

Jiangling Motors Corporation, Ltd.



2023 Annual Report

2024-03

Chapter I Important Notes, Contents and Abbreviations

Important Note

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

Chairman Qiu Tiangao, CFO Joey Zhu and Chief of Finance Department, Hu Hanfeng, confirm that the Financial Statements in this Annual Report are truthful and complete.

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

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.

The Company's possible risks and countermeasures are described in Section 3 of this report, "Management Discussion and Analysis". Please investors to pay attention to the relevant content.

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

The year 2023 profit distribution proposal approved by the Board of Directors is as follows:

A cash dividend of RMB 6.84 (including tax) will be distributed for every 10 shares held based on the total share capital of 863,214,000 shares, and there is no stock dividend. The Board decided not to convert capital reserve to share capital this time.

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Catalog on Documents for Reference

1. Originals of 2023 financial statements signed by legal representative, Chief Financial Officer and Chief of Finance Department.
2. Originals of the Independent Auditor's Reports signed by independent accountants and stamped by the accounting firm.
3. Originals of all the documents and public announcements disclosed in newspapers designated by CSRC in 2023.
4. The Annual Report in 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 and Operating Highlight

1. Company's Information

| | | | |
|-------------------------------------|--|--------------|----------------|
| Share's name | Jiangling Motors, Jiangling B | Share's Code | 000550, 200550 |
| Place of listing | Shenzhen Stock Exchange | | |
| Company's Chinese name | 江铃汽车股份有限公司 | | |
| English name | Jiangling Motors Corporation, Ltd. | | |
| Abbreviation | JMC | | |
| Company legal representative | Qiu Tiangao | | |
| Registered Address | No. 2111, Yingbin Middle Avenue, Nanchang County, Nanchang City, Jiangxi Province, P.R.C | | |
| Postal Code of Registered Address | 330200 | | |
| Changes of Registered Address | Due to the relocation of JMC's Qingyunpu site, the original registered address " No. 509, Northern Yingbin Avenue, Nanchang City, Jiangxi Province" was changed to "No.2111, Yingbin Middle Avenue, Nanchang County, Nanchang City, Jiangxi Province" in October 2021. | | |
| Headquarters Address | No. 2111, Yingbin Middle Avenue, Nanchang County, Nanchang City, Jiangxi Province, P.R.C | | |
| Postal Code of Headquarters Address | 330200 | | |
| Website | http://www.jmc.com.cn | | |
| E-mail | relations@jmc.com.cn | | |

2. Contact Person and Method

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

3. Information Disclosure and Place for Achieving Annual Report

| | |
|---|---|
| Stock Exchange Website for Publication of JMC's Annual Report | http://www.szse.cn |
| Newspapers and Website for | China Securities, Securities Times, Hong Kong |

| | |
|------------------------------------|--|
| Publication of JMC's Annual Report | Commercial Daily, cninfo (http://www.cninfo.com.cn) |
| Place for Achieving Annual Report | Securities Department, Jiangling Motors Corporation, Ltd. |

4. Changes of Registration

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

5. Other Information

Accounting Firm Appointed by JMC for Audit

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

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

Applicable Not Applicable

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

Applicable Not Applicable

6. Main accounting data and financial ratios

Unit: RMB

| | 2023 | 2022 | Change (%) | 2021 |
|--|------------------|------------------|------------|------------------|
| Revenue | 33,167,325,081 | 30,100,283,842 | 10.19% | 35,221,306,472 |
| Profit Attributable to the Equity Holders of the Company | 1,475,597,266 | 915,049,168 | 61.26% | 574,165,944 |
| Net Profit Attributable to Shareholders of Listed Company After Deducting Non-Recurring Profit or Loss | 995,236,837 | -229,667,660 | 533.34% | 29,628,811 |
| Net Cash Generated From Operating Activities | 4,567,539,866 | -1,518,573,952 | 400.78% | 1,760,193,010 |
| Basic Earnings Per Share (RMB) | 1.71 | 1.06 | 61.26% | 0.67 |
| Diluted Earnings Per Share (RMB) | 1.71 | 1.06 | 61.26% | 0.67 |
| Weighted Average Return on Equity Ratio | 15.06% | 10.28% | 4.78% | 5.87% |
| | End of Year 2023 | End of Year 2022 | Change (%) | End of Year 2021 |
| Total Assets | 29,141,187,886 | 27,468,321,835 | 6.09% | 26,359,084,120 |
| Shareholders' Equity Attributable to the Equity Holders of the Company | 10,350,145,738 | 9,243,817,333 | 11.97% | 8,555,444,589 |

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

Yes No

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

Yes No

7. Accounting data difference between China GAAP and IFRS

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

Applicable Not Applicable

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

Applicable Not Applicable

III. Reasons for the difference in accounting data between in accordance with overseas accounting standards and Chinese accounting standards

Applicable Not Applicable

8. Main accounting data quarterly

Unit: RMB

| | Q1 | Q2 | Q3 | Q4 |
|--|---------------|---------------|---------------|---------------|
| Revenue | 7,525,930,457 | 7,903,441,852 | 8,078,772,861 | 9,659,179,911 |
| Profit Attributable to the Equity Holders of the Company | 182,746,938 | 546,640,619 | 280,065,212 | 466,144,497 |
| Net Profit Attributable to Shareholders of Listed Company After Deducting Non-Recurring Profit or Loss | 9,499,494 | 408,229,717 | 239,772,243 | 337,735,383 |
| Net Cash Generated From Operating Activities | -721,527,544 | 2,378,675,881 | 758,439,647 | 2,151,951,882 |

Whether the above mentioned financial indicators or the total number are significantly different from the financial indicators related to the disclosed quarterly and half-year reports of the Company

Yes No

9. Non-recurring profit and loss items and amounts

Applicable Not Applicable

Unit: RMB

| | 2023 | 2022 | 2021 |
|--|-------------|-------------|-------------|
| Profit and loss of non-current assets disposal (including the charge-off part of the asset impairment provision) | -7,453,268 | 389,251,475 | 5,107,814 |
| Government subsidies included in the current profit and loss | 565,157,410 | 943,326,556 | 552,831,370 |
| 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 | 6,052,713 | 1,424,039 | -16,082,076 |

| | | | |
|--|-------------|---------------|-------------|
| financial assets | | | |
| Capital occupation fee charged for non-financial enterprises included in the current profit and loss | 11,289,415 | 13,827,410 | 15,836,668 |
| Return of the impairment provision for receivables with a separate impairment test | - | 110,068 | 2,250,000 |
| Other non-operating income and expenses except the above | 6,379,649 | 1,423,948 | 2,027,076 |
| Other profit and loss items that meet the definition of non-recurring profit and loss | -11,097,866 | - | 18,765,020 |
| Gains on disposal of long-term equity investments | - | - | 52,133,307 |
| Less: Income tax impact amount | 89,195,274 | 204,283,363 | 88,332,046 |
| Influence of minority shareholders' equity | 772,350 | 363,305 | |
| Total | 480,360,429 | 1,144,716,828 | 544,537,133 |

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

Applicable Not Applicable

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

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

Applicable Not Applicable

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

Chapter III

Management Discussion and Analysis

1. The industry situation of the Company during the reporting period

In 2023, automobile production and sales were completed at 30,161 thousand vehicles and 30,094 thousand vehicles respectively, with a year-on-year growth of 11.6% and 12% respectively, and the overall market sales for the year appeared a gradually improved situation. At the beginning of this year, affected by the exit of tax incentives for traditional fuel vehicles purchase and subsidy policies for new energy vehicles, early coming of the Spring Festival holiday, early overdraft of part of the consumption and other factors, the recovery of auto consumption was relatively lagging behind; from May to October, promoted by the national and local policies, and the continuation of the local promotional activities for car purchasing and other measures, the market demand was gradually released, the “Golden September and Silver October” effect reappeared; since November, the market continued to develop well, with the superimposed effect that the automobile enterprises endeavored to reach the peak of sales volume at the end of the year, the automobile market performance exceeded expectations, and the production and sales hit a record high. Among them, the passenger car market continued to grow well, which played an important role in stabilizing the foundation of automobile consumption; for the commercial vehicle market, owing to the stable and improving macroeconomics, and the recovery of consumer market demand, as well as the pull of various favourable policies, the production and sales returned to the level of 4 million vehicles. Under the dual role of policy and market, new energy vehicles continued to grow rapidly in 2023, the annual production and sales into the scale of 9.5 million vehicles, automobile exports continued to maintain a high level, creating monthly record highs, with an average monthly export volume of more than 400 thousand vehicles since August, and an annual export volume of close to 5 million vehicles, having effectively pulled the overall growth of the industry.

The production and sales of passenger cars amounted to 26,124 thousand vehicles and 26,063 thousand vehicles respectively, with a year-on-year growth of 9.6% and 10.6% respectively. Among the main varieties of passenger cars, compared with the same period of the previous year, the production and sales of multi-purpose vehicles (MPV) and sport utility vehicles (SUV) showed faster growth than the overall situation of the industry.

The production and sales of commercial vehicles amounted to 4,037 thousand vehicles and 4,031 thousand vehicles respectively, with a year-on-year growth of 26.8% and 22.1% respectively. Among the main varieties of commercial vehicles, compared with the same period of last year, the production and sales of buses and trucks showed double-digit growth. Bus production and sales were completed 498 thousand units and 492 thousand units, a year-on-year increase of 22.5% and 20.6% respectively, of which the production and sales of light buses increased by more than 25% year-on-year; truck production and sales were completed 3,539 thousand units, a year-on-year increase of 27.4% and

22.4% respectively, and the production and sales of light trucks increased by more than 17% year-on-year.

In 2023, the production and sales of new energy vehicles reached 9,587 thousand vehicles and 9,495 thousand vehicles respectively, an increase of 35.8% and 37.9% year on year, with a market share of 31.6%, 5.9% higher than that of the same period of the previous year. In the main varieties of new energy vehicles, compared with the same period of the previous year, the production and sales of pure electric vehicles, plug-in hybrid electric vehicles and fuel cell vehicles continued to maintain a high growth.

China's auto exports hit a new high in 2023, becoming an important force driving the growth of auto production and sales. Data showed that in 2023, automobile exports achieved 4,910 thousand vehicles, a year on year increase of 57.9%, and the contribution rate of exports to the growth of total automobile sales reached 55.7%. In terms of vehicle types, 4,140 thousand passenger cars were exported, a year on year increase of 63.7%; 770 thousand commercial vehicles were exported, a year on year increase of 32.2%. In terms of categories, 3,707 thousand conventional fuel vehicles were exported, a year on year increase of 52.4%; 1,203 thousand new energy vehicles were exported, a year on year increase of 77.6%.

2. Company's Core Business during the Reporting Period

During the reporting period, the Company's main business is the production and sale of commercial vehicles, SUVs and related components. The main products include JMC light truck, Pickup, light bus, Ford-branded light bus, MPV, Pickup and other commercial vehicles and SUV products. JMC also produces engines, frame, axle, and 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.

For 2023, JMC continued to increase its technological reserves and investment in new products, intelligent connection network, new energy and lightweighting, and strengthened its digital operation capability to realize the transformation of "four online", including "products online" "customers online" "processes online" and "employees online". Through digital technology, the Company improved operational efficiency, optimize business processes and innovative business models, and focused on customer-centered integration of the whole value chain. Meanwhile, JMC actively expanded its capacity operation and used car business, integrated intelligent technology into its service system, and gradually formed a customer-centered commercial vehicle ecosystem to focus the entire life cycle of automobiles and provided customers with all-around solutions. JMC actively laid out the RV business and off-road pickup and modified car market to create unique products and lead the market trend; at the same time, the Company accelerated the demonstration operation of mass production of intelligent driving

and created industry-leading automatic driving solutions through close cooperation with its partners.

In 2023, JMC planned the productivity of 330 thousand units and the utilization rate was 93%.

Vehicle manufacturing and operation

Applicable Not Applicable

Production and Sales Volume Information

| | Production Volume (Unit) | | | Sales Volume (Unit) | | |
|--------------------|--------------------------|---------|----------------|---------------------|---------|----------------|
| | 2023 FY | 2022 FY | YOY change (%) | 2023 FY | 2022 FY | YOY change (%) |
| By Products | | | | | | |
| Light Bus | 78,368 | 79,805 | -1.80% | 80,223 | 77,237 | 3.87% |
| Truck | 63,135 | 62,825 | 0.49% | 62,815 | 64,727 | -2.95% |
| Pickup | 58,723 | 63,496 | -7.52% | 59,660 | 62,872 | -5.11% |
| SUV | 107,199 | 75,468 | 42.05% | 107,310 | 77,172 | 39.05% |
| Total | 307,425 | 281,594 | 9.17% | 310,008 | 282,008 | 9.93% |
| By Region | | | | | | |
| China | 307,425 | 281,594 | 9.17% | 310,008 | 282,008 | 9.93% |

Reasons for the year-on-year change of more than 30%

Applicable Not Applicable

The 39.05% year-on-year increase in SUV sales was mainly due to the increase in overseas sales.

Component Kit System Construction

JMC owns in-house R&D and manufacturing capability for key components, with such important components as engine, body parts, frame, and front axle, etc. developed and manufactured independently. For some other key components, JMC keeps strategic cooperation with industry leading suppliers, e.g. Bosch, Baosteel, Garrett, ZF, Magna and SDS. JMC has established strategic cooperation with such leading enterprises as CATL and Suzhou Inovance on new energy development. For smart connectivity, JMC conducted diversified cooperation with such giants as Tencent, Hengrun, Baidu and Desay SV, etc. for ecology development. With the vision of achieving customer success, JMC cooperates with suppliers to create a customer-centered vehicle experience and strives to build a sustainable agile supply system. Through innovative thinking and digitalization, JMC has established a complete supplier access, capability improvement and supplier control mechanism from the perspectives of technology, quality, cost, delivery and service, thus effectively promoting the competitiveness of the supply system.

Production and operation of auto parts during the reporting period

Applicable Not Applicable

The Company carries out auto finance business

Applicable Not Applicable

The Company carries out new energy vehicle related business

Applicable Not Applicable

Production and operation of new energy vehicles and parts

| Product Category | Capacity (Unit) | Production Volume (Unit) | Sales Volume (Unit) | Revenue (RMB) |
|--|--|--------------------------|---------------------|---------------|
| New Energy Bus Series | 35,000 | 3,919 | 3,419 | 348,117,640 |
| New Energy Passenger Vehicles and Pickup | 100,000 | 260 | 250 | 53,468,952 |
| New Energy Truck | 25,000 | 1,187 | 1,002 | 154,664,338 |
| Total | 160,000 Note: all new energy vehicles are collinear with corresponding fuel vehicles. | 5,366 | 4,671 | 556,250,930 |

New energy vehicle Subsidy

In 2023, JMC received a subsidy of RMB 17,930 thousand for new energy vehicles.

3. 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 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. JMC export sales have made rapid progress, with sales of 95,696 units, a year-on-year increase of 52%.

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". 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 coexistence strategy of the three series of Pickup products and completed the full price and product matrix layout in the Pickup segment.

The Company adheres to the dual-brand strategy of Self-owned 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, jointly develops, designs and launches specific new products with Ford. The Company has been an industry-leading technology center and industrial design center. In terms of brand channels, the Company currently has more than 700 tier 1 dealers, with a total of more than 2,000 dealers, and has established a modern marketing system through the four-in-one franchise model of sales, accessories, service and information. In 2023, the all new channel brand "Ford Beyond" was released, with the ultimate powerful off-road product portfolio, the personalized customization modification and the abundant community activities as the pillars, the world's first Ford Beyond experience center was landed in October, and 71 Ford Beyond experience centers were built throughout the year across the country, and meanwhile, in December, the Ford Ranger was launched, which has caused a huge sensation in the industry and achieved a very good market response. 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. In terms of new energy, JMC has launched various new energy products such as E Lu Da, Da Dao EV and E-Transit, released the new energy transportation brand "JMC Fun-to-Drive" which expanded the transportation and leasing business of the Company, and committed to providing customers with systematic solution of "full-

scene product coverage, full-scene customer service, and full-scene ecological construction" from a holistic perspective to create the greatest value for users from a practical point of view. At the same time, in terms of export business, the Company has entered into a Framework Agreement on Vehicle Export Opportunities with Ford. Relying on Ford's mature global business layout and network, both parties intend to procure the Company to become an export product engineering and manufacturing center based in China and supporting Ford's global sales network.

4. Core Business Analysis

I. Summary

In 2023, China's annual automobile production and sales, both hit a record high. Among them, the passenger car market continued to grow well, realizing sales of 26,063 thousand cars; commercial vehicle market made steady progress; automobile exports hit a new high, with annual exports approaching 5 million vehicles, having effectively pulled the overall rapid growth of the industry.

During the reporting period, in order to respond to a tougher competitive environment, stricter homologation requirement and cost increase, JMC has been dedicated in improving the product quality, promoting new product development, controlling operation cost and enhancing production efficiency. At the same time, JMC launched a series of marketing proposals to actively cope with market risks. In 2023, JMC achieved sales volume of 310,008 units, including 80,223 light buses, 62,815 trucks, 59,660 Pickups and 107,310 SUVs, with YOY increase of 9.93%. In 2023, the total production volume was 307,425 units, including 78,368 light buses, 63,135 trucks, 58,723 Pickups and 107,199 SUVs, with YOY increase of 9.17%.

In 2023, the operation revenue reached RMB 33,167 million, up 10.19% year on year. The operation cost was RMB 28,066 million, up 8.73% year on year. The marketing expense was RMB1,467 million, up 1.51% year on year. The administration expense was RMB 983 million, up 1.94% year over year. R&D cost was RMB 1,286 million, down 13.29% year on year. The financial expense was RMB -205 million, down by 25.01% year over year.

II. Revenue and Cost

(a) Composition of Sales Revenue

Unit: RMB

| | 2023 FY | | 2022 FY | | YOY change (%) |
|---------------------|----------------|----------------|----------------|----------------|----------------|
| | Amount | Proportion (%) | Amount | Proportion (%) | |
| Revenue | 33,167,325,081 | 100% | 30,100,283,842 | 100% | 10.19% |
| By Industry | | | | | |
| Automobile Industry | 33,167,325,081 | 100% | 30,100,283,842 | 100% | 10.19% |
| By Products | | | | | |
| Vehicle | 30,379,757,733 | 91.60% | 27,069,207,538 | 89.93% | 12.23% |

| | | | | | |
|---------------------------------|----------------|--------|----------------|--------|---------|
| Components | 1,719,943,033 | 5.18% | 2,412,993,540 | 8.02% | -28.72% |
| Automobile Maintenance Services | 574,249,512 | 1.73% | 110,324,841 | 0.37% | 420.51% |
| Material & Others | 493,374,803 | 1.49% | 507,757,923 | 1.68% | -2.83% |
| By Region | | | | | |
| China | 33,167,325,081 | 100% | 30,100,283,842 | 100% | 10.19% |
| Sales model | | | | | |
| Distribution | 31,896,589,121 | 96.17% | 28,995,566,644 | 96.33% | 10.01% |
| Direct selling | 1,270,735,960 | 3.83% | 1,104,717,198 | 3.67% | 15.03% |

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

Applicable Not Applicable

Unit: RMB

| | Turnover | Cost | Gross Margin | YOY turnover change (%) | YOY Cost Change (%) | YOY gross margin change (points) |
|---------------------|----------------|----------------|--------------|-------------------------|---------------------|----------------------------------|
| By Industry | | | | | | |
| Automobile Industry | 33,167,325,081 | 28,065,528,223 | 15.38% | 10.19% | 8.73% | 1.13% |
| By Products | | | | | | |
| Vehicle | 30,379,757,733 | 25,855,510,801 | 14.89% | 12.23% | 10.70% | 1.17% |
| By Region | | | | | | |
| China | 33,167,325,081 | 28,065,528,223 | 15.38% | 10.19% | 8.73% | 1.13% |

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

Applicable Not Applicable

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

Yes No

| Industry | Item | Unit | 2023 | 2022 | Change (%) |
|------------|-------------------|------|---------|---------|------------|
| Automobile | Sales Volume | unit | 310,008 | 282,008 | 9.93% |
| | Production Volume | unit | 307,425 | 281,594 | 9.17% |
| | Inventory Volume | unit | 5,937 | 9,113 | -34.85% |

Explanation on YOY change of over 30%

Applicable Not Applicable

The 34.85% year-on-year decrease in inventory was mainly due to the increase in sales.

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

Applicable Not Applicable

(e) Composition of Operating Cost
Product categories

Unit: RMB

| Product | Item | 2023 FY | | 2022 FY | | YOY Change (%) |
|---------------------------------|------|----------------|----------------|----------------|----------------|----------------|
| | | Cost | Proportion (%) | Cost | Proportion (%) | |
| Vehicle | Cost | 25,855,510,801 | 92.13% | 23,355,537,374 | 90.48% | 10.70% |
| Components | Cost | 1,230,323,685 | 4.38% | 1,872,040,360 | 7.25% | -34.28% |
| Automobile Maintenance Services | Cost | 561,963,188 | 2.00% | 109,409,795 | 0.42% | 413.63% |
| Material & Others | Cost | 417,730,549 | 1.49% | 475,277,339 | 1.85% | -12.11% |

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

Yes No

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

Applicable Not Applicable

(h) Main Customers and Suppliers

Main Customers

| | |
|--|----------------|
| Total sales value to top 5 customers (RMB) | 10,646,288,840 |
| Accounted for the proportion of JMC's total annual turnover | 32.10% |
| Included related party transaction accounted for the proportion of JMC's total annual turnover | 27.76% |

Top 5 Customers

| No. | Name of the Customer | Sales Value (RMB) | Percentage of JMC's Total Turnover (%) |
|-------|--|-------------------|--|
| 1 | Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd. | 9,207,385,268 | 27.76% |
| 2 | Zhejiang Jiangling Motors Sales Company | 431,981,519 | 1.30% |
| 3 | Beijing Jingshunjing Auto Sales Company | 369,333,029 | 1.11% |
| 4 | Yunnan Mingfu Automobile Sales Service Co., Ltd. | 340,094,536 | 1.03% |
| 5 | Suizhou Weihai Automobile Service Co., Ltd. | 297,494,488 | 0.90% |
| Total | | 10,646,288,840 | 32.10% |

Other introduction to main customers

Applicable Not Applicable

Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd. is related party of the Company.

Main Suppliers:

| | |
|---|---------------|
| Total purchase value from top 5 suppliers (RMB) | 4,592,443,082 |
| Accounted for the proportion of JMC's total annual purchase amount | 18.72% |
| Included related party transaction accounted for the proportion of JMC's total annual purchase amount | 15.48% |

Top 5 Suppliers:

| No. | Name of the Supplier | Purchase Value (RMB) | Percentage of JMC's Total Annual Purchase Amount (%) |
|-------|---|----------------------|--|
| 1 | Magna PT Powertrain (Jiangxi) Co., Ltd. | 1,234,830,816 | 5.03% |
| 2 | Nanchang Jianglin Huaxiang Automobile Parts Co., Ltd. | 1,073,623,228 | 4.38% |
| 3 | Jiangxi Jiangling Qin Chuan Electrical Company Limited | 795,387,655 | 3.24% |
| 4 | Jiangxi Zhonglian Intelligent Logistics Co., Ltd. | 745,644,804 | 3.04% |
| 5 | Nanchang Baojiang Steel Processing Distribution Co., Ltd. | 742,956,579 | 3.03% |
| Total | | 4,592,443,082 | 18.72% |

Other introduction to main suppliers

Applicable Not Applicable

Magna PT Powertrain (Jiangxi) Co., Ltd., Nanchang Jianglin Huaxiang Automobile Parts Co., Ltd., Jiangxi Zhonglian Intelligent Logistics Co., Ltd. and Nanchang Baojiang Steel Processing Distribution Co., Ltd., are related parties of the Company.

III. Expense

Unit: RMB

| | 2023 | 2022 | YOY Change |
|-------------------------|---------------|---------------|------------|
| Distribution Expenses | 1,466,692,447 | 1,444,894,711 | 1.51% |
| Administrative Expenses | 983,458,031 | 964,786,345 | 1.94% |
| Finance Income-net | -204,908,754 | -163,907,346 | -25.01% |
| R & D Expenses | 1,286,201,612 | 1,483,329,630 | -13.29% |

IV. Research & Development

| Name of main R&D project | Project purpose | Project progress | Goals to be achieved | The expected impact on the |
|--------------------------|-----------------|------------------|----------------------|----------------------------|
|--------------------------|-----------------|------------------|----------------------|----------------------------|

| | | | | Company's future development |
|---|--|---|---|------------------------------|
| All new electric platform SUV product project | To enhance the competitiveness of passenger vehicle products for Ford Beyond, and meet the requirements of fleet dual credit policy for passenger vehicles in future | It is under development and will begin production in the second half of 2025 | Increase the Company's operating revenue. | |
| All new platform for electric light bus and light truck | To enhance the competitiveness of the Company's electric city logistics vehicles and increase market shares. | They are under development and will begin production in the beginning of 2025 | Increase the Company's operating revenue. | |
| Electric products for export | Transformation of the company's export strategy | They are under development and will begin production one by one in the second half of 2025. | Increase the Company's operating revenue. | |

Company R & D personnel

| | 2023 | 2022 | Change(%) |
|--|--------|--------|-----------|
| R&D staff (person) | 2,477 | 2,350 | 5.40% |
| R&D staff as % of total employees | 21.32% | 19.05% | 2.27% |
| Educational structure of R&D personnel | | | |
| Undergraduate | 1,772 | 1,651 | 7.30% |
| Master | 568 | 554 | 2.50% |
| Age composition of R&D personnel | | | |
| Under the age of 30 | 590 | 533 | 10.70% |
| 30 ~ 40 years old | 1,498 | 1,481 | 1.10% |

R&D Investment

| | 2023 | 2022 | Change(%) |
|---|---------------|---------------|-----------|
| R&D investment (RMB) | 1,846,382,521 | 2,018,500,532 | -8.53% |
| R&D investment as % of revenue | 5.57% | 6.71% | -1.14% |
| Capitalization of R&D investment | 560,180,909 | 535,170,902 | 4.67% |
| Capitalization of R&D investment as % of R&D investment | 30.34% | 26.51% | 3.83% |

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

Applicable Not Applicable

Reason for the substantial change of R&D investment as % of revenue

Applicable Not Applicable

Reason and rationality of the substantial change in the capitalization rate of R & D investment

Applicable Not Applicable

V. Cash Flow Analysis

Unit: RMB

| Item | 2023 | 2022 | Change (%) |
|---|----------------|----------------|------------|
| Cash received from operating activities | 38,462,687,962 | 31,614,927,049 | 21.66% |
| Cash outflows from operating activities | 33,895,148,096 | 33,133,501,001 | 2.30% |
| Net cash flows from operating activities | 4,567,539,866 | -1,518,573,952 | 400.78% |
| Cash received from investing activities | 624,431,306 | 1,407,222,333 | -55.63% |
| Cash outflows from investing activities | 1,796,589,520 | 1,496,365,812 | 20.06% |
| Net cash flows from investing activities | -1,172,158,214 | -89,143,479 | -1,214.91% |
| Cash received from financing activities | 5,027,854,833 | 4,731,667,661 | 6.26% |
| Cash outflows from financing activities | 5,219,911,524 | 4,149,807,890 | 25.79% |
| Net cash flows from financing activities | -192,056,691 | 581,859,771 | -133.01% |
| Net increase in cash and cash equivalents | 3,203,324,961 | -1,025,857,660 | 412.26% |

Explanation on the major factors regarding major change of related data

Applicable Not Applicable

Year on year increase of the Net cash flows generated from operating activities was due to the increase of sales volume, the increased payments received from dealers.

Year on year decrease of the Net cash flows generated from investing activities was 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 in 2022.

Year on year decrease of the net cash flows generated from financing activities was mainly due to the lower new borrowings compared to the same period last year.

Year on year increase of the net increase in cash and cash equivalents was mainly due to the increase in net cash generated from operating activities.

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

Applicable Not Applicable

5. Non- core business analysis

Applicable Not Applicable

6. Analysis of Assets and Liabilities

I. Major changes

Unit: RMB

| Asset item | End of 2023 | | Beginning of 2023 | | YOY |
|------------------------------|----------------|------------|-------------------|------------|----------------------------|
| | Amount | Proportion | Amount | Proportion | Proportion change (Points) |
| Cash and cash equivalents | 11,830,560,675 | 40.60% | 8,604,977,725 | 31.33% | 9.27% |
| Accounts receivables | 4,401,826,022 | 15.11% | 4,245,541,752 | 15.46% | -0.35% |
| Inventories | 1,560,259,511 | 5.35% | 2,129,040,820 | 7.75% | -2.40% |
| Long-term equity investments | 233,798,348 | 0.80% | 248,482,822 | 0.90% | -0.10% |
| Fixed assets | 5,389,645,152 | 18.49% | 5,446,384,369 | 19.83% | -1.34% |
| Construction in progress | 464,431,412 | 1.59% | 718,612,190 | 2.62% | -1.03% |
| Right-of-use assets | 194,836,028 | 0.67% | 233,622,890 | 0.85% | -0.18% |
| Short-term borrowings | 1,300,000,000 | 4.46% | 1,100,000,000 | 4.00% | 0.46% |
| Contract liabilities | 243,740,992 | 0.84% | 152,065,025 | 0.55% | 0.29% |
| Long-term borrowings | 1,391,414 | 0% | 20,858,057 | 0.08% | -0.08% |
| Lease liabilities | 138,005,943 | 0.47% | 193,090,351 | 0.70% | -0.23% |

Foreign assets account for a relatively high proportion

Applicable Not Applicable

II. The fair value of the assets and liabilities.

Unit: RMB

| Item | financial assets | 1.Trading financial assets (excluding derivative financial assets) | 2.Receivables financing | Subtotal | Financial liabilities |
|---|------------------|--|-------------------------|----------------|-----------------------|
| Beginning of the period | | 0 | 376,662,817 | 376,662,817 | 0 |
| Loss/profit in fair value in the period | | 604,877 | 0 | 604,877 | 0 |
| Cumulative changes in fair value recorded into equity | | | 0 | | 0 |
| Impairment in the period | | | 0 | | 0 |
| Purchase in the period | | 500,000,000 | 3,737,982,954 | 4,237,982,954 | 0 |
| Sell in the | | 300,000,000 | 3,991,475,709 | 4,291,475,709. | 0 |

| | | | | | |
|-------------------|--|-------------|-------------|-------------|---|
| period | | | | | |
| Other changes | | | 0 | | 0 |
| End of the period | | 200,604,877 | 123,170,062 | 323,774,939 | 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

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

Units: RMB

| Items | Book value at the end of the period | Cause for restriction |
|---------------------------|-------------------------------------|------------------------------|
| Cash and cash equivalents | 20,854,424 | frozen funds for litigation. |

7. 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 financial assets investment on the reporting period.

(b) Derivative Investment

Applicable Not Applicable

There was no derivative investment on the reporting period.

V. Usage of Raised Fund

Applicable Not Applicable

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

8. Sales of Major Assets and Equity

I. Sale of Major Assets

Applicable Not Applicable

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 agreed to terminate the transaction through negotiation. |
| Date of disclosure | May 13, 2023 |
| Index | The announcement (No. 2023-013) was published on the website: www.cninfo.com.cn |

9. Analysis of major shareholding companies

Applicable Not Applicable

Main Subsidiaries and the Joint-Stock Companies whose operating results impact on JMC's net profit more than 10%

Unit: RMB'000

| | | | |
|--------------------|---|---|--|
| Name of companies | Jiangling Motors Sales Corporation, Ltd | JMC Heavy Duty Vehicle Co., Ltd. | Jiangling Ford Automobile Technology (Shanghai) Co., Ltd. |
| Type of companies | Whole-onwed subsidiary | Whole-owned 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 | 50,000.00 | 1,323,793.20 | 200,000.00 |

| | | | |
|------------------|---------------|-------------|---------------|
| Assets | 5,434,014.20 | 396,986.20 | 948,410.40 |
| Net assets | 254,641.00 | 366,242.80 | -745,455.30 |
| Turnover | 22,161,719.40 | 294.70 | 643,047.90 |
| Operating profit | -116,386.60 | -334,545.30 | -1,118,600.80 |
| Net profit | -88,417.20 | -330,496.80 | -838,984.80 |

Acquisition and disposal of the subsidiaries

Applicable Not Applicable

Description of the main holding and participating companies

The impact of JMCH on the Company's performance is that the increase in profits was partially offset by the assets impairment provisions accrued to reflect the idle long-term assets of due to the termination of the reorganization transaction

The impact of Jiangling Ford Automobile Technology (Shanghai) Co., Ltd. on the Company's performance is increase in net profit attributable to shareholders of the listed company caused by the changes in Minority Interests.

10. Structured Entities Controlled by JMC

Applicable Not Applicable

11. Outlook

I. Industry Development

In 2024, China will continue to promote progress while maintaining stability, focus on spurring domestic demand, promote the steady recovery and expansion of consumption; expand effective investment, increase sci-tech innovation, and actively drive the high-quality economic development. In 2024, a number of new measures will also be reserved and optimized, which will have additive effects with the stock policies to safeguard the stable economic operation. JMC is confident in the economic upturn throughout the year. It is expected that the automobile market will continue to appear a stable development trend in 2024, showing a growth of more than 3%.

Overall market: Annual sales are expected to be 31,000 thousand vehicles, an increase of 3% year on year, the policy tone of stabilizing growth stimulates domestic demand growth, and the continuous drive of exports is conducive to automobile consumption.

Commercial vehicle market: Annual sales are expected to be 4,200 thousand vehicles, an increase of 4% year on year, the country's additional issuance of one-trillion-yuan treasury bonds forms a good support for the commercial vehicle market in the first half of 2024, and new energy commercial vehicles bring structural growth to the industry.

Passenger car market: Annual sales are expected to be 26,800 thousand cars, an increase of 3% year on year, and the “competition” and growing demands are expected to drive sales growth.

New energy vehicle market: Annual sales are expected to be 11,500 thousand vehicles, an increase of 21% year on year, new energy vehicles maintain a high degree of prosperity, and the penetration rate is expected to be further increased.

Export market: The annual export volume of automobiles is expected to be 5,500 thousand vehicles, an increase of 12% year on year.

II. Company Strategy

JMC adheres to the development vision of “becoming a leader in the light commercial vehicle industry and a high performance provider of Ford” and the values of “integrity, dedication, innovation and cooperation”. In terms of commercial vehicles, JMC aims at being a provider of comprehensive product and service solutions of urban and trunk logistics, and creating a “lifelong partner” new business concept to meet customer needs through offering customized products and integrated services. In the passenger car field, JMC focuses on outdoor and off-road needs and provide differentiated products to create the ultimate customer experience. JMC will continue to focus on its core business, explore the potential of niche fields, always take customers’ demands as orientation, enhance the market awareness of the whole value chain, and strive to shape its products into the leaders of niche market. JMC will also aim at the new development trend of the automobile industry, accelerate the transition to new energy vehicles, increase investment, carry out technology research and development and product innovation, anchor in overseas markets, establish and improve the international marketing service system, consolidate and expand the automobile exports to the markets of key countries and regions, cultivate automobile exports as a new growth point of enterprise development, and comprehensively lay out the technology in new industrialization, information technology application, urbanization, and agricultural modernization, make layout in the core fields of new energy vehicles, intelligent connected vehicles and autonomous driving, and accelerate the construction of a future-oriented and globally competitive business ecosystem through the overall synergy and the integration of the new industrialization, information technology application, urbanization, and agricultural modernization. JMC is committed to building a leading and perfect digital system to make the product design, manufacturing, delivery, after-sales service and other parts closer to user needs through in-depth data mining and demand analysis, so as to promote the pace of its digital transformation.

