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長 城 汽 車 股 份 有 限 公 司
GREAT WALL MOTOR COMPANY LIMITED*

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock code: 2333)

ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS
ENDED 30 JUNE 2019

The board of directors (the “**Board**”) of Great Wall Motor Company Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2019. This announcement, containing the full text of the 2019 Interim Report of the Company, is prepared with reference to the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to preliminary announcements of interim results. Printed version of the Company’s 2019 Interim Report will be delivered to the Company’s shareholders and will also be available for viewing on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and of the Company at www.gwm.com.cn.

By order of the Board
Great Wall Motor Company Limited
Xu Hui
Company Secretary

* *For identification purpose only*

IMPORTANT NOTICE

- I. The Board, the Supervisory Committee and the directors, supervisors and senior management of the Company warrant that the information in this interim report is true, accurate and complete and does not contain any false representations, misleading statements or material omissions, and severally and jointly take legal liability for its contents.

II. Director(s) absent from the Board meeting

Position of the director(s) absent from the Board meeting	Name of the director(s) absent from the Board meeting	Reasons for being absent from the Board meeting	Representative
Director	Yang Zhi Juan	Work commitment	Wang Feng Ying

III. This interim report of the Company has not been audited.

The financial information in this interim report was prepared in accordance with China Accounting Standards for Business Enterprises and the relevant laws and regulations.

- IV. Wei Jian Jun, person-in-charge of the Company, Liu Yu Xin, person-in-charge of the accounting affairs and Lu Cai Juan, person-in-charge of the accounting department (head of the accounting department), declare that they warrant the truthfulness, accuracy and completeness of the financial report in this interim report.

V. Proposal of profit distribution or capitalisation of capital reserve during the Reporting Period considered by the Board

None

VI. Risks relating to forward-looking statements

☒ Applicable ☐ Not applicable

Forward-looking statements, such as future plans described in this report do not constitute an actual commitment of the Company to investors. Investors should be aware of the relevant investment risks.

VII. Was there any non-operational appropriation of the Company's funds by its controlling shareholders and related parties?

No

VIII. Was there any provision of guarantee to external parties in violation of the stipulated decision-making procedures?

No

IX. Reminder of material risks

During the Reporting Period, there were no material risks resulting in any significant impact on the production and operation of the Company. Risks that the Company may encounter in the course of its production and operation and its corresponding measures have been described in "Other Disclosures" under item II of Section 4 headed "Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)" of this report.

X. Others

☐ Applicable ☒ Not applicable

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Section 1 Definitions

In this report, the following expressions shall, unless the context otherwise requires, have the following meanings:

Definitions for commonly used terms

"A Shares"	domestic share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Shanghai Stock Exchange and traded in Renminbi (Stock Code: 601633);
"A Shareholder(s)"	holders of A Share(s);
"Articles"	articles of association of the Company, as amended, modified or otherwise supplemented from time to time;
"Board"	the board of directors of the Company;
"Company" or "Great Wall Motor"	Great Wall Motor Company Limited (長城汽車股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively;
"Company Law"	Company Law of the People's Republic of China;
"Competing Business"	a business that is identical with or similar to the principal business and other businesses of Great Wall Motor Company Limited;
"CSRC"	China Securities Regulatory Commission;
"Group"	Great Wall Motor Company Limited and its subsidiaries;
"H Shares"	the overseas-listed foreign share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Main Board of the Hong Kong Stock Exchange and traded in Hong Kong dollars (Stock Code: 2333);
"H Shareholder(s)"	holders of H Share(s);



Section 1 Definitions

"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time;
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules;
"PRC"	the People's Republic of China;
"Reporting Period" or "Current Period"	six months ended 30 June 2019;
"SFC"	The Securities and Futures Commission in Hong Kong;
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time; and
"Shanghai Stock Exchange"	Shanghai Stock Exchange.



Section 2 Corporate Profile and Key Financial Indicators

I. CORPORATE INFORMATION

Chinese name of the Company	長城汽車股份有限公司
Abbreviation of Chinese name of the Company	長城汽車
English name of the Company	Great Wall Motor Company Limited
Abbreviation of English name of the Company	Great Wall Motor
Legal representative of the Company	Wei Jian Jun

II. CONTACT PERSONS AND CONTACT METHODS

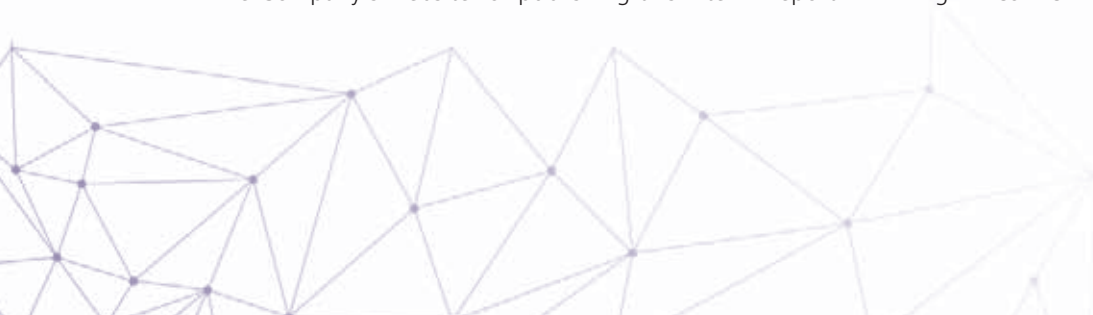
	Secretary to the Board	Representative of Securities Affairs
Name	Xu Hui (Company Secretary)	Chen Yong Jun
Address	No. 2266 Chaoyang Road South, Baoding, Hebei Province, the PRC	No. 2266 Chaoyang Road South, Baoding, Hebei Province, the PRC
Telephone	86(312)-2197813	86(312)-2197813
Fax	86(312)-2197812	86(312)-2197812
E-mail address	zqb@gwm.com.cn	zqb@gwm.com.cn

III. BASIC INFORMATION

Registered address of the Company	No. 2266 Chaoyang Road South, Baoding, Hebei Province, the PRC
Postal code of the registered address of the Company	071000
Office address of the Company	No. 2266 Chaoyang Road South, Baoding, Hebei Province, the PRC
Postal code of the office address of the Company	071000
Company's website	www.gwm.com.cn
E-mail address	zqb@gwm.com.cn
Principal place of business in Hong Kong	Room 1903-1904, 19/F., Hong Kong Trade Centre, 161 Des Voeux Road Central, Sheung Wan, Hong Kong

IV. INFORMATION DISCLOSURE AND PLACE OF DOCUMENT INSPECTION

Designated newspapers for information disclosure	China Securities Journal, Shanghai Securities News
Website designated by the CSRC for publishing this interim report	www.sse.com.cn
Place for inspection of the Company's interim report	Securities & Legal Affairs Department of Great Wall Motor Company Limited No. 2266 Chaoyang Road South, Baoding, Hebei Province, the PRC
Website designated by the Hong Kong Stock Exchange for publishing this interim report	www.hkexnews.hk
The Company's website for publishing this interim report	www.gwm.com.cn



Section 2 Corporate Profile and Key Financial Indicators

V. INFORMATION ON THE COMPANY'S SHARES

Stock classes	Stock exchanges for the listing of the Company's shares	Stock abbreviation	Stock code	Previous stock abbreviation
A Shares	Shanghai Stock Exchange	Great Wall Motor	601633	—
H Shares	Hong Kong Stock Exchange	Great Wall Motor	2333	—

Stock classes	Stock exchanges for the listing of the Company's shares	Listing date	Number of issued shares	Board lot
A Shares	Shanghai Stock Exchange	28 September 2011	6,027,729,000 A Shares (Total shares: 9,127,269,000 shares, H Shares: 3,099,540,000 shares)	100 shares
H Shares	Hong Kong Stock Exchange	15 December 2003	3,099,540,000 H Shares (Total shares: 9,127,269,000 shares, A Shares: 6,027,729,000 shares)	500 shares



Section 2 Corporate Profile and Key Financial Indicators

VI. OTHER RELEVANT INFORMATION

√ Applicable ☐ Not applicable

Accounting firm appointed by the Company	Deloitte Touche Tohmatsu Certified Public Accountants LLP (auditor of the Company)
Office address of the accounting firm appointed by the Company	30/F, 222 Yan An Road East, Huangpu District, Shanghai
Legal adviser to the Company (as to Hong Kong law)	Herbert Smith Freehills
Legal adviser to the Company (as to PRC law)	Jincheng Tongda & Neal Law Firm, Beijing
H Share registrar and transfer office in Hong Kong	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
A Share registrar and transfer office	Shanghai Branch of China Securities Depository and Clearing Corporation Limited 3/F, China Insurance Building, 166 Lujiazui East Road, New Pudong District, Shanghai, the PRC
Investor and media relations consultant (H Shares)	CorporateLink Limited 18/F, Shun Ho Tower, 24-30 Ice House Street, Central, Hong Kong
Principal bankers	Bank of China Limited (Baoding Yuhua sub-branch) Industrial and Commercial Bank of China Limited (Baoding Yonghua sub-branch) China Construction Bank Corporation (Baoding Hengxiang South Street sub-branch) China Everbright Bank Co., Ltd. (Shijiazhuang branch) China CITIC Bank Co., Ltd. (Baoding branch) Bank of Communications Co., Ltd. (Baoding branch) Industrial Bank Co., Ltd. (Baoding branch)
Authorised representatives	Ms. Wang Feng Ying Mr. Xu Hui
Financial year-end date	31 December



Section 2 Corporate Profile and Key Financial Indicators

Executive Directors	Mr. Wei Jian Jun (Chairman) Ms. Wang Feng Ying (Vice Chairman) Ms. Yang Zhi Juan
Non-Executive Director	Mr. He Ping
Independent Non-Executive Directors	Mr. Ma Li Hui Mr. Li Wan Jun Mr. Ng Chi Kit
Employee Representative Supervisor	Mr. Chen Biao
Independent Supervisors	Ms. Zong Yi Xiang Ms. Liu Qian (appointed from 17 May 2019) Ms. Luo Jin Li (resigned from 17 May 2019)
Audit Committee	Mr. He Ping Mr. Ma Li Hui Mr. Li Wan Jun Mr. Ng Chi Kit
Remuneration Committee	Mr. Wei Jian Jun Mr. Ma Li Hui Mr. Li Wan Jun
Nomination Committee	Mr. Wei Jian Jun Mr. Ma Li Hui Mr. Ng Chi Kit
Strategy Committee	Mr. Wei Jian Jun Ms. Wang Feng Ying Mr. He Ping Mr. Ma Li Hui Mr. Li Wan Jun



Section 2 Corporate Profile and Key Financial Indicators

VII. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(I) Key accounting data

Unit: RMB Currency: RMB

Key accounting data	Reporting Period (January-June)	Corresponding period of last year	Increase/decrease for the Reporting Period over the corresponding period of last year (%)
Total operating revenue	41,376,679,277.69	48,678,448,851.44	-15.00
Operating revenue	40,316,927,002.63	47,957,822,005.30	-15.93
Net profit attributable to shareholders of the Company	1,517,169,113.68	3,695,799,261.39	-58.95
Net profit attributable to shareholders of the Company after extraordinary gains/losses	1,241,068,226.35	3,578,275,369.10	-65.32
Net cash flow from operating activities	6,112,616,730.97	14,950,829,736.32	-59.12

	As at the end of the Reporting Period	As at the end of last year	Increase/decrease as at the end of the Reporting Period over the end of last year (%)
Net assets attributable to shareholders of the Company	51,476,905,702.92	52,524,831,081.08	-2.00
Total assets	92,834,033,445.75	111,800,411,297.81	-16.96

Section 2 Corporate Profile and Key Financial Indicators

(II) Key financial indicators

Key financial indicators	Reporting Period (January-June)	Corresponding period of last year	Increase/decrease for the Reporting Period over the corresponding period of last year (%)
Basic earnings per share (RMB/share)	0.16622	0.40492	-58.95
Diluted earnings per share (RMB/share)	N/A	N/A	N/A
Basic earnings per share after extraordinary gains/losses (RMB/share)	0.13597	0.39204	-65.32
Weighted average return on net assets (%)	2.87	7.30	decreased by 4.43 percentage points
Weighted average return on net assets after extraordinary gains/losses (%)	2.35	7.06	decreased by 4.71 percentage points

Description of key accounting data and financial indicators of the Company

√ Applicable ☐ Not applicable

In the first half of 2019, the Company recorded a year-on-year decrease by 15.00% and 58.95% in total operating revenue and net profit attributable to shareholders of the Company, respectively, mainly due to the fact that the Company increased its product incentives to benefit consumers, and continued to step up its efforts in brand promotion and enlarge its investment in research and development during the reporting period.

VIII. DIFFERENCE IN ACCOUNTING DATA UNDER CHINA ACCOUNTING STANDARDS AND OVERSEAS ACCOUNTING STANDARDS

☐ Applicable √ Not applicable



Section 2 Corporate Profile and Key Financial Indicators

IX. ITEMS AND AMOUNT OF EXTRAORDINARY GAINS/LOSSES

☒ Applicable ☐ Not applicable

Unit: RMB Currency: RMB

Item of extraordinary gains/losses	Amount
Profit or loss from disposal of non-current assets	75,638,684.63
Government grants accounted for in profit and loss account of the current period, except for government grants closely related to the Company's normal operations that were granted on an ongoing basis at a fixed standard amount or quantity in accordance with the State's policies and regulations	341,476,957.94
Non-operating gains and losses other than the above items	39,547,301.54
Gains or losses from the disposal of long-term equity investments and disposal of wealth management products	-136,269,402.98
Losses from changes in fair values	-7,503,994.24
Effect of minority interests	-2,959.70
Effect of income tax	-36,785,699.86
Total	276,100,887.33

X. OTHERS

☐ Applicable ☒ Not applicable



Section 3 Business Highlights of the Company

I. PRINCIPAL BUSINESS, OPERATING MODEL AND INDUSTRY DEVELOPMENT OF THE COMPANY DURING THE REPORTING PERIOD

1. Principal Business of the Company

Great Wall Motor is one of the largest SUV and pick-up truck manufacturers in the PRC, with Haval, WEY, Great Wall pick-up trucks, and ORA as its four current brands. It provides three major products, namely SUVs, sedans and pick-up trucks, with the ability to independently support core components such as engines and transmissions. In addition, Spotlight Automotive Ltd. which was established jointly with BMW is processing as planned.

2. Operating Model

Focusing on the SUV category and operating innovative product lines, the Company has developed an overall strategy for each of the SUV market segments to fulfill different needs of customers and create a superior status in the market segments so as to consolidate the position of the Company in the SUV market.

The Company has devoted itself to establishing a sound system comprising research, procurement, production and sale of automobiles.

The Company has continued to step up resource commitment to research and development and enhance the quality of its products to meet the ever-increasing needs of customers. In respect of research and development facilities, as one of the largest finished automobile R&D centers in the PRC with state-of-the-art technologies and world-class capabilities, the Haval technical center has five major functional areas, namely research and development, trial production, testing, modeling and data processing, with a strategy for the research and development of finished automobiles as well as parts and components. Global R&D resources have been pooled to build Baoding as a center for global R&D strategy to continuously improve and diversify global R&D expansion. So far, the Group has established eight worldwide R&D centers and technology incubation laboratories in areas including intelligent driving, intelligent networking, new energy and modeling.

In respect of procurement of parts and components, the Group aims to build a world-class supply chain and control the sources of core parts and components through the innovation of supply chain model and strategic cooperation with internationally renowned brand suppliers. Four parts and components companies under Great Wall Motor, namely Honeycomb Yichuang Technology Co., Ltd. ("Honeycomb Yichuang"), Nuobo Automotive System Co., Ltd. ("Nuobo Automotive"), Mind Electronics Company Limited ("Mind Electronics") and Jingcheng Engineering Automotive Systems Co., Ltd. ("Jinggong Automotive"), achieved the transformation of owning parts supply chain system of Great Wall Motor from business management and control to investment management and control. Meanwhile, Great Wall Motor has maintained sound cooperation with many international parts groups such as Bosch, Continental, Valeo and Harman, with whom a complete international parts supply system of Great Wall Motor has been built up.



Section 3 Business Highlights of the Company

Great Wall Motor has formed eight production bases in China. Following the production bases in Baoding, Xushui and Tianjin, Chongqing Yongchuan Production Base Project of Great Wall Motor will be completed and put into operation in late August 2019. Several major projects in Zhangjiagang of Jiangsu, Rizhao of Shandong, Pinghu of Zhejiang and Taizhou of Jiangsu are advancing steadily. The plant at Tula State in Russia, which was wholly-owned by Great Wall Motor, was officially completed and put into production on 5 June 2019. This is the first overseas automobile manufacturing plant of Chinese brand auto company with four major techniques.

In respect of sale of automobiles, through continuously refining its sales network, the first brand experience centre of the Company was opened officially in Beijing in the first half of the year, showing consumers a multi-dimensional lifestyle and innovative ideas that integrate people, cars and life. At the brand experience centre of Great Wall Motor, users can sense intelligent future life scenes in advance. Through the implantation of big data and AI technology, the experience centre has created a terminal “wisdom store”.

As for the field of new energy, from the perspective of globalization, the Company proposes to pay attention to “cleaning” in the process of exerting new energy, that is, not only to deploy pure electric power, but also to adopt a development mode of pure electric + hybrid + plug-in hybrid + hydrogen energy while optimizing internal combustion engine in coping with the needs of various countries and use scenarios. At present, the Company has two all-electric car models: the cross-border car iQ and the mini-car R1 under brand ORA.

3. Industry Overview

(1) Overall automobile manufacturing and sales are always running at a low level

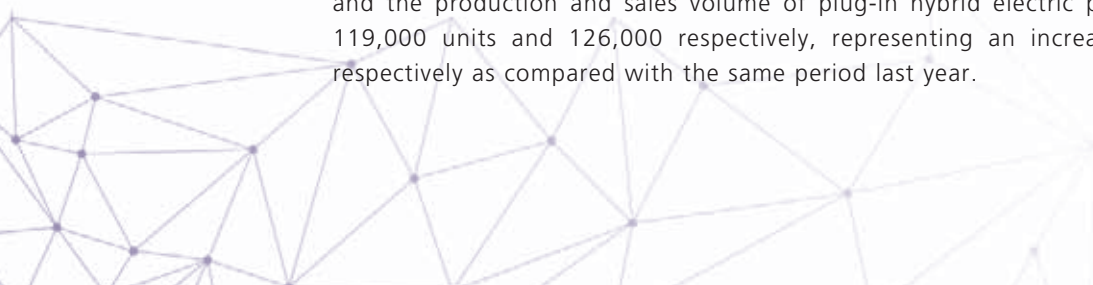
The production and sales volume of automobiles in the PRC reached 12,132,000 units and 12,323,000 units in January to June 2019, respectively, representing a decrease of 13.7% and 12.4% respectively as compared with the same period last year.

(2) Overall performance of the passenger car market was below industry expectation

Passenger vehicles are the main driving force for the growth of the automotive industry. In January to June 2019, the production and sales volume of passenger vehicles amounted to 9,978,000 units and 10,127,000 units respectively, representing a decrease of 15.8% and 14.0% respectively as compared with the same period last year. In particular, the production and sales volume of SUVs reached 4,216,000 units and 4,301,000 units respectively, representing a decrease of 17.6% and 13.4% as compared with the same period last year.

(3) New energy vehicles maintained growth momentum

In January to June 2019, the production and sales volume of new energy vehicles reached 614,000 units and 617,000 units respectively, up by 48.5% and 49.6% respectively as compared with the same period last year. In particular, the production and sales volume of battery electric passenger vehicles reached 493,000 and 490,000 units, representing an increase of 57.3% and 56.6% respectively as compared with the same period last year; and the production and sales volume of plug-in hybrid electric passenger vehicles reached 119,000 units and 126,000 respectively, representing an increase of 19.7% and 26.4% respectively as compared with the same period last year.



Section 3 Business Highlights of the Company

(4) Overseas markets are unoptimistic

In January to June 2019, the automobile export totaled 488,000 units, representing a decrease of 4.7% as compared with the same period last year.

Note: The above industry data is derived from China Association of Automobile Manufacturers.

II. SIGNIFICANT CHANGES OF THE MAJOR ASSETS OF THE COMPANY DURING THE REPORTING PERIOD

☐ Applicable ☒ Not applicable

III. ANALYSIS OF THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

☒ Applicable ☐ Not applicable

1. Creating fair and equitable corporate culture

Adhering to the principle of “enhancing cooperation with integrity and seeking development through cooperation”, the Company has created a fair, equitable, simple and transparent work environment with an aim to foster sustainable and healthy development.

2. Focusing on principal business to maintain the leading position in categories

Great Wall Motor adheres to the concept of “focus, professionalism, expert” and a high degree of focus to build the brand advantage in the category, and achieve the expert brand image with leading sales and more star models, so as to become a leader brand in the market.

3. Strengthening quality and corporate culture and focusing on the improvement of quality

The Company has been in constant pursuit of perfect quality and aspired to maintain profit growth and sustainable development through high quality products. As such, the Company further enhanced its quality management.

4. From vertical integration to independent operation and practicing the “going out” strategy

Four parts and components companies under Great Wall Motor, namely Honeycomb Yichuang, Nuobo Automotive, Mind Electronics and Jingcheng Engineering Automotive, achieved independent operation and the transformation of its own parts supply chain system from business management and control to investment management and control, and were showcased during the Shanghai Auto Exhibition in April, among which, Honeycomb Yichuang and Jingcheng Engineering Automotive signed an agreement with the government of Yangzhong city in Jiangsu province and settled there officially.

5. Committing to “excessive investment” in research and development

In terms of technology research and development, Great Wall Motor has always adhered to “excessive investment”, focusing on effective research and development, pursuing industry leadership, and laying a solid foundation for sustained independent innovation. Great Wall Motor has world-class R&D equipment and systems, and has the ability to develop and design SUVs, cars and pick-up trucks as well as powertrains. It has set up overseas R&D centres in Japan, the United States, Germany, India, Austria and South Korea, and built a global R&D layout centered on Baoding headquarters and covered Europe, Asia and North America.

Section 4 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

I. DISCUSSION AND ANALYSIS OF THE BUSINESS OPERATION OF THE COMPANY

Operating Environment

During the first half of 2019, the national economic growth was kept within a reasonable range, with a 6.3% GDP growth year-on-year, continuing the development trend of making progress while maintaining stability. However, in view of the severe economic situations at home and abroad, the unresolved Sino-US trade frictions and growing external uncertainties, China's economy faced new downward pressure.

In the first half of 2019, affected by the slowdown in the macro-economic growth and decline in consumption demand, the domestic automotive industry continued to be sluggish. The production and sales volume of automobiles amounted to 12,132,000 units and 12,323,000 units respectively, representing decreases of 13.7% and 12.4% respectively year-on-year. However, growth in the sales volume of new energy vehicles remained strong. In the first half of the year, the total sales volume reached 617,000 units, representing a year-on-year increase of 49.6%.

In response to the accelerated phase-in schedule for "China Phase VI Motor Vehicle Emission Standards", most of the automakers chose to cut prices to promote sales to reduce inventories. However, the sales volume in the market did not increase, unaffected by "price promotion" and other factors. Consumers continued to take a wait-and-see approach. China Association of Automobile Manufacturers predicted that consumption momentum may improve and the automobile market will recover to some extent after the official implementation of the new national purchase tax policy and the official implementation of Phase VI Motor Vehicle Emission Standards in some regions took effect from 1 July.



Section 4 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

Financial Review

Unit: RMB Currency: RMB

	From 1 January 2019 to 30 June 2019 (Unaudited)	From 1 January 2018 to 30 June 2018 (Unaudited)	Changes %
Total operating revenue	41,376,679,277.69	48,678,448,851.44	-15.00
Operating revenue	40,316,927,002.63	47,957,822,005.30	-15.93
Revenue generated from the sale of automobiles	36,400,798,655.31	45,132,474,878.33	-19.35
Revenue generated from the sale of automotive parts and components and others (Note 1)	3,916,128,347.32	2,825,347,126.97	38.61
Interest income (Note 2)	988,389,113.14	711,506,642.24	38.91
Selling expenses	1,470,046,177.45	2,077,495,014.39	-29.24
Administrative expenses	840,845,491.71	676,680,355.56	24.26
Research and development expenses	917,513,531.99	842,592,141.78	8.89
Financial expenses (Note 3)	-73,647,672.37	304,446,004.57	-124.19
Gross profit	6,229,324,580.39	10,112,275,827.71	-38.40
Income tax expenses (Note 4)	353,710,652.55	717,942,301.43	-50.73
Net profit attributable to shareholders of the Company (Note 5)	1,517,169,113.68	3,695,799,261.39	-58.95
Basic earnings per share	0.17	0.40	-58.95
Gross profit margin (%)	15.06	20.77	Decreased by 5.71 percentage points
Percentage of selling expenses to operating revenue (%)	3.65	4.33	Decreased by 0.68 percentage point
Percentage of administrative expenses to operating revenue (%)	2.09	1.41	Increased by 0.68 percentage point

(Note 1) The increase in revenue generated from the sale of automotive parts and components and others was mainly due to: 1) according to the requirements of new recognition standard, the fee of transportation services rendered by the Company according to the delivery-to-factory term had been stripped out from the revenue generated from the sale of automobiles at market price and reclassified transportation income during the Reporting Period; 2) the increase in the revenue from external sale of automotive parts and components during the Reporting Period.

(Note 2) The increase in interest income was mainly due to the increase in the volume of the lending business of Tianjin Great Wall Binyin Automotive Finance Company Limited.

(Note 3) The decrease in financial expenses was mainly due to an exchange gain realized and a decrease in interest expenses for bank borrowings during the Reporting Period.

(Note 4) The decrease in income tax expenses was mainly due to a decrease in taxable income as a result of decreased profits during the Reporting Period.

(Note 5) The decrease in net profit attributable to shareholders of the Company was mainly due to increase in the product incentives to benefit customers and continued enhancement in brand promotion and increase in research and development expenses during the Reporting Period, which led to a year-on-year decrease in the net profit attributable to shareholders of the Company.

Section 4 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

Current assets and current liabilities

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Unit: RMB Currency: RMB		
Current Assets	50,390,480,513.42	66,126,293,810.75
including:		
Cash and bank balances	7,794,289,843.15	7,682,083,569.01
Held-for-trading financial assets	3,791,371,005.76	3,177,643,131.30
Accounts receivable	2,471,252,304.84	3,343,220,862.42
Receivables financing	17,857,498,520.05	31,883,667,949.34
Prepayments	690,386,680.83	440,800,952.34
Other receivables	1,287,983,408.89	651,737,776.25
Inventories	5,885,336,809.94	4,445,104,832.92
Non-current assets due within one year	931,423,783.08	12,440,648,243.17
Other current assets	9,680,938,156.88	2,061,386,494.00
Current Liabilities	34,972,068,740.87	54,379,417,271.59
including:		
Short-term borrowings	1,369,538,625.00	12,799,966,582.00
Accounts payable	16,591,354,270.89	25,196,407,749.32
Notes payable	7,445,585,943.06	4,205,233,491.00
Contract liabilities	2,990,342,473.92	3,433,904,092.43
Employee benefits payable	404,105,699.93	2,060,853,914.65
Taxes payable	604,644,510.13	2,551,412,583.25
Other payables	2,562,529,001.18	2,916,697,689.61
Other current liabilities	2,931,463,591.49	1,214,941,169.33

Gearing ratio

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Unit: RMB Currency: RMB		
Total liabilities	41,357,127,742.83	59,111,823,806.94
Total equity	51,476,905,702.92	52,688,587,490.87
Gearing ratio	80.34%	112.19%

Note: Gearing ratio refers to the proportion of total liabilities to total equity in the consolidated balance sheet.

Acquisition and disposal of assets

The Company and its subsidiaries did not have material acquisitions or disposals of assets during the Reporting Period.

Section 4 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

Capital structure

The Group generally finances its day-to-day operations with its internal cash flows and bank borrowings. As at 30 June 2019, the Company borrowed short-term loans of RMB1,369,538,625.00, mainly used for overseas investment and as working capital. The Company borrowed long-term loans of RMB3,244,717,606.08, including long-term loans due within one year, mainly used for the construction of overseas manufacturing plant and the establishment of the automotive parts project in Chongqing. For details of interest rate of the borrowings, please refer to the descriptions of Note (VI) to the financial statements in this interim report.

Exposure to foreign exchange risk

Foreign exchange risk represents risks of loss incurred as a result of changes in exchange rates. Foreign currency assets and liabilities which may influence the Group's operating results due to foreign exchange risk are set out as below:

Item	Unit: RMB Currency: RMB	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Cash and cash equivalents	192,801,344.73	170,563,688.64
Held-for-trading financial assets	146,972,112.00	168,875,000.00
Accounts receivable	567,884,924.66	170,480,719.74
Accounts payable	-44,130,678.20	-21,456,110.71
Other payables	-63,769,901.15	-82,683,782.26
Short-term borrowings	—	-573,726,238.81
Long-term borrowings	-1,838,388,000.00	-1,647,805,500.00

The Group paid close attention to the impact of exchange rate changes on the Group's foreign exchange risk.

Employment, training and development

As at 30 June 2019, the Group employed a total of 57,559 employees (30 June 2018: 63,911 employees). Employees were remunerated by the Group based on their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed on a regular basis. As an incentive for employees, bonuses and cash awards may also be given to employees based on individual performance evaluation. Total staff cost accounted for 8.24 % of the Group's total operating revenue as at 30 June 2019 (30 June 2018: 7.22%).

Section 4 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

Segment Information

The Group is mainly engaged in the manufacture and sale of automobiles and automotive parts and components in the PRC, and the majority of its assets are located in the PRC. The management determined the reporting segments according to the organization structure, management requirements and internal reporting system of the Group for the purposes of resource allocation and performance evaluation. As the resource allocation and performance evaluation of the Group are carried out based on the overall operation of the production and sales of automobiles and automotive parts and components, the Group has only one business segment for internal reporting purpose.

Operating revenue of the Group by geographical distribution of external customers is set out as follows:

	For the six months ended 30 June	
	2019 RMB (Unaudited)	2018 RMB (Unaudited)
China	39,289,144,445.93	47,085,215,614.54
South Africa	475,029,414.66	333,952,206.60
Russia	375,885,271.35	146,532,027.47
Chile	218,782,640.15	198,095,701.92
Saudi Arabia	172,431,122.90	19,667,524.57
Australia	152,174,582.55	87,754,436.34
Other overseas countries	693,231,800.15	807,231,340.00
Total	41,376,679,277.69	48,678,448,851.44

The Group's major non-current assets for disclosure in the segment information (which consist of fixed assets and investment properties) are primarily situated in the PRC.

The Group is not dependent on one or a few major customers.



Section 4 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

Business Review

Sales volume of products

		From 1 January 2019 to 30 June 2019	From 1 January 2018 to 30 June 2018	Unit: unit Changes %
Pick-up truck	Domestic sales	66,924	64,234	4.19
	Export	7,129	6,279	13.54
	Sub-total	74,053	70,513	5.02
SUV	Domestic sales	341,920	384,167	-11.00
	Export	17,007	13,760	23.60
	Sub-total	358,927	397,927	-9.80
Sedan	Domestic sales	25,475	1,315	1837.26
	Export	1,814	2,184	-16.94
	Sub-total	27,289	3,499	679.91
Total	Domestic sales	434,319	449,716	-3.42
	Export	25,950	22,223	16.77
	Sub-total	460,269	471,939	-2.47

The Group's principal products are pick-up trucks, SUVs, sedans and new energy automobiles. The Group also engages in the production and sale of major automotive parts and components used in the production.

(1) Pick-up truck

According to the statistics from China Association of Automobile Manufacturers, Great Wall Motor's pick-up trucks continued to rank first in the PRC market in terms of sales volume for 21 consecutive years, entrenching its leading market position.

(2) SUV

During the period, the Group achieved outstanding performance in the domestic SUV market. According to the statistics from China Association of Automobile Manufacturers, Haval H6 remained the top bestselling model in the SUV market; the flagship model of Haval F series had basically maintained a positive sales momentum with monthly sales exceeding 10,000 since its launch, thus continuing to be a popular model. In future, the Group will continue to launch more SUV models and enhance publicity to promote the image and popularity of the brand.

