

Jiangling Motors Corporation, Ltd.



2023 Half-year Report

2023-08

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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Catalogue on Documents for Reference

1. Originals of 2023 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 2023.
3. Chinese version of the Half-year Report prepared per the China GAAP.

Abbreviations:

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

Chapter II Brief Introduction

1. Company's information

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

2. Contact person and method

	Board Secretary	Securities Affairs Representative
Name	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 2022 Annual report.

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

Applicable Not Applicable

There is no change of names of the medias and website of Stock Exchange for publication of the Company's Half-year Report and the place for achieving the Company's Half-year Report in the reporting period. Please refer to 2022 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 (2023 first half)	Same period last year	Change (%)
Revenue	15,429,372,309	14,222,759,384	8.48%
Profit Attributable to the Equity Holders of the Company	729,387,557	452,381,022	61.23%
Net Profit Attributable to Shareholders of Listed Company After Deducting Non-Recurring Profit or Loss	417,729,211	-108,434,576	485.24%
Net Cash Generated From Operating Activities	1,657,148,337	-3,331,546,475	149.74%
Basic Earnings Per Share (RMB)	0.84	0.52	61.23%
Diluted Earnings Per Share (RMB)	0.84	0.52	61.23%
Weighted Average Return on Equity Ratio	7.59%	5.02%	up 2.57 percentage points
	At the end of the reporting period	At the end of the previous year	Change (%)
Total Assets	27,888,246,043	27,468,321,835	1.53%
Shareholders' Equity Attributable to the Equity Holders of the Company	9,616,596,204	9,243,817,333	4.03%

5. Accounting data difference between China GAAP and IFRS

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

Applicable Not Applicable

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

Applicable Not Applicable

6. Non-recurring profit and loss items and amounts

Applicable Not Applicable

Unit: RMB

	Reporting period (2023 first half)
Profit and loss of non-current assets disposal (including the charge-off part of the asset impairment provision)	-755,894
Government subsidies included in the current profit and loss	358,643,954
Capital occupation fee charged for non-financial enterprises included in the current profit and loss	6,890,293
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	6,774,959
Other non-operating income and expenses except the above	6,919,342
Other profit and loss items that meet the definition of non-recurring profit and loss	-9,062,423
Less: Income tax impact amount	57,720,416
Influence of minority shareholders' equity	31,469
Total	311,658,346

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

In 2023, as a joint result from the gradual recovery of the domestic economy, the continuous release of the effect of national policies, and the lower base of the same period of last year, the automobile industry has also begun to gradually recover. In the first half of the year, the total production and sales of automobiles were 13.248 million and 13.239 million, with YOY growth of 9.3% and 9.8% respectively. Among them, the production and sales of passenger cars were 11.281 million and 11.268 million, with YOY growth of 8.1% and 8.8% respectively, while those of commercial vehicles were 1.967 million and 1.971 million, with YOY growth of 16.9% and 15.8% respectively. New energy vehicles continue the momentum of rapid growth, and their production and sales in the first half of the year were 3.788 million and 3.747 million, with YOY growth of 42.4% and 44.1%, and the market share was 28.3%.

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

In the first half of 2023, JMC achieved sales volume of 146,350 units, including 33,346 light buses, 31,790 trucks, 27,415 Pickups and 53,799 SUVs, with YOY increase of 7.64%. In the first half of 2023, the total production volume was 143,150 units, including 31,644 light buses, 31,720 trucks, 25,483 Pickups and 54,303 SUVs, with YOY increase of 8.00%. In the first half of 2023, JMC operation revenue reached RMB 15.429 billion, up 8.48% year on year; the Company's profit attributable to the Company's equity holders reached RMB 729 million, up 61.23% year on year, mainly reflecting the increase in gross profit due to the increase in sales volume and the decrease in raw material costs, as well as the increase in profit due to the change in profit and loss of minority shareholders.

2. Core Competitiveness Analysis

The Company is a modern Sino-foreign joint venture that integrates automobile research and development, manufacturing and sales. It is a pioneer in the Chinese auto industry that provides excellent products and solutions for the intelligent logistics field by relying on the market leadership and advanced technology of light commercial vehicles. It owns the titles of National High-tech Enterprise, National Innovation Pilot Enterprise, National Enterprise Technology Center, National Industrial Design Center, National Intellectual Property Demonstration Enterprise, and National Vehicle Export Base. It has

been ranking among the top 100 most valuable automobile brands in the world for many consecutive years. In the first half of 2023, JMC light bus ranked No.1 in the segment, Pickup ranked No.2 in the segment, and light truck ranked No.6 in the segment. Export sales have soared, doubling year-on-year.

JMC always takes customers as the center, and provides customized integrated solution based on customer use scenarios. During the epidemic period, Transit Ambulance was the first negative pressure ambulances delivered nationwide, and was awarded as "Vehicle No.1 in Epidemic Fighting". The market share of JMC ambulance and police vehicle exceeds 80% in SVO segment. At the same time, the Company continues to empower smart logistics, design integrated solutions for the needs of large logistics customers to increase efficiency and reduce cost, and provide C2B customized product services, end-to-end logistics solutions and overall logistics capacity platform services.

The Company is a full scenario solution provider for light commercial vehicles. JMC light bus has an insight into customers' needs and the light bus operation scenarios, and has launched high-quality, excellent and cost-effective light bus product portfolios, achieving the full coverage of scenarios like freight, passenger transport and refit. The Company launched the new Light Truck Kaiyun +, as the first model under the Qingyun structure, through eight upgrades and nine customized product configurations to truly achieve a high degree of matching with users' needs, opening the era of light truck customization. JMC launched "JMC Dadao", a new Pickup product, positioning "Chinese pickup expert of full scenarios", covering the market of mid-to-high commercial and passenger dual-use and passenger off-road Pickups whose price are more than RMB 100,000. JMC has established the coexistent strategy of the three major Pickup products and completed the full price and product matrix layout in the Pickup segment. JMC Ford passenger vehicles continue to strengthen differentiated customer experience, channel expansion and brand communication.

The Company adheres to the dual-brand strategy of JMC and Ford, giving full play to its own advantages while deeply integrating Ford's global system. In terms of technology research and development, with the help of Ford's global platform, the Company has gradually formed the core competitiveness of independent research and development, established an independent research and development system, built an advanced global digital design platform, and developed design and new product release simultaneously with Ford Global, is a world-leading technology center and industrial design center. In terms of brand channels, the Company currently has more than 400 tier 1 dealers, with a total of more than 1,000 dealers, and has established a modern marketing system through the four-in-one franchise model of sales, accessories, service

and information. In terms of manufacturing management, the Company has vehicle production bases such as Xiaolan Plant and Fushan Plant, covering stamping, welding, painting, diesel engines, gasoline engines and other advanced manufacturing technology, to create a highly intelligent, highly flexible smart manufacturing center. The Company is a demonstration enterprise in Jiangxi Province for integration of informatization and industrialization. JMC has been deeply ploughing in such fields as electrification, connectivity, intelligence, sharing and digitalization, etc. JMC new energy brand, “JMC Fun-to-Drive” implements the strategy of transforming future with science and technology, revitalizing industry with smart manufacturing, and lead the Company to get on the track of new energy development more quickly.

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

	2023 1H	2022 1H	YOY change (%)	Reason
Revenue	15,429,372,309	14,222,759,384	8.48%	
Cost of sales	13,156,439,449	12,331,101,754	6.69%	
Distribution costs	655,850,091	696,658,422	-5.86%	
Administrative expenses	520,114,941	452,056,986	15.06%	
Finance expense	-93,306,361	-80,197,351	-16.35%	
Income tax expense	-91,534,142	-8,935	-1024344.79%	Mainly due to losses of subsidiaries.
Research and Development Expenditure	1,084,212,021	896,948,849	20.88%	
Net cash generated from operating activities	1,657,148,337	-3,331,546,475	-149.74%	Mainly due to the increase of sales volume, the increased payments received from dealers and the decrease of payments for goods.

Net cash used in investing activities	-658,303,311	441,137,006	-249.23%	Mainly due to the received money by the disposal of the land and aboveground buildings in the Qingyunpu site of the Company during the same period last year.
Net cash used in financing activities	-283,374,696	1,120,616,839	-125.29%	Mainly due to the lower new borrowings compared to the same period last year.
Net increase/(decrease) in cash and cash equivalents	715,470,330	-1,769,792,630	-140.43%	Mainly due to the increase in net cash generated from operating activities.

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

Applicable Not Applicable

There was no significant change in the composition or source of profits

Composition of Core Business

Unit: RMB

	2023 First Half		2022 First Half		YOY change (%)
	Amount	Proportion (%)	Amount	Proportion (%)	
Revenue	15,429,372,309	100%	14,222,759,384	100%	8.48%
By Industry					
Automobile Industry	15,429,372,309	100%	14,222,759,384	100%	8.48%
By Products					
Vehicle	13,332,827,137	86.41%	12,865,705,605	90.46%	3.63%
Components	1,810,283,833	11.73%	1,060,688,066	7.46%	70.67%
Automobile Maintenance services	60,945,176	0.40%	50,406,375	0.35%	20.91%
Material & Others	225,316,163	1.46%	245,959,338	1.73%	-8.39%
By region					
China	15,429,372,309	100%	14,222,759,384	100%	8.48%

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	15,429,372,309	13,156,439,449	14.73%	8.48%	6.69%	1.43%
By Products						
Vehicle	13,332,827,137	11,457,724,950	14.06%	3.63%	1.89%	1.46%
By Region						
China	15,429,372,309	13,156,439,449	14.73%	8.48%	6.69%	1.43%

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

Applicable Not Applicable

4. Non-core business analysis

Applicable Not Applicable

5. Analysis of Assets and Liabilities

I. Major changes

Unit: RMB

Asset item	June 30, 2023		December 31, 2022		YOY
	Amount	Proportion	Amount	Proportion	Proportion change
					(Points)
Cash and cash equivalents	9,875,434,450	35.41%	8,604,977,725	31.33%	4.08%
Accounts receivables	4,392,802,999	15.75%	4,245,541,752	15.46%	0.29%
Inventories	1,765,496,170	6.33%	2,129,040,820	7.75%	-1.42%
Long-term equity investments	244,589,183	0.88%	248,482,822	0.90%	-0.02%
Fixed assets	5,507,814,029	19.75%	5,446,384,369	19.83%	-0.08%
Construction in progress	612,199,142	2.20%	718,612,190	2.62%	-0.42%
Right-of-use asset	213,592,537	0.77%	233,622,890	0.85%	-0.08%
Short-term borrowings	1,300,000,000	4.66%	1,100,000,000	4.00%	0.66%
Contract liabilities	194,672,088	0.70%	152,065,025	0.55%	0.15%
Long-term borrowings	11,506,059	0.04%	20,858,057	0.08%	-0.04%
Lease liabilities	134,278,525	0.48%	193,090,351	0.70%	-0.22%

II. Main Overseas Assets

Applicable Not Applicable

III. The fair value of the assets and liabilities.

Applicable Not Applicable

Unit: RMB

Item	financial assets	1.Trading financial assets (excluding derivative financial assets)	2. Derivative financial assets	Financing receivables	Subtotal	Financial liabilities
Beginning of the period		0	2,972,698	376,662,817	379,635,515	0
Loss/profit in fair value in the period		136,000	4,114,063	0	4,250,063	0
Cumulative changes in fair value recorded into equity		0	0	0	0	0
Impairment in the period		0	0	0	0	0
Purchase in the period		100,000,000	0	1,428,361,700	1,528,361,700	0
Sell in the period		0	0	1,441,003,480	1,441,003,480	0
Other changes		0	0	0	0	0
End of the period		100,136,000	7,086,761	364,021,037	471,243,798	0

Other change
None.

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

Applicable Not Applicable

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

Unit: RMB

Items	Book value at the end of the period	Cause for restriction
Cash and cash equivalents	541,048,830.00	Deposit of bank borrowings, litigation frozen funds.

6. Investment Analysis

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

IV. Financial Assets Investment

(a) Stock Investment

Applicable Not Applicable

There was no stock investment on the reporting period.

(b) Derivative Investment

Applicable Not Applicable

There was no derivative investment on the reporting period.

V. Usage of Raised Fund

Applicable Not Applicable

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

7. Sales of Major Assets and Equity

I. Sales of Major Assets

Applicable Not Applicable

No Major Assets were sold during the reporting period.

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 transaction had been terminated
Transaction price (RMB thousand)	781,400
Equity sale pricing principle	Public bidding process.
Whether it is a related party 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	Since the items required for government approval on the transaction were not completed within the agreed time, the Company and Volvo Lastvagnar Aktiebolag agree to terminate the transaction through negotiation. The Company will continue to actively promote the restructuring of Jiangling Heavy Duty Vehicle Co., Ltd., and make a timely announcement according to the process.
Date of disclosure	May 13, 2023
Index	The announcement (No. 2023-013) was published on the website: www.cninfo.com.cn

8. Analysis of major shareholding companies

Applicable Not Applicable

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

Unit: RMB

Name of companies	Jiangling Motors Sales Corporation, Ltd	JMC Heavy Duty Vehicle Co., Ltd.	Jiangling Ford Motor Technology (Shanghai) Co., Ltd.
Type of companies	Subsidiary	Subsidiary	Holding subsidiary
Main business	Sales of vehicles and service parts.	Production and sales of automobiles, engines and other automotive parts	Engineering and technology research and experimental development, sales of vehicles, new energy vehicles, auto parts, etc.
Registered capital	50,000,000	1,323,793,174	200,000,000
Total assets	5,197,518,585	679,324,917	473,609,343
Net assets	270,214,956	644,548,405	-483,553,669
Turnover	10,204,357,097	67,403	61,921,303
Operating profit	-97,801,782	-52,531,870	-769,412,525
Net profit	-72,796,328	-52,191,177	-577,083,161

Acquisition and disposal of the subsidiaries

Applicable Not Applicable

Description of the main holding and participating companies

None.

10. Structured Entities Controlled by JMC

Applicable Not Applicable

10. Potential Challenges and Solutions

In 2023, as the economy and society fully return to normal operation, the national economy continues to recover and the overall recovery is good. At the same time, the current economic operation is also facing new difficulties and challenges, mainly because domestic demand is insufficient, some enterprises face difficulties in business operation, many hidden risks exist in key areas, and the external environment is complex and grim, but the Chinese economy has great resilience and potential for development, and the fundamentals for long-term improvement have not changed. Under the background of the acceleration

of the transformation of the new four modernizations of the automobile industry, the competition pattern of the industry is becoming increasingly fierce, and the price of raw materials is still at a high level, although it has been reduced, which brings greater challenges to the Company's operation. In order to accelerate the transformation and development of the Company and achieve effective improvement in quality and reasonable growth in quantity, the Company will focus on the following aspects:

- (1) Continue to consolidate and improve the Company's leading advantages in the field of light commercial vehicles, improve channel capabilities, and promote brand upgrading and renewal;
- (2) Take advantage of new products to break the circle and attract potential customers, promote brand upgrading and renewal, improve the commercial vehicles' product matrix, and enhance products' competitiveness;
- (3) Continue to optimize the network of passenger vehicles' dealers, promote brand transformation, strengthen customers' experience, and enhance channel's combat capabilities;
- (4) Continue to accelerate the development and launch of new energy products, strengthen the brand awareness of new energy, promote the construction of new energy channels, and improve the terminal marketing capacity; Explore new energy's innovative marketing model;
- (5) Continue to deepen the export business cooperation with Ford, accelerate the project initiation, research and development of export products, and enhance the coverage of export products; Continue to build capacity of overseas business and expand opportunities in new market;
- (6) Always insist on taking customers as the center, deeply understand the market changes and customer needs, continue to innovate, and cooperate in an efficient way to provide customers with quality products and services;
- (7) Continue to promote cost reduction, expense control and efficiency improvement, while strengthening the management and control of operating cash flow, and improving the quality of operations;
- (8) Strengthen corporate governance, strictly abide by national laws and regulations, and improve risk assessment and control mechanisms.

The Company will focus on light commercial vehicles with SUVs as the support, further promote scientific and technological innovation and industrial transformation, stabilize the leading position of light commercial vehicles, and improve the sales of passenger vehicles. JMC is to strengthen market development, promote brand renewal, and continue to consolidate the core competitiveness of light commercial vehicles. Channel construction and brand transformation of passenger vehicles will be accelerated to improve market awareness and customer experience. The Company will accelerate the development of new energy vehicles, vigorously expand overseas export business, strengthen the existing market, and exploit incremental markets. The

Company shall expand new business and profit model, and build an ecological platform for future sustainable development. At the same time the Company will also focus on the process control and launch planning of new product programs, so as to achieve high-quality production of new products and volume targets. JMC is to accelerate the digital transformation, implement quality and efficiency improvement actions, improve operational efficiency and profitability to promote high-quality development of the Company.

Chapter IV Corporate Governance Structure

1. Introduction to the Shareholders' Meetings Held in the Reporting Period

I. Index to the Shareholders' Meeting in the reporting period

In the first half of 2023, the Company has hold one Shareholders' Meetings, and the relevant contents are as follows:

Session of the meeting: 2022 Annual Shareholders' Meeting

The meeting type: annual shareholders' meeting

Investor participation ratio: 75.40%

Convening date: June 16, 2023

Disclosure date: June 17, 2023

The meeting resolutions:

1. approve 2022 Work Report of the Board of Directors of JMC;
2. approve 2022 Work Report of the Supervisory Board of JMC;
3. approve 2022 Annual Report of JMC and the Extracts from such Annual Report;
4. approve 2022 Financial Statements of JMC;
5. approve the Proposal on JMC Profit Distribution for Year 2022;
6. approve the Proposal on the Y2023 Routine Related Party Transaction Framework with JMCG Finance Company;
7. approve the Proposal on the Y2023 Routine Related Party Transaction Framework with Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd. and its subsidiaries;
8. approve the Proposal on the Y2023 Routine Related Party Transaction Framework with Jiangling Motor Group Co., Ltd. and its subsidiaries;
9. approve the Proposal on the Y2023 Routine Related Party Transaction Framework with Ford Motor Company and its subsidiaries;
10. approve the Proposal on the Y2023 Routine Related Party Transaction Framework with Nanchang Jiangling HuaXiang Auto Components Co., Ltd.;
11. approve the Proposal on the Y2023 Routine Related Party Transaction Framework with Nanchang Baojiang Steel Processing Distribution Co., Ltd.
12. approve the Proposal on the Y2023 Routine Related Party Transaction Framework with Magna PT Powertrain (Jiangxi) Co., Ltd.;
13. appvoe the Proposal on the Y2023 Routine Related Party Transaction Framework with Jiangxi Jiangling Lear Interior System Co., Ltd.;
14. approve the Proposal on the Y2023 Routine Related Party Transaction Framework with Jiangxi JMCG Specialty Vehicles Co., Ltd. and its subsidiaries;
15. approve the Proposal on the Y2023 Routine Related Party Transaction Framework with Nanchang Faurecia Emissions Control Technologies Co., Ltd.;

16. approve the Proposal on the Y2023 Routine Related Party Transaction Framework with China South Industries Group Corporation and its subsidiaries;
17. approve the Proposal on the Y2023 Routine Related Party Transaction Framework with Nanchang Unistar Electric & Electronics Co., Ltd.;
18. approve JMC Year 2023-2025 Shareholder Return Plan;
19. Election of Directors for the Eleventh Board of Directors of JMC (Excluding Independent Directors):
 - 19.01 approve the Proposal on Electing Mr. Qiu Tiangao as a Director of the Eleventh Board of Directors of JMC;
 - 19.02 approve the Proposal on Electing Mr. Shengpo Wu as a Director of the Eleventh Board of Directors of JMC;
 - 19.03 approve the Proposal on Electing Mr. Ryan Anderson as a Director of the Eleventh Board of Directors of JMC;
 - 19.04 approve the Proposal on Electing Ms. Xiong Chunying as a Director of the Eleventh Board of Directors of JMC;
 - 19.05 approve the Proposal on Electing Mr. Jin Wenhui as a Director of the Eleventh Board of Directors of JMC;
 - 19.06 approve the Proposal on Electing Mr. Yuan Mingxue as a Director of the Eleventh Board of Directors of JMC;
20. Election of Independent Directors for the Eleventh Board of Directors of JMC:
 - 20.01 approve the Proposal on Electing Mr. Yu Zhuoping as an Independent Director of the Eleventh Board of Directors of JMC;
 - 20.02 approve the Proposal on Electing Mr. Chen Jiangfeng as an Independent Director of the Eleventh Board of Directors of JMC;
 - 20.03 approve the Proposal on Electing Ms. Wang Yue as an Independent Director of the Eleventh Board of Directors of JMC;
21. Election of Supervisors for the Eleventh Supervisory Board of JMC:
 - 21.01 approve the Proposal on Electing Mr. Xiao Hu as a Supervisor of the Eleventh Supervisory Board of JMC;
 - 21.02 approve the Proposal on Electing Mr. Zhang Yangyang as a Supervisor of the Eleventh Supervisory Board of JMC;
 - 21.03 approve the Proposal on Electing Mr. Zhang Jian as a Supervisor of the Eleventh Supervisory Board of JMC.

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

Applicable Not Applicable

1. Changes of directors, supervisors and senior management

Applicable Not Applicable

There were no changes in the Directors, Supervisors and senior management of the Company during the reporting period, as detailed in the 2022 Annual Report.

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 2023.