III. Business Plan

In 2024, the Company plans to achieve the sales volume of 360 thousand units and the operation revenue of about RMB 37.8 billion, up 16% and 14%

respectively compared with 2023. In order to further improve the management quality, the Company will devote itself to the following aspects in 2024:

- (1) To stabilize and enhance JMC's leading position in the field of light commercial vehicles, continue to strengthen private sphere marketing and promoting brand upward;
- (2) To accelerate the transformation of passenger car channels from "Family Space" to "Ford Beyond", continue to empower dealers, strengthen customer operations, and further build the image of China's top outdoor life leader;
- (3) To strengthen the promotion of the new energy capacity brand of "JMC fun-to-drive", vigorously promote the new marketing model, and accelerate the cultivation of the new business of capacity operation;
- (4) To deepen synergistic cooperation with shareholders, enrich product portfolio, expand overseas market scale, and continuously improve overseas service experience;
- (5) To always adhere to the customer-centric concept, deeply understand market changes and customer needs, and provide customers with high-quality products and services through continuous innovation and efficient synergy;
- (6) To put into production and launch new Ford high-end off-road models, passenger car MCA, light trucks and passenger car hybrid models, etc. in a high-quality manner to enhance product competitiveness;
- (7) To continuously promote cost reduction, efficiency improvement, and lean management, and build an efficient and agile organization to lay a solid foundation for the company's overall strategic development.

IV. Potential Risks and Solutions

Geopolitical conflicts are intensifying in 2024, and the momentum of world economic growth is insufficient. Throughout the country, it was proposed at the Central Economic Work Conference to continue to act on the principle of seeking progress while maintaining stability, promoting stability through progress, and establishing the new before abolishing the old. The effect of growth stabilization policy will continue to appear, domestic demand is expected to be repaired continuously, consumption is expected to be further recovered, and infrastructure and manufacturing investment is expected to grow faster, bringing greater opportunities than challenges and stronger favorable conditions than unfavorable factors. However, the marketization of new energy vehicles accelerates, new car-making forces rise strongly, and the intelligent and digital paces accelerate at the same time, leading to more intense industrial competition in price, and bringing greater challenges to the company's operations. In order to maintain steady growth, JMC will focus on the following aspects:

- (1) To adhere to the customer-centric concept, gain in-depth insight into customer needs and changes in the market environment, explore new business growth points, and get in on the ground floor in the disruptive industry changes;
- (2) To optimize new energy product portfolio, expand channels, upgrade service levels, construct a new model for development, and increase the sales and penetration rate of new energy products;

- (3) To have an in-depth insight into overseas markets, focus on promoting the “one country one policy” overseas strategy, and optimize and enhance overseas channels;
- (4) To accelerate the construction of key technologies in the fields of intelligent connection network, intelligent cockpit and intelligent driving, as well as the key technological breakthroughs in new energy hardware and software;
- (5) To continuously deepen the company’s digital transformation, break down data silos, enhance digital experience in such three dimensions as customer insight, user experience and innovative services, and improve operational efficiency;
- (6) To strengthen the quality awareness of all staff, enhance the control of high-risk suppliers, and comprehensively improve product quality;
- (7) To continuously promote cost reduction, expenses control and efficiency enhancement, meanwhile, strengthen the management and control of operating cash flow to improve the quality of operations;
- (8) To strengthen corporate governance, strictly comply with national laws and regulations, and improve risk assessment and control mechanisms.

JMC will focus on light commercial vehicles, follow the customer-centric concept, continue to strengthen the marketing system reform, promote brand upgrading and channel rejuvenation, and consolidate the core competitiveness of light commercial vehicles; it will attach equal importance to passenger cars and commercial vehicles, accelerate the transformation of passenger car channels, enhance market awareness, and seize the momentum to increase the scale of passenger car sales; accelerate the development of new energy vehicles; vigorously explore overseas markets; expand new businesses and profit models, and accelerate the development of the new industrialization, information technology application, urbanization, and agricultural modernization as well as digitalization, deeply promote sci-tech innovation and industrial transformation, and achieve “stable development with solid foundation and additive energy for emerging business”. At the same time, JMC will continue to implement the strategy of quality leadership, optimize the cost structure, promote cost reduction and efficiency enhancement, improve profitability and create sufficient cash flow to support the Company’s high-quality development.

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

Applicable Not Applicable

| Date | Communication Method | Type of Object | Information Discussed and Materials offered |
|----------------|---|----------------------|---|
| April 14, 2023 | Online communication through network platform | Individual Investors | JMC Operating highlights |
| May 19, 2023 | Online communication through network platform | Individual Investors | JMC Operating highlights |

13. Implementation of the action program "Double Enhancement of Quality and Return"

Whether the company has disclosed the action plan of "Double Enhancement of Quality and Return".

Yes No

Chapter IV Corporate Governance Structure

1. Status of the Corporate Governance in JMC

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

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

Yes No

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

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

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

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

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

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

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

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

3. Horizontal Competition

Applicable Not Applicable

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

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

In 2023, the Company has hold one Shareholders' Meeting, and the relevant contents are as follows:

1. Session of the meeting: 2022 Annual Shareholders' Meeting

The meeting type: annual shareholders' meeting

Investor participation ratio: 74.61%

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. approve 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.

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

Applicable Not Applicable

5.Directors, supervisors and senior managers

(1) Basic information

| Name | Gender | Age | Position | Term of Office | Shares at the period-beginning | Stock options | restricted stock | Share Change in the reporting period | Shares at the period-end |
|----------------|--------|-----|----------------------|-----------------------|--------------------------------|---------------|------------------|--------------------------------------|--------------------------|
| Qiu Tiangao | Male | 57 | Chairman | 2023.06.16-2026.06.15 | 0 | 0 | 0 | 0 | 0 |
| Shengpo Wu | Male | 57 | Vice Chairman | 2023.06.16-2026.06.15 | 0 | 0 | 0 | 0 | 0 |
| Ryan Anderson | Male | 50 | Director | 2023.06.16-2026.06.15 | 0 | 0 | 0 | 0 | 0 |
| Yuan Mingxue | Male | 55 | Director | 2023.06.16-2026.06.15 | 0 | 0 | 0 | 0 | 0 |
| Xiong Chunying | Female | 59 | Director & President | 2023.06.16-2026.06.15 | 1,200 | 0 | 0 | 0 | 1,200 |
| Jin Wenhui | Male | 56 | Director | 2023.06.16-2024.04.11 | 0 | 0 | 0 | 0 | 0 |
| Yu Zhuoping | Male | 63 | Independent Director | 2023.06.16-2026.06.15 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | | |
|----------------|--------|----|----------------------|-----------------------|------|---|---|---|------|
| Chen Jiangfeng | Male | 44 | Independent Director | 2023.06.16-2026.06.15 | 0 | 0 | 0 | 0 | 0 |
| Wang Yue | Female | 45 | Independent Director | 2023.06.16-2026.06.15 | 0 | 0 | 0 | 0 | 0 |
| Xiao Hu | Male | 55 | Chief supervisor | 2023.06.16-2026.06.15 | 0 | 0 | 0 | 0 | 0 |
| Zhang Yangyang | Male | 44 | Supervisor | 2023.06.16-2026.06.15 | 0 | 0 | 0 | 0 | 0 |
| Zhang Jian | Male | 54 | Supervisor | 2023.06.16-2026.06.15 | 40 | 0 | 0 | 0 | 40 |
| Ma Jian | Male | 48 | Supervisor | 2023.06.16-2026.06.15 | 0 | 0 | 0 | 0 | 0 |
| Li Yanling | Female | 46 | Supervisor | 2023.06.16-2026.06.15 | 0 | 0 | 0 | 0 | 0 |
| Zhong Junhua | Female | 47 | EVP | 2024.03.26-2026.06.15 | 0 | 0 | 0 | 0 | 0 |
| Ding Wenmin | Male | 51 | EVP | 2023.06.16-2026.06.15 | 0 | 0 | 0 | 0 | 0 |
| Joey Zhu | Male | 41 | CFO | 2023.06.16-2026.06.15 | 0 | 0 | 0 | 0 | 0 |
| Erik Hermann | Male | 59 | VP | 2023.06.16-2026.06.15 | 0 | 0 | 0 | 0 | 0 |
| Wu Xiaojun | Male | 49 | VP | 2023.06.16-2026.06.15 | 0 | 0 | 0 | 0 | 0 |
| Xu Lanfeng | Female | 54 | VP &Board Secretary | 2023.06.16-2026.06.15 | 0 | 0 | 0 | 0 | 0 |
| Liu Rangpo | Male | 50 | VP | 2023.06.16-2026.06.15 | 0 | 0 | 0 | 0 | 0 |
| Wu Jiehong | Female | 47 | VP | 2023.06.16-2026.06.15 | 0 | 0 | 0 | 0 | 0 |
| Yang Shenghua | Male | 43 | VP | 2023.06.16-2026.06.15 | 0 | 0 | 0 | 0 | 0 |
| Sam lo | Male | 44 | VP | 2023.06.16-2026.06.15 | 0 | 0 | 0 | 0 | 0 |
| Zeng Fafa | Male | 45 | VP | 2023.06.16-2026.06.15 | 0 | 0 | 0 | 0 | 0 |
| Anderson Liu | Male | 51 | VP | 2023.06.16-2026.06.15 | 0 | 0 | 0 | 0 | 0 |
| Total | — | — | - | — | 1240 | 0 | 0 | 0 | 1240 |

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

Yes No

Changes of Directors, Supervisors and Senior Management

Applicable Not Applicable

| Name | Position | Status | Date | Reason |
|--------------|----------|------------|------------|-------------------------------|
| Zhong Junhua | EVP | Employment | 2024.03.26 | Appointment due to work need. |
| Jin Wenhui | Ex-EVP | Leave | 2024.03.26 | Work rotation. |

(2). Employment

The current Directors, Supervisors and Senior Executives' professional background, main working experience and main responsibilities in the Company:

Directors:

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

Mr. Shengpo Wu, born in 1966, holds a Bachelor's Degree in Thermal Energy Engineering from Tsinghua University in Beijing and Master's Degrees in Mechanical Engineering and Information Management, respectively, from the University of Nebraska-Lincoln and the Keller Graduate School of Management of DeVry University, and is a Group Vice President of Ford, Chairman and President & Chief Executive Officer of Ford China, Vice Chairman of JMC, Vice Chairman of Changan Ford Automobile Co., Ltd., Chairman of Fuqi Trading (Shanghai) Ltd, and Chairman of Ford Model e Technology (Nanjing) Co., Ltd. Mr. Shengpo Wu held various positions including Vice President and Regional General Manager for Honeywell Process Solutions in Greater China, President and CEO of Osram's Asia-Pacific business, President, Asia Pacific, and a member of the Global Executive Committee for Whirlpool Corporation, Managing Director.

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

Mr. Yuan Mingxue, born in 1968, holds a Bachelor's Degree in Auto Engineering from Beijing Institute of Technology and an EMBA from China Europe International Business School, and is Chief Expert of Chongqing Chang'an Automobile Company Limited, Senior consultant of chairman business team and Director of JMC. Mr. Yuan Mingxue has held various positions including Assistant to the President of Chang'an Auto and Executive Vice President of Jiangling Holdings Limited Company, Assistant to the President and Director of Strategy Planning Department for Chang'an Auto, Assistant to the President and Director of Overseas Development Department for Chang'an Auto, deputy Secretary of the Party Committee, Vice President, Executive Vice President of Chang'an Auto, Union president.

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

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

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

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

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

Ms. Wang Yue, born in 1978, holds a Bachelor's Degree in Accountancy from Henan University, a Master's Degree in Accountancy from Zhongnan University of Economics and Law, and a Doctor's Degree in Accountancy from Shanghai University of Financial and Economics, and is a Professor of School of Accountancy for Shanghai University of Financial and Economics, an Independent Director of JMC, an Independent Director of Guangdong Yangshan United

Precision Manufacturing Co., Ltd. and an Independent Director of Scivita Medical Technology Co., Ltd. Ms. Wang Yue has served as Research Assistant at The Hong Kong Polytechnic University and China Europe International School, and during 2012~2013, served as Visiting Scholar at Zimmerman Center for University of Illinois at Urbana-Champaign.

Supervisors:

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

Mr. Zhang Yangyang, born in 1979, holds a LLB Degree in International Law from China Foreign Affairs University and a LLM Degree from the University of Michigan Law School (Ann Arbor), is qualified to practice law in People's Republic of China and in the State of New York, the United States of America, and is currently serve as a Director, General Counsel & China Policy Group Lead of Ford Motor (China) Ltd., Principle of Beijing Branch for Ford Motor (China) Ltd., a Supervisory of Ford Model e Technology (Nanjing) Co., Ltd., a Supervisor of Ford Model E Auto Sales (Shanghai) Co., Ltd and a Supervisor of JMC. Mr. Zhang Yangyang previously assumed a series of legal related positions within Ford including Managing Counsel for Ford China and ASEAN region, Senior Counsel for Ford China Operations, etc.

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

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

for Getrag Powertrain (Jiangxi) Co. Ltd., and Director of Nanchang Factory and Director of DCT Factory for Magna Powertrain (Jiangxi) Co. Ltd.

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

Senior management:

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

Ms. Zhong Junhua, born in 1976, graduated in Financial Accounting from School of Management, Shijiazhuang Tiedao University, holds a Bachelor's Degree in Economics and a MBA Degree, Certified Public Accountant, Senior Accountant, and is a Director of JMCG, a Director of Nanchang Jiangling Investment Co., Ltd., and an EVP of JMC, in charge of marketing sales & service, and assist the President to manage the Company. Ms. Zhong Junhua held various positions including the chief of Assets and Finance Department for JMCG, Chairman of JMCG Finance Co., Ltd., General Manager, Chairman of Nanchang Jiangling Dingsheng Investment Management Co., Ltd., Vice General Manager of JMCG, Chairman of Jiangxi JMCG Specialty Vehicles Co., Ltd., and Chairman of Jiangxi Jiangling Group Special Vehicle Co., Ltd.

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

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

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

AIS Manager, and Global AIS Manager, as well as the Director of Powertrain Engineering Department and Assistant President for JMC.

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

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

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

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

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

Mr. Sam Lo, born in 1979, holds a Bachelor's Degree in Mechanical Engineering from National Taiwan University of S&T, China, a Master's degree in Mechanical Engineering from National Taiwan University, China, and is a Vice President of JMC, in charge of manufacturing business of the Company. Mr. Sam Lo held various positions including Welding area Manufacturing Engineer, Craft Engineer,

Production Superintendent and ME Manager of Ford Lio Ho Motor Company, VOME Implementation Body Manager and Final Assembly Manager of Ford Asia & Pacific, Body Area Manager Advisor of Changan Ford Motor Co., Ltd. Harbin Branch, Plant Launch Manager and Plant Manager of Changan Ford Motor Co., Ltd. Hangzhou Branch.

Mr. Zeng Fafa, born in 1978, holds a Bachelor's Degree in Automotive Engineering from Nanchang University, China, and is a Vice President of JMC, in charge of manufacturing business. Mr. Zeng Fafa held various positions including Deputy Director of Quality Control Department, Director of New Model Program Department, Director of Quality Control Department, Director of Quality Control & New Model Program Department, Director of Manufacture Department, and an Assistant to the President of JMC.

Mr. Anderson Liu, born in 1972, holds a Bachelor's Degree in Liberal Arts-Psychology from National Taiwan University, China, a Master's Degree in Liberal Arts-Psychology from National Chengchi University, China, and a MBA Degree from University of Pittsburgh, USA, is a Vice President of JMC and General Manager of Jiangling Ford Motor Automobile (Shanghai) Co., Ltd. Mr. Anderson Liu held various positions including Financial Analyst, E-Commerce Manager, Research Manager, Marketing Manager for FLH, Sr. Marketing Manager, VP of VW Branch Operation, VP of MS for VW Swire, Sales Director, MS Director for FLH, General Manager of Dealer Network Development and Consumer & Retail Experience for Lincoln China, and Executive Vice General Manager of Jiangling Motor Sales Co., Ltd.

Positions at the shareholder entities

Applicable Not Applicable

| Name | Shareholder Entity | Title | Term of Office | Compensation Paid by Shareholder Entity (Y/N) |
|--|--------------------|----------------------|----------------|---|
| Qiu Tiangao | JIC | Chairman | 2019.05.28 | N |
| Shengpo Wu | Ford | Group Vice President | 2023.03.01 | Y |
| Ryan Anderson | Ford | CFO, Ford China | 2021.06.01 | Y |
| Yuan Mingxue | JIC | Director | 2019.05.28 | N |
| Jin Wenhui | JIC | Director | 2019.05.28 | N |
| Zhang Jian | JIC | Chief supervisor | 2019.05.28 | N |
| Zhong Junhua | JIC | Director | 2019.05.28 | N |
| Description of the positions in the shareholder entities | | | None. | |

Positions in other entities

Applicable Not Applicable

| Name | Entity | Title | Compensation Paid by Other Entities (Y/N) |
|-------------|------------------------------|----------|---|
| Qiu Tiangao | JMCG | Chairman | Y |
| Qiu Tiangao | JiangxilSUZU Co., Ltd. | Chairman | N |
| Qiu Tiangao | JMCG New Energy Vehicle Co., | Chairman | N |

| | | | |
|---------------|--|--|---|
| | Ltd. | | |
| Qiu Tiangao | Nanchang Jiangling Investment Co. Ltd. | Chairman | N |
| Qiu Tiangao | Nanchang Intelligent New Energy Vehicle Research Institute | Chairman | N |
| Shengpo Wu | Ford Motor (China) Ltd. | Chairman, President and CEO | N |
| | | | |
| Shengpo Wu | Lincoln Motor Sales Service (Shanghai) Co., Ltd. | Chairman | N |
| Shengpo Wu | Changan Ford Automobile Co., Ltd. | Vice Chairman | N |
| Shengpo Wu | Ford Technology (China) Holding, Inc. | Chairman | N |
| Shengpo Wu | Ford Technology (China) Holding Limited | Chairman | N |
| Shengpo Wu | Ford Model e Technology (Nanjing) Co., Ltd. | Chairman | N |
| Shengpo Wu | Fuqi Trading (Shanghai) Ltd. | Chairman | N |
| Shengpo Wu | Whirlpool (China) Co., Ltd. | Vice Chairman | Y |
| Ryan Anderson | Ford Motor (China) Ltd. | Director, Chief Financial Officer | N |
| Ryan Anderson | Chang'an Ford Automobile Co., Ltd. | Director | N |
| Ryan Anderson | Fuqi Trading (Shanghai) Ltd. | Director | N |
| Ryan Anderson | Lincoln Motor Sales Service (Shanghai) Co., Ltd. | Director | N |
| Ryan Anderson | Ford Model e Technology (Nanjing) Co., Ltd. | Chairman, President, Head of Power Technology branch | N |
| Ryan Anderson | Ford Technology (China) Holding, Inc. | Director | N |
| Ryan Anderson | Ford Technology (China) Holding Limited | Director | N |
| Yuan Mingxue | Chongqing Chang'an Automobile Company Limited | Chief Expert and Senior Consultant of Chairman Business Team | Y |
| Jin Wenhui | Jiangling Ford Automobile Technology (Shanghai) Co., Ltd. | Chairman | N |
| Jin Wenhui | Hanon Systems (Nanchang) Co., Ltd. | Vice Chairman | N |
| Jin Wenhui | Jiangxi Jiangling Special Purpose Vehicle Co., Ltd. | Director | N |
| Yu Zhuoping | Collaborative Innovation Center for Intelligent Energy Vehicles of Tongji University | Director | N |

| | | | |
|----------------|---|--|---|
| Yu Zhuoping | Tongji Automobile Design and Research Institute Co., Ltd. | Chairman | N |
| Yu Zhuoping | Beijing National Hydrogen Zhonglian Hydrogen Energy Technology Research Institute Co., Ltd. | Director | N |
| Yu Zhuoping | Shanghai Intelligent New Energy Vehicle Science and Technology Innovation Function Platform Co., Ltd. | Chairman & President | N |
| Yu Zhuoping | Huayu Automotive Systems Co., Ltd. | Independent Director | Y |
| Yu Zhuoping | Weichai Power Co., Ltd. | Independent Director | Y |
| Yu Zhuoping | Ningbo Shenglong Automotive Powertrain System Co., Ltd. | Independent Director | Y |
| Yu Zhuoping | Shanghai Municipal People's Government | Counsellor | N |
| Yu Zhuoping | China Society of Automotive Engineers | Deputy Chief Supervisor | N |
| Chen Jiangfeng | Gilead (Shanghai) Pharmaceutical Technology Co., Ltd. | Executive Director, Senior Deputy General Counsel | Y |
| Wang Yue | Shanghai University of Finance and Economics | Professor | Y |
| Wang Yue | Guangdong Yangshan United Precision Manufacturing Co., Ltd. | Independent Director | Y |
| Wang Yue | Scivita Medical Technology Co., Ltd. | Wang Yue | Y |
| Xiao Hu | JMCG | Chairman of Supervisory Board | Y |
| Xiao Hu | JMCG Jingma Motors Co., Ltd. | Supervisor | N |
| Xiao Hu | Jiangxi Jiangling Group Special Vehicle Co., Ltd. | Supervisor | N |
| Xiao Hu | Jiangxi Jiangling Chassis Co., Ltd. | Supervisor | N |
| Xiao Hu | Jiangling Dingsheng Investment Co., Ltd. | Supervisor | N |
| Xiao Hu | Jiangxi Jiangling Real Estate Co., Ltd. | Chairman of Supervisory Board | N |
| Zhang Yangyang | Ford Motor (China) Ltd. | Director, General Counsel & China Policy Group Lead, Principal of Beijing Branch | Y |
| Zhang Yangyang | Changan Ford Automobile Co., Ltd. | Supervisor | N |
| Zhang Yangyang | Ford Motor Research & Engineering (Nanjing) Co., Ltd. | Supervisor | N |

| | | | |
|----------------|---|-------------------------------|---|
| Zhang Yangyang | Ford Motor Research & Testing (Nanjing) Co. Ltd. | Supervisor | N |
| Zhang Yangyang | Fuqi Trading (Shanghai) Ltd. | Supervisor | N |
| Zhang Yangyang | Ford Model e Technology (Nanjing) Co., Ltd. | Supervisor | N |
| Zhang Yangyang | Ford Model E Auto Sales (Shanghai) Co., Ltd | Supervisor | N |
| Zhang Yangyang | Ford Model e Automobile Sales (Nanjing) Co., Ltd. | Supervisor | N |
| Zhang Yangyang | Lincoln Motor Sales Service (Shanghai) Co., Ltd. | Supervisor | N |
| Zhang Yangyang | Jiangling Ford Automobile Technology (Shanghai) Co., Ltd | Supervisor | N |
| Zhang Yangyang | Ford Technology (China) Holding, Inc. | Director | N |
| Zhang Jian | JMCG | Chairman of the Labor Union | Y |
| Zhang Jian | Nanchang Jiangling Investment Co. Ltd. | Chairman of Supervisory Board | N |
| Zhang Jian | JMCG New Energy Automobile Co. Ltd. | Supervisor | N |
| Zhang Jian | Jiangxi Jiangling Special-Purpose Vehicle Co., Ltd. | Supervisor | N |
| Zhang Jian | Jiangxi JMCG Specialty Vehicles Co., Ltd. | Supervisor | N |
| Zhang Jian | Nanchang Gear Co., Ltd. | Chief Supervisor | N |
| Zhang Jian | JMCG Finance Co., Ltd. | Chief Supervisor | N |
| Zhang Jian | Jiangxi Lingrui Renewable Resources Development Co., Ltd. | Supervisor | N |
| Zhang Jian | Jiangxi Jiangling Real Estate Co.,Ltd | Supervisor | N |
| Zhang Jian | Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd. | Chief Supervisor | N |
| Zhang Jian | Magna Powertrain (Jiangxi) Co. Ltd. | Supervisor | N |
| Zhang Jian | Jiangxi Yizhizhixing Automobile Operation Service Co., Ltd. | Supervisor | N |
| Zhong Junhua | JMCG | Director | Y |
| Zhong Junhua | Jiangling Motor Sales Co., Ltd. | Executive Director | N |
| Ding Wenming | JMCG | Director | N |
| JoeyZhu | Jiangling Ford Automobile Technology (Shanghai) Co., Ltd. | Director | N |
| JoeyZhu | Hanon Systems (Nanchang) Co., Ltd. | Director | N |
| JoeyZhu | Jiangling Motor Sales Co., Ltd. | Supervisor | N |
| Wu Xiaojun | JMC Heavy Duty Vehicle Co., | Executive | N |

| | | | |
|--|---|--------------------------|---|
| | Ltd. | Director, General Manger | |
| Wu Xiaojun | Shenzhen Fujiang New Energy Automobile Sales Co., Ltd. | Executive Director | N |
| Wu Xiaojun | Guangzhou Fujiang New Energy Automobile Sales Co., Ltd. | Executive Director | N |
| Wu Xiaojun | Shanxi Yunnei Power Co., Ltd. | Director | N |
| Liu Rangpo | Jiangling Ford Automobile Technology (Shanghai) Co., Ltd. | Director | N |
| Liu Rangpo | Jiangling Motor Sales Co., Ltd. | General Manager | N |
| Wu Jiehong | JMC Heavy Duty Vehicle Co., Ltd. | Supervisor | N |
| Wu Jiehong | Shanxi Yunnei Power Co., Ltd. | Director | N |
| Wu Jiehong | Shenzhen Fujiang New Energy Automobile Sales Co., Ltd. | Supervisor | N |
| Anderson Liu | Jiangling Ford Automobile Technology (Shanghai) Co., Ltd. | General Manager | N |
| Description of the positions in other entities | | None | |

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

Applicable Not Applicable

(3). Compensation of Directors, Supervisors and Senior Executives

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

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

(a) In accordance with JMC Executive Compensation Scheme approved by the Board of Directors, the compensation for the Chinese-side senior management consists of base salary and floating bonus. The base salary level is determined according the grade of the senior executives, and the floating bones shall be paid according to the operating performance. 70% of the bonus will be distributed in this year, and the rest 30% will be distributed in the next three years. In 2023, the Company paid annual compensation before tax of approximately RMB 1,820 thousand to EVP Ding Wenmin, paid approximately RMB 1,460 thousand to VP Wu Xiaojun, paid approximately RMB 1,450 thousand to VP & Board Secretary Xu Lanfeng, paid approximately RMB 1,420 thousand to VP Liu Rangpo, paid approximately RMB 1,470 thousand to VP Wu Jiehong, paid approximately RMB 1,310 thousand to VP Zeng Fafa, paid approximately RMB 900 thousand to Employee-representative Supervisor Ma Jian, paid approximately RMB 440 thousand to Employee-representative Supervisor Li Yanling, and paid annual compensation before tax of approximately RMB 2,010 thousand to Director & Ex-EVP Jin Wenhui. The total compensation before tax paid by JMC for the aforesaid persons was about RMB 12.28 million in the reporting period, including the long-term incentive of RMB 810 thousand deferred from the previous years.

(b)JMC pays annual compensation for Ford-seconded senior management personnel to Ford in accordance with the Personnel Secondment Agreement signed between JMC and Ford & Ford Affiliates. In 2023, the Company should pay approximately RMB 1,100 thousand to Ford for Director and President Xiong Chunying, pay approximately RMB 1,100 thousand for CFO Joey Zhu, pay US\$ 500 thousand for VP Erik Hermann, pay RMB 1,100 thousand for VP Yang Shenghua, pay RMB 1,100 thousand for VP Sam Lo, pay RMB 4,210 thousand for VP Anderson Liu. These payments made by JMC to Ford do not reflect the actual salaries earned by Ford-seconded senior management.

(c) Pursuant to the resolutions of JMC 2011 Annual Shareholder's Meeting, the annual compensation for the JMC Independent Directors is RMB 100 thousand per person, and JMC bears their travel-related expenses associated with JMC's business. In 2023, the Company paid annual compensation before tax of RMB 100 thousand to Independent Director Yu Zhuoping, Independent Director Chen Jiangfeng, and Independent Director Wang Yue respectively.

Table on compensation of the Directors, Supervisors and Senior Executives in the reporting period

Unit: RMB' 000

| Name | Gender | Age | Position | Present (Y/N) | Compensation Before Tax Paid by JMC | Compensation Paid by Related Party (Y/N) |
|----------------|--------|-----|----------------------|---------------|-------------------------------------|--|
| Qiu Tiangao | Male | 57 | Chairman | Y | 0 | Y |
| Shengpo Wu | Male | 57 | Vice Chairman | Y | 0 | Y |
| Ryan Anderson | Male | 50 | Director | Y | 0 | Y |
| Yuan Mingxue | Male | 55 | Director | Y | 0 | Y |
| Xiong Chunying | Female | 59 | Director & President | Y | * | Y |
| Yu Zhuoping | Male | 63 | Independent Director | Y | 100 | Y |
| Chen Jiangfeng | Male | 44 | Independent Director | Y | 100 | Y |
| Wang Yue | Female | 45 | Independent Director | Y | 100 | Y |
| Xiao Hu | Male | 55 | Chief supervisor | Y | 0 | Y |
| Zhang Yangyang | Male | 44 | Supervisor | Y | 0 | Y |
| Zhang Jian | Male | 54 | Supervisor | Y | 0 | Y |
| Ma Jian | Male | 48 | Supervisor | Y | 900 | Y |
| Li Yanling | Female | 46 | Supervisor | Y | 440 | Y |
| Ding Wenmin | Male | 51 | EVP | Y | 1,820 | Y |
| Joey Zhu | Male | 41 | CFO | Y | * | Y |
| Erik Hermann | Male | 59 | VP | Y | * | Y |
| Wu Xiaojun | Male | 49 | VP | Y | 1,460 | Y |
| Xu Lanfeng | Female | 54 | VP & Board Secretary | Y | 1,450 | Y |
| Liu Rangpo | Male | 50 | VP | Y | 1,420 | Y |
| Wu Jiehong | Female | 47 | VP | Y | 1,470 | Y |
| Yang Shenghua | Male | 43 | VP | Y | * | Y |

| | | | | | | |
|--------------|------|----|-------------------|---|--------|---|
| Sam lo | Male | 44 | VP | Y | * | Y |
| Zeng Fafa | Male | 45 | VP | Y | 1,310 | Y |
| Anderson Liu | Male | 51 | VP | Y | * | Y |
| Jin Wenhui | Male | 56 | Director & Ex-EVP | N | 2,010 | N |
| Total | - | - | - | - | 12,580 | - |

*See the instructions in the previous paragraph.

6. Directors' Performance of Duty

(1) Introduction to the Board of Directors

| Meeting | Convening Date | Disclosure Date | Meeting Resolutions |
|-------------------------------------|------------------|-----------------|---|
| Paper Meeting | 2023.03.17-03.28 | 2023.03.30 | <ol style="list-style-type: none"> 1. Approved to submit to the 2022 Annual Shareholders' Meeting the proposal on Year 2022 profit distribution; 2. Approved the 2022 Annual Report of the Company and the Extracts from such Annual Report; 3. Approved the 2022 Work Report of the Board of Directors of the Company; 4. Approved the 2022 Financial Statements of the Company; 5. Approved the 2022 Internal Control Self-assessment Report of the Company; 6. Approved the 2022 Corporate Social Responsibility Report of the Company; 7. Approved JMCG Finance Company Continuous Risk Assessment Report; 8. Approved the 2022 Assets Impairment Provisions & Write-off proposal of the Company. |
| Twelfth Session of the Tenth Board | 2023.03.24 | | No matters that should be disclosed are involved. |
| Paper Meeting | 2023.04.19-04.26 | 2023.04.27 | Approved the Company's 2023 First Quarter Report. |
| Paper Meeting | 2023.05.21-05.24 | 2023.05.26 | <ol style="list-style-type: none"> 1. Agreed JMC Year 2023-2025 Shareholder Return Plan, and to submit it to the Shareholders' Meeting for approval; 2. Agreed to submit the proposal on election of Directors for the new Board of Directors to the Shareholders' Meeting for approval; 3. Approved the Notice on Holding 2022 Annual Shareholders' Meeting of JMC. |
| First Session of the Eleventh Board | 2023.06.16 | 2023.06.17 | <ol style="list-style-type: none"> 1. Elected Mr. Qiu Tiangao as the Chairman of JMC and Mr. Shengpo Wu as the Vice Chairman of JMC; 2. approved the composition of the special committees under the Board; 3. Appointed the Senior Executives; |

| | | | |
|--------------------------------------|------------------|------------|--|
| | | | 4. Approved the Executive Committee shall be comprised. |
| Paper Meeting | 2023.06.17 | | No matters that should be disclosed are involved. |
| Paper Meeting | 2023.06.27-06.29 | 2023.07.01 | Approved the <i>Service Contract for Ford All New F-150 Raptor</i> Between Jiangling Ford Automobile Technology (Shanghai) Co., Ltd., a subsidiary of the Company, and Ford Motor (China) Ltd. |
| Paper Meeting | 2023.08.21-08.28 | 2023.08.30 | 1. Approved JMC 2023 Half-year Report and the Extracts from such Report; 2. Approved JMCG Finance Company Continuous Risk Assessment Report. |
| Second Session of the Eleventh Board | 2023.10.09 | | No matters that should be disclosed are involved. |
| Paper Meeting | 2023.10.17-10.24 | 2023.10.25 | Approved the Company's Third Quarter Report. |
| Third Session of the Eleventh Board | 2023.12.08 | 2023.12.12 | Approved the 2024 Routine Related Party Transaction Forecast Proposal. |
| Paper Meeting | 2023.12.09 | | No matters that should be disclosed are involved. |

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

| Name | Required Board Attendance | Presence in Person | Presence in form of Paper Meeting | Presence by Proxy | Absence | Not to present in person in two consecutive meetings (Y/N) | Presence at the Shareholders' Meeting |
|----------------|---------------------------|--------------------|-----------------------------------|-------------------|---------|--|---------------------------------------|
| Qiu Tiangao | 12 | 4 | 8 | - | - | N | 1 |
| Shengpo Wu | 12 | 4 | 8 | - | - | N | 1 |
| Ryan Anderson | 12 | 4 | 8 | - | - | N | - |
| Yuan Mingxue | 12 | 3 | 8 | 1 | | | - |
| Xiong Chunying | 12 | 4 | 8 | - | - | N | 1 |
| Jin Wenhui | 12 | 4 | 8 | - | - | N | 1 |
| Yu Zhuoping | 12 | 4 | 8 | - | - | N | 1 |
| Chen Jiangfeng | 12 | 4 | 8 | - | - | N | 1 |
| Wang Yue | 12 | 4 | 8 | - | - | N | 1 |

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

None.

(3) Dissent from Directors

Yes No

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

(4) Other introduction to Directors' Performance of Duty

Whether the Directors' suggestions on the Company have been adopted

Yes No

Statement of the adoption or not of the Directors' suggestions on the Company

All the Directors of the Company fulfill their duties diligently, actively pay attention to the Company's management information, financial situation, and major issues, make thoroughly study and discussion on the proposals submitted to the Board of Directors and put forward their respective opinions, make recommendations for the Company's business development, fully consider the interests and demands of minority shareholders while making decisions, which strengthens the scientific of the Board's decision, and promotes the sustainable, stable and healthy development of the Company's operation.

7. Situation of the Committees under the Board of Directors in the Reporting Period

(1) Audit Committee

Members:

Chairman: Wang Yue

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

Secretary: Joey Zhu

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

The first Audit Committee meeting of 2023 was convened on January 13, 2023. Meeting contents:

Reviewed the 2022 Annual Financial and Accounting Statements of JMC, and would review the Company's financial and accounting statements again after the auditor forms the preliminary audit opinions.

Important comments and suggestions made: None.

Other performance of duties: None.