(3) Sedan

Products under "ORA", being the web's popular new energy vehicle brand under Great Wall Motor, had been the main contributor to the sales volume of Great Wall Motor's new energy vehicles since their launch in August 2018. In the first half of 2019, the ORA brand achieved a cumulative sales volume of 24,957 units, thus becoming one of the top 10 new energy vehicle brands in China at an astounding rate.

Section 4 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

Domestic market

During the period, amid a depressed domestic automotive industry, both production and sales volume of automobiles declined from that of the same period last year. In June, affected by the implementation of Phase VI Motor Vehicle Emission Standards in certain regions and the reduction in subsidies for new energy vehicles, most enterprises chose to step up their promotional efforts to reduce inventory, thus slowing the decline of the automobile industry, while demand in the passenger vehicle market recovered. Compared with the traditional automobile market, the new energy vehicle market sustained the fastest growth rate, reaching 49.6% year-on-year in the first half of 2019, but the overall size of the market was still small.

In the first half of the year, the Group, through optimizing its product mix, introduced models with different configurations to meet market demand, thus further enhancing the competitiveness of the Company.

During the period, facing a highly competitive environment, the Company conducted various innovative marketing activities, and expedited the adjustment of product mix, consolidated its brands and launched new models. As a result, the Company achieved a sales volume of 460,300 units of automobiles. Sales volume of SUV amounted to 358,900 units, thus enabling the Company to maintain its leading position in the domestic market; revenue from the sale of automobiles in the domestic market reached RMB34,407,119,485.82, representing approximately 85.34% of the Group's operating revenue.

Overseas markets

In the first half of 2019, overseas economic fluctuations, Sino-US trade frictions and other factors had, to certain extent, affected Chinese automobile companies' export sales volume in overseas markets. During the period, China's automobile companies exported 488,000 vehicles, representing a year-on-year decline of 4.7%.

The Group will continue to step up its overseas market promotional efforts and, following its global research and development ("R&D") approach through R&D collaboration in Japan, India, Germany, the United States, Austria and South Korea, the Group will continue to strengthen its global R&D network to continuously enhance R&D capability.

The Group's plant in Tula Oblast, Russia was officially completed and put into operation on 5 June 2019. Haval F7 was produced in this factory and sold in overseas markets, signifying Great Wall Motor's globalization strategy reached a new milestone. On that day, the heads of state of the PRC and Russia visited an exhibition of cars produced at the Tula factory.

During the period, the Group continued to step up efforts in overseas market development to boost sales volume in the overseas markets. In the first half of 2019, the export volume of automobiles in overseas markets amounted to 26,000 units, with a year-on-year increase of 16.77%. The revenue generated from the export of automobiles amounted to RMB1,993,679,169.49, accounting for approximately 4.95 % of the Group's operating revenue.



Section 4 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

New energy

The Group actively developed new energy technologies and launched new energy products. During the period, sales volume of car models under all-electric vehicle brand “ORA” increased steadily, and the ORA brand influence in the new energy market was gradually increasing. At the same time, the Group was focusing on the development and accumulation of hybrid power and hydrogen fuel power technology.

Intelligent driving

The Group had set the direction for automotive technology development with the aim to achieve clean energy, intelligent technology and network connection. The self-developed “i-Pilot” (智慧领航) automated driving system had been further upgraded. In addition, the Group and eight strategic partners, namely Tencent, Ali Gaode, Baidu, China Telecom, China Unicom, China Mobile, Huawei and Qualcomm jointly built a GTO (GreatWall Totally Online) smart ecosystem and developed, based on 5G+AI technology, experience-driven robots that offer users full-lifecycle mobility services.

Launch of new products

During the period, the Group launched “VV7 upgrade model” under the “WEY” series, with 43 new configurations, aiming at better fulfilling the brand mission of offering easy access to luxury and providing consumers with safety and comfort and the delight of cutting edge intelligent technology.

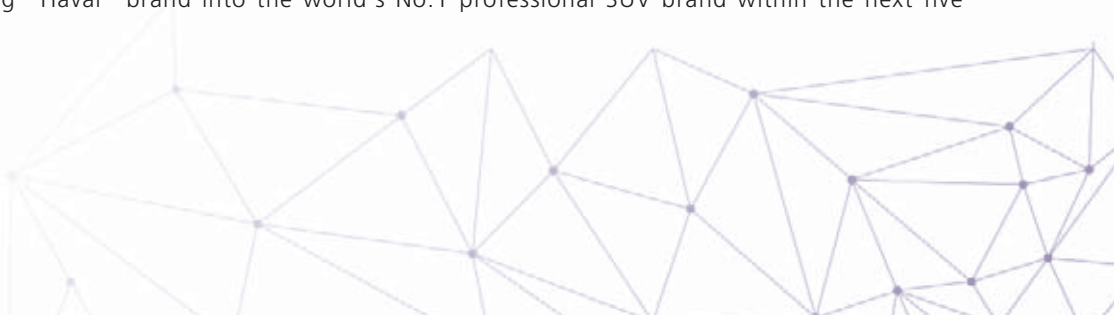
During the period, the Group launched the first fastback SUV model “Haval F7x” under its Haval series. The interior design is geared towards young and sporty style. It is equipped with brand new intelligent car system, voice recognition, GPS/Beidou dual-mode navigation, mobile phone remote control functions, etc. On top of the above, it was the first time for the Group to realize mass production of a vehicle model using Level 2 autopilot technology. In terms of power performance, “Haval F7x” is equipped with 2.0T turbocharged engine. It also boasts a 7-speed dual-clutch transmission and four-wheel-drive system.

The Group’s new energy vehicle brand “ORA” launched the “ORA R1” Goddess Version in March 2019. It is the first compact electric vehicle equipped with autopilot technology in China. Equipped with an intelligent front-view recognition system, it can detect and determine the actions of pedestrians and try to avoid damage caused by accidents through applying automatic braking and emergency deceleration.

In April 2019, at the “Shanghai International Automobile Industry Exhibition”, the Group presented the world debut of three pick-up truck models under the “Great Wall Pao” line — passenger pick-up truck (pick-up truck primarily used for passenger purpose), off-road pick-up truck and commercial pick-up truck, leading China’s pick-up truck market to a new era of passenger trucks.

Haval brand “5-2-1” Globalisation Strategy

At the “Haval Global 5-million-sales Celebration Ceremony” held at the beginning of 2019, Great Wall Motor announced “Haval 5-2-1 Globalisation Strategy, aiming at realising an annual sales of 2 million units and developing “Haval” brand into the world’s No.1 professional SUV brand within the next five years.



Section 4 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

Establishment of Great Wall Motor Brand Experience Center

Great Wall Motor's first Brand Experience Center officially opened in June 2019. It is a multi-dimensional experience centre covering product display, corporate culture, scientific and technological achievements, leisure and entertainment, etc. It marks a further upgrade of the Group's channel strategy. Meanwhile, the simultaneous operation of 100+ Haval stores across China demonstrated Great Wall Motor's confidence in overcoming adversity.

In addition, in the face of increasingly intense market competition, the Group continued to seek innovation in brand and marketing strategy. On 2 June, Great Wall Motor launched the first half-marathon held in a car factory in China and overseas, bringing automobile culture and marathon together to create a new intellectual property ("IP") in sports. To boost brand awareness, the WEY brand, for the first time, joined hands with China Academy of Launch Vehicle Technology under China Aerospace Science and Technology Corporation to jointly name a carrier rocket – CZ-11 WEY, which was launched on 5 June.

Outlook

After more than a decade of growth, the global automobile industry is now slowing down. In addition, the domestic and international economic environments remained under pressure in the first half of the year, while uncertainties such as Sino-US trade frictions continued to affect consumer confidence. In view of the aforesaid, the overall sales volume of the automobile industry in China is expected to have fluctuation adjustment.

The accelerated schedule for the implementation of "Phase VI Motor Vehicle Emission Standards" by the State, the reduction in subsidies for new energy vehicles and the implementation of the dual credit policy for passenger car companies' average fuel consumption and new energy vehicles will lead to further adjustment in the automobile industry. All in all, adjustments to the automobile industry policy are still being carried out. Restrictions on vehicle purchase are gradually eased in various areas, which is expected to have positive impact on the recovery of automobile sales volume.

While consolidating its existing operations, the Group will continue to persist with the strategy of high-quality development and keep innovating. The Group will continue to improve the performance of traditional car models through increasing engine efficiency and reducing the weight of vehicle to lower fuel consumption. With respect to clean energy, the Company will continue with the R&D of hybrid power, all-electric and hydrogen energy technology to augment product technology, and will strive to roll out more green energy-saving automotive products. Seizing the opportunities arising from artificial intelligence, 5G and the Internet of Everything, the Group will strengthen the development of intelligent technology. The Group will engage in joint development of intelligent driving technology by cooperating with a number of domestic and international technology companies and internet companies.

New products

The Group will launch more competitive models.

In September, the Group planned to launch new models under the "Great Wall Pao" series, and planned to launch "ORA R2" – a brand new model under the "ORA" brand in the fourth quarter. The new models under the "Great Wall Pao" series are positioned as China's first large -sized passenger trucks designed to cater to the global market. They have a formidable design and brawny appearance, with benchmark-level passenger-oriented accessories and leading overall performance, as well as various high-tech and intelligent systems. "ORA R2" continues to adopt ORA R1's cute and rounded edges design, and is positioned as a mini car, with a body length and wheelbase slightly longer than those of "ORA R1".

Section 4 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

Joint venture with BMW

On 10 July 2018, witnessed by government officials from the PRC and Germany, the Company entered into a joint venture contract with BMW Holding B.V. ("BMW"). According to the contract, both parties will each hold 50 per cent shareholding in the joint venture company. The new company will be named Spotlight Automotive Ltd. (光束汽車有限公司), with a total investment amount of RMB5.1 billion and a registered capital of RMB1.7 billion. The registered address of the joint venture company will be in Zhangjiagang City, Jiangsu Province. The joint venture company plans to establish an internationally advanced automobile manufacturing plant with a standard annual production capacity of 160,000 vehicles. This will be BMW's first joint venture on all-electric vehicles. This will also be the bridgehead of Great Wall Motor's internationalization initiative for its new energy vehicles. This cooperation will facilitate the globalization process of both parties and push forward the strategy and development of the Group's new energy business. At present, the joint venture project with BMW is proceeding as scheduled.

New facilities

In June this year, witnessed by the heads of state of the PRC and Russia, the construction of the Group's plant in Tula Oblast, Russia was officially completed and commenced production of Haval F7 model. Through the introduction of advanced technology, Tula Oblast's plant not only demonstrated that China has reached a new high level in car manufacturing technology, but also encouraged automobile enterprises in China to "Go Global"- switching from export of products to export of technical standards. Unlike its strategy for domestic products, Great Wall Motor will focus more on the realization of brand value overseas. In future, the Company will expand from the Tula Oblast's plant to other parts of Russia as well as markets in Eastern and Northern Europe to further increase its global presence.

Meanwhile, the Group is pushing forward the construction of Chongqing Yongchuan production base, which is expected to be completed and put into operation in the second half of 2019.

Preferential enterprise income tax rate for high-tech enterprises

In accordance with the relevant requirements of the Administrative Measures for the Accreditation of High-Tech Enterprises (高新技術企業認定管理辦法), the Company passed the accreditation of high-tech enterprises in 2016, and obtained the High-Tech Enterprise Certificate (高新技術企業證書) (CERTIFICATE NO: GR201613000025) on 2 November 2016. The certificate was valid for three years. Article 28 of Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法) stipulates that "the key high-tech enterprises which receive support from the State shall be entitled to a reduced enterprise income tax rate of 15%". Accordingly, the Company pays its income tax at the rate of 15% from 2016 to 2019. The Company is now preparing for the application for the renewal of accreditation in accordance with the new version of the Administrative Measures for the Accreditation of High-Tech Enterprises (高新技術企業認定管理辦法) and the Guidelines for the Administration of Accreditation of High-Tech Enterprises (高新技術企業認定管理工作指引).



Section 4 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

(I) Analysis of principal business

1. Analysis of changes of relevant items in the financial statements

Unit: RMB Currency: RMB

Item	Amount for the Reporting Period	Amount for the corresponding period of last year	Changes (%)
Total operating revenue	41,376,679,277.69	48,678,448,851.44	-15.00
Operating revenue	40,316,927,002.63	47,957,822,005.30	-15.93
Operating costs	34,813,447,149.71	38,414,784,286.51	-9.37
Selling expenses	1,470,046,177.45	2,0747,495,014.93	-29.24
Administrative expenses	840,845,491.71	676,680,355.56	24.26
Financial expenses	-73,647,672.37	304,446,004.57	-124.19
Research and Development expenses	917,513,531.99	842,592,141.78	8.89
Net cash flows from operating activities	6,112,616,730.97	14,950,829,736.32	-58.38
Net cash flows from investing activities	-9,273,781,419.22	-11,817,225,654.63	
Net cash flows from financing activities	4,086,275,559.55	1,302,421,371.23	214.74

The change in financial expenses was mainly due to an exchange gain realized and the decrease in interest expenses for bank loans during the Reporting Period.

The change in net cash flows from operating activities was mainly due to the decrease in cash received from sales of goods and decrease in gross profit during the Reporting Period.

The change in net cash flows from investing activities was mainly due to the increase in principal of investment and wealth management products recovered during the Reporting Period.

The change in net cash flows from financing activities was mainly due to the cash received from bonds issued by Tianjin Great Wall Binyin Automotive Finance Company Limited during the Reporting Period.

2. Others

- (1) Detailed description of significant changes in the profit composition or profit sources of the Company

☐ Applicable ☒ Not applicable

- (2) Others

☐ Applicable ☒ Not applicable

Section 4 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

(II) Description of significant changes in profit due to non-principal businesses

☐ Applicable ☒ Not applicable

(III) Analysis of assets and liabilities

☒ Applicable ☐ Not applicable

1. Assets and liabilities

Unit: RMB Currency: RMB

Item	Amount as at the end of the Current Period	Amount as at the end of the Current Period as a percentage of total assets (%)	Amount as at the end of the corresponding period of last year	Amount as at the end of the corresponding period of last year as a percentage of total assets (%)	Changes in the amount as at the end of the Current Period over the end of the corresponding period of last year (%)	Description
Receivable financing	17,857,498,520.05	19.24	31,883,667,949.34	28.52	-43.99	The change in receivable financing was mainly due to the decrease in the sales of the whole vehicle in the reporting period compared with the decrease in the second half of last year.
Prepayments	690,386,680.83	0.74	440,800,952.34	0.39	56.62	The change in prepayments was mainly due to the increase in prepayments of the Group during the reporting period.
Other receivables	1,287,983,408.89	1.39	651,737,776.25	0.58	97.62	The change in other receivables was mainly due to the increase in the transfer of land and buildings and the increase in export tax rebates.
Inventory	5,885,336,809.94	6.34	4,445,104,832.92	3.98	32.40	The change in inventories was mainly due to the increase in vehicle inventory.
Non-current assets due within one year	931,423,783.08	1.00	12,440,648,243.17	11.13	-92.51	The change in non-current assets due within one year was mainly due to the transfer of Tianjin Great Wall Binyin Automotive Finance Company Limited, a subsidiary of the Company, to the joint venture company in June 2019. The company no longer consolidated its balance sheet items, which leads to the decrease in loans and advances due within one year.
Other current assets	9,680,938,156.88	10.43	2,061,386,494.00	1.84	369.63	The change in other current assets was mainly due to the deposits deposited by the Company to Tianjin Great Wall Binyin Automotive Finance Company Limited during the reporting period.
Loans and advances	-		5,816,518,883.33	5.20	-100.00	The change of loans and advances was due to Tianjin Great Wall Binyin Automotive Finance Company Limited, a subsidiary of the Company, which was converted into a joint venture company in June 2019. The Company no longer consolidated its balance sheet items.

Section 4 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

Item	Amount as at the end of the Current Period	Amount as at the end of the Current Period as a percentage of total assets (%)	Amount as at the end of the corresponding period of last year	Amount as at the end of the corresponding period of last year as a percentage of total assets (%)	Changes in the amount as at the end of the Current Period over the end of the corresponding period of last year (%)	Description
Long-term receivables	345,040,558.60	0.37	145,875,825.39	0.13	136.53	The change in long-term receivables was due to the increase in the amount of finance leases receivable over one year during the reporting period.
Long-term equity investment	1,908,944,417.23	2.06			100.00	The amount of long-term equity investment as at June 2019, the end of the reporting period, was determined by that Tianjin Great Wall Binyin Automotive Finance Company Limited, the Company's subsidiary, was converted into a joint venture company. The Company will convert its shareholdings from the cost method to the long-term equity investment confirmed by the equity method.
Investment real estate	274,469,265.05	0.30	183,718,426.00	0.16	49.40	The change in investment real estate was due to the increase in the rental of real estate from the Group during the reporting period.
Construction in progress	3,004,119,770.85	3.24	4,405,617,743.58	3.94	-31.81	The change in construction in progress was mainly due to the commencement of production of Russian Haval Automobile Manufacturing Co., Ltd., a subsidiary of the Company, during the reporting period.
Right of use assets	89,547,292.11	0.10			100.00	The change of the right of use assets was based on the new lease criteria and is recognised in the reporting period.
Goodwill			4,391,332.13	0.00	-100.00	The change in goodwill was due to the decrease in goodwill caused by the Group's disposal of its subsidiaries.
Short-term loans	1,369,538,625.00	1.48	12,799,966,582.00	11.45	-89.30	The change in short-term loans was due to the fact that Tianjin Great Wall Binyin Automotive Finance Company Limited, a subsidiary of the Company, was converted into a joint venture company in June 2019, and the Company no longer consolidated its balance sheet items, resulting in a decrease in short-term loans.
Bills payable	7,445,585,943.06	8.02	4,205,233,491.00	3.76	77.06	The change in bills payable was mainly due to the increase in payment methods for pledge billing during the reporting period.

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Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

Item	Amount as at the end of the Current Period	Amount as at the end of the Current Period as a percentage of total assets (%)	Amount as at the end of the corresponding period of last year	Amount as at the end of the corresponding period of last year as a percentage of total assets (%)	Changes in the amount as at the end of the Current Period over the end of the corresponding period of last year (%)	Description
Accounts payable	16,591,354,270.89	17.87	25,196,407,749.32	22.54	-34.15	The change in accounts payable was mainly due to the decrease in the amount of materials purchased during the reporting period compared with the end of the previous year.
Payroll payable	404,105,699.93	0.44	2,060,853,914.65	1.84	-80.39	The change in payroll payables was mainly due to the payment of employee benefits payable in December 2018 during the reporting period.
Taxes payable	604,644,510.13	0.65	2,551,412,583.25	2.28	-76.30	The change in taxes payable was mainly due to the decrease in sales due in June during the reporting period, which was lower than the decrease in December 2018.
Non-current liabilities due within one year	72,504,625.27	0.08			100.00	Non-current liabilities due within one year The amount at the end of the reporting period is long-term borrowings and lease liabilities due within one year. °
Other current liabilities	2,931,463,591.49	3.16	1,214,941,169.33	1.09	141.28	The change in other current liabilities was mainly due to the issuance of short-term bonds payable by the Group during the reporting period.
Long-term loans	3,198,591,372.80	3.45	2,157,805,500.00	1.93	48.23	The change of long-term loans was due to the increase in long-term loans from banks during the reporting period.
Lease liability	63,570,634.64	0.07			100.00	The Change in the lease liability was based on the new lease criteria, which are recognised in the reporting period
Deferred income tax liabilities	513,114,581.64	0.55	252,949,267.07	0.23	102.85	The change in deferred income tax liabilities was mainly due to the temporary difference in the depreciation of fixed assets during the reporting period.
Other comprehensive income	-180,488,886.10	-0.19	-262,321,113.07	-0.23		The change in other comprehensive income was due to the changes in foreign currency statement translation differences of subsidiaries operating overseas
Minority shareholders' equity			163,756,409.79	0.15	-100.00	The change in minority shareholders' equity was due to the conversion of a subsidiary of the Company, Tianjin Great Wall Binyin Auto Finance Co., Ltd., which was transferred from a subsidiary to a joint venture company in June 2019, the minority shareholders' equity of which will no longer be recognised.

Section 4 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

2. Restrictions on major assets as at the end of the Reporting Period

☒ Applicable ☐ Not applicable

Assets with limited ownership or right to use

Unit: RMB Currency: RMB

Terms	Carrying amount at the end of the period	Reason for restriction
Money funds	154,160,660.89	Bank acceptance bill deposit, letter of credit deposit, guarantee deposit and others
Bills receivable	6,215,737,000.26	For issue of notes payable
Intangible assets	85,649,370.79	For long-term borrowing
Long-term receivables	380,619,157.93	For long-term borrowing
Total	6,836,166,189.87	—

3. Description of other matters

☐ Applicable ☒ Not applicable

(IV) Analysis of investments

1. Overall analysis of external equity investment

☒ Applicable ☐ Not applicable

During the Reporting Period, the total equity investment of the Group amounted to RMB586,810,000, representing a year-on-year increase of 31.23% as compared with RMB447,175,600 in the corresponding period of last year.

Section 4

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(1) Major equity investment

√ Applicable ☐ Not applicable

Name of investee	Principal business	Investment amount (RMB10,000)	Percentage of shareholding
Jingcheng Engineering Automotive Systems Co., Ltd. (精誠工科汽車系統有限公司)	Manufacture, design, research and development, technical services, consulting services, sale and after-sales services of automotive parts, components and accessories, vehicle bodies, instruments, moulds, jigs and gauges; research and development, design and manufacture of automated industrial transmission and control equipment, industrial robot integration and instrumentation systems; sale, transfer of technology, technology consultation and after-sales services of automated equipment; information technology consulting services; design, manufacture and sale of metal structures; recycling, processing and sales of waste metal, waste plastic, waste paper and other waste materials (excluding hazardous waste and chemicals); transportation of ordinary goods; warehousing services (excluding flammable and explosive hazardous chemicals); leasing services of self-owned properties and equipment; proprietary and agency import and export of commodities other than exports centrally and jointly managed by the authorities and imports managed by State-designated companies; domestic trade agency services.	23,565.00	100%

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Name of investee	Principal business	Investment amount (RMB10,000)	Percentage of shareholding
Mind Electronics Company Limited (曼德電子電器有限公司)	Research and development, design, manufacture, sale and aftersales services of automotive parts, components and accessories, cooling and air-conditioning equipment, electronic components, lighting fixtures, wires and cables, transportation equipment, production gauges, moulds, automated industrial control systems and mechanical parts and components; transportation of ordinary goods and specialised transportation (vans); proprietary and agency import and export of commodities other than exports centrally and jointly managed by the authorities and imports managed by State-designated companies (except for commodities and technologies managed by State-designated companies or the import and export of which are prohibited); technology consulting services; corporate governance consulting services; leasing of self-owned properties, facilities and equipment.	5,900.00	100%



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Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

Name of investee	Principal business	Investment amount (RMB10,000)	Percentage of shareholding
Honeycomb Yichuang Technology Co., Ltd. (蜂巢易創科技 有限公司)	Research and development, manufacture, examination, testing, trial production, design and technical services, consulting services, transfer of technology, sale and after-sales services of automotive parts, components and accessories, engines and relevant components, transmissions and relevant components, decelerators and relevant components, new energy generators and relevant components, new energy controllers and relevant components, smart steering systems and relevant components, automated driving systems and relevant components; manufacture of electrical and mechanical equipment; repair of automotive parts and components; transportation of ordinary goods; warehousing services (excluding flammable and explosive hazardous chemicals); leasing of self-owned properties and equipment; proprietary and agency import and export of commodities other than exports centrally and jointly managed by the authorities and imports managed by State-designated companies; corporate image planning services; public relations services; conference services.	19,216.00	100%



Section 4 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

Name of investee	Principal business	Investment amount (RMB10,000)	Percentage of shareholding
Baoding Yijian Start Automobile Sales Services Co., Ltd. (保定一見啟動汽車銷售服務有限公司)	Sale of automotive; examination assessment and sale of used car; wholesale, retail of automotive accessories and components; leasing business; commercial factoring business; mortgage (excluding auto financial business), licensing, transfer, annual examination service of automotive agency; business management consulting services; technical development, technical consulting, technical service, technical transfer, which engage in professional field of Internet information technology, development of computer hardware and software, design, production, agency, publication of various advertisement, making use of self-owned media to release all sorts of advertisement, e-commerce, operation of telecommunication business, value-added telecommunication business, sale of electronic products, toys, daily necessities, computer hardware and software; engaging in Internet cultural activities, consulting and survey of market information.	10,000.00	100%



Section 4

Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

(2) Major investment in non-equity interest

√ Applicable □ Not applicable

Unit: RMB Currency: RMB

Project	Investment amount	Progress	Investment amount during the Reporting Period	Actual accumulated investment amount	Net profit generated by project
Smart transmission system for new energy vehicles with annual production capacity of 500,000 units	4,142,339,700.00	81.84%	308,665,332.44	3,390,215,657.96	33,447,012.70
Russia automobile plant (俄羅斯整車廠)	3,457,127,700.00	80.69%	297,474,468.73	2,789,505,393.45	-
Chongqing automotive	2,033,507,657.00	60.28%	724,519,548.07	1,225,768,879.04	-
Total	9,632,975,057.00	-	1,330,659,349.24	7,405,489,930.45	-

Note: The project of Great Wall Motor Passenger Vehicles Xushui Complete Vehicle Factory No. 3 have been completed and have commenced operation.

(3) Financial assets measured at fair value

√ Applicable □ Not applicable

Unit: RMB Currency: RMB

Terms	30 June 2019
Financial assets measured at fair value through profit or loss	
Of which: debt instrument investment	3,644,398,893.76
Equity instrument investment	146,972,112.00
Financial assets measured at fair value through other comprehensive income	
Of which: Receivables financing – notes receivable	17,857,498,520.05
Other equity investment	7,700,000.00
Total	21,656,569,525.81

Section 4 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

(V) Disposal of major assets and equity interest

√ Applicable □ Not applicable

On 20 February 2019, the Company entered into an equity interest transfer agreement with Baoding Great Wall Holdings Company Limited (保定市長城控股集團有限公司), pursuant to which 100% of the equity interest in Tianjin Great Wall Car Sharing Service Company Limited (天津長城共享汽車服務有限公司) was transferred to Baoding Great Wall Holdings Company Limited at the consideration of RMB464.18 million, all of which was paid in cash. The Company will no longer hold any equity interest in Tianjin Great Wall Car Sharing Service Company Limited upon the completion of the transfer of equity interest. Such disposal will not have a significant impact on the financial position and operating results of the Company. For details, please refer to the relevant announcement dated 20 February 2019 published by the Company. The relevant procedure for changing industrial and commercial registration was completed on 1 March 2019.

(VI) Analysis of major subsidiaries and investees

√ Applicable □ Not applicable

Unit: RMB Currency: RMB

Full name of subsidiaries	Business nature	Registered capital	Proportion of shareholding (%)	Proportion of voting rights (%)	Total assets as at the end of the Reporting Period	Total net assets as at the end of the Reporting Period	Operating revenue for the Reporting Period	Operating profit for the Reporting Period	Net profit for the Reporting Period
Chongqing Haval Automotive Company Limited (重慶哈弗汽車有限公司)	Sale of automobiles	5,000,000.00	100	100	1,980,484,945.95	627,249,107.43	15,497,731,166.15	516,526,976.95	490,055,600.81
Jingcheng Engineering Automotive Systems Co., Ltd. (精誠工科汽車系統有限公司)	Manufacture of automotive parts and components	1,000,000,000.00	100	100	6,514,815,932.58	1,476,820,494.23	3,444,356,376.64	448,918,624.04	336,057,553.55
Chongqing Yongchuan Great Wall Automotive parts Company Limited (重慶市永川區長城汽車零部件有限公司)	Sale of automotive parts and components	30,000,000.00	100	100	6,215,731,404.98	248,623,139.93	7,157,843,474.66	260,275,374.03	241,561,018.26
Mind Electronics Company Limited (曼德電子電器有限公司)	Manufacture of automotive parts and components	1,000,000,000.00	100	100	2,377,047,694.06	809,709,542.61	1,577,689,641.17	261,693,277.12	227,866,496.38
Nuobo Automotive Systems Co., Ltd. (諾博汽車系統有限公司)	Manufacture of automotive parts and components	1,000,000,000.00	100	100	4,804,627,776.96	1,324,482,891.19	2,052,068,070.31	280,523,523.17	221,128,678.06
Baoding Yixin Automotive Parts Company Limited (保定億新汽車配件有限公司)	Manufacture of automotive parts and components	13,000,000.00	100	100	511,225,566.80	132,769,548.30	379,306,689.31	55,647,410.84	44,923,040.34
Nuobo Rubber Production Co., Ltd. (諾博橡膠製品有限公司)	Manufacture of automotive parts and components	300,000,000.00	100	100	682,469,122.76	227,399,174.49	339,619,380.63	55,736,330.94	42,501,059.53
Haval Motor Manufacturing Rus Limited Liability Company (俄羅斯哈弗汽車製造有限責任公司)	Manufacture of automobiles	RUB 11,419,837,607.02	100	100	3,708,556,057.29	1,174,776,445.42	14,347,675.92	48,687,682.46	32,493,218.02
Haval Motors South Africa Proprietary Limited (哈弗汽車南非有限公司)	Sale of automobiles	ZAR 59,942,266.00	100	100	416,017,921.31	101,810,621.26	493,101,886.44	39,844,808.71	28,849,012.16
Baoding Great Machinery Company Limited (保定市格瑞機械有限公司)	Manufacture of automotive parts and components	23,000,000.00	100	100	220,956,121.05	127,485,613.26	108,992,484.86	28,804,154.74	25,336,675.54

Section 4 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

(VII) Structured entities under the control of the Company

☐ Applicable ☒ Not applicable

II. OTHER DISCLOSURES

(I) Warnings and reasons for any expected accumulated loss from the beginning of the year to the end of the following reporting period or substantial change in profitability compared to the corresponding period of last year

☐ Applicable ☒ Not applicable

(II) Exposure to potential risks

☒ Applicable ☐ Not applicable

Set out below are the four major potential risks that the Company may be exposed to:

1. with the slowdown of domestic economy, the automotive industry entered the period of depression and it is predicted that the automotive industry will not rise in the next five years. The future domestic market will enter an era of competition for stock market share;
2. stepping into the Internet era, a myriad of Internet companies have emerged rapidly, which will completely subvert the traditional manufacturing thinking mode;
3. with the implementation of global agreements to protect the environment, new energy vehicles will be a development direction in the future, posing absolute challenges to the production, supply and sales capacity of new energy technology. Besides, numerous new vehicles manufacturers have also made arrangements to capture market share;
4. "electrification", "intellectualization", "sharing" and "Internet access" has become the main direction of the transformation and upgrading of the global automotive industry, and has entered a new stage of superimposed integration, mutual empowerment and accelerated development. Automotive energy, production and consumption will undergo comprehensive changes.

In light of the above potential risks, the Company has taken the following major measures:

1. the Company will clear and define global strategies to achieve breakthroughs in key overseas markets while ensuring incremental market growth;
2. our sales company will upgrade the sales model and create a sales ecosystem of the entire industry chain with internal and external resources such as auto finance, insurance brokerage, financial leasing, etc.;
3. the Company will fully layout the new energy industry chain, and gradually master the new energy vehicle technology. By adopting three technical routes of hybrid + pure electric + hydrogen fuel, it aims to create four platforms and four brands, and derives a variety of products based on the four platforms;

Section 4 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

4. actively carry out the “new four” layout: based on its global R&D layout, the Company will accelerate the research, development and application of forward-looking technologies for vehicle networking, driverless and artificial intelligence, and transform from traditional manufacturing to technology-based enterprise in 2-3 years, so as to enhance the Company’s external technical image and boost brand premium.

(III) Other Disclosures

√ Applicable ☐ Not applicable

Interim Dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

Purchase, Sale or Redemption of the Company’s Listed Securities

There were no purchases, sale or redemption of the Company’s listed securities by the Company or any of its subsidiaries during the Reporting Period.

Corporate Governance

To the knowledge of the Board, the Company has complied with all the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules during the Reporting Period.