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

Applicable Not Applicable

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

Chapter V Environmental and Social Responsibility

1. Major Environmental issues

(1) Environmental protection

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

Yes No

Policies and industry standards on environmental protection

In the process of production and operation, the Company strictly abides by *Environmental Protection Law, Air Pollution Prevention and Control Law, Water Pollution Prevention and Control Law, Solid Waste Pollution Prevention and Control Law, Environmental Impact Assessment Law, Hazardous Waste Storage Pollution Control Standard, Technical Specification for Setting Hazardous Waste Identification Marks* and other applicable regulations and standards on environmental protection. Through the implementation of ISO14001 Environmental Management System and Ford Environmental Operating System, the Company believes that quality and environmental protection are with the same importance, strictly complies with environmental laws and regulations, constantly reduces the environmental pollution and resource loss in the manufacturing process, avoids environmental accidents, and continuously improves environmental behavior.

Administrative permit for environmental protection

In the process of environmental operation control, the Company takes the initiative to analyze and foresee the current and future hidden worries, actively takes preventive measures, and makes targeted countermeasures to implement improvements. In terms of new construction, expansion and reconstruction projects, the Company should make comprehensive environmental protection planning and "three simultaneous" assessment, and always implement the concept of energy saving and low carbon from the design source. In 2023, the environmental impact assessment on film pretreatment technical renovation project of SUV line in the Company's Xiaolan Paintshop has been completed; the application for the extension of the sewage discharge permit for Casting Plant has been approved; the sewage discharge permits of other plants are within the period of validity.

Name of company or subsidiary	JMC	JMC
Kind of principal pollutant and specific pollutant	Wastewater discharge pollutant	Exhaust emission pollutant

Name of principal pollutant and specific pollutant	COD, NH-N	SO ₂ , NO _x , NMHC
Mode of discharge	Intermittent discharge	Intermittent discharge
Number of discharge outlet	5	150
Distribution of discharge outlet	1 in Fushan Site, 2 in Xiaolan Site, 1 in Casting Plant and 1 in Axle Plant	38 in Fushan Site, 81 in Xiaolan Site, 28 in Casting Plant and 3 in Axle Plant
Discharge concentration	COD: 30-132mg/L NH-N: 0.741-5.99mg/L	NO _x : 71mg/m ³ ; NMHC: 3.40mg/m ³ Particulate matter: 1.8 mg/m ³
Applicable standard for pollutant discharge	Gan EIA [2015] No. 144 <i>Integrated Wastewater Discharge Standard</i> (GB 8978-1996)	<i>Emission Standards for Atmospheric Pollutants from Boilers</i> (GB13271-2014) <i>Volatile Organic Compounds Emission Standards - Part 5: Auto Manufacturing</i> (DB36/1101.5-2019) <i>Emission Standard of Air Pollutants for Foundry Industry</i> (GB 39726—2020)
Total amount of discharge	COD: 15.09t; NH-N: 0.79t	NO _x : 24.39t
Total amount of discharge audited	COD≤533.851t; NH-N≤25.197t	NO _x ≤95.59t
Excessive discharge	Meet Standard	Meet Standard

Treatment of pollutants

The Company has built five wastewater treatment stations, including Fushan Wastewater Treatment Station and Xiaolan Wastewater Treatment Station, which treated about 400,000 tons of wastewater from January to June in 2023, and the treated wastewater steadily met the national discharge standards. In order to ensure the standard discharge of waste gas, the Company has installed zeolite roller + RTO and other disposal facilities, and the equipment operates stably. JMC smart environmental supervision platform monitors in real time to ensure the stable up-to-standard discharge of VOC data. In terms of the waste management, the Company has adopted intelligent management system to further standardize the refined management of hazardous waste. And by means of source control, brainstorming, digging into the internal potential, the Company has actively adopted various measures to reduce waste and cost.

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. The Emergency Plan has been registered in Environmental Protection Bureau. JMC organizes various emergency drills to ensure the effectiveness of the plan.

Relevant information of investment in environmental governance and protection and payment of environmental protection tax

From January to June 2023, the Company invested RMB 1.5 million in the disposal of solid waste, RMB 500,000 in environmental monitoring and online operation, and RMB 160,000 in the installation of intelligent terminal devices of hazardous waste in Engine Plant and Axle Plant to meet the latest requirements of the national laws and regulations. The Company has also invested RMB 160,000 to transform the hazardous waste station of Axle Plant, and the improved hazardous waste station met the standardization requirements. In 2023, from January to June, the Company paid a total of about RMB 90 thousand as environmental protection tax.

Environmental self-monitoring scheme

The Company carries out self-monitoring in strict accordance with the requirements of the state. The monitoring schemes, monitoring results, and annual monitoring report on pollution sources were disclosed on the government platform. In 2023, from January to June, the reporting rate of self-monitoring data of the Company's four plants on the national monitoring platform is 100%.

Administrative punishment for environmental problems during the reporting period

None.

Other environmental information that should be disclosed

None.

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

Applicable Not Applicable

The energy conservation optimization of Xiaolan Plant VOC treatment equipment's on-of: ①After RTO is shut down, heat storage mode at high temperature is adopted, and the initial temperature of ceramic is 300~400°C the next day, reducing the heating time, the heating time is reduced from 2.5 hours to 1 hour. ②After production, the fresh air fan is used for dilution purge instead of open RTO for waste gas treatment, and the shutdown is reduced form 2 hours to 0.5 hours, which can save annual electricity consumption of 900,000 degrees and natural gas consumption of 70,000 cubic meters.

Energy saving and consumption reduction of Fushan Coating air compressor station: There are two dryers running at the same time in the small painting air compressor station. By increasing the control range of the inverter from 8.4-9.2 to 8.7-9.4, the operation of one dryer can be saved, which can save annual electricity consumption of 200,000 degrees.

Improvements on engines and sealer application machines: To ensure the sealer application temperature, it is necessary to turn on the heating air conditioner. By adding the silicone rubber heating sheet and adding the temperature control unit, the temperature of the heating sheet is controlled to ensure the temperature of the sealer application machine, so that the heating air conditioner does not need to be turned on. It can save annually natural gas consumption of 33,000 cubic meters.

Other environmental information that should be disclosed

None.

2. Social responsibility

The Company has thoroughly implemented the decision and arrangement of the CPC Central Committee on consolidating the achievements of poverty alleviation and comprehensively promoting rural revitalization. According to the arrangement of Jiangxi Provincial Party Committee and provincial government, under the leadership of JMCG, the Company implemented the designated assistance work of Xianting Village, Songhu Town, Nanchang Xinjian District, Huanggangtou Village, Liuhu Town, Nanchang Xinjian District, and Luoyang Village, Dafen Town, Suichuan County, Ji 'an City. With industrial revitalization as the starting point, the Company deeply promoted rural revitalization through deployment of talents and consumer assistance. In the first half of 2023, the Company purchased more than 5,000 cattles of rapeseed oil and 46,000 cattles of yellow peaches from the help villages, driving the villagers to increase income and get rich. At the same time, the Company continued to carry out the "Jiangling · Xiqiao Project", a public welfare project. In February 2023, the brand of "Jiangling · Xiqiao Project" was renewed, the "Internet +" model was introduced, and the "Build A Bridge Together, Jiangling Xiqiao Monthly Donor Plan" was launched on the "National Public Welfare", the official public fundraising platform of China Rural Development Fund, and through the JMC Zhixing APP, millions of JMC car owners are linked to the JMC Xiqiao Project, driving more forces to help rural revitalization.

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

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

Applicable Not Applicable

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

3. Illegal outside guarantee

Applicable Not Applicable

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

4. Appointment or Dismissal of Accounting Firm

Whether the 2023 half-year report is audited?

Yes No

JMC 2023 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 report

Applicable Not Applicable

7. Related Matters regarding Bankruptcy

Applicable Not Applicable

There was no matter involving bankruptcy during the reporting period.

8. Litigation or arbitration

Major Litigation or Arbitration

Applicable Not Applicable

There was no major litigation or arbitration during 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 related party transactions

Applicable Not Applicable

Please refer to the note 7 “Related party Transactions” to the financial statements in the Chapter X 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 in 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 in the reporting period.

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

Applicable Not Applicable

Deposit business

Related party	The related relationship	Maximum daily deposit limit	Deposit rate	Balance at the beginning of the period(RMB thousands)	Current amount		Balance at the end of the period (RMB thousands)
					Deposit amount (RMB thousands)	Take out the amount (RMB thousands)	
JMCG Finance Company	Subsidiary of JMCG	*	1.35%-2.25%	886,250	6,457,960	6,558,000	786,210

* 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 business

Related party	The related relationship	loan limit (RMB thousands)	Loan rate range	Balance at the beginning of the period (RMB thousands)	Current amount		Balance at the end of the period (RMB thousands)
					Loan amount (RMB thousands)	Repayment amount (RMB thousands)	
JMCG Finance Company	Subsidiary of JMCG	1,000,000	2.5%	200,000	0	200,000	0

Granting credit or other financial business

Related party	The related relationship	Type of business	Total (RMB thousands)	Actual amount (RMB thousands)
JMCG Finance Company	Subsidiary of JMCG	Granting credit	1,300,000	0

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

Applicable Not Applicable

The Company has no controlling financial company.

VII. Other major related party transactions

Applicable Not Applicable

The Company has no other major related party transaction in the reporting period.

12. Major Contracts and Execution

(1) Entrustment, contract or lease

a. Entrustment

Applicable Not Applicable

There was no entrustment in the reporting period.

b. Contract

Applicable Not Applicable

There was no contract in the reporting period.

c. Lease

Applicable Not Applicable

Please refer to the Note 4 (16), note 4 (29) and note 7 (5) (b) of the financial statements in the Chapter X Financial Statements for details.

Project of which the profit and loss brought for the company reaches more than 10% of the total profit of the company during the reporting period

Applicable Not Applicable

There was no leasing project of which the profit and loss brought for the Company reached more than 10% of the total profit of the Company during the reporting period.

II. Major guarantee

Applicable Not Applicable

The Company had no outside guarantee in 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%						750,840	0.09%
1. Other domestic shares	750,840	0.09%						750,840	0.09%
Including:									
Domestic legal person shares	745,140	0.09%						745,140	0.09%
Domestic natural person shares	5,700	0.00%						5,700	0.00%
II. Unlimited tradable shares	862,463,160	99.91%						862,463,160	99.91%
1. A shares	518,463,160	60.06%						518,463,160	60.06%
2. B shares	344,000,000	39.85%						344,000,000	39.85%
III. Total	863,214,000	100.00%						863,214,000	100.00%

Causes of shareholding changes

Applicable Not Applicable

Approval of changes of shareholding structure

Applicable Not Applicable

Shares Transfer

Applicable Not Applicable

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

2. Securities issuance and listing

Applicable Not Applicable

3. Shareholders and shareholding status

Total shareholders (as of June 30, 2023)	JMC had 43,677 shareholders, including 38,093 A-share holders, and 5,584 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
Hong Kong Securities Clearing Company Ltd. (HKSCC)	Foreign legal person	1.69%	14,605,036	9,106,304	0	0
Shanghai Automotive Co., Ltd.	State-owned Legal person	1.51%	13,019,610	0	0	0
Jin Xing	Domestic Natural Person	0.75%	6,498,500	392,300	0	0
GAOLING FUND, L.P.	Foreign legal person	0.63%	5,453,086	0	0	0
INVESCO FUNDS SICAV	Foreign legal person	0.44%	3,818,089	0	0	0
Li Yifeng	Domestic Natural Person	0.26%	2,285,500	-368,100	0	0
LSV EMERGING MARKETS EQUITY FUND, L.P.	Foreign legal person	0.23%	1,961,600	0	0	0
Ping An Asset Management - Xinfu 34 Asset Management Product	Domestic non-State-owned legal persons	0.21%	1,819,029	1,819,029	0	0
Strategic investors or general legal persons become the top 10 shareholders due to the placement of new shares					None.	
Description of association among the above-mentioned shareholders or concerted action					None.	
Description of the above shareholders' entrusted / entrusted voting rights and waived voting rights					None.	
A special description of the special repurchase account among the top 10 shareholders					None.	
Top ten shareholders holding unlimited tradable shares						
Shareholder Name	Shares without Trading Restriction			Share Type		
Nanchang Jiangling Investment Co., Ltd.	354,176,000			A share		
Ford Motor Company	276,228,394			B share		
Hong Kong Securities Clearing Company Ltd. (HKSCC)	14,605,036			A share		
Shanghai Automotive Co., Ltd.	13,019,610			A share		
Jin Xing	6,498,500			B share		
GAOLING FUND, L.P.	5,453,086			B share		
INVESCO FUNDS SICAV	3,818,089			B share		
Li Yifeng	2,285,500			B share		
LSV EMERGING MARKETS EQUITY FUND, L.P.	1,961,600			B share		
Ping An Asset Management - Xinfu 34 Asset Management Product	1,819,029			A share		

Description of the association and concerted action between the top 10 shareholders holding unlimited tradable shares and between the top 10 shareholders holding unlimited tradable shares and the top 10 shareholders.	None.
Description of the top 10 shareholders participating in margin trading business	None.

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

Applicable Not Applicable

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

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 2022 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 had no preferred shares in the reporting period.

Chapter IX Bond related Information

Applicable Not Applicable

Chapter X Financial Statements

JIANGLING MOTORS CORPORATION, LTD.

**FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

[English translation for reference only. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.]

JIANGLING MOTORS CORPORATION, LTD.

CONSOLIDATED AND COMPANY BALANCE SHEETS AS AT 30 JUNE 2023

(All amounts in RMB Yuan unless otherwise stated)

Assets	Note	30 June 2023 Consolidated*	31 December 2022 Consolidated	30 June 2023 Company*	31 December 2022 Company
Current assets					
Cash and cash equivalents	4(1)	9,875,434,450	8,604,977,725	7,481,796,932	6,910,646,428
Financial assets held for trading	4(2)	100,136,000	-	-	-
Derivative financial assets	4(3)	7,086,761	2,972,698	7,086,761	2,972,698
Notes receivable	4(4)	174,659	742,752,730	500,174,659	1,099,742,888
Accounts receivable	4(5)、 13(1)	4,392,802,999	4,245,541,752	3,868,035,170	2,368,898,327
Financing receivables	4(6)	364,021,037	376,662,817	154,798,531	56,868,760
Advances to suppliers	4(7)	294,535,913	277,743,526	294,535,913	277,278,672
Other receivables	4(8)、 13(2)	75,428,532	111,063,372	79,012,999	128,855,851
Inventories	4(9)	1,765,496,170	2,129,040,820	1,765,496,170	2,129,040,820
Current portion of non-current assets	4(11)	14,170,026	13,851,634	14,170,026	13,851,634
Other current assets	4(10)	1,232,518,771	1,362,502,624	1,180,999,559	1,310,164,197
Total current assets		18,121,805,318	17,867,109,698	15,346,106,720	14,298,320,275
Non-current assets					
Long-term receivables	4(12)	24,006,049	31,148,044	24,006,049	31,148,044
Long-term equity investments	4(13)、 13(3)	244,589,183	248,482,822	1,193,140,173	1,146,033,812
Fixed assets	4(14)	5,507,814,029	5,446,384,369	5,050,472,910	4,961,529,936
Construction in progress	4(15)	612,199,142	718,612,190	579,352,195	688,385,553
Right-of-use assets	4(16)	213,592,537	233,622,890	199,060,941	232,666,362
Intangible assets	4(17)	1,516,359,364	1,195,005,752	1,296,700,786	971,966,227
Development expenditures	4(17)	361,194,976	477,233,877	361,194,976	477,233,877
Deferred tax assets	4(18)	1,286,685,445	1,250,722,193	109,924,902	235,320,874
Total non-current assets		9,766,440,725	9,601,212,137	8,813,852,932	8,744,284,685
TOTAL ASSETS		27,888,246,043	27,468,321,835	24,159,959,652	23,042,604,960

JIANGLING MOTORS CORPORATION, LTD.

CONSOLIDATED AND COMPANY BALANCE SHEETS (CONT'D) AS AT 30 JUNE 2023

(All amounts in RMB Yuan unless otherwise stated)

Liabilities and equity	Note	30 June 2023 Consolidated*	31 December 2022 Consolidated	30 June 2023 Company*	31 December 2022 Company
Current liabilities					
Short-term borrowings	4(20)	1,300,000,000	1,100,000,000	800,000,000	1,100,000,000
Accounts payable	4(21)	8,939,531,087	9,015,978,354	8,938,374,402	9,015,584,820
Contract liabilities	4(22)	194,672,088	152,065,025	423,440,567	1,011,195
Employee benefits payable	4(23)	967,168,765	915,703,680	873,460,304	824,364,157
Taxes payable	4(24)	94,726,465	193,249,604	93,639,867	110,894,972
Other payables	4(25)	5,903,153,144	5,672,708,511	2,684,104,044	2,418,186,421
Current portion of non-current liabilities	4(26)	78,126,567	72,680,756	71,037,193	71,491,054
Other current liabilities	4(27)	385,411,966	386,889,542	87,017,709	29,814,619
Total current liabilities		17,862,790,082	17,509,275,472	13,971,074,086	13,571,347,238
Non-current liabilities					
Long-term borrowings	4(28)	11,506,059	20,858,057	11,506,059	20,858,057
Lease liabilities	4(29)	134,278,525	193,090,351	127,154,897	192,887,339
Provisions	4(30)	246,591,541	250,762,589	-	-
Deferred income	4(31)	64,781,931	60,849,643	64,781,931	60,849,643
Long-term employee benefits payable	4(32)	49,230,343	51,293,000	49,004,343	51,067,000
Deferred tax liabilities	4(18)	22,964,666	23,305,359	-	-
Other non-current liabilities	4(33)	116,447,990	118,240,580	-	-
Total non-current liabilities		645,801,055	718,399,579	252,447,230	325,662,039
Total liabilities		18,508,591,137	18,227,675,051	14,223,521,316	13,897,009,277
Equity					
Share capital	4(34)	863,214,000	863,214,000	863,214,000	863,214,000
Capital surplus	4(35)	839,442,490	839,442,490	839,442,490	839,442,490
Other comprehensive income	4(36)	(13,484,250)	(13,484,250)	(13,844,250)	(13,844,250)
Special reserve	4(37)	9,394,050	-	9,394,050	-
Surplus reserve	4(38)	431,607,000	431,607,000	431,607,000	431,607,000
Retained earnings	4(39)	7,486,422,914	7,123,038,093	7,806,625,046	7,025,176,443
Total equity attributable to shareholders of the Company		9,616,596,204	9,243,817,333	9,936,438,336	9,145,595,683
Minority interests		(236,941,298)	(3,170,549)	-	-
Total equity		9,379,654,906	9,240,646,784	9,936,438,336	9,145,595,683
TOTAL LIABILITIES AND EQUITY		27,888,246,043	27,468,321,835	24,159,959,652	23,042,604,960

note: * Unaudited financial indexes

JIANGLING MOTORS CORPORATION, LTD.