Details of the objection to matter: None.

The second Audit Committee meeting of 2023 was convened on February 22, 2023. Meeting contents:

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

Important comments and suggestions made: None.

Other performance of duties: None.

Details of the objection to matters: None.

The third Audit Committee meeting of 2023 was convened on March 3, 2023. Meeting contents:

1. Reviewed the PwC Report;

2. Reviewed the 2022 Financial Report audited by the auditor and agreed to submit it to the Board of Directors for approval;

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

4. Reviewed the 2022 Internal Control Self-Evaluation Report and agreed to submit it to the Board of Directors for approval;
5. Reviewed the Audit Committee Performance Report and agreed to submit it to the Board of Directors for approval;
Important comments and suggestions made: None.
Other performance of duties: None.
Details of the objection to matters: None.

The fourth Audit Committee meeting of 2023 was convened on June 15, 2023. Meeting contents:

1. Reviewed the Internal Control Work Report for the first half of 2023 and the Work Plan for the second half of 2023;
2. Reviewed the PwC Report.
Important comments and suggestions made: None
Other performance of duties: None.
Details of the objection to matters: None.

The fifth Audit Committee meeting of 2023 was convened on December 8, 2023. Meeting contents:

1. Reviewed the PwC Report;
2. Reviewed the Year 2023 Assets Impairment Provision Report and agreed to submit it to the Board for review;
3. Reviewed and approved the 2023 annual financial report audit timing plan ;
4. Reviewed and approved the Revision of Internal Control Deficiency Determination Criteria;
5. Reviewed the 2023 Internal Control Work Report and approved the Internal Audit Work Plan for 2024.

Important comments and suggestions made: The Audit Committee recommended the company pay more attention to the operating risk of export business.

Other performance of duties: None.
Details of the objection to matters: None.

(2) Compensation Committee

Members:

Chairman: Chen Jiangfeng

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

Secretary: Xu Lanfeng

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

A Compensation Committee meeting was convened on March 3, 2023.

Meeting contents:

1. Reviewed and approved the Proposal on 2022 Year-end Bonus for the Company's senior executives;
2. Reviewed and approved the adjustment of the annual total cash income target of the Company's senior executives in 2023;
3. Reviewed and approved the KPIs for the Company's senior executives in 2023;
5. Reviewed and approved the 2022 Due Diligence Report of the Compensation Committee.

Important comments and suggestions made: None.
 Other performance of duties: None.
 Details of the objection to matters: None.

(3) Strategy Committee

Members:

Chairman: Qiu Tiangao

Member: Shengpo Wu, Ryan Anderson, Yuan Mingxue, Xiong Chunying, Jin Wenhui

Secretary: Wu Jiehong

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

A Strategy Committee meeting was convened on December 8, 2023. Meeting contents:

1. The Company's strategic focus review;
2. Commercial vehicle new energy strategy report.

Important comments and suggestions made: agreed to the company's new energy strategy of commercial vehicles and should strengthen the implementation of the Company's strategy.

Other performance of duties: None.

Details of the objection to matters: None.

8. Works of Supervisory Board

Risks found by the Supervisory Board in the reporting period

Yes No

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

9. Employees

(1) Employees, Professional Structure and Educational Level

| | |
|---|--------------------|
| Employees in parent company at the end of reporting period(person) | 11,395 |
| Employees in subsidiaries at the end of reporting period(person) | 224 |
| Total employees at the end of reporting period(person) | 11,619 |
| Total employees paid compensation (person) | 12,260 |
| Retired employees bore retirement benefits in parent company and its subsidiaries | 641 |
| Professional Structure | |
| Type | Employees (Person) |
| Production Worker | 7,093 |
| Sales Personnel | 704 |
| Technical Personnel | 3,052 |
| Finance Personnel | 138 |
| Administrative Staff | 632 |
| Total | 11,619 |
| Educational Level | |
| Type | Employees (Person) |
| Master degree and higher | 908 |

| | |
|---------------------------------|--------|
| Undergraduate degree | 3,506 |
| Polytechnic school degree | 1,444 |
| Below polytechnic school degree | 5,761 |
| Total | 11,619 |

(2) Compensation Policy

JMC strictly abided by the relevant requirements of national labor laws and regulations, and provided safe and comfortable work places. The Company also established and improved the incentive system that can effectively help the realization of the Company's strategy and targets, based on the characteristics of the business and talents. The Company promoted the multi-talent incentive system with orientation on value, ability and contribution, so as to accelerate the growth of new automobile talents. The Company also strengthened the connection between personal interests of core talents and the company's medium and long-term strategic goals, thus driving the achievement of business objectives. At the same time, the Company constantly improved employee welfare policies to meet the diversified individual needs of employees and improve the employees' experience and satisfaction.

(3) Training

In 2023, JMC focused on the talent transformation and cultivation in the field of new automotive technologies and skills. By building an efficient and dynamic learning environment, it was committed to improving the learning experience and effectiveness, and providing employees with a broad platform and abundant resources. This initiative aimed to provide solid human resources support for the realization of the Company's strategic goals, helping the Company meet the challenges of the industry in the fields of new energy, intelligent connection network and intelligent manufacturing.

(4) Labour outsourcing

Applicable Not Applicable

10. Profit distribution and capital reserve conversion

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

Applicable Not Applicable

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

| Special Explanation on Cash Dividend Policy | |
|--|---|
| Whether to comply with the requirements of the Articles of Association of JMC or resolution of the Shareholders' Meeting (Y/N) | Y |
| Whether the standards and proportion of dividends on profit distribution are clear (Y/N) | Y |
| Whether the procedures are valid and legal (Y/N) | Y |

| | |
|---|---|
| Whether the Independent Director fulfil their duties (Y/N) | Y |
| Whether middle and small shareholders have opportunities to claim their appeals and their legal rights and interests are completely protected (Y/N) | Y |
| Whether the condition and procedure are reasonable and transparent when the cash dividend policy is being changed (Y/N) | Y |

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

Applicable Not Applicable

Proposal on Year 2023 Profit Distribution Plan or Capital Reserve Conversion

Applicable Not Applicable

| | |
|--|---------------|
| Stock dividend (share) for every 10 shares | 0 |
| Cash Dividend (RMB) for every 10 shares (including tax) | 6.84 |
| Total share capital (share) | 863,214,000 |
| Total cash dividend distribution amounts (RMB) (including tax) | 590,438,376 |
| Amount of cash dividend (RMB) in other ways (e.g. repurchase of shares) | 0 |
| Total cash dividend amounts (RMB) (including other ways) | 590,438,376 |
| Distributable profit (RMB) | 8,232,632,623 |
| Total cash dividends (including other ways) as a proportion of total profit distribution | 100% |

Cash dividend status

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

Detailed description of profit distribution or capital reverse conversion proposal

Proposal on year 2023 profit distribution: the Company plans to distribute a cash dividend of RMB 6.84 (including tax) for every 10 shares held. Based on the total share capital of 863,214,000 shares as of December 31, 2023, the total cash dividend distribution amounts shall be RMB 590,438,376. The cash dividend on B share shall be paid in Hong Kong Dollars and converted at the middle rate of the HK dollar's exchange rate against RMB quoted by the People's Bank of China on the first working day following the relevant resolution adopted by the Company's Annual Shareholders' Meeting. The Board decides not to convert the capital reserve to the share capital this time. The proposal is subject to the approval of the Company's 2023 annual shareholders' meeting.

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

Applicable Not Applicable

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

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

(1) Internal control construction and implementation

According to the requirements of the Basic Standard for Enterprise Internal Control (C-SOX) along with its Application Guidelines and Internal Control Guidelines for Public Companies listed on the Shenzhen Stock Exchange jointly

issued by the Ministry of Finance and China Security Regulation Commission, the Company has established a set of sound and effective internal control system, and at the same time, combined with the internal and external environment, internal institutions and management requirements, so as to make the internal control system design scientific, simple, applicable and effective operation.

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

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

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

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

Yes No

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

Applicable Not Applicable

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

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

(1) Internal Control Self-Assessment Report

| Issuance date | March 30, 2024 | |
|--|---|---|
| Index | www.cninfo.com.cn | |
| Total value of assets of the entities in scope counts as % of that disclosed in the consolidated financial statements | 100.00% | |
| Total value of operating revenue of the entities in scope counts as % of that disclosed in the consolidated financial statements | 100.00% | |
| Deficiency Determination Criteria | | |
| Type | Type | Type |
| Qualitative Criteria | Material Weakness: An error that changes the trend of results, changes profit to loss or loss to profit; Ineffective anti-fraud process or any fraud involving senior management; Ineffective control over accounting policies; Ineffective oversight by the Audit Committee Significant Deficiency: Errors in management reporting systems or | Material Weakness: Unscientific decision making process such as incorrect decisions that result in unsuccessful mergers and acquisitions; Major regulatory compliance issues; Frequent media reports harmful to the Company's reputation; A lack of control within key business processes or systematic |

| | | |
|--|--|--|
| | Corporate accounting records that could lead to incorrect management decisions; Actions inconsistent with Company values, policies, approval authorities and other Corporate guidelines that are likely to significantly impact cost, quality, customer satisfaction, reputation, or competitive advantage; Significant control issues in IT infrastructure or applications that creates significant risk to corporate assets or processes; Identification of fraud of a significant magnitude or theft that is significant in value Minor Deficiency: Any control deficiencies that do not meet the criteria for material or significant | breakdown of control policies; Material weakness identified in the self-assessment without any action plan implemented Significant Deficiency: a control deficiency, or combination of control deficiencies, that does not meet; The criteria for material weakness but deserves the concerns of the Audit Committee and the Board of Directors Minor Deficiency: Any control deficiencies that do not meet the criteria for material or significant |
| Quantitative Criteria | Material Weakness: Misstatement in the Financial Report is more than 1% of the total assets or 1% of the annual sales revenue in the latest audited consolidated Financial Statements, the lower of the two indicators above Significant Deficiency: Misstatement in the Financial Report is more than 0.5% of the total assets or 0.5% of the annual sales revenue in the latest audited consolidated Financial Statements, the lower of the two indicators above Minor Deficiency: All the deficiencies that don't meet the quantitative criteria for significant | Please refer to internal control deficiency over financial reporting for the criteria for non-financial reporting internal control. |
| Number of Material Weakness in financial report | | 0 |
| Number of Material Weakness in non-financial report | | 0 |
| Number of Significant Deficiency in financial report | | 0 |
| Number of Significant Deficiency in non-financial report | | 0 |

(2). Internal Control Audit Report

Applicable Not Applicable

| Opinions in the Internal Control Audit Report | |
|--|-----------------------------------|
| The comments in the Internal Control Audit Report issued by PWC Zhongtian Accountants (special general partnership) are as follows: On December 31, 2023, JMC maintained effective internal control of financial reporting in all major aspects in accordance with the Basic Code for Enterprise Internal Control and relevant provisions. | |
| Disclosure of Internal Control Audit Report | Disclosed |
| Issuance Date | March 30, 2024 |
| Index | www.cninfo.com.cn |
| Type of Opinion | Standard and unqualified opinions |
| Major Defect Regarding Non-financial Report or no | No |

Abnormal opinion issued by the accounting firm

Yes No

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

Yes No

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

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

Chapter V Environment and Social Responsibilities

1. Major Environmental issues

(1) Environmental protection

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

Yes No

Environmental protection related policies and industry standards

In 2023, the State updated the “Technical Specification for Setting Identification Signs of Hazardous Waste”, the “Standard for Pollution Control on Hazardous Waste Storage” and the “Stationary Source Emission—Specifications for Continuous Monitoring of Nonmethane Hydrocarbons”, and other important regulations. JMC updated the storage signs of all hazardous waste stations as required, strictly regulated the storage conditions of all hazardous waste stations, and followed the requirements to operate exhaust gas online monitoring equipment to ensure the effective treatment of wastes and exhaust gases, and safeguard the stable and standardized emission of pollutants.

Situation of 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 company's XiaoLan Plant coating SUV wire film pre-treatment technical transformation project completed the environmental assessment procedures and passed the environmental protection completion acceptance; Axle Plant passed the clean production audit; Cast Plant sewage permit renewal application passed; Other factory discharge permits are within the validity period.

| | | |
|--|--|--|
| 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 | Continuous discharge | Continuous discharge |
| Number of discharge outlet | 5 | 150 |
| Distribution of discharge outlet | 1 in Fushan Site, 2 in Xiaolan Site, 1 in Cast Plant and 1 in Axle Plant | 38 in Fushan Site, 81 in Xiaolan Site, 28 in Cast Plant and 3 in Axle Plant |
| Discharge concentration | COD: 15.73-57.93mg/L; NH-N: 0.81-4.66mg/L | NO _x : 2-182mg/m ³ ; NMHC: Xiaolan Plant 10.39g/ m ² ; Fushan Plant 6.11g/ m ² ; |

| | | |
|---|--|---|
| | | Particulate matter: 1.2-40.5mg/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: 39.43t; NH-N: 2.1t | NO _x : 53.34t NMHC: Xiaolan Plant 167t, Fushan Plant 75t |
| Total amount of discharge audited | COD≤517.39t; NH-N≤24.795t | NO _x ≤95.59t NMHC≤1882.4t |
| Excessive discharge | Meet Standard | Meet Standard |

Treatment of pollutants

In 2023, about 760 thousand tons of wastewater were treated, and the treated wastewater steadily met the national discharge standards. In order to ensure the standard discharge of waste gas, the Company stable operation of waste gas treatment facilities. 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, and has been filed with the environmental protection bureau. JMC organized various emergency drills to the effectiveness of the plan.

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, the reporting rate of self-monitoring data of the Company's four plants on the national monitoring platform is 100%.

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

In 2023, the Company invested approximately RMB 14 million in environmental remediation, operation and maintenance, of which, RMB 7.61 million for the

disposal of solid wastes, RMB 920 thousand for environmental monitoring and online operation, RMB 290 thousand for the addition of new VOC online monitoring equipment, and RMB 170 thousand for the optimization of the transfer channel of Xiaolan Hazardous Waste Station. In 2023, JMC invested RMB 160 thousand for installing the hazardous waste intelligent terminal equipment in the engine plant and the axle plant, to comprehensively update the hazardous waste visualization to meet the latest national regulatory requirements; invested RMB 160 thousand to renovate the hazardous waste station of the axle plant, and the renovated hazardous waste station met the standardization requirements; in 2023, JMC paid a total of approximately RMB 197,800 for environmental protection tax.

Remarks: The exhaust gas treatment facilities were not counted separately for the operating expenses due to the overall operation with the production facilities.

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

Applicable Not Applicable

JMC has been adhering to green development principle to provide green, energy-saving and environment-protection automobiles and responding to national “double carbon” target, leading low carbon actions. Photovoltaic power generation shelters were built above Xiaolan and Fushan vehicle parking lot and employees’ parking lots. By the end of December 2022, all 10 parallel points have been connected to the grid for power generation, annual power generation is 74 million kilowatt hours, which saving 24,272 tons of standard coal per year; reducing CO₂ emissions by 61,568 tons/year; reducing SO₂ emissions by 2,220 tons/year; reducing NO_x emissions by 1,110 tons/year. In the process of product manufacturing, energy consumption is reduced by optimizing production scheduling, balancing production, optimizing process, transforming energy-saving technology, advocating green office and other measures. In 2023, the Company's comprehensive energy consumption per million output value decreased by 7.53% compared with 2022; The comprehensive energy consumption of the Company's single vehicle decreased by nearly 10.18% compared with 2022.

Administrative punishment for environmental problems during the reporting period

None.

Other environmental information that should be disclosed

None.

Other environmental protection related information

None.

2. Corporation Social Responsibilities

Details are contained in the Company's Environmental, Social and Governance (ESG) Report, which was disclosed on March 30, 2024.

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

JMC deeply implemented the decision arrangement of the CPC Central Committee on consolidating our gains in poverty elimination and advancing rural revitalization across the board, and offered paired assistance to Xianting Village of Songhu Town of Xinjian District of Nanchang City, Huanggangtou Village and Hongxing Village of Liuhu Town of Honggutan New District of Nanchang City, and Luoyang Village of Dafen Town of Suichuan County of Ji'an City according to the requirements of the CPC Jiangxi Provincial Committee and People's Government of Jiangxi Province, and under the leadership of JMCG.

Taking industrial revitalization as a channel, by means of talent dispatching, consumption assistance, etc., JMC deeply promoted rural revitalization work. In 2023, the Company purchased more than 5,000 jin of rapeseed oil, 46,000 jin of yellow peaches, and 120,000 jin of rice from the assisted villages to increase villagers' income.

In 2023, JMC donated RMB 2 million to China Foundation for Rural Development to implement the "JMC Xiqiao Project". Since the establishment of the project, JMC has invested more than RMB 38.7 million, benefiting 128 counties in 25 provinces (cities and autonomous regions) in China. In 2023, the brand of JMC Xiqiao Project was refreshed, and JMC will uphold the new brand proposition of "Building Bridges in the Countryside to Link the Road to Revitalization" to start a new journey full of glory and dreams. With the brand refreshing, JMC's funding for each bridge will be raised from RMB 100,000 to RMB 200,000; at the same time, the project introduced the "Internet+" mode to boost rural revitalization, and through JMC Smart Drive APP, millions of JMC vehicle owners link with the JMC Xiqiao Project to drive more forces to do good and practical things for rural revitalization.

JMC Xiqiao Project has been awarded the "Best Practice Case of Rural Revitalization for Listed Companies in 2023" by China Association for Public Companies and the first China Fortune "Golden Lion" Excellent Case of Rural Revitalization.

Chapter VI Major events

1. Commitments

(1) Commitments of actual controlling parties, shareholders, related parties, acquirers and the Company finished in the reporting period or overdue unfinished by the end of the reporting period

Applicable Not Applicable

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

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

Applicable Not Applicable

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

Applicable Not Applicable

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

3. Illegal outside guarantee

Applicable Not Applicable

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

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

Applicable Not Applicable

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

Applicable Not Applicable

6. Description of changes in accounting policies, accounting estimates, or correction of major accounting errors compared to the financial report of the previous year

Applicable Not Applicable

Please refer to the Note 2 Summary of significant accounting policies and accounting estimates (26) Significant changes in accounting policies in the Chapter X Financial Statements for details.

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

Applicable Not Applicable

There was no change in the scope of the consolidated statements during the reporting period.

8. Appointment or Dismissal of Accounting Firm

Current appointed accounting firm

| | |
|------------------------|---------------------------------------|
| Name | PricewaterhouseCoopers Zhong Tian LLP |
| Compensation (RMB'000) | 1,840 |

| | |
|---|-----------------------------------|
| Consecutive years offering audit services | 22 |
| Names of signed accountants | Ye Jun, Xiao Minjie |
| Consecutive years offering audit services of signed accountants | Ye Jun 2 year, Xiao Minjie 2 year |

Dismissal of accounting firm

Applicable Not Applicable

Appointment of C-SOX auditor, financial consultant or sponsor

Applicable Not Applicable

Upon the approval of 2020 Annual Shareholders' Meeting, JMC appointed PricewaterhouseCoopers Zhong Tian LLP as JMC's 2022 to 2024 C-SOX auditor. In 2023, JMC paid RMB 440 thousand to PricewaterhouseCoopers Zhong Tian LLP for the C-SOX audit.

9. Suspension and Termination of Listing after Annual Report Disclosed

Applicable Not Applicable

10. Related Matters regarding Bankruptcy

Applicable Not Applicable

There was no matter involving bankruptcy during the reporting period.

11. Major Litigation or Arbitration

Applicable Not Applicable

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

12. Punishment

Applicable Not Applicable

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

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

Applicable Not Applicable

14. Major Related Transactions

(1) Routine related party transactions

Please refer to the Note 7 related party transactions of the notes to the consolidated financial statements in the Chapter X Financial Statements for details.

(2) Major related party transaction concerning transfer of assets or equity

Applicable Not Applicable

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

(3) Related party transaction concerning outside co-investment

Applicable Not Applicable

(4) Related credit and debt

Applicable Not Applicable

Is there non-operating related credit and debt?

Yes No

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

(5) Transaction with related financial companies or financial companies that the company holds

Applicable Not Applicable

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 | * | 0.455%-2.25% | 886,250 | 13,997,360 | 13,790,740 | 1,092,870 |

* 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 |

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

Applicable Not Applicable

The Company has no controlling financial company.

(7) Other major related party transactions

Applicable Not Applicable

Please refer to the Note 7 related party transactions of the notes to the consolidated financial statements for details.

The announcement on Related Party Transactions

| Name | Disclosure Date | Website for Disclosure |
|------|-----------------|------------------------|
|------|-----------------|------------------------|

| | | |
|---|------------|--------------------|
| Public Announcement on Related Party Transactions | 2023.07.01 | www.cninfo.com.cn. |
| Public Announcement on the 2024 Forecast Routine Related Party Transactions | 2023.12.12 | www.cninfo.com.cn. |

15. Major Contracts and Execution

(1) Entrustment, contract or lease

a. Entrustment

Applicable Not Applicable

There was no entrustment in the reporting period.

b. Contract

Applicable Not Applicable

There was no contract in the reporting period.

c. Lease

Applicable Not Applicable

Please refer to the Note 4 (16), note 4 (31) and note 7 (5) (b) of the financial statements in the Chapter X Financial Statements for detail.

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.

(2) Major guarantee

Applicable Not Applicable

The Company had no outside guarantee in the reporting period.

(3) Entrustment on cash asset management

a. Trust investment

Applicable Not Applicable

There was no trust investment in the reporting period.

b. Entrusted loan

Applicable Not Applicable

There was no entrusted loan in the reporting period.

(4) Other major contract

Applicable Not Applicable

There was no other major contract in the reporting period.

16. Other Major Events

Applicable Not Applicable

In 2023, the Company received government incentives of approximately RMB 550 million appropriated from Nanchang Xiaolan Economic and Technological

Development Zone, which is to support the daily operation and development of the Company.

17. Major event of JMC subsidiary

Applicable Not Applicable

On August 23, 2021, by consensus, for transfer of equity interest in JMCH, a wholly-owned subsidiary of the Company, the Company signed the Equity Interest Transfer Agreement Relating to 100% of the Equity Interests in JMC Heavy Duty Vehicle Co., Ltd. with Volvo Lastvagnar Aktiebolag. In 2023, Since the items required for government approval on the transaction were not completed within the agreed time, the Company and Volvo Lastvagnar Aktiebolag agreed to terminate the transaction through negotiation. Since the JMCH asset group was idled and there was no clear plan for its subsequent operation, there was an indication of impairment, the Company recorded a corresponding asset impairment provision of approximately RMB 244 million in fiscal year 2023 for this asset group.

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% | | | | | | 750,840 | 0.09% |
| Domestic natural person shares | 5,700 | 0.00% | | | | | | 5,700 | 0.00% |
| II. Unlimited tradable shares | 862,463,160 | 99.91% | | | | | | 862,463,160 | 99.91% |
| 1. A shares | 518,463,160 | 60.06% | | | | | | 518,463,160 | 60.06% |
| 2. B shares | 344,000,000 | 39.85% | | | | | | 344,000,000 | 39.85% |
| III. Total | 863,214,000 | 100.00% | | | | | | 863,214,000 | 100.00% |

Causes of shareholding changes

Applicable Not Applicable

Approval of changes of shareholding structure

Applicable Not Applicable

Shares Transfer

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

II. Changes of limited A shares

Applicable Not Applicable

2. Securities Issuance and Listing

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

Applicable Not Applicable

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

Applicable Not Applicable

III. Current staff shares

Applicable Not Applicable

3. Shareholders and actual controlling parties

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

| Total shareholders as of the end of the reporting period | JMC had 34,453 shareholders, including 28,740 A-share holders, and 5,713 B-share holders, as of December 31, 2023. | | | | | |
|--|--|-----------------------------|---------------------------|--------------|---------------------------------|--|
| Total shareholders as of the last month-end prior to the disclosure date of the Report | JMC had 28,302 shareholders, including 22,755 A-share holders, and 5,547 B-share holders, as of February 29, 2024. | | | | | |
| 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 | 3.96% | 34,213,828 | 28,715,096 | 0 | 0 |
| Shanghai Automotive Co., Ltd. | State-owned legal person | 1.51% | 13,019,610 | 0 | 0 | 0 |
| Jin Xing | Domestic Natural Person | 0.87% | 7,546,100 | 1,439,900 | 0 | 0 |
| Invesco Great Wall New energy industry equity securities investment fund | Domestic non-State-owned legal persons | 0.46% | 3,984,400 | 3,984,400 | 0 | 0 |
| Li Yifeng | Domestic Natural Person | 0.34% | 2,930,900 | 277,300 | 0 | 0 |
| Jin Shiya | Domestic Natural Person | 0.27% | 2,343,512 | 650,464 | 0 | 0 |
| Taikang Life Insurance Co., Ltd.- investment linked insurance - Industry Configuration | Domestic non-State-owned legal persons | 0.27% | 2,302,600 | 2,302,600 | 0 | 0 |
| GAOLING FUND, L.P. | Foreign legal person | 0.21% | 1,793,693 | -3,659,393 | 0 | 0 |
| Strategic investors or general legal persons become the top 10 shareholders due to the placement of new shares | None. | | | | | |
| Notes on association among above-mentioned shareholders | Shareholders holding more than 5% are not related. | | | | | |
| 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) | 34,213,828 | | A share | | | |
| Shanghai Automotive Co., Ltd. | 13,019,610 | | A share | | | |
| Jin Xing | 7,546,100 | | B share | | | |

| | | |
|--|--|---------|
| Invesco Great Wall New energy industry equity securities investment fund | 3,984,400 | A share |
| Li Yifeng | 2,930,900 | B share |
| Jin Shiya | 2,343,512 | B share |
| Taikang Life Insurance Co., Ltd.- investment linked insurance -Industry Configuration | 2,302,600 | A share |
| GAOLING FUND, L.P. | 1,793,693 | B share |
| The top 10 shareholders to sell circulated shares, and the infinite tradable relationship between shareholders and top 10 shareholders or concerted action | Shareholders holding more than 5% are not related. | |
| Description of Shareholders Participating in Financing and Securities Financing Business | None. | |

Participation of top ten shareholders in the lending of shares in the refinancing business

Applicable Not Applicable

Change in the top ten shareholders from the previous period due to the refinancing business

Applicable Not Applicable

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

Applicable Not Applicable

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

II. Controlling Shareholders

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

Type: Legal person

| Name | Legal representative | Established Date | Organization code | Main scope of business |
|---|------------------------|------------------|--------------------|---|
| Nanchang Jiangling Investment Co., Ltd. | Qiu Tiangao | May 28, 2019 | 91360125MA38LUR91F | investment management, industrial investment, asset management and other business. |
| Ford Motor Company | William Clay Ford, Jr. | January 1, 1903 | | to design, manufacture, market, and service a full line of Ford cars, trucks, sport utility vehicles ("SUVs"), electrified vehicles, and Lincoln luxury vehicles, provide financial services through Ford Motor Credit Company LLC, and be pursuing leadership positions in electrification, autonomous vehicles, and mobility solutions. |
| Equity status of other listed companies in domestic and aboard market controlled and participated by the controlling shareholders during the reporting period | | | | None |

Change of controlling shareholders

Applicable Not Applicable

The controlling shareholders of the Company did not change during the reporting period.

III. Actual Controlling Parties

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

Type: Legal person

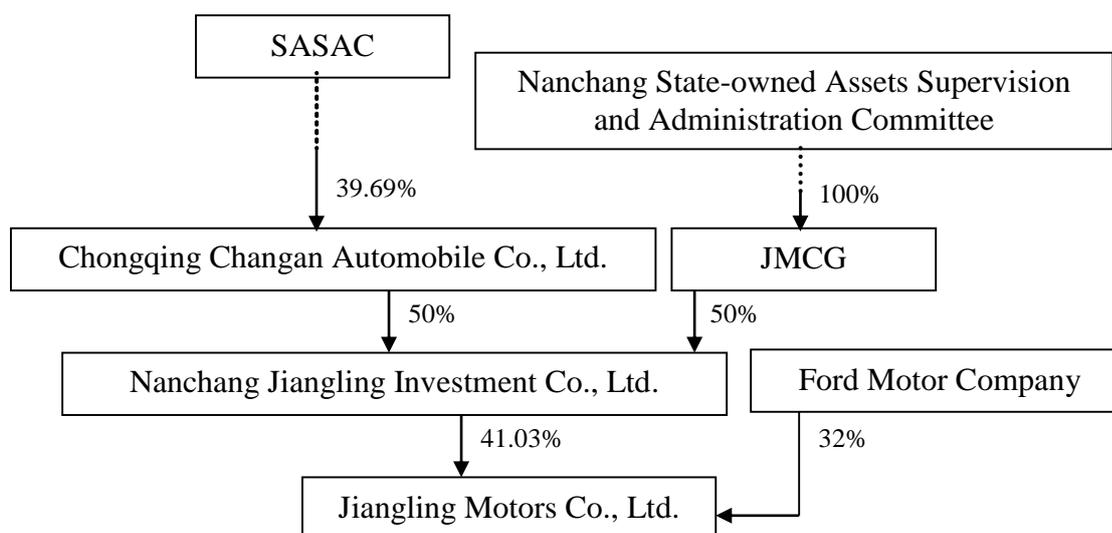
| Name | Legal representative | Established Date | Organization code | Main scope of business |
|--|----------------------|------------------|--------------------|--|
| JMCG | Qiu Tiangao | July 27, 1991 | 91360000158263759R | manufacturing of automobiles, engines, chassis, specialty vehicle, transmission, other products, automotive quality testing, sales of self-produced products and raw materials, equipment, electronic products, parts and others, as well as related after-sales services and maintenance services; development of products derived from JMC brand light vehicle; overseas auto project-contracting, export equipment, material and related labour services. |
| Chongqing Changan Automobile Co., Ltd. | Zhu Huarong | October 31, 1996 | 9150000020286320X6 | development, manufacturing, sales, import & export business of auto (including sedan), engine, automotive components, die, tools, installation of machinery, technological consultant services. |
| Equity status of listed companies in domestic and aboard market controlled by the actual controlling parties during the reporting period | | | | None |

Change of actual controlling parties

Applicable Not Applicable

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

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



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

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

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

The implementation progress of share repurchase

Applicable Not Applicable

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

Applicable Not Applicable

Chapter VIII Preferred Shares

Applicable Not Applicable

JMC had no preferred shares in the reporting period.

Chapter IX Bond related Information

Applicable Not Applicable

Chapter X Financial Statements

| | |
|------------------------------|---------------------------------------|
| Type of Audit Report | Standard and Unqualified Opinion |
| Signature date | March 28, 2024 |
| Name of Auditor | PricewaterhouseCoopers Zhong Tian LLP |
| Document No. of Audit Report | PwC ZT Shen Zi (2024) No. 10080 |

[English Translation for Reference Only]

Auditor's Report

PwC ZT Shen Zi (2024) No. 10080
(Page 1 of 5)

To the shareholders of Jiangling Motors Corporation, Ltd.,

Opinion

What we have audited

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

- the consolidated and company balance sheets as at 31 December 2023;
- the consolidated and company income statements for the year then ended;
- the consolidated and company cash flow statements for the year then ended;
- the consolidated and company statements of changes in shareholder's equity for the year then ended; and
- notes to the financial statements.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of Jiangling Motors as at 31 December 2023 and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises ("CASs").

Basis for Opinion

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

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

Key Audit Matter

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

Key audit matter identified in our audit is expenditures on research and development.

Key Audit Matter (Cont'd)

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| <p>Expenditures on research and development</p> <p>Please refer to Note 2(14)(e), Note 4(18) and Note 4(45) to the financial statements.</p> <p>The amount of expenditures on research and development was RMB1,846,382,521 during the year ended 31 December 2023, of which RMB560,180,909 was capitalised. As of 31 December 2023, the balance of development expenditures amounted to RMB283,738,155.</p> <p>We identified the expenditures on research and development as key audit matter due to the significant amount of expenditure of research and development incurred, a portion of which being capitalised and the fact that there is significant management's judgment involved in assessing whether the criteria of capitalisation have been met, particularly included:</p> <ul style="list-style-type: none"> • Technical feasibility of the project • Likelihood of the generating of sufficient future economic benefits • Timing of the capitalisation | <p>The audit procedures we performed on expenditures on research and development included:</p> <ul style="list-style-type: none"> • We understood and evaluated the design of internal controls related to expenditures on research and development, and tested the operation effectiveness of the key controls; • We obtained breakdown of expenditures on research and development by project and reconciled them with amounts recorded in general ledger; • We understood the cost allocation method of research and development projects, reviewed the results of allocation of indirect expenses, and verified the reasonableness the indirect expenses attributable to relevant projects, including payrolls, depreciation and amortization expenses; • We compared costs components across different projects and incurred research and development costs with corresponding budgets, and evaluated the progress of the different projects by interviewing with project managers on a sampling basis; • For projects which expenditures on research and development were capitalised, we understood the criteria and timing of capitalisation determined by management; we checked the feasibility reports of different projects and interviewed with relevant project managers, reviewed the verification reports and meeting minutes at different research and development stages to further confirm the reasonableness of the judgment made by management; and we assessed the technical feasibility of the development projects and the likelihood of the generating of sufficient future economic benefits by considering market information and the Company's successful development experience in the past; • We tested expenditures on research and development on a sampling basis by obtaining and inspecting documents, including contracts and invoices, to verify and evaluate the relevance with research and development activities, the reality of occurrence, the accuracy of amount and the reasonableness of classification. <p>Based on the audit procedures performed, the audit evidence we obtained supports the recognition of the expenditures on research and development and management's judgment on capitalisation of the related development expenditures.</p> |

Other Information

Management of Jiangling Motors is responsible for the other information. The other information comprises all of the information included in 2023 annual report of Jiangling Motors other than the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and the Audit Committee for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

| | | |
|---|-------------|--------------------------------------|
| PricewaterhouseCoopers Zhong Tian LLP | Signing CPA | _____ Ye Jun (Engagement Partner) |
| Shanghai, the People’s Republic of China 28 March 2024 | Signing CPA | _____ Xiao Minjie |

JIANGLING MOTORS CORPORATION, LTD.