Audit Committee

The Company has set up the Audit Committee for the purposes of reviewing and supervising the financial reporting process and internal control of the Group. The Audit Committee comprises three independent non-executive directors and one non-executive director of the Company. At the meeting held on 26 August 2019, the Audit Committee reviewed the 2019 interim results announcement, interim report and interim financial report of the Group and gave their opinions and recommendations to the Board. The Audit Committee is of the opinion that the interim results announcement, 2019 interim report and interim financial report of the Company comply with the applicable accounting standards and the Company has made appropriate disclosure thereof.

Remuneration Committee

The Remuneration Committee of the Company comprises two independent non-executive directors and one executive director. The Remuneration Committee is responsible for making recommendations on the remuneration policies in relation to the directors and senior management of the Company, and determining the remuneration packages of executive directors and senior management, including benefits in kind, pensions and compensation payments.



Section 4 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

Nomination Committee

The Nomination Committee of the Company comprises two independent non-executive directors and one executive director. The Nomination Committee is responsible for making recommendations to the Board regarding its size and composition based on business activities, asset scale and shareholding structure of the Company and making recommendations to the Board on the standards and procedures for selecting directors and management members.

Strategy Committee

The Strategy Committee of the Company comprises two executive directors, one non-executive director and two independent non-executive directors. The Strategy Committee provides recommendations for the management at any time in accordance with the prevailing market environment and changes in policies and is responsible for reviewing and making recommendations on the Company's long-term development strategies and material investment decisions.

Compliance with the Model Code

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by all directors. Having made specific enquiry to the directors and based on the information available, the Board is of the opinion that all directors have complied with the provisions under the Model Code during the Reporting Period.



Section 5 Significant Events

I. SUMMARY OF THE GENERAL MEETINGS

Session	Date of general meeting	Designated website on which the resolution was published	Publication date of the resolution
First Extraordinary General Meeting of 2019	3 January 2019	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	3 January 2019
Second Extraordinary General Meeting of 2019	12 April 2019	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	12 April 2019
2018 Annual General Meeting	17 May 2019	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	17 May 2019
2019 First A Shares General Meeting	17 May 2019	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	17 May 2019
2019 First H Shares General Meeting	17 May 2019	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	17 May 2019

Description of General Meetings

☐ Applicable ☒ Not applicable

II. PROPOSAL OF PROFIT DISTRIBUTION OR CAPITALISATION OF CAPITAL RESERVE

(I) Profit distribution proposal and proposal on capitalisation of capital reserve for the first half of the year

Any distribution or capital increase	No
Number of bonus shares for every 10 shares (share)	—
Dividends for every 10 shares (RMB) (tax inclusive)	—
Number of capitalisation shares for every 10 shares (share)	—
Details of proposal on profit distribution or capitalisation of capital reserve	—

Section 5 Significant Events

III. PERFORMANCE OF UNDERTAKINGS

(I) Undertakings of the de facto controller, shareholders, related parties, acquiring parties of the Company and the Company and other parties involved during the Reporting Period or subsisting to the Reporting Period

√ Applicable □ Not applicable

Background of undertakings	Type of undertakings	Undertaking party	Description of undertakings	Date and duration of undertakings	Any time frame for performance (yes/no)	Strict and timely performance (yes/no)	Reasons for failure of performance (if undertakings cannot be performed timely)	Next step (if undertakings cannot be performed in a timely manner)
Undertakings relating to the initial public offering of the shares of the Company	Resolving related party transaction	Great Wall Motor Company Limited (長城汽車股份有限公司)	From 1 January 2012, Great Wall Motor Company Limited (長城汽車股份有限公司) would not enter into any transactions relating to automotive parts and components with Hebei Baoding Tai Hang Group Company Limited (河北保定太行集團有限責任公司) and Baoding Tai Hang Pump Manufacturing Company Limited (保定市太行制泵有限公司).	From 1 January 2012, permanent	No	Yes	–	–
Undertakings relating to the initial public offering of the shares of the Company	Resolving business competition	Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)	1. Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) is currently neither directly nor indirectly engaged in any Competing Business.	From 10 December 2010, permanent	No	Yes	–	–

Section 5 Significant Events

Background of undertakings	Type of undertakings	Undertaking party	Description of undertakings	Date and duration of undertakings	Any time frame for performance (yes/no)	Strict and timely performance (yes/no)	Reasons for failure of performance (if undertakings cannot be performed timely)	Next step (if undertakings cannot be performed in a timely manner)
			<p>2. As long as Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) remains as a related party that has control over Great Wall Motor Company Limited (長城汽車股份有限公司), its directly or indirectly controlled subsidiaries would not in any way, directly or indirectly, engage in any existing or potential Competing Business.</p> <p>3. Subject to the same conditions, Great Wall Motor Company Limited (長城汽車股份有限公司) shall have the right of first refusal over the investment or other business opportunities relating to Competing Businesses that Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) will pursue or may get in the future.</p>					

Section 5 Significant Events

Background of undertakings	Type of undertakings	Undertaking party	Description of undertakings	Date and duration of undertakings	Any time frame for performance (yes/no)	Strict and timely performance (yes/no)	Reasons for failure of performance (if undertakings cannot be performed timely)	Next step (if undertakings cannot be performed in a timely manner)
Undertakings relating to the initial public offering of the shares of the Company	Resolving business competition	Wei Jian Jun	<p>1. The subsidiaries directly or indirectly controlled by Mr. Wei Jian Jun are neither directly nor indirectly engaged in any Competing Business.</p> <p>2. As long as Mr. Wei Jian Jun remains as a related party who has control over Great Wall Motor Company Limited (長城汽車股份有限公司), the subsidiaries directly or indirectly controlled by him would not in any way, directly or indirectly, engage in any existing or potential Competing Business.</p> <p>3. Subject to the same conditions, Great Wall Motor Company Limited (長城汽車股份有限公司) shall have the right of first refusal over the investment or other business opportunities relating to the Competing Businesses that the subsidiaries directly or indirectly controlled by Mr. Wei Jian Jun will pursue or may get in the future.</p>	From 10 December 2010, permanent	No	Yes	–	–

Section 5 Significant Events

IV. APPOINTMENT OR DISMISSAL OF ACCOUNTING FIRM

Description of appointment or dismissal of accounting firm

☒ Applicable ☐ Not applicable

During the Reporting Period, the Company continued to engage Deloitte Touche Tohmatsu Certified Public Accountants LLP as its auditor and there was no change of the accounting firm.

Change of the accounting firm during the audit period

☐ Applicable ☒ Not applicable

Explanation of the Company on “non-standard auditor’s report” issued by the accounting firm

☐ Applicable ☒ Not applicable

Explanation of the Company on “non-standard auditor’s report” issued by the Certified Public Accountants as set out in the financial report of the annual report from last year

☐ Applicable ☒ Not applicable

V. BANKRUPTCY AND RESTRUCTURING

☐ Applicable ☒ Not applicable

VI. MATERIAL LITIGATIONS AND ARBITRATIONS

☐ The Company had material litigations and arbitrations during the Reporting Period

☒ The Company had no material litigations and arbitrations during the Reporting Period



Section 5 Significant Events

VII. PUNISHMENT AND CORRECTION OF THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, DE FACTO CONTROLLER AND ACQUIRING PARTIES

☐ Applicable ☒ Not applicable

VIII. INTEGRITY OF THE COMPANY, ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER DURING THE REPORTING PERIOD

☐ Applicable ☒ Not applicable

IX. SHARE INCENTIVE SCHEME, EMPLOYEE SHARE OWNERSHIP SCHEME OR OTHER INCENTIVES FOR EMPLOYEES AND THEIR EFFECTS

(I) Incentives disclosed in temporary announcements without subsequent development or changes

☐ Applicable ☒ Not applicable

(II) Incentives undisclosed in temporary announcements or followed with subsequent development

Share Incentive Scheme

☐ Applicable ☒ Not applicable

Other descriptions

☐ Applicable ☒ Not applicable

Employee Share Ownership Scheme

☐ Applicable ☒ Not applicable

Other incentives

☐ Applicable ☒ Not applicable

X. MATERIAL RELATED PARTY TRANSACTIONS

(I) Related party transactions relating to daily operations of the Company

1. Matters disclosed in temporary announcements without subsequent development or changes

☐ Applicable ☒ Not applicable

2. Matters disclosed in temporary announcements with subsequent development or changes

☒ Applicable ☐ Not applicable

Section 5 Significant Events

1. *The Company and Baoding Great Wall Holdings Company Limited*

The 16th meeting of the sixth session of the Board was held by the Company on 20 February 2019, at which, the Resolution on the Contemplated Ordinary Related Party Transactions for 2019-2021 was approved in relation to the estimation of the aggregate amount of transactions to lease, lease provision, procurement of products, sales of products, procurement of services and sales services between the Group and Baoding Great Wall Holdings Company Limited from 2019 to 2021. The resolution was approved by the second extraordinary general meeting held by the Company on 12 April 2019. As at the date of this report, the ordinary related party transactions between the Group and Baoding Great Wall Holdings Company Limited did not exceed the amount approved by the general meeting. For details, please refer to the relevant announcement dated 20 February 2019 and announcement of the results of the General Meeting dated 12 April 2019 published by the Company.

2. *The Company and Tianjin Great Wall Binyin Automotive Finance Company Limited*

The 20th meeting of the sixth session of the Board was held by the Company on 24 June 2019, at which, the Resolution on the Deposits with Tianjin Great Wall Binyin Automotive Finance Company Limited and Related Party Transaction was approved in relation to the estimation of the deposits service with the related party Tianjin Great Wall Binyin Automotive Finance Company Limited by the Company. The Group's estimated maximum daily balance of deposits transactions with Great Wall Binyin from 2019 to 2021 will not exceed RMB7.5 billion, RMB9 billion and RMB10 billion, respectively.

As at the date of this report, the Group's deposits with Tianjin Great Wall Binyin Automotive Finance Company Limited did not exceed the maximum daily balance of the deposits approved by the General Meeting. For details, please refer to the relevant announcement dated 24 June 2019 and announcement of the results of the General Meeting dated 9 August 2019 published by the Company.

Note: Tianjin Great Wall Binyin Automotive Finance Company Limited is a related party under the Listing Rules of the Shanghai Stock Exchange. Accordingly, the deposits transactions contemplated with Tianjin Great Wall Binyin Automotive Finance Company Limited constitute related party transactions under the Listing Rules of the Shanghai Stock Exchange.

For details of related party transactions of subsequent development and changes, please refer to Related Parties and Transactions in note XI to the financial report.

3. ***Matters undisclosed in temporary announcements***

☐ Applicable ☒ Not applicable

For details of related party transactions not requiring disclosure by temporary announcements, please refer to Related Parties and Transactions in note XI to the financial report.



Section 5 Significant Events

(II) Related party transactions relating to acquisition or disposal of assets or equity interest

1. Matters disclosed in temporary announcements without subsequent development or changes

☐ Applicable ☒ Not applicable

2. Matters disclosed in temporary announcements with subsequent development or changes

☒ Applicable ☐ Not applicable

Unit: RMB10,000 Currency: RMB

Related parties	Date of transaction	Nature of connection	Type of related party transaction	Subject matter	Pricing principles	Assessment methods	Assessment value	Book value	Amount	Subsequent progress	Announcement Index
Baoding Great Wall Holdings Company Limited	20 February 2019	The indirect controlling shareholder of the Company	Disposal of equity	Transfer 100% of the equity interest in Tianjin Great Wall Car Sharing Service Company Limited, the wholly-owned subsidiary of the Company, to Baoding Great Wall Holdings Company Limited	The evaluation value from the base date for valuation as the main reference	Asset Base Approach	39,798.94	39,995.73	46,418	Relevant industrial and commercial change procedures have been completed on 1 March 2019	For details, please refer to "Announcement on Connected Transaction of Great Wall Motor Company Limited" dated 20 February 2019 (Announcement No.2019-010)

3. Matters undisclosed in temporary announcements

☐ Applicable ☒ Not applicable

4. Disclosure about the achievement or otherwise of agreed results during the Reporting Period

☐ Applicable ☒ Not applicable

Section 5 Significant Events

(III) Material related party transactions in respect of joint foreign investments

1. *Matters disclosed in temporary announcements without subsequent development or changes*

☐ Applicable ☒ Not applicable

2. *Matters disclosed in temporary announcements with subsequent development or changes*

☐ Applicable ☒ Not applicable

3. *Matters undisclosed in temporary announcements*

☐ Applicable ☒ Not applicable

(IV) Amounts due to or from related parties

1. *Matters disclosed in temporary announcements without subsequent development or changes*

☐ Applicable ☒ Not applicable

2. *Matters disclosed in temporary announcements with subsequent development or changes*

☐ Applicable ☒ Not applicable

3. *Matters undisclosed in temporary announcements*

☐ Applicable ☒ Not applicable

(V) Other material related party transactions

☐ Applicable ☒ Not applicable

(VI) Others

☐ Applicable ☒ Not applicable

Apart from the related party transactions between the Group and Hebei Baocang Expressway Co. Ltd. as well as between the Group and Mr. Zhao Guo Qing, the senior management of the Company, the related party transactions set out in note XI to the financial statements constitute connected transactions and continuing connected transactions in accordance with Hong Kong Listing Rules. The Company has complied relevant requirements under the Chapter 14A of the Hong Kong Listing Rules and the connected transactions and continuing connected transactions have been exempted from complying with the reporting, annual review, announcement and independent directors' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Section 5 Significant Events

XI. MATERIAL CONTRACTS AND PERFORMANCE THEREOF

1. Trust, contracting and leasing

☐ Applicable ☒ Not applicable

2. Guarantee

☒ Applicable ☐ Not applicable

Unit: RMB Currency: RMB

Total amount of guarantees during the Reporting Period (excluding guarantees provided for subsidiaries)	0
Total amount of guarantees outstanding as at the end of the Reporting Period (A) (excluding guarantees provided for subsidiaries)	0
Guarantees provided by the Company to subsidiaries	
Total amount of guarantees to subsidiaries during the Reporting Period	814,148,000
Total amount of guarantees to subsidiaries outstanding as at the end of the Reporting Period (B)	2,457,111,000
Total amount of guarantees (including guarantees provided for subsidiaries) provided by the Company	
Total amount of guarantees (A+B)	2,457,111,000
Total amount of guarantees as a percentage of the net asset value of the Company (%)	4.77
Of which:	
Amount of guarantees provided for shareholders, parties which have de facto control and their related parties (C)	0
Amount of guarantees directly or indirectly provided for parties with a gearing ratio exceeding 70% (D)	0
Total amount of guarantees in excess of 50% of net asset value (E)	0
Total amount of guarantees of the above three items (C+D+E)	0
Statement on the contingent joint liability in connection with unexpired guarantees	
Details of guarantees	<ol style="list-style-type: none"> The above guaranteed amounts are subject to the actual borrowing amounts. In 2017, the Board considered and approved the provision of guarantee of USD110 million for Tide Technology and Trade Company Limited (泰德科貿有限公司), a wholly-owned subsidiary of the Company. As at 30 June 2019, the Company entered into a guarantee agreement with a bank. In 2017, the Board considered and approved the provision of guarantee of USD350 million for Billion Sunny Development Limited (億新發展有限公司), an indirect wholly-owned subsidiary of the Company. As at 30 June 2019, the Company entered into a guarantee agreement with the bank for maximum guarantees of EUR230 million and USD80 million.

Note: The exchange rate of US dollar against Renminbi was based on the Renminbi central parity rate (USD1=RMB6.8747) as announced by the People's Bank of China on 30 June 2019; the exchange rate of Euro against Renminbi was based on the Renminbi central parity rate (EUR1=RMB7.8170) as announced by the People's Bank of China on 30 June 2019.

3. Other material contracts

☐ Applicable ☒ Not applicable

Section 5 Significant Events

XII. POVERTY ALLEVIATION UNDERTAKEN BY THE COMPANY

☒ Applicable ☐ Not applicable

1. The plan for accurate poverty alleviation

☒ Applicable ☐ Not applicable

The Company convened top-down poverty alleviation meetings and assigned specific personnel the task of conducting visits to and investigations of impoverished provincial areas in order to understand the poverty status in such areas and formulate relevant poverty alleviation plans and policies. In line with specific poverty alleviation plans, the Company continued to improve the public welfare of such impoverished areas, including infrastructure, medical care and education.

2. Summary of accurate poverty alleviation for the Reporting Period

☒ Applicable ☐ Not applicable

In the first half of 2019, the Company offered numerous job opportunities in impoverished areas through accurate identification, and provided local residents with vocational training to improve their skills. The Company also established an employment platform for people with disabilities to help them solve financial and employment difficulties, and visited left-behind children and poor people to spread care and warmth.

3. Results of accurate poverty alleviation

☒ Applicable ☐ Not applicable

Unit: RMB10,000 Currency: RMB

Items	Number and implementation
I. General information	
Of which: 1. Capital	2,423.51
2. Supplies converted to cash	1,000.39
3. Number of registered poor people lifted out of poverty (person)	6,416
II. Capital injection by project	
1. Poverty alleviation through transferring the form of employment	Jobs were offered to 5,740 persons in impoverished areas
Of which: 1.1 Capital injected into vocational training	195.06
1.2 Number of people participating in vocational training (person/time)	13,546
1.3 Number of registered poor people obtaining jobs (person)	0

Section 5 Significant Events

Items	Number and implementation
2. Education for poverty alleviation	
Of which: 2.1 Capital injected into funding poor students	0.39
2.2 Number of funded poor students	200
2.3 Capital injected for improvement of educational resource in poverty-stricken areas	1,000
3. Basic protection	
Of which: 3.1 Capital injected to help left-behind children, elderly and women	10
3.2 Number of left-behind children, elderly and women funded (person)	1,000
3.3 Capital injected to help poor disabled people	2,218.45
3.4 Number of poor disabled people funded (person)	676
III. Awards (description and grade)	Nil

4. Description of the progress in performing social responsibility in respect of accurate poverty alleviation

☒ Applicable ☐ Not applicable

1. Education: We donated car engines and transmissions to Fuping County, as well as teaching equipment such as timing teaching aids and door anatomy teaching aids for student training and learning;
2. Employment: We employed poverty-stricken locals in various regions to participate in skills training and employment in the Company and to solve unemployment problem of the poverty-stricken population;
3. Others: We carried out solicitude activities for groups such as poor and disabled rural left-behind children and poor families.



Section 5 Significant Events

5. Subsequent programmes on accurate poverty alleviation

☒ Applicable ☐ Not applicable

1. Donations: The Company will improve the living conditions of impoverished areas through various methods, such as making donations, providing support for students, the elderly and people with disabilities as well as offering medical assistance;
2. Intellectual poverty alleviation: Technology support for poverty alleviation will be offered by leveraging the talent resource advantage of the Company as always. Moreover, training schemes will be provided in various areas including practical technologies, production skills and operations management, so as to enhance the self-development ability of underprivileged staff and improve their production skills and livelihoods;
3. Employment: The Company will provide job opportunities for people living in local impoverished areas and more training schemes will be conducted to improve the quality of employment and boost the economic growth of such areas;
4. Others: The Company will encourage its staff to participate in volunteer activities so as to spur the local economic development.

XIII. CONVERTIBLE CORPORATE BONDS

☐ Applicable ☒ Not applicable

XIV. ENVIRONMENTAL PROTECTION INFORMATION

- (I) **Environmental protection measures taken by the Company and its major subsidiaries in respect of key pollutant discharging units announced by the environmental protection departments**

☒ Applicable ☐ Not applicable



Section 5 Significant Events

1. Pollutant discharge

√ Applicable □ Not applicable

Name of company or subsidiary	Name of major pollutants or specific pollutants	Way of emission	Number of discharge outlet	Location of discharge outlet	Emission concentration	Adopted emission standards for pollutants	Total emissions	Verified total emissions	Excessive emission
Great Wall Motor Company Limited	pH value	Intermittent emission	2	The discharge outlet on the factory site of Great Wall Motor Company Limited located at Chaoyang South Avenue	7.58	Table 4 Tertiary Standard in Integrated Wastewater Discharge Standards (GB 8978-1996)	–	–	Nil
	Suspended solids				15mg/L		1.13 tons	–	Nil
	COD				100mg/L		9.57 tons	43.51 tons/year	Nil
	Ammoniacal nitrogen				13.6mg/L		0.89 ton	2.53 tons/year	Nil
	Petroleum fractions				0.9mg/L		0.05 ton	–	Nil
	Animal fats and vegetable oils				1.13mg/L		0.07 ton	–	Nil
	Total zinc	Regular emission	10	Within the factory site of Great Wall Motor Company Limited	0.163mg/L	Table 2 Secondary Standard in Integrated Emission Standards of Air Pollutants (GB16297-1996)	0.02 ton	–	Nil
	Total manganese				0.286mg/L		0.02 ton	–	Nil
	Particulates				5.5mg/m ³		0.16 ton	4.38 tons/year	Nil
	Sulphur dioxide				ND		–	2.16 tons/year	Nil
	Nitrogen oxides				11mg/m ³		0.42 ton	12.72 tons/year	Nil
	Benzene				0.439mg/m ³		0.21 ton	–	Nil
						Table 1 in Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB13/2322-2016)			
	Toluene				0.418mg/m ³	Table 2 in Emission Standards of Carbon Monoxide as Stationary Source (DB13/487-2002)	2.52 tons	–	Nil
	Xylene				5.85mg/m ³		6.35 tons	–	Nil
	Non-methane hydrocarbons				21.1mg/m ³		17.62 tons	224.4 tons/year	Nil
	CO				7mg/m ³		0.04 ton	–	Nil
	Soil				During the Reporting Period, Great Wall Motor Company Limited was on the list of 2019 key pollutant emission entities in Hebei. During the period, a total of 1,330.6 tons of hazardous waste was produced, which was disposed of by qualified hazardous waste operators in accordance with the law.				
Baoding Great Wall Precision Casting Co., Ltd.	pH value	Intermittent	1	Main discharge of sewage station	7.56	Table 4 Tertiary Standard in Integrated Wastewater Discharge Standards (GB8978-1996); Influent water requirements of Shunping Qingyuan Sewage Treatment Co., Ltd.	–	–	Nil
	COD				121mg/L		0.04 ton	1.88tons/year	Nil
	Ammoniacal nitrogen				18.5mg/L		0.01 ton	0.188ton/year	Nil
	Suspended solids				7mg/L		2.48E-03 tons	–	Nil
	Petroleum fractions				0.15mg/L		5.31E-05 tons	–	Nil
	Animal fats and vegetable oils				0.15mg/L		5.31E-05 tons	–	Nil

Section 5 Significant Events

Name of company or subsidiary	Name of major pollutants or specific pollutants	Way of emission	Number of discharge outlet	Location of discharge outlet	Emission concentration	Adopted emission standards for pollutants	Total emissions	Verified total emissions	Excessive emission
Jingcheng Engineering Automotive Systems Co., Ltd. Shunping Precision Die Casting Branch	pH value	Intermittent	1	Main discharge of sewage station	7.56	Table 4 Tertiary Standard in Integrated Wastewater Discharge Standards (GB8978- 1996); Influent water requirements of Shunping Qingyuan Sewage Treatment Co., Ltd.	–	–	Nil
	COD				121mg/L		9.73 tons	41.79tons/year	Nil
	Ammoniacal nitrogen				18.5mg/L		1.49 tons	4.18tons/year	Nil
	Suspended solids				7mg/L		0.56 ton	–	Nil
	Petroleum fractions				0.15mg/L		0.01 ton	–	Nil
	Animal fats and vegetable oils				0.15mg/L		0.01 ton	–	Nil
	Particulates				36.7mg/m ³		2.57 ton	–	Nil
Great Wall Motor Company Limited's Dingxing Branch	Nitrogen oxides	Regular emission	30	Around the factory	67mg/m ³	Table 2 Secondary Standard in Emission Standards of Industrial Furnace Kiln Air (B13/1640-2012)	0.19 ton	0.702ton/year	Nil
	Sulphur dioxide				17mg/m ³		0.07 ton	0.881ton/year	Nil
	Non-methane hydrocarbons				9.26mg/m ³		0.43 ton	–	Nil
	Benzene				0.07mg/m ³		0.0015 ton	–	Nil
	Toluene				0.07mg/m ³		0.0022 ton	–	Nil
	Xylene				0.05mg/m ³		0.0016 ton	–	Nil
	Ammonia				0.07kg/h		0.17 ton	–	Nil
Baoding Nuobo Rubber Production Company Limited	CO	Regular emission	6	Around the factory	35mg/m ³	Table 1 and Table 2 Standards in Emission Standards of Odour Pollutants (GB14554-93)	0.03 ton	–	Nil
	Particulates				5.7mg/m ³		0.03 ton	–	Nil
	Benzene				0.0261mg/m ³		4.01E-05 tons	–	Nil
	Xylene				2.1mg/m ³		0.05 ton	–	Nil
	Non-methane hydrocarbons				26.6mg/m ³		0.23 ton	–	Nil
	COD				135mg/L		1.5 tons	–	Nil
	Ammoniacal nitrogen				0.712mg/L		0.01 ton	–	Nil
Jingcheng Engineering Automotive Systems Co., Ltd.	Suspended solids	Intermittent	1	South side of the factory site	13mg/L	Table 4 Tertiary Standard in Integrated Wastewater Discharge Standards (GB 8978- 1996)	0.14 ton	–	Nil
	Animal fats and vegetable oils				1.63mg/L		0.02 ton	–	Nil
	pH value				7.37		–	–	Nil

Section 5 Significant Events

Name of company or subsidiary	Name of major pollutants or specific pollutants	Way of emission	Number of discharge outlet	Location of discharge outlet	Emission concentration	Adopted emission standards for pollutants	Total emissions	Verified total emissions	Excessive emission
Tianjin Boxin Automotive Parts Company Limited	Sewage	Intermittent	1	East side of the factory site	pH value	Table 2 Tertiary Standard in Integrated Wastewater Discharge Standards (DB 12/356- 2008)	–	–	Nil
					Petroleum fractions		–	–	Nil
					Animal fats and vegetable oils		0.002 ton	–	Nil
					Suspended solids		0.13 ton	–	Nil
					COD		0.57 ton	–	Nil
					BOD		0.14 ton	–	Nil
					Ammoniacal nitrogen		0.02 ton	–	Nil
					Total Phosphorus		0.003 ton	–	Nil
					Particulates		1.91 tons	–	Nil
					Sulphur dioxide		0.32 ton	–	Nil
	Exhaust gas	Regular emission	25	Around the factory site	Nitrogen oxides	Standards of Air Pollutants (GB16297-1996)	0.32 ton	–	Nil
					Non-methane hydrocarbons		1.65 tons	–	Nil
					Benzene		0.03 ton	–	Nil
					Toluene		1.08 tons	–	Nil
Tianjin Haval Branch of Great Wall Motor Company Limited	Sewage	Intermittent emission	2	West side of the factory site	Xylene	Table 2 in Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB12/524-2014)	1.67 tons	–	Nil
					VOCs		19.51 tons	–	Nil
					pH value		–	–	Nil
					Petroleum fractions		0.02 ton	–	Nil
					Animal fats and vegetable oils		0.15 ton	–	Nil
					Suspended solids		0.75 ton	–	Nil
					COD		19.24 tons	–	Nil
					BOD		5.3 tons	–	Nil
					Ammoniacal nitrogen		2.69 tons	–	Nil
					Total Phosphorus		0.09 ton	–	Nil
	Exhaust gas	Regular emission	55	Around the painting workshop, general assembly workshop	Anionic surface active agent	Table 2 Secondary Standard in Integrated Emission Standards of Air Pollutants (GB16297-1996)	ND	–	Nil
					Zinc		0.1 ton	–	Nil
					Toluene		0.24 ton	–	Nil
					Xylene		0.282 ton	–	Nil
Solid and hazardous waste	During the Reporting Period, Tianjin Haval Branch of Great Wall Motor Company Limited was included in the list of 2019 key environmental pollutant emission entities of solid and hazardous waste in Tianjin. During the Current Period, a total of 953.911 tons of hazardous waste was generated, which was legally disposed of by the manufacturer with the qualification of hazardous waste management. 97 boxes of ordinary solid waste (length*width*height: 3.45m*2.2m*1m) are generated, which was disposed of by qualified manufacturers.					14.45 tons	–	Nil	
						Particulates	4.11 tons	–	Nil
						Sulphur dioxide	2.35 tons	–	Nil
						Nitrogen oxides	9.11 tons	–	Nil

Section 5 Significant Events

Name of company or subsidiary	Name of major pollutants or specific pollutants	Way of emission	Number of discharge outlet	Location of discharge outlet	Emission concentration	Adopted emission standards for pollutants	Total emissions	Verified total emissions	Excessive emission
Tianjin Haval Branch of Great Wall Motor Company Limited – Dynamics Business Department	Solid and Hazardous waste	During the Reporting Period, Tianjin Haval Branch of Great Wall Motor Company Limited – Dynamics Business Department was included in the list of 2019 key environmental pollutant emission entities of solid and hazardous waste in Tianjin. During the Current Period, a total of 170.119 tons of hazardous waste was generated, which was legally disposed of by the manufacturer with the qualification of hazardous waste management. 47 boxes of ordinary solid waste (length*width*height: 3.45m*2.2m*1m) are generated, which was disposed of by qualified manufacturers.							Nil
Tianjin Haval Branch of Great Wall Motor Company Limited – Transmission Business Department	Solid and Hazardous waste	During the Reporting Period, Tianjin Haval Branch of Great Wall Motor Company Limited- Transmission Business Department was included in the list of 2019 key environmental pollutant emission entities of solid and hazardous waste in Tianjin. During the Current Period, a total of 41.47 tons of hazardous waste was generated, which was legally disposed of by the manufacturer with the qualification of hazardous waste management. 17 boxes of ordinary solid waste (length*width*height: 3.45m*2.2m*1m) are generated, which was disposed of by qualified manufacturers.							Nil
Tianjin Haval Branch of Great Wall Motor Company Limited – Interior and Exterior Decoration Business Department	Solid and Hazardous waste	During the Reporting Period, Tianjin Haval Branch of Great Wall Motor Company Limited – Interior and Exterior Decoration Business Department was included in the list of 2019 key environmental pollutant emission entities of solid and hazardous waste in Tianjin. During the Current Period, a total of 355.6 tons of hazardous waste was generated, which was legally disposed of by the manufacturer with the qualification of hazardous waste management. 343 boxes of ordinary solid waste (length*width*height: 3.45m*2.2m*1m) are generated, which was disposed of by qualified manufacturers.							Nil
Tianjin Haval Branch of Great Wall Motor Company Limited – Chassis Business Department	Solid and Hazardous waste	During the Reporting Period, Tianjin Haval Branch of Great Wall Motor Company Limited- Chassis Business Department was included in the list of 2019 key environmental pollutant emission entities of solid and hazardous waste in Tianjin. During the Current Period, a total of 128.32 tons of hazardous waste was generated, which was legally disposed of by the manufacturer with the qualification of hazardous waste management. 130 boxes of ordinary solid waste (length*width*height: 3.45m*2.2m*1m) are generated, which was disposed of by qualified manufacturers.							Nil

Noise: there are no cultural, educational or other noise-sensitive sites around the factory sites. The maximum level of noise emitted was lower than the standard stipulated in Table 1 in Boundary Noise Emission Standards for Industrial Enterprises (GB12348-2008).

In January to June 2019, a total of 5,746.27 tons of hazardous waste consisting mainly of sludge, paint waste and contaminated waste was produced, representing a unit production of 0.012 ton per vehicle. Such waste was transferred in accordance with the Notice on the Application of Dynamic Solid Waste Information Management Platform (《固體廢物動態信息管理平台應用有關工作的通知》), the Notice on the Relevant Procedures of Launching Tianjin's Hazardous Waste Online Transfer Supervision Platform for the Transfer of Hazardous Wastes in the City of Tianjin (《關於啟動天津市危險廢物在線轉移監管平台辦理危險廢物市內轉移相關手續的通知》) and the procedures for obtaining approval of transfer established by the competent authorities in Tianjin and Baoding. Hazardous waste of Tianjin was transferred to Tianjin Hejia Veolia Environmental Services Co., Ltd. (天津合佳威立雅環境服務有限公司), Tianjin Binhai Hejia Veolia Environmental Services Co., Ltd. (天津濱海合佳威立雅環境服務有限公司), Tianjin Yahuan Renewable Resources Recycling Co., Ltd. (天津市雅環再生資源回收利用有限公司), Tianjin Huaqing Baisheng Energy Co., Ltd. (天津華慶百勝能源有限公司) and other companies for disposal; and hazardous waste of Boding was transferred to Cangzhou Jihuan Veolia Environmental Services Co., Ltd. (滄州冀環威立雅環境服務有限公司), Qinhuangdao Xushankou Hazardous Waste Treatment Co., Ltd. (秦皇島市徐山口危險廢物處理有限公司), Baoding Colin Heating Co., Ltd. (保定科林供熱有限公司), Hebei Fenghua Environmental Protection Service Co., Ltd. (河北風華環保服務有限公司) and other companies for disposal. General solid waste produced by the Company is comprised mainly of domestic waste. In January to June 2019, a total of 7,500 tons of general solid waste was produced, representing a unit production of 0.015 ton per vehicle, which was disposed of by the qualified waste recycling service providers engaged by the Company.