CONSOLIDATED AND COMPANY INCOME STATEMENTS FOR 2023 FIRST HALF-YEAR

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	2023 First Half-year Consolidated*	2022 First Half-year Consolidated*	2023 First Half-year Company*	2022 First Half-year Company*
Revenue	4(40)、13(4)	15,429,372,309	14,222,759,384	15,449,037,934	13,389,364,818
Less: Cost of sales	4(40)、4(46)、13(4)	(13,156,439,449)	(12,331,101,754)	(12,862,306,219)	(11,909,476,970)
Taxes and surcharges	4(41)	(440,363,547)	(389,826,444)	(434,553,879)	(377,488,847)
Selling and distribution expenses	4(42)、4(46)	(655,850,091)	(696,658,422)	(72,461,216)	(83,308,622)
General and administrative expenses	4(43)、4(46)	(520,114,941)	(452,056,986)	(470,830,812)	(406,986,891)
Research and development expenses	4(44)、4(46)	(748,135,775)	(666,994,373)	(748,135,775)	(666,994,373)
Financial expenses	4(45)	93,306,361	80,197,351	60,804,106	54,389,966
Including: Interest expenses		(17,531,522)	(28,127,051)	(17,378,308)	(28,081,558)
Interest income		116,473,977	116,152,161	83,081,729	90,066,994
Add: Other income	4(48)	358,643,954	261,059,234	356,955,122	260,767,899
Investment income	4(49)、13(5)	(13,413,788)	(21,941,623)	(12,981,958)	(21,583,903)
Including: Share of profit of associates and joint ventures		(3,893,639)	(4,151,633)	(3,893,639)	(4,151,633)
Gains on changes in fair value	4(50)	4,250,063	5,030,223	4,114,063	5,272,552
Credit impairment losses	4(47)	(2,335,878)	14,373,447	(2,164,265)	6,759,141
Gains on disposal of assets	4(51)	(293,630)	395,561,300	(236,732)	395,626,098
Operating profit		348,625,588	420,401,337	1,267,240,369	646,340,868
Add: Non-operating income	4(52)	7,042,517	2,019,528	6,143,130	152,468
Less: Non-operating expenses	4(53)	(585,439)	(506,418)	(536,187)	(501,138)
Total profit		355,082,666	421,914,447	1,272,847,312	645,992,198
Less: Income tax expenses	4(54)	91,534,142	8,935	(125,395,973)	(44,469,043)
Net profit		446,616,808	421,923,382	1,147,451,339	601,523,155
Classified by continuity of operations					
Net profit from continuing operations		446,616,808	421,923,382	1,147,451,339	601,523,155
Net profit from discontinued operations		-	-	-	-
Classified by ownership of the equity					
Minority interests		(282,770,749)	(30,457,640)	-	-
Attributable to shareholders of the Company		729,387,557	452,381,022	1,147,451,339	601,523,155
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(36)	-	-	-	-
Attributable to minority interests		-	-	-	-
Total comprehensive income		446,616,808	421,923,382	1,147,451,339	601,523,155
Attributable to shareholders of the Company		729,387,557	452,381,022	1,147,451,339	601,523,155
Attributable to minority interests		(282,770,749)	(30,457,640)	-	-

Earnings per share					
Basic earnings per share (RMB Yuan)	4(55)	0.84	0.52	—	—
Diluted earnings per share (RMB Yuan)	4(55)	0.84	0.52	—	—

note: * Unaudited financial indexes

JIANGLING MOTORS CORPORATION, LTD.
CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS FOR 2023 FIRST HALF-
YEAR

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	2023 First Half-year Consolidated*	2022 First Half-year Consolidated*	2023 First Half-year Company*	2022 First Half-year Company*
Cash flows generated from/(used in) operating activities					
Cash received from sales of goods or rendering of services		17,406,530,446	13,881,647,926	16,222,462,727	13,084,629,718
Refunds of taxes		304,302,316	186,169,752	304,302,316	139,724,259
Cash received relating to other operating activities	4(56)	405,291,238	345,024,561	387,595,895	312,654,885
Sub-total of cash inflows		18,116,124,000	14,412,842,239	16,914,360,938	13,537,008,862
Cash paid for goods and services		-12,822,290,581	-13,805,191,534	-12,450,373,527	-13,336,027,601
Cash paid to and on behalf of employees		-1,214,500,391	-1,339,385,986	-1,096,589,996	-1,232,176,140
Payments of taxes and surcharges		-1,103,139,617	-1,243,506,029	-1,073,581,827	-1,055,447,311
Cash paid relating to other operating activities	4(56)	-1,319,045,074	-1,356,305,165	-771,371,068	-736,258,757
Sub-total of cash outflows		-16,458,975,663	-17,744,388,714	-15,391,916,418	-16,359,909,809
Net cash flows generated from/(used in) operating activities	4(57)	1,657,148,337	-3,331,546,475	1,522,444,520	-2,822,900,947
Cash flows (used in)/generated from investing activities					
Cash received from disposal of investments		-	200,000,000	-	-
Cash received from returns on investments		-	1,523,836	-	-
Net cash received from disposal of fixed assets, intangible assets and other long term assets		795,730	781,145,312	1,676,649	781,143,451
Cash received from disposal of subsidiaries and other business units		36,000,000	63,700,000	36,000,000	63,700,000
Cash received relating to other investing activities	4(56)	103,235,093	125,467,180	76,225,119	102,590,963
Sub-total of cash inflows		140,030,823	1,171,836,328	113,901,768	947,434,414
Cash paid to acquire fixed assets, intangible assets and other long-term assets		-698,245,427	-619,241,914	-696,001,267	-615,965,224
Cash paid to acquire investments		-100,000,000	-100,000,000	-53,167,203	-51,938,730
Cash paid relating to other investing activities		-88,707	-11,457,408	-88,707	-11,457,408
Sub-total of cash outflows		-798,334,134	-730,699,322	-749,257,177	-679,361,362
Net cash flows (used in)/generated from investing activities		-658,303,311	441,137,006	-635,355,409	268,073,052
Cash flows (used in)/generated from financing activities					
Cash received from absorbing investments		49,000,000	49,000,000	-	-
Including: cash received by the subsidiary from absorbing minority shareholders' investment		49,000,000	49,000,000	-	-
Cash received from borrowings		2,586,819,167	2,378,749,167	2,091,194,167	2,378,749,167
Sub-total of cash inflows		2,635,819,167	2,427,749,167	2,091,194,167	2,378,749,167
Cash repayments of borrowings		-2,406,409,044	-1,300,208,436	-2,406,409,044	-1,300,208,436
Cash payments for distribution of dividends, profits or interest expenses		-3,335,711	-168,968	-3,335,711	-168,968
Cash paid relating to other financing activities	4(56)	-509,449,108	-6,754,924	-5,865,317	-6,420,903
Sub-total of cash outflows		-2,919,193,863	-1,307,132,328	-2,415,610,072	-1,306,798,307

Net cash flows (used in)/generated from financing activities		-283,374,696	1,120,616,839	-324,415,905	1,071,950,860
Effect of foreign exchange rate changes on cash and cash equivalents		-	-	-	-
Net increase/(decrease) in cash and cash equivalents	4(57)	715,470,330	-1,769,792,630	562,673,206	-1,482,877,035
Add: Cash and cash equivalents at beginning of year	4(57)	8,543,193,654	9,569,051,314	6,863,577,337	7,706,280,711
Cash and cash equivalents at end of period	4(57)	9,258,663,984	7,799,258,684	7,426,250,543	6,223,403,676

note: * Unaudited financial indexes

JIANGLING MOTORS CORPORATION, LTD.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(All amounts in RMB Yuan unless otherwise stated)

First half of 2023

Item	Note	Attributable to shareholders of the parent company						Minority interests	Total equity
		Share capital	Capital surplus	Other comprehensive income	Special reserve	Surplus reserves	Retained earnings		
Balance at 1 January 2023		863,214,000	839,442,490	(13,484,250)	-	431,607,000	7,123,038,093	(3,170,549)	9,240,646,784
Movements for the six months ended 30 June 2023*		-	-	-	9,394,050	-	363,384,821	(233,770,749)	139,008,122
Total comprehensive income									
Net profit/(loss)		-	-	-	-	-	729,387,557	(282,770,749)	446,616,808
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	-	729,387,557	(282,770,749)	446,616,808
Capital contributed by owners and capital decreases									
Capital invested by shareholders		-	-	-	-	-	-	49,000,000	49,000,000
Profit distribution									
Distribution to shareholders	4(39)	-	-	-	-	-	(366,002,736)	-	(366,002,736)
Special reserves									
Provided		-	-	-	12,877,704	-	-	-	12,877,704
Utilized		-	-	-	(3,483,654)	-	-	-	(3,483,654)
Balance at 30 June 2023*		863,214,000	839,442,490	(13,484,250)	9,394,050	431,607,000	7,486,422,914	(236,941,298)	9,379,654,906

JIANGLING MOTORS CORPORATION, LTD.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)
 (All amounts in RMB Yuan unless otherwise stated)

First half of 2022

Item	Note	Attributable to shareholders of the parent company					Minority interests	Total equity
		Share capital	Capital surplus	Other comprehensive income	Surplus reserves	Retained earnings		
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
(All amounts in RMB Yuan unless otherwise stated)

First half of 2023

Item	Note	Share capital	Capital surplus	Other comprehensive income	Special reserve	Surplus reserves	Retained earnings	Total equity
Balance at 1 January 2023		863,214,000	839,442,490	(13,844,250)	-	431,607,000	7,025,176,443	9,145,595,683
Movements for the six months ended 30 June 2023*		-	-	-	9,394,050	-	781,448,603	790,842,653
Total comprehensive income								
Net profit		-	-	-	-	-	1,147,451,339	1,147,451,339
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	-	1,147,451,339	1,147,451,339
Profit distribution								
Distribution to shareholders	4(39)	-	-	-	-	-	(366,002,736)	(366,002,736)
Special reserves								
Provided		-	-	-	12,877,704	-	-	12,877,704
Utilized		-	-	-	(3,483,654)	-	-	(3,483,654)
Balance at 30 June 2023*		863,214,000	839,442,490	(13,844,250)	9,394,050	431,607,000	7,806,625,046	9,936,438,336

JIANGLING MOTORS CORPORATION, LTD.
COMPANY STATEMENT OF CHANGES IN EQUITY (CONT'D)

(All amounts in RMB Yuan unless otherwise stated)

First half of 2022

Item	Note	Share capital	Capital surplus	Other comprehensive income	Surplus reserves	Retained earnings	Total equity
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 SIX MONTHS ENDED 30 June 2023

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

1 General information

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

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

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

As at 30 June 2023, 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 FORD E series automobiles of Ford Motor (China) Co., Ltd. as the dealer; import and export of automobiles and parts; dealership of used cars; provision of 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 5.

These financial statements were authorised for issue by the Company’s Board of Directors on August 28 2023.

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(25).

JIANGLING MOTORS CORPORATION, LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 June 2023

(All amounts in RMBYuan 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 Standard 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.

These financial statements have been prepared on a going concern basis.

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

The financial statements of the Company for the Six Months Ended 30 June 2023 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 2023 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 of the company and its subsidiaries 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 SIX MONTHS ENDED 30 June 2023

(All amounts in RMBYuan 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 sales 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 sales 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 sales 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 June 2023**

(All amounts in RMBYuan 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:

JIANGLING MOTORS CORPORATION, LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 June 2023

(All amounts in RMBYuan 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 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. The Group presents long-term receivables that are due within one year from the balance sheet date (including one year) as non-current assets due within one year.

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 SIX MONTHS ENDED 30 June 2023**

(All amounts in RMBYuan 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 receivables financing at fair value through other comprehensive income is recognised on the basis of ECL.

Giving consideration to reasonable and supportable information that is related to past events, current conditions and forecasts of future economic conditions and is available without undue cost or effort at the balance sheet date, 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.

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 recognises the lifetime ECL regardless of whether there exists a significant financing component.

Except for the above-mentioned notes receivable, accounts receivable and financing receivables, 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 and identifies it in Stage 1 since initial recognition and recognises the 12-month ECL provision.

For the financial instruments in Stage 1 and Stage 2, 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).

JIANGLING MOTORS CORPORATION, LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 June 2023

(All amounts in RMBYuan 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 methods are as follows:

Grouping - Bank acceptance notes	State-owned banks and joint stock banks
Grouping - Trade acceptance notes	Customers purchasing using trade acceptance notes
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 - Other receivables	Other receivables with the same nature

For accounts receivable classified as a portfolio and financing of notes receivable and receivables resulting from daily operating activities such as sale of goods and provision of services, 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 SIX MONTHS ENDED 30 June 2023

(All amounts in RMBYuan 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.

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[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-process, finished goods, low-value consumables, materials in transit and materials on consignment, etc., and are measured at the lower of cost or net realizable 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, estimated contract fulfilment costs and estimated costs necessary to make the sale and related taxes.

(d) The Group adopts the perpetual inventory system.

(e) Amortisation method of low value consumables

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

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

(10) Long-term equity investments

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

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

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

(a) Determination of investment cost

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

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

(b) Subsequent measurement and recognition of profit or loss

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

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

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

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

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

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

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

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

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

(d) Impairment of long-term equity investments

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

(11) Fixed assets

(a) Recognition and initial measurement of fixed assets

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

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

JIANGLING MOTORS CORPORATION, LTD.

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(All amounts in RMBYuan unless otherwise stated)
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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	2 to 10 years	4%-22.32%	9.6% to 42.2%
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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(All amounts in RMBYuan unless otherwise stated)
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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, 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.

**NOTES TO THE FINANCIAL STATEMENTS
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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 to 7 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.

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

(14) Intangible assets (Cont'd)

(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)).

(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 sells automobiles and automobile parts to distributors or 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) Sale of 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. According to the contract, the delivery is completed after the products are delivered at the contracted delivery location and acceptance by both parties. The Group recognises the revenue at the timing of delivery completion.

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 automobile 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 at no consideration, 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 Group recorded at the actual amount of borrowings when received the loans at policy-based preferential interest rates received and the related borrowing costs are calculated on the basis of the principal amount borrowed and the preferential interest rate under the policy.

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

(21) Deferred tax assets and deferred tax liabilities

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

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

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

Deferred tax assets and deferred tax liabilities are offset when:

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

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

(22) Leases

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

The Group as the lessee

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

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

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

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

For a lease modification that is not accounted for as a separate lease, the Group shall redetermine the lease term at the effective date of the lease modification, and remeasure the lease liability by discounting the revised lease payments using a revised discount rate, except for the simplified method for contract changes by the regulations of the Ministry of Finance. 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 eligible rental waivers on existing lease contracts, 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 and vehicles under operating leases, rental income is recognised on a straight-line basis over the lease term.

(23) Specific Reserve

According to the decision of the State Council on Further Strengthening the work of production safety(Guofa No.2 2004), the notice of Circular of the State Council on Further Strengthening the work of enterprise production safety (Guofa No.23 2010) and Measures for the Administration of the Extraction and Use of Enterprise Production Safety Expenses (Caizi (2022) No. 136) issued by the Ministry of Finance and the Ministry of Emergency Response in December 2022, the Group extracted safety production costs at a certain percentage of its operating revenue in the previous year, which is specifically used for safety costs.

The Group's production safety expenses, which are extracted in accordance with the aforementioned national regulations, are included in the cost of relevant products or current profit or loss, and are also included in special reserves.

When the safety fund is subsequently used for revenue expenditure, the specific reserve is reduced accordingly. On utilization of the safety fund for fixed assets, the specific reserve is reduced as the fixed assets are recognised, which is the time when the related assets are ready for their intended use; in such cases, an amount that corresponds to the reduction in the specific reserve is recognised in accumulated depreciation with respect to the related fixed assets. As a consequence, such fixed assets are not depreciated in subsequent periods.

(24) 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)

(25) 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

When the Group distinguishes the different stages of financial instruments, its judgement on significant increase in credit risk and occurrence of credit impairment is as follows:

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)

(25) 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. According to the contract, the delivery is completed after the products are delivered at the contracted delivery location and acceptance 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. The Group recognizes the revenue at the timing of the delivery completion.

(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)

(25) 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 2023, the weights of “base”, “bad” and “good” are 68%, 16% and 16% (In the first half of 2022: 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 2023, the Group has considered the uncertainty under different macroeconomic scenarios, 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	4.56%	2.02%	7.11%
Consumer price index	3.45%	-33.12%	40.02%

In the first half of 2022, the key macroeconomic parameters used in each scenario are listed below:

	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)

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

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

(ii) Provision for long-term asset impairment

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 an arm's length transaction, 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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(All amounts in RMBYuan unless otherwise stated)
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2 Summary of significant accounting policies and accounting estimates (Cont'd)

(25) 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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(All amounts in RMBYuan unless otherwise stated)
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2 Summary of significant accounting policies and accounting estimates (Cont'd)

- (25) 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, estimated contract performance costs, 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 and distribution 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 contract performance costs, 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 decline in the value of inventory.

If the actual selling prices, costs to completion, estimated contract performance costs, 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 June 2023

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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.
- (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%.
- (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 Maintenance and Construction 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 maintenance and construction tax at the rates of 5% and 7%.

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3 Taxation (Cont'd)

(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. Under Article 28 of the *Enterprise Income Tax Law of the People's Republic of China*, the income tax rate applicable to the Company for the year of 2023 is 15% (2022: 15%).

In 2023, 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"), Guangzhou Fujiang New Energy Automobile Sales Co., Ltd. ("GZFJ"), and Jiangling Ford Automobile Technology (Shanghai) Co., Ltd. ("Jiangling Ford (Shanghai)") were subject to the enterprise income tax at the rate of 25% (2022: 25%).

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

	30 June 2023	31 December 2022
Cash at bank	8,472,449,674	7,656,947,735
Deposits from a finance company (a) (Note 7(6))	786,214,310	886,245,919
Other cash	541,048,830	-
Interest receivable	75,721,636	61,784,071
	<u>9,875,434,450</u>	<u>8,604,977,725</u>

- (a) As at 30 June 2023, the Group's bank deposits placed with Jiangling Motor Group Finance Company Limited ("JMCF") bear interest at the bank's annual interest rate of 1.35% - 2.25% (2022: 1.725% - 2.25%) on RMB deposits for the same period.

As at 30 June 2023, Other cash was RMB 541,048,830 (31 December 2022: none), which was mainly restricted for the issuance of bank short-term borrowings of RMB 500,000,000 and litigation frozen funds of RMB 41,048,830.

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 2023	31 December 2022
Structural deposits	<u>100,136,000</u>	<u>-</u>

(3) Derivative financial assets

	30 June 2023	31 December 2022
Derivative financial assets - Forward exchange contracts	<u>7,086,761</u>	<u>2,972,698</u>

JIANGLING MOTORS CORPORATION, LTD.**NOTES TO THE FINANCIAL STATEMENTS
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4 Notes to the consolidated financial statements (Cont'd)**(4) Notes receivable**

	30 June 2023	31 December 2022
Trade acceptance notes	174,800	743,071,151
Less: Provision for bad debts	<u>(141)</u>	<u>(318,421)</u>
	<u>174,659</u>	<u>742,752,730</u>

As at 30 June 2023, the Group had no notes receivable from Jiangxi Jiangling Import & Export Co., Ltd. (31 December 2022: RMB 600,000,000) (Note 7(6)).

- (a) As at 30 June 2023, there were no notes receivable pledged.
- (b) As at 30 June 2023, the Group's notes receivable presented as endorsed or discounted but not yet due are as follows.
- (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 2023, The Group measures the provision for bad debts on the basis of expected credit losses throughout its life and the related amount is RMB141 (31 December 2022: RMB318,421). the amount of provision for bad debts reversed was RMB318,280, The reason is that the amounts for which bad debts had been accrued were recovered in the current period.

(5) Accounts receivable

	30 June 2023	31 December 2022
Accounts receivable	4,517,096,603	4,367,065,120
Less: Provision for bad debts	<u>(124,293,604)</u>	<u>(121,523,368)</u>
	<u>4,392,802,999</u>	<u>4,245,541,752</u>

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

(5) Accounts receivable (Cont'd)

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

	30 June 2023	31 December 2022
Within 1 year	4,320,998,284	4,183,936,645
1 to 2 years	37,430,780	12,186,785
Over 2 years	158,667,539	170,941,690
	<u>4,517,096,603</u>	<u>4,367,065,120</u>

(b) As at 30 June 2023, 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	2,779,801,800	(3,379,001)	61.54%
Company 2	90,614,670	(162,990)	2.01%
Company 3	75,114,809	(158,069)	1.66%
Company 4	73,504,160	(59,300)	1.63%
Company 5	72,230,000	(72,230,000)	1.60%
	<u>3,091,265,439</u>	<u>(75,989,360)</u>	<u>68.44%</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 2023		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL (%)	Amount
New energy subsidies receivable	37,924,214	100%	(37,924,214)
Receivables for automobiles	72,230,000	100%	(72,230,000)
	<u>110,154,214</u>		<u>(110,154,214)</u>

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

(5) 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 2022		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL (%)	Amount
New energy subsidies receivable	37,924,214	100%	(37,924,214)
Receivables for automobiles	72,230,000	100%	(72,230,000)
	<u>110,154,214</u>		<u>(110,154,214)</u>

As at 30 June 2023 and 31 December 2022, The Group assessed the expected credit losses on the related accounts receivables, the Group considered the receivables cannot be collected, 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 2023		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL (%)	Amount
Not overdue	3,284,726,202	0.08%	(2,656,109)
Overdue for 1 to 30 days	171,755,788	0.08%	(138,575)
Overdue for 31 to 60 day	52,527,514	1.32%	(691,778)
Overdue for 61 to 90 days	28,856,941	1.97%	(569,164)
Overdue over 90 days	173,227,815	2.85%	(4,934,044)
	<u>3,711,094,260</u>		<u>(8,989,670)</u>

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

(5) 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 2022		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL (%)	Amount
Not overdue	3,342,241,063	0.04%	(1,433,732)
Overdue for 1 to 30 days	191,926,407	0.04%	(82,244)
Overdue for 31 to 60 days	60,431,806	1.07%	(645,450)
Overdue for 61 to 90 days	28,747,850	2.07%	(596,073)
Overdue over 90 days	132,725,554	3.14%	(4,170,090)
	<u>3,756,072,680</u>		<u>(6,927,589)</u>

Grouping - Sales of new energy automobiles:

	30 June 2023		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL (%)	Amount
Overdue over 90 days	<u>8,413,260</u>	30.47%	<u>(2,563,287)</u>

	31 December 2022		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL (%)	Amount
Overdue over 90 days	<u>8,803,260</u>	31.06%	<u>(2,734,591)</u>

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

(5) 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 2023		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL (%)	Amount
Not overdue	662,225,720	0.30%	(1,986,677)
Overdue for 1 to 30 days	12,592,533	0.30%	(37,778)
Overdue for 31 to 60 days	1,516,525	0.50%	(7,583)
Overdue for 61 to 90 days	13,853	0.60%	(83)
Overdue over 90 days	11,086,238	5.00%	(554,312)
	<u>687,434,869</u>		<u>(2,586,433)</u>

	31 December 2022		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL (%)	Amount
Not overdue	467,350,948	0.30%	(1,402,053)
Overdue for 1 to 30 days	16,889,558	0.30%	(50,669)
Overdue for 31 to 60 days	1,741,552	0.50%	(8,708)
Overdue for 61 to 90 days	1,297,746	0.60%	(7,786)
Overdue over 90 days	4,755,162	5.00%	(237,758)
	<u>492,034,966</u>		<u>(1,706,974)</u>

(iii) The amount of provision for bad debts for the period was RMB2,770,236 .

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

(5) Accounts receivable (Cont'd)

(d) For the six months ended 30 June 2023, The group has no actual write-off accounts receivable.

(e) As at 30 June 2023 and 31 December 2022, there were no accounts receivable pledged.

(6) Financing receivables

	30 June 2023	31 December 2022
Bank acceptance notes	<u>364,021,037</u>	<u>376,662,817</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 2023, the Group measures the loss provision of financing receivables based on the lifetime ECL. As at 30 June 2023, 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 2023, the Group had no pledged bank acceptance notes receivable presented in financing receivables.

As at 30 June 2023, the Group's bank acceptance notes had been endorsed or discounted but not yet matured were RMB1,060,822,483 and were derecognised.

