology, the total registered capital subscribed amount to RMB200,000,000. 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 the holding subsidiary of the Company.

As of June 30, 2022, the industrial and commercial registration of Jiangling Ford Technology has been completed and has been put into operation; The paid in capital of the company and Ford is RMB51,000,000 and RMB49,000,000 respectively.

(b) Associate

	31 December 2021	Movements for the current period				30 June 2022	Shareholding (%)	Voting rights (%)	Ending balance of provision for impairment
		Increase in the current period	Share of net profit/(loss) under equity method	Cash dividends declared by joint ventures	Provision for impairment				
The Power Company	215,993,605	-	(4,006,923)	-	-	211,986,682	40%	40%	-
Hanon Systems	36,408,640	-	(144,710)	-	-	36,263,930	19.15%	33.33%	-
Total	252,402,245	-	(4,151,633)	-	-	248,250,612			

JIANGLING MOTORS CORPORATION, LTD.

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14 Notes to the Company's financial statements (Cont'd)

(4) Revenue and cost of sales

	Six months ended 30 June	
	2022	2021
Revenue from main operations	13,153,777,616	16,109,269,826
Revenue from other operations	235,587,202	314,288,655
	<u>13,389,364,818</u>	<u>16,423,558,481</u>
	Six months ended 30 June	
	2022	2021
Cost of revenue from main operations	11,688,319,077	14,248,936,203
Cost of sales from other operations	221,157,893	293,290,780
	<u>11,909,476,970</u>	<u>14,542,226,983</u>

(a) Revenue and cost of sales from main operations

	Six months ended 30 June			
	2022		2021	
	Revenue from main operations	Cost of revenue from main operations	Revenue from main operations	Cost of revenue from main operations s
Sales of automobiles	12,104,498,465	10,873,199,856	15,039,210,401	13,448,227,943
Sales of automobile parts	1,024,913,088	803,494,300	983,532,314	742,735,696
Automobile maintenance services	24,366,063	11,624,921	86,527,111	57,972,564
	<u>13,153,777,616</u>	<u>11,688,319,077</u>	<u>16,109,269,826</u>	<u>14,248,936,203</u>

(b) Revenue and cost of sales from other operations

	Six months ended 30 June			
	2022		2021	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Sales of materials	191,377,317	178,704,400	257,777,393	238,667,848
Others	44,209,885	42,453,493	56,511,262	54,622,932
	<u>235,587,202</u>	<u>221,157,893</u>	<u>314,288,655</u>	<u>293,290,780</u>

JIANGLING MOTORS CORPORATION, LTD.

**NOTES TO THE FINANCIAL STATEMENTS
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(All amounts in RMB Yuan unless otherwise stated)
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14 Notes to the Company's financial statements (Cont'd)

(4) Revenue and cost of sales (Cont'd)

(c) The breakdown of revenue earned For the six months ended 30 June 2022 was as follows:

	Six months ended 30 June 2022				Total
	Automobiles	Automobile parts	Automobile maintenance services	Materials and others	
Revenue from main operations	12,104,498,465	1,024,913,088	24,366,063	-	13,153,777,616
Including: Recognised at a time point	12,104,498,465	1,024,913,088	-	-	13,129,411,553
Recognised within a certain period	-	-	24,366,063	-	24,366,063
Revenue from other operations	-	-	-	235,587,202	235,587,202
	<u>12,104,498,465</u>	<u>1,024,913,088</u>	<u>24,366,063</u>	<u>235,587,202</u>	<u>13,389,364,818</u>

	Six months ended 30 June 2021				Total
	Automobiles	Automobile parts	Automobile maintenance services	Materials and others	
Revenue from main operations	15,039,210,401	983,532,314	86,527,111	-	16,109,269,826
Including: Recognised at a time point	15,039,210,401	983,532,314	-	-	16,022,742,715
Recognised within a certain period	-	-	86,527,111	-	86,527,111
Revenue from other operations	-	-	-	314,288,655	314,288,655
	<u>15,039,210,401</u>	<u>983,532,314</u>	<u>86,527,111</u>	<u>314,288,655</u>	<u>16,423,558,481</u>

(i) As at 30 June 2022, the amount of revenue corresponding to the performance obligations that the Group has signed but has not performed or has not yet performed is RMB119,105,161, which the company will be recognized as revenue from the sale of automobiles and parts in 2022.

(5) Investment income

	Six months ended 30 June	
	2022	2021
Investment income from financial assets held for trading	-	3,894,457
Investment loss from forward exchange settlement	(10,728,178)	(7,750,384)
Losses on discount of financing receivables eligible for derecognition	(6,704,092)	(498,879)
Losses on long-term equity investments under equity method	(4,151,633)	(264,201)
	<u>(21,583,903)</u>	<u>(4,619,007)</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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(All amounts in RMB Yuan unless otherwise stated)
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1 Statement of non-recurring profit or loss

	Six months ended 30 June	
	2022	2021
Government grants recognised in profit or loss for the current period	261,059,234	335,052,961
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	(4,174,119)	(2,676,284)
Fund occupation fee received from non-financial institutions	7,029,072	7,142,859
Gains/Losses on disposal of non-current assets	395,312,262	11,008,608
Reversal of provision for impairment of receivables tested individually	110,068	2,000,000
Net amount of other non-operating income and expenses	1,762,148	68,869
Other items of profit or loss conforming to the definition of non-recurring profit or loss	-	(5,423,293)
	<u>661,098,665</u>	<u>347,173,720</u>
Effect of income tax	(100,191,259)	(55,801,540)
Effect of gains and losses on minority interests (net of tax)	(91,808)	-
	<u>560,815,598</u>	<u>291,372,180</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	
	2022	2021	2022	2021	2022	2021
Net profit attributable to ordinary shareholders of the Company	5.02%	3.62%	0.52	0.47	0.52	0.47
Net profit attributable to ordinary shareholders of the Company, net of non-recurring profit or loss	-1.20%	1.02%	(0.13)	0.13	(0.13)	0.13