Section 5 Significant Events

2. *Construction and operation of anti-pollution facilities*

√ Applicable ☐ Not applicable

In compliance with national laws and regulations as well as emissions standards, the waste emissions indicators of the Company and its major subsidiaries adhered to the most stringent domestic requirements currently in force. Emissions levels of sewage, exhaust gas, noise and solid waste complied with requirements, and sewage from plant sites was fully treated at sewage treatment plants of the Company, undergoing pre-treatment, biochemical treatment, filtering and disinfection procedures, with the treated grey water used for flushing and greening. Licensed discharge of the remaining grey water was made through the municipal sewage network, and the levels of sewage pollutants discharged were much lower than the emissions limits required by laws and regulations. VOCs and RTO produced by stoving were treated by combustion, exhaust gas from spraying and coating was treated by zeolite rotor and combustion facilities on top of the existing Giovanni treatment facilities based on their characteristics, undergoing adsorption, desorption and combustion procedures so as to achieve the treatment of VOCs in exhaust gas from spraying and coating. Treated exhaust gas was discharged through exhaust vents at height after meeting the required standards. In order to reduce noise, the Company proactively adopted various noise prevention and mitigation measures to reduce the impact on the environment. Installation of anti-vibration bases for noise-generating equipment, constructing green belts in the vicinity of noise sources and provision of acoustic shields (soundproof rooms) were the main measures undertaken for preventing and controlling noise. Effectively keeping off and lowering noise ensured eliminating noise efficiently for meeting the required emissions standards. The Company tackled the process of waste management at source by storing waste by type and setting up temporary storage sites for solid waste. It also placed emphasis on recycling of resources, with all useful waste of value sold to external parties or re-used and worthless waste handled by dedicated waste disposal companies for compliant disposal. Dedicated storage sites meeting requirements, equipped with smart monitoring systems and connected with environmental authorities through the Internet, were set up for all hazardous waste. Real time supervision by government authorities round the clock during the year can ensure that waste storage and disposal meet the required standards.

The Company proactively established sound environmental management systems, received the ISO14001:2004 Environmental Management Systems audit certification in 2008, and passed the revised ISO14001:2015 Environmental Management Systems revision audit in 2017 and ISO14001:2015 Environmental Management Systems surveillance audit in 2018 and 2019. Rules and regulations on environmental management systems were well implemented.



Section 5 Significant Events

3. *Environmental impact assessment on construction projects and administrative permits concerning environmental protection*

☒ Applicable ☐ Not applicable

The Company carried out environmental impact assessment for and final environmental protection acceptance check on each of the new construction, conversion and expansion projects, and enforced the requirements of the environmental impact assessment system, the "Three Simultaneities" system and relevant laws and regulations by strictly complying with laws and regulations such as the Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》) and the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》) promulgated by the State Council, and the Interim Measures for the Final Environmental Protection Acceptance Check on Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) promulgated by the Ministry of Ecology and Environment.

All projects of the Company and its major subsidiaries obtained approval in environmental impact assessment in accordance with the laws while relevant auxiliary environmental facilities passed the respective environmental protection acceptance check and obtained a pollutant discharge permit (permit number: 91130000105941834E001Z). The Company regularly conducted environmental monitoring, with all results meeting the required standards.

4. *Emergency plan for environmental contingency*

☒ Applicable ☐ Not applicable

In order to lower and prevent potential environmental risks effectively, the Company established emergency preparation and response procedures, formulated an environmental contingency plan and filed it with local environmental authorities for record (contingency plan file number: 91130000105941835). To ensure the feasibility and effectiveness of the contingency plan, the Company developed measures that should be adopted to control incidents and emergencies with previous occurrences or potential ones that might occur, and drills on the internal environmental contingency plan would be conducted on an annual basis.



Section 5 Significant Events

5. *Voluntary environmental monitoring plan*

☒ Applicable ☐ Not applicable

1. Regularly monitoring the discharge of sewage, keeping water quality inspection records and installing automatic COD monitoring equipment;
2. Regularly monitoring the discharge of VOCs, keeping VOCs inspection records, installing online VOCs monitoring equipment and transmitting the real-time data to the environmental authorities;
3. Regularly monitoring noise on a voluntary basis and keeping noise inspection records;
4. Carrying out third-party monitoring of pollutant discharge on schedule in accordance with the environmental protection requirements.

6. *Other environmental information which shall be disclosed*

☐ Applicable ☒ Not applicable

According to the relevant requirements under the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and the Measures for the Disclosure of Environmental Information by Enterprises and Institutions (Huanbao Bu No. 31) (《企業事業單位環境信息公開辦法》(環保部第31號令)), the key pollutant discharge work units announced by the local environmental protection departments in the places where the Company and its major subsidiaries are located are Great Wall Motor Company Limited, Baoding Nuobo Rubber Production Co., Ltd., Jingcheng Engineering Automotive Systems Co., Ltd., Great Wall Motor Company Limited's Dingxing Branch, Baoding Great Wall Exquisite Foundry Company Limited, Shunping Fine Casting Branch of Jingcheng Engineering Automotive Systems Co., Ltd., Tianjin Haval Branch of Great Wall Motor Company Limited, Tianjin Haval Branch of Great Wall Motor Company Limited – Dynamics Business Department, Tianjin Haval Branch of Great Wall Motor Company Limited – Transmission Business Department, Tianjin Haval Branch of Great Wall Motor Company Limited – Interior and Exterior Decoration Business Department, Tianjin Haval Branch of Great Wall Motor Company Limited – Chassis Business Department, Tianjin Boxin Automotive Parts Company Limited. A relevant column/section on environmental information has been created on the Company's official website to publish the Company's environmental-related information.



Section 5 Significant Events

(II) Description of environmental protection of companies other than key pollutant discharging units

√ Applicable ☐ Not applicable

In order to build the Company as a green factory, develop it as an environmental-friendly enterprise, apply the concept of green development, advocate the build-up of ecological civilization and follow the path towards green manufacturing with determination, the Company's subsidiaries focused on accomplishing the following tasks during the Reporting Period:

1. Stepped up the establishment of management offices and systems to further raise basic management standards. All subsidiaries of the Company had their environmental management offices and management staff, which formed an environmental management network across the Company. Environmental management rules and regulations were formulated and enforced stringently so that environmental work was under management.
2. In compliance with national laws and regulations as well as emissions standards, the waste emissions indicators of the Company and its major subsidiaries adhered to the most stringent domestic requirements currently in force. Emissions levels of sewage, exhaust gas, noise and solid waste complied with requirements, and sewage from plant sites was fully treated at sewage treatment plants of the Company, undergoing pre-treatment, biochemical treatment, filtering and disinfection procedures, with the treated grey water used for flushing and greening. Licensed discharge of the remaining grey water was made through the municipal sewage network, and the levels of sewage pollutants discharged were much lower than the emissions limits required by laws and regulations. VOCs and RTO produced by stoving were treated by combustion, exhaust gas from spraying and coating was treated by zeolite rotor and combustion facilities on top of the existing Giovanni treatment facilities based on their characteristics, undergoing adsorption, desorption and combustion procedures so as to achieve the treatment of VOCs in exhaust gas from spraying and coating. Treated exhaust gas was discharged through exhaust vents at height after meeting the required standards. In order to reduce noise, the Company proactively adopted various noise prevention and mitigation measures to reduce the impact on the environment. Installation of anti-vibration bases for noise-generating equipment, constructing green belts in the vicinity of noise sources and provision of acoustic shields (soundproof rooms) were the main measures undertaken for preventing and controlling noise. Effectively keeping off and lowering noise ensured eliminating noise efficiently for meeting the required emissions standards. The



Section 5 Significant Events

Company tackled the process of waste management at source by storing waste by type and setting up temporary storage sites for solid waste. It also placed emphasis on recycling of resources, with all useful waste of value sold to external parties or re-used and worthless waste handled by dedicated waste disposal companies for compliant disposal. Dedicated storage sites meeting requirements, equipped with smart monitoring systems and connected with environmental authorities through the Internet, were set up for all hazardous waste. Real time supervision by government authorities round the clock during the year helped ensure that waste storage and disposal could meet the required standards.

3. Improved the construction of various pollution control facilities by increasing financial commitment to environmental protection on an ongoing basis. All enterprises of the Company had built comprehensive pollution prevention and control facilities for the comprehensive treatment of various types of pollution such as sewage, exhaust gas and noise pollution, and for the lawful and compliant disposal of hazardous waste. In recent years, the Company kept increasing financial commitment to environmental protection, especially the financial commitment to the prevention and control of air pollution, thus having made due contributions to improving air quality.
4. Gained access to environmental laws and regulations in a timely manner to conduct compliance evaluation. The regulations governing environmental impact assessment on construction projects were enforced stringently for the new, renovation and expansion projects of all enterprises to make sure the "Three Simultaneities" system for environmental protection was enforced. The application for pollutant discharge permit was completed and self- and third-party monitoring was carried out.
5. Participated in more environmental exhibitions at home and abroad so as to learn and bring in new, state-of-the-art environmental technologies, and carried out whole-process control over pollutant emissions to achieve the management concept of waste reduction at source and treatment at the end simultaneously to raise pollution treatment standards and reduce the generation of pollutants.
6. Established a sound environmental risk emergency response mechanism. All enterprises had formulated an Emergency Plan for Unexpected Environmental Pollution Incidents. Environmental training and emergency drills for unexpected environmental incidents would be conducted every year to make sure that environmental management staff are familiar with environmental-related skills and that they can handle emergency quickly, orderly and efficiently when these incidents occur.



Section 5 Significant Events

(III) Explanation on the reasons for not disclosing environmental protection information by companies other than key pollutant discharging units

☐ Applicable ☒ Not applicable

(IV) Description of subsequent development on or changes in disclosed environment information during the Reporting Period

☐ Applicable ☒ Not applicable

XV. OTHER SIGNIFICANT EVENTS

(I) Changes in the accounting policies, accounting estimates and auditing methods as compared with the previous accounting period and the reasons and effect thereof

☒ Applicable ☐ Not applicable

Please refer to 25. Changes in significant accounting policies under note III. Significant Accounting Policies and Accounting Estimates to Financial Report in Section 10 Financial Report for details.

(II) Significant accounting errors for the Reporting Period requiring retrospective restatement and correction of amounts, and the reasons and effect thereof

☐ Applicable ☒ Not applicable

(III) Others

☒ Applicable ☐ Not applicable

The Company considered and approved the “Resolution on Issuance of Ultra Short-term Financing Bonds” at the 2019 First Extraordinary General Meeting of the Company held on 3 January 2019, approving the Company’s application to the National Association of Financial Market Institutional Investors for registration and issuance of the ultra short-term financing bonds with an amount of not more than RMB5 billion (including RMB5 billion).

On 27 March 2019, the Company received the “Acceptance of Registration Notice” (Zhong Shi Xie Zhu [2019] SCP No.78) from the National Association of Financial Market Institutional Investors, in which the Company was approved to register the issuance of ultra short-term financing bonds with an amount of RMB4 billion, and such registration amount will be valid for a term of 2 years from the date of the Acceptance of Registration Notice.

On 18 April 2019, the Company issued the first tranche of ultra short-term financing bonds at the National Association of Financial Market Institutional Investors in 2019 with a total issued amount of RMB1 billion and an issue rate of 3.48%.

On 6 May 2019, the Company issued the second tranche of ultra short-term financing bonds at the National Association of Financial Market Institutional Investors in 2019 with a total issued amount of RMB1 billion and an issue rate of 3.45%.

For details, please refer to the relevant announcements dated 1 January 2019, 22 April 2019 and 8 May 2019 published by the Company.

Section 6 Changes in Ordinary Shares and Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Table of changes in shares

1. Explanation for changes in shares

During the Reporting Period, there was no change in the total number of shares and the equity structure of the Company.

2. Explanation for changes in shares

☐ Applicable ☒ Not applicable

3. Impact of changes in shares on financial indicators such as earnings per share and net assets per share after the Reporting Period until the date of the interim report (if any)

☐ Applicable ☒ Not applicable

4. Other discloseable information considered as necessary by the Company or required by securities regulatory authorities

☐ Applicable ☒ Not applicable

(II) Changes in shares with selling restrictions

☐ Applicable ☒ Not applicable

II. SHAREHOLDERS

(I) Total number of shareholders

Total number of shareholders as at the end of Reporting Period (person)

78,390



Section 6 Changes in Ordinary Shares and Shareholders

(II) Table of shareholding of the top 10 shareholders and the top 10 shareholders of tradable shares or shares without selling restrictions as at the end of the Reporting Period

Unit: share(s)

Shareholding of the top 10 shareholders							
Name of shareholder (full name)	Increase/ decrease during the Reporting Period	Total number of shares held as at the end of the Reporting Period	Percentage (%)	Number of shares held with selling restrictions	Shares pledged or frozen		
					Status of shares	Number	Nature of shareholder
Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產 管理有限公司)	0 (A Shares)	5,115,000,000 (A Shares)	56.04	0 (A Shares)	Pledged	1,232,530,000 (A Shares)	Domestic non-state-owned legal person
HKSCC NOMINEES LIMITED	247,689 (H Shares)	3,083,681,199 (H Shares)	33.79	–	Unknown	–	Overseas legal Person
China Securities Finance Corporation Limited	0 (A Shares)	196,889,089 (A Shares)	2.16	–	Unknown	–	Others
Central Huijin Asset Management Co., Ltd.	0 (A Shares)	22,308,300 (A Shares)	0.24	–	Unknown	–	Others
ICBC - E Fund Value Growth Mixed Securities Investment Fund (中國工 商銀行－易方達價值成長 混合型證券投資基金)	21,489,502 (A Shares)	21,489,502 (A Shares)	0.24	–	Unknown	–	Others
Hong Kong Monetary Authority – self-owned funds	6,837,700 (A Shares)	19,676,217 (A Shares)	0.22	–	Unknown	–	Others
National Social Security Fund Portfolio 111	18,837,524 (A Shares)	18,837,524 (A Shares)	0.21	–	Unknown	–	Others
China Construction Bank Corporation – Jiashi Emerging Consumption Equity Securities Investment Fund (中國建 設銀行股份有限公司－嘉 實新消費股票型證券投資 基金)	17,204,500 (A Shares)	17,204,500 (A Shares)	0.19	–	Unknown	–	Others

Section 6 Changes in Ordinary Shares and Shareholders

Shareholding of the top 10 shareholders

Name of shareholder (full name)	Increase/ decrease during the Reporting Period	Total number of shares held as at the end of the Reporting Period	Percentage (%)	Number of shares held with selling restrictions	Shares pledged or frozen		
					Status of shares	Number	Nature of shareholder
Bank of China Limited – Jiashi Value Advantage Mixed Type Securities Investment Fund (中國銀 行股份有限公司－嘉實價 值優勢混合型證券投資基 金)	16,587,496 (A Shares)	16,587,496 (A Shares)	0.18	–	Unknown	–	Others
Bank of China – Dacheng Blue Chip Steady Securities Investment Fund (中國銀行－大成藍 籌穩健證券投資基金)	6,164,455 (A Shares)	15,171,169 (A Shares)	0.17	–	Unknown	–	Others

Shareholding of the top 10 shareholders holding shares without selling restrictions

Name of shareholder	Number of tradable shares held without selling restrictions	Class and number of shares	
		Class of shares	Number of shares
Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)	5,115,000,000 (A Shares)	RMB-denominated ordinary shares	5,115,000,000 (A Shares)
HKSCC NOMINEES LIMITED	3,083,681,199 (H Shares)	Overseas listed foreign shares	3,083,681,199 (H Shares)
China Securities Finance Corporation Limited	196,889,089 (A Shares)	RMB-denominated ordinary shares	196,889,089 (A Shares)
Central Huijin Asset Management Co., Ltd.	22,308,300 (A Shares)	RMB-denominated ordinary shares	22,308,300 (A Shares)
ICBC - E Fund Value Growth Mixed Securities Investment Fund (中國工商銀 行－易方達價值成長混合型證券投資基金)	21,489,502 (A Shares)	RMB-denominated ordinary shares	21,489,502 (A Shares)

Section 6 Changes in Ordinary Shares and Shareholders

Shareholding of the top 10 shareholders holding shares without selling restrictions

Name of shareholder	Number of tradable shares held without selling restrictions	Class and number of shares	
		Class of shares	Number of shares
Hong Kong Monetary Authority – self-owned funds	19,676,217 (A Shares)	RMB-denominated ordinary shares	19,676,217 (A Shares)
National Social Security Fund Portfolio 111	18,837,524 (A Shares)	RMB-denominated ordinary shares	18,837,524 (A Shares)
China Construction Bank Corporation – Jiashi Emerging Consumption Equity Securities Investment Fund (中國建設銀行股份有限公司－嘉實新消費股票型證券投資基金)	17,204,500 (A Shares)	RMB-denominated ordinary shares	17,204,500 (A Shares)
Bank of China Limited – Jiashi Value Advantage Mixed Type Securities Investment Fund (中國銀行股份有限公司－嘉實價值優勢混合型證券投資基金)	16,587,496 (A Shares)	RMB-denominated ordinary shares	16,587,496 (A Shares)
Bank of China – Dacheng Blue Chip Steady Securities Investment Fund (中國銀行－大成藍籌穩健證券投資基金)	15,171,169 (A Shares)	RMB-denominated ordinary shares	15,171,169 (A Shares)
Description of the related party relationship or acting in concert relationship among the above shareholders	There is no related party relationship between Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司), the controlling shareholder of the Company, and the other shareholders. In addition, the Company is not aware of any related party relationship among the other shareholders mentioned above.		
Description of the shareholders holding preference shares with restored voting rights and their shareholdings	–		

Number of shares held by the top 10 shareholders holding shares with selling restrictions and the terms of restrictions

☐ Applicable ☒ Not applicable



Section 6 Changes in Ordinary Shares and Shareholders

Shares Held by Substantial Shareholders (SFO Requirements)

As at 30 June 2019, the following shareholders (excluding the directors, supervisors and chief executives of the Company) had interests or short positions in shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name	Number of shares	Approximate percentage of A Shares (%)	Approximate percentage of H Shares (%)	Approximate percentage of total number of shares (%)
Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) (Note 1)	5,115,000,000 (L) (A Shares)	84.86	–	56.04
Baoding Great Wall Holdings Company Limited (保定市長城控股集團有限公司) (Note 2)	5,115,000,000 (L) (A Shares)	84.86	–	56.04
Citigroup Inc.	178,666,231 (L) (H Shares)	–	9.54 (L)	3.24
	61,580,801 (S) (H Shares)	–	4.69 (S)	1.59
	102,858,084 (P) (H Shares)	–	4.73 (P)	1.61
BlackRock, Inc.	160,965,101 (L) (H Shares)	–	6.18(L)	2.10
	18,476,500 (S) (H Shares)	–	0.26(S)	0.09
Han Xue Juan (Note 3)	5,115,000,000 (L) (A Shares)	84.86	–	56.04
Management Centre of Collective Assets of Nandayuan Town, Lianchi District, Baoding (保定市蓮池區南大園鄉集體資產經管中心) (Note 4)	5,115,000,000 (L) (A Shares)	84.86	–	56.04

(L) denotes a long position in shares of the Company

(S) denotes a short position in shares of the Company

(P) denotes shares available for lending

Notes:

- (1) Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) (formerly known as Baoding Woerte Management Consultant Company Limited (保定市沃爾特管理諮詢有限公司)) was established on 1 December 2005. Its place of incorporation is Baoding, Hebei Province, the PRC and its registered address is 2066 Chaoyang South Street, Lianchi District, Baoding. Its business scope covers investments in manufacturing, real estate and horticulture industries, as well as corporate planning and management consultancies (operations that require pre-approvals according to laws and administrative regulations or as prescribed by the State Council can only be conducted after obtaining approvals). As at 30 June 2019, 62.854%, 0.125%, 0.001% and 37.02% equity interest in Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) were held by Baoding Great Wall Holdings Company Limited (保定市長城控股集團有限公司), Mr. Wei Jian Jun, Ms. Han Xue Juan and Management Centre of Collective Assets of Nandayuan Town, Lianchi District, Baoding (保定市蓮池區南大園鄉集體資產經管中心) respectively, with 99% and 1% equity interest in Baoding Great Wall Holdings Company Limited (保定市長城控股集團有限公司) held by Mr. Wei Jian Jun and Ms. Han Xue Juan respectively. Therefore, Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) is a company controlled by Baoding Great Wall Holdings Company Limited (保定市長城控股集團有限公司) which is in turn controlled by Mr. Wei Jian Jun, and Mr. Wei Jian Jun is deemed to be interested in all the shares of the Company held by Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) pursuant to the SFO.

Section 6 Changes in Ordinary Shares and Shareholders

- (2) As at 30 June 2019, Baoding Great Wall Holdings Company Limited (保定市長城控股集團有限公司) held 62.854% equity interest in Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) and is deemed to be interested in all the shares of the Company held by Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) pursuant to the SFO.
- (3) As at 30 June 2019, Ms. Han Xue Juan, the spouse of Mr. Wei Jian Jun, held 0.001% equity interest in Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) and 1% equity interest in Baoding Great Wall Holdings Company Limited (保定市長城控股集團有限公司). Ms. Han Xue Juan is deemed to be interested in all the shares of the Company in which Mr. Wei Jian Jun is interested pursuant to the SFO.
- (4) As at 30 June 2019, Management Centre of Collective Assets of Nandayuan Town, Lianchi District, Baoding (保定市蓮池區南大園鄉集體資產經管中心) (formerly known as Management Centre of Collective Assets of Nandayuan Town, Nanshi District, Baoding (保定市南市區南大園鄉集體資產經管中心)) held 37.02% equity interest in Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) and is deemed to be interested in all the shares of the Company held by Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) pursuant to the SFO.

Save as disclosed above, as at 30 June 2019, so far as the directors, supervisors and chief executives of the Company are aware, no other person (excluding the directors, supervisors and chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Directors' and supervisors' interests in securities

As at 30 June 2019, the interests and short positions of each of the directors, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning as defined in Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept as referred to in section 352 of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Hong Kong Listing Rules, were as follows:



Section 6 Changes in Ordinary Shares and Shareholders

Name of director/supervisor	Capacity/ nature of interest	Number of shares	Approximate percentage of A Shares(%)	Approximate percentage of H Shares(%)	Approximate percentage of total number of shares(%)
Mr. Wei Jian Jun	Interests in controlled companies	5,115,000,000 (L) (A Shares)	84.86	–	56.04
Mr. Wei Jian Jun	Interests in controlled companies	30,018,500 (L) (H Shares)	–	0.97	0.33
Total		5,145,018,500 (L) (A Shares) (H Shares)	–	–	56.37

(L) denotes a long position in shares of the Company.

Note:

As at 30 June 2019, Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) was controlled by Baoding Great Wall Holdings Company Limited (保定市長城控股集團有限公司) which was in turn controlled by Mr. Wei Jian Jun. Accordingly, pursuant to the SFO, Mr. Wei Jian Jun is deemed to be interested in the 5,115,000,000 A Shares held by Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) and 30,018,500 H Shares held by Baoding Great Wall Holdings Company Limited (保定市長城控股集團有限公司).

Save as disclosed above, so far as the directors of the Company are aware, as at 30 June 2019, none of the directors, supervisors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept as referred to in section 352 of the SFO or were otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code. For this purpose, the relevant provisions of the SFO shall be construed as if they were applicable to the supervisors.

(III) Strategic investor or general legal person becoming top ten shareholders as a result of placing of new shares

☐ Applicable ☒ Not applicable

III. CHANGES IN CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER

☐ Applicable ☒ Not applicable

Section 7 Description of Preference Shares

☐ Applicable ☒ Not applicable



Section 8 Directors, Supervisors and Senior Management

I. CHANGES IN SHAREHOLDINGS

(I) Changes in the shareholding of current and resigned directors, supervisors and senior management during the Reporting Period

☐ Applicable ☒ Not applicable

(II) Stock options granted to directors, supervisors and senior management during the Reporting Period

☐ Applicable ☒ Not applicable

II. CHANGES IN THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

☒ Applicable ☐ Not applicable

Name	Position	Change
Zhang Wen Hui	Deputy General Manager	Resignation
Li Feng Zhen	Deputy General Manager and Chief Financial Officer	Resignation
Liu Yu Xin	Chief Financial Officer	Engagement
Luo Jin Li	Supervisor	Resignation
Liu Qian	Supervisor	Election

Explanation for changes in the directors, supervisors and senior management of the Company

☒ Applicable ☐ Not applicable

1. Mr. Zhang Wen Hui, the deputy general manager of the Company, has tendered his resignation due to work rearrangement and ceased to fulfill his duties as the deputy general manager of the Company. His resignation was considered and approved at the 17th meeting of the sixth session of the Board of the Company and has taken effective from 22 March 2019.
2. Ms. Li Feng Zhen, the deputy general manager and chief financial officer of the Company, has tendered her resignation due to work rearrangement and ceased to fulfill her duties as the deputy general manager and chief financial officer of the Company. Her resignation was considered and approved at the 18th meeting of the sixth session of the Board of the Company and has taken effective from 29 April 2019. At the same time, Ms. Liu Yu Xin was engaged by the Company as its chief financial officer and has taken effective from 29 April 2019.

Section 8 Directors, Supervisors and Senior Management

3. Ms. Luo Jin Li, an independent Supervisor of the Company, resigned her position as an independent Supervisor of the Company due to her age. According to the requirements of the Articles of Association and a nomination from the Supervisory Committee, Ms. Liu Qian was elected as an independent Supervisor of the sixth session of the Supervisory Committee of the Company, with a term of office commencing from 17 May 2019 to the expiry of the sixth session of the Supervisory Committee.

III. OTHER EXPLANATIONS

☐ Applicable ☒ Not applicable



Section 9 Description of Corporate Bonds

☐ Applicable ☒ Not applicable



Section 10 Financial Report (Unaudited) Review Report

Deloitte.
德勤

De Shi Bao (Yue) Zi (19) No. R00051

TO THE SHAREHOLDERS OF GREAT WALL MOTOR COMPANY LIMITED:

We have reviewed the accompanying financial statements of Great Wall Motor Company Limited (hereinafter "Great Wall Motor"), which comprise of the consolidated and the company's balance sheets as at 30 June 2019, and the consolidated and the company's income statements, the consolidated and the company's statements of changes in shareholders' equity and the consolidated and the company's cash flow statements for the six months then ended, and the notes to the financial statements. The directors are responsible for the preparation and presentation of these interim consolidated financial statements. Our responsibility is to issue a review report on these interim consolidated financial statements based on our review.

We conducted our review in accordance with *"China Certified public accountant Review Standard No. 2101 – Review of Financial Statement"*. This standard requires us to plan and conduct the review procedures, accordingly provide limited assurance that whether there is no significant misstatement of the entity's financial statement. A review is limited to procedures as enquiry of entity's relevant staff and analytical review of financial data, providing lower level of assurance than for an audit. Since we have not conducted audit, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of Great Wall Motor which comprised the consolidated and the company's balance sheets as at 30 June 2019, and the consolidated and the company's income statements, the consolidated and the company's statements of changes in shareholders' equity and the consolidated and the company's cash flow statements for the six months then ended is not prepared, in all material aspects, in accordance with China Accounting Standards.

Deloitte Touche Tohmatsu CPA LLP.
Shanghai, China

Chinese Certified Public Accountants:
Tong Chuan Jiang
Yang Ning

26 August 2019

The auditors' report and the accompanying financial statements are English translations of the Chinese auditors' report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.



Consolidated Balance Sheet

At 30 June 2019

		RMB	
Item	Notes	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Current Assets:			
Cash and bank balances	VI.1	7,794,289,843.15	7,682,083,569.01
Held-for-trading financial assets	VI.2	3,791,371,005.76	3,177,643,131.30
Accounts receivable	VI.3	2,471,252,304.84	3,343,220,862.42
Receivables financing	VI.4	17,857,498,520.05	31,883,667,949.34
Prepayments	VI.5	690,386,680.83	440,800,952.34
Other receivables	VI.6	1,287,983,408.89	651,737,776.25
Including: Interest receivable	VI.6.2	153,908.08	741,275.17
Inventories	VI.7	5,885,336,809.94	4,445,104,832.92
Non-current assets due within one year	VI.8	931,423,783.08	12,440,648,243.17
Other current assets	VI.9	9,680,938,156.88	2,061,386,494.00
Total Current Assets		50,390,480,513.42	66,126,293,810.75
Non-Current Assets:			
Loans and advances to customers		—	5,816,518,883.33
Debt investments		70,000,000.00	70,000,000.00
Long-term receivables	VI.10	345,040,558.60	145,875,825.39
Long-term equity investments	VI.11	1,908,944,417.23	—
Other equity instrument investments		7,700,000.00	7,700,000.00
Investment properties	VI.12	274,469,265.05	183,718,426.00
Fixed assets	VI.13	30,208,345,956.63	28,993,553,495.38
Construction in progress	VI.14	3,004,119,770.85	4,405,617,743.58
Right-of-use assets	VI.15	89,547,292.11	
Intangible assets	VI.16	3,522,531,971.26	3,391,095,601.61
Development expenditure	VI.17	2,383,795,666.25	1,853,380,455.31
Goodwill	VI.18	—	4,391,332.13
Long-term prepaid expenses		115,766,818.18	125,728,779.61
Deferred tax assets	VI.19	513,291,216.17	676,536,944.72
Total Non-current Assets		42,443,552,932.33	45,674,117,487.06
TOTAL ASSETS		92,834,033,445.75	111,800,411,297.81

Consolidated Balance Sheet

At 30 June 2019

		RMB	
Item	Notes	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Current Liabilities:			
Short-term borrowings	VI.20	1,369,538,625.00	12,799,966,582.00
Notes payable	VI.21	7,445,585,943.06	4,205,233,491.00
Accounts payable	VI.22	16,591,354,270.89	25,196,407,749.32
Contract liabilities	VI.23	2,990,342,473.92	3,433,904,092.43
Employee benefits payable	VI.24	404,105,699.93	2,060,853,914.65
Taxes payable	VI.25	604,644,510.13	2,551,412,583.25
Other payables	VI.26	2,562,529,001.18	2,916,697,689.61
Non-current liabilities due within one year	VI.27	72,504,625.27	—
Other current liabilities	VI.28	2,931,463,591.49	1,214,941,169.33
Total Current Liabilities		34,972,068,740.87	54,379,417,271.59
Non-current Liabilities:			
Long-term borrowings	VI.20	3,198,591,372.80	2,157,805,500.00
Lease liabilities	V.29	63,570,634.64	
Deferred income	VI.30	2,609,782,412.88	2,321,651,768.28
Deferred tax liabilities	VI.19	513,114,581.64	252,949,267.07
Total Non-current Liabilities		6,385,059,001.96	4,732,406,535.35
TOTAL LIABILITIES		41,357,127,742.83	59,111,823,806.94
SHAREHOLDERS' EQUITY:			
Share capital	VI.31	9,127,269,000.00	9,127,269,000.00
Capital reserve	VI.32	1,411,231,014.42	1,411,231,014.42
Other comprehensive income	VI.52	(180,488,886.10)	(262,321,113.07)
Surplus reserve	VI.33	5,557,197,193.12	5,628,946,670.54
Undistributed profits	VI.34	35,561,697,381.48	36,619,705,509.19
Total Equity Attributable to Shareholders of the Company		51,476,905,702.92	52,524,831,081.08
Minority Interests		—	163,756,409.79
TOTAL SHAREHOLDERS' EQUITY		51,476,905,702.92	52,688,587,490.87
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		92,834,033,445.75	111,800,411,297.81

The accompanying notes form part of the financial statements.