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

(7) Advances to suppliers

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

	30 June 2023		31 December 2022	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	<u>294,535,913</u>	<u>100%</u>	<u>277,743,526</u>	<u>100%</u>

(b) As at 30 June 2023, the top five advances to suppliers ranked by remaining balances are analysed as follows:

	Amount	% of total balance
Company 1	249,319,087	84.65%
Company 2	18,839,581	6.40%
Company 3	8,444,594	2.87%
Company 4	7,223,907	2.45%
Company 5	<u>4,593,189</u>	<u>1.56%</u>
	<u>288,420,358</u>	<u>97.93%</u>

(8) Other receivables

	30 June 2023	31 December 2022
Receivable for subsidiary disposal	24,900,000	60,900,000
Import working capital	7,000,000	10,000,000
Disposal of assets	4,604,745	4,604,745
Others	<u>39,165,837</u>	<u>35,893,235</u>
	<u>75,670,582</u>	<u>111,397,980</u>
Less: Provision for bad debts	<u>(242,050)</u>	<u>(334,608)</u>
	<u>75,428,532</u>	<u>111,063,372</u>

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

(8) Other receivables (Cont'd)

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

	30 June 2023	31 December 2022
Within 1 year	40,075,543	47,163,619
Over 1 year	35,595,039	64,234,361
	<u>75,670,582</u>	<u>111,397,980</u>

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

	Stage 1		Total
	12-month ECL (grouping)		
	Book balance	Provision for bad debts	Provision for bad debts
31 December 2022	111,397,980	(334,608)	(334,608)
Net decrease in the current period	(35,727,398)	-	-
Bad debt provision reversed in the current period	-	92,558	92,558
30 June 2023	<u>75,670,582</u>	<u>(242,050)</u>	<u>(242,050)</u>

As at 30 June 2023 and 31 December 2022, the Group had no other receivables at Stage 2 and Stage 3. The analysis of other receivables at Stage 1 is stated below:

- (i) As at 30 June 2023 and 31 December 2022, the Group had no other receivables with provision for bad debts on the individual basis.
- (ii) As at 30 June 2023, the Group's other receivables with provision for bad debts on the grouping basis were analysed below:

	Book balance	Expected credit loss ratio within the next 12 months	Provision for bad debts	Rationale
Portfolio accrual:				
Receivable for subsidiary disposal	24,900,000	0.30%	(74,700)	Expected credit losses
Import working capital	7,000,000	0.30%	(21,000)	Expected credit losses
Disposal of assets	4,604,745	0.30%	(13,814)	Expected credit losses
Others	39,165,837	0.34%	(132,536)	Expected credit losses
	<u>75,670,582</u>		<u>(242,050)</u>	

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

(8) Other receivables (Cont'd)

(ii) As at 31 December 2022, the Group's other receivables with provision for bad debts on the grouping basis were analysed below:

	Book balance	Expected credit loss ratio within the next 12 months	Provision for bad debts	Rationale
Portfolio accrual:				
Receivable for subsidiary disposal	60,900,000	0.30%	(182,700)	Expected credit losses
Import working capital	10,000,000	0.30%	(30,000)	Expected credit losses
Disposal of assets	4,604,745	0.30%	(13,814)	Expected credit losses
Others	35,893,235	0.30%	(108,094)	Expected credit losses
	<u>111,397,980</u>		<u>(334,608)</u>	

(c) RMB92,558 of provision for bad debts was reversed in the current period.

(d) As at 30 June 2023, 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	24,900,000	More than one year	32.91%	(74,700)
Company 2	Prepayment	13,980,264	Within one year	18.48%	(41,941)
Company 3	Import working capital, etc.	7,572,820	Within one year	10.01%	(22,718)
Company 4	Asset disposal payments, etc.	4,614,745	More than one year	6.10%	(13,844)
Company 5	Guarantees	2,645,744	More than one year	3.50%	(7,937)
		<u>53,713,573</u>		<u>71.00%</u>	<u>(161,140)</u>

(9) Inventories

(a) Inventories are summarised by categories as follows:

	30 June 2023			31 December 2022		
	Book balance	Provision for decline in the value of inventories	Carrying amount	Book balance	Provision for decline in the value of inventories	Carrying amount
Raw materials	1,035,312,166	(70,413,441)	964,898,725	1,077,387,177	(70,415,497)	1,006,971,680
Finished goods	444,235,711	-	444,235,711	695,697,324	-	695,697,324
Work in progress	211,279,723	(808,074)	210,471,649	254,199,491	(857,711)	253,341,780
Low value consumables	89,797,146	-	89,797,146	93,411,573	(537,572)	92,874,001
Materials in transit	32,132,208	-	32,132,208	42,989,505	-	42,989,505
Materials consigned for processing	23,960,731	-	23,960,731	37,166,530	-	37,166,530
	<u>1,836,717,685</u>	<u>(71,221,515)</u>	<u>1,765,496,170</u>	<u>2,200,851,600</u>	<u>(71,810,780)</u>	<u>2,129,040,820</u>

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

(9) Inventories (Cont'd)

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

	31 December 2022	Increase in the current period	Decrease in the current period		30 June 2023
		Provision	Reversal	Write-off	
Raw materials	(70,415,497)	-	-	2,056	(70,413,441)
Low value consumables	(537,572)	-	-	537,572	-
Work in progress	(857,711)	-	-	49,637	(808,074)
	<u>(71,810,780)</u>	<u>-</u>	<u>-</u>	<u>589,265</u>	<u>(71,221,515)</u>

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

	Specific basis for determining net realisable value	Reason for current period 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 contract performance costs and selling and distribution expenses and related taxes	Sales realised

(10) Other current assets

	30 June 2023	31 December 2022
Taxes prepaid, input VAT to be deducted and to be verified	<u>1,232,518,771</u>	<u>1,362,502,624</u>

(11) Current portion of non-current assets

	30 June 2023	31 December 2022
Current portion of long-term receivables (Note 4(12))	<u>14,170,026</u>	<u>13,851,634</u>

(12) Long-term receivables

	30 June 2023	31 December 2022
Long-term receivables	40,855,427	48,695,467
Less: Unearned financing income	(2,556,786)	(3,549,703)
Provision for bad debts	(122,566)	(146,086)
Current portion of long-term receivables(Note 4(11))	<u>(14,170,026)</u>	<u>(13,851,634)</u>
	<u>24,006,049</u>	<u>31,148,044</u>

As at 30 June 2023, the Group's long-term receivables were generated by instalment collections from disposal of fixed assets, which will be recovered from 2023 to 2026.

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

(13) Long-term equity investments

	30 June 2023	31 December 2022
Associates		
- Shanxi Yunnei Power Co., Ltd. ("The Power Company")	208,609,672	211,055,689
- Hanon Systems (Nanchang) Co., Ltd. ("Hanon Systems")	35,979,511	37,427,133
Less: Provision for impairment of long-term equity investments	-	-
	<u>244,589,183</u>	<u>248,482,822</u>

Associates

	<u>Movements for the current period</u>					30 June 2023	Shareholding (%)	Voting rights (%)	Ending balance of provision for impairment
	31 December 2022	Increase/decrease in the current period	Share of net profit/(loss) under equity method	Cash dividends declared	Provision for impairment				
The Power Company	211,055,689	-	(2,446,017)	-	-	208,609,672	40%	40%	-
Hanon Systems	37,427,133	-	(1,447,622)	-	-	35,979,511	19.15%	33.33%	-
Total	<u>248,482,822</u>	-	<u>(3,893,639)</u>	-	-	<u>244,589,183</u>			<u>-</u>

Related information of equity in associates is set forth in Note 5(2).

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

(14) Fixed assets

	30 June 2023	31 December 2022
Fixed assets (a)	5,505,890,597	5,446,006,505
Fixed assets pending for disposal (b)	<u>1,923,432</u>	<u>377,864</u>
	<u>5,507,814,029</u>	<u>5,446,384,369</u>

(a) Fixed assets

	Buildings	Machinery and equipment	Vehicles	Moulds	Electronic and other equipment	Total
Cost						
31 December 2022	2,213,414,020	3,153,309,149	475,545,179	3,454,685,625	4,168,066,138	13,465,020,111
Increase in the current period						
Transfer from construction in progress	2,868,477	57,047,957	3,398,186	359,017,169	83,918,124	506,249,913
Decrease in the current period						
Disposal or retirement	-	(3,161,279)	(2,208,865)	(11,767,268)	(5,555,154)	(22,692,566)
Others	-	(8,903,200)	-	-	-	(8,903,200)
30 June 2023	2,216,282,497	3,198,292,627	476,734,500	3,801,935,526	4,246,429,108	13,939,674,258
Accumulated depreciation						
31 December 2022	(419,406,028)	(1,788,482,688)	(278,327,488)	(2,546,577,850)	(2,632,387,758)	(7,665,181,812)
Increase in the current period						
Provision	(28,382,754)	(114,036,766)	(23,487,027)	(98,380,111)	(178,631,565)	(442,918,223)
Decrease in the current period						
Disposal or retirement	-	2,162,076	1,813,139	9,832,802	5,138,715	18,946,732
Others	-	2,093,104	-	-	-	2,093,104
30 June 2023	(447,788,782)	(1,898,264,274)	(300,001,376)	(2,635,125,159)	(2,805,880,608)	(8,087,060,199)
Provision for impairment						
31 December 2022	-	(12,392,150)	(2,571,080)	(323,447,442)	(15,421,122)	(353,831,794)
Increase in the current period						
Provision	-	-	-	-	-	-
Decrease in the current period						
Disposal or retirement	-	6,934,687	-	-	173,645	7,108,332
30 June 2023	-	(5,457,463)	(2,571,080)	(323,447,442)	(15,247,477)	(346,723,462)
Carrying amount						
30 June 2023	1,768,493,715	1,294,570,890	174,162,044	843,362,925	1,425,301,023	5,505,890,597
31 December 2022	1,794,007,992	1,352,434,311	194,646,611	584,660,333	1,520,257,258	5,446,006,505

For the six months ended 30 June 2023, depreciation charged to fixed assets amounted to RMB442,918,223 (the six months ended 30 June 2022: RMB435,117,387), 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 RMB364,837,796, RMB1,135,033, RMB46,055,032 and RMB30,890,362 (the six months ended 30 June 2022: RMB353,653,366, RMB1,141,073, RMB47,510,686 and RMB32,812,262), respectively.

The costs of fixed assets transferred from construction in progress amounted to RMB506,249,913 (the six months ended 30 June 2022: RMB364,904,815).

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[English translation for reference only]**4 Notes to the consolidated financial statements (Cont'd)**

(14) Fixed assets (Cont'd)

(a) Fixed assets (Cont'd)

(i) Temporarily idle fixed assets

As at 30 June 2023, the fixed assets with a carrying amount of approximately RMB459,419,449 (a cost of RMB1,452,686,873) (31 December 2022: a carrying amount of approximately RMB507,898,988 and a cost of RMB1,521,049,605) were temporarily idle due to the reorganisation plan of JMCH and the change of product process, etc. The analysis is as follows:

	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Buildings	409,162,422	(101,151,588)	-	308,010,834
Machinery and equipment	184,323,642	(127,161,324)	(5,216,580)	51,945,738
Vehicles	67,133,078	(52,969,611)	(2,473,956)	11,689,511
Moulds	453,633,168	(140,338,185)	(312,746,465)	548,518
Electronic and other equipment	338,434,563	(239,439,488)	(11,770,227)	87,224,848
	<u>1,452,686,873</u>	<u>(661,060,196)</u>	<u>(332,207,228)</u>	<u>459,419,449</u>

As at 30 June 2023, the fixed assets with a carrying amount of approximately RMB 440,493,790 (a cost of RMB856,841,465) were temporarily idle due to the reorganisation transaction of JMCH(Notes 5(1)) , the group will continue to actively promote the restructuring of JMCH, and there was no further impairment charged during this period.

(ii) Fixed assets with pending certificates of ownership:

	Carrying amount	Reasons for not obtaining certificates of ownership
Buildings	<u>9,863,629</u>	Pending procedures

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

(14) Fixed assets (Cont'd)

(b) Fixed assets pending for disposal

	30 June 2023	31 December 2022
Moulds	1,812,760	-
Electronic and other equipment	85,891	216,104
Machinery and equipment	24,781	161,363
Vehicles	-	397
	<u>1,923,432</u>	<u>377,864</u>

(15) Construction in progress

	30 June 2023			31 December 2022		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Projects for commercial vehicles	380,830,242	-	380,830,242	537,796,267	-	537,796,267
Projects for passenger vehicles	136,493,472	-	136,493,472	87,126,228	-	87,126,228
Projects for automobiles factory	24,749,876	-	24,749,876	42,929,882	-	42,929,882
Projects for automobile parts factory	11,613,896	-	11,613,896	5,424,980	-	5,424,980
Others	59,203,302	(691,646)	58,511,656	46,026,479	(691,646)	45,334,833
	<u>612,890,788</u>	<u>(691,646)</u>	<u>612,199,142</u>	<u>719,303,836</u>	<u>(691,646)</u>	<u>718,612,190</u>

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

(15) Construction in progress (Cont'd)

(a) Movement of significant projects of construction in progress

Project name	Budget (In RMB0'000)	31 December 2022	Increase in the current period	Transfer to fixed assets in the current period	Transfer to intangible assets in the current period	30 June 2023	% of project investment in budget	Progress of project	Accumulative capitalised borrowing costs	Including: Borrowing costs capitalised in the current period	Source of fund
Projects for commercial vehicles	205,984	537,796,267	249,669,866	(406,635,891)	-	380,830,242	85%	85%	-	-	Self-owned funds
Projects for passenger vehicles	86,465	87,126,228	90,594,629	(40,877,827)	(349,558)	136,493,472	69%	69%	-	-	Self-owned funds
Projects for automobiles factory	320,105	42,929,882	26,391,725	(44,571,731)	-	24,749,876	74%	74%	-	-	Self-owned funds
Projects for automobile parts factory	14,070	5,424,980	6,222,529	(33,613)	-	11,613,896	68%	68%	-	-	Self-owned funds
Others		<u>46,026,479</u>	<u>28,776,700</u>	<u>(14,130,851)</u>	<u>(1,469,026)</u>	<u>59,203,302</u>			<u>292,897</u>	-	Self-owned funds and borrowings
		<u>719,303,836</u>	<u>401,655,449</u>	<u>(506,249,913)</u>	<u>(1,818,584)</u>	<u>612,890,788</u>			<u>292,897</u>	-	

(b) Provision for impairment of construction in progress

	31 December 2022	Increase in the current period	Decrease in the current period	30 June 2023	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 carrying amount

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

(16) Right-of-use assets

	Buildings
Cost	
31 December 2022	349,143,173
Increase in the current period	
New lease contracts	16,056,861
30 June 2023	365,200,034
Accumulated depreciation	
31 December 2022	(115,520,283)
Increase in the current period	
Provision	(36,087,214)
30 June 2023	(151,607,497)
Provision for impairment	
31 December 2022	-
Increase in the current period	-
Decrease in the current period	-
30 June 2023	-
Carrying amount	
30 June 2023	213,592,537
31 December 2022	233,622,890

For the six months ended 30 June 2023, depreciation of right-of-use assets amounted to RMB36,087,214 (the six months ended 30 June 2022:RMB35,233,057), of which RMB30,709,882, RMB2,481,794, RMB2,398,823 and RMB496,715 were included in cost of sales, selling and distribution expenses, general and administrative expenses and research and development expenses, respectively (the six months ended 30 June 2022: RMB31,995,045, RMB409,941, RMB2,398,822 and RMB429,249 were included in cost of sales, selling and distribution expenses, general and administrative expenses and research and development expenses, respectively).

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

(17) Intangible assets/Development expenditures

(a) Intangible assets

	Land use rights	Software use fees	Non-patent technologies	After-sales services management mode	Others	Total
Cost						
31 December 2022	628,964,157	334,638,306	1,086,102,005	36,979,184	1,599,516	2,088,283,168
Increase in the current period						
Transfer from construction in progress	-	1,818,584	-	-	-	1,818,584
Internal research and development	-	-	452,115,147	-	-	452,115,147
Decrease in the current period						
Disposal	-	-	-	-	-	-
30 June 2023	628,964,157	336,456,890	1,538,217,152	36,979,184	1,599,516	2,542,216,899
Accumulated amortisation						
31 December 2022	(139,952,223)	(191,182,266)	(484,757,266)	(36,979,184)	(1,599,516)	(854,470,455)
Increase in the current period						
Provision	(6,636,555)	(21,778,719)	(104,164,845)	-	-	(132,580,119)
Decrease in the current period						
Disposal	-	-	-	-	-	-
30 June 2023	(146,588,778)	(212,960,985)	(588,922,111)	(36,979,184)	(1,599,516)	(987,050,574)
Provision for impairment						
31 December 2022	-	-	(38,806,961)	-	-	(38,806,961)
Increase in the current period						
Provision	-	-	-	-	-	-
30 June 2023	-	-	(38,806,961)	-	-	(38,806,961)
Carrying amount						
30 June 2023	482,375,379	123,495,905	910,488,080	-	-	1,516,359,364
31 December 2022	489,011,934	143,456,040	562,537,778	-	-	1,195,005,752

For the six months ended 30 June 2023, amortisation charged to intangible assets amounted to RMB132,580,119 (the six months ended 30 June 2022: RMB90,867,377), of which RMB24,071, RMB232,310, RMB25,706,378 and RMB106,617,360 were included in cost of sales, selling and distribution expenses, general and administrative expenses and research and development expenses (the six months ended 30 June 2022: RMB24,071, RMB223,566, RMB21,185,313 and RMB69,434,427), respectively.

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

(17) Intangible assets/Development expenditures (Cont'd)

(b) Development expenditures

The Group's development expenditures are set out below:

	31 December 2022	Increase in the current period	Decrease in the current period		30 June 2023
			Recognised in profit or loss	Recognised as intangible assets	
Automobile products development project	<u>477,233,877</u>	<u>336,076,246</u>	-	<u>(452,115,147)</u>	<u>361,194,976</u>

Expenditures on research and development of the Group incurred For the six months ended 30 June 2023 amounted to RMB1,084,212,021 (the six months ended 30 June 2022: RMB896,948,849) in total, of which RMB748,135,775 (the six months ended 30 June 2022: RMB666,994,373) was recognised in profit or loss for the current period, RMB336,076,246 (the six months ended 30 June 2022: RMB229,954,476) was recognised in development expenditures for the current period and RMB104,628,790 (the six months ended 30 June 2022: RMB62,429,052) transferred from development expenditures to intangible assets for the current period and RMB231,447,456 (the six months ended 30 June 2022: RMB167,525,424) was included in the ending balance of development expenditures. As at 30 June 2023, the intangible assets developed by the Group accounted for 52% (31 December 2022: 36%) of the carrying amount of intangible assets.

(18) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets before offsetting

	30 June 2023		31 December 2022	
	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Accrued expenses and provisions	4,655,366,449	1,048,743,969	4,978,763,776	1,120,987,322
Recoverable losses	3,871,185,935	695,258,435	3,634,617,217	571,696,850
Provision for asset impairment	1,086,654,228	167,628,158	1,092,015,809	168,415,220
Non-patent technology	247,609,905	61,155,677	208,440,047	50,268,260
Employee education funds unpaid	100,723,793	15,734,960	88,505,949	13,780,833
Deferred income	64,781,931	9,717,290	60,849,643	9,127,446
Retirement benefits plan	54,748,143	13,344,121	55,374,000	13,438,000
Others	178,811,615	30,311,340	174,643,793	29,512,438
	<u>10,259,881,999</u>	<u>2,041,893,950</u>	<u>10,293,210,234</u>	<u>1,977,226,369</u>
Including:				
Expected to be recovered within 1 year (inclusive)		1,340,834,385		1,399,402,738
Expected to be recovered after 1 year		<u>701,059,565</u>		<u>577,823,631</u>
		<u>2,041,893,950</u>		<u>1,977,226,369</u>

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

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

(b) Deferred tax liabilities before offsetting

	30 June 2023		31 December 2022	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Depreciation of fixed assets	2,831,667,310	677,481,992	2,823,844,034	652,665,271
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 involving enterprises not under common control	91,858,664	22,964,666	93,221,436	23,305,359
Amortisation of intangible assets	65,688,691	15,429,499	56,434,371	12,193,000
Others	7,222,761	1,097,014	2,972,698	445,905
	3,404,437,426	778,173,171	3,384,472,539	749,809,535
Including:				
Expected to be recovered within 1 year (inclusive)		181,763,213		145,213,640
Expected to be recovered after 1 year		596,409,958		604,595,895
		778,173,171		749,809,535

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

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

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

	30 June 2023	31 December 2022
Deductible temporary differences	1,380,253,868	1,380,025,289
Deductible losses	253,246,661	202,505,688
	<u>1,633,500,529</u>	<u>1,582,530,977</u>

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

	30 June 2023	31 December 2022
2024	109,336,011	109,336,011
2025	-	-
2026	-	-
2027	93,001,631	93,169,677
2028	50,909,019	-
	<u>253,246,661</u>	<u>202,505,688</u>

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

	<u>30 June 2023</u>		<u>31 December 2022</u>	
	Offsetting amount	Balance after offsetting	Offsetting amount	Balance after offsetting
Deferred tax assets	(755,208,505)	1,286,685,445	(726,504,176)	1,250,722,193
Deferred tax liabilities	(755,208,505)	22,964,666	(726,504,176)	23,305,359

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

(19) Provision for asset impairment and losses

	31 December 2022	Increase in the current period	Decrease in the current period		30 June 2023
			Reversal	Write- off/Disposal	
Provision for bad debts of notes receivable	318,421	-	(318,280)	-	141
Provision for bad debts of accounts receivable	121,523,368	2,770,236	-	-	124,293,604
Including: Provision for bad debts on the individual basis	110,154,214	-	-	-	110,154,214
Provision for bad debts on the grouping basis	11,369,154	2,770,236	-	-	14,139,390
Provision for bad debts of other receivables	334,608	-	(92,558)	-	242,050
Provision for bad debts of long-term receivables	146,086	-	(23,520)	-	122,566
Sub-total	122,322,483	2,770,236	(434,358)	-	124,658,361
Provision for decline in the value of inventories	71,810,780	-	-	(589,265)	71,221,515
Provision for impairment of fixed assets	353,831,794	-	-	(7,108,332)	346,723,462
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	554,169,593	-	-	(7,697,597)	546,471,996
	676,492,076	2,770,236	(434,358)	(7,697,597)	671,130,357

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

(20) Short-term borrowings

	30 June 2023	31 December 2022
Credit loan	800,000,000	1,100,000,000
Guarantees loan	500,000,000	-
	<u>1,300,000,000</u>	<u>1,100,000,000</u>

As at 30 June 2023, the above short-term borrowings were all caused by bank short-term loan, which bear the interest rates ranging from 1.75% to 2.4% (31 December 2022: from 2.35% to 2.75%).