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

31 DECEMBER 2023

JIANGLING MOTORS CORPORATION, LTD.
CONSOLIDATED AND COMPANY BALANCE SHEETS AS AT 31 DECEMBER 2023
(All amounts in RMB Yuan unless otherwise stated)

| Assets | Notes | 31 December 2023 Consolidated | 31 December 2022 Consolidated | 31 December 2023 Company | 31 December 2022 Company |
|---------------------------------------|-----------------|-------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Current assets | | | | | |
| Cash and cash equivalents | 4(1) | 11,830,560,675 | 8,604,977,725 | 8,697,182,460 | 6,910,646,428 |
| Financial assets held for trading | 4(2) | 200,604,877 | - | - | - |
| Derivative financial assets | 4(3) | - | 2,972,698 | - | 2,972,698 |
| Notes receivable | 4(4) | 14,621,337 | 742,752,730 | 700,000,000 | 1,099,742,888 |
| Accounts receivable | 4(5)、 14(1) | 4,401,826,022 | 4,245,541,752 | 4,594,376,160 | 2,368,898,327 |
| Financing receivables | 4(6) | 123,170,062 | 376,662,817 | 17,979,578 | 56,868,760 |
| Advances to suppliers | 4(7) | 204,358,759 | 277,743,526 | 204,358,759 | 277,278,672 |
| Other receivables | 4(8)、 14(2) | 75,319,848 | 111,063,372 | 71,813,906 | 128,855,851 |
| Inventories | 4(9) | 1,560,259,511 | 2,129,040,820 | 1,558,685,526 | 2,129,040,820 |
| Current portion of non-current assets | 4(11) | 15,749,806 | 13,851,634 | 14,495,736 | 13,851,634 |
| Other current assets | 4(10) | 951,659,556 | 1,362,502,624 | 731,819,005 | 1,310,164,197 |
| Total current assets | | 19,378,130,453 | 17,867,109,698 | 16,590,711,130 | 14,298,320,275 |
| Non-current assets | | | | | |
| Long-term receivables | 4(12) | 22,775,696 | 31,148,044 | 16,699,348 | 31,148,044 |
| Long-term equity investments | 4(13)、 14(3) | 233,798,348 | 248,482,822 | 786,452,278 | 1,146,033,812 |
| Fixed assets | 4(14) | 5,389,645,152 | 5,446,384,369 | 5,176,956,698 | 4,961,529,936 |
| Construction in progress | 4(15) | 464,431,412 | 718,612,190 | 438,083,465 | 688,385,553 |
| Right-of-use assets | 4(16) | 194,836,028 | 233,622,890 | 183,725,741 | 232,666,362 |
| Intangible assets | 4(17) | 1,691,021,121 | 1,195,005,752 | 1,469,907,538 | 971,966,227 |
| Development expenditures | 4(18) | 283,738,155 | 477,233,877 | 283,738,155 | 477,233,877 |
| Goodwill | 4(21) | - | - | - | - |
| Deferred tax assets | 4(19) | 1,472,003,554 | 1,250,722,193 | 185,190,368 | 235,320,874 |
| Other non-current assets | 4(20) | 10,807,967 | - | 10,807,967 | - |
| Total non-current assets | | 9,763,057,433 | 9,601,212,137 | 8,551,561,558 | 8,744,284,685 |
| TOTAL ASSETS | | 29,141,187,886 | 27,468,321,835 | 25,142,272,688 | 23,042,604,960 |

JIANGLING MOTORS CORPORATION, LTD.
CONSOLIDATED AND COMPANY BALANCE SHEETS (CONT'D) AS AT 31 DECEMBER 2023
(All amounts in RMB Yuan unless otherwise stated))

| Liabilities and equity | Notes | 31 December 2023 Consolidated | 31 December 2022 Consolidated | 31 December 2023 Company | 31 December 2022 Company |
|---|-------|-------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Current liabilities | | | | | |
| Short-term borrowings | 4(22) | 1,300,000,000 | 1,100,000,000 | 1,300,000,000 | 1,100,000,000 |
| Derivative financial liabilities | 4(3) | 459,306 | - | 459,306 | - |
| Accounts payable | 4(23) | 9,476,215,223 | 9,015,978,354 | 9,475,904,232 | 9,015,584,820 |
| Contract liabilities | 4(24) | 243,740,992 | 152,065,025 | 29,190,915 | 1,011,195 |
| Employee benefits payable | 4(25) | 890,051,287 | 915,703,680 | 788,409,476 | 824,364,157 |
| Taxes payable | 4(26) | 118,399,765 | 193,249,604 | 97,718,547 | 110,894,972 |
| Other payables | 4(27) | 5,944,976,093 | 5,672,708,511 | 2,377,082,577 | 2,418,186,421 |
| Current portion of non-current liabilities | 4(28) | 93,383,898 | 72,680,756 | 86,713,258 | 71,491,054 |
| Other current liabilities | 4(29) | 373,948,630 | 386,889,542 | 36,085,601 | 29,814,619 |
| Total current liabilities | | 18,441,175,194 | 17,509,275,472 | 14,191,563,912 | 13,571,347,238 |
| Non-current liabilities | | | | | |
| Long-term borrowings | 4(30) | 1,391,414 | 20,858,057 | 1,391,414 | 20,858,057 |
| Lease liabilities | 4(31) | 138,005,943 | 193,090,351 | 134,081,724 | 192,887,339 |
| Provisions | 4(32) | 315,700,263 | 250,762,589 | - | - |
| Deferred income | 4(33) | 67,601,361 | 60,849,643 | 67,601,361 | 60,849,643 |
| Long-term employee benefits payable | 4(34) | 52,891,000 | 51,293,000 | 52,562,000 | 51,067,000 |
| Deferred tax liabilities | 4(19) | 19,256,890 | 23,305,359 | - | - |
| Other non-current liabilities | 4(35) | 120,293,201 | 118,240,580 | - | - |
| Total non-current liabilities | | 715,140,072 | 718,399,579 | 255,636,499 | 325,662,039 |
| Total liabilities | | 19,156,315,266 | 18,227,675,051 | 14,447,200,411 | 13,897,009,277 |
| Equity | | | | | |
| Share capital | 4(36) | 863,214,000 | 863,214,000 | 863,214,000 | 863,214,000 |
| Capital surplus | 4(37) | 839,442,490 | 839,442,490 | 839,442,490 | 839,442,490 |
| Other comprehensive income | 4(38) | (20,572,000) | (13,484,250) | (20,979,000) | (13,844,250) |
| Special reserve | | 3,821,625 | - | 3,821,625 | - |
| Surplus reserve | 4(39) | 431,607,000 | 431,607,000 | 431,607,000 | 431,607,000 |
| Retained earnings | 4(40) | 8,232,632,623 | 7,123,038,093 | 8,577,966,162 | 7,025,176,443 |
| Total equity attributable to shareholders of the Company | | 10,350,145,738 | 9,243,817,333 | 10,695,072,277 | 9,145,595,683 |
| Minority interests | | (365,273,118) | (3,170,549) | - | - |
| Total equity | | 9,984,872,620 | 9,240,646,784 | 10,695,072,277 | 9,145,595,683 |
| TOTAL LIABILITIES AND EQUITY | | 29,141,187,886 | 27,468,321,835 | 25,142,272,688 | 23,042,604,960 |

Legal representative: Qiu Tiangao

CFO: Joey Zhu

Finance Department: Hu Hanfeng

JIANGLING MOTORS CORPORATION, LTD.
CONSOLIDATED AND COMPANY INCOME STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2023

(All amounts in RMB Yuan unless otherwise stated)

| Item | Notes | 2023 Consolidated | 2022 Consolidated | 2023 Company | 2022 Company |
|--|-----------------------|----------------------|----------------------|------------------|------------------|
| Revenue | 4(41)、14(4) | 33,167,325,081 | 30,100,283,842 | 32,573,697,821 | 28,100,997,449 |
| Less: Cost of sales | 4(41)、 4(47)、14(4) | (28,065,528,223) | (25,812,264,868) | (27,518,938,281) | (25,020,438,748) |
| Taxes and surcharges | 4(42) | (974,171,328) | (951,394,115) | (936,086,314) | (919,835,457) |
| Selling and distribution expenses | 4(43)、4(47) | (1,466,692,447) | (1,444,894,711) | (144,390,059) | (171,729,499) |
| General and administrative expenses | 4(44)、4(47) | (983,458,031) | (964,786,345) | (899,692,892) | (875,592,926) |
| Research and development expenses | 4(18)、 4(45)、4(47) | (1,286,201,612) | (1,483,329,630) | (1,286,201,612) | (1,483,329,630) |
| Financial expenses | 4(46) | 204,908,754 | 163,907,346 | 149,679,267 | 108,526,076 |
| Including: Interest expenses | | (41,844,790) | (49,305,209) | (36,373,400) | (49,225,042) |
| Interest income | | 251,052,563 | 236,308,959 | 189,389,569 | 180,329,362 |
| Add: Other income | 4(50) | 567,529,766 | 943,326,556 | 563,577,455 | 942,054,079 |
| Investment income | 4(51)、14(5) | (10,579,046) | (36,082,647) | (17,317,710) | (35,294,097) |
| Including: Share of profit of associates and joint ventures | | (9,591,118) | (8,768,433) | (9,591,118) | (8,768,433) |
| Gains on changes in fair value | 4(52) | (2,827,127) | 13,434,988 | (3,432,004) | 13,677,317 |
| Credit impairment losses | 4(49) | (5,964,483) | (12,066,846) | (4,170,386) | 5,631,231 |
| Asset impairment losses | 4(48) | (345,125,558) | (7,242,768) | (509,025,850) | (7,242,768) |
| Gains on disposal of assets | 4(53) | (3,908,476) | 391,369,117 | (4,425,983) | 391,709,115 |
| Operating profit | | 795,307,270 | 900,259,919 | 1,963,273,452 | 1,049,132,142 |
| Add: Non-operating income | 4(54) | 8,875,880 | 3,788,268 | 7,026,529 | 383,365 |
| Less: Non-operating expenses | 4(55) | (6,041,023) | (4,481,962) | (5,991,770) | (4,455,773) |
| Total profit | | 798,142,127 | 899,566,225 | 1,964,308,211 | 1,045,059,734 |
| Less: Income tax expenses | 4(56) | 266,352,570 | (36,687,606) | (45,515,756) | (49,560,101) |
| Net profit | | 1,064,494,697 | 862,878,619 | 1,918,792,455 | 995,499,633 |
| Classified by continuity of operations | | | | | |
| Net profit from continuing operations | | 1,064,494,697 | 862,878,619 | 1,918,792,455 | 995,499,633 |
| Net profit from discontinued operations | | - | - | - | - |
| Classified by ownership of the equity | | | | | |
| Minority interests | | (411,102,569) | (52,170,549) | - | - |
| Attributable to shareholders of the Company | | 1,475,597,266 | 915,049,168 | 1,918,792,455 | 995,499,633 |
| Other comprehensive income, net of tax | | (7,087,750) | 2,938,500 | (7,134,750) | 2,840,250 |
| 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(38) | (7,087,750) | 2,938,500 | (7,134,750) | 2,840,250 |
| Attributable to minority interests | | - | - | - | - |
| Total comprehensive income | | 1,057,406,947 | 865,817,119 | 1,911,657,705 | 998,339,883 |
| Attributable to shareholders of the Company | | 1,468,509,516 | 917,987,668 | 1,911,657,705 | 998,339,883 |
| Attributable to minority interests | | (411,102,569) | (52,170,549) | - | - |
| Earnings per share | | | | | |
| Basic earnings per share (RMB Yuan) | 4(57) | 1.71 | 1.06 | — | — |
| Diluted earnings per share (RMB Yuan) | 4(57) | 1.71 | 1.06 | — | — |

Legal representative: Qiu Tiangao

CFO: Joey Zhu

Finance Department: Hu Hanfeng

JIANGLING MOTORS CORPORATION, LTD.
CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2023
(All amounts in RMB Yuan unless otherwise stated)

| Item | Notes | 2023 Consolidated | 2022 Consolidated | 2023 Company | 2022 Company |
|---|-------|----------------------|----------------------|------------------|------------------|
| Cash flows generated from/(used in) operating activities | | | | | |
| Cash received from sales of goods or rendering of services | | 37,150,759,550 | 30,379,935,542 | 33,349,485,191 | 28,500,883,020 |
| Refunds of taxes | | 658,837,860 | 186,230,096 | 658,837,860 | 139,724,259 |
| Cash received relating to other operating activities | 4(58) | 653,090,552 | 1,048,761,411 | 616,538,138 | 1,012,041,891 |
| Sub-total of cash inflows | | 38,462,687,962 | 31,614,927,049 | 34,624,861,189 | 29,652,649,170 |
| Cash paid for goods and services | | (26,547,151,493) | (26,012,469,683) | (25,829,707,895) | (25,251,565,747) |
| Cash paid to and on behalf of employees | | (2,564,423,876) | (2,236,265,303) | (2,361,423,689) | (2,042,877,671) |
| Payments of taxes and surcharges | | (2,252,941,361) | (2,208,513,599) | (1,937,323,927) | (1,895,305,960) |
| Cash paid relating to other operating activities | 4(58) | (2,530,631,366) | (2,676,252,416) | (1,395,818,726) | (1,545,847,293) |
| Sub-total of cash outflows | | (33,895,148,096) | (33,133,501,001) | (31,524,274,237) | (30,735,596,671) |
| Net cash flows generated from/(used in) operating activities | 4(59) | 4,567,539,866 | (1,518,573,952) | 3,100,586,952 | (1,082,947,501) |
| Cash flows used in investing activities | | | | | |
| Cash received from disposal of investments | 4(58) | 300,000,000 | 200,000,000 | - | - |
| Cash received from returns on investments | | 7,215,548 | 1,523,836 | 5,093,356 | - |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 2,193,226 | 783,318,054 | 2,920,918 | 782,994,506 |
| Cash received from disposal of subsidiaries and other business units | | 60,900,000 | 191,100,000 | 60,900,000 | 191,100,000 |
| Cash received relating to other investing activities | 4(58) | 254,122,532 | 231,280,443 | 193,082,627 | 181,238,794 |
| Sub-total of cash inflows | | 624,431,306 | 1,407,222,333 | 261,996,901 | 1,155,333,300 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | | (1,296,500,813) | (1,380,537,113) | (1,295,937,393) | (1,377,197,659) |
| Cash paid to acquire investments | 4(58) | (500,000,000) | (100,000,000) | (53,167,203) | (55,924,647) |
| Cash paid relating to other investing activities | | (88,707) | (15,828,699) | (88,707) | (15,828,699) |
| Sub-total of cash outflows | | (1,796,589,520) | (1,496,365,812) | (1,349,193,303) | (1,448,951,005) |
| Net cash flows used in from investing activities | | (1,172,158,214) | (89,143,479) | (1,087,196,402) | (293,617,705) |
| 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 | | 4,278,854,833 | 4,682,667,661 | 3,583,941,056 | 4,682,667,661 |
| Cash received from other financing activities | | 700,000,000 | - | - | - |
| Sub-total of cash inflows | | 5,027,854,833 | 4,731,667,661 | 3,583,941,056 | 4,682,667,661 |
| Cash repayments of borrowings | | (4,106,648,284) | (3,900,441,579) | (3,406,648,284) | (3,900,441,579) |
| Cash payments for distribution of dividends, profits or interest expenses | | (377,731,962) | (230,386,002) | (377,731,962) | (230,386,002) |
| Cash paid relating to other financing activities | 4(58) | (735,531,278) | (18,980,309) | (27,737,455) | (17,978,248) |
| Sub-total of cash outflows | | (5,219,911,524) | (4,149,807,890) | (3,812,117,701) | (4,148,805,829) |
| Net cash flows (used in)/generated from financing activities | | (192,056,691) | 581,859,771 | (228,176,645) | 533,861,832 |
| Effect of foreign exchange rate changes on cash and cash equivalents | | - | - | - | - |
| Net increase/(decrease) in cash and cash equivalents | 4(59) | 3,203,324,961 | (1,025,857,660) | 1,785,213,905 | (842,703,374) |
| Add: Cash and cash equivalents at beginning of year | 4(59) | 8,543,193,654 | 9,569,051,314 | 6,863,577,337 | 7,706,280,711 |
| Cash and cash equivalents at end of year | 4(59) | 11,746,518,615 | 8,543,193,654 | 8,648,791,242 | 6,863,577,337 |

Legal representative: Qiu Tiangao

CFO: Joey Zhu

Finance Department: Hu Hanfeng

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

2023

| Item | Notes | Attributable to shareholders of the parent company | | | | | | Minority interests | Total equity |
|--|-------|--|-----------------|----------------------------|-----------------|-----------------|-------------------|--------------------|---------------|
| | | Share capital | Capital surplus | Other comprehensive income | Special reserve | Surplus reserve | 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 year ended 31 December 2023 | | - | - | (7,087,750) | 3,821,625 | - | 1,109,594,530 | (362,102,569) | 744,225,836 |
| Total comprehensive income | | | | | | | | | |
| Net profit/(loss) | | - | - | - | - | - | 1,475,597,266 | (411,102,569) | 1,064,494,697 |
| Other comprehensive income | | - | - | (7,087,750) | - | - | - | - | (7,087,750) |
| Total comprehensive income for the year | | - | - | (7,087,750) | - | - | 1,475,597,266 | (411,102,569) | 1,057,406,947 |
| Capital contributed by owners and capital decreases | | | | | | | | | |
| Capital invested by shareholders | | - | - | - | - | - | - | 49,000,000 | 49,000,000 |
| Profit distribution | | | | | | | | | |
| Distribution to shareholders | 4(40) | - | - | - | - | - | (366,002,736) | - | (366,002,736) |
| Special reserve | | | | | | | | | |
| Withdrawal this year | | - | - | - | 29,300,742 | - | - | - | 29,300,742 |
| Used this year | | - | - | - | (25,479,117) | - | - | - | (25,479,117) |
| Balance at 31 December 2023 | | 863,214,000 | 839,442,490 | (20,572,000) | 3,821,625 | 431,607,000 | 8,232,632,623 | (365,273,118) | 9,984,872,620 |

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

2022

| Item | Notes | Attributable to shareholders of the parent company | | | | | Minority interests | Total equity |
|--|-------|--|-----------------|----------------------------|-----------------|-------------------|--------------------|---------------|
| | | Share capital | Capital surplus | Other comprehensive income | Surplus reserve | 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 year ended 31 December 2022 | | - | - | 2,938,500 | - | 685,434,244 | (3,170,549) | 685,202,195 |
| Total comprehensive income | | | | | | | | |
| Net profit/(loss) | | - | - | - | - | 915,049,168 | (52,170,549) | 862,878,619 |
| Other comprehensive income | | - | - | 2,938,500 | - | - | - | 2,938,500 |
| Total comprehensive income for the year | | - | - | 2,938,500 | - | 915,049,168 | (52,170,549) | 865,817,119 |
| Capital contributed by owners and capital decreases | | | | | | | | |
| Capital invested by shareholders | | - | - | - | - | - | 49,000,000 | 49,000,000 |
| Profit distribution | | | | | | | | |
| Distribution to shareholders | 4(40) | - | - | - | - | (229,614,924) | - | (229,614,924) |
| Balance at 31 December 2022 | | 863,214,000 | 839,442,490 | (13,484,250) | 431,607,000 | 7,123,038,093 | (3,170,549) | 9,240,646,784 |

Legal representative: Qiu Tiangao

CFO: Joey Zhu

Finance Department: Hu Hanfeng

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

2023

| Item | Notes | Share capital | Capital surplus | Other comprehensive income | Special reserve | Surplus reserve | 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 year ended 31 December 2023 | | - | - | (7,134,750) | 3,821,625 | - | 1,552,789,719 | 1,549,476,594 |
| Total comprehensive income | | | | | | | | |
| Net profit | | - | - | - | - | - | 1,918,792,455 | 1,918,792,455 |
| Other comprehensive income | | - | - | (7,134,750) | - | - | - | (7,134,750) |
| Total comprehensive income for the year | | - | - | (7,134,750) | - | - | 1,918,792,455 | 1,911,657,705 |
| Profit distribution | | | | | | | | |
| Distribution to shareholders | 4(40) | - | - | - | - | - | (366,002,736) | (366,002,736) |
| Special reserve | | | | | | | | |
| Withdrawal this year | | - | - | - | 29,300,742 | - | - | 29,300,742 |
| Used this year | | - | - | - | (25,479,117) | - | - | (25,479,117) |
| Balance at 31 December 2023 | | 863,214,000 | 839,442,490 | (20,979,000) | 3,821,625 | 431,607,000 | 8,577,966,162 | 10,695,072,277 |

JIANGLING MOTORS CORPORATION, LTD.
COMPANY STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB unless otherwise stated)

2022

| Item | Notes | Share capital | Capital surplus | Other comprehensive income | Surplus reserve | 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 year ended 31 December 2022 | | - | - | 2,840,250 | - | 765,884,709 | 768,724,959 |
| Total comprehensive income | | | | | | | |
| Net profit | | - | - | - | - | 995,499,633 | 995,499,633 |
| Other comprehensive income | | - | - | 2,840,250 | - | - | 2,840,250 |
| Total comprehensive income for the year | | - | - | 2,840,250 | - | 995,499,633 | 998,339,883 |
| Profit distribution | | | | | | | |
| Distribution to shareholders | 4(40) | - | - | - | - | (229,614,924) | (229,614,924) |
| Balance at 31 December 2022 | | 863,214,000 | 839,442,490 | (13,844,250) | 431,607,000 | 7,025,176,443 | 9,145,595,683 |

Legal representative: Qiu Tiangao

CFO: Joey Zhu

Finance Department: Hu Hanfeng

JIANGLING MOTORS CORPORATION, LTD.

**FINANCIAL STATEMENTS AND
AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

1 General information

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

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

According to the resolution of the shareholders’ meeting regarding the split share structure reform on 11 January 2006, the Company implemented the *Scheme on Split Share Structure Reform* on 13 February 2006. After the implementation, the Company’s total paid-in capital remains the same. Related details are disclosed in Note 4(36).

As at 31 December 2023, the Company’s paid-in capital totalled RMB863,214,000, with par value of RMB1 per share.

The actual principal 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 year are detailed in Note 5.

These financial statements were authorised for issue by the Company’s Board of Directors on 28 March 2024.

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)), impairment of long-term assets (Note 2(15)), recognition and measurement of revenue (Note 2(19)), government subsidies (Note 2(20)), 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 YEAR ENDED 31 DECEMBER 2023

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

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

(1) Basis of preparation

The financial statements are prepared in accordance with the *Accounting 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 year ended 31 December 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 31 December 2023 and their financial performance, cash flows and other information for the year then ended.

(3) Fiscal year

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

(4) Recording currency

The recording currency 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 YEAR ENDED 31 DECEMBER 2023

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

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

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

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

All significant intra-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of subsidiaries' shareholders' equity and the portion of subsidiaries' net profits and losses and comprehensive income for the period not attributable to the Company are recognised as minority interests, net profit attributed to minority interests and total comprehensive income attributed to minority interests and presented separately in the consolidated financial statements under shareholders' equity, net profits and total comprehensive income respectively. If the subsidiaries' loss for the current period attributed to the minority shareholders exceeds their share in the opening shareholder's equity, the excess will be deducted against the minority interests. Unrealised profits and losses resulting from the 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.

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

(7) Foreign currency translation

Foreign currency transactions

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

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

(8) Financial instruments

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

(a) Financial assets

(i) Classification and measurement

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

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

Debt instruments

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

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

(8) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(i) Classification and measurement (Cont'd)

Measured at 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.

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

(8) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(ii) Impairment

Loss provision for financial assets at amortised cost and 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).

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

(8) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(ii) Impairment (Cont'd)

The credit risk characteristics of various financial assets where the ECL is calculated individually are significantly different from those of other financial assets in this category. 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 Customers purchasing using trade acceptance notes |
| Grouping - Trade acceptance notes | |
| Grouping - Sales of general automobiles i) | Customers of general automobiles, with the aging calculated from the overdue date |
| Grouping - Domestic sales of general automobiles i) | Domestic customers of general automobiles, with the aging calculated from the overdue date |
| Grouping - Export sales of general automobiles i) | Overseas customers of export general automobiles, with the aging calculated from the overdue date |
| Grouping - Sales of new energy automobiles | Customers of new energy automobiles, with the aging calculated from the overdue date |
| Grouping - Sales of automobile parts | Customers of automobile parts, with the aging calculated from the overdue date |
| Grouping - Other receivables | Other receivables with the same nature |

i) In 2023, the Group splitted the Sales of general automobiles grouping into the Domestic sales of general automobiles grouping and the Export sales of general automobiles grouping based on changes in business policies.

For accounts receivable classified as a portfolio and notes receivable and financing 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.

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

(8) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(iii) Derecognition

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

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

(b) Financial liabilities

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

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

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

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

(8) Financial instruments (Cont'd)

(c) Determination of fair value of financial instruments

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

(9) Inventories

(a) Classification

Inventories include raw materials, work-in-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. The provision for decline in the value of inventories relating to inventories that are produced and sold in the same region and with the same or similar end uses or purposes, is determined on an aggregate basis. The Group makes provision for decline in the value of inventories based on factors including sales.

(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 in the Company's financial statements are recognised. When preparing consolidated financial statements, for the portion of unrealised gains and losses of internal transaction attributable to the Group arising from downstream transactions in which the Group invests in or sells assets to the investees, the Group shall, on the basis of offsetting the Company's financial statements, offset the portion of unrealised revenue and costs or asset disposal gains and losses attributable to the Group, and adjust investment income accordingly; for the unrealised gains and losses of internal transaction attributable to the Group arising from the upstream transactions in which the investees invest in or sell assets to the Group, the Group shall, on the basis of offsetting the Company's financial statements, offset the portion of unrealised gains and losses of internal transaction included in the carrying amount of the relevant assets, and adjust the carrying amount of long-term equity investments accordingly. 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)).

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

(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.

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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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.

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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 research and development of the Group mainly include materials consumed for research and development activities, employee benefits of research and development departments, depreciation and amortisation of assets such as equipment and software used for research and development, research and development design fees and research and development testing expenses.

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, 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.

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.

(a) Sale of automobiles and automobile parts to distributors and end customers

The Group sells automobiles and automobile parts 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.

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 transportation, 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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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 a temporary difference arising from the initial recognition of assets or liabilities due to a transaction other than a business combination where the initial recognition of assets or liabilities does not result in equal taxable temporary differences and deductible temporary differences, 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.

(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.

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

(22) Leases (Cont'd)

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 contract changes that may apply the simplified method as specified by 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 qualified 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.

(a) Operating lease

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.

(b) Finance lease

At the commencement date of the lease term, the Group recognizes finance lease receivables and derecognizes the related assets for finance lease. The Group presents finance lease receivables as long-term receivables and finance lease receivables collected within one year (including one year) from the balance sheet date as non-current assets due within one year.

(23) Specific reserve

According to the decision of the *State Council on Further Strengthening the work of production safety* (Guo Fa [2004] No. 2), the *Circular of the State Council on Further Strengthening the Work of Enterprise Production Safety* (Guo Fa [2010] No. 23) and the *Measures for the Administration of the Extraction and Use of Enterprise Production Safety Expenses* (Cai Zi [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 utilisation 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.

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

(24) Segment information (Cont'd)

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.

(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 asset's 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.

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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)

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

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.

(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 recognises 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 or aging matrix. 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 2023, the weights of “base”, “bad” and “good” are 68%, 16% and 16% (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, broad money supply and nominal interest rate. In 2023, the Group has considered the uncertainty under different macroeconomic scenarios and updated relevant assumptions and parameters accordingly. The key macroeconomic parameters used in each scenario are listed as follows:

| | Scenarios | | |
|-----------------------|-----------|-------|--------|
| | Base | Bad | Good |
| Broad money supply | 8.58% | 8.06% | 9.11% |
| Consumer price index | 5.08% | 2.83% | 7.34% |
| Nominal interest rate | 0.11% | 0.23% | -0.01% |

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

| | Scenarios | | |
|------------------------|-----------|---------|--------|
| | Base | Bad | Good |
| Gross domestic product | 4.56% | 2.02% | 7.11% |
| Consumer price index | 3.45% | -33.12% | 40.02% |

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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) Accounting estimate on provision for impairment of long-term assets

When the Group performs impairment tests for long-term assets if there is any indication that the long-term assets may be impaired, 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 of an asset is the higher of the fair value less the cost of disposal and the present value of the future cash flows expected to be derived from the asset. These calculations require the use of estimates (Note 4(13), Note 4(14), Note 4(17) and Note 14(3)).

When the Group uses the present value of estimated future cash flows to determine the recoverable amount, as there are uncertainties about the development of economic environment in which the relevant region is situated, the revenue growth rate, the gross profit margin rate and the pre-tax discount rate used in calculating the present value of estimated future cash flows are also subject to uncertainties. If management revises the growth rate, the gross margin rate and the pre-tax discount rate that is used in the calculation of the future cash flows of related asset groups, and the revised rate is lower than the current rate, the Group would need to recognise further impairment against related assets. If the actual growth rate, the gross profit margin rate are higher than management's estimates or the actual pre-tax discount rate is lower than management's estimates, the impairment loss of related assets previously recognised is not allowed to be reversed by the Group.

When the Group uses the fair value less disposal costs to determine the recoverable amount, the recoverable amount is 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.

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.

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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)

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.

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 three years, and therefore a preferential tax rate of 15% is used to calculate the corresponding deferred income tax. If the Company cannot obtain the qualification for high-tech enterprise upon expiration, then the Company is subject to a statutory tax rate of 25% for the calculation of income tax, which further influences the recognised deferred tax assets, deferred tax liabilities and income tax expenses.

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

(iv) Provisions

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

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

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

(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.

(26) Significant changes in accounting policies

The Ministry of Finance released the *Circular on Issuing Interpretation No. 16 of Accounting Standards for Business Enterprises* (Interpretation No. 16) in 2022. The Group and the Company has adopted the new lease standard since 1 January 2019, and recognised deferred income tax on a net basis related to temporary differences in lease liabilities and right-of-use assets. The Group and the Company adopted the provision "On the inapplicability of exemption at initial recognition to the accounting treatment of deferred income tax related to assets and liabilities arising from individual transactions" stipulated in Interpretation No. 16 from 1 January 2023, and deferred tax assets and deferred tax liabilities were recognised by the Group and the Company respectively for the equal deductible temporary differences and taxable temporary differences arising from the above transactions, and are disclosed in the notes respectively. The related notes as at 31 December 2022 are adjusted accordingly. The implementation of the above provisions of Interpretation No. 16 has no impact on the Group's and the Company's profit or loss for the current period of 2022 and financial statement line items as at 1 January 2022 and 31 December 2022.

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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% and 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

- (a) 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%).

- (b) Pursuant to the *Announcement on Clarifying the Additional Value-added Tax Credit Policy for the Advanced Manufacturing Enterprises* (Cai Shui [2023] No. 43) jointly issued by the Ministry of Finance and the State Taxation Administration, the Company, as an advanced manufacturing enterprise, is allowed to offset against the VAT payable by the 1.5 times amount of input tax deductible in the current period from 1 January 2023 to 31 December 2027.

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4 Notes to the consolidated financial statements

(1) Cash at bank and on hand

| | 31 December 2023 | 31 December 2022 |
|---|-----------------------|----------------------|
| Cash at bank | 10,653,646,811 | 7,656,947,735 |
| Cash at finance company (a) (Note 7(6)) | 1,092,871,804 | 886,245,919 |
| Other cash and cash equivalents (b) | 20,854,424 | - |
| Interest receivable | 63,187,636 | 61,784,071 |
| | <u>11,830,560,675</u> | <u>8,604,977,725</u> |

- (a) As at 31 December 2023, the group's bank deposit with Jiangling Automobile Group Finance Co, Ltd. was RMB1,092,871,804. The Group's bank deposits placed with Jiangling Motor Group Finance Company Limited("JMCF") bear interest at the bank's annual interest rate of 0.455% - 2.25% (31 December 2022: 1.725% - 2.25%) on RMB deposits for the same period.

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.

- (b) Other cash and cash equivalents of RMB20,854,424 (December 31, 2022: Nil) were the frozen funds of the Group's litigation.

(2) Financial assets held for trading

| | 31 December 2023 | 31 December 2022 |
|---------------------|--------------------|------------------|
| Structural deposits | <u>200,604,877</u> | <u>-</u> |

(3) Derivative financial assets and derivative financial liabilities

| | 31 December 2023 | 31 December 2022 |
|--|------------------|------------------|
| Derivative financial assets - Forward exchange contracts | <u>-</u> | <u>2,972,698</u> |
| Derivative financial liabilities - Forward exchange contracts | <u>459,306</u> | <u>-</u> |

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

(4) Notes receivable

| | 31 December 2023 | 31 December 2022 |
|-------------------------------|-------------------|--------------------|
| Trade acceptance notes | 14,638,901 | 743,071,151 |
| Less: Provision for bad debts | <u>(17,564)</u> | <u>(318,421)</u> |
| | <u>14,621,337</u> | <u>742,752,730</u> |

As at 31 December 2023, the Group didn't have notes receivable from Jiangxi Jiangling Import & Export Co., Ltd. (31 December 2022: RMB600,000,000) (Note 7(6)).

- (a) As at 31 December 2023, there were no notes receivable pledged.
- (b) 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.

The provision for bad debts of notes receivable is analysed by category as follows:

| | 31 December 2023 | | | |
|---|------------------|--------------------|-------------------------|-----------------|
| | Book balance | | Provision for bad debts | |
| | Amount | % of total balance | Amount | Provision ratio |
| Provision for bad debts on the grouping basis (i) | 14,638,901 | 100% | (17,564) | 0.12% |

| | 31 December 2022 | | | |
|---|------------------|--------------------|-------------------------|-----------------|
| | Book balance | | Provision for bad debts | |
| | Amount | % of total balance | Amount | Provision ratio |
| Provision for bad debts on the grouping basis (i) | 743,071,151 | 100% | (318,421) | 0.04% |

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

(4) Notes receivable (Cont'd)

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

(i) Notes receivable for which the provision for bad debts is provided on the grouping basis are analysed as follows:

Grouping - Trade acceptance notes:

As at 31 December 2023, the Group's provision for bad debts for trade acceptance notes of the grouping was measured based on the lifetime ECL, and the related amount was RMB17,564 (31 December 2022: RMB318,421), of which RMB300,857 was reversed in 2023 (2022: accrual of RMB318,421) .

(ii) The amount of bad debt provision collected or reversed during the year was RMB300,857, of which RMB600,000,000 of the notes receivable from Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd. on December 31, 2022 had been fully recovered during the year by the Group.

(iii) There was no provision for bad debts actually written off during the year.

(5) Accounts receivable

| | 31 December 2023 | 31 December 2022 |
|-------------------------------|----------------------|----------------------|
| Accounts receivable | 4,529,566,682 | 4,367,065,120 |
| Less: Provision for bad debts | <u>(127,740,660)</u> | <u>(121,523,368)</u> |
| | <u>4,401,826,022</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 aging of accounts receivable was analysed as follows:**

| | 31 December 2023 | 31 December 2022 |
|---------------|----------------------|----------------------|
| Within 1 year | 4,354,838,862 | 4,183,936,645 |
| 1 to 2 years | 28,667,064 | 12,186,785 |
| Over 2 years | 146,060,756 | 170,941,690 |
| | <u>4,529,566,682</u> | <u>4,367,065,120</u> |

As at 31 December 2023, accounts receivable with individually significant amounts and aged over three years were analyzed as follows:

| | Balance | Reasons and risk of collection |
|-----------|------------|---|
| Company 1 | 72,230,000 | As the debtor had difficulties in operation and was involved in several lawsuits, the Group considered that the receivable was difficult to be recovered and therefore a provision for bad debts had been made in full. |
| Company 2 | 37,924,214 | The Group considered that the new energy subsidy amount was difficult to be recovered from relevant subsidy distribution departments over a long period of time and therefore a provision for bad debts had been made in full. |
| Company 3 | 26,719,887 | Due to the cash flow arrangement of the debtor, the accounts receivable had a long aging, but the debtor has a good historical collection situation and still has normal business dealings with the Group, and the Group considered that the receivables were likely to be recovered, so a provision for bad debts was made in the grouping - sales of general automobiles. |

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

(5) Accounts receivable (Cont'd)

- (b) As at 31 December 2023, the top five accounts receivable ranked by the balances of the debtors are analysed as follows:

| | Balance | Amount of provision for bad debts | % of total balance |
|---|----------------------|--------------------------------------|-----------------------|
| The total accounts receivable of the top five balances | <u>2,925,806,673</u> | <u>(77,947,678)</u> | <u>65%</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.