The financial statements on pages 85 to 257 were signed by:

Wei Jian Jun

Legal Representative

Wang Feng Ying

General Manager

Liu Yu Xin

Chief Financial Officer

Lu Cai Juan

Head of the Finance Section

Balance Sheet of the Company

At 30 June 2019

		RMB	
Item	Notes	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Current Assets:			
Cash and bank balances	XIV.1	4,253,838,150.04	11,614,944,510.31
Held-for-trading financial assets		3,414,398,893.76	3,008,768,131.30
Accounts receivable	XIV.2	9,881,453,702.53	9,983,638,409.35
Receivables financing	XIV.3	14,679,985,759.98	31,541,372,945.94
Prepayments		470,094,988.59	354,560,193.02
Other receivables	XIV.4	4,103,401,510.13	983,288,876.36
Including: Interests receivable		4,685,943.45	145,581,547.72
Dividends receivable		85,794,925.88	13,211,499.87
Inventories	XIV.5	3,383,527,768.01	3,296,413,880.20
Non-current assets due within one year		695,309,958.75	695,309,958.75
Other current assets	XIV.6	8,899,431,465.44	1,358,901,149.65
Total Current Assets		49,781,442,197.23	62,837,198,054.88
Non-current Assets:			
Debt investments		70,000,000.00	70,000,000.00
Long-term equity investments	XIV.7	6,783,787,145.75	5,828,792,010.05
Other equity instrument investments		7,700,000.00	7,700,000.00
Investment properties	XIV.8	245,224,900.79	155,127,278.60
Fixed assets	XIV.9	21,333,853,394.71	24,031,494,030.40
Construction in progress	XIV.10	1,992,642,659.90	1,445,346,971.48
Right-of-use assets	XIV.11	51,048,135.83	
Intangible assets	XIV.12	3,216,777,523.18	3,071,622,464.86
Development expenditure	XIV.13	2,131,598,422.88	1,625,608,507.97
Long-term prepaid expenses		115,490,909.05	123,366,270.51
Deferred tax assets		318,008,333.81	153,042,792.89
Total Non-Current Assets		36,266,131,425.90	36,512,100,326.76
TOTAL ASSETS		86,047,573,623.13	99,349,298,381.64

Balance Sheet of the Company

At 30 June 2019

		RMB	
Item	Notes	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Current Liabilities:			
Short-term borrowing	XIV.14	750,815,625.00	3,003,768,187.50
Notes payable	XIV.15	5,605,586,907.15	3,966,231,319.00
Accounts payable	XIV.16	18,549,142,463.00	28,057,262,893.83
Contract liabilities	XIV.17	3,499,218,901.42	4,101,500,468.08
Employee benefits payable		266,736,157.98	1,537,313,713.52
Taxes payable		500,143,523.61	2,108,286,230.54
Other payables		2,323,762,545.32	3,938,416,073.24
Non-current liabilities due within one year		7,363,238.05	—
Other current liabilities		2,654,779,413.40	927,291,346.23
Total Current Liabilities		34,157,548,774.93	47,640,070,231.94
Non-current Liabilities:			
Long-term loans	XIV.14	1,140,000,000.00	—
Lease liabilities	XIV.18	43,528,411.05	—
Deferred income		1,909,721,934.43	1,440,118,881.69
Total Non-current Liabilities		3,093,250,345.48	1,440,118,881.69
TOTAL LIABILITIES		37,250,799,120.41	49,080,189,113.63
SHAREHOLDERS' EQUITY:			
Share capital		9,127,269,000.00	9,127,269,000.00
Capital reserve	XIV.19	1,458,753,185.58	1,458,753,185.58
Surplus reserve		4,890,446,242.43	4,890,446,242.43
Undistributed profits	XIV.20	33,320,306,074.71	34,792,640,840.00
TOTAL SHAREHOLDERS' EQUITY		48,796,774,502.72	50,269,109,268.01
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		86,047,573,623.13	99,349,298,381.64



Consolidated Income Statement

For the period from 1 January to 30 June 2019

Item	Notes	RMB	
		For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
I. Total operating income		41,376,679,277.69	48,678,448,851.44
Including: Operating income	VI.35	40,316,927,002.63	47,957,822,005.30
Interest income	VI.36	988,389,113.14	711,506,642.24
Fee and commission income		71,363,161.92	9,120,203.90
Less: Total operating costs		39,638,320,021.55	44,252,445,025.64
Including: Operating costs	VI.35	34,813,447,149.71	38,414,784,286.51
Interest expenses		316,794,569.48	149,204,229.14
Fee and commission expenses		17,112,978.11	2,184,508.08
Taxes and levies	VI.37	1,336,207,795.47	1,785,058,485.61
Selling expenses	VI.38	1,470,046,177.45	2,077,495,014.39
Administrative expenses	VI.39	840,845,491.71	676,680,355.56
Research and development expenses		917,513,531.99	842,592,141.78
Financial expenses	VI.40	(73,647,672.37)	304,446,004.57
Including: Interest expenses		86,038,425.93	259,767,844.54
Interest income		69,040,110.86	34,092,434.51
Add: Other income	VI.41	255,310,577.47	71,667,832.63
Investment income (losses)	VI.42	(136,269,402.98)	5,948,164.90
Losses from changes in fair values	VI.43	(7,503,994.24)	(28,211,589.66)
Impairment losses on credit	VI.44	(45,408,603.41)	(90,089,216.68)
Impairment losses on assets	VI.45	(101,102,457.01)	(60,866,288.23)
Gains from disposal of assets	VI.46	75,638,684.63	30,501,359.26
II. Operating profit		1,779,024,060.60	4,354,954,088.02
Add: Non-operating income	VI.47	137,385,241.13	82,055,576.36
Less: Non-operating expenses	VI.48	11,671,559.12	2,531,907.04
III. Total profit		1,904,737,742.61	4,434,477,757.34
Less: Income tax expenses	VI.49	353,710,652.55	717,942,301.43
IV. Net profit	VI.50	1,551,027,090.06	3,716,535,455.91
(I) Classification by going concern :			
Net profit under going concern		1,551,027,090.06	3,716,535,455.91
(II) Classification by attribution of ownership :			
1. Net profit attributable to shareholders of the Company		1,517,169,113.68	3,695,799,261.39
2. Profit or loss attributable to minority interests		33,857,976.38	20,736,194.52
V. Net other comprehensive income after taxes		81,832,226.97	(129,928,339.13)
Net other comprehensive income attributable to shareholders of the Company after taxes		81,832,226.97	(129,928,339.13)
Other comprehensive income that may be reclassified to profit or loss		81,832,226.97	(129,928,339.13)
Translation difference of financial statements denominated in foreign currency	VI.52	81,832,226.97	(129,928,339.13)
Net other comprehensive income attributable to minority interests after taxes		—	—
VI. Total comprehensive income		1,632,859,317.03	3,586,607,116.78
Total comprehensive income attributable to shareholders of the Company		1,599,001,340.65	3,565,870,922.26
Total comprehensive income attributable to minority interests		33,857,976.38	20,736,194.52
VII. Earnings per share:			
(I) Basic earnings per share	VI.51	0.17	0.40
(II) Diluted earnings per share	VI.51	N/A	N/A

Income Statement of the Company

For the period from 1 January to 30 June 2019

RMB

Item	Notes	For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
I. Operating income	XIV.21	41,679,979,481.46	48,817,322,840.19
Less: Operating costs	XIV.21	38,738,627,092.62	39,954,527,268.60
Taxes and levies	XIV.22	1,256,797,028.82	1,757,429,745.28
Selling expenses	XIV.23	999,970,703.62	1,829,503,442.07
Administrative expenses	XIV.24	620,702,398.99	589,194,753.02
Research and development expenses		755,708,063.60	822,405,943.73
Financial expenses	XIV.25	(34,325,544.75)	116,171,022.93
Including: Interest expenses		62,567,866.63	250,768,955.60
Interest income		185,108,166.70	156,454,149.70
Add: Other income		231,597,191.06	45,196,361.89
Investment income	XIV.26	995,242,451.72	756,065,699.78
Including: Investment income on joint ventures		304,721,787.46	—
Gains from changes in fair values		14,398,893.76	52,590,204.19
Impairment losses on credit	XIV.27	15,922,759.06	(21,768,168.32)
Impairment losses on assets	XIV.28	(83,596,382.51)	(77,121,941.94)
Gains from disposal of assets		84,891,873.24	31,359,091.37
II. Operating profit		600,956,524.89	4,534,411,911.53
Add: Non-operating income		41,265,932.48	62,596,623.51
Less: Non-operating expenses		10,943,544.26	2,206,238.52
III. Total profit		631,278,913.11	4,594,802,296.52
Less: Income tax expenses	XIV.29	(82,949,742.03)	544,157,006.98
IV. Net profit		714,228,655.14	4,050,645,289.54
Net profit under going concern		714,228,655.14	4,050,645,289.54
V. Net other comprehensive income after taxes		—	—
VI. Total comprehensive income		714,228,655.14	4,050,645,289.54

Consolidated Cash Flow Statement

For the period from 1 January to 30 June 2019

Item	Notes	RMB	
		For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
I. Cash Flows from Operating Activities:			
Cash received from the sales of goods and rendering of services		55,574,945,903.56	69,495,169,467.31
Cash received from interest, fee and commissions		1,454,559,060.06	998,911,674.14
Cash received for net increase by borrowing from other financial institutions		1,861,019,606.08	2,677,230,000.00
Tax rebate received		214,042,832.71	164,299,680.43
Net increase in deposits for leases and prepaid rents		3,890,157.50	102,556.00
Other cash received relating to operating activities	VI.53(1)	715,679,449.68	901,518,760.61
Sub-total of cash inflow from operating activities		59,824,137,009.59	74,237,232,138.49
Cash payments for goods purchased and services received		38,611,377,432.32	43,279,529,586.62
Net increase in customers' loans and advance		3,309,244,378.77	3,484,344,396.43
Cash payments for interest, fees and commissions		327,119,700.76	97,474,305.99
Net increase in customers' leases		344,552,607.55	1,125,555.00
Cash payments to and on behalf of employees		4,465,689,412.92	4,779,174,216.12
Payments of various types of taxes		4,279,736,382.69	5,093,699,761.37
Other cash payments relating to operating activities	VI.53(2)	2,373,800,363.61	2,551,054,580.64
Sub-total of cash outflow from operating activities		53,711,520,278.62	59,286,402,402.17
Net Cash Flows from Operating Activities	VI.54(1)	6,112,616,730.97	14,950,829,736.32
II. Cash Flows from Investing Activities:			
Cash received from disposal of investments		10,014,000,000.00	4,495,100,000.00
Cash received from investment income		54,979,050.82	6,432,476.86
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		10,399,187.25	105,219,933.03
Sub-total of cash inflow from investing activities		10,079,378,238.07	4,606,752,409.89
Cash paid to purchase and construct fixed assets, intangible assets and other long-term assets		4,083,890,796.51	2,734,597,612.02
Net cash paid for disposal of subsidiaries and other business units	VI 54(3)	4,825,268,860.78	—
Net cash paid for acquisition of subsidiaries and other business units	VI.54(2)	—	3,280,452.50
Cash paid for investments		10,444,000,000.00	13,686,100,000.00
Sub-total of cash outflow from investing activities		19,353,159,657.29	16,423,978,064.52
Net Cash Flow from Investing Activities		(9,273,781,419.22)	(11,817,225,654.63)

Consolidated Cash Flow Statement

For the period from 1 January to 30 June 2019

Item	Notes	RMB	
		For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
III. Cash Flows from Financing Activities:			
Cash received from borrowings		2,989,850,000.00	12,171,718,000.00
Cash received from releasing bonds		8,517,321,973.25	—
Other cash received relating to financing activities	VI.53(3)	913,311,470.69	384,672,125.58
Sub-total of cash inflow from financing activities		12,420,483,443.94	12,556,390,125.58
Cash repayments of borrowings		5,600,474,754.63	9,450,000,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		2,722,221,433.00	1,803,968,808.35
Including: Payments for distribution of dividends or profits to minority shareholders of subsidiaries		—	—
Other cash payments relating to financing activities	VI.53(4)	11,511,696.76	—
Sub-total of cash outflow from financing activities		8,334,207,884.39	11,253,968,808.35
Net Cash Flow from Financing Activities		4,086,275,559.55	1,302,421,317.23
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		100,406,873.53	(154,997,437.95)
V. Net Increase in Cash and Cash Equivalents		1,025,517,744.83	4,281,027,960.97
Add: Opening balance of cash and cash equivalents		6,614,611,437.43	3,844,089,729.57
VI. Closing balance of cash and cash equivalents	VI.54(4)	7,640,129,182.26	8,125,117,690.54



Cash Flow Statement of the Company

For the period from 1 January to 30 June 2019

Item	Notes	For the period from 1 January to 30 June 2019 (Unaudited)	RMB For the period from 1 January to 30 June 2018 (Unaudited)
I. Cash Flows from Operating Activities:			
Cash received from the sales of goods and rendering of services		51,671,981,942.10	70,872,653,164.27
Tax rebate received		107,347,378.62	493,885.06
Other cash received relating to operating activities		318,145,344.78	151,646,049.53
Sub-total of cash inflow from operating activities		52,097,474,665.50	71,024,793,098.86
Cash payments for goods purchased and services received		38,588,626,542.08	45,949,483,097.81
Cash payments to and on behalf of employees		3,130,586,773.68	4,300,036,523.57
Payments of various types of taxes		2,856,160,216.38	4,845,978,507.98
Other cash payments relating to operating activities		3,210,810,513.41	1,663,944,821.47
Sub-total of cash outflow from operating activities		47,786,184,045.55	56,759,442,950.83
Net Cash Flows from Operating Activities	XIV.30(1)	4,311,290,619.95	14,265,350,148.03
II. Cash Flows from Investing Activities:			
Cash received from disposal of investments		10,099,030,000.00	4,180,459,766.66
Cash received from investment income		113,025,379.54	209,410,582.61
Cash received from merging subsidiaries by absorbing		70,510,670.15	124,765,140.80
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		203,884,975.41	106,621,497.04
Sub-total of cash inflow from investing activities		10,486,451,025.10	4,621,256,987.11
Cash paid to purchase and construct fixed assets, intangible assets and other long-term assets		1,194,454,052.21	1,913,611,294.62
Cash paid for investments		17,576,810,000.00	13,495,617,500.00
Other cash payments relating to operating activities		260,000,000.00	—
Sub-total of cash outflow from investing activities		19,031,264,052.21	15,409,228,794.62
Net Cash Flow from Investing Activities		(8,544,813,027.11)	(10,787,971,807.51)
III. Cash Flows from Financing Activities:			
Cash received from borrowings		2,100,000,000.00	11,150,000,000.00
Cash received from releasing bonds		2,000,000,000.00	—
Other cash received relating to financing activities		323,806,348.84	904,809,172.96
Sub-total of cash inflow from financing activities		4,423,806,348.84	12,054,809,172.96
Cash repayments of borrowings		4,250,000,000.00	9,450,000,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		2,674,459,233.75	1,794,969,919.41
Other cash payments relating to financing activities		302,498,711.60	—
Sub-total of cash outflow from financing activities		7,226,957,945.35	11,244,969,919.41
Net Cash Flow from Financing Activities		(2,803,151,596.51)	809,839,253.55
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
		(626,007.76)	(1,506,905.47)
V. Net Increase in Cash and Cash Equivalents			
Add: Opening balance of cash and cash equivalents		(7,037,300,011.43) 11,235,893,795.06	4,285,710,688.60 8,621,442,696.58
VI. Closing balance of cash and cash equivalents			
	XIV.30(2)	4,198,593,783.63	12,907,153,385.18

Consolidated Statement of Changes in Shareholders' Equity

For the period from 1 January to 30 June 2019

RMB

Item	For the period from 1 January to 30 June 2019 (Unaudited) Attributable to shareholders of the Company							
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profits	Minority interests	Total equity
I. Balance at the beginning of the period	9,127,269,000.00	1,411,231,014.42	(262,321,113.07)	5,628,946,670.54	—	36,619,705,509.19	163,756,409.79	52,688,587,490.87
II. Changes in the current period	—	—	81,832,226.97	(71,749,477.42)	—	(1,058,008,127.71)	(163,756,409.79)	(1,211,681,787.95)
(I) Total comprehensive income	—	—	81,832,226.97	—	—	1,517,169,113.68	33,857,976.38	1,632,859,317.03
(II) Owners' contributions and reduction in capital	—	—	—	—	—	—	—	—
1. Capital contributions from owners	—	—	—	—	—	—	—	—
2. Acquisition of subsidiaries	—	—	—	—	—	—	—	—
3. Acquisition of minority interests of subsidiaries	—	—	—	—	—	—	—	—
(III) Profit distribution	—	—	—	—	—	(2,646,908,010.00)	—	(2,646,908,010.00)
1. Transfer to statutory reserve	—	—	—	—	—	—	—	—
2. Transfer to discretionary reserve	—	—	—	—	—	—	—	—
3. Transfer to enterprise expansion fund	—	—	—	—	—	—	—	—
4. Transfer to reserve fund	—	—	—	—	—	—	—	—
5. Distributions to shareholders	—	—	—	—	—	(2,646,908,010.00)	—	(2,646,908,010.00)
6. Transfer to employee bonus and welfare fund	—	—	—	—	—	—	—	—
7. Tax refund for welfare enterprises	—	—	—	—	—	—	—	—
(IV) Transfer of shareholders' equity	—	—	—	(71,730,768.61)	—	71,730,768.61	—	—
1. Transfer of capital reserve to share capital	—	—	—	—	—	—	—	—
2. Transfer of surplus reserve to share capital	—	—	—	—	—	—	—	—
3. Surplus reserve making up of losses	—	—	—	—	—	—	—	—
4. Others (Note VI, 33)	—	—	—	(71,730,768.61)	—	71,730,768.61	—	—
(V) Others (Note VI, 33 · Note VII, 3)	—	—	—	(18,708.81)	—	—	(197,614,386.17)	(197,633,094.98)
III. Balance at the end of the period	9,127,269,000.00	1,411,231,014.42	(180,488,886.10)	5,557,197,193.12	—	35,561,697,381.48	—	51,476,905,702.92

Consolidated Statement of Changes in Shareholders' Equity

For the period from 1 January to 30 June 2019

RMB

Item	For the period from 1 January to 30 June 2018 (Unaudited)							
	Attributable to shareholders of the Company							
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profits	Minority interests	Total equity
I. Balance at the beginning of the period	9,127,269,000.00	1,411,231,014.42	3,056,451.02	5,062,440,729.64	—	33,530,533,212.33	123,431,243.05	49,257,961,650.46
II. Changes in the current period	—	—	(129,928,339.13)	—	—	2,144,163,531.39	20,736,194.52	2,034,971,386.78
(I) Total comprehensive income	—	—	(129,928,339.13)	—	—	3,695,799,261.39	20,736,194.52	3,586,607,116.78
(II) Owners' contributions and reduction in capital	—	—	—	—	—	—	—	—
1. Capital contributions from owners	—	—	—	—	—	—	—	—
2. Acquisition of subsidiaries	—	—	—	—	—	—	—	—
3. Acquisition of minority interests of subsidiaries	—	—	—	—	—	—	—	—
(III) Profit distribution	—	—	—	—	—	(1,551,635,730.00)	—	(1,551,635,730.00)
1. Transfer to statutory reserve	—	—	—	—	—	—	—	—
2. Transfer to discretionary reserve	—	—	—	—	—	—	—	—
3. Transfer to enterprise expansion fund	—	—	—	—	—	—	—	—
4. Transfer to reserve fund	—	—	—	—	—	—	—	—
5. Distributions to shareholders	—	—	—	—	—	(1,551,635,730.00)	—	(1,551,635,730.00)
6. Transfer to employee bonus and welfare fund	—	—	—	—	—	—	—	—
7. Tax refund for welfare enterprises	—	—	—	—	—	—	—	—
(IV) Transfer of shareholders' equity	—	—	—	—	—	—	—	—
1. Transfer of capital reserve to share capital	—	—	—	—	—	—	—	—
2. Transfer of surplus reserve to share capital	—	—	—	—	—	—	—	—
3. Surplus reserve making up of losses	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—
(V) Others	—	—	—	—	—	—	—	—
III. Balance at the end of the period	9,127,269,000.00	1,411,231,014.42	(126,871,888.11)	5,062,440,729.64	—	35,674,696,743.72	144,167,437.57	51,292,933,037.24

Statement of Changes in Shareholders' Equity of the Company

For the period from 1 January to 30 June 2019

RMB

Item	For the period from 1 January to 30 June 2019 (Unaudited)				
	Share capital	Capital reserve	Surplus reserve	Undistributed profits	Total equity
I. Balance at the beginning of the period	9,127,269,000.00	1,458,753,185.58	4,890,446,242.43	34,792,640,840.00	50,269,109,268.01
II. Changes in the current period	—	—	—	(1,472,334,765.29)	(1,472,334,765.29)
(I) Total comprehensive income	—	—	—	714,228,655.14	714,228,655.14
(II) Owners' contributions and reduction in capital	—	—	—	—	—
1. Capital contributions from owners	—	—	—	—	—
2. Share-based payment recognized in shareholders' equity	—	—	—	—	—
3. Others	—	—	—	—	—
(III) Profit distribution	—	—	—	(2,646,908,010.00)	(2,646,908,010.00)
1. Transfer to surplus reserve	—	—	—	—	—
2. Transfer to general risk reserve	—	—	—	—	—
3. Distributions to shareholders	—	—	—	(2,646,908,010.00)	(2,646,908,010.00)
(IV) Transfer of shareholders' equity	—	—	—	—	—
1. Transfer of capital surplus to share capital	—	—	—	—	—
2. Transfer of surplus reserve to share capital	—	—	—	—	—
3. Surplus reserve making up of losses	—	—	—	—	—
4. Others	—	—	—	—	—
(V) Special reserve	—	—	—	—	—
1. Transfer to special reserve in the period	—	—	—	—	—
2. Amount utilized in the period	—	—	—	—	—
(VI) Others (Note XIV 20)	—	—	—	460,344,589.57	460,344,589.57
III. Balance at the end of the period	9,127,269,000.00	1,458,753,185.58	4,890,446,242.43	33,320,306,074.71	48,796,774,502.72



Statement of Changes in Shareholders' Equity of the Company

For the period from 1 January to 30 June 2019

RMB

Item	For the period from 1 January to 30 June 2018 (Unaudited)				
	Share capital	Capital reserve	Surplus reserve	Undistributed profits	Total equity
I. Balance at the beginning of the period	9,127,269,000.00	1,464,187,305.77	3,967,512,617.15	31,852,682,607.51	46,411,651,530.43
II. Changes in the current period	—	(5,434,120.19)	485,669,468.95	3,055,226,115.15	3,535,461,463.91
(I) Total comprehensive income	—	—	—	4,050,645,289.54	4,050,645,289.54
(II) Owners' contributions and reduction in capital	—	—	—	—	—
1. Capital contributions from owners	—	—	—	—	—
2. Share-based payment recognized in shareholders' equity	—	—	—	—	—
3. Others	—	—	—	—	—
(III) Profit distribution	—	—	—	(1,551,635,730.00)	(1,551,635,730.00)
1. Transfer to surplus reserve	—	—	—	—	—
2. Transfer to general risk reserve	—	—	—	—	—
3. Distributions to shareholders	—	—	—	(1,551,635,730.00)	(1,551,635,730.00)
(IV) Transfer of shareholders' equity	—	—	—	—	—
1. Transfer of capital surplus to share capital	—	—	—	—	—
2. Transfer of surplus reserve to share capital	—	—	—	—	—
3. Surplus reserve making up of losses	—	—	—	—	—
4. Others	—	—	—	—	—
(V) Special reserve	—	—	—	—	—
1. Transfer to special reserve in the period	—	—	—	—	—
2. Amount utilized in the period	—	—	—	—	—
(VI) Others (Note)	—	(5,434,120.19)	485,669,468.95	556,216,555.61	1,036,451,904.37
III. Balance at the end of the period	9,127,269,000.00	1,458,753,185.58	4,453,182,086.10	34,907,908,722.66	49,947,112,994.34

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

I. BASIC CORPORATE INFORMATION

1. General

Great Wall Motor Company Limited (hereinafter referred as “the Company”) is registered in Baoding, Hebei Province which is the main city for its core business as well. The controlling shareholder is Baoding Innovation Great Wall Asset Management Company Limited and the ultimate controlling shareholder is Wei Jian Jun.

The Company was originally named as Baoding Great Wall Motor Group Company Limited. On 5 June 2001, upon the approval by Office of the Stock Reform Leading Panel of *the People’s Government of Hebei Province with Ji Gu Ban [2001] No. 62*, Baoding Great Wall Motor Group Company Limited was reorganized to Baoding Great Wall Motor Company Limited. On 28 May 2003, upon the approval by Hebei Administration for Industry and Commerce, Baoding Great Wall Motor Company Limited was renamed Great Wall Motor Company Limited.

The Company and its subsidiaries (the “Group”) are principally engaged in the manufacturing and sales of automobiles and components and parts of automobiles and related after-sales services, processing and manufacturing of moulds, repairing of automobiles, transportation of general goods and specific transportation (by truck). The legal representative of the Company is Wei Jian Jun.

2. Scope of consolidated financial statements

The Company’s and consolidated financial statements have been approved by the Board of Directors on 26 August 2019.

For the scope of consolidated financial statements of this period refer to Note (VIII) “interest in other entities”. Changes in the scope of consolidated financial statements for the current period mainly refer to Note (VII) “changes in consolidation scope.”

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

The Group has applied the *Accounting Standards for Business Enterprises* (“ASBE”) and guidelines, interpretations and other related provisions promulgated by the Ministry of Finance (“MoF”), as well as the *Notice of the Revised Format of Financial Statements for General Business Enterprise for the year of 2018* released on 15 June 2018 for the preparation of the financial statements of the Group. In addition, the Group also discloses relevant financial information according to the requirements of *Rules on Compiling the Information Disclosure of the Company that Issue Stocks Publicly No.15-General Provision on Financial Report* (revised in 2014) by China’s Securities Regulatory Commission, the “Companies Ordinance” of Hong Kong and the “Listing Rules of The Stock Exchange of Hong Kong Limited”.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

Basic of preparation and principle of measurement

The Group's financial statements have been prepared on an accrual basis. Except for certain financial instruments which are measured at fair value, the financial statements are prepared under the historical cost convention. In the event that impairment of assets occurs, a provision for impairment is made accordingly in accordance with the relevant regulations.

Under historical cost method, the amount of assets was measured at the fair value of cash or cash equivalents or consideration paid at the time of purchase. Liabilities were measured at the amount of money or assets and liabilities due to the current obligations actually received, or a present obligation of the contract amount, or the measurement of cash or cash equivalents in accordance with daily activities to repay the debts of the amount expected to be paid.

The fair value refers to the amount, at which both willing parties engaged to a fair transaction who are familiar with the condition exchange their assets or clear off their debts under fair conditions. Whether fair value is observable or measured by valuation techniques, the measurement and disclosure in this financial statement were all based on it.

Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern

The Group has evaluated its ability of going concern for the next 12 month since 30 June 2019. There is no indication of major events that may affect the ability of going concern. Thus, the financial statements have been prepared under the assumption of going concern.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance

The financial statements have been prepared in compliance with the ASBE to truly and completely reflect the consolidated and the Company's financial position as at 30 June 2019 and the consolidated and the Company's operating results and cash flows for the period from 1 January to 30 June 2019.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

2. Accounting period

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

3. Operating cycle

Operating cycle refers to period from assets purchased for production to cash or cash equivalents realized. The operating cycle of the Company is 12 months.

4. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. The Company's foreign subsidiary chooses its functional currency on the basis of the primary economic environment in which it operates. The Group adopts RMB to prepare its financial statements.

5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

Business combination includes business combinations involving enterprises under common control and business combinations involving enterprises not under common control.

5.1 Business combinations involving enterprises not under common control and goodwill

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination.

The combination costs of the combining party shall be the fair value of the assets paid, the liabilities incurred or assumed and the equity instruments issued by the acquirer in exchange for the control over the acquiree on the acquisition date. The overhead for the business combination of the combining party, including the expenses for audit, legal services, assessment, and other administrative expenses, shall be recorded in profit or loss for the current year when incurred.

Identifiable assets, liabilities and contingent liabilities of acquiree qualifying for the conditions of recognition acquired by the acquirer in business combination are measured at fair value on the acquisition date.

For the difference that the combination cost is larger than the portion of fair value of net identifiable assets of acquiree acquired in combination, it is recognized as goodwill as an asset, and initially measured at cost. For those with combination cost lower than the portion of fair value of net identifiable assets of acquiree acquired in combination, re-verification is first carried out on the measurement of the fair value of all identifiable assets, liabilities and contingent liabilities as well as the combination cost. For those with combination cost still lower than the portion of fair value of net identifiable assets of acquiree acquired in combination after re-verification, they are credited to profit or loss for the current year.

Goodwill occurred as a result of combination shall be recognized separately in the consolidated financial statement and measured at cost less accumulated impairment losses.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

6. Basis for preparation of consolidated financial statements

The scope of consolidated financial statements is determined on the basis of control. Control is achieved when the Group has power over the investee; is exposed, or has rights to achieve returns from its involvement with the investee; and has the ability to use its power to affect its returns. Once the relevant facts and situation changed that altered the elements define control, the Group shall re-evaluate control.

The date of acquisition and disposal shall be the day on which the Group obtains or loses the controlling right over its subsidiaries. For the subsidiaries being disposed, their operating results and cash flow prior to the disposal have already been properly included in the consolidated income statement and the consolidated cash flow statement. Subsidiaries that are disposed in the current period do not require any adjustment on the opening balance of the period of the consolidated balance sheet. For subsidiaries acquired through the business combination of enterprises not under common control, their operating results and cash flow after the acquisition date have been properly included in the consolidated income statement and the consolidated cash flow statement, and will not be subject to adjustment on the opening balance of the period and the comparative figures of the consolidated financial statements.

Major accounting policies and accounting periods adopted by the subsidiaries are defined according to the standardized accounting policies and accounting periods stipulated by the Company.

All significant intra-group accounts and transactions between the parent company and its subsidiaries or between subsidiaries are eliminated on consolidation.

The portion of a subsidiary's equity that is not attributable to the parent is treated as minority interests and presented as "minority interest" in the consolidated balance sheet within owners' equity. The portion of net profits or losses of subsidiaries for the period attributable to minority interests is presented in the consolidated income statement under the "net profit" item as "minority interests".

The loss of the subsidiary attributable to minority interest is more than minority interests in that subsidiary at beginning of the year, the minority interest shall be reversed by the balance of the loss of the subsidiary attributable to minority interests.

For the transaction of acquiring minority interests of its subsidiaries, treated as equity transaction, the book value of shareholder's equity attributed the Company and that of minority interest should be adjusted to reflect the change in the company's interest in the subsidiaries. Differences between the adjustment of minority interests and the fair value of consideration are adjusted to capital reserve. If the differences exceed capital reserve, retained earnings shall be adjusted.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

7. Classification of joint arrangements and accounting treatments of joint operations

A joint arrangement is classified into joint operation and joint venture, depending on the rights and obligations of the parties to the arrangement, which is assessed by considering the structure and the legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

The Group accounts for investments in joint ventures using equity method. Refer to Note III, 17.3.2 "Long-term equity investments accounted for using the equity method" for details.

8. Recognition Criterion of Cash and cash equivalents

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

9. Transactions and translation of financial statements denominated in foreign currencies

9.1 Transactions denominated in foreign currencies

On initial recognition, foreign currency transactions are translated into the reporting currency using the spot exchange rate prevailing at the date of transaction.

As at the balance sheet date, monetary items denominated in foreign currency are exchanged to Renminbi by adopting the prevailing exchange rate on that date. Foreign exchange difference arising from the difference between the prevailing exchange rate on that date and the prevailing exchange rate on initial reorganization or on the previous balance sheet date are all credited to profit or loss for the current period, with the exception that foreign exchange differences for specific borrowings denominated in foreign currency and qualifying for conditions of capitalization are capitalized during the capitalization period and credited to the cost of relevant assets.