(21) Accounts payable

	30 June 2023	31 December 2022
Payable for automobile parts	8,571,286,768	8,783,467,597
Payable for raw and auxiliary materials	368,244,319	232,510,757
	<u>8,939,531,087</u>	<u>9,015,978,354</u>

As at 30 June 2023, accounts payable with ageing over one year amounted to RMB696,422,634 (31 December 2022: RMB652,758,141), which mainly represented materials payable for which a settlement price had not yet been determined, and such payables had not been finally settled yet.

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

(22) Contract liabilities

	30 June 2023	31 December 2022
Advances for automobiles and automobile parts	137,441,756	94,400,145
Advances for maintenance and warranty services	173,678,322	175,905,460
	<u>311,120,078</u>	<u>270,305,605</u>
Less: Contract liabilities carried forward to revenue after 1 year (Note 4(33))	(116,447,990)	(118,240,580)
	<u>194,672,088</u>	<u>152,065,025</u>

(23) Employee benefits payable

	30 June 2023	31 December 2022
Short-term employee benefits payable (a)	652,963,489	631,243,123
Defined contribution plans payable (b)	308,786,100	279,041,381
Defined benefit plans payable (c)	2,803,000	2,803,000
Termination benefits payable (d)	2,616,176	2,616,176
	<u>967,168,765</u>	<u>915,703,680</u>

(a) Short-term employee benefits

	31 December 2022	Increase in the current period	Decrease in the current period	30 June 2023
Wages and salaries, bonus, allowances and subsidies	454,910,923	993,647,218	(960,642,203)	487,915,938
Staff welfare	59,167,710	30,632,325	(39,282,026)	50,518,009
Social security contributions	24,132,419	57,917,512	(73,390,393)	8,659,538
Including: Medical insurance	17,300,118	56,189,463	(72,701,934)	787,647
Work injury insurance	6,832,301	1,728,049	(688,459)	7,871,891
Housing funds	467,942	99,791,391	(99,783,266)	476,067
Labour union funds and employee education funds	92,564,129	33,421,263	(20,591,455)	105,393,937
Other short-term employee benefits	-	3,361,960	(3,361,960)	-
	<u>631,243,123</u>	<u>1,218,771,669</u>	<u>(1,197,051,303)</u>	<u>652,963,489</u>

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

(23) Employee benefits payable (Cont'd)

(b) Defined contribution plans

	31 December 2022	Increase in the current period	Decrease in the current period	30 June 2023
Basic pensions	260,527,342	123,436,987	(96,284,293)	287,680,036
Supplementary pensions	10,400,000	-	-	10,400,000
Unemployment insurance	8,114,039	3,847,119	(1,255,094)	10,706,064
	<u>279,041,381</u>	<u>127,284,106</u>	<u>(97,539,387)</u>	<u>308,786,100</u>

(c) Defined benefit plans

	31 December 2022	Increase in the current period	Decrease in the current period	30 June 2023
Post-retirement benefits payable (Note 4(32))	<u>2,803,000</u>	<u>1,436,800</u>	<u>(1,436,800)</u>	<u>2,803,000</u>

(d) Termination benefits payable

	30 June 2023	31 December 2022
Early retirement benefits payable (Note 4(32))	1,278,000	1,278,000
Other termination benefits (i)	1,338,176	1,338,176
	<u>2,616,176</u>	<u>2,616,176</u>

(i) For the six months ended 30 June 2023, other termination benefits paid by the Group for termination of the employment relationship were RMB10,806,089 (the six months ended 30 June 2022: RMB1,123,392).

(24) Taxes payable

	30 June 2023	31 December 2022
Consumption tax payable	74,246,260	87,601,901
Land use tax payable	4,831,953	4,831,953
Unpaid VAT	800,152	24,542,717
Enterprise income tax payable	-	55,230,198
Others	14,848,100	21,042,835
	<u>94,726,465</u>	<u>193,249,604</u>

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

(25) Other payables

	30 June 2023	31 December 2022
Promotion expenses	2,615,585,173	2,566,403,266
Research and development project expenses	1,164,009,858	1,139,399,835
Construction payment	410,501,788	534,127,177
Ordinary share dividends payable	374,354,271	6,463,836
Transportation expenses	185,504,240	239,369,691
Advertising and new product planning fees	150,847,930	160,966,200
Guarantees payable	113,399,487	111,554,518
Technological transformation project expenses	37,381,884	51,152,889
Consulting fees	27,018,361	22,274,659
Trademark license fee	15,699,857	13,971,949
Others	808,850,295	827,024,491
	<u>5,903,153,144</u>	<u>5,672,708,511</u>

As at 30 June 2023, other payables with ageing over one year of RMB2,018,296,943 (31 December 2022: RMB1,696,105,568) mainly comprised guarantees collected from logistics companies, distributors and repair stations, payables for construction projects and payables for research and development expenses. Such payables have not been finally settled yet in view of the continuing business transactions with distributors and service providers, and engineering projects and research and development projects that had not yet been accepted and completed.

(26) Current portion of non-current liabilities

	30 June 2023	31 December 2022
Current portion of lease liabilities (Note 4(29))	74,653,392	72,224,685
Current portion of long-term borrowings (Note 4(28))	3,473,175	456,071
	<u>78,126,567</u>	<u>72,680,756</u>

(27) Other current liabilities

	30 June 2023	31 December 2022
Provisions expected to be settled within 1 year (Note 4(30))	367,544,537	374,617,524
Others	17,867,429	12,272,018
	<u>385,411,966</u>	<u>386,889,542</u>

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

(28) Long-term borrowings

	30 June 2023	31 December 2022
Guaranteed loans(a)	2,129,290	2,280,355
Credit loans(b)	12,849,944	19,033,773
Less: Current portion of long-term borrowings (Note 4(26))	<u>(3,473,175)</u>	<u>(456,071)</u>
	<u>11,506,059</u>	<u>20,858,057</u>

- (a) As at 30 June 2023, the above guaranteed loans were long-term borrowings amounting to USD 294,679 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.

	Starting date	Maturity date	Currency	Interest rate (%)	30 June 2023		31 December 2022	
					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%	294,679	2,129,290	327,421	2,280,355

- (b) As at 30 June 2023, the principal amount of bank credit borrowings is repayable in installments during 2024.

For the six months ended 30 June 2023, the interest rate of long-term borrowings was 1.5-2.5% (the six months ended 30 June 2022: 1.5%).

(29) Lease liabilities

	30 June 2023	31 December 2022
Lease liabilities(a)	208,931,917	265,315,036
Less: Current portion of non-current liabilities (Note 4(26))	<u>(74,653,392)</u>	<u>(72,224,685)</u>
	<u>134,278,525</u>	<u>193,090,351</u>

- (a) As at 30 June 2023, the Group has no leases that are not included in lease liabilities but will result in potential future cash outflows.

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

(30) Provisions

	31 December 2022	Increase in the current period	Decrease in the current period	30 June 2023
Product warranties (a)	610,033,067	126,130,480	(135,456,636)	600,706,911
Provisions for contract fulfilment	<u>15,347,046</u>	<u>-</u>	<u>(1,917,879)</u>	<u>13,429,167</u>
	625,380,113	126,130,480	(137,374,515)	614,136,078
Less: Provisions expected to be settled within 1 year (Note 4(27))	<u>(374,617,524)</u>			<u>(367,544,537)</u>
	<u>250,762,589</u>			<u>246,591,541</u>

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

(31) Deferred income

	31 December 2022	Increase in the current period	Decrease in the current period	30 June 2023	Reason
Government grants	<u>60,849,643</u>	<u>6,400,000</u>	<u>(2,467,712)</u>	<u>64,781,931</u>	Subsidy for projects

(a) Government grants

	31 December 2022	Increase in the current period	<u>Decrease in the current period</u> Recognised in other income	30 June 2023	Asset related/ Income related
Research and development- related subsidies	49,259,707	6,000,000	(1,542,355)	53,717,352	Income related
Equipment purchasing- related subsidies	10,335,417	-	(805,357)	9,530,060	Asset related Income related
Others	<u>1,254,519</u>	<u>400,000</u>	<u>(120,000)</u>	<u>1,534,519</u>	
	<u>60,849,643</u>	<u>6,400,000</u>	<u>(2,467,712)</u>	<u>64,781,931</u>	

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

(32) Long-term employee benefits payable

	30 June 2023	31 December 2022
Supplementary retirement benefits and early-retirement benefits eligible for recognition of provisions	53,311,343	55,374,000
Less: Payable within 1 year	<u>(4,081,000)</u>	<u>(4,081,000)</u>
	<u>49,230,343</u>	<u>51,293,000</u>

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

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

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

	Present value of the obligations of the defined benefit plan	
	30 June 2023	31 December 2022
Opening balance	55,374,000	59,941,000
Cost of defined benefit plans recognised in profit or loss for the current period		
- Current service cost	-	1,161,000
- Past service cost	-	-
- Actuarial gains or losses recognised immediately	-	82,000
- Net interest	-	1,744,000
Remeasurement of net liabilities for defined benefit plans		
- Actuarial gains	-	(3,918,000)
Other movements		
- Benefits paid	(2,062,657)	(3,636,000)
Ending balance	<u>53,311,343</u>	<u>55,374,000</u>

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

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

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

	30 June 2023	31 December 2022
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.

(33) Other non-current liabilities

	30 June 2023	31 December 2022
Contract liabilities carried forward to revenue after 1 year (Note 4(22))	<u>116,447,990</u>	<u>118,240,580</u>

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

(34) Share capital

	31 December 2022	Movements for the current period				Sub-total	30 June 2023
		Shares newly issued	Bonus share	Transfer from capital surplus	Others		
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 domestic natural persons	5,700	-	-	-	-	-	5,700
	<u>750,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>750,840</u>
Shares not subject to trading restriction -							
Ordinary shares denominated in RMB	518,463,160	-	-	-	-	-	518,463,160
Domestically listed foreign shares	344,000,000	-	-	-	-	-	344,000,000
	<u>862,463,160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>862,463,160</u>
	<u>863,214,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>863,214,000</u>

Since the implementation of the Company's Scheme on Share Split Reform on 13 February 2006, as at 30 June 2023, there were 750,840 shares currently unavailable for trading. During the reporting period, there was no shares with trading restrictions released from the restricted conditions.

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

(34) Share capital (Cont'd)

	31 December 2021	Movements for the current year					31 December 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 domestic 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)**(35) Capital surplus**

	31 December 2022	Increase in the current period	Decrease in the current period	30 June 2023
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 2021	Increase in the current year	Decrease in the current year	31 December 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>

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

(36) Other comprehensive income

	Other comprehensive income in the balance sheet			Other comprehensive income in the income statement for the six months ended 30 June 2023				
	31 December 2022	Attributable to the parent company after tax	30 June 2023	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	Attributable to the subsidiary after tax
Other comprehensive income that will not be reclassified to profit or loss								
Actuarial gains on defined benefit plans	(13,484,250)	-	(13,484,250)	-	-	-	-	-
	Other comprehensive income in the balance sheet			Other comprehensive income in the income statement for the year ended 31 December 2022				
	31 December 2021	Attributable to the parent company after tax	31 December 2022	Amount incurred before income tax for the current year	Less: Transfer-out of previous other comprehensive income in the current period	Less: Income tax expenses	Attributable to the parent company after tax	Attributable to the subsidiary after tax
Other comprehensive income that will not be reclassified to profit or loss								
Actuarial gains on defined benefit plans	(16,422,750)	2,938,500	(13,484,250)	3,918,000	-	(979,500)	2,938,500	-

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

(37) Special reserve

	31 December 2022	Increase in the current period	Decrease in the current period	30 June 2023
Safety fund	-	12,877,704	(3,483,654)	9,394,050

(38) Surplus reserve

	31 December 2022	Increase in the current period	Decrease in the current period	30 June 2023
Statutory surplus reserve	431,607,000	-	-	431,607,000
	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022
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 (2022: Nil).

The Company appropriates for 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	
	2023	2022
Retained earnings at the beginning of the year	7,123,038,093	6,437,603,849
Add: Net profit attributable to shareholders of the parent company for the current period	729,387,557	452,381,022
Less: Ordinary share dividends payable (a)	(366,002,736)	(229,614,924)
Retained earnings at the end of the period	7,486,422,914	6,660,369,947

- (a) According to the resolution of the meeting of board of directors on 28 March 2023, the board of directors propose to distribute cash dividends of RMB0.424 per share to all shareholders, calculated on the basis of 863,214,000 issued shares, for a total of RMB366,002,736, and the proposal was approved by the shareholders' meeting on 16 June 2023.

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

(40) Revenue and cost of sales

	Six months ended 30 June	
	2023	2022
Revenue from main operations	15,204,056,146	13,987,205,046
Revenue from other operations	225,316,163	235,554,338
	<u>15,429,372,309</u>	<u>14,222,759,384</u>
	Six months ended 30 June	
	2023	2022
Cost of sales from main operations	12,949,555,180	12,109,195,653
Cost of sales from other operations	206,884,269	221,906,101
	<u>13,156,439,449</u>	<u>12,331,101,754</u>

(a) Revenue and cost of sales from main operations

	Six months ended 30 June			
	2023		2022	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Sales of automobiles	13,332,827,137	11,457,724,950	12,865,705,605	11,244,951,198
Sales of automobile parts	1,810,283,833	1,433,996,048	1,060,688,066	803,494,300
Automobile maintenance services, etc.	60,945,176	57,834,182	60,811,375	60,750,155
	<u>15,204,056,146</u>	<u>12,949,555,180</u>	<u>13,987,205,046</u>	<u>12,109,195,653</u>

(b) Revenue and cost of sales from other operations

	Six months ended 30 June			
	2023		2022	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Sales of materials	175,794,567	159,216,134	191,061,332	178,388,921
Others	49,521,596	47,668,135	44,493,006	43,517,180
	<u>225,316,163</u>	<u>206,884,269</u>	<u>235,554,338</u>	<u>221,906,101</u>

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

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

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

	Six months ended 30 June 2023				
	Automobiles	Automobile parts	Automobile maintenance services.	Materials and others	Total
Revenue from main operations	13,332,827,137	1,810,283,833	60,945,176	-	15,204,056,146
Including: Recognised at a time point	13,332,827,137	1,810,283,833	-	-	15,143,110,970
Recognised within a certain period	-	-	60,945,176	-	60,945,176
Revenue from other operations (i)	-	-	-	225,316,163	225,316,163
	<u>13,332,827,137</u>	<u>1,810,283,833</u>	<u>60,945,176</u>	<u>225,316,163</u>	<u>15,429,372,309</u>
	Six months ended 30 June 2022				
	Automobiles	Automobile parts	Automobile maintenance services.	Materials and others	Total
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 (i)	-	-	-	235,554,338	235,554,338
	<u>12,865,705,605</u>	<u>1,060,688,066</u>	<u>50,406,375</u>	<u>245,959,338</u>	<u>14,222,759,384</u>

(i) The Group's Revenue from other operations includes sales of materials and technical service provided, etc. Of which, revenue from sales of materials is recognized at a certain point in time, and revenue from technical service provided is recognized within a certain period

As at 30 June 2023, the amount of revenue corresponding to the performance obligations that the Group has signed but has not performed or has not yet performed is RMB311,120,078, of which the Group expects that RMB137,441,756 and RMB57,230,332 will be recognised as revenue from the sales of automobiles and parts and revenue from the sales of automobile maintenance services, etc respectively in 2023, RMB116,447,990 will be recognised as revenue from automobile maintenance services, etc during 2024 to 2028.

(41) Taxes and surcharges

	Six months ended 30 June	
	2023	2022
Consumption tax	373,711,792	287,322,632
City maintenance and construction tax	18,963,390	36,012,229
Educational surcharge	18,884,757	34,946,861
Land use tax	10,305,123	11,981,547
Real estate tax	9,680,483	11,253,617
Stamp duty	8,613,872	8,049,599
Others	204,130	259,959
	<u>440,363,547</u>	<u>389,826,444</u>

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

(42) Selling and distribution expenses

	Six months ended 30 June	
	2023	2022
Promotion expenses	227,249,175	206,589,048
Warranties	126,130,480	195,277,051
Employee benefits	117,185,212	106,274,641
Advertising and new product planning fees	70,042,801	89,719,606
Storage expenses	25,782,982	24,386,326
Packaging material expenses	15,619,732	16,349,345
Depreciation and amortisation expenses	3,849,137	1,774,580
Others	69,990,572	56,287,825
	<u>655,850,091</u>	<u>696,658,422</u>

(43) General and administrative expenses

	Six months ended 30 June	
	2023	2022
Employee benefits	305,643,416	262,789,333
Depreciation and amortisation expenses	74,160,233	71,094,821
Trademark license fee	32,535,858	29,184,964
Repair expenses	10,861,777	13,075,304
Consulting expenses	6,821,567	8,748,003
General office expenses	6,348,243	7,077,300
Others	83,743,847	60,087,261
	<u>520,114,941</u>	<u>452,056,986</u>

(44) Research and development expenses

	Six months ended 30 June	
	2023	2022
Employee benefits	256,836,007	250,946,160
Depreciation and amortisation expenses	138,004,437	102,675,938
Design fee	118,103,150	107,366,166
Materials expenses	85,363,612	61,555,048
Technology development expenses	75,714,080	96,028,487
Others	74,114,489	48,422,574
	<u>748,135,775</u>	<u>666,994,373</u>

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

(45) Financial expenses

	Six months ended 30 June	
	2023	2022
Interest costs	12,140,837	21,269,478
Add: Interest costs on lease liabilities	5,390,685	6,857,573
Interest expenses	<u>17,531,522</u>	<u>28,127,051</u>
Less: Interest income from cash at bank	(108,590,767)	(107,825,929)
Other interest income	(7,883,210)	(8,326,232)
Interest income	<u>(116,473,977)</u>	<u>(116,152,161)</u>
Exchange gains or losses	4,937,885	7,477,127
Others	698,209	350,632
	<u>(93,306,361)</u>	<u>(80,197,351)</u>

(46) 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	
	2023	2022
Changes in inventories of finished goods and work in progress	294,331,743	278,486,607
Consumed raw materials and low value consumables, etc.	11,856,243,351	10,797,906,093
Employee benefits	1,356,861,864	1,303,098,857
Depreciation of fixed assets	442,918,223	435,117,387
Amortisation of intangible assets	132,580,119	90,867,377
Depreciation of right-of-use assets	36,087,214	35,233,057
Transportation expenses	259,830,610	316,638,202
Promotion expenses	227,249,175	206,589,048
Warranties	126,130,480	195,277,051
Design fee	118,103,150	107,366,166
Technology development expenses	75,714,080	96,028,487
Advertising and new product planning fees	70,042,801	89,719,606
Fixed asset repair and maintenance expenses		
(a)	54,578,826	49,914,391
Others	29,868,620	144,569,206
	<u>15,080,540,256</u>	<u>14,146,811,535</u>

- (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.

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

(47) Credit impairment losses

	Six months ended 30 June	
	2023	2022
Losses on bad debts of accounts receivable	2,770,236	(14,023,396)
Losses on bad debts of notes receivable	(318,280)	-
Losses on bad debts of other receivables	(92,558)	(326,531)
Losses on bad debts of long-term receivables	(23,520)	(23,520)
	<u>2,335,878</u>	<u>(14,373,447)</u>

(48) Other income

	Six months ended 30 June		
	2023	2022	
Supporting funds by government	350,200,000	256,908,600	Income related
Research and development activities related subsidies	2,192,354	93,204	Income related
Equipment purchasing-related subsidies	805,357	134,226	Asset related
Other subsidies related with daily operation	5,446,243	3,923,204	Income related
	<u>358,643,954</u>	<u>261,059,234</u>	

(49) Investment income

	Six months ended 30 June	
	2023	2022
Losses on discount of financing receivables eligible for derecognition	(12,045,045)	(8,585,648)
Losses on long-term equity investments under equity method	(3,893,639)	(4,151,633)
Investment loss from forward exchange settlement	2,524,896	(10,728,178)
Investment income from financial assets held for trading	-	1,523,836
	<u>(13,413,788)</u>	<u>(21,941,623)</u>

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

(50) Gains on changes in fair value

	Six months ended 30 June	
	2023	2022
Derivative financial assets - Gains on forward exchange contracts	4,114,063	5,272,552
Financial assets at fair value through profit or loss - Structural deposits	136,000	(242,329)
	<u>4,250,063</u>	<u>5,030,223</u>

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

(51) 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 2023
	2023	2022	
(Losses)/Gains on disposal of assets (i)	(293,630)	395,561,300	(293,630)

(i) The gains generated from disposal of land and above-ground buildings of Qingyunpu Factory in six months ended 30 June 2022 was RMB394,117,791.