The provision for bad debts of accounts receivable was analysed by category as follows:

| | 31 December 2023 | | | |
|--|----------------------|-----------------------|-------------------------|--------------------|
| | Book balance | | Provision for bad debts | |
| | Amount | % of total balance | Amount | Provision ratio |
| Provision for bad debts on the individual basis (i) | 110,154,214 | 2% | (110,154,214) | 100.00% |
| Provision for bad debts on the grouping basis (ii) | 4,419,412,468 | 98% | (17,586,446) | 0.40% |
| | <u>4,529,566,682</u> | <u>100%</u> | <u>(127,740,660)</u> | <u>2.82%</u> |
| | 31 December 2022 | | | |
| | Book balance | | Provision for bad debts | |
| | Amount | % of total balance | Amount | Provision ratio |
| Provision for bad debts on the individual basis (i) | 110,154,214 | 3% | (110,154,214) | 100.00% |
| Provision for bad debts on the grouping basis (ii) | 4,256,910,906 | 97% | (11,369,154) | 0.27% |
| | <u>4,367,065,120</u> | <u>100%</u> | <u>(121,523,368)</u> | <u>2.78%</u> |

- (i) Accounts receivable for which the provision for bad debts was provided on the individual basis were analysed follows:

| | 31 December 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 the provision for bad debts is provided on the individual basis are analysed 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 31 December 2023, The Group assessed the expected credit losses on the related accounts receivable, the Group considered the receivables cannot be collected, therefore, full provision was made for those receivables. The related amount was RMB110,154,214(31 December 2022: RMB110,154,214), of which none (2022: RMB35,617,634) was included in profit or loss for the current period.

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

Grouping - Domestic sales of general automobiles:

| | 31 December 2023 | | |
|---------------------------|----------------------|-------------------------|--------------------|
| | Book balance | Provision for bad debts | |
| | Amount | Lifetime ECL (%) | Amount |
| Not overdue | 1,330,216,018 | 0.12% | (1,651,582) |
| Overdue for 1 to 30 days | 41,413,325 | 0.18% | (74,476) |
| Overdue for 31 to 60 days | 24,216,867 | 2.28% | (553,239) |
| Overdue for 61 to 90 days | 32,435,370 | 3.34% | (1,083,923) |
| Overdue over 90 days | 76,187,716 | 5.18% | (3,948,751) |
| | <u>1,504,469,296</u> | | <u>(7,311,971)</u> |

Grouping - Export sales of general automobiles:

| | 31 December 2023 | | |
|-------------|----------------------|-------------------------|--------------------|
| | Book balance | Provision for bad debts | |
| | Amount | Lifetime ECL (%) | Amount |
| Not overdue | <u>2,647,787,903</u> | 0.20% | <u>(5,295,576)</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:

| | 31 December 2023 | | |
|----------------------|------------------|-------------------------|--------------------|
| | Book balance | Provision for bad debts | |
| | Amount | Lifetime ECL (%) | Amount |
| Overdue over 90 days | <u>5,123,260</u> | 80.00% | <u>(4,098,608)</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:

| | 31 December 2023 | | |
|---------------------------|--------------------|-------------------------|------------------|
| | Book balance | Provision for bad debts | |
| | Amount | Lifetime ECL (%) | Amount |
| Not overdue | 242,349,099 | 0.30% | (727,047) |
| Overdue for 1 to 30 days | 16,195,486 | 0.30% | (48,586) |
| Overdue for 31 to 60 days | 728,660 | 0.50% | (3,643) |
| Overdue for 61 to 90 days | 839,164 | 0.60% | (5,035) |
| Overdue over 90 days | 1,919,600 | 5.00% | (95,980) |
| | <u>262,032,009</u> | | <u>(880,291)</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 year was RMB6,217,292 and the Group didn't have provision for bad debts reversed or collected.

(d) There was no provision for bad debts actually written off during the year.

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

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

(6) Financing receivables

| | 31 December 2023 | 31 December 2022 |
|-----------------------|--------------------|--------------------|
| Bank acceptance notes | <u>123,170,062</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. In 2023, the Group endorsed and discounted bank acceptance notes, and almost all risks and rewards of ownership have been transferred to other parties, accordingly, the carrying amounts of bank acceptance notes that were derecognised by the Group were RMB1,040,525,217 and RMB2,435,317,198(2022: RMB829,293,203 and RMB2,439,408,138) respectively, and the related losses on discount of RMB9,867,768 (2022: RMB15,303,265) were included in investment income (Note 4(51)).

As at 31 December 2023 and 31 December 2022, as the credit risk characteristics of these bank acceptance notes were similar, no provision for impairment was made individually. In addition, the Group considered that its bank acceptance notes were not exposed to significant credit risk and the probability of default of these banks was very low.

As at 31 December 2023 and 31 December 2022, the Group had no pledged bank acceptance notes receivable presented in financing receivables.

As at 31 December 2023, the Group's bank acceptance notes had been endorsed or discounted but not yet matured were RMB1,277,970,531, which had been derecognised.

There was no significant write-offs of financing receivables for the Group in 2023 (2022: Nil).

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

(7) Advances to suppliers

(a) The aging of advances to suppliers is analysed as follows:

| | 31 December 2023 | | 31 December 2022 | |
|---------------|--------------------|--------------------|--------------------|--------------------|
| | Amount | % of total balance | Amount | % of total balance |
| Within 1 year | <u>204,358,759</u> | <u>100%</u> | <u>277,743,526</u> | <u>100%</u> |

(b) As at 31 December 2023, the top five advances to suppliers by the balances of the debtors are analysed as follows:

| | Amount | % of total balance |
|--|--------------------|--------------------|
| Total prepayments of the top five balances | <u>192,713,710</u> | <u>94%</u> |

(8) Other receivables

| | 31 December 2023 | 31 December 2022 |
|---|-------------------|--------------------|
| Receivables from refund of social insurance | 23,958,000 | - |
| Advance payment of gas expenses | 12,769,141 | 12,919,400 |
| Import working capital | 7,000,000 | 10,000,000 |
| Guarantees | 6,974,616 | 6,978,985 |
| Receivables from platform utilization | 4,757,270 | 4,510,173 |
| Receivables from disposal of assets | 4,604,745 | 4,604,745 |
| Receivables from disposal of subsidiaries | - | 60,900,000 |
| Others | <u>15,659,060</u> | <u>11,484,677</u> |
| | <u>75,722,832</u> | <u>111,397,980</u> |
| Less: Provision for bad debts | <u>(402,984)</u> | <u>(334,608)</u> |
| | <u>75,319,848</u> | <u>111,063,372</u> |

The Group did not have any fund deposited at other parties under the centralised fund management and represented in other receivables.

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

| | 31 December 2023 | 31 December 2022 |
|---------------|-------------------|--------------------|
| Within 1 year | 67,035,160 | 47,163,619 |
| Over 1 year | <u>8,687,672</u> | <u>64,234,361</u> |
| | <u>75,722,832</u> | <u>111,397,980</u> |

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

(8) Other receivables (Cont'd)

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

The provision for bad debts of other receivables is analysed by category as follows:

| | 31 December 2023 | | | |
|---|-------------------|--------------------|-------------------------|-----------------|
| | Book balance | | Provision for bad debts | |
| | Amount | % of total balance | Amount | Provision ratio |
| Provision for bad debts on the individual basis (i) | 23,958,000 | 32% | - | - |
| Provision for bad debts on the grouping basis (i) | 51,764,832 | 68% | (402,984) | 0.78% |
| | <u>75,722,832</u> | <u>100%</u> | <u>(402,984)</u> | <u>0.53%</u> |

| | 31 December 2022 | | | |
|---|------------------|--------------------|-------------------------|-----------------|
| | Book balance | | Provision for bad debts | |
| | Amount | % of total balance | Amount | Provision ratio |
| Provision for bad debts on the grouping basis (i) | 111,397,980 | 100% | (334,608) | 0.30% |

| | Stage 1 | | | | |
|---|-------------------------|-------------------------|---------------------------|-------------------------|-------------------------|
| | 12-month ECL (grouping) | | 12-month ECL (individual) | | Total |
| | Book balance | Provision for bad debts | Book balance | Provision for bad debts | Provision for bad debts |
| 31 December 2022 | 111,397,980 | (334,608) | - | - | (334,608) |
| Decrease in the current year | (59,633,148) | — | - | — | — |
| Increase in the current year | - | — | 23,958,000 | — | — |
| Provision for bad debts accrued during the year | — | (68,376) | — | - | (68,376) |
| 31 December 2023 | <u>51,764,832</u> | <u>(402,984)</u> | <u>23,958,000</u> | <u>-</u> | <u>(402,984)</u> |

As at 31 December 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 was stated below:

(i) As at 31 December 2023, the Group's other receivables with provision for bad debts were analysed below:

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

(8) Other receivables (Cont'd)

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

| | Book balance | 12-month ECL rates | Provision for bad debts | Reason |
|--|-------------------|-----------------------|----------------------------|--------|
| Provision on the individual basis: | | | | |
| Receivables from refund of social insurance i) | 23,958,000 | - | - | ECL |
| Provision on the grouping basis: | | | | |
| Advance payment of gas expenses | 12,769,141 | 0.78% | (99,406) | ECL |
| Import working capital | 7,000,000 | 0.78% | (54,494) | ECL |
| Guarantees | 6,974,616 | 0.78% | (54,297) | ECL |
| Receivables from platform utilization | 4,757,270 | 0.78% | (37,035) | ECL |
| Receivables from disposal of assets | 4,604,745 | 0.78% | (35,847) | ECL |
| Others | 15,659,060 | 0.78% | (121,905) | ECL |
| | <u>75,722,832</u> | | <u>(402,984)</u> | |

i) The Group assessed the receivables from refund of social insurance individually and based on the judgment of credit risk, the receivables were not subject to significant credit risk and were not overdue and impaired.

(i) As at 31 December 2022, the Group's other receivables with provision for bad debts on the grouping basis are analysed as follows:

| | Book balance | 12-month ECL rates | Provision for bad debts | Reason |
|---|--------------------|-----------------------|----------------------------|--------|
| Provision on the grouping basis: | | | | |
| Receivables from disposal of subsidiaries | 60,900,000 | 0.30% | (182,700) | ECL |
| Advance payment of gas expenses | 12,919,400 | 0.30% | (39,072) | ECL |
| Import working capital | 10,000,000 | 0.30% | (30,000) | ECL |
| Guarantees | 6,978,985 | 0.30% | (21,037) | ECL |
| Receivables from disposal of assets | 4,604,745 | 0.30% | (13,814) | ECL |
| Receivables from platform utilization | 4,510,173 | 0.30% | (13,531) | ECL |
| Others | 11,484,677 | 0.30% | (34,454) | ECL |
| | <u>111,397,980</u> | | <u>(334,608)</u> | |

(c) The provision for bad debts in the current year amounted to RMB68,376, of which none was collected or reversed.

(d) There was no provision for bad debts actually written off during the year.

(e) As at 31 December 2023, the top five other receivables by the balances of the debtors are listed as follows:

| | Nature | Balance | Aging | % of total balance | Provision for bad debts |
|-----------|---|-------------------|---------------|--------------------------|----------------------------|
| Company 1 | Receivables from refund of social insurance | 23,958,000 | within 1 year | 32% | - |
| Company 2 | Advance payment of gas expenses | 12,769,141 | within 1 year | 17% | (99,406) |
| Company 3 | Import working capital, etc. | 8,636,151 | within 1 year | 11% | (67,362) |
| Company 4 | Receivables from platform utilization | 4,757,270 | within 1 year | 6% | (37,035) |
| Company 5 | Receivables from disposal of assets, etc | 4,614,745 | Over 1 year | 6% | (35,995) |
| | | <u>54,735,307</u> | | <u>72%</u> | <u>(239,798)</u> |

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

(9) Inventories

(a) Inventories were summarised by category as follows:

| | 31 December 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 | 802,679,074 | (130,036,719) | 672,642,355 | 1,077,387,177 | (70,415,497) | 1,006,971,680 |
| Finished goods | 497,244,891 | - | 497,244,891 | 695,697,324 | - | 695,697,324 |
| Work in progress | 194,945,039 | (816,091) | 194,128,948 | 254,199,491 | (857,711) | 253,341,780 |
| Low value consumables | 83,217,698 | (2,830,181) | 80,387,517 | 93,411,573 | (537,572) | 92,874,001 |
| Materials in transit | 71,613,700 | - | 71,613,700 | 42,989,505 | - | 42,989,505 |
| Materials consigned for processing | 44,242,100 | - | 44,242,100 | 37,166,530 | - | 37,166,530 |
| | <u>1,693,942,502</u> | <u>(133,682,991)</u> | <u>1,560,259,511</u> | <u>2,200,851,600</u> | <u>(71,810,780)</u> | <u>2,129,040,820</u> |

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

| | 31 December 2022 | Increase in the current year | | Decrease in the current year | | 31 December 2023 |
|-----------------------|---------------------|------------------------------|------------------|------------------------------|--|----------------------|
| | | Provision | Reversal | Write-off | | |
| Raw materials | (70,415,497) | (75,808,171) | 5,088,170 | 11,098,779 | | (130,036,719) |
| Low value consumables | (537,572) | (2,830,181) | - | 537,572 | | (2,830,181) |
| Work in progress | (857,711) | (27,868) | 113 | 69,375 | | (816,091) |
| | <u>(71,810,780)</u> | <u>(78,666,220)</u> | <u>5,088,283</u> | <u>11,705,726</u> | | <u>(133,682,991)</u> |

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

(9) Inventories (Cont'd)

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

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

(10) Other current assets

| | 31 December 2023 | 31 December 2022 |
|---|------------------|------------------|
| Taxes prepaid, input VAT to be deducted and to be verified | 951,659,556 | 1,362,502,624 |

(11) Current portion of non-current assets

| | 31 December 2023 | 31 December 2022 |
|--|------------------|------------------|
| Current portion of long-term receivables (Note 4(12)) | 15,749,806 | 13,851,634 |

(12) Long-term receivables

| | 31 December 2023 | 31 December 2022 |
|--|-------------------|-------------------|
| Long-term receivables | 41,919,493 | 48,695,467 |
| Less: Unearned financing income | (3,268,233) | (3,549,703) |
| Provision for bad debts | (125,758) | (146,086) |
| Current portion of long-term receivables (Note 4(11)) | (15,749,806) | (13,851,634) |
| | <u>22,775,696</u> | <u>31,148,044</u> |

As at 31 December 2023, the Group's long-term receivables were generated by instalment collections from disposal of fixed assets, which will be recovered from 2024 to 2026.

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

(13) Long-term equity investments

| | 31 December 2023 | 31 December 2022 |
|--|--------------------|--------------------|
| Associates | | |
| - Shanxi Yunnei Power Co., Ltd. ("The Power Company") | 202,327,605 | 211,055,689 |
| - Hanon Systems (Nanchang) Co., Ltd. ("Hanon Systems") | 31,470,743 | 37,427,133 |
| Less: Provision for impairment of long-term equity investments | - | - |
| | <u>233,798,348</u> | <u>248,482,822</u> |

Associates

| | <u>Movements for the current year</u> | | | | | Impairment provision | | | | |
|----------------------|---------------------------------------|--|---|-------------------------------|--------------------------------|------------------------|---------------------|----------------------|------------------------|------------------------|
| | 31 December 2022 | Increase/ Decrease in investment | Share of net profit/(loss) under equity method | Cash dividends declared | Provision for impairment | 31 December 2023 | Shareholding (%) | Voting rights (%) | 31 December 2023 | 31 December 2022 |
| The Power Company | 211,055,689 | - | (8,728,084) | - | - | 202,327,605 | 40% | 40% | | |
| Hanon Systems | <u>37,427,133</u> | - | <u>(863,034)</u> | <u>(5,093,356)</u> | - | <u>31,470,743</u> | 19.15% | 33.33% | - | - |
| Total | <u>248,482,822</u> | - | <u>(9,591,118)</u> | <u>(5,093,356)</u> | - | <u>233,798,348</u> | | | <u>-</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

| | 31 December 2023 | 31 December 2022 |
|---------------------------------------|----------------------|----------------------|
| Fixed assets (a) | 5,389,534,479 | 5,446,006,505 |
| Fixed assets pending for disposal (b) | 110,673 | 377,864 |
| | <u>5,389,645,152</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 year | | | | | | |
| Transfers from construction in progress | 14,364,168 | 127,141,236 | 53,344,909 | 696,236,531 | 242,395,606 | 1,133,482,450 |
| Decrease in the current year | | | | | | |
| Disposal or retirement | (1,619,408) | (18,506,958) | (15,160,248) | (29,492,865) | (32,750,576) | (97,530,055) |
| Others | - | (35,415,779) | (608,803) | - | (37,446,032) | (73,470,614) |
| 31 December 2023 | 2,226,158,780 | 3,226,527,648 | 513,121,037 | 4,121,429,291 | 4,340,265,136 | 14,427,501,892 |
| 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 year | | | | | | |
| Provision | (56,710,274) | (214,245,173) | (51,081,935) | (241,418,334) | (352,557,355) | (916,013,071) |
| Decrease in the current year | | | | | | |
| Disposal or retirement | 1,042,668 | 15,593,265 | 7,060,032 | 26,232,661 | 30,260,408 | 80,189,034 |
| Others | - | 26,378,157 | 584,451 | - | 34,852,140 | 61,814,748 |
| 31 December 2023 | (475,073,634) | (1,960,756,439) | (321,764,940) | (2,761,763,523) | (2,919,832,565) | (8,439,191,101) |
| 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 year | | | | | | |
| Provision | (172,020,613) | (22,775,844) | (4,029,155) | (16,292,533) | (37,075,497) | (252,193,642) |
| Decrease in the current year | | | | | | |
| Disposal or retirement | - | 6,934,687 | 47,710 | 47,737 | 218,990 | 7,249,124 |
| 31 December 2023 | (172,020,613) | (28,233,307) | (6,552,525) | (339,692,238) | (52,277,629) | (598,776,312) |
| Carrying amount | | | | | | |
| 31 December 2023 | 1,579,064,533 | 1,237,537,902 | 184,803,572 | 1,019,973,530 | 1,368,154,942 | 5,389,534,479 |
| 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 |

In 2023, depreciation charged to fixed assets amounted to RMB916,013,071 (2022: RMB906,176,838), 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 RMB757,170,123, RMB6,127,943, RMB91,423,304 and RMB61,291,701 (2022: RMB744,253,418, RMB2,284,506, RMB94,102,502 and RMB65,536,412), respectively.

The costs of fixed assets transferred from construction in progress amounted to RMB1,133,482,450 (2022: RMB655,886,896).

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

(14) Fixed assets(Cont'd)

(a) Fixed assets (Cont'd)

In 2023, as the governmental approvals required for the Group's equity transfer transaction of JMCH were not completed within the agreed timeframe, the equity transaction was terminated and the recoverable amount of the related assets was no longer estimated on the basis of the price agreed by the parties to the equity transfer transaction. Since the JMCH asset group was idled and there was no clear plan for its subsequent operation, there was an indication of impairment of the related assets. The Group performed an impairment test on the JMCH asset group, and determined the recoverable amount of the relevant asset group to be RMB179,306,352 by using the net of the fair value less disposal costs, thus a provision for impairment of RMB244,115,449 was made for the difference between the recoverable amount and the carrying amount as of December 31, 2023.

(i) Temporarily idle fixed assets

As at 31 December 2023, the fixed assets with a carrying amount of approximately RMB179,453,179 (a cost of RMB1,324,043,538) (31 December 2022: a carrying amount of approximately RMB507,898,988 and a cost of RMB1,521,049,605) were idle due to the termination of the equity transfer transaction of JMCH and the change of product process of the Group. The analysis was as follows:

| | Cost | Accumulated depreciation | Provision for impairment | Carrying amount |
|--------------------------------|----------------------|--------------------------|--------------------------|--------------------|
| Buildings | 409,162,422 | (106,134,440) | (172,020,613) | 131,007,369 |
| Machinery and equipment | 149,106,343 | (109,381,121) | (22,855,494) | 16,869,728 |
| Vehicles | 54,951,470 | (45,339,755) | (6,499,884) | 3,111,831 |
| Moulds | 418,979,062 | (106,314,993) | (312,571,501) | 92,568 |
| Electronic and other equipment | 291,844,241 | (216,096,569) | (47,375,989) | 28,371,683 |
| | <u>1,324,043,538</u> | <u>(583,266,878)</u> | <u>(561,323,481)</u> | <u>179,453,179</u> |

(ii) Fixed assets with pending certificates of ownership:

| | Carrying amount | Reason for not obtaining certificates of ownership |
|-----------|------------------|--|
| Buildings | <u>3,147,676</u> | Pending procedures |

(b) Fixed assets pending for disposal

| | 31 December 2023 | 31 December 2022 |
|--------------------------------|------------------|------------------|
| Electronic and other equipment | 85,891 | 216,104 |
| Machinery and equipment | 24,782 | 161,363 |
| Vehicles | - | 397 |
| | <u>110,673</u> | <u>377,864</u> |

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

(15) Construction in progress

| | 31 December 2023 | | | 31 December 2022 | | |
|---------------------------------------|--------------------|--------------------------|--------------------|--------------------|--------------------------|--------------------|
| | Book balance | Provision for impairment | Carrying amount | Book balance | Provision for impairment | Carrying amount |
| Projects for passenger vehicles | 192,375,226 | (4,460,314) | 187,914,912 | 87,126,228 | - | 87,126,228 |
| Projects for commercial vehicles | 176,425,357 | (1,284,000) | 175,141,357 | 537,796,267 | - | 537,796,267 |
| Projects for automobile parts factory | 28,037,073 | - | 28,037,073 | 5,424,980 | - | 5,424,980 |
| Projects for automobiles factory | 17,752,703 | - | 17,752,703 | 42,929,882 | - | 42,929,882 |
| Others | 56,277,013 | (691,646) | 55,585,367 | 46,026,479 | (691,646) | 45,334,833 |
| | <u>470,867,372</u> | <u>(6,435,960)</u> | <u>464,431,412</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 RMB'000) | 31 December 2022 | Increase in the current year | Transfer to fixed assets in the current year | Transfer to intangible assets in the current year | 31 December 2023 | % of project investment in budget | Progress of project | Accumulative capitalised borrowing costs | Including: Borrowing costs capitalised in the current year | Source of fund |
|---------------------------------------|---------------------|--------------------|------------------------------|--|---|--------------------|-----------------------------------|---------------------|--|--|---------------------------------|
| Projects for commercial vehicles | 285,769 | 537,796,267 | 540,210,979 | (901,581,889) | - | 176,425,357 | 71% | 71% | - | - | Self-owned funds |
| Projects for passenger vehicles | 114,301 | 87,126,228 | 178,852,310 | (73,253,754) | (349,558) | 192,375,226 | 60% | 60% | - | - | Self-owned funds |
| Projects for automobiles factory | 322,444 | 42,929,882 | 49,605,840 | (73,966,981) | (816,038) | 17,752,703 | 75% | 75% | - | - | Self-owned funds |
| Projects for automobile parts factory | 23,860 | 5,424,980 | 37,066,851 | (14,454,758) | - | 28,037,073 | 53% | 53% | - | - | Self-owned funds |
| Others | | <u>46,026,479</u> | <u>138,717,917</u> | <u>(70,225,068)</u> | <u>(58,242,315)</u> | <u>56,277,013</u> | | | <u>292,897</u> | <u>-</u> | Self-owned funds and borrowings |
| | | <u>719,303,836</u> | <u>944,453,897</u> | <u>(1,133,482,450)</u> | <u>(59,407,911)</u> | <u>470,867,372</u> | | | <u>292,897</u> | <u>-</u> | |

The Group's light passenger regeneration project, light truck regeneration project and pick-up truck regeneration project of Project for commercial vehicles reached its intended design requirements and was available for its intended use after installation, commissioning and acceptance in 2023 and was transferred to fixed assets accordingly.

(b) Provision for impairment of construction in progress

| | 31 December 2022 | Increase in the current year | Decrease in the current year | 31 December 2023 | Reason for provision |
|---|------------------|------------------------------|------------------------------|--------------------|--|
| Projects for passenger vehicles | - | (4,460,314) | - | (4,460,314) | The recoverable amount is lower than the carrying amount |
| Projects for commercial vehicles | - | (1,284,000) | - | (1,284,000) | The recoverable amount is lower than the carrying amount |
| 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 |
| | <u>(691,646)</u> | <u>(5,744,314)</u> | <u>-</u> | <u>(6,435,960)</u> | |

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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 year | |
| New lease contracts | 43,438,812 |
| Decrease in the current year | |
| Expiration of lease contract | (22,679,790) |
| 31 December 2023 | 369,902,195 |
| Accumulated depreciation | |
| 31 December 2022 | (115,520,283) |
| Increase in the current year | |
| Provision | (82,225,674) |
| Decrease in the current year | |
| Expiration of lease contract | 22,679,790 |
| 31 December 2023 | (175,066,167) |
| Provision for impairment | |
| 31 December 2022 | - |
| Increase in the current year | - |
| Decrease in the current year | - |
| 31 December 2023 | - |
| Carrying amount | |
| 31 December 2023 | 194,836,028 |
| 31 December 2022 | 233,622,890 |

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

(17) 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 year | | | | | | |
| Transfers from construction in progress | - | 59,407,911 | - | - | - | 59,407,911 |
| Internal research and development | - | - | 753,676,631 | - | - | 753,676,631 |
| 31 December 2023 | 628,964,157 | 394,046,217 | 1,839,778,636 | 36,979,184 | 1,599,516 | 2,901,367,710 |
| 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 year | | | | | | |
| Provision | (13,273,110) | (44,204,334) | (245,982,064) | - | - | (303,459,508) |
| 31 December 2023 | (153,225,333) | (235,386,600) | (730,739,330) | (36,979,184) | (1,599,516) | (1,157,929,963) |
| Provision for impairment | | | | | | |
| 31 December 2022 | - | - | (38,806,961) | - | - | (38,806,961) |
| Increase in the current year | | | | | | |
| Provision | - | - | (13,609,665) | - | - | (13,609,665) |
| 31 December 2023 | - | - | (52,416,626) | - | - | (52,416,626) |
| Carrying amount | | | | | | |
| 31 December 2023 | 475,738,824 | 158,659,617 | 1,056,622,680 | - | - | 1,691,021,121 |
| 31 December 2022 | 489,011,934 | 143,456,040 | 562,537,778 | - | - | 1,195,005,752 |

As at 31 December 2023, the intangible assets developed by the Group accounted for 56% (31 December 2022: 36%) of the carrying amount of intangible assets.

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

(18) Expenditure on research and development

The Group's total expenditure on research and development activities in 2023 and 2022 is presented by nature as follows:

| | 2023 | 2022 |
|-------------------------------|----------------------|----------------------|
| Employee benefits | 724,160,168 | 594,665,238 |
| Design fee | 513,146,559 | 535,652,184 |
| Consumed materials | 263,541,026 | 226,896,289 |
| Depreciation and amortisation | 67,981,814 | 220,663,278 |
| Others | 277,552,954 | 440,623,543 |
| | <u>1,846,382,521</u> | <u>2,018,500,532</u> |

Wherein expenditure on research and development on the research phase (Note 4(45))

| | |
|---------------|---------------|
| 1,286,201,612 | 1,483,329,630 |
|---------------|---------------|

(a) The changes in the Group's development expenditures eligible for capitalisation in 2023 is analysed as follows:

| | 31 December 2022 | Increase in the current year | Transfer to intangible assets in the current year | 31 December 2023 |
|--------------------------------------|---------------------|---------------------------------|--|---------------------|
| Projects for passenger vehicles(i) | - | 283,738,155 | - | 283,738,155 |
| Projects for commercial vehicles(ii) | <u>477,233,877</u> | <u>276,442,754</u> | <u>(753,676,631)</u> | - |
| | <u>477,233,877</u> | <u>560,180,909</u> | <u>(753,676,631)</u> | <u>283,738,155</u> |

(i) The capitalisation of Project for passenger vehicles started when the relevant products are ready and the relevant research data is frozen, and it has passed the internal technical review meeting of the Group. Upon completion of the development of the project, it is expected to be used for mass production of product SUV that is competitive in the market. The project progress of the main product as of December 31, 2023 is 71%, and the completion point of the Project is expected to be the first half year of 2024.

(ii) The capitalisation of Project for commercial vehicles started when the relevant products are ready and the relevant research data is frozen, and it has passed the internal technical review meeting of the Group. The development of the project had completed in 2023, and it is expected to be used for mass production of product light duty passenger car and pickup truck that is competitive in the market.

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

(18) Expenditure on research and development (Cont'd)

In 2023, there was no impairment of the Group's projects under development expenditures (2022: Nil).

(19) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets before offsetting

| | 31 December 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 | 5,860,011,327 | 1,364,811,520 | 4,978,763,776 | 1,120,987,322 |
| Recoverable losses | 2,443,729,567 | 389,836,053 | 3,634,617,217 | 571,696,850 |
| Provision for asset impairment | 1,192,154,407 | 183,615,437 | 1,092,015,809 | 168,415,220 |
| Non-patent technology | 304,526,218 | 63,692,824 | 208,440,047 | 50,268,260 |
| Lease liability | 218,076,092 | 34,258,049 | 265,315,036 | 59,319,046 |
| Employee education funds unpaid | 81,356,938 | 12,728,702 | 88,505,949 | 13,780,833 |
| Deferred income | 67,601,361 | 10,140,204 | 60,849,643 | 9,127,446 |
| Retirement benefits plan | 10,515,000 | 2,172,350 | 55,374,000 | 13,438,000 |
| Others | 186,761,227 | 28,046,234 | 142,951,647 | 22,139,372 |
| | <u>10,364,732,137</u> | <u>2,089,301,373</u> | <u>10,526,833,124</u> | <u>2,029,172,349</u> |
| Including: | | | | |
| Expected to be recovered within 1 year (inclusive) | | 1,615,927,125 | | 1,409,297,322 |
| Expected to be recovered after 1 year | | <u>473,374,248</u> | | <u>619,875,027</u> |
| | | <u>2,089,301,373</u> | | <u>2,029,172,349</u> |

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

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

(b) Deferred tax liabilities before offsetting

| | 31 December 2023 | | 31 December 2022 | |
|---|-------------------------------|--------------------------|-------------------------------|--------------------------|
| | Taxable temporary differences | Deferred tax liabilities | Taxable temporary differences | Deferred tax liabilities |
| Depreciation of fixed assets | 2,912,652,979 | 556,699,442 | 2,823,844,034 | 652,665,271 |
| Right-of-use assets | 194,836,028 | 30,336,433 | 233,622,890 | 51,945,980 |
| Equity transactions between parent and subsidiary | 125,800,000 | 18,870,000 | 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 | 77,027,559 | 19,256,890 | 93,221,436 | 23,305,359 |
| Amortisation of intangible assets | 73,907,060 | 11,171,829 | 56,434,371 | 12,193,000 |
| Others | 1,064,183 | 220,115 | 2,972,698 | 445,905 |
| | <u>3,385,287,809</u> | <u>636,554,709</u> | <u>3,618,095,429</u> | <u>801,755,515</u> |
| Including: | | | | |
| Expected to be recovered within 1 year (inclusive) | | 111,712,132 | | 155,108,225 |
| Expected to be recovered after 1 year | | <u>524,842,577</u> | | <u>646,647,290</u> |
| | | <u>636,554,709</u> | | <u>801,755,515</u> |

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

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

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

| | 31 December 2023 | 31 December 2022 |
|----------------------------------|----------------------|----------------------|
| Deductible temporary differences | 2,020,124,206 | 1,380,025,289 |
| Deductible losses | <u>276,440,468</u> | <u>202,505,688</u> |
| | <u>2,296,564,674</u> | <u>1,582,530,977</u> |

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

| | 31 December 2023 | 31 December 2022 |
|------|--------------------|--------------------|
| 2024 | 109,336,011 | 109,336,011 |
| 2025 | - | - |
| 2026 | - | - |
| 2027 | 93,001,631 | 93,169,677 |
| 2028 | <u>74,102,826</u> | <u>-</u> |
| | <u>276,440,468</u> | <u>202,505,688</u> |

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

| | <u>31 December 2023</u> | | <u>31 December 2022</u> | |
|--------------------------|-------------------------|--------------------------|-------------------------|--------------------------|
| | Offsetting amount | Balance after offsetting | Offsetting amount | Balance after offsetting |
| Deferred tax assets | (617,297,819) | 1,472,003,554 | (778,450,156) | 1,250,722,193 |
| Deferred tax liabilities | (617,297,819) | 19,256,890 | (778,450,156) | 23,305,359 |

(20) Other non-current assets

| | 31 December 2023 | 31 December 2022 |
|----------------------|-------------------|------------------|
| Prepayment for molds | <u>10,807,967</u> | <u>-</u> |

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

(21) Provision for asset impairment and losses

| | 31 December 2022 | Increase in the current year | Decrease in the current year | | 31 December 2023 |
|---|---------------------|---------------------------------|------------------------------|------------------------|----------------------|
| | | | Reversal | Write-off /Disposal | |
| Provision for bad debts of notes receivable (Note 4(4)) | 318,421 | - | (300,857) | - | 17,564 |
| Provision for bad debts of accounts receivable (Note 4(5)) | 121,523,368 | 6,217,292 | - | - | 127,740,660 |
| 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 | 6,217,292 | - | - | 17,586,446 |
| Provision for bad debts of other receivables (Note 4(8)) | 334,608 | 68,376 | - | - | 402,984 |
| Provision for bad debts of long-term receivables (Note 4(12)) | 146,086 | - | (20,328) | - | 125,758 |
| Sub-total | <u>122,322,483</u> | <u>6,285,668</u> | <u>(321,185)</u> | <u>-</u> | <u>128,286,966</u> |
| Provision for decline in the value of inventories (Note 4(9)) | 71,810,780 | 78,666,220 | (5,088,283) | (11,705,726) | 133,682,991 |
| Provision for impairment of fixed assets (Note 4(14)) | 353,831,794 | 252,193,642 | - | (7,249,124) | 598,776,312 |
| Provision for impairment of construction in progress (Note 4(15)) | 691,646 | 5,744,314 | - | - | 6,435,960 |
| Provision for impairment of goodwill (i) | 89,028,412 | - | - | - | 89,028,412 |
| Provision for impairment of intangible assets (Note 4(17)) | 38,806,961 | 13,609,665 | - | - | 52,416,626 |
| Sub-total | <u>554,169,593</u> | <u>350,213,841</u> | <u>(5,088,283)</u> | <u>(18,954,850)</u> | <u>880,340,301</u> |
| | <u>676,492,076</u> | <u>356,499,509</u> | <u>(5,409,468)</u> | <u>(18,954,850)</u> | <u>1,008,627,267</u> |

(i) As at 31 December 2019, the Group had made full provision for impairment of goodwill.

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

(22) Short-term borrowings

| | 31 December 2023 | 31 December 2022 |
|-------------|----------------------|----------------------|
| Credit loan | <u>1,300,000,000</u> | <u>1,100,000,000</u> |

As at 31 December 2023, the Group had no overdue short-term borrowings and the interest rates ranged from 1.73% to 2.40% (31 December 2022: 2.35% to 2.75%).

(23) Accounts payable

| | 31 December 2023 | 31 December 2022 |
|---|----------------------|----------------------|
| Payable for automobile parts | 9,094,393,825 | 8,783,467,597 |
| Payable for raw and auxiliary materials | <u>381,821,398</u> | <u>232,510,757</u> |
| | <u>9,476,215,223</u> | <u>9,015,978,354</u> |

As at 31 December 2023, accounts payable with aging over one year amounted to RMB408,228,798 (31 December 2022: RMB652,758,141), which mainly represented payables for materials 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)

(24) Contract liabilities

| | 31 December 2023 | 31 December 2022 |
|---|----------------------|----------------------|
| Advances for maintenance and warranty services, etc. | 226,857,269 | 175,905,460 |
| Advances for automobiles and automobile parts | <u>137,176,924</u> | <u>94,400,145</u> |
| | 364,034,193 | 270,305,605 |
| Less: Contract liabilities carried forward to revenue after 1 year (Note 4(35)) | <u>(120,293,201)</u> | <u>(118,240,580)</u> |
| | <u>243,740,992</u> | <u>152,065,025</u> |

In 2023, contract liabilities amounting to RMB152,065,025 included in the carrying amount as at 31 December 2022 were transferred to the revenue of 2023 (2022: RMB272,274,177), including advances for automobiles and automobile parts amounting to RMB94,400,145 (2022: RMB223,779,674), and advances for maintenance and warranty services amounting to RMB57,664,880 (2022: RMB48,494,503).