Non-monetary items denominated in foreign currency that are measured at historical cost are still measured at amount denominated in reporting currency exchanged at the prevailing exchange rate at the transaction date. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date when the fair value is determined. The difference between the translated functional currency amount and the original functional currency amount is treated as a change in fair value (including exchange rate changes) and included in the current profit and loss or recognized as other comprehensive income.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Transactions and translation of financial statements denominated in foreign currencies (continued)

9.2 Translation of financial statements denominated in foreign currency

The financial statements denominated in foreign currency of a foreign operation are translated to RMB in compliance with the following requirement: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; all equity (except undistributed profits) items are translated at the spot exchange rates at the dates on which such items arose; income and expenses and profit appropriation items in the income statement are translated at the spot exchange rate at the date of transaction; Undistributed profits at the beginning of the year is the translated undistributed profits at the end of prior year; undistributed profits at the end of year is presented as the translated items of profit distribution; all exchange differences of assets, liabilities and shareholders' equity resulting from the translation are recognized separately as "other comprehensive income" in the shareholders' equity on the balance sheet.

Cash flow dominated in foreign currency or from foreign subsidiaries shall be translated at the spot exchange rate when it incurs. Effects arising from changes of exchange rate of cash and cash equivalents is regarded as a reconciling item and presented separately as "Effect of changes in exchange rates on cash and cash equivalents" in the cash flow statement.

The opening balances of the period and prior year's figures are presented according to the translated amounts of the financial statements of the prior year.

When the control on foreign operation is lost due to the disposal of ownership interests of foreign operation or partial disposal of equity investment or other reasons, exchange differences of foreign currency statements attributable to the shareholders of the parent company related to such foreign operation and presented under shareholder's equity item in the balance sheet are all transferred to profit or loss for the current period.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments

The Group shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

Where financial assets are purchased or sold in a regular way, assets to be received and liabilities to be borne for it are recognized on the date of transaction, or sold assets are derecognized on the date of transaction.

The financial assets and liabilities were initially recognized at fair value. For the financial assets and liabilities measured at fair value through profit or loss (FVTPL), related transaction expenses are directly charged to the profit or loss for the year; for other financial assets and liabilities, related transaction expenses are included in the initial recognized amount. For accounts receivable excluding significant financing components or regardless of financing components of contracts less than one year recognized based on the ASBE No.14-Revenue("Standard--Revenue"), accounts receivable initially recognized shall be measured at transaction price defined based on the New Standard--Revenue on initial recognition.

Effective interest method is the method that is used in the calculation of the amortized cost of a financial asset or a financial liability and in the allocation and recognition of the interest income or interest expense in profit or loss over the relevant year.

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Group shall estimate the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but shall not consider the expected credit losses.

Amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.1 Classification and measurement of the financial assets

After initial recognition, the Group shall measure a financial asset at amortized cost, fair value through other comprehensive income or fair value through profit or loss.

If the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows, the Group shall classify the financial asset into the financial asset measured at amortized cost. Such financial assets mainly include: accounts receivable, other receivables belong to financial assets, loans and advances to customers, other current assets-structured deposits, other current assets – deposits in non-bank financial institutions, long-term receivables and debt investments.

If the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows and selling such financial assets, the Group shall classify the financial asset into the financial asset at fair value through other comprehensive income. Such financial assets mainly include receivables financing – notes receivable.

The Group will discount or endorse and transfer before part of notes receivable expire in the progress of managing enterprise liquidity, and derecognize the discounted or endorsed notes receivable on the basis that after the Group has transferred almost all risk and benefit to the related transaction party. The business mode of the Group managing notes receivable is regarding contract cash flow acquisition and selling such financial assets as objectives. Therefore, the receivables financing – notes receivable are classified to financial assets at fair value through other comprehensive income.

Financial assets at FVTPL include financial assets classified as at FVTPL and those designated as at FVTPL which are presented in held-for-trading financial assets. Those due over one year or non-fixed term and expected to be held for over one year since the balance sheet date are presented in other non-current financial assets.

- A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.
- At initial recognition, the Group may irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.1 Classification and measurement of the financial assets (continued)

On initial recognition, the Company may, based on a individual financial asset, irrevocably designate a non-tradable equity instrument investment which is non-contingent consideration and recognized in business combination involving enterprises not under common control as financial asset measured at FVTOCI. Such financial assets are presented as other equity instrument investments.

The Group's purpose of holding the financial assets is for trading if one of the following conditions is satisfied:

- The purpose of acquiring the financial assets is to sell the assets in the near future.
- The relevant financial assets are, on initial recognition, a part of the centrally-managed identifiable financial instrument portfolio, and the objective evidence indicates that short-term profit model exists in the near future.
- The relevant financial assets are derivative instruments. However, derivatives that meet the definition of financial guarantee contracts and those designated as effective hedging instruments are excluded.

10.1.1 Financial assets at amortised cost

The financial asset at amortized cost is subsequently measured at amortized cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortization is recognized in profit or loss.

The Group recognizes interest income on financial assets measured at amortized cost using the effective interest method. Except for the following circumstances, the Group calculates interest income based on the book balance of financial assets multiplied by the actual interest rate.

- Purchased or originated credit-impaired financial assets. For those financial assets, the Group shall apply the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group shall apply the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods. If the financial assets no longer has credit impairment during the follow-up period as a result of an improvement in its credit risk, and this improvement may be linked to an event that occurred after the application of the above regulations, the Group calculates interest income based on the book balance of financial assets multiplied by the actual interest rate.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.1 Classification and measurement of the financial assets (continued)

10.1.2 Financial assets at FVTOCI

Impairment gains or losses on a financial asset at FVTOCI and the interest income calculated using the effective interest method shall be recognized in profit or loss. Except for them, changes in fair value of such financial assets shall be recognized in other comprehensive income. The amount of such financial asset recognized in profit or loss of each period is equal to the amount deemed as measured at amortized cost all the time and recognized in profit or loss of each period. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income to profit or loss.

10.1.3 Designated financial assets at FVTOCI

After designating a non-tradable equity instrument investment as a financial asset at FVTOCI, the changes in fair value of such financial assets are recognized in other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income are transferred from other comprehensive income to retained earnings. During the period that the Group holds these non-tradable equity instrument, the Group has established the right of collecting dividends, whose economic benefit is probably flow into the Group, and the amount of the dividends can be reliably measured, then the Group will recognize dividends in profit or loss.

10.1.4 Financial assets at FVTPL

Financial assets at FVTPL shall be subsequently measured at fair value. Gains or losses from change in fair value and dividends and interest income related to such financial assets shall be recognized in profit or loss.

10.2 Impairment of financial assets

The Group shall recognize a loss allowance for expected credit losses on financial assets at amortized cost, financial assets FVTOCI and a lease receivable.

The Group makes a loss allowance against amount of expected credit losses during the whole life of the contract assets or accounts receivable that exclude significant financing component or do not consider the financing component in the contract within one year arising from transactions adopting Standards for Revenue and the financing lease receivables arising from transactions adopting *ASBE No. 21 – Leases*.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.2 Impairment of financial assets (continued)

For other financial instrument, other than purchased or originated credit-impaired financial assets, the Group assesses changes in credit risks of the relevant financial asset since initial recognition at each balance sheet date. If the credit risks of the financial instrument has been significantly increased since initial recognition, the Group will make a loss allowance at an amount of expected credit loss during the whole life; if not, the Group will make a loss allowance for the financial instrument at an amount in the future 12-month expected credit losses. Increase in or reversal of credit loss allowance is included in profit or loss as loss/gain on impairment, except for financial assets classified as at fair value through other comprehensive income. The Group recognizes credit loss allowance for financial assets at FVTOCI in other comprehensive income and recognizes loss/gain on impairment in profit or loss for the period, without reducing the carrying amount of the financial assets presented in the balance sheet.

The Group has made a loss allowance against amount of expected credit losses during the whole life in the prior accounting period. However, at the balance sheet date, the credit risk on a financial instrument has not increased significantly since initial recognition; the Group will measure the loss allowance for that financial instrument at an amount in the future 12-month expected credit losses. Reversed amount of loss allowance arising from such circumstances shall be included in profit or loss as impairment gains.

10.2.1 Significant increase in credit risk

The Group will make use of reasonable and supportable forward-looking information that is available to determine whether credit risk has increased significantly since initial recognition through comparing the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

The Group will take the following factors into consideration when assessing whether credit risk has increased significantly:

- (1) Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations.
- (2) An actual or expected significant change in the operating results of the borrower.
- (3) Significant increases in credit risk on other financial instruments of the same borrower.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.2 Impairment of financial assets (continued)

10.2.1 Significant increase in credit risk (continued)

- (4) Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to make scheduled contractual payments or to otherwise have an effect on the probability of a default occurring.
- (5) Significant changes in the expected performance and behavior of the borrower.

The Group may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. If the risk of default of a financial instrument is low, the borrower is highly capable of meeting its contract cash flow obligations in the short term, and the financial instrument is considered to have a lower credit risk even if there is a negative change in the economic situation and operating environment over a longer period of time, but it may not necessarily reduce the borrower's performance of its contract cash obligations.

10.2.2 Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- (1) Significant financial difficulty of the issuer or the borrower;
- (2) A breach of contract by the debtor, such as a default or delinquency in interest or principal payments;
- (3) The creditor, for economic or legal reasons relating to the debtor's financial difficulty, granting a concession to the debtor;
- (4) It becoming probable that the debtor will enter bankruptcy or other financial reorganizations;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer or the debtor;
- (6) The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.2 Impairment of financial assets (continued)

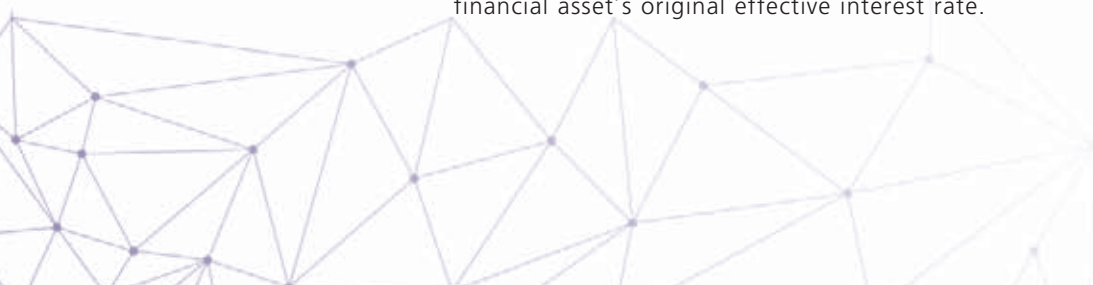
10.2.3 Recognition of expected credit losses

The Group recognizes the credit loss on lease receivables on an individual asset basis, and the credit loss on related financial instruments of accounts receivable, other financial assets classified as at amortized cost and debt instrument classified as at FVTOCI with impairment matrix on a collective basis. The Group can group financial instruments on the basis of shared credit risk characteristics. Examples of shared credit risk characteristics may include, but are not limited to, the:

- (a) Instrument type;
- (b) Credit risk ratings;
- (c) Collateral type;
- (d) Date of initial recognition;
- (e) Remaining term to maturity;
- (f) Industry of the borrower;
- (g) Geographical location of the borrower; and
- (h) The value of collateral relative to the financial asset.

The Group determines expected credit losses of relevant financial instruments using the following methods:

- For financial assets, a credit loss is the present value of the difference between:
 - (a) The contractual cash flows that are due to the Group under the contract; and
 - (b) the cash flows that the Group expects to receive.
- For lease receivables, a credit loss is the present value of the difference between:
 - (a) The contractual cash flows that are due to the Group under the contract; and
 - (b) the cash flows that the Group expects to receive.
- For a financial asset that is credit-impaired at the reporting date, but that is not a purchased or originated credit-impaired financial asset, the Group shall measure the expected credit losses as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.2 Impairment of financial assets (continued)

10.2.3 Recognition of expected credit losses (continued)

The factors reflected in methods of measurement of expected credit losses include an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; time value of money; reasonable and supportable information about past events, current conditions and forecasts on future economic status at balance sheet date without unnecessary additional costs or efforts.

10.2.4 Written-off of financial assets

The Group shall directly reduce the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

10.3 Transfer of financial assets

The Group shall derecognize a financial asset when: (1) the contractual rights to the cash flows from the financial asset expire, (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (3) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between the carrying amount at the derecognition date of the financial asset transferred and the sum of the consideration received from the transfer of the financial asset and the amount correlating to the derecognition part in the accumulated amount originally recognized in changes in fair value of other comprehensive income is recognized in profit or loss. If the transferred financial asset is the non-tradable equity instrument investment designated as at FVTOCI, cumulative gain or loss that has been recognized in other comprehensive income should be removed from other comprehensive income but be recognized in retained earnings.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.3 Transfer of financial assets (continued)

For a part of transfer of a financial asset that satisfies the derecognition criteria, the carrying amount of the transferred financial asset is allocated between the part that is derecognized and the part that is continuously involved, based on the respective fair values of those parts on transfer date. The difference between (1) the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income; and (2) the carrying amount allocated to the part derecognized on derecognition date; is recognized in profit or loss or retained earnings. If the transferred financial asset is the non-tradable equity instrument investment designated as at FVTOCI, cumulative gain or loss that has been recognized in other comprehensive income should be removed from other comprehensive income but be recognized in retained earnings.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group will continuously recognize the transferred financial asset in its entirety. Considerations received should be recognized as a financial liability.

10.4 Classification and measurement of financial liabilities and equity instruments

Financial instruments issued by the Group are classified into financial liabilities or equity instruments on the basis of the substance of the contractual arrangements and the economic nature not only its legal form, together with the definition of financial liability and equity instruments on initial recognition.

10.4.1 Classification and measurement of financial liabilities

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities. The Group's financial liabilities are other financial liabilities.

Other financial liabilities, other than financial liabilities arising from financial assets of which the transfer does not meet the conditions for derecognition or continue to be involved in transferred financial assets, are classified as financial liabilities measured at amortized cost. Subsequent measurement, gain or loss arising from derecognition or amortization is recognized in profit or loss.

Such financial liabilities of the Group include: short-term borrowings, notes payable, accounts payable, other payables, other current liabilities, and long-term borrowings.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.4 Classification and measurement of financial liabilities and equity instruments (continued)

10.4.2 Derecognition of financial liabilities

The Group derecognizes a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing debtor) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

10.4.3 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The issuance (including refinance), repurchase, selling or cancellation of these instruments are treated as change in equity. The enterprise should not recognize changes in the fair value of the equity instruments. The related transaction costs are deducted from equity.

Distributions to holders of an equity instrument shall be recognized by the Group directly in equity.

10.5 Offsetting a financial asset and a financial liability

Where the Group has a legal right that is currently enforceable to set off the amount of the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

11. Notes receivable

Recognition method and accounting treatment of expected credit losses of notes receivable

The Group holds that the acceptance bank of bank acceptances held by the Group has relatively high credit rating with no significant credit risk and no impairment allowance has been made.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

12. Receivables

Recognition method and accounting treatment of expected credit losses of accounts receivable

The Group makes a loss allowance against amount of expected credit losses during the whole life of the contract assets and accounts receivable that exclude significant financing component or do not consider the financing component in the contract within one year arising from transactions adopting New Standards for Revenue. The group recognizes the credit losses of accounts receivable with impairment matrix on a collective basis. The Group groups accounts receivable on the basis of shared credit risk characteristics such as customer profile.

As part of the Group's credit risk management, the Group uses accounts receivable account of age as a basis for assessing the various types of receivables expected credit losses.

Credit risk and expected credit loss rate of accounts receivable:

Aging	Average expected loss rate
Within credit period	0.00%-11.00%
Overdue 1 to 180 days	19.00%-50.00%
Overdue more than 180 days	100.00%

Increase in or reversal of credit loss allowance is included in profit or loss as loss/gain on impairment. The Group shall directly reduce the gross carrying amount of such account receivable when the Group has no reasonable expectations of recovering an account receivable in its entirety or a portion thereof.

13. Other receivables

Recognition method and accounting treatment of expected credit losses of other receivables

The Group recognizes expected credit losses of other receivables on the basis of historical experience data and forward-looking information.

Increase in or reversal of credit loss allowance is included in profit or loss as loss/gain on impairment. The Group shall directly reduce the gross carrying amount of such other receivables when the Group has no reasonable expectations of recovering an other receivable in its entirety or a portion thereof.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

14. Inventories

14.1 Classification of inventories

Inventories of the Group mainly include raw materials, work-in-progress, finished products and low-value and short-lived consumables. Inventories are initially measured at cost. Cost of inventories includes costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

14.2 Valuation method of inventories upon delivery

The actual cost of inventories upon delivery is calculated using the weighted average method.

14.3 Recognition of net realizable value of inventories

At the balance sheet date, inventories are calculated at the lower of cost and net realizable value. Provision for inventory impairment is made when the net realizable value is lower than the cost.

Net realizable value represents the estimated selling price of inventories minus cost estimated to incur upon completion, estimated selling costs and relevant taxes during normal course of business. When determining the net realizable value of inventory, basis is relied on the actual evidences obtained while the objectives of inventories holding and the impact of post balance sheet date event are also considered.

For large quantity and low value items of inventories, provision for decline in value is made based on categories of inventories. For items of inventories relating to a product line that are produced and marketed in the same geographical area, have the same or similar end uses or purposes, and cannot be practicably evaluated separately from other items in that product line, provision for decline in value is determined on an aggregate basis. Provision for decline in value of other inventories is made based on the excess of cost of inventory over its net realizable value on an item-by-item basis.

After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realizable value of inventories is higher than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the year.

14.4 Inventory count system

The inventory count system shall be on a perpetual basis.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

14. Inventories (Continued)

14.5 Amortization of low-value and short-lived consumables and other turnover materials

Turnover materials are materials that can be reused many times and still be remained in original condition after gradual transfer of their value but are not recognized as fixed assets, including low-value and short-lived consumables and other turnover materials.

Low-value and short-lived consumables and other turnover materials are amortized by number of usage or one-time write-off.

15. Debt investments

Recognition method and accounting treatment of expected credit losses of debt investments

For other debt investments as a part of credit risk management, the Group recognizes expected credit losses of the above debt investments by considering, at each balance sheet date, historical breach of contracts, industrial forward-looking information or various external situations and expected economic information.

16. Long-term receivables

Recognition method and accounting treatment of expected credit losses of long-term receivables

The Group's long-term receivables include finance lease receivable and other receivables.

The Group makes a loss allowance against amount of expected credit losses during the whole life of the financing lease receivables arising from transactions adopting ASBE No. 21 – Leases.

For other long-term receivables, the Group determines expected credit losses of debt investment which is on the basis of the Group's historical overdue rate and considered reasonable forward-looking information or various actual and expected external economic information at each balance sheet date.

Increase in or reversal of credit loss allowance is included in profit or loss as loss/gain on impairment. The Group shall directly reduce the gross carrying amount of such account receivable when the Group has no reasonable expectations of recovering an account receivable in its entirety or a portion thereof.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

17. Long-term equity investments

17.1 Judgement criterion of determining joint control or significant influence over the investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of an enterprise, except to control or joint control the formulation of such policies together with other parties. In determining whether there is control or significant influence over the investee, potential voting right factors (such as the convertible corporate bonds for the year and the exercisable stock warrants for the year of the investee and other invested units held) were taken into account.

17.2 Determination of initial investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree on the date of combination in the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings.

For a long-term equity investment acquired through business combination involving enterprises not under common control, the initial investment cost of the long-term equity investment acquired shall be the cost of acquisition.

Any audit, legal service, appraisal and other agency expense and other administration expense occurred during combination, the acquiree shall recognize those expenditure in profit or loss.

The long-term equity investment acquired otherwise than through a business combination is initially measured at its cost.

17.3 Method for subsequent measurement and profit or loss recognition

17.3.1 Long-term equity investments accounted for using the cost method

Long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. Investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

17. Long-term equity investments (continued)

17.3 Method for subsequent measurement and profit or loss recognition (continued)

17.3.2 Long-term equity investments accounted for using the equity method

The Group accounts for investment in joint ventures using the equity method. A joint venture is an entity over which the Group exercises joint control along with other investors.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment 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 recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income of the investee for the period as investment income or other comprehensive income respectively for the period. Meanwhile, the carrying amount of long-term equity investments will be adjusted accordingly; for the share of the investee's profit or cash dividends declared by the investee, the carrying amount of long-term equity should be decreased accordingly; for changes in owner's equity rather than the investee's net profit or loss, other comprehensive income and profit distribution, carrying amount of long-term equity investments should be adjusted and included in capital reserve. The Group recognizes its share of the investee's net profit or loss based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date after making appropriate adjustments.

The Group discontinues recognizing its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognized according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognizing its share of those profits only after its share of the profits exceeds the share of losses previously not recognized.

17.3.3 Disposal of long-term equity investments

On disposal of a long-term investment, the difference between the carrying amount of the investment and the actual consideration paid is recognized in current profit or loss.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

18. Investment properties

Investment property refers to real estate held to earn rentals or for capital appreciation, or both, including leased land use rights, land use rights held and provided for transferring after appreciation and leased constructions, etc.

Investment property is initially measured at cost. Subsequent expenditures related to an investment property shall be included in cost of investment property only when the economic benefits associated with the asset will likely flow to the Group and its cost can be measured reliably. All other subsequent expenditures on investment property shall be included in profit or loss for the current period when incurred.

The Group adopts cost method for subsequent measurement of investment property, which is depreciated or amortized using the same policy as that for buildings and land use rights.

When an investment property is sold, transferred, retired or damaged, the amount of proceeds on disposal of the property net of the carrying amount and related taxes and surcharges is recognized in profit or loss for the current period.

19. Fixed assets

19.1 Recognition conditions

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and have a useful life of more than one accounting year. Fixed assets are only recognized when their related economic benefits are likely to flow to the Group and their cost can be reliably measured. Fixed assets are initially measured at cost.

For subsequent expenses related to fixed assets, if the economic benefits related to such fixed assets is likely to inflow and its cost could be reliably measured, they are capitalized to fixed assets cost and the carrying amount of replacement will be derecognized. Other subsequent expenses other than the above are charged to profit or loss for the current year when incurred.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

19. Fixed assets (continued)

19.2 Depreciation method

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation (years)	Estimated residual value rate (%)	Annual depreciation rate (%)
Buildings	8-40	5	2.38-11.88
Machinery and equipment	10	5	9.50
Transportation vehicles	4-10	5	9.50-23.75
Electronic equipment and others	3-10	5	9.50-31.67

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the stage and in the condition expected at the end of its useful life.

19.3 Other explanations

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognized in profit or loss for the current year.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and account for any change as a change in an accounting estimate.

20. Construction in progress

Construction in progress is recognized based on the actual construction cost, including all expenditures incurred for construction projects, capitalized borrowing costs for the construction in progress before it has reached the working condition for its intended use, and other related expenses during the construction period. A construction in progress is transferred to fixed assets when it has reached the working condition for its intended use.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

21. Borrowing costs

Borrowing costs include interest, amortization of discount or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings. For borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, when expenditures for the asset and borrowing costs are being incurred, activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced, such borrowing costs shall be capitalized as part of the cost of that asset; and capitalization shall discontinue when the qualifying asset is ready for its intended use or sale. Other borrowing costs shall be recognized as expense during the current period in which they are incurred.

Where funds are borrowed for a specific purpose, the amount of interest to be capitalized shall be the actual interest expense incurred during the current period less any bank interest earned from depositing the borrowed funds before being used into banks or any investment income on the temporary investment of those funds. Where funds are borrowed for general purpose, the Group shall determine the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings. The capitalization rate shall be the weighted average of the interest rates applicable to the general-purpose borrowings.

Qualifying assets are assets (fixed assets, inventories, etc.) that necessarily taking a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

22. Intangible assets

22.1 Valuation method, useful life, impairment test for intangible assets

Intangible assets include land use right, software and non-patent technology, etc.

An intangible asset shall be measured initially at cost. Expenditures related to an intangible asset shall be included in cost of intangible asset only when the economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other expenditure on an intangible item shall be included in profit and loss for the current year when incurred.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

22. Intangible assets (continued)

22.1 Valuation method, useful life, impairment test for intangible assets (continued)

Land use right acquired shall normally be recognized as an intangible asset. Self-constructed buildings (e.g. plants), related land use right and the buildings shall be separately accounted for as intangible assets and fixed assets. For buildings and structures purchased, the purchase consideration shall be allocated among land use right and the buildings on a reasonable basis. If there is any difficulty in making a reasonable allocation, the consideration shall be recognized in full as fixed assets.

When an intangible asset with a finite useful life is available for use, its original cost less estimated net residual value and any accumulated impairment losses provided is amortized over its estimated useful life using the straight-line method. The intangible assets with infinite useful life are not amortized. The useful life and annual amortization rate of each category of intangible assets are as follows:

Category	Depreciation years	Annual depreciation rate (%)
Land use right	50	2.00
Software and others	2-10	10.00-50.00
Non-patent technology	1-10	10.00-100.00

The Group shall review the finite useful life of an intangible asset and the amortization method applied at the end of the period. A change in the useful life or amortization method used shall be accounted for as a change in accounting estimate.

Details of impairment test for intangible assets are set out in Note III "23. Impairment of long-term assets".



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

22. Intangible assets (continued)

22.2 Research and development expenditure

The internal research and development expenditures of the Group are classified into research phase expenditure and development phase expenditure.

Expenditure arising from the research phase is accounted for in profit or loss for the current year when incurred.

Expenses incurred during the development phase that satisfy the following conditions are recognized as intangible assets, while those that do not satisfy the following conditions are accounted for in the profit or loss for the current year:

- (1) It is technically feasible that the intangible asset can be used or sold upon completion;
- (2) There is intention to complete the intangible asset for use or sale;
- (3) The intangible asset can produce economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market; if the intangible asset is for internal use, there is evidence that there is usage for the intangible asset;
- (4) There is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset;
- (5) The expenses attributable to the development phase of the intangible asset can be measured reliably.

If the expenses incurred during the research stage and the development stage cannot be distinguished separately, all development expenditure incurred are accounted for in the profit or loss for the current year.

23. Impairment of long-term assets

The Group assesses at each balance sheet date whether there is any indication that any long-term equity investments, investment properties measured at cost, fixed assets, construction in progress and intangible assets with a finite useful life may be impaired. If there is any evidence indicating that an asset may be impaired, recoverable amount shall be estimated for the individual asset. The intangible assets with infinite useful life are tested for impairment every year, regardless of any indication of impairment.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

23. Impairment of long-term assets (continued)

The recoverable amount should be estimated of the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the asset group to which the asset belongs. The recoverable amount of an asset is determined at the higher of the net amount after deducting the disposal expenses from the assets' fair value and the current value of the assets' estimated future cash flow.

If the recoverable amount of an asset or an asset group is less than its carrying amount, a provision for impairment loss of the asset will be made for the reduction and is charged to profit or loss for the current period.

Goodwill is tested for impairment yearly. When conducting the impairment test for goodwill, the test is conducted through combination with its related asset group or portfolio of asset group. That is, goodwill is reasonably allocated to the related asset group or each of asset group expected to benefit from the synergies of the combination. If the recoverable amount of asset group or portfolio of asset group containing the allocated goodwill is lower than its book value, relevant impairment loss is recognized. The amount of impairment loss is first written-down and allocated to the carrying amount of the goodwill of that asset group or portfolio of asset group, and is then written down to the book value of all other types of assets proportionally according to the weighting of the book value of all other types of assets other than goodwill within asset group or portfolio of asset group.

An impairment loss once recognized shall not be reversed in a subsequent period.

24. Long-term deferred expenses

Long-term deferred expenses are expenses which have incurred but shall be amortized over the current period and subsequent periods of more than one year. Long-term deferred expenses are amortized evenly over the estimated benefit period.

25. Contract liabilities

Contract liabilities refers to the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. Contract assets and contract liabilities under common contract are presented as net.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

26. Employee benefits

26.1 Short-term employee benefits

In the accounting period in which employees have rendered services, the Group shall recognize the short-term employee benefits that actually occurred as liability, and charged to profit or loss for the current period or cost of relevant assets. The Group shall recognize the amount of employee welfare that actually occurred and charged to profit or loss for the current period or cost of relevant assets.

During the accounting period which employees rendered service, medical insurance, work-related injury insurance, maternity insurance and other social security contributions and housing provident fund paid by the Group, as well as labour union funds and employees' education expenses extracted by requirement. Based on the required accrual basis and proportions in order to determine the appropriate amount of employee benefits, such employee benefits shall be recognized as corresponding liabilities, and charged to profit or loss during current period or cost of relevant assets.

26.2 Post-employment benefits

All post-employment benefits within the Group are defined contribution plans.

In the accounting period which employees rendered services, the amount of the defined contribution plans shall be recognized as liability and charged to profit or loss during current period or cost of relevant assets.

27. Provisions

Provisions are recognized when the Group has a present obligation related to a contingency, 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.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money.

Where all or some of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received, and the amount of reimbursement recognized does not exceed the carrying amount of the provision.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Revenue

The revenue from the Group are mainly from selling automobiles and components and parts of automobiles; processing and manufacturing of models; providing services and so on.

The Group recognizes revenue based on the transaction price allocated to such performance obligation when a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation represents the commitment that a good and service that is distinct shall be transferred by the Group to the customer. Transaction price refers to the consideration that the Group is expected to charge due to the transfer of goods or services to the customer, but it does not include payments received on behalf of third parties and amounts that the Group expects to return to the customer.

Variable consideration

If the contract includes variable consideration, the Group determines the best estimates of the variable consideration based on the expected value or the most likely amount. Transaction price comprising the variable consideration does not exceed the amount that it is highly probable that a significant reversal will not occur when relevant uncertainty is eliminated. At each balance sheet, the Group re-estimates the amount of variable consideration which should be recognized in transaction price.

If the contract includes two or more performance obligations, at contract inception, the Group allocates the transaction price to single performance obligation according to relative proportion of the stand-alone selling prices of the goods or services promised by single performance obligation. However, where there is conclusive evidence that the contract discount or variable consideration is only related to one or more (not all) performance obligations in the contract, the Group shall allocate the contract discount or variable consideration to relevant one or more performance obligations. The stand-alone selling price is the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group shall consider all information that is reasonably available to the Group and maximize the use of observable inputs and apply estimation methods consistently in similar circumstances.

Warranties

For sales with quality assurance terms, if the quality assurance provides a separate service to the customer other than ensuring that the goods or services sold meet the established standards, the quality assurance constitutes a single performance obligation. Otherwise, the Group will account for the quality assurance responsibility in accordance with the *ASBE No. 13 – Contingencies*.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Revenue (continued)

Customers' unexercised rights

When the Group collects amounts of sold goods or services in advance from the customer, the Group will firstly recognize the amounts as a liability and then transfer to revenue until satisfying relevant performance obligations. When the receipts in advance is non-refundable and the customer may give up all or part of contract right, and the Group is expected to be entitled to obtain amounts associated with contract rights given up by the customer, the above amounts shall be proportionally recognized as revenue in accordance with the model of exercising contract rights by the customer; otherwise, the Group will transfer the relevant balance of the above liability to revenue only when the probability is extremely low for the customer to satisfy remaining performance obligations.

29. Government grants

Government grants are monetary assets and non-monetary assets gratuitous acquired from the government. Government grants are recognized when they meet the requirements of government grants and is receivable.

Government grants are measured in accordance with the amount received or receivable if they are monetary assets.

29.1 Judgement criteria and accounting treatment for government grants related to asset

A government grant related to an asset is charged against carrying amount of related assets or recognized as deferred income and evenly included in profit or loss over the useful life of the related asset.

29.2 Judgement criteria and accounting treatment for government grants related to income

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the period in which the related costs are recognized. If the grant is a compensation for related expenses and losses already incurred, the grant is recognized immediately in profit or loss for the current period.

Government grants related to the Group's daily activities are included in other income in accordance with its economic substance. Otherwise, government grants are included in non-operating income or expense.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

30. Income tax

30.1 Current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods shall be measured at the amount expected to be paid (or recovered) according to the requirements of tax laws. Tax payables for the calculation of income tax of the current period are based on relevant adjustments on the profits (before tax) of the year/period according to relevant tax laws.