(52) Non-operating income

	Six months ended 30 June		Amount recognised in non-recurring profit or loss For the six months ended 30 June 2023
	2023	2022	
Compensation and penalty income and Others	7,042,517	2,019,528	7,042,517

(53) Non-operating expenses

	Six months ended 30 June		Amount recognised in non-recurring profit or loss For the six months ended 30 June 2023
	2023	2022	
Losses on scrapping of assets	462,383	249,038	462,383
Donations	5,050	5,280	5,050
Others	118,006	252,100	118,006
	585,439	506,418	585,439

(54) Income tax expenses

	Six months ended 30 June	
	2023	2022
Current income tax calculated based on tax law and related regulations	(173,134,972)	(37,967,101)
Deferred income tax	81,600,830	37,958,166
	(91,534,142)	(8,935)

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

(54) Income tax expenses (Cont'd)

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the consolidated income statement to the income tax expenses is listed below:

	Six months ended 30 June	
	2023	2022
Total profit	355,082,666	421,914,447
Income tax calculated at applicable tax rates	(38,901,653)	40,560,200
Effect of change in the tax rates	20,382,054	25,295,893
Additional deductions	(90,087,306)	(76,963,987)
Non-deductible investment losses	584,046	622,745
Deductible loss and temporary differences of the unrecognised deferred tax asset in the current period	12,742,388	11,802,338
Tax deduction	-	(1,487,861)
Costs, expenses and losses not deductible for tax purposes	3,746,329	161,737
Income tax expenses	<u>(91,534,142)</u>	<u>(8,935)</u>

(55) Earnings per share

(a) Basic earnings per share

Basic earnings per share are calculated by dividing consolidated net profit attributable to ordinary shareholders of the parent company by the weighted average number of outstanding ordinary shares of the parent company:

	Six months ended 30 June	
	2023	2022
Consolidated net profit attributable to ordinary shareholders of the parent company	729,387,557	452,381,022
Weighted average number of ordinary shares outstanding issued by the Company	863,214,000	863,214,000
Basic earnings per share	<u>0.84</u>	<u>0.52</u>

(b) 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 2023 (the six months ended 30 June 2022: Nil), diluted earnings per share equalled to basic earnings per share.

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

(56) Notes to the cash flow statement

(a) Cash received relating to other operating activities

	Six months ended 30 June	
	2023	2022
Government grants	362,576,242	273,306,804
Guarantees	22,162,178	32,972,688
Others	20,552,818	38,745,069
	<u>405,291,238</u>	<u>345,024,561</u>

(b) Cash paid relating to other operating activities

	Six months ended 30 June	
	2023	2022
Research and development expenses	468,474,355	425,248,558
Promotion expenses	209,100,546	304,676,243
Warranties	173,887,603	193,444,885
Advertising expenses	79,645,485	83,599,440
Maintenance expenses	43,587,238	34,587,032
Guarantees	33,126,160	38,337,255
Trademark royalties	27,447,499	27,841,258
Consulting Fees	25,157,593	22,095,778
Others	258,618,595	226,474,716
	<u>1,319,045,074</u>	<u>1,356,305,165</u>

(c) Cash received relating to other investing activities

	Six months ended 30 June	
	2023	2022
Interest from cash at bank	94,653,202	115,825,204
Other interest	8,581,891	9,641,976
	<u>103,235,093</u>	<u>125,467,180</u>

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

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

(d) Cash paid relating to other financing activities

	Six months ended 30 June	
	2023	2022
Payments of lease liabilities	9,449,108	6,754,924
Payments of short-term borrowings guarantees	500,000,000	-
	<u>509,449,108</u>	<u>6,754,924</u>

(57) Supplementary information to the cash flow statement

(a) Supplementary information to the cash flow statement

Reconciliation from net profit to cash flows from operating activities

	Six months ended 30 June	
	2023	2022
Net profit	446,616,808	421,923,382
Add: Provision for credit impairment (Note 4(47))	2,335,878	(14,373,447)
Depreciation of fixed assets (Note 4(14))	442,918,223	435,117,387
Amortisation of intangible assets (Note 4(17))	132,580,119	90,867,377
Depreciation of right-of-use assets (Note 4(16))	36,087,214	35,233,057
(Decrease)/Increase in provisions (Note 4(30))	(11,244,035)	20,674,585
Losses/(Gains) on disposal of long-term assets	755,894	(395,312,262)
Financial expenses	(94,004,623)	(80,553,800)
Investment income (Note 4(49))	13,413,788	21,941,623
Gains on changes in fair value (Note 4(50))	(4,250,063)	(5,030,223)
Increase in deferred tax assets	(35,963,252)	(54,648,025)
Decrease in deferred tax liabilities	(340,693)	(347,556)
Decrease in inventories	308,145,911	47,455,534
Increase in other cash	(41,048,830)	-
Decrease/(Increase) in operating receivables	694,355,906	(1,823,060,996)
Decrease in operating payables	(233,209,908)	(2,031,433,111)
Net cash flows generated from/(used in) operating activities	<u>1,657,148,337</u>	<u>(3,331,546,475)</u>

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

(57) Supplementary information to the cash flow statement (Cont'd)

(a) Supplementary information to the cash flow statement (Cont'd)

Net increase/(decrease) in cash and cash equivalents

	Six months ended 30 June	
	2023	2022
Cash and cash equivalents at the end of the period	9,258,663,984	7,799,258,684
Less: Cash and cash equivalents at the beginning of the year	(8,543,193,654)	(9,569,051,314)
Net increase/(decrease) in cash and cash equivalents	<u>715,470,330</u>	<u>(1,769,792,630)</u>

(b) Cash and cash equivalents

	30 June 2023	31 December 2022
Cash at bank available for payment at any time	8,472,449,674	7,656,947,735
Cash at finance company available for payment at any time	786,214,310	886,245,919
	<u>9,258,663,984</u>	<u>8,543,193,654</u>

(58) Foreign currency monetary items

	30 June 2023		
	Amounts in foreign currencies	Translation exchange rate	Amounts in RMB
Long-term borrowings - USD	294,679	7.2258	<u>2,129,290</u>
Other payables - USD	21,845,028	7.2258	157,847,805
EUR	33,288	7.8771	262,213
			<u>158,110,018</u>

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**SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
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5 Equity in other entities

(1) Equity in subsidiaries

Structure of the Group

Subsidiaries	Main place of business	Place of registration	Nature of business	Shareholding (%)		Method of acquisition
				Direct	Indirect	
JMCS	Nanchang, Jiangxi	Nanchang, Jiangxi	Retail, wholesale and lease of automobiles	100%	-	Set up by investment
JMCH (i)	Taiyuan, Shanxi	Taiyuan, Shanxi	Manufacture and sales of automobiles	100%	-	Business combinations involving enterprises not under common control
SZFJ	Shenzhen, Guangdong	Shenzhen, Guangdong	Retail, wholesale and lease of automobiles	100%	-	Set up by investment
GZFJ	Guangzhou, Guangdong	Guangzhou, Guangdong	Retail, wholesale and lease of automobiles	100%	-	Set up by investment
Jiangling Ford (Shanghai)(a)	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 30 April 2021 to 6 May 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 9 August 2021, the listing announcement period has expired and Volvo Lastvagnar Aktiebolag("Volvo") became the intended transferee for the equity transaction. On 23 August 2021, the Company and Volvo reached an agreement through negotiation and signed the *Equity Transaction Agreement on 100% Equity of Jiangling Heavy Duty Vehicle Co., Ltd.* The benchmark price for equity transfer is RMB781,400,000. As at 30 June 2023, Due to the failure of the government approval matters required for this exchange to be completed within the agreed time, the equity transaction has been terminated, and the company will continue to actively promote the restructuring of JMCH, so JMCH remains as a subsidiary of the Company and is included in the consolidated financial statements.

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5 Interests in other entities (Cont'd)

(1) Equity in subsidiaries (Cont'd)

(a) Subsidiaries with significant minority interests

Subsidiaries	Shareholding of minority shareholders	Total profit or loss attributable to minority shareholders for the six months ended 30 June 2023	Dividends paid to minority shareholders for the six months ended 30 June 2023	Minority interests as at 30 June 2023
Jiangling Ford (Shanghai)	49%	(282,770,749)	-	(236,941,298)

Key financial information of the above significant non-wholly owned subsidiaries is presented below.

	As at June 30 2023					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Jiangling Ford (Shanghai)	<u>226,749,403</u>	<u>246,859,940</u>	<u>473,609,343</u>	<u>950,039,385</u>	<u>7,123,627</u>	<u>957,163,012</u>
	The six months ended 30 June 2023					
	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities		
Jiangling Ford (Shanghai)	<u>61,921,303</u>	<u>(577,083,161)</u>	<u>(577,083,161)</u>	<u>(57,222,688)</u>		

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5 Interests in other entities (Cont'd)

(2) Equity in associates

(a) General information of significant associates

	Place of registration	Shareholding (%)	
		Direct	Indirect
Associate - The Power Company	Taiyuan, Shanxi	40%	-

(b) Summarised financial information for significant associates

	30 June 2023 The Power Company	31 December 2022 The Power Company
Current assets	166,900,452	194,926,320
Non-current assets	439,254,319	426,146,460
Total assets	606,154,771	621,072,780
Current liabilities	99,476,077	107,387,068
Non-current liabilities	252,684	152,778
Total liabilities	99,728,761	107,539,846
Minority interests	202,570,404	205,413,174
Attributable to shareholders of the parent company	303,855,606	308,119,760
Share of net assets based on shareholding (i)	202,570,404	205,413,174
Adjustments		
- Unrealised profits arising from internal transactions	(14,814,055)	(15,210,808)
- Others (ii)	20,853,323	20,853,323
Carrying amount of equity investments in associates	208,609,672	211,055,689

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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)

	The six months ended 30 June	
	2023	2022
	The Power Company	The Power Company
Revenue	23,975,774	40,592,217
Net loss	(12,707,406)	(11,009,189)
Other comprehensive income	-	-
Total comprehensive loss	(12,707,406)	(11,009,189)
Dividends received from associates by the Group	-	-

(i) The Group calculated the shares of net 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

	The six months ended 30 June	
	2023	2022
Aggregated carrying amount of investments	35,979,511	36,263,930
Aggregate of the following items in proportion		
Net loss (i)	(1,447,622)	(144,710)
Other comprehensive income (i)	-	-
Total comprehensive loss	(1,447,622)	(144,710)

(i) Net profit and other comprehensive income have taken into account the fair value of identifiable assets and liabilities at the time of acquisition of the investments and the impact of adjustments to uniform accounting policies.

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6 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.

During the six months ended 30 June 2023, the operating revenue obtained from a single customer of the Group accounted for more than 10% of the Group's operating revenue, amounting to RMB4,775,490,540 (the six months ended 30 June 2022: RMB2,214,607,113), or 30.95% (the six months ended 30 June 2022: 15.57%) of the Group's operating revenue.

7 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 Manufacture and sales of automobiles	91360125MA38LUR91F
Ford	Foreign enterprise	United States	William Clay Ford, Jr.		N/A

(b) Registered capital and changes in major shareholders

	31 December 2022	Increase in the current period	Decrease in the current period	30 June 2023
JIC	1,000,000,000	-	-	1,000,000,000
Ford	USD 42,000,000	-	-	USD 42,000,000

(c) The percentages of shareholding and voting rights in the Company held by major shareholders

	30 June 2023		31 December 2022	
	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 5(1).

(3) Information of associates

The information of associates is set out in Note 4(13).

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7 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
Jiangxi JMCG Industry Co.,Ltd.	Wholly-owned Subsidiary of JMCG
Jiangxi Lingrui Recycling Resources Development Corporation	Wholly-owned Subsidiary of JMCG
Jiangling Material Co.,Ltd.	Wholly-owned Subsidiary of JMCG
JMCG Property Management Co.	Wholly-owned Subsidiary of JMCG
JMCG Jingma Motors Co., Ltd.	Wholly-owned Subsidiary of JMCG
Jiangxi Jiangling Special Purpose Vehicle Co.,Ltd.	Wholly-owned Subsidiary of JMCG
Jiangling Motor Group (Nanchang) Fushan Energy Co., LTD	Wholly-owned Subsidiary of JMCG
JMCF	Holding subsidiary of JMCG
Jiangxi Jiangling Chassis Co.,Ltd.	Holding subsidiary of JMCG
Nanchang JMCG Shishun Logistics Co., Ltd.	Holding subsidiary of JMCG
Jiangxi Lingge Non-ferrous Metal Die-casting Co.,Ltd.	Holding subsidiary of JMCG
Jiangxi Mingfang Auto Parts Industry Co., Ltd	Holding subsidiary of JMCG
Jiangxi JMCG Specialty Vehicles Corporation, Ltd.	Holding subsidiary of JMCG
Jiangling Motor Electricity Vehicle Co., Ltd.	Holding subsidiary of JMCG
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	Holding subsidiary of JMCG
Ford Motor Research & Engineering (Nanjing) Co., Ltd.	Wholly-owned Subsidiary of Ford
Ford Global Technologies, LLC	Wholly-owned Subsidiary of Ford
Ford Thailand Motor Co. Ltd.	Wholly-owned Subsidiary of Ford
Ford Motor (China) Co., Ltd.	Wholly-owned Subsidiary of Ford
Ford Trading Company, LLC	Wholly-owned Subsidiary of Ford
Ford Vietnam Limited	Holding Subsidiary of Ford
Auto Alliance (Thailand) Co.,Ltd.	Holding Subsidiary of Ford
Ford Otomotiv Sanayi A.S.	Holding Subsidiary of Ford
Changan Ford Automobile Co.,Ltd.	Joint venture of Ford
JMCG Jiangxi Engineering Construction Co., Ltd.	Subsidiary under indirect control of JMCG
Nanchang JMCG Liancheng Auto Component Co.,Ltd.	Subsidiary under indirect control of JMCG
Jiangling Aowei Aotomobile Spare Part Co.,Ltd.	Subsidiary under indirect control of JMCG
Nanchang Lianda Machinery Co.,Ltd.	Subsidiary under indirect control of JMCG
Nanchang Gear Forging Co.,Ltd.	Subsidiary under indirect control of JMCG
Jiangxi JMCG Boya brake system Co., Ltd.	Subsidiary under indirect control of JMCG
Nanchang JMCG Xinchen Auto Component Co.,Ltd.	Subsidiary under indirect control of JMCG
Jiangxi Jiangling group Fuxin Auto Parts Co., Ltd	Subsidiary under indirect control of JMCG
Jiangxi JMCG Motorhome Co.,Ltd.	Subsidiary under indirect control of JMCG

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

(4) Information of other related parties (Cont'd)

	Relationship with the Group
Nanchang Hengou Industry Co., Ltd.	Subsidiary under indirect control of JMCG
Jiangxi JMCG Specialty Vehicles Sales Corporation, Ltd.	Subsidiary under indirect control of JMCG
Jiangxi Zhonglian Intelligent Logistics Co., Ltd.	Subsidiary under indirect control of JMCG
China Changan Group Tianjin Sales Co.,Ltd	Group Subsidiary of JIC's Shareholder
Dali 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
Guizhou Wanfu Vehicle Sales & Service Co., Ltd.	Group Subsidiary of JIC's Shareholder
Beijing Baiwang Changfu Vehicle Sales & Service Co., Ltd.	Group Subsidiary of JIC's Shareholder
Beijing Beifang Changfu Vehicle Sales & Service Co., Ltd.	Group Subsidiary of JIC's Shareholder
Guizhou Wanjia Automobile Sales and Service Co. LTD	Group Subsidiary of JIC's Shareholder
Jiangxi Jiangling Lear Interior System Co.,Ltd.	Joint venture of JMCG
Nanchang Jiangling Hua Xiang 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 ISUZU Co., Ltd.	Joint venture of JMCG
Dibao transportation equipment (Nanchang) Co., Ltd	Joint venture of JMCG
Jiangling Motor Holdings Co., Ltd	Associate of JMCG
Magna PT Powertrain (Jiangxi) Co., Ltd	Associate of JMCG
Nanchang Baojiang Steel Processing Distribution Co.,Ltd.	Associate of JMCG
Faurecia Emissions Control Technologies (Nanchang) Co.,Ltd.	Associate of JMCG
Jiangxi Jiangling Group Special Vehicle Co.,Ltd.	Associate of JMCG
Nanchang JMCG SMR Huaxiang Mirror Co., Ltd.	Associate of JMCG
Jiangxi Lingyun Automobile Industry Technology Co.,Ltd	Associate of JMCG

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7 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	
		2023	2022
Magna PT Powertrain (Jiangxi) Co., Ltd.	Purchase of automobile parts	612,879,253	333,486,963
Nanchang Jiangling HuaXiang Auto Components Co., Ltd.	Purchase of automobile parts	573,081,318	382,320,934
Jiangxi Jiangling Lear Interior System Co., Ltd.	Purchase of automobile parts	354,855,203	242,153,680
Nanchang Baojiang Steel Processing Distribution Co., Ltd.	Purchase of raw materials	338,563,188	403,267,450
Jiangxi Jiangling Chassis Co., Ltd.	Purchase of automobile parts	298,114,886	339,792,672
Jiangxi Zhonglian Intelligent Logistics Co., Ltd.	Purchase of automobile parts	296,110,915	266,851,205
Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	Purchase of automobile parts	262,668,568	266,044,891
Faurecia Emissions Control Technologies (Nanchang) Co., Ltd.	Purchase of automobile parts	184,385,384	214,626,269
Nanchang Unistar Electric & Electronics Co., Ltd.	Purchase of automobile parts	141,928,577	166,933,947
Nanchang JMCG Liancheng Auto Component Co., Ltd.	Purchase of automobile parts	134,266,900	189,110,774
Jiangxi Lingyun Automobile Industry Technology Co.,Ltd	Purchase of automobile parts	100,142,856	27,863,903
Nanchang JMCG Shishun Logistics Co., Ltd.	Purchase of automobile parts	94,684,781	93,079,273
Hanon Systems	Purchase of automobile parts	78,188,938	76,171,447
Ford	Purchase of automobile parts	70,921,401	149,947,751
Nanchang Yinlun Heat-exchanger Co., Ltd.	Purchase of automobile parts	59,390,004	50,988,587
Nanchang JMCG SMR Huaxiang Mirror Co., Ltd.	Purchase of automobile parts	56,603,368	46,100,961
Jiangxi Lingge Non-ferrous Metal Die-casting Co., Ltd.	Purchase of automobile parts	35,681,186	40,574,487
Dibao transportation equipment (Nanchang) Co., Ltd	Purchase of automobile parts	26,955,832	37,004,698

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7 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	
		2023	2022
Nanchang Lianda Machinery Co., Ltd.	Purchase of automobile parts	19,699,255	22,528,774
Jiangxi Jiangling Group Special Vehicle Co., Ltd.	Purchase of automobile parts	19,397,071	20,702,602
Changan Ford Automobile Co., Ltd.	Purchase of automobile parts	16,978,981	27,868,811
Jiangxi Lingrui Recycling Resources Development Corporation	Purchase of automobile parts	15,092,027	6,687,750
Auto Alliance (Thailand) Co., Ltd.	Purchase of automobile parts	12,302,972	19,826,351
Jiangxi JMCG Boya brake system Co., Ltd	Purchase of automobile parts	9,926,780	9,985,963
Jiangling Material Co., Ltd.	Purchase of raw materials	9,453,368	14,261,806
Jiangxi JMCG Specialty Vehicles Co., Ltd.	Purchase of automobile parts	9,438,144	12,189,849
Jiangxi Jiangling group Fuxin Auto Parts Co., Ltd.	Purchase of automobile parts	6,039,341	6,121,107
Jiangxi ISUZU Engine Co., Ltd.	Purchase of automobile parts	5,843,600	14,990,491
Jiangling Aowei Automobile Spare Part Co., Ltd.	Purchase of automobile parts	5,647,036	5,589,279
Jiangling Motor Group (Nanchang) Fushan Energy Co., LTD	Purchase of raw materials	4,674,040	-
Nanchang JMCG Xincheng Auto Component Co., Ltd.	Purchase of automobile parts	3,920,960	3,521,896
Jiangxi Mingfang Auto Parts Industry Co., Ltd.	Purchase of automobile parts	3,910,008	2,068,147
Ford Otomotiv Sanayi A.S.	Purchase of automobile parts	3,709,077	4,123,733
Jiangling Motor Holdings Co., Ltd.	Purchase of automobile parts	2,613,788	22,122,273
JMCG	Purchase of automobile parts	2,515,904	56,308,360
Ford Motor Co. Thailand Ltd.	Purchase of automobile parts	1,056,616	1,980,663

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7 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	
		2023	2022
Shanxi Yunnei Power Group Co., Ltd.	Purchase of automobile parts	580,055	12,307,701
Nanchang Gear Forging Co.,Ltd.	Purchase of automobile parts	937,224	2,029,108
Nanchang Hengou Industry Co., Ltd.	Purchase of automobile parts	326,857	1,781,318
Other related parties	Purchase of automobile parts	454,199	1,202,423
		<u>3,873,939,861</u>	<u>3,594,518,297</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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7 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	
		2023	2022
Nanchang JMCG Shishun Logistics Co., Ltd.	Transportation, removal fee, etc.	138,271,507	193,566,015
Ford Global Technologies,LLC	Trademark management fees,		
Ford Motor Research & Engineering (Nanjing) Co., Ltd.	technology development	105,294,784	117,920,247
Jiangxi Zhonglian Intelligent Logistics Co., Ltd.	Design fee, Personnel costs	102,360,446	7,304,257
Ford Motor (China) Co., Ltd.	Cartage fee, storage fee, etc.	42,263,367	8,736,909
Ford	Technical services and personnel costs	25,690,619	8,952,383
Jiangxi JMCG Industry Co., Ltd.	Technical services and personnel costs	16,941,345	84,615,500
JMCG	Meals	15,784,854	10,006,592
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	Labour fee, rental fee, etc.	9,035,774	353,839
JMCG Property Management Co.	Agency fee, advertising fee, etc.	7,490,617	8,769,093
JMCG Jiangxi Engineering Construction Co., Ltd.	Property fees, labour costs, etc.	5,496,458	672,170
Ford Otomotiv Sanayi A.S.	Engineering construction	4,494,827	-
Changan Ford Automobile Co., Ltd.	Technical services and technical development	4,048,186	7,397,330
Magna PT Powertrain (Jiangxi) Co., Ltd.	Service fee, labour costs, etc.	2,659,578	5,099,373
China Changan Group Tianjin Sales Co., Ltd.	Design fee, experimental costs	1,728,126	4,036,036
Chongqing Changan Automobile Co., Ltd.	Warranty and promotion	1,184,253	236,108
Nanchang Jiangling HuaXiang Auto Components Co., Ltd.	Personnel costs	1,165,327	1,229,023
Jiangxi JMCG Specialty Vehicles Co., Ltd.	Design fee, experimental costs	1,000,000	-
Shanxi Yunnei Power Group Co., Ltd.	Promotion	474,033	1,143,651
Jiangling Motor Holdings Co., Ltd.	Consulting	-	4,109,652
Other related parties	Labour fee, rental fee	-	1,165,365
		5,051,545	4,475,115
		<u>490,435,646</u>	<u>469,788,658</u>

The Group's pricing on services received from related parties is based on the agreed price by both parties.