(25) Employee benefits payable

| | 31 December 2023 | 31 December 2022 |
|--|--------------------|--------------------|
| Short-term employee benefits payable (a) | 882,869,951 | 631,243,123 |
| Defined contribution plans payable (b) | 1,818,160 | 279,041,381 |
| Defined benefit plans payable (c) | 2,865,000 | 2,803,000 |
| Termination benefits payable (d) | <u>2,498,176</u> | <u>2,616,176</u> |
| | <u>890,051,287</u> | <u>915,703,680</u> |

(a) Short-term employee benefits

| | 31 December 2022 | Increase/Reverse in the current year | Decrease in the current year | 31 December 2023 |
|---|--------------------|--------------------------------------|------------------------------|--------------------|
| Wages and salaries, bonus, allowances and subsidies | 454,910,923 | 2,101,027,809 | (1,817,277,828) | 738,660,904 |
| Staff welfare | 59,167,710 | 90,476,487 | (92,711,534) | 56,932,663 |
| Social security contributions | 24,132,419 | 113,892,292 | (137,872,026) | 152,685 |
| Including: Medical insurance | 17,300,118 | 114,138,861 | (131,317,337) | 121,642 |
| Work injury insurance | 6,832,301 | (246,569) | (6,554,689) | 31,043 |
| Housing funds | 467,942 | 194,917,987 | (195,356,994) | 28,935 |
| Labour union funds and employee education funds | 92,564,129 | 35,428,618 | (40,897,983) | 87,094,764 |
| Other short-term employee benefits | - | 6,694,457 | (6,694,457) | - |
| | <u>631,243,123</u> | <u>2,542,437,650</u> | <u>(2,290,810,822)</u> | <u>882,869,951</u> |

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

(25) Employee benefits payable (Cont'd)

(b) Defined contribution plans

| | 31 December 2022 | Increase/Reverse in the current year | Decrease in the current year | 31 December 2023 |
|---------------------------|---------------------|---|------------------------------------|---------------------|
| Basic pensions | 260,527,342 | 114,351,678 | (373,117,311) | 1,761,709 |
| Supplementary pensions | 10,400,000 | (10,400,000) | - | - |
| Unemployment insurance | 8,114,039 | 3,553,829 | (11,611,417) | 56,451 |
| | <u>279,041,381</u> | <u>107,505,507</u> | <u>(384,728,728)</u> | <u>1,818,160</u> |

(c) Defined benefit plans

| | 31 December 2022 | Increase in the current year | Decrease in the current year | 31 December 2023 |
|---|---------------------|------------------------------------|------------------------------------|---------------------|
| Post-retirement benefits payable (Note 4(34)) | <u>2,803,000</u> | <u>2,454,630</u> | <u>(2,392,630)</u> | <u>2,865,000</u> |

(d) Termination benefits payable

| | 31 December 2023 | 31 December 2022 |
|---|------------------|------------------|
| Early retirement benefits payable (Note 4(34)) | 1,160,000 | 1,278,000 |
| Other termination benefits (i) | <u>1,338,176</u> | <u>1,338,176</u> |
| | <u>2,498,176</u> | <u>2,616,176</u> |

(i) In 2023, other termination benefits paid by the Group for termination of the employment relationship were RMB14,126,035 (2022: RMB2,893,734).

(26) Taxes payable

| | 31 December 2023 | 31 December 2022 |
|-------------------------------|--------------------|--------------------|
| Consumption tax payable | 73,794,904 | 87,601,901 |
| Enterprise income tax payable | 18,702,207 | 55,230,198 |
| Land use tax payable | 4,831,953 | 4,831,953 |
| Unpaid VAT | 637,391 | 24,542,717 |
| Others | <u>20,433,310</u> | <u>21,042,835</u> |
| | <u>118,399,765</u> | <u>193,249,604</u> |

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

(27) Other payables

| | 31 December 2023 | 31 December 2022 |
|---|----------------------|----------------------|
| Promotion expenses | 2,978,276,681 | 2,566,403,266 |
| Research and development project expenses | 968,699,606 | 1,139,399,835 |
| Construction payment | 539,487,510 | 534,127,177 |
| Transportation expenses | 148,140,843 | 239,369,691 |
| Advertising and new product planning fees | 166,568,934 | 160,966,200 |
| Guarantees | 124,132,883 | 111,554,518 |
| Consulting fees | 31,808,406 | 22,274,659 |
| Technological transformation project expenses | 23,333,420 | 51,152,889 |
| Trademark license fee | 17,037,453 | 13,971,949 |
| Ordinary share dividends payable | 6,463,836 | 6,463,836 |
| Others | 941,026,521 | 827,024,491 |
| | <u>5,944,976,093</u> | <u>5,672,708,511</u> |

As at 31 December 2023, other payables with aging over one year of RMB1,967,233,887 (31 December 2022: RMB1,696,105,568) mainly comprised guarantees collected from distributors and repair stations, payables for promotion, payables for research and development expenses and payables for construction projects. Such payables had 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.

(28) Current portion of non-current liabilities

| | 31 December 2023 | 31 December 2022 |
|--|-------------------|-------------------|
| Current portion of lease liabilities (Note 4(31)) | 80,070,149 | 72,224,685 |
| Current portion of long-term borrowings (Note 4(30)) | 13,313,749 | 456,071 |
| | <u>93,383,898</u> | <u>72,680,756</u> |

(29) Other current liabilities

| | 31 December 2023 | 31 December 2022 |
|--|--------------------|--------------------|
| Provisions expected to be settled within 1 year (Note 4(32)) | 356,115,630 | 374,617,524 |
| Others | 17,833,000 | 12,272,018 |
| | <u>373,948,630</u> | <u>386,889,542</u> |

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

(30) Long-term borrowings

| | 31 December 2023 | 31 December 2022 |
|--|---------------------|-------------------|
| Guaranteed loans(a) | 1,855,219 | 2,280,355 |
| Credit loans(b) | 12,849,944 | 19,033,773 |
| Less: Current portion of long-term borrowings (Note 4(28)) | <u>(13,313,749)</u> | <u>(456,071)</u> |
| | <u>1,391,414</u> | <u>20,858,057</u> |

- (a) As at 31 December 2023, the above guaranteed loans were long-term borrowings amounting to USD 261,937 guaranteed by JMCF (note7(c)), borrowed from Industrial and Commercial Bank of China ("ICBC"), Nanchang Ganjiang Sub-branch with interests paid every half year and the principal paid in instalments between 10 December 2007 and 27 October 2027.

| | Starting date | Maturity date | Currency | Interest rate (%) | 31 December 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% | 261,937 | 1,855,219 | 327,421 | 2,280,355 |

- (b) As at 31 December 2023, the principal amount of bank credit borrowings is repayable in installments during 2024.
- (c) As at 31 December 2023, the Group had no overdue long-term borrowings and the Group's interest rates ranged from 1.5% to 2.5% (31 December 2022: 1.5% to 2.5%).

(31) Lease liabilities

| | 31 December 2023 | 31 December 2022 |
|---|---------------------|---------------------|
| Lease liabilities (a) | 218,076,092 | 265,315,036 |
| Less: Current portion of non-current liabilities (Note 4(28)) | <u>(80,070,149)</u> | <u>(72,224,685)</u> |
| | <u>138,005,943</u> | <u>193,090,351</u> |

- (a) As at 31 December 2023, the Group had no leases that were 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)

(32) Provisions

| | 31 December 2022 | Increase in the current year | Decrease in the current year | 31 December 2023 |
|--|----------------------|------------------------------------|------------------------------------|----------------------|
| Product warranties (a) | 610,033,067 | 330,658,844 | (282,305,185) | 658,386,726 |
| Provisions for contract fulfilment | <u>15,347,046</u> | - | <u>(1,917,879)</u> | <u>13,429,167</u> |
| | 625,380,113 | 330,658,844 | (284,223,064) | 671,815,893 |
| Less: Provisions expected to be settled within 1 year (Note 4(29)) | <u>(374,617,524)</u> | | | <u>(356,115,630)</u> |
| | <u>250,762,589</u> | | | <u>315,700,263</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.

(33) Deferred income

| | 31 December 2022 | Increase in the current year | Decrease in the current year | 31 December 2023 |
|-------------------|---------------------|------------------------------------|------------------------------------|---------------------|
| Government grants | <u>60,849,643</u> | <u>10,265,000</u> | <u>(3,513,282)</u> | <u>67,601,361</u> |

(a) Government grants

| | 31 December 2022 | Increase in the current year | <u>Decrease in the current year Recognised in other income</u> | 31 December 2023 |
|--|---------------------|---------------------------------|--|---------------------|
| Government grants related to assets | 10,335,417 | - | (1,610,714) | 8,724,703 |
| Government grants related to income | <u>50,514,226</u> | <u>10,265,000</u> | <u>(1,902,568)</u> | <u>58,876,658</u> |
| | <u>60,849,643</u> | <u>10,265,000</u> | <u>(3,513,282)</u> | <u>67,601,361</u> |

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

(34) Long-term employee benefits payable

| | 31 December 2023 | 31 December 2022 |
|--|--------------------|--------------------|
| Supplementary retirement benefits and early-retirement benefits eligible for recognition of provisions | 56,916,000 | 55,374,000 |
| Less: Payable within 1 year | <u>(4,025,000)</u> | <u>(4,081,000)</u> |
| | <u>52,891,000</u> | <u>51,293,000</u> |

The retirement and early-retirement benefits payable within one year are included in employee benefits payable (Note 4(25)(c), Note 4(25)(d)).

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

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

| | Present value of the obligations of the defined benefit plan | |
|---|--|-------------------|
| | 31 December 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 | 1,141,000 | 1,161,000 |
| - Past service cost | - | - |
| - Actuarial gains or losses recognised immediately | (331,000) | 82,000 |
| - Net interest | 1,610,000 | 1,744,000 |
| Remeasurement of net liabilities for defined benefit plans | | |
| - Actuarial (gains)/losses | 2,593,000 | (3,918,000) |
| Other movements | | |
| - Benefits paid | (3,471,000) | (3,636,000) |
| Ending balance | <u>56,916,000</u> | <u>55,374,000</u> |

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4 Notes to the consolidated financial statements (Cont'd)**(34) Long-term employee benefits payable (Cont'd)**

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

| | 31 December 2023 | 31 December 2022 |
|------------------------------------|------------------|------------------|
| Discount rate | 2.50% | 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.

- (c) The sensitivity analysis of the major actuarial assumptions used to determine the present value of defined benefit plan obligations of the Group was analysed as follows:

| | Variation in assumptions | Effect on present value of defined benefit obligations | |
|----------------|--------------------------|--|------------------|
| | | Assumed increase | Assumed decrease |
| Discount rate | 0.5% | Decrease of 5.8% | Increase of 6.6% |
| Inflation rate | 0.5% | Increase of 3.8% | Decrease of 3.3% |

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, changes in some of the assumptions may be correlated. The projected unit credit method is also utilised in calculating the present value of the defined benefit obligations in the analysis.

- (d) Supplementary retirement and early-retirement benefits expose the Group to various risks, mainly including risk of changes in the interest rate of treasury bonds and inflation risk. Decline in the interest rate of treasury bonds will lead to an increase in defined benefit plan liabilities. Supplementary retirement and early-retirement benefits obligations keep pace with inflation, and the rise in inflation will increase the defined benefit plan liabilities.

(35) Other non-current liabilities

| | 31 December 2023 | 31 December 2022 |
|---|--------------------|--------------------|
| Contract liabilities carried forward to revenue after 1 year (Note 4(24)) | <u>120,293,201</u> | <u>118,240,580</u> |

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

(36) Share capital

| | 31 December 2022 | Movements for the current year | | | | | 31 December 2023 |
|---|---------------------|--------------------------------|----------------|----------------------------------|----------|-----------|--------------------|
| | | 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> |

Since the implementation of the Company's Scheme on Share Split Reform on 13 February 2006, as at 31 December 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)

(36) 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)**(37) Capital surplus**

| | 31 December 2022 | Increase in the current year | Decrease in the current year | 31 December 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)

(38) Other comprehensive income

| | Other comprehensive income in the balance sheet | | | Other comprehensive income in the income statement for the year ended 31 December 2023 | | | | |
|--|---|--|------------------|--|---|---------------------------|--|--|
| | 31 December 2022 | Attributable to the parent company after tax | 31 December 2023 | Amount incurred before income tax for the current year | Less: Transfer-out of previous other comprehensive income in the current year | Less: Income tax expenses | Attributable to the parent company after tax | 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) | (7,087,750) | (20,572,000) | (2,593,000) | - | (4,494,750) | (7,087,750) | - |
| | 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 year | 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)

(39) Surplus reserve

| | 31 December 2022 | Increase in the current year | Decrease in the current year | 31 December 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 year (2022: Nil).

The Company reserves the discretionary surplus reserve after the shareholders' meeting approves the proposal from the Board of Directors. The discretionary surplus reserve can be used to compensate for the losses incurred in prior years or increase the share capital upon approval from appropriate authorities.

(40) Retained earnings

| | 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 year | 1,475,597,266 | 915,049,168 |
| Less: Ordinary share dividends payable (a) | (366,002,736) | (229,614,924) |
| Retained earnings at the end of the year | 8,232,632,623 | 7,123,038,093 |

- (a) According to the resolution of the Board of Directors on 16 June 2023, the Company proposed 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.

According to the resolution of the meeting of Board of Directors on 28 Mar 2024, the Board of Directors proposed to distribute cash dividends of RMB0.684 per share to all shareholders of the Company, calculated on the basis of 863,214,000 issued shares, for a total of RMB590,438,376 (Note 10).

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

(41) Revenue and cost of sales

| | 2023 | 2022 |
|-------------------------------|-----------------------|-----------------------|
| Revenue from main operations | 32,673,950,278 | 29,592,525,919 |
| Revenue from other operations | 493,374,803 | 507,757,923 |
| | <u>33,167,325,081</u> | <u>30,100,283,842</u> |

| | 2023 | 2022 |
|-------------------------------------|-----------------------|-----------------------|
| Cost of sales from main operations | 27,647,797,674 | 25,336,987,529 |
| Cost of sales from other operations | 417,730,549 | 475,277,339 |
| | <u>28,065,528,223</u> | <u>25,812,264,868</u> |

(a) Revenue and cost of sales from main operations

| | 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 | 30,379,757,733 | 25,855,510,801 | 27,069,207,538 | 23,355,537,374 |
| Sales of automobile parts | 1,719,943,033 | 1,230,323,685 | 2,412,993,540 | 1,872,040,360 |
| Automobile maintenance services, etc. | 574,249,512 | 561,963,188 | 110,324,841 | 109,409,795 |
| | <u>32,673,950,278</u> | <u>27,647,797,674</u> | <u>29,592,525,919</u> | <u>25,336,987,529</u> |

(b) Revenue and cost of sales from other operations

| | 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 | 330,754,338 | 296,981,256 | 366,469,354 | 339,411,405 |
| Others | 162,620,465 | 120,749,293 | 141,288,569 | 135,865,934 |
| | <u>493,374,803</u> | <u>417,730,549</u> | <u>507,757,923</u> | <u>475,277,339</u> |

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

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

(c) The breakdown of the Group's revenue by product and service transfer time was as follows:

| | 2023 | | | | Total |
|---------------------------------------|-----------------------|----------------------|---------------------------------------|----------------------|-----------------------|
| | Automobiles | Automobile parts | Automobile maintenance services, etc. | Materials and others | |
| Revenue from main operations | 30,379,757,733 | 1,719,943,033 | 574,249,512 | - | 32,673,950,278 |
| Including: Recognised at a time point | 30,379,757,733 | 1,719,943,033 | - | - | 32,099,700,766 |
| Recognised within a certain period | - | - | 574,249,512 | - | 574,249,512 |
| Revenue from other operations (i) | - | - | - | 493,374,803 | 493,374,803 |
| | <u>30,379,757,733</u> | <u>1,719,943,033</u> | <u>574,249,512</u> | <u>493,374,803</u> | <u>33,167,325,081</u> |
| | 2022 | | | | Total |
| | Automobiles | Automobile parts | Automobile maintenance services, etc. | Materials and others | |
| Revenue from main operations | 27,069,207,538 | 2,412,993,540 | 110,324,841 | - | 29,592,525,919 |
| Including: Recognised at a time point | 27,069,207,538 | 2,412,993,540 | - | - | 29,482,201,078 |
| Recognised within a certain period | - | - | 110,324,841 | - | 110,324,841 |
| Revenue from other operations (i) | - | - | - | 507,757,923 | 507,757,923 |
| | <u>27,069,207,538</u> | <u>2,412,993,540</u> | <u>110,324,841</u> | <u>507,757,923</u> | <u>30,100,283,842</u> |

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

As at 31 December 2023, the amount of revenue corresponding to the performance obligations that the Group had contracted but had not commenced or completed was RMB364,034,193, of which the Group expects that RMB137,176,924 and RMB106,564,068 will be recognised as revenue from the sales of automobiles and parts and revenue from the sales of automobile maintenance services respectively in 2024, RMB120,293,201 will be recognised as revenue from automobile maintenance services from 2025 to 2029.

(42) Taxes and surcharges

| | 2023 | 2022 |
|---------------------------------------|--------------------|--------------------|
| Consumption tax | 807,035,414 | 690,818,768 |
| City maintenance and construction tax | 54,093,798 | 99,989,565 |
| Educational surcharge | 53,936,767 | 98,742,654 |
| Land use tax | 20,610,246 | 22,286,670 |
| Real estate tax | 19,364,219 | 20,887,510 |
| Stamp tax | 18,749,571 | 18,217,884 |
| Others | 381,313 | 451,064 |
| | <u>974,171,328</u> | <u>951,394,115</u> |

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

(43) Selling and distribution expenses

| | 2023 | 2022 |
|---|----------------------|----------------------|
| Promotion expenses | 521,049,350 | 413,790,869 |
| Warranties | 330,658,844 | 381,747,663 |
| Employee benefits | 230,660,091 | 214,370,379 |
| Advertising and new product planning fees | 168,368,816 | 187,517,174 |
| Storage expenses | 49,903,377 | 48,853,162 |
| Packaging material expenses | 33,681,580 | 31,608,268 |
| Depreciation and amortisation expenses | 12,751,571 | 3,558,412 |
| Others | 119,618,818 | 163,448,784 |
| | <u>1,466,692,447</u> | <u>1,444,894,711</u> |

(44) General and administrative expenses

| | 2023 | 2022 |
|--|--------------------|--------------------|
| Employee benefits | 565,612,010 | 544,315,552 |
| Depreciation and amortisation expenses | 147,236,553 | 143,207,652 |
| Trademark license fee | 69,249,223 | 68,813,097 |
| Repair expenses | 30,690,596 | 37,951,031 |
| Consulting fees | 24,038,091 | 26,261,406 |
| General office expenses | 11,811,212 | 17,095,983 |
| Cartage fee | 3,212,158 | 11,458,649 |
| Others | 131,608,188 | 115,682,975 |
| | <u>983,458,031</u> | <u>964,786,345</u> |

(45) Research and development expenses

| | 2023 | 2022 |
|--|----------------------|----------------------|
| Employee benefits | 574,111,697 | 430,170,063 |
| Design fee | 209,447,053 | 304,491,964 |
| Materials expenses | 242,947,545 | 197,330,293 |
| Depreciation and amortisation expenses | 67,981,814 | 220,663,278 |
| Others | 191,713,503 | 330,674,032 |
| | <u>1,286,201,612</u> | <u>1,483,329,630</u> |

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

(46) Financial expenses

| | 2023 | 2022 |
|--|----------------------|----------------------|
| Interest costs | 31,751,482 | 36,417,358 |
| Add: Interest costs on lease liabilities | 10,093,308 | 12,887,851 |
| Interest expenses | <u>41,844,790</u> | <u>49,305,209</u> |
| Less: Interest income from cash at bank | (237,934,702) | (220,037,622) |
| Other interest income | <u>(13,117,861)</u> | <u>(16,271,337)</u> |
| Interest income | (251,052,563) | (236,308,959) |
| Exchange gains or losses | 2,882,286 | 22,205,504 |
| Others | 1,416,733 | 890,900 |
| | <u>(204,908,754)</u> | <u>(163,907,346)</u> |

(47) Expenses by nature

The cost of sales, selling and distribution expenses, general and administrative expenses and research and development expenses in the income statement are listed as follows by nature:

| | 2023 | 2022 |
|---|-----------------------|-----------------------|
| Changes in inventories of finished goods and work in progress | 257,637,510 | (3,902,524) |
| Consumed raw materials and low value consumables, etc. | 25,132,665,845 | 22,878,764,631 |
| Employee benefits | 2,666,489,192 | 2,556,734,264 |
| Depreciation of fixed assets | 916,013,071 | 906,176,838 |
| Amortisation of intangible assets | 303,459,508 | 199,424,503 |
| Depreciation of right-of-use assets | 82,225,674 | 70,119,650 |
| Transportation expenses | 499,191,963 | 610,883,899 |
| Promotion expenses | 521,049,350 | 413,790,869 |
| Warranties | 330,658,844 | 381,747,663 |
| Design fee | 209,447,053 | 304,491,964 |
| Advertising and new product planning fees | 168,368,816 | 187,517,174 |
| Technology development expenses | 166,375,068 | 190,609,379 |
| Fixed asset repair and maintenance expenses (a) | 130,842,815 | 122,958,397 |
| Others | 417,455,604 | 885,958,847 |
| | <u>31,801,880,313</u> | <u>29,705,275,554</u> |

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

(47) Expenses by nature (Cont'd)

(a) The Group includes daily maintenance expenses ineligible for the capitalisation of fixed assets regarding the production and processing of inventories into cost of inventories, which will be carried forward to cost of sales, and those regarding the R&D Department, Administrative Department, and Sales Department are included in research and development expenses, management expenses and selling and distribution expenses respectively.

(b) As stated in Note 2(22), the Group directly recognises the lease payments of short-term lease and low value lease into profit or loss for the current period. In 2023, the amount was RMB2,619,206 (2022: RMB5,147,442).

The lessor didn't exempt the Group from paying the rental for the 2023 period (2022: exempted the rental for RMB22,851, and the Group had deducted the rental waivers against the rental expense for the current period).

(48) Asset impairment losses

| | 2023 | 2022 |
|---|--------------------|------------------|
| Impairment of fixed assets | 252,193,642 | 763,162 |
| Losses on decline in the value of inventories | 73,577,937 | 6,479,606 |
| Impairment of intangible assets | 13,609,665 | - |
| Impairment of construction in progress | 5,744,314 | - |
| | <u>345,125,558</u> | <u>7,242,768</u> |

(49) Credit impairment losses

| | 2023 | 2022 |
|--|------------------|-------------------|
| Losses on bad debts of accounts receivable | 6,217,292 | 12,497,418 |
| Losses on bad debts of other receivables | 68,376 | (701,952) |
| Losses on bad debts of notes receivable | (300,857) | 318,421 |
| Losses on bad debts of long-term receivables | (20,328) | (47,041) |
| | <u>5,964,483</u> | <u>12,066,846</u> |

(50) Other income

| | 2023 | 2022 | Asset related/ Income related |
|---|--------------------|--------------------|----------------------------------|
| Government grants | | | |
| - Supporting funds by government | 552,216,000 | 906,908,600 | Income related |
| - Research and development activities related subsidies | 2,752,567 | 810,319 | Income related |
| - Equipment purchasing-related subsidies | 1,610,714 | 939,583 | Asset related |
| - Other subsidies related with daily operation | 6,520,850 | 33,132,873 | Income related |
| Additional deduction of input VAT, etc. | 4,429,635 | 1,535,181 | — |
| | <u>567,529,766</u> | <u>943,326,556</u> | |

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

(51) Investment income

| | 2023 | 2022 |
|--|---------------------|---------------------|
| Losses on discount of financing receivables eligible for derecognition (Note 4(6)) | (9,867,768) | (15,303,265) |
| Losses on long-term equity investments under equity method | (9,591,118) | (8,768,433) |
| Investment income/(loss) from forward exchange settlement | 6,757,648 | (13,534,785) |
| Investment income from financial assets held for trading | 2,122,192 | 1,523,836 |
| | <u>(10,579,046)</u> | <u>(36,082,647)</u> |

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

(52) Gains on changes in fair value

| | 2023 | 2022 |
|---|--------------------|-------------------|
| Derivative financial assets and derivative financial liabilities - (Losses)/Gains on forward exchange contracts | (3,432,004) | 13,677,317 |
| Financial assets at fair value through profit or loss - Structural deposits | 604,877 | (242,329) |
| | <u>(2,827,127)</u> | <u>13,434,988</u> |

(53) Gains on disposal of assets

| | 2023 | 2022 | Amount recognised in non-recurring profit or loss in 2023 |
|--------------------------------------|--------------------|--------------------|---|
| (Losses)/Gains on disposal of assets | <u>(3,908,476)</u> | <u>391,369,117</u> | <u>(3,908,476)</u> |

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

(54) Non-operating income

| | 2023 | 2022 | Amount recognised in non-recurring profit or loss in 2023 |
|----------------|------------------|------------------|---|
| Penalty income | 2,016,394 | 3,539,296 | 2,016,394 |
| Others | <u>6,859,486</u> | <u>248,972</u> | <u>6,859,486</u> |
| | <u>8,875,880</u> | <u>3,788,268</u> | <u>8,875,880</u> |

(55) Non-operating expenses

| | 2023 | 2022 | Amount recognised in non-recurring profit or loss in 2023 |
|----------------------------------|------------------|------------------|---|
| Losses on scrapping of assets | 3,544,912 | 2,117,642 | 3,544,912 |
| Donations | 2,005,050 | 2,007,280 | 2,005,050 |
| Others | <u>491,061</u> | <u>357,040</u> | <u>491,061</u> |
| | <u>6,041,023</u> | <u>4,481,962</u> | <u>6,041,023</u> |

(56) Income tax expenses

| | 2023 | 2022 |
|---|----------------------|---------------------|
| Current income tax calculated based on tax law and related regulations | (36,527,990) | 55,769,297 |
| Deferred income tax | <u>(229,824,580)</u> | <u>(19,081,691)</u> |
| | <u>(266,352,570)</u> | <u>36,687,606</u> |

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

(56) 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 as follows:

| | 2023 | 2022 |
|--|----------------------|-------------------|
| Total profit | 798,142,127 | 899,566,225 |
| Income tax calculated at applicable tax rates | 119,721,319 | 134,934,934 |
| Effect of different applicable tax rates | (327,690,005) | 108,932,026 |
| Additional deductions | (211,427,507) | (230,686,396) |
| Deductible loss and temporary differences of the unrecognised deferred tax asset in the current period | 138,918,718 | 23,495,176 |
| Tax deduction | - | (1,487,861) |
| Non-deductible investment losses | 1,438,668 | 1,315,266 |
| Costs, expenses and losses not deductible for tax purposes | 12,686,237 | 184,461 |
| Income tax expenses | <u>(266,352,570)</u> | <u>36,687,606</u> |

(57) 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:

| | 2023 | 2022 |
|---|---------------|-------------|
| Consolidated net profit attributable to ordinary shareholders of the parent company | 1,475,597,266 | 915,049,168 |
| Weighted average number of ordinary shares outstanding issued by the Company | 863,214,000 | 863,214,000 |
| Basic earnings per share | <u>1.71</u> | <u>1.06</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 in 2023 (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)

(58) Notes to the cash flow statement

The Group does not present cash flows on a net basis, and the significant cash flow items are presented as follows:

(a) Cash received relating to other operating activities

| | 2023 | 2022 |
|-------------------|--------------------|----------------------|
| Government grants | 570,888,569 | 955,101,654 |
| Guarantees | 55,489,359 | 60,562,160 |
| Others | 26,712,624 | 33,097,597 |
| | <u>653,090,552</u> | <u>1,048,761,411</u> |

(b) Cash paid relating to other operating activities

| | 2023 | 2022 |
|-----------------------------------|----------------------|----------------------|
| Research and development expenses | 749,170,775 | 816,368,325 |
| Promotion expenses | 480,783,867 | 476,208,872 |
| Warranties | 346,082,383 | 394,991,987 |
| Advertising expenses | 169,899,863 | 173,112,926 |
| Maintenance expenses | 89,032,387 | 83,223,085 |
| Consulting fees | 65,342,130 | 55,227,003 |
| Trademark royalties | 59,191,201 | 64,658,976 |
| Guarantees | 39,706,110 | 78,907,867 |
| Others | 531,422,650 | 533,553,375 |
| | <u>2,530,631,366</u> | <u>2,676,252,416</u> |

(c) Cash received from disposal of investments

| | 2023 | 2022 |
|--|--------------------|--------------------|
| Cash receipts on maturity from structural deposits | <u>300,000,000</u> | <u>200,000,000</u> |

(d) Cash paid to acquire investments

| | 2023 | 2022 |
|---|--------------------|--------------------|
| Cash paid to purchase structural deposits | <u>500,000,000</u> | <u>100,000,000</u> |

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

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

(e) Cash received relating to other investing activities

| | 2023 | 2022 |
|----------------------------|--------------------|--------------------|
| Interest from cash at bank | 236,531,137 | 213,506,326 |
| Other interest | 17,591,395 | 17,774,117 |
| | <u>254,122,532</u> | <u>231,280,443</u> |

(f) Cash paid relating to other financing activities

| | 2023 | 2022 |
|--|--------------------|-------------------|
| Payment of deposit on a bank acceptance bill | 700,000,000 | - |
| Payments of lease liabilities | 35,327,443 | 18,852,333 |
| Others | 203,835 | 127,976 |
| | <u>735,531,278</u> | <u>18,980,309</u> |

(59) 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

| | 2023 | 2022 |
|--|----------------------|------------------------|
| Net profit | 1,064,494,697 | 862,878,619 |
| Add: Asset impairment losses (Note 4(48)) | 345,125,558 | 7,242,768 |
| Credit impairment losses (Note 4(49)) | 5,964,483 | 12,066,846 |
| Depreciation of fixed assets (Note 4(14)) | 916,013,071 | 906,176,838 |
| Amortisation of intangible assets (Note 4(17)) | 303,459,508 | 199,424,503 |
| Depreciation of right-of-use assets (Note 4(16)) | 82,225,674 | 70,119,650 |
| Losses/(Gains) on disposal of long-term assets | 7,453,268 | (389,251,475) |
| Financial income | (206,132,603) | (164,683,747) |
| Investment loss (Note 4(51)) | 10,579,046 | 36,082,647 |
| Losses/(Gains) on changes in fair value (Note 4(52)) | 2,827,127 | (13,434,988) |
| Increase in deferred tax assets | (225,776,111) | (18,386,505) |
| Decrease in deferred tax liabilities | (4,048,469) | (695,186) |
| Decrease/(Increase) in inventories | 356,811,018 | (324,847,715) |
| Increase in provisions | 46,435,780 | 36,427,494 |
| Decrease/(Increase) in operating receivables | 1,243,438,837 | (2,216,547,690) |
| Increase/(Decrease) in operating payables | 639,523,406 | (521,146,011) |
| Increase in other cash and cash equivalents | (20,854,424) | - |
| Net cash flows from/(used in) operating activities | <u>4,567,539,866</u> | <u>(1,518,573,952)</u> |

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

(59) 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

| | 2023 | 2022 |
|--|------------------------|------------------------|
| Cash and cash equivalents at the end of the year | 11,746,518,615 | 8,543,193,654 |
| Less: Cash and cash equivalents at the beginning of the year | <u>(8,543,193,654)</u> | <u>(9,569,051,314)</u> |
| Net increase/(decrease) in cash and cash equivalents | <u>3,203,324,961</u> | <u>(1,025,857,660)</u> |

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

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

(b) Changes in liabilities arising from financing activities

| | Bank borrowings (including the current portion) | Other accounts payable (including the current portion) | Lease liabilities (including the current portion) | Others (including the current portion) | Total |
|---|---|---|---|--|----------------------|
| 31 December 2022 | 1,121,314,128 | 6,469,701 | 265,315,036 | - | 1,393,098,865 |
| Cash inflows from financing activities | 4,278,854,833 | - | - | 749,000,000 | 5,027,854,833 |
| Cash outflows from financing activities | (4,117,072,291) | (367,307,955) | (35,327,443) | (700,203,835) | (5,219,911,524) |
| Interest accrued in the current year | 31,569,172 | 182,310 | 10,093,308 | - | 41,844,790 |
| Dividends accrued in the current year | - | 366,002,736 | - | - | 366,002,736 |
| Changes that do not involve cash receipts and payments | 39,321 | 1,121,722 | (22,004,809) | 203,835 | (20,639,931) |
| 31 December 2023 | <u>1,314,705,163</u> | <u>6,468,514</u> | <u>218,076,092</u> | <u>49,000,000</u> | <u>1,588,249,769</u> |

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

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

(c) Cash and cash equivalents

| | 31 December 2023 | 31 December 2022 |
|---|-----------------------|----------------------|
| Cash at bank available for payment at any time | 10,653,646,811 | 7,656,947,735 |
| Cash at finance company available for payment at any time | <u>1,092,871,804</u> | <u>886,245,919</u> |
| | <u>11,746,518,615</u> | <u>8,543,193,654</u> |

(i) As in Note 4(1), other cash and cash equivalents of RMB20,854,424 as at 31 December 2023(31 December 2022: Nil) was not included in cash and cash equivalents.

(60) Foreign currency monetary items

| | 31 December 2023 | | |
|-------------------------------|-------------------------------------|------------------------------|--------------------|
| | Amounts in foreign currencies | Translation exchange rate | Amounts in RMB |
| Long-term borrowings - USD | 261,937 | 7.0827 | <u>1,855,219</u> |
| Other payables - USD | 20,292,506 | 7.0827 | 143,725,731 |
| EUR | 33,288 | 7.8592 | <u>261,617</u> |
| | | | <u>143,987,348</u> |

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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 | Registered capital | Nature of business | Shareholding (%) | | Method of acquisition |
|------------------------------|------------------------|-----------------------|--------------------|---|------------------|----------|--|
| | | | | | Direct | Indirect | |
| JMCS | Nanchang, Jiangxi | Nanchang, Jiangxi | 50,000,000 | Retail, wholesale and lease of automobiles | 100% | - | Set up by investment Business combinations involving enterprises not under common control |
| JMCH | Taiyuan, Shanxi | Taiyuan, Shanxi | 1,323,793,174 | Manufacture and sales of automobiles | 100% | - | Set up by investment |
| SZFJ | Shenzhen, Guangdong | Shenzhen, Guangdong | 10,000,000 | Retail, wholesale and lease of automobiles | 100% | - | Set up by investment |
| GZFJ | Guangzhou, Guangdong | Guangzhou, Guangdong | 10,000,000 | Retail, wholesale and lease of automobiles | 100% | - | Set up by investment |
| Jiangling Ford (Shanghai)(a) | Shanghai | Shanghai | 200,000,000 | Sales of automobiles, technical and business information consultation | 51% | - | Set up by investment |

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5 Equity in other entities (Cont'd)

(1) Equity in subsidiaries (Cont'd)

(a) Subsidiaries with significant minority interests

The Group determines the subsidiaries with significant minority interests by taking into account whether the subsidiaries are listed companies, the proportion of minority interests in the Group's consolidated shareholders' equity, and the proportion of profit or loss attributable to minority shareholders in the Group's consolidated net profit, as follows:

| Subsidiaries | Shareholding of minority shareholders | Total profit or loss attributable to minority shareholders for the year ended 31 December 2023 | Dividends paid to minority shareholders for the year ended 31 December 2023 | Minority interests as at 31 December 2023 |
|---------------------------|---------------------------------------|--|---|---|
| Jiangling Ford (Shanghai) | 49% | (411,102,569) | - | (365,273,118) |

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

| | 31 December 2023 | | | | | |
|---------------------------|------------------|--------------------|--------------|---------------------|-------------------------|-------------------|
| | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities |
| Jiangling Ford (Shanghai) | 614,328,924 | 334,081,469 | 948,410,393 | 1,687,054,531 | 6,811,204 | 1,693,865,735 |

| | 2023 | | | |
|---------------------------|-------------|---------------|--------------------------|--------------------------------------|
| | Revenue | Net loss | Total comprehensive loss | Cash flows from operating activities |
| Jiangling Ford (Shanghai) | 643,047,862 | (838,984,834) | (838,984,834) | 366,124,545 |

As of 31 December 2023, the Company and Ford Motor Company ("Ford") have paid RMB102,000,000 and RMB98,000,000 respectively.