30.2 Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the balance sheet liability method.

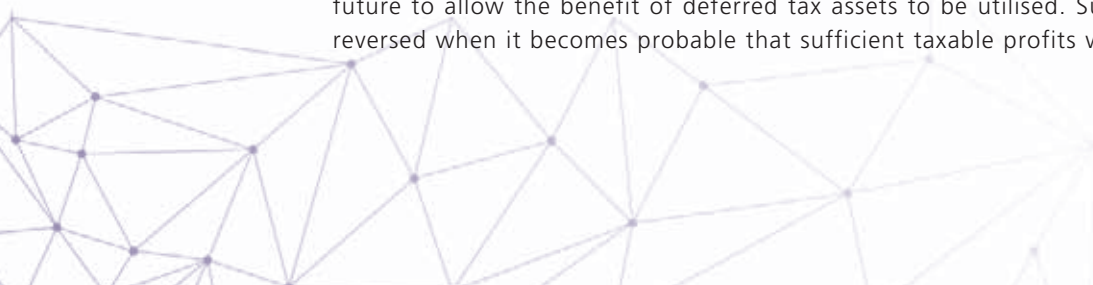
Deferred tax is generally recognized for all temporary differences. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realized or the liability is settled.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilised. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

30. Income tax (continued)

30.3 Income tax expenses

Income tax expense comprises current income tax expense and deferred income tax expense.

Current and deferred tax expenses or income are recognized in profit or loss for the period, except when they arise from transactions or events that are directly recognized in other comprehensive income or in shareholders' equity, in which case they are recognized in other comprehensive income or in shareholders equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

30.4 Offsetting of income tax

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

31. Lease

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

The Group assesses whether a contract is or contains a lease at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

31.1 The Group as the lessee

Separation of the lease

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

31. Lease (continued)

31.1 The Group as the lessee (continued)

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognizes right-of-use assets at the commencement date of the lease. The commencement date of the lease is the date that the lease asset provided by the lessor is available for the Group's use. Right-of-use assets are measured at cost initially. The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liabilities ;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

After the commencement date of the lease, the carrying amount of right-of-use assets should be adjusted when the lease liabilities are measured again.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group recognizes whether the right-of-use assets are impaired or not and accounts for impairment under relevant regulations of the *Accounting Standard for Business Enterprises No.8 – Impairment of Asset*.

Refundable rental deposits

Refundable rental deposits paid are accounted under the *Accounting Standard for Business Enterprises No.22 – Recognition and Measurement of Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees and included in the cost of right-of-use assets.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

31. Lease (continued)

31.1 The Group as the lessee (continued)

Lease liabilities

Except for short-term leases and leases of low-value assets, at the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease as the discounting rate, or uses the incremental borrowing rate if the interest rate implicit in the lease is not readily determinable.

Lease payments refer to the payments made by the Group to the lessor for the lessee's right to use the leased asset over the lease term and include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option reasonably certain to be exercised by the Group;
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate; and
- amounts expected to be paid under residual value of the Group's guarantees.

Variable lease payments that depend on an index or a rate are recognized in accordance with the index or rate determined on the lease commencement date at the initial measurement. Variable lease payments that are not included in the measurement of lease liabilities are recognized in profit or loss or the cost of underlying assets in the period on which the event or condition that triggers the payment occurs.

Interest expenses on lease liabilities in each period during the lease term are recognized by the Group by using the fixed periodic rate of interest.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

31. Lease (continued)

31.1 The Group as the lessee (continued)

Lease liabilities (continued)

After the lease commencement date, the Group re-measures lease liabilities and makes a corresponding adjustment to the related right-of-use assets whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liabilities is re-measured by discounting the revised lease payments using a revised discount rate at the date of reassessment;
- the amount expected to be paid under residual value of guarantees or the index or rate used to recognize lease payments has changed, in which cases the related lease liabilities is re-measured by discounting the revised lease payments using the initial discount rate.

Lease liabilities are presented as “current liabilities” and “non-current liabilities” based on their liquidity at the balance sheet. The closing balance of non-current lease liabilities due within 1 year from the balance sheet date is reflected under the line item of “non-current liabilities due within 1 year”.

Short-term leases and leases of low-value assets

For short-term leases of transportation vehicles/machinery and equipment/office equipment and leases of low-value assets to which the recognition exemption is applied by the Group, right-of-use assets and lease liabilities are not recognized. A short-term lease refers to a lease that, at the commencement date, has a lease term of 12 months or less and do not contain a purchase option. A lease of low value asset refers to a single lease asset, when new, is of low value. Lease payments on short-term leases and leases of low-value assets are recognized in profit or loss or the cost of underlying assets on a straight-line basis over the lease term.

Lease modifications

The Group accounts for a lease modification as a separate lease for accounting if:

- the lease modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group reallocates the consideration in the contract after the modification, re-determines the lease term, and re-measures the lease liability by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

31. Lease (continued)

31.2 The Group as the lessor

Separation of lease

For a contract that contains lease and non-lease components simultaneously, the Group applies the *Accounting Standard for Business Enterprises No. 14 – Revenue* to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under the *Accounting Standard for Business Enterprises No.22 – Recognition and Measurement of Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Classification of lease

Finance leases are the leases that almost all risks and rewards concerning the lease assets are transferred. Except for finance leases, all other leases are operating leases.

The Group as lessor under operating leases

Lease receipts from operating leases is recognized as rental income on a straight-line basis over the term of the relevant lease. Initial direct costs in connection with the operating lease are capitalized when incurred, and are amortized on the same basis as rental income recognition over the lease term and recognized in profit or loss by stages.

Variable lease receipts obtained by the Group from operating lease but not included in the lease receivables are recognized in profit or loss when incurred.

The Group as lessor under finance leases

At the commencement date, the Group adopts the net lease investment as the recorded value of the financial lease receivables and derecognises the financial lease assets. The net lease investment is the sum of the unguaranteed residual value and the present of value lease receipt received at the commencement date that has not been discounted according to the interest rate within the lease.

The lease receipt refers to the payments of the Group for the right to use the lease asset during the lease term from the lessee, which includes:

- fixed payments and in-substance fixed payments required to be paid by lessee where lease incentive exists, less any lease incentives payable;
- variable lease payments that depend on an index or a rate;

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

31. Lease (continued)

31.2 The Group as the lessor (continued)

The Group as lessor under finance leases (continued)

- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments for exercising the option to terminate the lease, if the lease term reflects the lessee exercising an option to terminate the lease;
- any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or an independent third party that is financially capable of discharging the obligations under the guarantee.

Variable lease receipts that depend on an index or a rate are recognized in accordance with the index or rate determined on the lease commencement date at the initial measurement. Variable lease receipts that are not included in the measurement of net lease investments are recognized in profit or loss in the period on which the event or condition that triggers the receipts occurs.

Interest income in each period during the lease term are calculated and recognized by the Group by using the fixed periodic rate of interest.

32. Changes in significant accounting policies

32.1 New Standard on Lease

The Group began to apply the *Accounting Standard for Business Enterprises No. 21 – Lease* (revised) revised by the Ministry of Finance (“MoF”) in 2018 (hereinafter referred to as the “New Standard on Lease”, and the standard on lease before the revision is referred to as the “Original Standard on Lease”) on 1 January 2019 (“the date of initial application”). The Group’s accounting policies revised for lease have been disclosed in Note III 31.

For a contract that has existed as at the date of initial application, the Group chooses to not reassess whether it is, or contains, a lease at date of initial application.

For a contract entered into or modified on or after the date of initial application, the Group assesses whether such contract is or contains a lease under the definition of the New Standard on Lease.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

32. Changes in significant accounting policies (continued)

32.1 New Standard on Lease (continued)

The Group as the lessee

The Group adjusted the retained earnings and amounts of other relevant line items in the financial subject to the accumulative effects arising from initial application of the New Standard on Lease, but no adjustments are required for information in the comparable period.

For operating leases existed before the date of initial application, the Group can choose to apply one or more following practical expedients on lease-by-lease basis:

- accounted for as short-term leases for operating leases with lease term ended within 12 months of the date of initial application;
- applied a single discount rate to a portfolio of leases with a similar characteristics on measuring lease liabilities;
- excluded initial direct costs from measuring the right-of-use assets;
- used hindsight based on facts and circumstances as at the date of initial application in determining the lease term for the Group's leases with extension and termination options;

At the date of initial application, the Group has made the following adjustments upon application of the New Standard on Lease:

The Group recognised lease liabilities of RMB49,631,355.08 and right-of-use assets of RMB52,499,010.14 as at 1 January 2019. For operating leases existed before the date of initial application, the Group measures the lease liabilities at the present value discounted at the lessee's incremental borrowing rates at the date of initial application. The lessee's incremental borrowing rate applied is 4.75%~4.90%.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

32. Changes in significant accounting policies (continued)

32.1 New Standard on Lease (continued)

The Group as the lessee (continued)

The following table summarizes adjustments between lease liabilities recognized as at 1 January 2019 and significant operation lease commitments disclosed in the financial statements of 2018:

Item	RMB 1 January 2019
I. Operating lease commitments disclosed as at 31 December 2018	65,761,677.74
Lease liabilities discounted at the incremental borrowing rate as at the date of initial application	60,140,291.09
Less: recognition exemption – short-term leases	7,026,107.53
Recognition exemption – leases of low value assets	3,482,828.48
Lease liabilities relating to original operating leases recognized upon application of New Standard on Lease	49,631,355.08
II. Lease liabilities as at 1 January 2019	49,631,355.08
Analyzed as:	
Non-current liabilities due within one year	13,292,608.44
Lease liabilities	36,338,746.64

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

Item	RMB 1 January 2019
Right-of-use assets	
Right-of-use assets relating to operating leases recognized at the date of initial application	49,631,355.08
Reclassified from prepaid lease payments	2,095,864.26
Adjustment to the lease deposits at the date of initial application	771,790.80
Total	52,499,010.14

By category:

Item	RMB 1 January 2019
Land use rights	2,095,864.26
Buildings	49,293,003.09
Machinery and equipment	1,110,142.79
Total	52,499,010.14

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

32. Changes in significant accounting policies (continued)

32.1 New Standard on Lease (continued)

The Group as the lessor

The Group does not need any transitional adjustments for its leases as a lessor, but rather accounts for it under the new lease standard from the date of initial application.

- (1) The effects of the application of the New Standard on Lease on the relevant balance sheet items as at 1 January 2019 are as follows:

The Group:

Item	31 December 2018	Adjustment	RMB 1 January 2019
Current assets:			
Other receivables	651,737,776.25	(771,790.80)	650,965,985.45
Non-current assets:			
Right of use assets	—	52,499,010.14	52,499,010.14
Long-term prepayments	125,728,779.61	(2,095,864.26)	123,632,915.35
Current liabilities:			
Non-current liabilities due within one year	—	13,292,608.44	13,292,608.44
Non-current liabilities:			
Lease liabilities	—	36,338,746.64	36,338,746.64

The Company:

Item	31 December 2018	Adjustment	RMB 1 January 2019
Current assets:			
Other receivables	983,288,876.36	(368,342.31)	982,920,534.05
Non-current assets:			
Right of use assets	—	31,557,573.34	31,557,573.34
Long-term prepayments	123,366,270.51	(2,095,864.26)	121,270,406.25
Current liabilities:			
Non-current liabilities due within one year	—	5,899,544.64	5,899,544.64
Non-current liabilities:			
Lease liabilities	—	23,193,822.13	23,193,822.13

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

32. Changes in significant accounting policies (continued)

32.2 Presentation format of financial statements

Since the preparation of the 2019 interim financial statements, the Group adopted the Notice of the Revised Format of 2019 Financial Statements for General Business Enterprise (Cai Kuai (2019) No. 6, hereinafter referred to as the "Cai Kuai No.6 Document") released by the MoF on 30 April 2019. Cai Kuai No.6 Document revised the presenting items in the balance sheet, income statement, cash flow statement and statement of changes in owners' equity, divided the line item of "notes and accounts receivable" into "notes receivable" and "accounts receivable", divided the line item of "notes and accounts payable" into "notes payable" and "accounts payable", added line items of "receivables financing" and "special reserve", specified or revised the presenting contents of "interest income", "other income", "non-operating income", "non-operating expenses", "capital contributions from other equity holders" under "other receivables", "non-current assets due within 1 year", "deferred income", "other equity instruments", "research and development expenses", "financial expenses", stipulated presentation requirements for impairment losses made for loan commitments, financial guarantee contracts and other items, added line items of "income from derecognition of financial assets at amortised cost" under the line item of "investment income", adjusted the presenting location of some accounts in the income statement and clarified the presenting item of government grants in the cash flow statement. The Group has accounted for the above changes in presenting accounts retrospectively.

IV. SIGNIFICANT JUDGEMENTS MADE IN THE APPLICATION OF ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES

In the application of the Group's accounting policies, which are described in Note III, the Group is required to make judgements, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainty of the operating activities. These judgements, estimates and assumptions are based on historical experiences of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates of the Group.

The Group regularly reviews the aforesaid judgments, estimates and assumptions on the basis of continuous operation. Where the changes in accounting estimates only impact the current period, the impact shall be recognized during the current period; where such changes impact both the current and future periods, the impact shall be confirmed during the current and future periods when such changes occur.

Key assumptions and uncertainties in the application of accounting estimates

The following are the critical assumptions and uncertainties which may cause material adjustments to the carrying amounts of assets and liabilities concerning the future at the date of balance sheet:



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

IV. SIGNIFICANT JUDGEMENTS MADE IN THE APPLICATION OF ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES (continued)

Key assumptions and uncertainties in the application of accounting estimates (continued)

Provision for decline in value of inventories

The Group recognizes provision for decline in value of inventory according to net realizable value of the inventory. Provision for inventory impairment is required to be recognized when there is sign showing that the net realizable value is lower than cost. Recognition of net realizable value involves judgment and estimation. If the result of re-estimation differs from current estimation, such difference will impact the book value of inventory for the corresponding period.

Useful life of fixed assets

The Group estimates the useful life of fixed assets based on experience of actual useful life of fixed asset of similar nature and function. If the useful life of a fixed asset is shortened, the Company will adopt measures to accelerate the depreciation of the fixed asset or eliminate fixed assets which are idle or technologically obsolete.

Recognition of deferred tax assets

As at 30 June 2019, the Group recognized deferred tax assets of RMB513,291,216.17 (31 December 2018: RMB676,536,944.72) in the consolidated balance sheet. The realization of deferred tax assets is mainly determined by future actual earnings and actual tax rate of temporary difference in future utilization year. If the actual future earning is less than estimates, or the actual tax rate is lower than estimates, the recognized deferred income tax asset shall be reversed, and be recognized in the income statement in the year in which the reversal is incurred. If the actual earnings accrued in the future is more than estimates, or the actual tax rate is higher than estimates, such deferred tax asset shall be recognized in the consolidated income statement in the year in which they are incurred.

Fees for after-sale services

The Group undertakes the warranty obligation for the vehicles sold within a certain warranty period, and pre-acquires the after-sales service fees according to the sales volume and estimated cost standards. The after-sales service fee withdrawn on 30 June 2019 is RMB261,495,328.67. If the actual after-sales service fee is greater or less than the expected amount, it will affect the profit and loss of the period.

Capitalization of development expenditures

The expenditure at the development phase shall be capitalized if the conditions stated in Note (III).22.2 are met at the same time, while those that do not satisfy the conditions are accounted for in the profit and loss for the current year. Capitalizing or expensing expenditures at the development phase requires significant judgment and estimation.

Determining the lease term of a lease contracts with renewal options

The Group, as a lessee, enters a lease contract with renewal option. The application of judgment to determine the lease term of the lease contract is required for the Group. The assessment of whether the Group reasonably determines the option to be exercised will affect the length of the lease term, which will have a significant impact on the amount of lease liability and right-of-use assets recognized in the lease.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

V. TAXATION

1. Major tax types and rates

Tax type	Basis	Tax rate
Value-added tax	Purchase/Sales (Note 1 and 2)	3%, 5%, 6%, 9%, 10%, 11%, 13%, 16%, 17%
Consumption tax	Sales	3%, 5%, 9%
Urban maintenance and construction tax	Value-added tax and consumption tax	5%, 7%
Education surcharge	Value-added tax and consumption tax	3%
Enterprise income tax	Taxable income (Note 2)	20%, 25%, 28%, 29.74%, 30%
Real estate tax	Original cost/rental income of the real estate	For self-occupied real estate of the Company, the tax is calculated at 70% of the original cost and a tax rate of 1.2%. For leased real estate, the tax is calculated at 12% of the rental income
Land use tax	Usable area of the land	Relevant tax rate

Note 1: Pursuant to the *Notice on Adjusting Value-added Tax Rate* (Cai Shui [2018] No.32) issued by the MoF and the State Administration of Taxation, VAT taxable sales or imported goods subject to 17% and 11% shall be adjusted to 16% and 10% since 1 May 2018. Pursuant to the Announcement of MoF, the State Administration of Taxation and the General Administration of Customs on Relevant Policies for Deepening the Value-added Tax Reform (Announcement No.39 [2019]), VAT taxable sales or imported goods subject to 16% and 10% shall be adjusted to 13% and 9% since 1 April 2019.

Note 2: Excluding the tax incentives set out in Note (V). 2, the applicable tax rates of the relevant companies of the Group for 2018 and 1 January 2019 to 30 June 2019 are listed on the above table.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

V. TAXATION (continued)

2. Tax incentives and approvals

2.1 Income tax incentives

2.1.1 Income tax incentive policy for recruitment of disabled

Pursuant to the Circular on Granting Tax Credit and Exemption relating to Enterprise Income Tax on the Recruitment of Disabled (關於安置殘疾人員就業有關企業所得稅優惠政策問題的通知) (Cai Shui [2009] No. 70) (the “Circular”) issued by the MoF and the State Administration of Taxation, the Company and its subsidiaries, Baoding Nuobo Rubber Production Company Limited (保定市諾博橡膠製品有限公司) (“Baoding Nuobo”), Baoding Great Machinery Company Limited (保定市格瑞機械有限公司) (“Baoding Great”), Baoding Yixin Automotive Parts Company Limited (保定億新汽車配件有限公司) (“Baoding Yixin”), Nuobo Rubber Production Company Limited (諾博橡膠製品有限公司) (“Nuobo Rubber”), Jingcheng Engineering Automotive Systems Co., Ltd. (精誠工科汽車系統有限公司) (“Jinggong Motor”), Nuobo Automotive Systems Co., Ltd. (諾博汽車系統有限公司) (“Nuobo Automotive”), satisfied all conditions as prescribed in the Circular for deduction 100% of the wages paid to disabled staff from taxable income when determining income tax and passed the examination of relevant authorities, and they were entitled to deduct 100% of the actual wages paid to disabled staff from the taxable income when determining enterprise income taxes.

2.1.2 Income tax exemption for new and high-tech enterprise

Under the review of Hebei Provincial Department of Science and Technology, Department of Finance of Hebei Province, Hebei Provincial Office of the State Administration of Taxation and Hebei Local Taxation Bureau in 2016, the Company was granted with New and High-Tech Enterprise Certificate on 2 November 2016 as the Company was approved as new and high-tech enterprise (with a term of 3 years), so the applicable income tax rate for the year 2016 to 2018 is 15%. As of 30 June 2019, the Company’s high-tech enterprise certification expired, but the recertification of high-tech enterprises have not completed yet. According to the relevant provisions of the *Guidelines for the Administration of the Certification of High-Tech Enterprises* (高新技術企業認定管理工作指引) (Guo Ke Fa Huo [2016] No.195) issued by the Ministry of Science and Technology, the Ministry of Finance, and the State Administration of Taxation, in the year when the Company’s high-tech enterprise certification expired (ie 2019), the enterprise income tax is temporarily paid at the rate of 15% before the recertification. If the high-tech enterprise certification is not obtained before the annual filing, the tax will be repaid as required.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

V. TAXATION (continued)

2. Tax incentives and approvals (continued)

2.1 Income tax incentives (continued)

2.1.2 Income tax exemption for new and high-tech enterprise (continued)

Baoding Great, which is one of subsidiaries of the Company, was approved as new and high-tech enterprise, and obtained the New and High-Tech Enterprise Certificate jointly issued by the Hebei Provincial Department of Science and Technology, Department of Finance of Hebei Province, Hebei Provincial Office of the State Administration of Taxation and Hebei Local Taxation Bureau on 2 November 2016 with a term of three years, and the applicable tax rate from 2016 to 2018 is 15%. As of 30 June 2019, Baoding Great's high-tech enterprise certification expired but the recertification of high-tech enterprises have not completed yet. According to the relevant provisions of the Guidelines for the Administration of the Certification of High-Tech Enterprises (高新技術企業認定管理工作指引) (Guo Ke Fa Huo [2016] No.195) issued by the Ministry of Science and Technology, the Ministry of Finance, and the State Administration of Taxation, in the year when Baoding Great's high-tech enterprise certification expired (ie 2019), the enterprise income tax is temporarily paid at the rate of 15% before the recertification. If the high-tech enterprise certification is not obtained before the annual filing, the tax will be repaid as required

Mind Electronics Company Limited(曼德電子電器有限公司) (former Baoding Mind Auto Component Company Limited, (原保定曼德汽車配件有限公司) "Mind Electronics"), which is one of subsidiaries of the Company, was approved as new and high-tech enterprise, and obtained the New and High-Tech Enterprise Certificate jointly issued by the Hebei Provincial Department of Science and Technology, Department of Finance of Hebei Province, Hebei Provincial Office of the State Administration of Taxation and Hebei Local Taxation Bureau on 2 November 2016 with a term of three years, and the applicable tax rate from 2016 to 2018 is 15%. As of 30 June 2019, Mind Electronic's high-tech enterprise certification expired but the recertification of high-tech enterprises have not completed yet. According to the relevant provisions of the *Guidelines for the Administration of the Certification of High-Tech Enterprises* (高新技術企業認定管理工作指引) (Guo Ke Fa Huo [2016] No.195) issued by the Ministry of Science and Technology, the Ministry of Finance, and the State Administration of Taxation, in the year when Mind Electronic's high-tech enterprise certification expired (ie 2019), the enterprise income tax is temporarily paid at the rate of 15% before the recertification. If the high-tech enterprise certification is not obtained before the annual filing, the tax will be repaid as required.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

V. TAXATION (continued)

2. Tax incentives and approvals (continued)

2.1 Income tax incentives (continued)

2.1.3 Income tax credit for encouraged industry enterprises in the western region

According to *Circular on Taxation Related to Implementing China Western Development Strategy Deeply* (關於深入實施西部大開發戰略有關稅收政策問題的通知) (Cai Shui [2011] No.58) by MoF, General Administration of Customs, and the State Administration of Taxation, Chongqing Haval Automobile Co., Ltd.(重慶哈弗汽車有限公司) (Chongqing Haval) and Chongqing Yongchuan Great Wall Auto Parts Co., Ltd. (重慶市永川區長城汽車零部件有限公司) (Chongqing Auto Parts), Chongqing Great Wall Automotive After-sales Service Co., Ltd. (重慶市長城汽車售後服務有限公司)(“Chongqing Great Wall After-sales”), Chongqing Weipai Automotive Sales Co., Ltd. (重慶魏派汽車銷售有限公司)(“Chongqing Weipai”), subsidiaries of the Company, satisfy all conditions prescribed in the Circular above for encouraged industry enterprises located in the western region, and their principle operating income accounts for over 70% of the total income, so from 2018 to 2020, the applicable enterprise income tax rate is 15%.

2.1.4 Income tax credit for small-scaled minimal profit enterprise

Pursuant to the *Circular on Further Granting Tax Credit and Exemption relating to Enterprise Income Tax on the Small-Scaled Minimal Profit Enterprise to a Larger Extent by the State Administration of Taxation* (稅務總局關於進一步擴大小型微利企業所得稅優惠政策範圍的通知)(Cai Shui [2018] No. 77) issued by the MoF and the State Administration of Taxation, Beijing Great Automotive Components Co., Ltd.(北京格瑞特汽車零部件有限公司)(“Beijing Great”), Beijing Forever Peace Information Consulting Company Limited(北京萬里友好信息諮詢有限公司)(“Forever Peace”) and Shanghai Haval Automotive Technology Limited Company (上海哈弗汽車科技有限公司)(“Shanghai Haval”), which are subsidiaries of the Company, satisfied all conditions as prescribed in the Circular above for Small-Scaled Minimal Profit Enterprise with annual taxable income less than RMB1,000,000 in for 2018, so for the year 2018, the taxable income is reduced to 50% of original total taxable income, and the applicable enterprise income tax rate is 20%.

According to the *Notice on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (關於實施小微企業普惠性稅收減免政策的通知) (Cai Shui [2019] No. 13) issued by Ministry of Finance and the State Administration of Taxation, the taxable income in 2019 of Ningxia Great Wall Motor Rental Co., Ltd. (hereinafter referred to as “Ningxia Rental”), a subsidiary of the Company, is expected to be less than RMB3 million, which satisfies the provisions of the notice above. In 2019, the part of taxable income that is not in excess of RMB1 million is reduced to 25% of original total taxable income, and the applicable enterprise income tax rate is 20%. Additionally, the part of taxable income that is between RMB1 million and RMB3 million is reduced to 50% of original total taxable income, and the applicable enterprise income tax rate is 20%.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

V. TAXATION (continued)

2. Tax incentives and approvals (continued)

2.2 Value-added tax incentives

Value-added tax concessionary policies on fostering disabled people

According to the requirements under the *Circular on Preferential Tax Policy for Promoting Disabled Employment* (關於促進殘疾人就業增值稅優惠政策的通知) (Cai Shui [2016] No. 52) issued by the MoF and State Administration of Taxation, Baoding Nuobo (not satisfying the preferential tax policy in and after September 2018), Baoding Great and Baoding Yixin, subsidiaries of the Company, were entitled to immediate refund of value-added tax as they satisfied the requirements of: 1) the number of disabled staff bears 25% of the total headcount of the subsidiaries on a monthly basis (including 25%); 2) and the number of recruited disabled staff is more than 10 persons (including 10). Namely, these subsidiaries are subject to “the income from production and sales of commodities or the provision of processing, repair and maintenance services accounted for 50% of the taxation income for the purposes of value added tax and business tax” as approved by relevant authorities. The cap of VAT refund is subject to specific standard set out by the local tax authorities (above county-level) calculated on the basis of 4 times of the applicable minimum wages approved by the Provincial People’s government of where the taxpayer located for each actually employed disabled employee.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Item	RMB	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Cash:		
RMB	261,556.03	265,901.42
GBP	14,053.24	13,996.62
HKD	6,918.88	7,497.99
JPY	6,314.15	6,357.89
USD	4,570.72	4,563.07
AUD	2,112.86	7,294.44
SGD	1,580.04	1,556.93
ZAR	392.09	1,511.44
RUB	62.43	56.49
KRW	42.23	43.51
THB	29.04	27.43
Bank balances		
RMB	6,922,182,377.76	6,021,218,863.39
ZAR	226,520,339.83	240,052,026.50
RUB	165,436,728.17	78,009,772.12
USD	141,924,408.87	137,516,525.35
EUR	81,160,326.37	70,397,883.16
AUD	61,639,679.75	7,690,778.69
NZD	20,043,944.34	8,539,581.41
JPY	14,960,061.23	36,880,159.37
INR	4,498,473.36	11,109,408.63
GBP	719,283.77	561,324.89
KRW	546,335.79	353,320.84
CHF	144,992.31	—
HKD	54,599.00	54,382.97
Other cash and bank balances:		
RMB	137,263,612.97	1,058,649,288.65
RUB	16,897,047.92	10,741,445.81
Total	7,794,288,843.15	7,682,083,569.01
Including: Overseas cash and bank balances	654,626,182.14	519,985,624.57

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Cash and bank balances (continued)

As at 30 June 2019, the Group had restricted cash and bank balances of RMB154,160,660.89, in which guarantee on bank acceptances amounted to RMB86,308,030.36, guarantee on letter of credit amounted to RMB26,000,000.00, guarantee on bank guarantee amounted to RMB32,462,368.46, and other guarantees amounted to RMB9,390,262.07.

As at 31 December 2018, the Group had restricted cash and bank balances of RMB1,067,472,131.58, in which guarantee on bank acceptances amounted to RMB530,242,032.67, required reserves amounted to RMB503,307,000.00, guarantee on letter of credit amounted to RMB2,833,552.36, guarantee on letter of guarantee amounted to RMB16,141,445.81, and other guarantees amounted to RMB14,948,100.74.

2. Held-for-trading financial assets

Item	RMB	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Financial assets classified as at fair value through profit or loss	3,791,371,005.76	3,177,643,131.30
Including: Equity instrument investments	146,972,112.00	168,875,000.00
Wealth management products	3,644,398,893.76	3,008,768,131.30
Total	3,791,371,005.76	3,177,643,131.30

3. Accounts receivable

(1) Disclosed by aging:

Aging	30 June 2019 (Unaudited)				31 December 2018 (Audited)			
	Amount	Ratio (%)	Losses on credits	Book value	Amount	Ratio (%)	Losses on credits	Book value
Within 1 year	2,497,921,177.60	87.28	(29,497,167.62)	2,468,424,009.98	3,273,690,214.61	87.90	(40,936,594.88)	3,232,753,619.73
1 to 2 years	23,248,898.72	0.81	(20,420,603.86)	2,828,294.86	109,848,000.00	2.95	—	109,848,000.00
2 to 3 years	—	—	—	—	619,242.69	0.02	—	619,242.69
Over 3 years	340,762,175.89	11.91	(340,762,175.89)	—	340,192,148.82	9.13	(340,192,148.82)	—
Total	2,861,932,252.21	100.00	(390,679,947.37)	2,471,252,304.84	3,724,349,606.12	100.00	(381,128,743.70)	3,343,220,862.42

The analysis of aging of accounts receivable is based on the time of revenue recognition.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Accounts receivable (continued)

(2) Disclosed by classification of method of provision of losses on credits

RMB

Category	30 June 2019 (Unaudited)					31 December 2018 (Audited)				
	Carrying amount		Losses on credits		Book value	Carrying amount		Losses on credits		Book value
	Amount	Ratio (%)	Amount	Ratio (%)		Amount	Ratio (%)	Amount	Ratio (%)	
Portfolio provision of losses on credits	2,861,932,252.21	100.00	(390,679,947.37)	13.65	2,471,252,304.84	3,724,349,606.12	100.00	(381,128,743.70)	10.23	3,343,220,862.42
Total	2,861,932,252.21	100.00	(390,679,947.37)		2,471,252,304.84	3,724,349,606.12	100.00	(381,128,743.70)		3,343,220,862.42

(3) Provision, collection or reversal of credit loss during the current period:

RMB

Item	30 June 2019 (Unaudited)		
	Expected credit loss during the whole life (no credit impairment has occurred)	Expected credit loss during the whole life (credit impairment has occurred)	Total
Balance at 1 January 2019	(40,936,594.88)	(340,192,148.82)	(381,128,743.70)
Provision for the period	(32,897,461.13)	(570,027.07)	(33,467,488.20)
Reversal for the period	23,916,284.53	—	23,916,284.53
Written off for the period	—	—	—
Balance at 30 June 2019	(49,917,771.48)	(340,762,175.89)	(390,679,947.37)

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Accounts receivable (continued)

(4) Top five entities with the largest balances of accounts receivable:

RMB

Name of entity	Closing balance	Proportion of the amount to the total accounts receivable (%)	Closing balance of losses on credit
Customer 1	1,196,229,631.28	41.80	—
Customer 2	340,762,175.89	11.91	(340,762,175.89)
Customer 3	116,710,949.25	4.08	—
Customer 4	115,922,842.74	4.05	—
Customer 5	66,184,150.92	2.31	—
Total	1,835,809,750.08	64.15	(340,762,175.89)

4. Receivables financing

(1) Notes receivable

Classification of Notes receivables:

RMB

Classifications	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Bank acceptances	17,857,498,520.05	31,883,667,949.34
Total	17,857,498,520.05	31,883,667,949.34

Note: The Group classifies notes receivable as financial assets at fair value through other comprehensive income.