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7 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 and provision of services:

Related parties	Nature of related party transactions	Six months ended 30 June	
		2023	2022
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	Sales of vehicles and accessories, etc.	4,771,391,370	2,209,977,113
Jiangxi JMCG Specialty Vehicles Sales Corporation, Ltd.	Sales of vehicles	96,069,902	282,115,147
JMCG Jingma Motors Co., Ltd.	Sales of vehicles and accessories	66,150,936	24,715,398
Jiangxi JMCG Specialty Vehicles Co., Ltd.	Sales of vehicles and accessories	36,125,691	44,907,062
Jiangxi Lingrui Recycling Resources Development Corporation	Sales of waste materials, etc.	29,443,114	34,140,746
Chongqing Anfu Vehicle Marketing Co., Ltd.	Sales of vehicles and accessories	28,322,195	29,103,852
Guizhou Wanfu Vehicle Sales & Service Co., Ltd.	Sales of vehicles and accessories	27,313,444	22,480,856
Chengdu Wanxing Vehicle Sales & Service Co., Ltd.	Sales of vehicles and accessories	25,855,442	24,018,999
China Changan Group Tianjin Sales Co., Ltd.	Sales of vehicles and accessories	21,666,937	21,636,708
Jiangxi Jiangling Chassis Co., Ltd.	Sales of accessories	21,409,740	42,234,955
Jiangxi Jiangling Group Special Vehicle Co., Ltd.	Sales of vehicles and accessories	18,605,372	32,393,211
Jiangxi ISUZU Engine Co., Ltd.	Sales of accessories	14,870,252	-
Dali Wanfu Vehicle Sales & Service Co., Ltd.	Sales of vehicles and accessories	13,177,316	18,290,574
Beijing Baiwang Changfu Vehicle Sales & Service Co., Ltd.	Sales of vehicles and accessories	11,354,377	46,988
Beijing Beifang Changfu Vehicle Sales & Service Co., Ltd.	Sales of vehicles and accessories	10,989,264	8,851,241
Jiangxi Jiangling Lear Interior System Co., Ltd.	Sales of accessories	10,950,458	3,840,532
Guizhou Wanjia Automobile Sales and Service Co. LTD	Sales of vehicles and accessories	10,915,251	7,915,724
Jiangxi ISUZU Co., Ltd.	Sales of accessories	10,806,891	12,091,000
Nanchang JMCG SMR Huaxiang Mirror Co., Ltd.	Sales of accessories	9,072,055	6,383,323
Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	Sales of vehicles and accessories	6,367,741	42,637,998

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7 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 and provision of services(Cont'd):

Related parties	Nature of related party transactions	Six months ended 30 June	
		2023	2022
Chongqing Anbo Vehicle Sales Co., Ltd.	Sales of vehicles and accessories	6,332,539	18,711,495
Nanchang Hengou Industry Co., Ltd.	Sales of accessories	4,772,985	4,123,832
Nanchang JMCG Liancheng Auto Component Co., Ltd.	Sales of accessories	3,427,362	3,283,574
JMCG	Sales of accessories	1,722,665	-
	Sales of accessories and waste materials, etc.	1,388,357	1,649,088
Jiangxi JMCG Industry Co., Ltd.	Sales of accessories	1,324,600	1,657,502
Nanchang Jiangling HuaXiang Auto Components Co., Ltd.	Sales of vehicles and accessories, etc.	482,009	1,057,296
Nanchang JMCG Shishun Logistics Co., Ltd.	Sales of accessories	448,728	2,338,248
Jiangxi Zhonglian Intelligent Logistics Co., Ltd.		2,693,318	2,722,934
Other related parties		5,263,450,311	2,903,325,396

The Group's pricing on goods sold to related parties is based on the agreed price by both parties.

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7 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	
		2023	2022
Jiangxi JMCG Motorhome Co.,Ltd.	Buildings	-	2,945

(ii) Interest expenses on lease liabilities in the current period with the Group as the lessee:

Name of the lessor	Type of the leased asset	Six months ended 30 June	
		2023	2022
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	Buildings	162,032	311,702
JMCG	Buildings	114,569	169,421
		<u>276,601</u>	<u>481,123</u>

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

(5) Related party transactions (Cont'd)

(c) Guarantee received

Guarantor	Guaranteed amount	Starting date	Ending date	Fully performed or not
JMCF	2,129,290	5 March 2001	30 October 2029	Not fully performed

For the six months ended 30 June 2023, JMCF provided guarantees for some bank borrowings of the Group, with a maximum guarantee limit of USD 2,282,123. As at 30 June 2023, JMCF provided borrowing guarantee to the bank borrowing of USD 294,679, equivalent to RMB2,129,290 (31 December 2022: USD 327,421, equivalent to RMB2,280,355) for the Group.

(d) Transfer of assets

Related parties	Nature of related party transactions	Six months ended 30 June	
		2023	2022
Jiangxi Lingrui Recycling Resources Development Corporation. JMCG Jingma Motors Co., Ltd.	Sales of fixed assets	121,707	-
	Sales of fixed assets	-	4,527,773
		<u>121,707</u>	<u>4,527,773</u>

The pricing on transfer of assets between the Group and related parties is based on the agreed price by both parties.

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7 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	
		2023	2022
Nanchang Jiangling HuaXiang Auto Components Co., Ltd.	Purchase of fixed assets	21,138,257	14,279,803
Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	Purchase of fixed assets	9,584,000	6,988,280
Nanchang JMCG Liancheng Auto Component Co., Ltd.	Purchase of fixed assets	4,009,591	5,520,000
Magna PT Powertrain (Jiangxi) Co., Ltd.	Purchase of fixed assets	2,800,000	-
Jiangxi Jiangling Lear Interior System Co., Ltd.	Purchase of fixed assets	535,980	-
Jiangxi JMCG Specialty Vehicles Co., Ltd.	Purchase of fixed assets	456,637	456,637
		<u>38,524,465</u>	<u>27,244,720</u>

The pricing on purchase of assets between the Group and related parties is based on the agreed price by both parties.

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

(5) Related party transactions (Cont'd)

(f) Provision of technology sharing and distribution service

Related parties	Nature of related party transactions	Six months ended 30 June	
		2023	2022
Ford Motor Research & Engineering (Nanjing) Co., Ltd.	Technical service	19,180,000	13,494,000
Ford Motor (China) Co., Ltd.	Distribution and technical service	5,784,640	10,405,000
Ford Vietnam Limited	Technical service	5,100,000	7,890,000
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	Technical service	4,099,170	4,630,000
Ford	Technical service	3,283,725	9,350,000
Jiangxi ISUZU Co., Ltd.	Technical service	2,274,000	710,000
Ford Trading Company, LLC	Technical service	1,509,518	-
		<u>41,231,053</u>	<u>46,479,000</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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7 Related parties and related party transactions (Cont'd)

(5) Related party transactions (Cont'd)

(g) Remuneration of key management

	Six months ended 30 June	
	2023	2022
Remuneration of key management	7,593,376	6,880,167

(h) Interest income

	Six months ended 30 June	
	2023	2022
JMCF	7,308,840	8,304,462

Cash at bank of the Group deposited with JMCF was calculated based on the bank annual interest rate for RMBdeposit of 1.35% to 2.25% over the same period (the six months ended 30 June 2022: 1.725% to 2.25%).

(i) Interest expenses

	Six months ended 30 June	
	2023	2022
Jiangxi Zhonglian Intelligent Logistics Co., Ltd.	120,000	-
Nanchang JMCG Shishun Logistics Co., Ltd.	30,000	-
	150,000	-

(j) Purchase of CAFC credit and NEV credit

	Six months ended 30 June	
	2023	2022
Jiangling Motor Electricity Vehicle Co., Ltd.	-	64,474,060

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

(6) Receivables from and payables to related parties

	30 June 2023		31 December 2022	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Accounts receivable				
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	2,779,801,800	(3,379,001)	1,809,124,109	(1,495,512)
JMCG Jingma Motors Co., Ltd.	68,786,880	(649,167)	46,820,892	(140,841)
Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	38,737,656	(1,097,665)	105,372,893	(963,329)
Jiangxi JMCG Specialty Vehicles Sales Corporation, Ltd.	20,717,536	(212,189)	60,082,649	(329,953)
Jiangxi ISUZU Engine Co., Ltd.	13,046,421	(39,139)	254,748	(764)
Jiangxi Jiangling Group Special Vehicle Co., Ltd.	8,811,051	(7,108)	-	-
Jiangxi ISUZU Co., Ltd.	6,140,141	(23,262)	3,650,860	(10,953)
Jiangxi Jiangling Lear Interior System Co., Ltd.	3,941,537	(11,825)	3,326,672	(9,980)
Jiangxi JMCG Specialty Vehicles Co., Ltd.	3,915,155	(3,657)	9,109,228	(5,477)
Ford Vietnam Limited	2,660,000	(7,980)	3,250,000	(9,750)
JMCG	1,946,611	(5,840)	-	-
Nanchang JMCG Liancheng Auto Component Co., Ltd.	1,468,881	(4,407)	1,773,035	(5,319)
Jiangxi Zhonglian Intelligent Logistics Co., Ltd.	70,776	(212)	1,340,748	(4,022)
Ford Motor Research & Engineering (Nanjing) Co., Ltd.	-	-	21,973,800	(65,921)
Nanchang JMCG Shishun Logistics Co., Ltd.	-	-	1,735,793	(744)
Ford Motor (China) Co., Ltd.	-	-	1,727,858	(5,184)
Other related parties	2,937,769	(10,544)	3,645,113	(10,026)
	<u>2,952,982,214</u>	<u>(5,451,996)</u>	<u>2,073,188,398</u>	<u>(3,057,775)</u>

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7 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 2023		31 December 2022	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Other receivables				
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	7,572,820	(22,718)	10,231,067	(30,693)
JMCG Jingma Motors Co., Ltd.	4,614,745	(13,844)	4,614,745	(13,844)
Other related parties	237,392	(712)	4,000	(12)
	<u>12,424,957</u>	<u>(37,274)</u>	<u>14,849,812</u>	<u>(44,549)</u>

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

(6) Receivables from and payables to related parties (Cont'd)

		30 June 2023	31 December 2022
Advances to suppliers	Nanchang Baojiang Steel Processing Distribution Co., Ltd.	<u>249,319,087</u>	<u>233,947,199</u>
Advances for engineering	JMCG Jiangxi Engineering Construction Co., Ltd.	<u>4,899,362</u>	<u>-</u>
Financing receivables	Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	116,180,759	50,000,000
	Jiangxi JMCG Specialty Vehicles Co., Ltd.	45,000,000	40,000,000
	JMCG Jingma Motors Co., Ltd.	2,951,912	3,000,000
	Jiangxi ISUZU Co., Ltd.	2,000,000	600,000
	Jiangxi ISUZU Engine Co., Ltd.	<u>1,242,764</u>	<u>-</u>
		<u>167,375,435</u>	<u>93,600,000</u>
Notes receivable	Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	<u>-</u>	<u>600,000,000</u>
Cash at bank	JMCF	<u>786,214,310</u>	<u>886,245,919</u>
Short-term borrowings	JMCF	<u>-</u>	<u>200,000,000</u>

For the six months ended 30 June 2023, the sales amount settled by JMCF was RMB6,450,656,589 (the six months ended 30 June 2022: RMB6,037,852,983), of which, the amount of 0 (the six months ended 30 June 2022: RMB169,310,000) was settled through the discounted electronic commercial acceptances which interest paid by buyers. As at June 30, 2023, the Group's commercial acceptances amounting to 0 had discounted but not yet due (December 31, 2022: 140,330,000) arising under the aforesaid business.

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7 Related parties and related party transactions (Cont'd)**(6) Receivables from and payables to related parties (Cont'd)**

	30 June 2023	31 December 2022
Accounts payable		
Nanchang Jiangling HuaXiang Auto Components Co., Ltd.	614,311,824	538,861,064
Jiangxi Jiangling Lear Interior System Co., Ltd.	391,980,977	341,829,498
Magna PT Powertrain (Jiangxi) Co., Ltd.	325,733,071	295,727,129
Jiangxi Jiangling Chassis Co., Ltd.	317,035,789	287,843,287
Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	201,759,379	209,344,967
Jiangxi Zhonglian Intelligent Logistics Co., Ltd.	200,456,700	280,456,600
Nanchang JMCG Liancheng Auto Component Co., Ltd.	133,349,385	168,502,531
Faurecia Emissions Control Technologies (Nanchang) Co., Ltd.	110,339,057	142,695,801
Jiangxi Lingyun Automobile Industry Technology Co., Ltd.	68,981,628	22,971,514
Nanchang JMCG Shishun Logistics Co., Ltd.	64,226,594	51,617,596
Nanchang Unistar Electric & Electronics Co., Ltd.	56,880,348	59,831,745
Hanon Systems	44,860,026	52,260,989
Nanchang Yinlun Heat-exchanger Co., Ltd.	42,414,056	38,139,971
Nanchang JMCG SMR Huaxiang Mirror Co., Ltd.	36,769,592	48,052,587
Jiangxi JMCG Specialty Vehicles Co., Ltd.	30,392,467	48,084,822
Ford	28,981,870	63,701,961
Jiangxi Lingge Non-ferrous Metal Die-casting Co., Ltd.	26,805,331	29,858,865
Jiangxi Lingrui Recycling Resources Development Corporation	15,836,074	15,959,512
Jiangxi Jiangling Group Special Vehicle Co., Ltd.	15,258,340	15,558,679
Dibao transportation equipment (Nanchang) Co., Ltd.	14,598,832	29,824,381
Nanchang Lianda Machinery Co., Ltd.	10,192,859	15,928,121
Changan Ford Automobile Co., Ltd.	8,608,931	2,891,546
Jiangling Motor Holdings Co., Ltd.	7,256,682	7,254,527
Jiangxi JMCG Boya brake system Co., Ltd.	7,126,823	6,664,021
Jiangxi Jiangling group Fuxin Auto Parts Co., Ltd.	6,855,450	3,044,022
Jiangling Aowei Automobile Spare Part Co., Ltd.	4,786,639	4,202,862
Jiangxi Mingfang Auto Parts Industry Co., Ltd.	4,086,011	5,244,867
Nanchang JMCG Xincheng Auto Component Co., Ltd.	3,527,402	1,532,286
Jiangxi ISUZU Engine Co., Ltd.	3,313,424	407,986
JMCG	1,223,749	21,226,897
Auto Alliance (Thailand) Co., Ltd.	1,125,355	5,080,988
Jiangling Material Co., Ltd.	31,440	1,444,482
Other related parties	3,277,865	3,877,724
	<u>2,802,383,970</u>	<u>2,819,923,828</u>

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

(6) Receivables from and payables to related parties (Cont'd)

	30 June 2023	31 December 2022
Other payables		
Ford	100,824,929	190,788,653
JMCG Jiangxi Engineering Construction Co., Ltd.	73,015,783	73,068,908
Ford Global Technologies, LLC	55,673,213	57,966,899
Ford Motor Research & Engineering (Nanjing) Co., Ltd.	20,037,625	2,397,259
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	17,178,680	17,583,786
Nanchang Jiangling HuaXiang Auto Components Co., Ltd.	15,831,586	15,949,537
Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	10,778,439	11,939,889
Ford Motor (China) Co., Ltd.	10,061,027	14,421,987
Jiangxi JMCG Specialty Vehicles Sales Corporation, Ltd.	9,884,815	18,560,568
Nanchang JMCG Shishun Logistics Co., Ltd.	7,892,701	7,599,823
JMCG	6,875,062	-
Jiangxi JMCG Specialty Vehicles Co., Ltd.	5,829,157	5,156,445
Jiangxi JMCG Industry Co., Ltd.	3,073,186	4,883,512
Jiangxi Jiangling Group Special Vehicle Co., Ltd.	2,911,036	6,064,606
JMCG Property Management Co.	2,841,667	22,736
Ford Otomotiv Sanayi A.S.	1,606,719	4,749,574
Hanon Systems	1,475,000	1,475,000
Chongqing Changan Automobile Co., Ltd.	1,165,327	2,458,047
Nanchang Unistar Electric & Electronics Co., Ltd.	1,160,959	1,908,865
Nanchang Baojiang Steel Processing Distribution Co., Ltd.	1,121,868	1,121,868
Other related parties	4,443,578	5,436,055
	<u>353,682,357</u>	<u>443,554,017</u>
Contract liabilities		
Guizhou Wanfu Vehicle Sales & Service Co., Ltd.	2,741,478	1,902,370
Chengdu Wanxing Vehicle Sales & Service Co., Ltd.	1,469,789	1,056,081
Guizhou Wanjia Automobile Sales and Service Co. LTD	1,198,415	497,354
Chongqing Anbo Vehicle Sales Co., Ltd.	1,099,829	1,112,609
Jiangxi Jiangling Group Special Vehicle Co., Ltd.	3,028	1,143,867
Other related parties	2,108,455	1,372,066
	<u>8,620,994</u>	<u>7,084,347</u>
Lease liabilities		
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	5,505,150	9,542,357
JMCG	3,591,762	4,732,873
	<u>9,096,912</u>	<u>14,275,230</u>

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7 Related parties and related party transactions (Cont'd)**(7) Commitments in relation to related parties**

Capital commitments	30 June 2023	31 December 2022
JMCG Jiangxi Engineering Construction Co., Ltd.	19,956,147	-
Nanchang Jiangling HuaXiang Auto Components Co., Ltd.	15,677,612	20,786,749
Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	11,091,570	11,091,570
Nanchang JMCG Liancheng Auto Component Co., Ltd.	4,678,200	4,678,200
Magna PT Powertrain (Jiangxi) Co., Ltd.	791,000	3,955,000
	<u>52,194,529</u>	<u>40,511,519</u>

Guarantee of commitments in relation to related parties is set out in Note 7(5)(c).

8 Contingencies

As at 30 June 2023, the Group had no contingencies that needed to be disclosed in the notes to the financial statements.

9 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 are as follows:

	30 June 2023	31 December 2022
Buildings, machinery and equipment	<u>493,570,000</u>	<u>484,700,000</u>

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10 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 continuously 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(3)).

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10 Financial instrument and risk (Cont'd)

(1) Market risk (Cont'd)

(a) Foreign exchange risk (Cont'd)

The financial assets and financial liabilities denominated in foreign currencies, which were held by the Group, were expressed in RMBas at 30 June 2023 and 31 December 2022 as follows:

	30 June 2023		
	USD	EUR	Total
Financial assets denominated in foreign currency - Derivative financial assets	<u>2,469,521</u>	<u>4,617,240</u>	<u>7,086,761</u>
Financial liabilities denominated in foreign currency - Current portion of long-term borrowings	473,175	-	473,175
Long-term borrowings	1,656,115	-	1,656,115
Other payables	<u>157,847,805</u>	<u>262,213</u>	<u>158,110,018</u>
	<u>159,977,095</u>	<u>262,213</u>	<u>160,239,308</u>
	31 December 2022		
	USD	EUR	Total
Financial assets denominated in foreign currency - Derivative financial assets	<u>808,826</u>	<u>2,163,872</u>	<u>2,972,698</u>
Financial liabilities denominated in foreign currency - Current portion of long-term borrowings	456,071	-	456,071
Long-term borrowings	1,824,284	-	1,824,284
Other payables	<u>253,263,898</u>	<u>247,094</u>	<u>253,510,992</u>
	<u>255,544,253</u>	<u>247,094</u>	<u>255,791,347</u>

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10 Financial instrument and risk (Cont'd)

(1) Market risk (Cont'd)

(a) Foreign exchange risk (Cont'd)

As at 30 June 2023, 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 RMB13,351,160 (31 December 2022: approximately RMB21,592,894) 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 2023, the Group's short-term borrowings of RMB1,300,000,000 (31 December 2022: RMB1,100,000,000) were fixed-rate borrowings, and long-term borrowings of USD294,679 (31 December 2022: USD327,421) were fixed-rate contracts, long-term borrowings of RMB12,849,944 (31 December 2022: RMB 19,033,773) were fixed-rate borrowings, therefore there was no significant cash flow interest rate risk.