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5 Equity in other entities (Cont'd)

(2) Equity in associates

(a) General information of significant associates

The Group determines the significant joint ventures and associates by taking into account factors such as whether the joint ventures and associates are listed companies, the proportion of their carrying amounts to the Group's consolidated total assets, and the proportion of the investment income from long-term equity investments under equity method to the Group's consolidated net profit, as set out below:

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

(b) Summarised financial information for significant associates

| | 31 December 2023 The Power Company | 31 December 2022 The Power Company |
|--|---------------------------------------|---------------------------------------|
| Current assets | 194,206,175 | 194,926,320 |
| Non-current assets | 443,606,551 | 426,146,460 |
| Total assets | 637,812,726 | 621,072,780 |
| Current liabilities | 147,988,407 | 107,387,068 |
| Non-current liabilities | 74,039 | 152,778 |
| Total liabilities | 148,062,446 | 107,539,846 |
| Minority interests | 195,900,112 | 205,413,174 |
| Equity attributable to shareholders of the parent company | 293,850,168 | 308,119,760 |
| Share of net assets based on shareholding (i) | 195,900,112 | 205,413,174 |
| Adjustments | | |
| - Unrealised profits arising from internal transactions | (14,425,830) | (15,210,808) |
| - Others (ii) | 20,853,323 | 20,853,323 |
| Carrying amount of equity investments in associates | 202,327,605 | 211,055,689 |

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5 Equity in other entities (Cont'd)

(2) Equity in associates (Cont'd)

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

| | 2023 | 2022 |
|---|---------------------|---------------------|
| | The Power Company | The Power Company |
| Revenue | 52,305,024 | 92,711,191 |
| Net loss | (29,383,136) | (26,440,535) |
| Other comprehensive income | - | - |
| Total comprehensive loss | <u>(29,383,136)</u> | <u>(26,440,535)</u> |
| Dividends received from associates by the Group | <u>-</u> | <u>-</u> |

(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 fair value of identifiable assets and liabilities at the time of acquisition of the investments and the impact of adjustments to uniform accounting policies. None of the assets involved in transactions between the Group and associates contribute to business.

(ii) Other adjustments were mainly the remeasurement of 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

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Aggregated carrying amount of investments | <u>31,470,743</u> | <u>37,427,133</u> |
| Aggregate of the following items based on shareholding | | |
| Net (loss)/profit (i) | (863,034) | 1,018,493 |
| Other comprehensive income (i) | - | - |
| Total comprehensive (loss)/income | <u>(863,034)</u> | <u>1,018,493</u> |

(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 Group mainly arise from production and domestic sales of automobiles, and the primary assets of the Group are all located in China. Management of the Group assesses the operating performance of the Group as a whole. Therefore, no segment report is prepared for the current year.

In 2023, the revenue obtained from a single customer of the Group accounted for more than 10% of the Group's revenue, amounting to RMB9,207,385,268, or 27.76% (2022: 19.62%), of the Group's 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 | 91360125MA38LUR91F |
| Ford | Foreign enterprise | United States | William Clay Ford, Jr. | Manufacture and sales of automobiles | N/A |

(b) Registered capital and changes in major shareholders

| | 31 December 2022 | Increase in the current year | Decrease in the current year | 31 December 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

| | 31 December 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.(hereinafter referred to as "Chongqing Changan") | Shareholder of JIC |
| Jiangxi Jiangling Special Purpose Vehicle Co., Ltd. | Wholly-owned Subsidiary of JMCG |
| Jiangxi Lingrui Recycling Resources Development Corporation | Wholly-owned Subsidiary of JMCG |
| Jiangling Automobile Group (Nanchang) Fushan Energy Co., Ltd. | Wholly-owned Subsidiary of JMCG |
| Jiangxi JMCG Industry Co., Ltd. | Wholly-owned Subsidiary of JMCG |
| JMCG Property Management Co. | Wholly-owned Subsidiary of JMCG |
| JMCG Jingma Motors Co., Ltd. | Wholly-owned Subsidiary of JMCG |
| Nanchang Gear Forging Co.,Ltd. | Wholly-owned 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 |
| JMCF | Holding Subsidiary of JMCG |
| Nanchang Jiangling HuaXiang Auto Components Co., Ltd. | Holding Subsidiary of JMCG |
| Jiangxi Jiangling Lear Interior System Co., Ltd. | Holding Subsidiary of JMCG |
| Nanchang Unistar Electric & Electronics Co., Ltd. | Holding Subsidiary of JMCG |
| Jiangxi ISUZU Engine Co., Ltd. | Holding Subsidiary of JMCG |
| Jiangxi ISUZU Co., Ltd. | Holding Subsidiary of JMCG |
| Jiangxi JMCG Specialty Vehicles Co., 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 Co. Thailand Ltd. | Wholly-owned Subsidiary of Ford |
| Ford Global Technologies,LLC | Wholly-owned Subsidiary of Ford |
| Ford Motor Research & Engineering (Nanjing) 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 |
| Auto Alliance (Thailand) Co., Ltd. | Holding Subsidiary of Ford |
| Ford Otomotiv Sanayi A.S. | Holding Subsidiary of Ford |
| Ford Vietnam Limited | Holding Subsidiary of Ford |
| Changan Ford Automobile Co., Ltd. | Joint venture of Ford |
| Jiangling Material Co., Ltd. | Subsidiary under indirect control of JMCG |
| Jiangxi Jiangling group Fuxin Auto Parts Co., Ltd. | Subsidiary under indirect control of JMCG |
| Nanchang JMCG Xincheng Auto Component Co., Ltd. | Subsidiary under indirect control of JMCG |
| Nanchang JMCG Liancheng Auto Component Co., Ltd. | Subsidiary under indirect control of JMCG |
| Nanchang Lianda Machinery Co., Ltd. | Subsidiary under indirect control of JMCG |
| Jiangxi JMCG Boya brake system Co., Ltd. | Subsidiary under indirect control of JMCG |
| Jiangling Aowei Automobile Spare Part Co., Ltd. | Subsidiary under indirect control of JMCG |
| Jiangxi JMCG Shangrao Industrial Co.,Ltd. | Subsidiary under indirect control of JMCG |
| JMCG Jiangxi Engineering Construction Co., Ltd. | Subsidiary under indirect control of JMCG |
| Jiangxi Zhonglian Intelligent Logistics Co., Ltd. | Subsidiary under indirect control of JMCG |
| 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 JMCG Motorhome Co.,Ltd. | Subsidiary under indirect control of JMCG |
| China Changan Group Tianjin Sales Co., Ltd. | Group Subsidiary of Chongqing Changan |
| Chongqing Anfu Vehicle Marketing Co., Ltd. | Group Subsidiary of Chongqing Changan |
| Guizhou Wanfu Vehicle Sales & Service Co., Ltd. | Group Subsidiary of Chongqing Changan |

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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 |
|--|---------------------------------------|
| Beijing Baiwang Changfu Vehicle Sales & Service Co., Ltd. | Group Subsidiary of Chongqing Changan |
| Chengdu Wanxing Vehicle Sales & Service Co., Ltd. | Group Subsidiary of Chongqing Changan |
| Dali Wanfu Vehicle Sales & Service Co., Ltd. | Group Subsidiary of Chongqing Changan |
| Guizhou Wanjia Automobile Sales and Service Co. LTD | Group Subsidiary of Chongqing Changan |
| Beijing Beifang Changfu Vehicle Sales & Service Co., Ltd. | Group Subsidiary of Chongqing Changan |
| Chongqing Anbo Vehicle Sales Co., Ltd. | Group Subsidiary of Chongqing Changan |
| Nanchang Yinlun Heat-exchanger Co., Ltd. | Joint venture of JMCG |
| Dibao transportation equipment (Nanchang) 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 Lingyun Automobile Industry Technology Co., Ltd | Associate of JMCG |
| Nanchang JMCG SMR Huaxiang Mirror Co., Ltd. | Associate of JMCG |
| Jiangxi Jiangling Group Special Vehicle Co., Ltd. | Associate of JMCG |
| Jiangling Motor Holdings 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:

| | Nature of related party transactions | 2023 | 2022 |
|--|---|---------------|-------------|
| Magna PT Powertrain (Jiangxi) Co., Ltd. | Purchase of automobile parts | 1,234,830,816 | 893,746,762 |
| Nanchang Jiangling HuaXiang Auto Components Co., Ltd. | Purchase of automobile parts | 1,073,623,228 | 924,968,624 |
| Nanchang Baojiang Steel Processing Distribution Co., Ltd. | Purchase of raw and auxiliary materials | 742,956,579 | 853,482,030 |
| Jiangxi Jiangling Lear Interior System Co., Ltd. | Purchase of automobile parts | 739,454,498 | 592,001,464 |
| Jiangxi Zhonglian Intelligent Logistics Co., Ltd. | Purchase of automobile parts | 676,134,340 | 591,833,347 |
| Jiangxi Jiangling Chassis Co., Ltd. | Purchase of automobile parts | 671,593,708 | 667,746,553 |
| Jiangxi Jiangling Special Purpose Vehicle Co., Ltd. | Purchase of automobile parts | 502,323,040 | 522,742,154 |
| Nanchang JMCG Liancheng Auto Component Co., Ltd. | Purchase of automobile parts | 330,845,695 | 369,597,043 |
| Faurecia Emissions Control Technologies (Nanchang) Co., Ltd. | Purchase of automobile parts | 318,072,152 | 463,742,380 |
| Nanchang Unistar Electric & Electronics Co., Ltd. | Purchase of automobile parts | 279,622,115 | 324,877,090 |
| Ford | Purchase of automobile parts | 209,574,211 | 322,131,155 |
| Jiangxi Lingyun Automobile Industry Technology Co., Ltd | Purchase of automobile parts | 196,007,909 | 103,896,591 |
| Nanchang JMCG Shishun Logistics Co., Ltd. | Purchase of automobile parts | 192,633,046 | 180,558,765 |
| Hanon Systems | Purchase of automobile parts | 145,092,844 | 158,047,018 |
| Nanchang JMCG SMR Huaxiang Mirror Co., Ltd. | Purchase of automobile parts | 115,360,810 | 101,065,187 |
| Nanchang Yinlun Heat-exchanger Co., Ltd. | Purchase of automobile parts | 115,311,831 | 102,105,085 |
| Jiangxi Lingge Non-ferrous Metal Die-casting Co., Ltd. | Purchase of automobile parts | 69,811,815 | 77,843,750 |
| Dibao Transportation Equipment (Nanchang) Co., Ltd. | Purchase of automobile parts | 60,792,520 | 72,666,598 |
| Nanchang Lianda Machinery Co., Ltd. | Purchase of automobile parts | 36,590,311 | 41,535,015 |

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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):

| | Nature of related party transactions | 2023 | 2022 |
|---|---|----------------------|----------------------|
| Jiangxi Jiangling Group Special Vehicle Co., Ltd. | Purchase of automobile parts | 35,254,361 | 35,235,246 |
| Jiangxi Lingrui Recycling Resources Development Corporation | Purchase of raw and auxiliary materials | 34,228,198 | 21,762,663 |
| Changan Ford Automobile Co., Ltd. | Purchase of automobile parts | 29,984,492 | 41,230,580 |
| Jiangxi JMCG Specialty Vehicles Co., Ltd. | Purchase of automobile parts | 29,236,531 | 28,779,924 |
| Auto Alliance (Thailand) Company Limited | Purchase of automobile parts | 23,272,017 | 32,471,122 |
| Jiangling Automobile Group (Nanchang) Fushan Energy Co., Ltd. | Purchase of raw and auxiliary materials | 21,306,073 | - |
| Jiangxi JMCG Boya brake system Co., Ltd. | Purchase of automobile parts | 21,152,868 | 19,380,235 |
| Jiangxi Jiangling Group Fuxin Auto Parts Co., Ltd. | Purchase of automobile parts | 12,877,795 | 11,199,030 |
| Jiangling Aowei Automobile Spare Part Co., Ltd. | Purchase of automobile parts | 11,810,460 | 10,490,081 |
| Jiangxi Mingfang Auto Parts Industry Co., Ltd. | Purchase of automobile parts | 10,792,593 | 5,568,158 |
| Jiangling Material Co., Ltd. | Purchase of raw and auxiliary materials | 9,453,368 | 32,216,397 |
| Nanchang JMCG Xinchun Auto Component Co., Ltd. | Purchase of automobile parts | 6,916,734 | 6,378,562 |
| Ford Otomotiv Sanayi A.S. | Purchase of automobile parts | 6,124,706 | 11,853,176 |
| Jiangxi ISUZU Engine Co., Ltd. | Purchase of automobile parts | 5,902,036 | 15,633,287 |
| JMCG | Purchase of automobile parts | 5,567,401 | 88,653,236 |
| Ford Motor Co. Thailand Ltd. | Purchase of automobile parts | 5,025,699 | 3,277,641 |
| Jiangling Motor Holdings Co., Ltd. | Purchase of automobile parts | 4,416,533 | 17,697,962 |
| Jiangxi JMCG Shangrao Industrial Co.,Ltd. | Purchase of automobile parts | 3,640,870 | 961,843 |
| Nanchang Gear Forging Co., Ltd. | Purchase of automobile parts | 1,700,955 | 3,004,555 |
| The Power Company | Purchase of automobile parts | 889,693 | 12,857,369 |
| Nanchang Hengou Industry Co., Ltd. | Purchase of automobile parts | 808,561 | 3,423,048 |
| Other related parties | Purchase of automobile parts | 974,591 | 1,140,326 |
| | | <u>7,991,968,003</u> | <u>7,767,801,052</u> |

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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):

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:

| | Nature of related party transactions | 2023 | 2022 |
|---|---|-------------|-------------|
| Nanchang JMCG Shishun Logistics Co., Ltd. | Transportation, cartage fees, etc. | 279,310,486 | 298,629,305 |
| Ford Global Technologies, LLC | Trademark management fees, technology development | 230,160,051 | 246,334,027 |
| Ford Motor Research & Engineering (Nanjing) Co., Ltd. | Design fees, personnel costs | 194,494,776 | 14,496,038 |
| Jiangxi Zhonglian Intelligent Logistics Co., Ltd. | Cartage fees, storage fees, etc. | 80,922,767 | 30,384,153 |
| Ford | Technical services and personnel costs | 54,350,740 | 204,118,407 |
| Ford Motor (China) Co., Ltd. | Design fees, personnel costs, etc. | 59,693,175 | 21,474,039 |
| Jiangxi JMCG Industry Co., Ltd. | Meal fees | 32,267,146 | 24,868,735 |
| Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd. | Agency fees, advertising fees, etc. | 16,523,698 | 15,899,222 |
| JMCG Jiangxi Engineering Construction Co., Ltd. | Engineering construction | 15,415,319 | - |
| JMCG Property Management Co., Ltd. | Property fees, etc. | 10,527,990 | 4,362,127 |
| Ford Otomotiv Sanayi A.S. | Technical services and technical development | 7,096,986 | 15,125,422 |
| JMCG | Labour costs, rental fees, etc. | 4,843,455 | 1,492,519 |
| Changan Ford Automobile Co., Ltd. | Service fees, labour costs, etc. | 4,654,227 | 8,263,784 |
| Magna PT Powertrain (Jiangxi) Co., Ltd. | Design fees, experimental costs | 2,418,126 | - |
| Chongqing Changan. | Personnel costs | 2,394,350 | 2,458,047 |
| China Changan Group Tianjin Sales Co., Ltd. | Warranty and promotion expenses | 2,172,513 | 1,202,470 |
| Chongqing Anfu Vehicle Marketing Co., Ltd. | Warranty and promotion expenses | 1,941,436 | 1,168,824 |
| Guizhou Wanfu Vehicle Sales & Service Co., Ltd. | Warranty and promotion expenses | 1,821,952 | 1,276,480 |
| Beijing Baiwang Changfu Vehicle Sales & Service Co., Ltd. | Warranty and promotion expenses | 1,471,768 | 7,850 |
| Chengdu Wanxing Vehicle Sales & Service Co., Ltd. | Warranty and promotion expenses | 1,375,979 | 1,203,126 |
| Dali Wanfu Vehicle Sales & Service Co., Ltd. | Warranty and promotion expenses | 1,112,059 | 940,958 |

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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 (Cont'd):

| | Nature of related party transactions | 2023 | 2022 |
|---|--------------------------------------|----------------------|--------------------|
| Nanchang Jiangling HuaXiang Auto Components Co., Ltd. | Repair Expense | 1,000,000 | - |
| The Power Company | Consulting fees | - | 4,109,652 |
| Jiangling Motor Holdings Co., Ltd. | Labour costs, rental fees | - | 2,021,395 |
| Other related parties | | 5,948,800 | 6,778,331 |
| | | <u>1,011,917,799</u> | <u>906,614,911</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:

| | Nature of related party transactions | 2023 | 2022 |
|---|---|---------------|---------------|
| Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd. | Sales of vehicles and accessories, etc. | 9,195,254,309 | 5,898,939,789 |
| Jiangxi JMCG Specialty Vehicles Sales Corporation, Ltd. | Sales of vehicles, etc. | 233,284,195 | 472,883,971 |
| JMCG Jingma Motors Co., Ltd. | Sales of vehicles and accessories | 138,140,667 | 71,361,087 |
| Jiangxi JMCG Specialty Vehicles Co., Ltd. | Sales of vehicles and accessories | 117,122,584 | 104,259,399 |
| Jiangxi Lingrui Recycling Resources Development Corporation | Sales of waste materials, etc. | 61,983,828 | 69,766,263 |
| Chongqing Anfu Vehicle Marketing Co., Ltd. | Sales of vehicles and accessories | 59,076,555 | 51,437,264 |
| Guizhou Wanfu Vehicle Sales & Service Co., Ltd. | Sales of vehicles and accessories | 57,023,957 | 47,550,057 |
| China Changan Group Tianjin Sales Co., Ltd. | Sales of vehicles and accessories | 53,741,159 | 45,104,628 |
| Chengdu Wanxing Vehicle Sales & Service Co., Ltd. | Sales of vehicles and accessories | 52,044,606 | 48,716,119 |
| Jiangxi Jiangling Chassis Co., Ltd. | Sales of accessories | 41,569,726 | 74,175,180 |
| Jiangxi Jiangling Group Special Vehicle Co., Ltd. | Sales of vehicles and accessories | 33,140,757 | 51,205,027 |
| Jiangxi ISUZU Engine Co., Ltd. | Sales of accessories | 30,991,252 | 225,441 |
| Jiangxi ISUZU Co., Ltd. | Sales of accessories | 30,173,657 | 21,171,806 |
| Beijing Baiwang Changfu Vehicle Sales & Service Co., Ltd. | Sales of vehicles and accessories | 24,605,654 | 9,138,891 |
| Jiangxi Jiangling Lear Interior System Co., Ltd. | Sales of accessories | 20,799,067 | 13,331,531 |
| Dali Wanfu Vehicle Sales & Service Co., Ltd. | Sales of vehicles and accessories | 20,415,905 | 41,230,522 |
| Guizhou Wanjia Automobile Sales and Service Co. LTD | Sales of vehicles and accessories | 19,961,873 | 13,260,858 |
| Beijing Beifang Changfu Vehicle Sales & Service Co., Ltd. | Sales of vehicles and accessories | 19,437,596 | 17,459,735 |
| Nanchang JMCG SMR Huaxiang Mirror Co., Ltd. | Sales of accessories | 16,554,633 | 12,877,775 |
| Nanchang Hengou Industry Co., Ltd. | Sales of accessories | 13,346,388 | 11,141,173 |

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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):

| | Nature of related party transactions | 2023 | 2022 |
|---|--|-----------------------|----------------------|
| Nanchang JMCG Liancheng Auto Component Co., Ltd. | Sales of accessories | 11,140,167 | 9,721,317 |
| Jiangxi Jiangling Special Purpose Vehicle Co., Ltd. | Sales of vehicles and accessories | 8,541,781 | 258,768,616 |
| Chongqing Anbo Vehicle Sales Co., Ltd. | Sales of vehicles and accessories | 6,378,430 | 27,134,967 |
| Nanchang Jiangling HuaXiang Auto Components Co., Ltd. | Sales of accessories | 3,379,221 | 3,317,971 |
| Jiangxi JMCG Industry Co., Ltd. | Sales of accessories and waste materials | 3,024,062 | 3,496,119 |
| JMCG | Sales of accessories and labour costs | 1,746,828 | 3,931,336 |
| Nanchang Lianda Machinery Co., Ltd. | Sales of accessories | 1,517,492 | 1,964,144 |
| Jiangling Motor Holdings Co., Ltd. | Labour costs | 1,060,073 | 1,150,970 |
| Magna PT Powertrain (Jiangxi) Co., Ltd. | Sales of accessories | 1,036,350 | 941,880 |
| Jiangxi Zhonglian Intelligent Logistics Co., Ltd. | Sales of accessories, etc. | 804,119 | 4,886,482 |
| Nanchang JMCG Shishun Logistics Co., Ltd. | Sales of vehicles, etc. | 482,009 | 3,351,832 |
| Other related parties | | 2,984,373 | 3,212,286 |
| | | <u>10,280,763,273</u> | <u>7,397,114,436</u> |

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 year with the Group as the lessor:

| Name of the lessee | Type of the leased asset | 2023 | 2022 |
|------------------------------------|--------------------------|---------------|--------------|
| Jiangling Motor Holdings Co., Ltd. | Buildings | 54,000 | 4,909 |
| Jiangxi JMCG Motorhome Co., Ltd. | Buildings | - | 2,945 |
| | | <u>54,000</u> | <u>7,854</u> |

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

| Name of the lessor | Type of the leased asset | 2023 | 2022 |
|--------------------|--------------------------|-------------------|----------|
| JMCG | Buildings | <u>27,245,841</u> | <u>-</u> |

(iii) Interest costs on lease liabilities in the current year with the Group as the lessee:

| | Type of the leased asset | 2023 | 2022 |
|--|--------------------------|----------------|----------------|
| JMCG | Buildings | 251,975 | 311,629 |
| Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd. | Buildings | <u>247,082</u> | <u>549,276</u> |
| | | <u>499,057</u> | <u>860,905</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 | 1,855,219 | 5 March 2001 | 30 October 2029 | Not fully performed |

In 2023, JMCF provided guarantees for some bank borrowings of the Group, with a maximum guarantee limit of USD2,282,123. As at 31 December 2023, JMCF provided borrowing guarantee to the bank borrowing of USD261,937, equivalent to RMB1,855,219 (31 December 2022: USD327,421 equivalent to RMB2,280,355) for the Group.

(d) Transfer of assets

| | Nature of related party transactions | 2023 | 2022 |
|---|--------------------------------------|----------------|------------------|
| Jiangxi Lingrui Recycling Resources Development Corporation | Sales of fixed assets | 133,360 | 249,367 |
| JMCG Jingma Motors Co., Ltd. | Sales of fixed assets | - | 4,527,773 |
| | | <u>133,360</u> | <u>4,777,140</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

| | Nature of related party transactions | 2023 | 2022 |
|---|--------------------------------------|--------------------|-------------------|
| Nanchang Jiangling HuaXiang Auto Components Co., Ltd. | Purchase of fixed assets | 48,867,431 | 30,269,160 |
| Jiangxi Jiangling Special Purpose Vehicle Co., Ltd. | Purchase of fixed assets | 33,005,751 | 19,523,883 |
| Nanchang JMCG Liancheng Auto Component Co., Ltd. | Purchase of fixed assets | 15,020,583 | 9,660,000 |
| Magna PT Powertrain (Jiangxi) Co., Ltd. | Purchase of fixed assets | 4,050,000 | - |
| Jiangxi Jiangling Lear Interior System Co., Ltd. | Purchase of fixed assets | 1,071,960 | - |
| Jiangxi JMCG Specialty Vehicles Co., Ltd. | Purchase of fixed assets | 553,857 | 456,637 |
| | | <u>102,569,582</u> | <u>59,909,680</u> |

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

(f) Purchase of long-term technology license

| | Nature of related party transactions | 2023 | 2022 |
|---------------------------|--|----------|--------------------|
| Ford | Purchase of long-term technology license | - | 129,021,097 |
| Ford Otomotiv Sanayi A.S. | Purchase of long-term technology license | - | 8,392,035 |
| | | <u>-</u> | <u>137,413,132</u> |

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

(5) Related party transactions (Cont'd)

(g) Provision of technology sharing and distribution service

| | Nature of related party transactions | 2023 | 2022 |
|---|--------------------------------------|--------------------|--------------------|
| Ford Motor Research & Engineering (Nanjing) Co., Ltd. | Engineering and technical service | 79,761,786 | 55,006,000 |
| Ford Motor (China) Co., Ltd. | Distribution and technical service | 28,210,737 | 12,978,451 |
| Ford Vietnam Limited | Technical service | 12,700,000 | 14,390,000 |
| Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd. | Technical service | 12,130,959 | 8,155,000 |
| Jiangxi ISUZU Co., Ltd. | Technical service | 3,990,000 | 710,000 |
| Ford | Technical service | 3,313,725 | 18,690,000 |
| Ford Trading Company, LLC | Technical service | 1,509,518 | 2,206,000 |
| JMCG Jingma Motors Co., Ltd. | Technical service | - | 190,000 |
| | | <u>141,616,725</u> | <u>112,325,451</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)

(h) Remuneration of key management

| | 2023 | 2022 |
|--------------------------------|-------------------|-------------------|
| Remuneration of key management | <u>12,564,194</u> | <u>11,606,369</u> |

(i) Interest income

| | 2023 | 2022 |
|------|-------------------|-------------------|
| JMCF | <u>15,036,500</u> | <u>17,130,577</u> |

Cash at bank of the Group deposited with JMCF was calculated based on the bank annual interest rate for RMB deposit of 0.455% to 2.25% over the same period (2022: 1.725% to 2.25%).

(j) Interest expenses

| | 2023 | 2022 |
|---|----------------|------------------|
| Jiangxi Zhonglian Intelligent Logistics Co., Ltd. | 120,000 | - |
| Nanchang JMCG Shishun Logistics Co., Ltd. | 30,000 | - |
| JMCF | - | 1,250,000 |
| | <u>150,000</u> | <u>1,250,000</u> |

(k) Purchase of CAFC credit and NEV credit

| | 2023 | 2022 |
|---|----------------|-------------------|
| Jiangling Motor Holdings Co., Ltd. | 233,811 | 819,000 |
| Jiangling Motor Electricity Vehicle Co., Ltd. | - | 64,474,060 |
| | <u>233,811</u> | <u>65,293,060</u> |

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

(6) Receivables from and payables to related parties

| | 31 December 2023 | | 31 December 2022 | |
|---|----------------------|-------------------------|----------------------|-------------------------|
| | Amount | Provision for bad debts | Amount | Provision for bad debts |
| Accounts receivable | | | | |
| Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd. | 2,681,807,388 | (5,431,789) | 1,809,124,109 | (1,495,512) |
| Jiangxi JMCG Specialty Vehicles Co., Ltd. | 39,985,715 | (48,790) | 9,109,228 | (5,477) |
| JMCG Jingma Motors Co., Ltd. | 32,388,453 | (106,014) | 46,820,892 | (140,841) |
| Jiangxi ISUZU Co., Ltd. | 11,507,006 | (34,521) | 3,650,860 | (10,953) |
| Jiangxi ISUZU Engine Co., Ltd. | 9,873,973 | (29,622) | 254,748 | (764) |
| Jiangxi JMCG Specialty Vehicles Sales Corporation, Ltd. | 7,564,961 | (9,076) | 60,082,649 | (329,953) |
| Jiangxi Jiangling Group Special Vehicle Co., Ltd. | 5,471,828 | (6,565) | - | - |
| Ford Vietnam Limited | 5,320,000 | (15,960) | 3,250,000 | (9,750) |
| Ford Motor (China) Co., Ltd. | 4,507,064 | (13,521) | 1,727,858 | (5,184) |
| Jiangxi Jiangling Lear Interior System Co., Ltd. | 3,792,069 | (11,376) | 3,326,672 | (9,980) |
| Nanchang JMCG Liancheng Auto Component Co., Ltd. | 2,938,482 | (8,815) | 1,773,035 | (5,319) |
| Jiangxi Jiangling Special Purpose Vehicle Co., Ltd. | 2,827,718 | (144,662) | 105,372,893 | (963,329) |
| Nanchang Hengou Industry Co., Ltd. | 2,114,644 | (6,344) | 322,458 | (967) |
| Nanchang Jiangling HuaXiang Auto Components Co., Ltd. | 1,275,203 | (3,826) | 555,437 | (1,666) |
| Jiangxi Zhonglian Intelligent Logistics Co., Ltd. | 304,992 | (915) | 1,340,748 | (4,022) |
| Nanchang JMCG Shishun Logistics Co., Ltd. | - | - | 1,735,793 | (744) |
| Ford Motor Research & Engineering (Nanjing) Co., Ltd. | - | - | 21,973,800 | (65,921) |
| Other related parties | 3,463,319 | (12,060) | 2,767,218 | (7,393) |
| | <u>2,815,142,815</u> | <u>(5,883,856)</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)

| | 31 December 2023 | | 31 December 2022 | |
|--|-------------------|-------------------------|-------------------|-------------------------|
| | Amount | Provision for bad debts | Amount | Provision for bad debts |
| Other receivables | | | | |
| Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd. | 8,636,151 | (67,362) | 10,231,067 | (30,693) |
| JMCG Jingma Motors Co., Ltd. | 4,614,745 | (35,995) | 4,614,745 | (13,844) |
| Other related parties | 245,356 | (1,914) | 4,000 | (12) |
| | <u>13,496,252</u> | <u>(105,271)</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)

| | | 31 December 2023 | 31 December 2022 |
|------------------------|---|-----------------------|-----------------------|
| Advances to suppliers | Nanchang Baojiang Steel Processing Distribution Co., Ltd. | <u>144,390,937</u> | <u>233,947,199</u> |
| Financing receivables | Jiangxi JMCG Specialty Vehicles Co., Ltd. | 43,000,000 | 40,000,000 |
| | JMCG Jingma Motors Co., Ltd. | 11,000,000 | 3,000,000 |
| | Jiangxi ISUZU Co., Ltd. | 3,950,000 | 600,000 |
| | Jiangxi ISUZU Engine Co., Ltd. | 1,264,651 | - |
| | Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd. | - | 50,000,000 |
| | | <u>59,214,651</u> | <u>93,600,000</u> |
| Notes receivable | Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd. | - | <u>600,000,000</u> |
| Cash at bank | JMCF | <u>1,092,871,804</u> | <u>886,245,919</u> |
| Short-term borrowings | JMCF | - | <u>200,000,000</u> |
| Transactions with JMCF | JMCF | <u>13,982,325,897</u> | <u>13,263,312,181</u> |

In 2023, the amount of sales and other transactions settled by JMCF was RMB13,982,325,897 (2022: RMB13,263,312,181), of which the Group didn't have sales amount settled through the buyer-paid interest discounting business of electronic commercial notes (2022: RMB169,310,000). As at 31 December 2023, the Group didn't have trade acceptance notes discounted but unmatured arising from the above business (31 December 2022: RMB140,330,000). The Group has transferred almost all the risks and rewards of ownership of electronic commercial notes, which have been therefore derecognised.

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

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

| | | 31 December 2023 | 31 December 2022 |
|------------------|---|----------------------|----------------------|
| Accounts payable | Nanchang Jiangling HuaXiang Auto Components Co., Ltd. | 526,325,735 | 538,861,064 |
| | Jiangxi Zhonglian Intelligent Logistics Co., Ltd. | 393,207,678 | 280,456,600 |
| | Jiangxi Jiangling Lear Interior System Co., Ltd. | 365,099,029 | 341,829,498 |
| | Magna PT Powertrain (Jiangxi) Co., Ltd. | 271,344,575 | 295,727,129 |
| | Jiangxi Jiangling Chassis Co., Ltd. | 251,320,872 | 287,843,287 |
| | Nanchang JMCG Liancheng Auto Component Co., Ltd. | 202,046,109 | 168,502,531 |
| | Jiangxi Jiangling Special Purpose Vehicle Co., Ltd. | 194,714,700 | 209,344,967 |
| | Nanchang JMCG Shishun Logistics Co., Ltd. | 89,401,630 | 51,617,596 |
| | Ford | 86,590,606 | 63,701,961 |
| | Nanchang Unistar Electric & Electronics Co., Ltd. | 64,278,792 | 59,831,745 |
| | Faurecia Emissions Control Technologies (Nanchang) Co., Ltd. | 62,653,105 | 142,695,801 |
| | Jiangxi Lingyun Automobile Industry Technology Co., Ltd | 46,765,963 | 22,971,514 |
| | Nanchang JMCG SMR Huaxiang Mirror Co., Ltd. | 34,028,487 | 48,052,587 |
| | Nanchang Yinlun Heat-exchanger Co., Ltd. | 33,494,753 | 38,139,971 |
| | Jiangxi Lingge Non-ferrous Metal Die-casting Co., Ltd. | 33,447,909 | 29,858,865 |
| | Hanon Systems | 28,561,752 | 52,260,989 |
| | Dibao Transportation Equipment (Nanchang) Co., Ltd | 28,378,407 | 29,824,381 |
| | Jiangxi JMCG Specialty Vehicles Co., Ltd. | 22,470,866 | 48,084,822 |
| | Jiangxi Lingrui Recycling Resources Development Corporation | 19,443,919 | 15,959,512 |
| | Nanchang Lianda Machinery Co., Ltd. | 13,769,421 | 15,928,121 |
| | Jiangxi Jiangling Group Special Vehicle Co., Ltd. | 10,453,228 | 15,558,679 |
| | Jiangxi JMCG Boya brake system Co., Ltd. | 8,114,273 | 6,664,021 |
| | Jiangling Aowei Automobile Spare Part Co., Ltd. | 6,868,703 | 4,202,862 |
| | Jiangling Motor Holdings Co., Ltd. | 6,295,798 | 7,254,527 |
| | Changan Ford Automobile Co., Ltd. | 5,740,862 | 2,891,546 |
| | Jiangxi Mingfang Auto Parts Industry Co., Ltd. | 3,734,394 | 5,244,867 |
| | Nanchang JMCG Xinchun Auto Component Co., Ltd. | 3,571,782 | 1,532,286 |
| | Jiangxi JMCG Shangrao Industrial Co.,Ltd. | 3,108,061 | 466,172 |
| | Ford Motor Co. Thailand Ltd. | 2,269,745 | 595,603 |
| | Jiangling Automobile Group (Nanchang) Fushan Energy Co., Ltd. | 2,102,733 | - |
| | JMCG | 1,812,893 | 21,226,897 |
| | Jiangxi Jiangling Group Fuxin Auto Parts Co., Ltd. | 1,485,717 | 3,044,022 |
| | Auto Alliance (Thailand) Company Limited | 306,304 | 5,080,988 |
| | Jiangling Material Co., Ltd. | 31,440 | 1,444,482 |
| | Other related parties | 3,200,812 | 3,223,935 |
| | | <u>2,826,441,053</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)

| | | 31 December 2023 | 31 December 2022 |
|----------------------|---|---------------------|---------------------|
| Other payables | Ford | 91,949,142 | 190,788,653 |
| | Ford Global Technologies, LLC | 66,643,015 | 57,966,899 |
| | JMCG Jiangxi Engineering Construction Co., Ltd. | 64,113,619 | 73,068,908 |
| | Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd. | 44,553,591 | 17,583,786 |
| | Ford Motor Research & Engineering (Nanjing) Co., Ltd. | 33,884,078 | 2,397,259 |
| | Nanchang Jiangling HuaXiang Auto Components Co., Ltd. | 23,662,480 | 15,949,537 |
| | Ford Motor (China) Co., Ltd. | 16,138,211 | 14,421,987 |
| | Nanchang JMCG Shishun Logistics Co., Ltd. | 10,400,985 | 7,599,823 |
| | Jiangxi Jiangling Special Purpose Vehicle Co., Ltd. | 10,086,404 | 11,939,889 |
| | Nanchang JMCG Liancheng Auto Component Co., Ltd. | 8,149,662 | - |
| | JMCG Property Management Co., Ltd. | 6,473,088 | 22,736 |
| | Jiangxi JMCG Specialty Vehicles Co., Ltd. | 5,072,940 | 5,156,445 |
| | Jiangxi JMCG Specialty Vehicles Sales Corporation, Ltd | 4,420,456 | 18,560,568 |
| | Jiangxi JMCG Industry Co., Ltd. | 3,100,412 | 4,883,512 |
| | Jiangxi Zhonglian Intelligent Logistics Co., Ltd. | 2,724,194 | 3,415 |
| | Jiangxi Jiangling Group Special Vehicle Co., Ltd. | 2,565,523 | 6,064,606 |
| | JMCG | 2,445,557 | - |
| | Chongqing Changan. | 2,394,350 | 2,458,047 |
| | Guizhou Wanfu Vehicle Sales & Service Co., Ltd. | 1,696,615 | 273,531 |
| | Ford Otomotiv Sanayi A.S. | 1,425,533 | 4,749,574 |
| | Hanon Systems | 1,283,100 | 1,475,000 |
| | Changan Ford Automobile Co., Ltd. | 1,010,529 | 5,804 |
| | Nanchang Unistar Electric & Electronics Co., Ltd. | 926,940 | 1,908,865 |
| | Nanchang Baojiang Steel Processing Distribution Co., Ltd. | 46,121 | 1,121,868 |
| | Other related parties | <u>6,188,632</u> | <u>5,153,305</u> |
| | | <u>411,355,177</u> | <u>443,554,017</u> |
| Contract liabilities | Ford Motor Research & Engineering (Nanjing) Co., Ltd. | 23,208,214 | - |
| | Guizhou Wanfu Vehicle Sales & Service Co., Ltd. | 6,142,607 | 1,902,370 |
| | Chengdu Wanxing Vehicle Sales & Service Co., Ltd. | 1,350,217 | 1,056,081 |
| | Chongqing Anbo Vehicle Sales Co., Ltd. | 1,098,689 | 1,112,609 |
| | Jiangxi Jiangling Group Special Vehicle Co., Ltd. | 3,028 | 1,143,867 |
| | Other related parties | <u>2,680,563</u> | <u>1,869,420</u> |
| | | <u>34,483,318</u> | <u>7,084,347</u> |
| Lease liabilities | JMCG | 17,016,922 | 4,732,873 |
| | Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd. | 1,390,961 | 9,542,357 |
| | | <u>18,407,883</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

| | 31 December 2023 | 31 December 2022 |
|--|-------------------|-------------------|
| JMCG Jiangxi Engineering Construction Co., Ltd. | 11,134,108 | - |
| Nanchang Jiangling HuaXiang Auto Components Co., Ltd. | - | 20,786,749 |
| Jiangxi Jiangling Special Purpose Vehicle Co., Ltd. | - | 11,091,570 |
| Nanchang JMCG Liancheng Auto Component Co., Ltd. | - | 4,678,200 |
| Magna PT Powertrain (Jiangxi) Co., Ltd. | - | 3,955,000 |
| | <u>11,134,108</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 31 December 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:

| | 31 December 2023 | 31 December 2022 |
|------------------------------------|--------------------|--------------------|
| Buildings, machinery and equipment | <u>636,424,000</u> | <u>484,700,000</u> |

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10 Subsequent events

(1) Profit distribution

According to the resolution of the meeting of Board of Directors on 28 March 2024, the Board of Directors proposed to distribute cash dividends of RMB0.684 per share to all shareholders, calculated on the basis of 863,214,000 issued shares, for a total of RMB590,438,376.

11 Financial instrument and risk

The Group's activities expose it to a variety of financial risks, which mainly comprise market risk (primarily including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The above financial risks and the Group's risk management policies to mitigate the risks are as follows:

The Board of Directors is responsible for planning and establishing the Group's risk management framework, formulating the Group's risk management policies and related guidelines, and supervising the implementation of risk management measures. The Group has established risk management policies to identify and analyse the risks faced by the Group. These risk management policies specify the risks such as market risk, credit risk and liquidity risk management. The Group regularly evaluates the market environment and changes in the Group's operating activities to determine whether to update the risk management policies and systems or not. The Group's risk management is carried out by the Risk Management Committee under policies approved by the Board of Directors. The Risk Management Committee works closely with other business departments of the Group to identify, evaluate and avoid relevant risks. The internal audit department of the Group conducts periodical audit to the controls and procedures for risk management and reports the audit results to the Audit Committee of the Group.

(1) Market risk

(a) Foreign exchange risk

The Group's major operational activities are carried out in the 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. As at 31 December 2023, the Group's borrowings denominated in foreign currencies were USD261,937, equivalent to RMB1,855,219. The Group signed forward exchange contracts to mitigate the foreign exchange risk(Note 4(3), Note 4(30)).

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11 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 RMB as at 31 December 2023 and 31 December 2022 as follows:

| | 31 December 2023 | | |
|--|--------------------|----------------|--------------------|
| | USD | EUR | Total |
| Financial liabilities denominated in foreign currency - Derivative financial liabilities | 459,306 | - | 459,306 |
| Current portion of long- term borrowings | 463,805 | - | 463,805 |
| Long-term borrowings | 1,391,414 | - | 1,391,414 |
| Other payables | 143,725,731 | 261,617 | 143,987,348 |
| | <u>146,040,256</u> | <u>261,617</u> | <u>146,301,873</u> |
| | 31 December 2022 | | |
| | USD | EUR | Total |
| Financial assets denominated in foreign currency - Derivative financial assets | 808,826 | 2,163,872 | 2,972,698 |
| 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 | 253,263,898 | 247,094 | 253,510,992 |
| | <u>255,544,253</u> | <u>247,094</u> | <u>255,791,347</u> |

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11 Financial instrument and risk (Cont'd)

(1) Market risk (Cont'd)

(a) Foreign exchange risk (Cont'd)

As at 31 December 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 RMB12,370,525 (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 31 December 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 USD261,937 (31 December 2022: USD327,421) were fixed-rate contracts, long-term borrowings of RMB12,849,944 (31 December 2022: RMB19,033,773) were fixed-rate contracts, therefore there was no significant cash flow interest rate risk.

The Group continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new borrowing and the interest costs with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial performance. Management makes adjustments timely with reference to the latest market conditions and may enter into interest rate swap agreements to mitigate its exposure to interest rate risk. During 2023 and 2022, the Group did not enter into any interest rate swap agreements.

As at 31 December 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 large or medium size banks with good reputation and high credit rating. The Group does not expect that there will be significant losses from non-performance by these banks.

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11 Financial instrument and risk (Cont'd)

(2) Credit risk (Cont'd)

The Group has policies to limit the credit exposure on notes receivable, accounts receivable, financing receivables, other receivables and long-term receivables. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

As at 31 December 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.

As at the balance sheet date, the financial liabilities of the Group were analysed by their maturity date below at their undiscounted contractual cash flows:

| | 31 December 2023 | | | | Total |
|----------------------------------|-----------------------|-------------------|--------------------|--------------|-----------------------|
| | Within 1 year | 1 to 2 years | 2 to 5 years | Over 5 years | |
| Short-term borrowings | 1,304,453,333 | - | - | - | 1,304,453,333 |
| Derivative financial liabilities | 459,306 | - | - | - | 459,306 |
| Accounts payable | 9,476,215,223 | - | - | - | 9,476,215,223 |
| Other payables | 5,944,976,093 | - | - | - | 5,944,976,093 |
| Lease liabilities | 87,312,608 | 76,170,689 | 66,393,248 | - | 229,876,545 |
| Long-term borrowings | 13,361,423 | 482,936 | 945,003 | - | 14,789,362 |
| | <u>16,826,777,986</u> | <u>76,653,625</u> | <u>67,338,251</u> | <u>-</u> | <u>16,970,769,862</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> |

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11 Financial instrument and risk (Cont'd)**(3) Liquidity risk (Cont'd)**

- (i) As at 31 December 2023, the Group did not have lease contracts that had been signed but had not yet been performed.

12 Fair value estimates

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

- (1) Assets and liabilities measured at fair value on a recurring basis

As at 31 December 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 | - | 200,604,877 | - | 200,604,877 |
| Financing receivables - | | | | |
| Notes receivable | - | - | 123,170,062 | 123,170,062 |
| | <u>-</u> | <u>200,604,877</u> | <u>123,170,062</u> | <u>323,774,939</u> |

As at 31 December 2023, the liabilities measured at fair value on a recurring basis by the above three levels were analysed below:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|----------|----------------|----------|----------------|
| Financial liabilities | | | | |
| Derivative financial assets - | | | | |
| Forward foreign exchange contracts | - | 459,306 | - | 459,306 |
| | <u>-</u> | <u>459,306</u> | <u>-</u> | <u>459,306</u> |

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12 Fair value estimates (Cont'd)

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

As at 31 December 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 in 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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12 Fair value estimates (Cont'd)

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

The changes in Level 3 assets were analysed below:

| | 31 December 2022 | Increase | Decrease | 31 December 2023 | Gains recognised in profit or loss (a) | Changes in unrealised gains or losses included in profit or loss in 2023 with respect to assets still held as at 31 December 2023 - gains/(losses) on changes in fair value |
|--|---------------------|----------------------|------------------------|---------------------|--|---|
| Financing receivables - Notes receivable | <u>376,662,817</u> | <u>3,737,982,954</u> | <u>(3,991,475,709)</u> | <u>123,170,062</u> | - | - |
| | 31 December 2021 | Increase | Decrease | 31 December 2022 | Gains recognised in profit or loss (a) | Changes in unrealised gains or losses included in profit or loss in 2022 with respect to assets still held as at 31 December 2022 - gains/(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> | - | - |

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

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12 Fair value estimates (Cont'd)

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

As at 31 December 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.

13 Capital management

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

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

The Group's total capital is calculated as "shareholders' equity" as shown in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements, and monitors capital on the basis of equity ratio.

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

| | 31 December 2023 | 31 December 2022 |
|----------------------------|------------------|------------------|
| Total borrowings | 1,314,705,163 | 1,121,314,128 |
| Total shareholders' equity | 9,984,872,620 | 9,240,646,784 |
| Equity ratio | <u>13%</u> | <u>12%</u> |

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14 Notes to the Company's financial statements

(1) Accounts receivable

| | 31 December 2023 | 31 December 2022 |
|-------------------------------|----------------------|----------------------|
| Accounts receivable | 4,674,277,592 | 2,444,372,969 |
| Less: Provision for bad debts | <u>(79,901,432)</u> | <u>(75,474,642)</u> |
| | <u>4,594,376,160</u> | <u>2,368,898,327</u> |

(a) The aging of accounts receivable was analysed as follows:

| | 31 December 2023 | 31 December 2022 |
|---------------|----------------------|----------------------|
| Within 1 year | 4,490,861,735 | 2,281,564,617 |
| Over 1 year | <u>183,415,857</u> | <u>162,808,352</u> |
| | <u>4,674,277,592</u> | <u>2,444,372,969</u> |

As of December 31, 2023, accounts receivable with significant individual amounts and aging exceeding three years was analysed as follows:

| | Balance | Reason and collection risk |
|----------|------------|---|
| SZFJ | 73,835,212 | The Company evaluates the receivables from its subsidiary, SZFJ, on an individual basis. Based on the judgment of credit risk, these receivables were not subject to significant credit risk and were not overdue and impaired. |
| Company1 | 72,230,000 | Due to the operating difficulties of the defaulting company and several lawsuits involved, the Company considered that the receivables were difficult to collect and had therefore made full provision for bad debts. |

(b) As at 31 December 2023, the top five accounts receivable ranked by the balances of the debtors were analysed as follows:

| | Balance | Amount of provision for bad debts | % of total balance |
|---|----------------------|---|--------------------|
| The total amount of accounts receivable in the top five | <u>4,388,156,996</u> | <u>(5,452,155)</u> | <u>94%</u> |

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14 Notes to the Company's financial statements

(1) Accounts receivable (Cont'd)

(c) Provision for bad debts

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

The provision for bad debts of accounts receivable was analysed by category as follows:

| | 31 December 2023 | | | |
|---|----------------------|--------------------|-------------------------|-----------------|
| | Book balance | | Provision for bad debts | |
| | Amount | % of total balance | Amount | Provision ratio |
| Provision for bad debts on the individual basis (i) | 1,722,220,010 | 37% | (72,230,000) | 4.19% |
| Provision for bad debts on the grouping basis (ii) | 2,952,057,582 | 63% | (7,671,432) | 0.26% |
| | <u>4,674,277,592</u> | <u>100%</u> | <u>(79,901,432)</u> | <u>1.71%</u> |

| | 31 December 2022 | | | |
|---|----------------------|--------------------|-------------------------|-----------------|
| | Book balance | | Provision for bad debts | |
| | Amount | % of total balance | Amount | Provision ratio |
| Provision for bad debts on the individual basis (i) | 419,378,082 | 17% | (72,230,000) | 17.22% |
| Provision for bad debts on the grouping basis (ii) | 2,024,994,887 | 83% | (3,244,642) | 0.16% |
| | <u>2,444,372,969</u> | <u>100%</u> | <u>(75,474,642)</u> | <u>3.09%</u> |

(i) Accounts receivable for which the provision for bad debts was provided on the individual basis were analysed follows:

| | 31 December 2023 | | |
|--|----------------------|-------------------------|-------------------------|
| | Book balance | Provision for bad debts | |
| | Amount | Lifetime ECL (%) | Provision for bad debts |
| Receivables from related parties within the Group i) | 1,649,990,010 | - | - |
| Receivables for automobiles ii) | <u>72,230,000</u> | 100% | <u>(72,230,000)</u> |
| | <u>1,722,220,010</u> | | <u>(72,230,000)</u> |

| | 31 December 2022 | | |
|--|--------------------|-------------------------|-------------------------|
| | Book balance | Provision for bad debts | |
| | Amount | Lifetime ECL (%) | Provision for bad debts |
| 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 31 December 2023, the Company's accounts receivable from subsidiary Jiangling Ford (Shanghai), SZFJ and JMCS were RMB1,393,390,720, RMB148,630,266 and RMB107,969,024(31 December 2022: Nil, RMB105,318,231 and RMB241,829,851). The Company assessed the receivables from subsidiaries individually and based on the judgment of credit risk, the receivables from subsidiaries were not subject to significant credit risk and were not overdue and impaired.

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

- (1) Accounts receivable (Cont'd)
- (c) Provision for bad debts (Cont'd)
- (i) Accounts receivable for which the provision for bad debts was provided on the individual basis were analysed follows (Cont'd):
- ii) As at 31 December 2023, the Company assessed the ECL on the related accounts receivable, and did not consider that they could be collected, therefore, full provision was made. The related amount was RMB72,230,000 (31 December 2022: RMB72,230,000), of which Nil (2022: RMB1,836,831) was included in profit or loss for the current period.
- (ii) Accounts receivable for which provision for bad debts was made on the grouping basis were analysed as follows:

Grouping – Domestic sales of general automobiles:

| | 31 December 2023 | | |
|---------------------------|--------------------|-------------------------|------------------|
| | Book balance | Provision for bad debts | |
| | Amount | Lifetime ECL (%) | Amount |
| Not overdue | 107,010,139 | 0.14% | (154,326) |
| Overdue for 1 to 30 days | 14,613,810 | 0.29% | (42,323) |
| Overdue for 31 to 60 days | - | — | - |
| Overdue for 61 to 90 days | 2,949,660 | 0.60% | (17,698) |
| Overdue over 90 days | 6,048,500 | 5.64% | (341,368) |
| | <u>130,622,109</u> | | <u>(555,715)</u> |

Grouping – Export sales of general automobiles:

| | 31 December 2023 | | |
|-------------|----------------------|-------------------------|--------------------|
| | Book balance | Provision for bad debts | |
| | Amount | Lifetime ECL (%) | Amount |
| Not overdue | <u>2,647,787,903</u> | 0.20% | <u>(5,295,576)</u> |

Grouping - Sales of general automobiles:

| | 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> |

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

(1) Accounts receivable (Cont'd)

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

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

Grouping - Sales of new energy automobiles:

| | 31 December 2023 | | |
|----------------------|------------------|-------------------------|-------------|
| | Book balance | Provision for bad debts | |
| | Amount | Lifetime ECL (%) | Amount |
| Overdue over 90 days | 1,563,760 | 80.00% | (1,251,008) |

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:

| | 31 December 2023 | | |
|---------------------------|--------------------|-------------------------|------------------|
| | Book balance | Provision for bad debts | |
| | Amount | Lifetime ECL (%) | Amount |
| Not overdue | 168,672,852 | 0.30% | (506,019) |
| Overdue for 1 to 30 days | 1,575,377 | 0.30% | (4,726) |
| Overdue for 31 to 60 days | 190,620 | 0.50% | (953) |
| Overdue for 61 to 90 days | 563,937 | 0.60% | (3,384) |
| Overdue over 90 days | 1,081,024 | 5.00% | (54,051) |
| | <u>172,083,810</u> | | <u>(569,133)</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 RMB Yuan unless otherwise stated)
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14 Notes to the Company's financial statements (Cont'd)

- (1) Accounts receivable (Cont'd)
- (c) Provision for bad debts (Cont'd)
- (iii) The provision for bad debts in the current year amounted to RMB4,426,790, of which none was collected or reversed.
- (d) There was no provision for bad debts actually written off during the year.
- (e) As at 31 December 2023 and 31 December 2022, there were no accounts receivable pledged.
- (2) Other receivables

| | 31 December 2023 | 31 December 2022 |
|---|-------------------|--------------------|
| Receivables from refund of social insurance | 23,958,000 | - |
| Advance payment of gas expenses | 12,769,141 | 12,919,400 |
| Receivables from JMCH | 9,679,410 | 9,679,410 |
| Import working capital | 7,000,000 | 10,000,000 |
| Receivables from disposal of assets | 4,604,745 | 4,604,745 |
| Receivables from disposal of subsidiaries | - | 60,900,000 |
| Receivables from Jiangling Ford (Shanghai) | - | 14,426,224 |
| Others | 14,165,969 | 16,641,683 |
| | <u>72,177,265</u> | <u>129,171,462</u> |
| Less: Provision for bad debts | <u>(363,359)</u> | <u>(315,611)</u> |
| | <u>71,813,906</u> | <u>128,855,851</u> |

The Company did not have any fund deposited at other parties under the centralised fund management and represented in other receivables.

- (a) The aging of other receivables was analysed as follows:

| | 31 December 2023 | 31 December 2022 |
|---------------|-------------------|--------------------|
| Within 1 year | 54,408,692 | 55,337,691 |
| Over 1 year | 17,768,573 | 73,833,771 |
| | <u>72,177,265</u> | <u>129,171,462</u> |

JIANGLING MOTORS CORPORATION, LTD.**NOTES TO THE FINANCIAL STATEMENTS
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(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

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

(2) Other receivables (Cont'd)

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

The provision for bad debts of other receivables were analysed by category as follows:

| | 31 December 2023 | | | |
|---|-------------------|--------------------|-------------------------|-----------------|
| | Book balance | | Provision for bad debts | |
| | Amount | % of total balance | Amount | Provision ratio |
| Provision for bad debts on the individual basis (i) | 33,637,410 | 47% | - | - |
| Provision for bad debts on the grouping basis (ii) | 38,539,855 | 53% | (363,359) | 0.94% |
| | <u>72,177,265</u> | <u>100%</u> | <u>(363,359)</u> | <u>0.50%</u> |

| | 31 December 2022 | | | |
|---|--------------------|--------------------|-------------------------|-----------------|
| | Book balance | | Provision for bad debts | |
| | Amount | % of total balance | Amount | Provision ratio |
| Provision for bad debts on the individual basis (i) | 24,105,634 | 19% | - | - |
| Provision for bad debts on the grouping basis (ii) | 105,065,828 | 81% | (315,611) | 0.30% |
| | <u>129,171,462</u> | <u>100%</u> | <u>(315,611)</u> | <u>0.24%</u> |

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

(2) Other receivables (Cont'd)

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

| | Stage 1 | | | | Total Provision for bad debts |
|--|-------------------------|----------------------------|---------------------------|----------------------------|-------------------------------------|
| | 12-month ECL (grouping) | | 12-month ECL (individual) | | |
| | 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) |
| Decrease in the current year | (66,525,973) | — | - | — | - |
| Increase in the current year | - | — | 9,531,776 | — | - |
| Bad debt provision increased in the current year | - | (47,748) | - | - | (47,748) |
| 31 December 2023 | <u>38,539,855</u> | <u>(363,359)</u> | <u>33,637,410</u> | <u>-</u> | <u>(363,359)</u> |

As at 31 December 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 31 December 2023 and 31 December 2022, the Company's other receivables with provision for bad debts on the individual basis were analysed below:

| Stage 1 | 31 December 2023 | | | |
|--|-------------------|-----------------------|----------------------------|--------|
| | Book balance | 12-month ECL rates | Provision for bad debts | Reason |
| Receivables from refund of social insurance | 23,958,000 | - | - | i) |
| Receivables from JMCH | <u>9,679,410</u> | - | <u>-</u> | ii) |
| | <u>33,637,410</u> | | <u>-</u> | |
| Stage 1 | 31 December 2022 | | | |
| | Book balance | 12-month ECL rates | Provision for bad debts | Reason |
| Receivables from Jiangling Ford (Shanghai) | 14,426,224 | - | - | ii) |
| Receivables from JMCH | <u>9,679,410</u> | - | <u>-</u> | ii) |
| | <u>24,105,634</u> | | <u>-</u> | |

i) The Company assessed the receivables from refund of social insurance individually and based on the judgment of credit risk, the receivables were not subject to significant credit risk and were not overdue and impaired.

ii) The Company assessed the receivables from subsidiaries individually and based on the judgment of credit risk, the receivables from subsidiaries were not subject to significant credit risk and were not overdue and impaired.

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(All amounts in RMB Yuan unless otherwise stated)
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14 Notes to the Company's financial statements (Cont'd)

(2) Other receivables (Cont'd)

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

(ii) As at 31 December 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:

As at 31 December 2023, the Company's other receivables with provision for bad debts on the grouping basis were analysed below:

| | Book balance | 12-month ECL rates | Provision for bad debts | Reason |
|--|-------------------|-----------------------|----------------------------|--------|
| Provision on the grouping basis: | | | | |
| Advance payment of gas expenses | 12,769,141 | 0.78% | (99,406) | ECL |
| Import working capital | 7,000,000 | 0.78% | (54,494) | ECL |
| Receivables from disposal of assets | 4,604,745 | 0.78% | (35,847) | ECL |
| Others | 14,165,969 | 1.23% | (173,612) | ECL |
| | <u>38,539,855</u> | | <u>(363,359)</u> | |

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

| | Book balance | 12-month ECL rates | Provision for bad debts | Reason |
|--|--------------------|-----------------------|----------------------------|--------|
| Provision on the grouping basis: | | | | |
| Receivables from disposal of subsidiaries | 60,900,000 | 0.30% | (182,700) | ECL |
| Advance payment of gas expenses | 12,919,400 | 0.30% | (38,758) | ECL |
| Import working capital | 10,000,000 | 0.30% | (30,000) | ECL |
| Receivables from disposal of assets | 4,604,745 | 0.30% | (13,814) | ECL |
| Others | 16,641,683 | 0.30% | (50,339) | ECL |
| | <u>105,065,828</u> | | <u>(315,611)</u> | |

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

(c) The provision for bad debts in the current year amounted to RMB47,748, of which none was collected or reversed.

(d) There was no provision for bad debts actually written off during the year.

JIANGLING MOTORS CORPORATION, LTD.

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

(2) Other receivables (Cont'd)

(e) As at 31 December 2023, the top five other receivables ranked by remaining balances were analysed as follows:

| | Nature | Balance | Aging | % of total balance | Provision for bad debts |
|-----------|--|-------------------|---------------|-----------------------|-------------------------------|
| Company 1 | Receivables from refund of social insurance Advances classified as | 23,958,000 | within 1 year | 33% | - |
| Company 2 | expenses | 12,769,141 | within 1 year | 18% | (99,406) |
| Company 3 | Receivable from subsidiary | 9,679,410 | Over 1 year | 13% | - |
| Company 4 | Import working capital, etc. | 8,636,151 | within 1 year | 12% | (67,362) |
| Company 5 | Receivables from disposal of assets, etc. | 4,614,745 | Over 1 year | 6% | (35,995) |
| | | <u>59,657,447</u> | | <u>82%</u> | <u>(202,763)</u> |

(3) Long-term equity investments

| | 31 December 2023 | 31 December 2022 |
|--|------------------------|------------------------|
| Subsidiaries (a) | 2,858,943,493 | 2,807,943,493 |
| Associates (b) | 228,949,338 | 243,633,812 |
| | <u>3,087,892,831</u> | <u>3,051,577,305</u> |
| Less: Provision for impairment of long-term equity investments for subsidiaries (c) | (2,301,440,553) | (1,905,543,493) |
| Provision for impairment of long-term equity investments for associates | - | - |
| | <u>(2,301,440,553)</u> | <u>(1,905,543,493)</u> |
| | <u>786,452,278</u> | <u>1,146,033,812</u> |

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(All amounts in RMB Yuan unless otherwise stated)
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14 Notes to the Company's financial statements (Cont'd)

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

(a) Subsidiaries

| | Movements for the current year | | 31 December 2023 | Ending balance of provision for impairment | Cash dividends declared this year | 31 December 2023 Carrying amount |
|------------------------------|-----------------------------------|---------------------------|----------------------|--|--|---|
| | 31 December 2022 | Additional investments | | | | |
| JMCH | 2,686,943,493 | - | 2,686,943,493 | (2,301,440,553) | - | 385,502,940 |
| 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>(2,301,440,553)</u> | <u>-</u> | <u>557,502,940</u> |

(b) Associates

| | Movements for the current year | | | | | 31 December 2023 | Shareholding (%) | Voting rights (%) | Impairment provision | |
|--|--------------------------------|------------------------------------|---|-------------------------------|-----------------------------|---------------------|---------------------|-------------------------|------------------------|------------------------|
| | 31 December 2022 | Increase in the current year | Share of net profit/(loss) under equity method | Cash dividends declared | Provision for impairment | | | | 31 December 2023 | 31 December 2022 |
| The Power Company Hanon Systems | 206,206,679 | - | (8,728,084) | - | - | 197,478,595 | 40% | 40% | - | - |
| | <u>37,427,133</u> | <u>-</u> | <u>(863,034)</u> | <u>(5,093,356)</u> | <u>-</u> | <u>31,470,743</u> | <u>19.15%</u> | <u>33.33%</u> | <u>-</u> | <u>-</u> |
| Total | <u>243,633,812</u> | <u>-</u> | <u>(9,591,118)</u> | <u>(5,093,356)</u> | <u>-</u> | <u>228,949,338</u> | | | <u>-</u> | <u>-</u> |

JIANGLING MOTORS CORPORATION, LTD.

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

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

(c) Provision for impairment of long-term equity investments

| | 31 December 2022 | Increase in the current year | Decrease in the current year | 31 December 2023 |
|----------|------------------------|------------------------------|------------------------------|------------------------|
| JMCH (i) | <u>(1,905,543,493)</u> | <u>(395,897,060)</u> | <u>-</u> | <u>(2,301,440,553)</u> |

(i) For this subsidiary, due to the idle of its asset group due to the termination of equity transfer transaction and the lack of clear follow-up business plans, the present value of future cash flows cannot be reliably predicted. Therefore, the net amount of fair value minus disposal expenses was used to determine its recoverable amount of RMB385,502,940, and a provision for impairment of long-term equity investments of RMB395,897,060 was made based on the difference between the recoverable amount and the book value as of December 31, 2023.

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

(4) Revenue and cost of sales

| | 2023 | 2022 |
|-------------------------------------|-----------------------|-----------------------|
| Revenue from main operations | 31,312,349,157 | 27,601,273,209 |
| Revenue from other operations | 1,261,348,664 | 499,724,240 |
| | <u>32,573,697,821</u> | <u>28,100,997,449</u> |
| | 2023 | 2022 |
| Cost of sales from main operations | 27,119,167,317 | 24,557,964,422 |
| Cost of sales from other operations | 399,770,964 | 462,474,326 |
| | <u>27,518,938,281</u> | <u>25,020,438,748</u> |

(a) Revenue and cost of sales from main operations

| | 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 | 29,654,470,683 | 25,879,653,659 | 25,235,142,483 | 22,674,692,674 |
| Sales of automobile parts | 1,647,789,284 | 1,230,177,610 | 2,341,764,663 | 1,871,646,827 |
| Automobile maintenance services and others | 10,089,190 | 9,336,048 | 24,366,063 | 11,624,921 |
| | <u>31,312,349,157</u> | <u>27,119,167,317</u> | <u>27,601,273,209</u> | <u>24,557,964,422</u> |

(b) Revenue and cost of sales from other operations

| | 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 | 331,212,485 | 297,451,314 | 367,010,370 | 339,961,257 |
| Others | 930,136,179 | 102,319,650 | 132,713,870 | 122,513,069 |
| | <u>1,261,348,664</u> | <u>399,770,964</u> | <u>499,724,240</u> | <u>462,474,326</u> |

JIANGLING MOTORS CORPORATION, LTD.

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

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

(c) The breakdown of the Company's revenue by product and service transfer time was as follows:

| | 2023 | | | | |
|---------------------------------------|-----------------------|----------------------|---------------------------------------|----------------------|-----------------------|
| | Automobiles | Automobile parts | Automobile maintenance services, etc. | Materials and others | Total |
| Revenue from main operations | 29,654,470,683 | 1,647,789,284 | 10,089,190 | - | 31,312,349,157 |
| Including: Recognised at a time point | 29,654,470,683 | 1,647,789,284 | - | - | 31,302,259,967 |
| Recognised within a certain period | - | - | 10,089,190 | - | 10,089,190 |
| Revenue from other operations (i) | - | - | - | 1,261,348,664 | 1,261,348,664 |
| | <u>29,654,470,683</u> | <u>1,647,789,284</u> | <u>10,089,190</u> | <u>1,261,348,664</u> | <u>32,573,697,821</u> |
| | 2022 | | | | |
| | Automobiles | Automobile parts | Automobile maintenance services | Materials and others | Total |
| Revenue from main operations | 25,235,142,483 | 2,341,764,663 | 24,366,063 | - | 27,601,273,209 |
| Including: Recognised at a time point | 25,235,142,483 | 2,341,764,663 | - | - | 27,576,907,146 |
| Recognised within a certain period | - | - | 24,366,063 | - | 24,366,063 |
| Revenue from other operations (i) | - | - | - | 499,724,240 | 499,724,240 |
| | <u>25,235,142,483</u> | <u>2,341,764,663</u> | <u>24,366,063</u> | <u>499,724,240</u> | <u>28,100,997,449</u> |

(i) The Company's revenue from other operations includes sales of materials and technical service provided. Revenue from sales of materials is recognised at a certain time point, and revenue from technical service provided is recognised within a certain period.

As at 31 December 2023, the amount of revenue corresponding to the performance obligations that the Company had contracted but had not commenced or completed was RMB29,190,915, which the Company expected that would be recognised as revenue in 2024.

(5) Investment income

| | 2023 | 2022 |
|--|---------------------|---------------------|
| Investment gain/(loss) from forward exchange settlement | 6,757,648 | (13,534,785) |
| Losses on discount of financing receivables eligible for derecognition | (14,484,240) | (12,990,879) |
| Losses on long-term equity investments under equity method | (9,591,118) | (8,768,433) |
| | <u>(17,317,710)</u> | <u>(35,294,097)</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 YEAR ENDED 31 DECEMBER 2023**

(All amounts in RMB Yuan unless otherwise stated)
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1 Statement of non-recurring profit or loss for 2023

2023

| | |
|---|--------------------|
| Government grants recognised in profit or loss for the current period, except those that are closely related to ordinary activities and conform to the national policies and regulations, and are granted in accordance with certain standards and have a continuous impact on the Company's profit or loss | 565,157,410 |
| Gains or losses on disposal of non-current assets | (7,453,268) |
| Fund occupation fees received from non-financial institutions | 11,289,415 |
| Gains or losses arising from changes in fair value of financial assets and liabilities held, and gains or losses on disposal of related financial assets and liabilities, except for the effective hedging business related to the normal operation | 6,052,713 |
| Net amount of other non-operating income and expenses | 6,379,649 |
| One-off expenses incurred due to discontinuation of related business activities | (11,097,866) |
| | <u>570,328,053</u> |
| Effect of income tax | (89,195,274) |
| Effect of gains or losses on minority interests (net of tax) | (772,350) |
| | <u>480,360,429</u> |

(1) Basis for preparation of statement of non-recurring profit or loss for 2023

In 2023, the CSRC issued the *Explanatory Announcement No. 1 on Information Disclosure by Companies Offering Securities to the Public - Non-recurring Profit or Loss (Revised in 2023)* (hereinafter "2023 Explanatory Announcement No. 1"), which came into effect from the date of promulgation. The Group have prepared the statement of non-recurring profit or loss for 2023 in accordance with the requirements in the 2023 Explanatory Announcement No. 1.

Under the requirements in the 2023 Explanatory Announcement No. 1, non-recurring profit or loss refers to those 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 happen frequently that would have an influence on the financial statements users' making economic decisions based on the financial performance and profitability of an enterprise.

JIANGLING MOTORS CORPORATION, LTD.

**SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
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(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

2 Statement of non-recurring profit or loss for 2022

| | 2022 |
|---|----------------------|
| Government grants recognised in profit or loss for the current period | 943,326,556 |
| Gains or losses on disposal of non-current assets | 389,251,475 |
| Fund occupation fee received from non-financial institutions | 13,827,410 |
| 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 | 1,424,039 |
| Net amount of other non-operating income and expenses | 1,423,948 |
| Reversal of provision for impairment of receivables tested individually | 110,068 |
| | <u>1,349,363,496</u> |
| Effect of income tax | (204,283,363) |
| Effect of gains or losses on minority interests (net of tax) | (363,305) |
| | <u>1,144,716,828</u> |

(1) Basis for preparation of statement of non-recurring profit or loss for 2022

The Group prepared the statement of non-recurring profit or loss for 2022 in accordance with the provisions of the 2008 Explanatory Announcement No. 1.

3 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 | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Net profit attributable to ordinary shareholders of the Company | 15.06% | 10.28% | 1.71 | 1.06 | 1.71 | 1.06 |
| Net profit attributable to ordinary shareholders of the Company, net of non-recurring profit or loss | 10.16% | (2.58%) | 1.15 | (0.27) | 1.15 | (0.27) |