As at 30 June 2023 and 31 December 2022, 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 at 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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10 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 2023, the Group had no significant collateral or other credit enhancements held as a result of the debtor's mortgage (31 December 2022: 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, 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 2023				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term borrowings	1,300,000,000	-	-	-	1,300,000,000
Accounts payable	8,939,531,087	-	-	-	8,939,531,087
Other payables	5,903,153,144	-	-	-	5,903,153,144
Lease liabilities	83,115,309	74,761,330	67,004,028	-	224,880,667
Long-term borrowings	3,538,308	10,350,289	1,209,554	-	15,098,151
	<u>16,229,337,848</u>	<u>85,111,619</u>	<u>68,213,582</u>	<u>-</u>	<u>16,382,663,049</u>
	31 December 2022				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term borrowings	1,100,000,000	-	-	-	1,100,000,000
Accounts payable	9,015,978,354	-	-	-	9,015,978,354
Other payables	5,672,708,511	-	-	-	5,672,708,511
Lease liabilities	81,918,426	71,289,585	132,786,495	-	285,994,506
Long-term borrowings	488,566	19,515,498	1,404,129	-	21,408,193
	<u>15,871,093,857</u>	<u>90,805,083</u>	<u>134,190,624</u>	<u>-</u>	<u>16,096,089,564</u>

- (i) As at 30 June 2023, the Group did not have lease contracts that had been signed but had not yet been implemented.

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11 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 2023, 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-				
Structured deposits	-	-	100,136,000	100,136,000
Financing receivables - Notes receivable	-	-	364,021,037	364,021,037
Derivative financial assets - Forward foreign exchange contracts	-	7,086,761	-	7,086,761
	<u>-</u>	<u>7,086,761</u>	<u>464,157,037</u>	<u>471,243,798</u>

As at 30 June 2023, the group didn't have liabilities measured at fair value on a recurring basis.

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11 Fair value estimates (Cont'd)

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

As at 31 December 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
Financial assets -				
Financing receivables -				
Notes receivable	-	-	376,662,817	376,662,817
Derivative financial assets -				
Forward foreign exchange contracts	-	2,972,698	-	2,972,698
	<u>-</u>	<u>2,972,698</u>	<u>376,662,817</u>	<u>379,635,515</u>

As at 31 December 2022, the group didn't have liabilities measured at fair value on a recurring basis.

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 2023.

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, credit spreads, liquidity premium, EBITDA multiplier and liquidity lack discount.

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11 Fair value estimates (Cont'd)

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

The changes in Level 3 assets are analysed below:

	31 December 2022	Increase	Decrease	30 June 2023	Gains recognised in profit or loss	Changes in unrealised gains or losses included in profit or loss For the six months ended 30 June 2023 with respect to assets still held as at 30 June 2023 - gains or losses on changes in fair value
Financial assets						
Financial assets held for trading - structural deposits	-	100,000,000		100,000,000	-	136,000
Financing receivables - Notes receivable	<u>376,662,817</u>	<u>1,428,361,700</u>	<u>(1,441,003,480)</u>	<u>364,021,037</u>	<u>-</u>	<u>-</u>
Total assets	<u>376,662,817</u>	<u>1,528,361,700</u>	<u>(1,441,003,480)</u>	<u>464,021,037</u>	<u>-</u>	<u>136,000</u>

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11 Fair value estimates (Cont'd)

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

The changes in Level 3 assets are analysed below (Cont'd):

	31 December 2021	Increase	Decrease	31 December 2022	Gains recognised in profit or loss	Changes in unrealised gains or losses included in profit or loss for 2022 with respect to assets still held as at 31 December 2022 - gains or losses on changes in fair value
Financing receivables - Notes receivable	<u>201,511,670</u>	<u>3,664,369,012</u>	<u>(3,489,217,865)</u>	<u>376,662,817</u>	-	-
Total assets	<u>201,511,670</u>	<u>3,664,369,012</u>	<u>(3,489,217,865)</u>	<u>376,662,817</u>	-	-

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11 Fair value estimates (Cont'd)

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

As at 30 June 2023 and 31 December 2022, 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.

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 and lease liabilities 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.

12 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 2023 and 31 December 2022, the Group's equity ratio was as follows:

	30 June 2023	31 December 2022
Total borrowings	1,314,979,234	1,121,314,128
Total shareholders' equity	9,379,654,906	9,240,646,784
Equity ratio	<u>14%</u>	<u>12%</u>

JIANGLING MOTORS CORPORATION, LTD.

**NOTES TO THE FINANCIAL STATEMENTS
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(All amounts in RMBYuan unless otherwise stated)
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13 Notes to the Company's financial statements

(1) Accounts receivable

	30 June 2023	31 December 2022
Accounts receivable	3,946,042,284	2,444,372,969
Less: Provision for bad debts	<u>(78,007,114)</u>	<u>(75,474,642)</u>
	<u>3,868,035,170</u>	<u>2,368,898,327</u>

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

	30 June 2023	31 December 2022
Within 1 year	3,777,291,347	2,281,564,617
Over 1 year	<u>168,750,937</u>	<u>162,808,352</u>
	<u>3,946,042,284</u>	<u>2,444,372,969</u>

(b) As at 30 June 2023, the top five accounts receivable ranked by remaining balances were analysed as follows:

	Balance	Amount of provision for bad debts	% of total balance
Company 1	2,755,963,035	(3,307,484)	69.84%
Company 2	689,713,331	-	17.48%
Company 3	111,044,989	-	2.81%
Company 4	90,614,670	(162,990)	2.30%
Company 5	<u>72,230,000</u>	<u>(72,230,000)</u>	1.83%
	<u>3,719,566,025</u>	<u>(75,700,474)</u>	<u>94.26%</u>

JIANGLING MOTORS CORPORATION, LTD.

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13 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 2023		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL (%)	Amount
Receivables from related parties within the Group i)	800,758,320	-	-
Receivables for automobiles ii)	<u>72,230,000</u>	100%	<u>(72,230,000)</u>
	<u>872,988,320</u>		<u>(72,230,000)</u>
	31 December 2022		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL (%)	Amount
Receivables from related parties within the Group i)	347,148,082	-	-
Receivables for automobiles ii)	<u>72,230,000</u>	100%	<u>(72,230,000)</u>
	<u>419,378,082</u>		<u>(72,230,000)</u>

i) As at 30 June 2023, the Company's accounts receivable from subsidiary Jiangling Ford (Shanghai) and SZFJ was RMB689,713,331 and RMB111,044,989 (31 December 2022: the Company's accounts receivable from subsidiary Jiangling Ford (Shanghai)、SZFJ and JMCS was Nil、RMB105,318,231 and RMB241,829,851). The Company carried out individual assessment on receivables from subsidiaries. Based on the judgement of credit risk, there was no significant credit risk on receivables from subsidiaries that were overdue and impaired.

ii) As at 30 June 2023, the Company assessed the expected credit losses on the related accounts receivable and expected that it was probable that such amounts would not be collected and therefore a full provision for bad debts was made.

JIANGLING MOTORS CORPORATION, LTD.

**NOTES TO THE FINANCIAL STATEMENTS
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(All amounts in RMBYuan unless otherwise stated)
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13 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 2023		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL (%)	Amount
Not overdue	2,311,859,079	0.08%	(1,871,239)
Overdue for 1 to 30 days	137,385,230	0.08%	(110,846)
Overdue for 31 to 60 days	2,386,353	1.32%	(31,428)
Overdue for 61 to 90 days	4,749,710	1.97%	(93,682)
Overdue over 90 days	12,807,539	3.00%	(384,125)
	<u>2,469,187,911</u>		<u>(2,491,320)</u>

	31 December 2022		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL (%)	Amount
Not overdue	1,574,700,311	0.04%	(676,307)
Overdue for 1 to 30 days	20,338,359	0.04%	(8,715)
Overdue for 31 to 60 days	7,025,162	1.07%	(75,033)
Overdue for 61 to 90 days	-	-	-
Overdue over 90 days	1,046,303	3.37%	(35,212)
	<u>1,603,110,135</u>		<u>(795,267)</u>

Grouping - Sales of new energy automobiles:

	30 June 2023		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL (%)	Amount
Overdue over 90 days	<u>4,853,760</u>	20.60%	<u>(999,805)</u>

JIANGLING MOTORS CORPORATION, LTD.

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(All amounts in RMBYuan unless otherwise stated)
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13 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 2022		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL (%)	Amount
Overdue over 90 days	4,853,760	20.60%	(999,805)

Grouping - Automobile parts:

	30 June 2023		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL (%)	Amount
Not overdue	576,170,043	0.30%	(1,728,510)
Overdue for 1 to 30 days	11,094,273	0.30%	(33,283)
Overdue for 31 to 60 days	1,404,495	0.50%	(7,022)
Overdue for 61 to 90 days	-	-	-
Overdue over 90 days	10,343,482	5.00%	(517,174)
	<u>599,012,293</u>		<u>(2,285,989)</u>

	31 December 2022		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL (%)	Amount
Not overdue	400,583,282	0.30%	(1,201,749)
Overdue for 1 to 30 days	10,972,629	0.30%	(32,918)
Overdue for 31 to 60 days	1,307,433	0.50%	(6,537)
Overdue for 61 to 90 days	377	0.53%	(2)
Overdue over 90 days	4,167,271	5.00%	(208,364)
	<u>417,030,992</u>		<u>(1,449,570)</u>

JIANGLING MOTORS CORPORATION, LTD.

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(All amounts in RMBYuan unless otherwise stated)
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13 Notes to the Company's financial statements (Cont'd)

(1) Accounts receivable (Cont'd)

(d) In the six months ended 30 June 2023, no accounts receivable had been written off.

(e) As at 30 June 2023 and 31 December 2022, the Company did not have accounts receivable that were pledged.

(2) Other receivables

	30 June 2023	31 December 2022
Receivable for subsidiary disposal	24,900,000	60,900,000
Receivables from JMCH	9,679,410	9,679,410
Import working capital	7,000,000	10,000,000
Disposal of assets	4,604,745	4,604,745
Others	33,056,740	43,987,307
	<u>79,240,895</u>	<u>129,171,462</u>
Less: Provision for bad debts	(227,896)	(315,611)
	<u>79,012,999</u>	<u>128,855,851</u>

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

	30 June 2023	31 December 2022
Within 1 year	34,160,021	55,337,691
Over 1 year	45,080,874	73,833,771
	<u>79,240,895</u>	<u>129,171,462</u>

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

	Stage 1				Total
	12-month ECL (grouping)		12-month ECL (individual)		Provision for bad debts
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	
31 December 2022	105,065,828	(315,611)	24,105,634	-	(315,611)
Net decrease in the current period	(35,504,343)	-	(14,426,224)	-	-
Provision for bad debts reserved in the current period	-	87,715	-	-	87,715
30 June 2023	<u>69,561,485</u>	<u>(227,896)</u>	<u>9,679,410</u>	<u>-</u>	<u>(227,896)</u>

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(All amounts in RMBYuan unless otherwise stated)
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13 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 2023 and 31 December 2022, the Company did not have any other receivables at Stage 2 or Stage 3. Other receivables at Stage 1 were analysed below:

(i) As at 30 June 2023 and 31 December 2022, provision for bad debts of other receivables on the individual basis was analysed as follows:

30 June 2023				
Stage 1	Book balance	12-month ECL (%)	Provision for bad debts	Reason
Receivables from JMCH	9,679,410	-	-	i)
	<u>9,679,410</u>		<u>-</u>	
31 December 2022				
Stage 1	Book balance	12-month ECL (%)	Provision for bad debts	Reason
Receivables from Jiangling Ford (Shanghai)	14,426,224	-	-	i)
Receivables from JMCH	9,679,410	-	-	i)
	<u>24,105,634</u>		<u>-</u>	

i) As of 30 June 2023, the Company had other receivables from its subsidiaries JMCH, amounting to RMB9,679,410 (31 December 2022: the Company had other receivables from its subsidiaries, JMCH and Jiangling Ford (Shanghai), amounting to RMB9,679,410 and RMB14,426,224).The Company assessed the receivables from subsidiaries individually and based on the judgment of credit risk, the receivables from subsidiaries are not subject to significant credit risk and are not past due and impaired.

JIANGLING MOTORS CORPORATION, LTD.

**NOTES TO THE FINANCIAL STATEMENTS
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(All amounts in RMBYuan unless otherwise stated)
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13 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)

(ii) As at 30 June 2023 and 31 December 2022, 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:

(ii) As at 30 June 2023, the Company's other receivables with provision for bad debts on the grouping basis were analysed below:

	Book balance	Expected credit loss ratio within the next 12 months	Provision for bad debts	Rationale
Portfolio accrual:				
Receivable for subsidiary disposal	24,900,000	0.30%	(74,700)	Expected credit losses
Import working capital	7,000,000	0.30%	(21,000)	Expected credit losses
Disposal of assets	4,604,745	0.30%	(13,814)	Expected credit losses
Others	33,056,740	0.36%	(118,382)	Expected credit losses
	<u>69,561,485</u>		<u>(227,896)</u>	

(iii) As at 31 December 2022, the Company's other receivables with provision for bad debts on the grouping basis were analysed below:

	Book balance	Expected credit loss ratio within the next 12 months	Provision for bad debts	Rationale
Portfolio accrual:				
Receivable for subsidiary disposal	60,900,000	0.30%	(182,700)	Expected credit losses
Import working capital	10,000,000	0.30%	(30,000)	Expected credit losses
Disposal of assets	4,604,745	0.30%	(13,814)	Expected credit losses
Others	29,561,083	0.30%	(89,097)	Expected credit losses
	<u>105,065,828</u>		<u>(315,611)</u>	

As at 30 June 2023 and 31 December 2022, the Company had no other receivables at Stage 2 or Stage 3.

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

(2) Other receivables (Cont'd)

(c) For the six months ended 30 June 2023, the provision for bad debts reversed amounted to RMB87,715.

(d) For the six months ended 30 June 2023, no other receivables were written off.

(e) As at 30 June 2023, the top five other receivables ranked by remaining balances were analysed as follows:

	Nature	Balance	Ageing	% of total balance	Provision for bad debts
Company 1	Receivable for subsidiary disposal Advances classified as expenses	24,900,000	Over 1 year	31.42%	(74,700)
Company 2	Receivable from subsidiary Import working capital, etc. Assets receivables, etc	13,980,264	Within 1 year	17.64%	(41,941)
Company 3		9,679,410	Over 1 year	12.22%	-
Company 4		7,572,820	Within 1 year	9.56%	(22,718)
Company 5		4,614,745	Over 1 year	5.82%	(13,844)
		<u>60,747,239</u>		<u>76.66%</u>	<u>(153,203)</u>

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

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

(3) Long-term equity investments

	30 June 2023	31 December 2022
Subsidiaries (a)	2,858,943,493	2,807,943,493
Associates (b)	239,740,173	243,633,812
	<u>3,098,683,666</u>	<u>3,051,577,305</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>1,193,140,173</u>	<u>1,146,033,812</u>

(a) Subsidiaries

	<u>Movement in the current period</u>		<u>30 June 2023 Gross amount</u>	Balance of provision for impairment at the end of the period	Cash dividends declared this period	<u>30 June 2023 Carrying amount</u>
	<u>31 December 2022 Gross amount</u>	Additional investments				
JMCH	2,686,943,493	-	2,686,943,493	(1,905,543,493)	-	781,400,000
JMCS	50,000,000	-	50,000,000	-	-	50,000,000
SZFJ	10,000,000	-	10,000,000	-	-	10,000,000
GZFJ	10,000,000	-	10,000,000	-	-	10,000,000
Jiangling Ford (Shanghai)	51,000,000	51,000,000	102,000,000	-	-	102,000,000
	<u>2,807,943,493</u>	<u>51,000,000</u>	<u>2,858,943,493</u>	<u>(1,905,543,493)</u>	<u>-</u>	<u>953,400,000</u>

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(All amounts in RMBYuan unless otherwise stated)
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13 Notes to the Company's financial statements (Cont'd)

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

(b) Associates

	31 December 2022	Movements in the current period				30 June 2023	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	206,206,679	-	(2,446,017)	-	-	203,760,662	40%	40%	-
Hanon Systems	37,427,133	-	(1,447,622)	-	-	35,979,511	19.15%	33.33%	-
Total	243,633,812	-	(3,893,639)	-	-	239,740,173			-

JIANGLING MOTORS CORPORATION, LTD.

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

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

(4) Revenue and cost of sales

	Six months ended 30 June	
	2023	2022
Revenue from main operations	14,581,518,843	13,153,777,616
Revenue from other operations	867,519,091	235,587,202
	<u>15,449,037,934</u>	<u>13,389,364,818</u>

	Six months ended 30 June	
	2023	2022
Cost of sales from main operations	12,661,082,710	11,688,319,077
Cost of sales from other operations	201,223,509	221,157,893
	<u>12,862,306,219</u>	<u>11,909,476,970</u>

(a) Revenue and cost of sales from main operations

	Six months ended 30 June			
	2023		2022	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Sales of automobiles	12,803,883,870	11,227,861,094	12,104,498,465	10,873,199,856
Sales of automobile parts	1,777,634,973	1,433,221,616	1,024,913,088	803,494,300
Automobile maintenance services	-	-	24,366,063	11,624,921
	<u>14,581,518,843</u>	<u>12,661,082,710</u>	<u>13,153,777,616</u>	<u>11,688,319,077</u>

(b) Revenue and cost of sales from other operations

	Six months ended 30 June			
	2023		2022	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Sales of materials	176,010,823	159,438,315	191,377,317	178,704,400
Others	691,508,268	41,785,194	44,209,885	42,453,493
	<u>867,519,091</u>	<u>201,223,509</u>	<u>235,587,202</u>	<u>221,157,893</u>

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(All amounts in RMBYuan unless otherwise stated)
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13 Notes to the Company's financial statements (Cont'd)

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

(c) The breakdown of revenue earned was as follows:

	Six months ended 30 June 2023				
	Automobiles	Automobile parts	Automobile maintenance services	Materials and others	Total
Revenue from main operations	12,803,883,870	1,777,634,973	-	-	14,581,518,843
Including: Recognised at a time point	12,803,883,870	1,777,634,973	-	-	14,581,518,843
Recognised within a certain period	-	-	-	-	-
Revenue from other operations (i)	-	-	-	867,519,091	867,519,091
	<u>12,803,883,870</u>	<u>1,777,634,973</u>	<u>-</u>	<u>867,519,091</u>	<u>15,449,037,934</u>

	Six months ended 30 June 2022				
	Automobiles	Automobile parts	Automobile maintenance services	Materials and others	Total
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 (i)	-	-	-	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>

- (i) The Company's revenue from other operations includes sales of materials and service provided, etc. Of which, revenue from sales of materials is recognized at a certain point in time, and revenue from service provided is recognized within a certain period.

As at 30 June 2023, the amount of revenue corresponding to the performance obligations that the Company had signed but had not performed or had not yet performed was RMB423,440,567, and the Company expected that RMB423,440,567 will be recognised as revenue from the sales of automobiles and parts in 2023.

(5) Investment income

	Six months ended 30 June	
	2023	2022
Losses on discount of financing receivables eligible for derecognition	(11,613,214)	(6,704,092)
Gains on long-term equity investments under equity method	(3,893,639)	(4,151,633)
Investment loss from forward exchange settlement	2,524,895	(10,728,178)
	<u>(12,981,958)</u>	<u>(21,583,903)</u>

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

JIANGLING MOTORS CORPORATION, LTD.

**SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 June 2023**

(All amounts in RMBYuan unless otherwise stated)
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1 Statement of non-recurring profit or loss

	Six months ended 30 June	
	2023	2022
Government grants recognised in profit or loss for the current period	358,643,954	261,059,234
Gains or losses on disposal of non-current assets	(755,894)	395,312,262
Fund occupation fee received from non-financial institutions	6,890,293	7,029,072
Gains or 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	6,774,959	(4,174,119)
Net amount of other non-operating income and expenses	6,919,342	1,762,148
Reversal of provision for impairment of receivables tested individually	-	110,068
Other items of profit or loss conforming to the definition of non-recurring profit or loss	(9,062,423)	-
	<u>369,410,231</u>	<u>661,098,665</u>
Effect of income tax	(57,720,416)	(100,191,259)
Effect of gains or losses on minority interests (net of tax)	(31,469)	(91,808)
	<u>311,658,346</u>	<u>560,815,598</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	
	Six months ended 30 June					
	2023	2022	2023	2022	2023	2022
Net profit attributable to ordinary shareholders of the Company	7.59%	5.02%	0.84	0.52	0.84	0.52
Net profit attributable to ordinary shareholders of the Company, net of non-recurring profit or loss	4.35%	(1.20%)	0.48	(0.13)	0.48	(0.13)