Pledged notes receivable as at the end of each period:

RMB

Classifications	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Bank acceptances	6,215,737,000.26	5,758,816,794.08
Total	6,215,737,000.26	5,758,816,794.08

Note: The Group pledged notes receivable for the issuance of notes payable at the end of the reporting period.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Receivables financing (continued)

(1) Notes receivable (continued)

Notes endorsed and discounted by the Group to other parties but yet undue by the end of the period are as follows:

Classifications	30 June 2019 (Unaudited)	RMB 31 December 2018 (Audited)
Bank acceptances	21,650,046,405.00	17,183,360,037.82
Total	21,650,046,405.00	17,183,360,037.82

The above notes which were endorsed and discounted but yet undue have been derecognized.

5. Prepayments

(1) Prepayments by aging:

Aging	30 June 2019 (Unaudited)		31 December 2018 (Audited)	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	668,346,771.21	96.81	426,930,723.56	96.85
1 to 2 years	17,675,364.99	2.56	10,538,735.77	2.39
2 to 3 years	3,300,856.98	0.48	2,763,411.50	0.63
Over 3 years	1,063,687.65	0.15	568,081.51	0.13
Total	690,386,680.83	100.00	440,800,952.34	100.00

Description of aging of prepayments:

Prepayments with aging over one year are mainly amounts prepaid to raw material suppliers which are not settled.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Prepayments (continued)

(2) Top five entities with the largest balances of prepayments

Name of entity	Amount	RMB
		Proportion of the amount to the total prepayments (%)
Supplier 1	165,664,409.10	24.00
Supplier 2	57,648,500.65	8.35
Supplier 3	55,454,974.51	8.03
Supplier 4	25,771,585.03	3.73
Supplier 5	24,444,236.42	3.54
Total	328,983,705.71	47.65

6. Other receivables

6.1 Classifications

Category	30 June 2019 (Unaudited)	RMB 31 December 2018 (Audited)
Interest receivable	153,908.08	741,275.17
Other receivables	1,287,829,500.81	650,996,501.08
Total	1,287,983,408.89	651,737,776.25

6.2 Interest receivable

Item	30 June 2019 (Unaudited)	RMB 31 December 2018 (Audited)
Interest on bank deposits	153,908.08	—
Interest of deposits with the central bank and other banks	—	741,275.17
Total	153,908.08	741,275.17

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other receivables (continued)

6.3 Other receivables

(1) Disclosed by aging:

RMB

Aging	30 June 2019 (Unaudited)				31 December 2018 (Audited)			
	Amount	Ratio (%)	Losses on credits	Book value	Amount	Ratio (%)	Losses on credits	Book value
Within 1 year	1,263,861,101.50	97.71	(169,838.00)	1,263,691,263.50	632,308,281.81	96.29	(208,088.00)	632,100,193.81
1 to 2 years	10,698,351.65	0.83	(38,250.00)	10,660,101.65	5,298,372.34	0.81	—	5,298,372.34
2 to 3 years	1,154,588.21	0.09	—	1,154,588.21	6,868,799.51	1.05	(5,397,354.12)	1,471,445.39
Over 3 years	17,720,901.57	1.37	(5,397,354.12)	12,323,547.45	12,126,489.54	1.85	—	12,126,489.54
Total	1,293,434,942.93	100.00	(5,605,442.12)	1,287,829,500.81	656,601,943.20	100.00	(5,605,442.12)	650,996,501.08

(2) Other receivables disclosed by nature are as follows:

RMB

Nature	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Proceeds from transfer of land and buildings	387,987,162.44	206,310,216.00
Advance payments	375,000,000.00	—
Export rebates	260,919,216.54	88,540,821.01
Taxes refundable	122,277,080.80	149,589,658.68
Security and margin deposits	34,712,700.58	93,738,615.17
Deposits	20,174,847.83	28,748,945.79
Others	92,363,934.74	89,673,686.55
Total	1,293,434,942.93	656,601,943.20

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other receivables (continued)

6.3 Other receivables (continued)

(3) Analysis of provision of losses on credits

RMB

Losses on credits	1st stage Expected credit loss for the future 12 months	2nd stage Expected credit loss during the whole life (no credit impairment has occurred)	3rd stage Expected credit loss during the whole life (credit impairment has occurred)	Total
Balance at 1 January 2019	—	(38,250.00)	(5,567,192.12)	(5,605,442.12)
Carrying amount of other receivables at 1 January 2019 for the period				
Provision for the period	—	—	—	—
Reversal for the period	—	—	—	—
Written off for the period	—	—	—	—
Balance at 30 June 2019	—	(38,250.00)	(5,567,192.12)	(5,605,442.12)

(4) Top five entities with the largest balances of other receivables:

RMB

Name of entity	Nature	Amount	Aging	Proportion of the amount to the total other receivables (%)	Closing balance of losses on credits
Entity 1	Proceeds from transfer of land and advance payments	702,464,796.00	Within 1 year	54.31	—
Entity 2	Export rebates	260,919,216.54	Within 2 years	20.17	—
Entity 3	Taxes refundable receivable	122,277,080.80	Within 1 year	9.45	—
Entity 4	Proceeds from transfer of land and properties	60,522,366.44	Within 1 year	4.68	—
Entity 5	Performance bond	10,200,000.00	Over 3 years	0.79	—
Total		1,156,383,459.78		89.40	—

At the end of the period, there were no other receivables which are related to government grant.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Inventories

(1) Inventories by category

RMB

Item	30 June 2019 (Unaudited)		
	Carrying amount	Provision for decline in value of inventories	Book value
Raw materials	1,423,754,377.01	(4,432,762.98)	1,419,321,614.03
Work-in-progress	710,924,048.86	(496,697.11)	710,427,351.75
Finished goods	3,504,099,922.33	(85,446,043.95)	3,418,653,878.38
Low-valued and short-lived consumables	339,753,359.60	(2,819,393.82)	336,933,965.78
Total	5,978,531,707.80	(93,194,897.86)	5,885,336,809.94

RMB

Item	31 December 2018 (Audited)		
	Carrying amount	Provision for decline in value of inventories	Book value
Raw materials	1,468,637,962.51	(40,869,581.02)	1,427,768,381.49
Work-in-progress	978,914,613.66	(2,829,205.29)	976,085,408.37
Finished goods	1,686,834,165.08	(32,428,175.21)	1,654,405,989.87
Low-valued and short-lived consumables	386,851,544.59	(6,491.40)	386,845,053.19
Total	4,521,238,285.84	(76,133,452.92)	4,445,104,832.92

(2) Provision for decline in value of inventories

RMB

Inventories by category	31 December 2018 (Audited)	Provided for the period	Decrease for the period		30 June 2019 (Unaudited)
			Reversals	Written-off	
Raw materials	40,869,581.02	2,955,025.73	(1,587,564.85)	(37,804,278.92)	4,432,762.98
Work-in-progress	2,829,205.29	496,697.11	(132,803.94)	(2,696,401.35)	496,697.11
Finished goods	32,428,175.21	84,456,454.55	(693,264.21)	(30,745,321.60)	85,446,043.95
Low-valued and short-lived consumables	6,491.40	2,812,902.42	—	—	2,819,393.82
Total	76,133,452.92	90,721,079.81	(2,413,133.00)	(71,246,001.87)	93,194,897.86

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Inventories (continued)

(3) Analysis of provision for decline in value of inventories

Item	Basis of provision for decline in value of inventories	Reasons for reversal or written-off of provision for decline in value of inventories during the period	Percentage of the reversal to the closing balance of the inventory during the period (%)
Raw materials	Note 1	Note 2	0.11
Work-in-progress	Note 1	Note 2	0.02
Finished goods	Note 1	Note 2	0.02
Low-valued and short-lived consumables	Note 1	—	—

Descriptions of inventories:

Note 1: As the estimated net realizable value of some vehicle products was lower than the inventory cost as at the end of the period, provision for decline in value of inventories had been made for raw materials, work-in-progress, finished goods and low-valued and short-lived consumables correspondingly.

Note 2: As the estimated net realizable value of raw materials, finished goods, and low-valued and short-lived consumables was higher than the inventory cost as at the end of the reporting period, the provision for decline in value of inventories for the previous year has been reversed. In addition, as the inventories for which provision for decline in value has been made in the previous year was sold during the period, the provision for decline in value of inventories has been written off.

8. Non-current assets due within one year

Item	Notes	30 June 2019 (Unaudited)	RMB 31 December 2018 (Audited)
Loans and advances to customers due within one year		—	11,654,152,639.21
Long-term receivables due within one year	VI. 10	931,423,783.08	786,495,603.96
Total		931,423,783.08	12,440,648,243.17

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Other current assets

Other current assets are set out as follows:

Item	RMB	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Paint for vehicles	4,119,790.38	3,852,766.38
Taxes to be deducted	1,080,535,354.24	627,518,124.32
Mould (Note 1)	130,981,573.02	129,553,847.89
Structured deposits	1,000,000,000.00	1,200,000,000.00
Prepayment of enterprise income tax	93,893,494.30	68,780,272.09
Deposits in non-bank financial institutions (Note 2)	7,335,812,547.98	—
Others	35,595,396.96	31,681,483.32
Total	9,680,938,156.88	2,061,386,494.00

Note 1: The estimated usage time is less than one year.

Note 2: The deposits in non-bank financial institutions are stored in Tianjin Great Wall Binyin Automotive Finance Co., Ltd. (天津長城濱銀汽車金融有限公司) ("Automotive Finance").

10. Long-term receivables

(1) Situations of long-term receivables

Item	30 June 2019 (Unaudited)			31 December 2018 (Audited)			Discount rate period
	Carrying amount	Impairment provision	Book value	Carrying amount	Impairment provision	Book value	
Performance bond	695,309,958.75	—	695,309,958.75	695,309,958.75	—	695,309,958.75	
Finance leases	581,614,078.15	(459,695.22)	581,154,382.93	237,061,470.60	—	237,061,470.60	0 to 13.38%
Including: unearned finance income	(72,750,243.69)	—	(72,750,243.69)	(14,722,306.45)	—	(14,722,306.45)	
Less: Long-term receivables due within one year	931,423,783.08	—	931,423,783.08	786,495,603.96	—	786,495,603.96	
Total	345,500,253.82	(459,695.22)	345,040,558.60	145,875,825.39	—	145,875,825.39	

(2) Descriptions of provision, collection or reversal of losses on credits during the current period:

Provision for losses on credits amounted to RMB459,695.22; no collection or reversal of losses on credits during the current period.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Long term equity investments

Breakdown:

Investee	31 December 2018 (Audited)	Increasing investments	Decreasing investments	Movements during the current year					Provision for impairment for the current year	Other	30 June 2019 (Unaudited)	Impairment Provision at 31 December 2018
				Share of (losses)/ profits	Other comprehensive income	Other equity movements	Declaration of cash dividends					
Joint venture												
Automotive Finance	—	1,908,944,417.23	—	—	—	—	—	—	—	—	1,908,944,417.23	—
Total	—	1,908,944,417.23	—	—	—	—	—	—	—	—	1,908,944,417.23	—

Note: The long-term equity investment of Automobile Finance was accounted for using the equity method which was changed from the cost method in the current period. For details, please refer to Note VII.3.

12. Investment properties

The investment properties measured at cost:

Item	Buildings	Land use rights	Total
I. Original carrying amount			
31 December 2018 (Audited)	184,874,396.19	17,619,408.20	202,493,804.39
Additions for the period	94,351,396.80	—	94,351,396.80
1. Transfer from construction in progress	90,543,309.95	—	90,543,309.95
2. Purchase	3,808,086.85	—	3,808,086.85
Foreign currency translation differences	1,135,713.43	—	1,135,713.43
30 June 2019 (Unaudited)	280,361,506.42	17,619,408.20	297,980,914.62
II. Accumulated amortization and depreciation			
31 December 2018 (Audited)	16,866,056.39	1,909,322.00	18,775,378.39
Additions for the period	4,470,155.65	175,434.71	4,645,590.36
1. Provision or amortization	4,470,155.65	175,434.71	4,645,590.36
Foreign currency translation differences	90,680.82	—	90,680.82
30 June 2019 (Unaudited)	21,426,892.86	2,084,756.71	23,511,649.57
III. Carrying value			
30 June 2019 (Unaudited)	258,934,613.56	15,534,651.49	274,469,265.05
31 December 2018 (Audited)	168,008,339.80	15,710,086.20	183,718,426.00

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Fixed assets

Fixed assets:

RMB					
Item	Buildings	Machinery and equipment	Transportation vehicles	Others	Total
I. Original carrying amount					
31 December 2018 (Audited)	12,999,746,972.72	23,242,709,132.52	1,109,938,150.97	7,605,908,710.56	44,958,302,966.77
Additions for the period	827,228,568.85	2,727,684,622.17	343,544,500.62	374,711,186.41	4,273,168,878.05
1. Acquisition	66,283,444.87	49,479,915.42	179,081,378.02	58,572,375.66	353,417,113.97
2. Transfer from construction in progress	760,945,123.98	2,678,204,706.75	10,124,727.57	296,009,818.70	3,745,284,377.00
3. Transfer from inventories	—	—	154,338,395.03	20,128,992.05	174,467,387.08
Decrease for the period	(6,242,174.67)	(328,138,662.93)	(1,110,796,515.82)	(61,374,391.35)	(1,506,551,744.77)
1. Disposal or retired	(6,242,174.67)	(99,165,668.28)	(7,272,271.13)	(35,010,616.11)	(147,690,730.19)
2. Decrease due to disposal of subsidiaries	—	(7,758.62)	(1,103,435,355.83)	(18,047,829.82)	(1,121,490,944.27)
3. Decrease for transferring to construction in progress	—	(226,578,460.64)	—	(689,974.97)	(227,268,435.61)
4. Other transfer-out	—	(2,386,775.39)	(88,888.86)	(7,625,970.45)	(10,101,634.70)
30 June 2019 (Unaudited)	13,820,733,366.90	25,642,255,091.76	342,686,135.77	7,919,245,505.62	47,724,920,100.05
II. Accumulated depreciation					
31 December 2018 (Audited)	2,366,039,800.39	8,959,225,419.84	249,414,608.32	4,137,334,541.41	15,712,014,369.96
Additions for the period	237,288,659.49	1,065,716,110.10	47,682,547.04	558,102,034.94	1,908,789,351.57
1. Provision for the period	237,288,659.49	1,065,716,110.10	47,682,547.04	558,102,034.94	1,908,789,351.57
Decrease for the period	(5,545,893.91)	(252,692,108.02)	(73,855,628.94)	(32,799,496.47)	(364,893,127.34)
1. Disposal or retired	(5,545,893.91)	(74,113,888.70)	(5,339,859.05)	(21,178,568.30)	(106,178,209.96)
2. Decrease due to disposal of subsidiaries	—	(61.42)	(68,431,325.47)	(8,533,685.00)	(76,965,071.89)
3. Decrease for transferring to construction in progress	—	(178,379,372.40)	—	(422,611.55)	(178,801,983.95)
4. Other transfer-out	—	(198,785.50)	(84,444.42)	(2,664,631.62)	(2,947,861.54)
30 June 2019 (Unaudited)	2,597,782,565.97	9,772,249,421.92	223,241,526.42	4,662,637,079.88	17,255,910,594.19
III. Provision for impairment					
31 December 2018 (Audited)	136,268.33	72,427,561.95	79,785.75	180,091,485.40	252,735,101.43
Additions for the period	—	6,459,317.73	—	5,716,873.87	12,176,191.60
1. Provision for the period	—	6,459,317.73	—	5,607,858.75	12,067,176.48
2. Other transfer in	—	—	—	109,015.12	109,015.12
Decrease for the period	—	(1,345,379.89)	(2,619.37)	(2,899,744.54)	(4,247,743.80)
1. Disposal or retired	—	(1,345,379.89)	(2,619.37)	(2,899,744.54)	(4,247,743.80)
30 June 2019 (Unaudited)	136,268.33	77,541,499.79	77,166.38	182,908,614.73	260,663,549.23
IV. Book value					
30 June 2019 (Unaudited)	11,222,814,532.60	15,792,464,170.05	119,367,442.97	3,073,699,811.01	30,208,345,956.63
31 December 2018 (Audited)	10,633,570,904.00	14,211,056,150.73	860,443,756.90	3,288,482,683.75	28,993,553,495.38

As at 30 June 2019, among the fixed assets, the net book value of properties without title certificates amounted to RMB527,385,642.83 (As at 31 December 2018: RMB768,356,572.20) and the application of relevant title certificates is in progress.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Construction in progress

(1) The breakdown of construction in progress is as follows:

Item	30 June 2019 (Unaudited)			31 December 2018 (Audited)		
	Carrying amount	Impairment provision	Net book value	Carrying amount	Impairment provision	Net book value
Chongqing Great Wall vehicle project	1,137,562,921.90	—	1,137,562,921.90	413,043,373.83	—	413,043,373.83
Part and Components Department reconstruction project	672,292,616.49	(670,169.67)	671,622,446.82	284,256,563.70	(122,171.38)	284,134,392.32
Xushui parts and components project	334,972,865.22	(705,610.98)	334,267,254.24	601,630,318.11	(853,830.79)	600,776,487.32
Xushui automotive project	227,115,291.28	—	227,115,291.28	256,405,104.17	—	256,405,104.17
Russia 80,000 sets of vehicle plant and residential area supporting project	175,954,802.25	—	175,954,802.25	2,311,183,632.28	—	2,311,183,632.28
Xushui supporting infrastructure project	136,450,750.04	—	136,450,750.04	136,362,506.19	—	136,362,506.19
Industrial park phase I, II, III reconstruction and expansion	90,529,373.47	—	90,529,373.47	144,996,467.12	—	144,996,467.12
Tianjin automotive project	81,846,794.59	(65,763.73)	81,781,030.86	33,612,446.02	(131,527.46)	33,480,918.56
Other R & D projects	71,244,825.76	—	71,244,825.76	104,855,891.70	—	104,855,891.70
New technology center	47,434,582.87	—	47,434,582.87	96,496,659.31	—	96,496,659.31
Tianjin parts and components project	31,749,617.41	(1,607,367.04)	30,142,250.37	28,777,770.87	(4,909,701.08)	23,868,069.79
Annual production of 400,000 sets of axles and brakes	14,240.99	—	14,240.99	14,240.99	—	14,240.99
Total	3,007,168,682.27	(3,048,911.42)	3,004,119,770.85	4,411,634,974.29	(6,017,230.71)	4,405,617,743.58

RMB

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Construction in progress (continued)

(2) Changes in major construction in progress

											RMB
Project	Budget amount	31 December 2018 (Audited)	Additions for the period	Transferred to fixed assets	Other Deductions (Note)	Proportion of investment to budget (%)	Accumulated capitalized interest amount	Including: capitalized interest amount for the period	Ratio of capitalized interest amount for the period (%)	Sources of fund	30 June 2019 (Unaudited)
Chongqing Great Wall vehicle project	2,033,507,657.00	413,043,373.83	724,519,548.07	—	—	60.28	—	—	—	internal funds	1,137,562,921.90
Part and Components Department reconstruction project	6,531,527,999.96	284,256,563.70	695,668,828.27	(201,930,472.65)	(105,702,302.83)	50.07	—	—	—	internal funds	672,292,616.49
Xushui parts and components project	15,394,202,514.13	601,630,318.11	281,198,059.69	(509,457,838.58)	(38,397,674.00)	69.46	—	—	—	internal funds	334,972,865.22
Xushui Automobile Project	10,896,610,844.00	256,405,104.17	48,550,463.15	(77,608,650.30)	(231,625.74)	91.39	—	—	—	internal funds	227,115,291.28
Xushui supporting infrastructure project	193,250,000.00	136,362,506.19	88,243.85	—	—	70.61	—	—	—	internal funds	136,450,750.04
Industrial park phase I, II, III reconstruction and expansion	1,401,179,674.99	144,996,467.12	172,338,173.26	(183,627,315.52)	(43,177,951.39)	89.59	—	—	—	internal funds	90,529,373.47
Tianjin Automobile project	5,532,200,991.00	33,612,446.02	55,280,071.07	(7,045,722.50)	—	97.53	—	—	—	internal funds	81,846,794.59
Other R & D projects	654,187,746.00	104,855,891.70	42,692,163.49	(76,303,229.43)	—	52.79	—	—	—	internal funds	71,244,825.76
New technology center	1,727,202,349.00	96,496,659.31	1,646,146.18	(6,112,299.38)	(44,595,923.24)	95.08	—	—	—	internal funds	47,434,582.87
Russia 80,000 sets of automobile and residential area supporting project	3,457,127,700.00	2,311,183,632.28	532,707,579.08	(2,667,936,409.11)	—	86.64	—	—	—	internal funds	175,954,802.25
Tianjin parts and components project	3,263,460,935.00	28,777,770.87	22,928,176.91	(15,262,439.53)	(4,693,890.84)	90.19	—	—	—	internal funds	31,749,617.41
Annual production of 400,000 sets of axles and brakes	578,352,366.14	14,240.99	—	—	—	100.00	—	—	—	Raised fund and internal funds	14,240.99
Total	51,662,810,777.22	4,411,634,974.29	2,577,617,453.02	(3,745,284,377.00)	(236,799,368.04)						3,007,168,682.27

Note: The decrease of RMB41,557,219.24 in construction in progress is transferred into intangible assets, the decrease of RMB90,543,309.95 in construction in progress is transferred into investment property and the decrease of RMB39,373,061.94 in construction in progress is due to the disposal of subsidiaries.

(3) Provision for impairment of construction in progress for the period

RMB

Item	Provision for the period	Reason for provision
Tianjin parts and components project	116,409.22	Vehicle model discontinued.
Xushui parts and components project	63,426.21	Vehicle model discontinued. Production process changed.
Part and Components Department reconstruction project	547,998.29	Vehicle model discontinued
Total	727,833.72	

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Right-of-use assets

RMB

Item	Land use rights	Buildings and structures	Machinery and equipment	Total
I. Original carrying amount				
1 January 2019	2,095,864.26	49,293,003.09	1,110,142.79	52,499,010.14
Additions for the period	1,636,793.35	47,983,283.91	2,981,404.35	52,601,481.61
Deductions for the period	—	(2,844,311.32)	—	(2,844,311.32)
30 June 2019 (Unaudited)	3,732,657.61	94,431,975.68	4,091,547.14	102,256,180.43
II. Total accumulated amortization				
1 January 2019	—	—	—	—
Additions for the period	871,963.76	11,791,340.70	361,618.45	13,024,922.91
Provision	871,963.76	11,791,340.70	361,618.45	13,024,922.91
Deductions for the period	—	(316,034.59)	—	(316,034.59)
30 June 2019 (Unaudited)	871,963.76	11,475,306.11	361,618.45	12,708,888.32
III. Impairments				
1 January 2019	—	—	—	—
30 June 2019 (Unaudited)	—	—	—	—
IV. Booking Value				
30 June 2019 (Unaudited)	2,860,693.85	82,956,669.57	3,729,928.69	89,547,292.11
1 January 2019	2,095,864.26	49,293,003.09	1,110,142.79	52,499,010.14

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Intangible assets

(1) Intangible assets

RMB

Item	Land use rights	Software and others (Note 1)	Non-patent technology	Total
I. Original carrying amount				
31 December 2018 (Audited)	3,376,462,931.08	387,312,552.36	322,458,049.80	4,086,233,533.24
Additions for the period	—	53,677,803.91	419,311,747.42	472,989,551.33
1. Acquisition	—	12,120,584.67	—	12,120,584.67
2. Internal research and development	—	—	419,311,747.42	419,311,747.42
3. Transferred from construction in progress	—	41,557,219.24	—	41,557,219.24
Deductions for the period	(91,326,197.27)	(18,201,129.07)	(576,833.96)	(110,104,160.30)
1. Disposal	(91,326,197.27)	(18,201,129.07)	(576,833.96)	(110,104,160.30)
30 June 2019 (Unaudited)	3,285,136,733.81	422,789,227.20	741,192,963.26	4,449,118,924.27
II. Total accumulated amortization				
31 December 2018 (Audited)	486,486,949.72	118,236,752.56	90,414,229.35	695,137,931.63
Additions for the period	33,986,071.46	14,722,011.30	198,770,126.92	247,478,209.68
1. Provision	33,986,071.46	14,722,011.30	198,770,126.92	247,478,209.68
Deductions for the period	(8,612,852.15)	(7,413,360.63)	(2,975.52)	(16,029,188.30)
1. Disposal	(8,612,852.15)	(7,413,360.63)	(2,975.52)	(16,029,188.30)
30 June 2019 (Unaudited)	511,860,169.03	125,545,403.23	289,181,380.75	926,586,953.01
III. Book value				
30 June 2019 (Unaudited)	2,773,276,564.78	297,243,823.97	452,011,582.51	3,522,531,971.26
31 December 2018 (Audited)	2,889,975,981.36	269,075,799.80	232,043,820.45	3,391,095,601.61

Note 1: Overseas land ownership of subsidiaries included in software and others amounted to RMB94,342,262.04.

The proportion of intangible assets arising from internal research and development at the end of the period to balance of total intangible assets is 12.83%.

As at 30 June 2019, among the intangible assets, the net book value of land use rights without land use rights certificates amounted to RMB22,852,440.00 (31 December 2018: RMB23,119,200.00), and the application of relevant land use rights certificates is in progress.

Analysis of land rental prepayments (land use rights) by location and aging is as follows:

RMB

Item	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Located in mainland China – 50 years	2,773,276,564.78	2,889,975,981.36

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Development expenditure

					RMB
Item	31 December 2018 (Audited)	Increase for the period	Decrease for the period		30 June 2019 (Unaudited)
			Recognized as intangible assets	Transferred to profit or loss for the period	
Automobile development project	1,853,380,455.31	940,448,253.38	(419,311,747.42)	(10,721,295.02)	2,383,795,666.25

RMB

18. Goodwill

Name of investee or matters generating goodwill	31 December 2018 (Audited)	Additions for the period	Deductions for the period	30 June 2019 (Unaudited)	Impairment provision as at the end of the period
Oula Information Service Co., Ltd. (歐拉信息服務有限公司) ("Oula Information") (Note)	4,391,332.13	—	(4,391,332.13)	—	—
Total	4,391,332.13	—	(4,391,332.13)	—	—

RMB

Note: The goodwill is the reduction when the Group disposed of the 100% equity interest in Oula Information in February 2019.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets before offsetting

Item	30 June 2019 (Unaudited)		31 December 2018 (Audited)	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for bad debt	396,285,389.49	62,509,796.24	386,734,185.82	58,633,700.04
Impairment provisions for loans	—	—	130,964,641.97	32,741,160.49
Provision for decline in value of inventories	91,167,146.88	15,159,184.47	72,191,301.32	11,190,833.36
Impairment of fixed assets	181,497,028.54	27,712,782.02	179,697,241.93	27,223,925.22
Impairment of construction in progress	3,048,911.42	457,336.71	6,017,230.71	902,584.61
Accrued expenses which are deductible upon payment	149,768,918.39	22,720,445.46	299,392,573.36	45,157,463.22
Taxable receipts in advance	1,447,670,810.96	216,367,229.18	1,390,355,087.58	207,391,777.67
Contract liabilities	435,106,326.02	65,265,948.90	529,206,594.40	79,380,989.16
Deductible loss	1,858,777,111.27	391,580,685.07	1,811,264,731.93	448,872,170.86
Deferred income	1,330,718,543.28	217,687,753.04	1,545,561,994.47	250,839,717.65
Unrealized profit arising from internal transactions	613,658,776.89	127,592,325.66	122,603,814.95	19,944,085.84
Others	192,984,194.04	34,116,357.77	1,130,898,512.73	294,248,054.47
Total	6,700,683,157.18	1,181,169,844.52	7,604,887,911.17	1,476,526,462.59

(2) Deferred tax liabilities before offsetting

Item	30 June 2019 (Unaudited)		31 December 2018 (Audited)	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Difference between the book value of accumulated depreciation and tax base	(5,948,615,691.26)	(1,157,831,702.78)	(5,340,250,788.89)	(1,044,810,982.21)
Temporary difference of interest receivable	(152,845,425.40)	(23,161,501.21)	(32,511,210.94)	(8,127,802.73)
Total	(6,101,461,116.66)	(1,180,993,209.99)	(5,372,761,999.83)	(1,052,938,784.94)

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Deferred tax assets and deferred tax liabilities (continued)

(3) Deferred tax assets and deferred tax liabilities disclosed at net amount after offsetting

Item	30 June 2019 (Unaudited)		31 December 2018 (Audited)	
	Offset amount of deferred tax assets and liabilities	Deferred tax assets (liabilities) after offsetting	Offset amount of deferred tax assets and liabilities	Deferred tax assets (liabilities) after offsetting
Deferred tax assets	(667,878,628.35)	513,291,216.17	(799,989,517.87)	676,536,944.72
Deferred tax liabilities	667,878,628.35	(513,114,581.64)	799,989,517.87	(252,949,267.07)

20. Short-term borrowings and long-term borrowings

(1) Short-term Borrowings

Item	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Pledged loan	—	2,002,439,020.83
Guaranteed loans (Note)	618,723,000.00	573,726,238.81
Credit loans	750,815,625.00	10,223,801,322.36
Total	1,369,538,625.00	12,799,966,582.00

Note: The balance of guaranteed loans was the loan made by Tide Technology and Trade Company Limited (泰德科貿有限公司) ("Tide Technology and Trade"), a subsidiary of the Company, and guaranteed by the Company.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Short-term borrowings and long-term borrowings (continued)

(2) Long-term Borrowings

Item	RMB	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Secured loans (Note 1)	1,310,000,000.00	510,000,000.00
Guaranteed Loans (Note 2)	1,838,388,000.00	1,647,805,500.00
Pledged Loans (Note 3)	96,329,606.08	—
Less: Long-term borrowings due within one year	(46,126,233.28)	—
Total	3,198,591,372.80	2,157,805,500.00

Note 1: Secured loans at the end of the period of RMB1,310,000,000.00 are loans obtained by the Company and Jingcheng Engineering Auto Parts and Components (Chongqing) Co., Ltd. (精誠工科汽車零部件(重慶)有限公司) ("Chongqing Jinggong Motor") and Nuobo Auto Parts and Components (Chongqing) Co., Ltd. (諾博汽車零部件(重慶)有限公司) ("Chongqing Nuobo Parts and Components"), subsidiaries of the Company, with the land use right of the Company as collateral.

Note 2: Guaranteed loans at the end of the period of RMB1,838,388,000.00 (including USD40,000,000.00 and EUR 200,000,000.00) is obtained by Billion Sunny Development Limited Company(億新發展有限公司) ("Billion Sunny Development"), a subsidiary of the Company, with the Company as the guarantor and an annual interest rate of 1.00000% to 3.52238%.

Note 3: Pledged loans at the end of the period of RMB96,329,606.08 are loans obtained by Tianjin Oula Financial Leasing Co., Ltd. (天津歐拉融資租賃有限公司) ("Tianjin Oula"), the subsidiary of the Company, with the financial lease as pledge.

21. Notes payable

Category	RMB	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Bank acceptances	7,398,324,748.74	4,048,559,562.79
Commercial acceptances	47,261,194.32	156,673,928.21
Total	7,445,585,943.06	4,205,233,491.00

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Accounts payable

(1) Accounts payable

Item	30 June 2019 (Unaudited)	RMB 31 December 2018 (Audited)
Within 1 year	16,460,691,221.98	25,135,098,287.43
1 to 2 years	100,724,118.34	39,865,746.63
2 to 3 years	12,395,133.67	11,531,665.20
Over 3 years	17,543,796.90	9,912,050.06
Total	16,591,354,270.89	25,196,407,749.32

The aging analysis of accounts payable is based on the time of purchasing materials, goods or receiving services.

(2) Accounts payable aged over one year with significant amount:

Item	30 June 2019 (Unaudited)	Reason for outstanding or transfer
Supplier 1	24,142,605.00	Payment terms have not been reached
Supplier 2	19,021,300.00	Payment terms have not been reached
Supplier 3	13,696,664.18	Payment terms have not been reached
Supplier 4	8,780,000.00	Payment terms have not been reached
Supplier 5	7,741,596.39	Payment terms have not been reached
Total	73,382,165.57	

23. Contract liabilities

Contract liabilities disclosed as follows:

Item	30 June 2019 (Unaudited)	RMB 31 January 2018 (Audited)
Receipts in advance	2,555,236,147.90	2,904,697,498.03
Maintenance service	414,011,338.06	529,206,594.40
Transportation service	21,094,987.96	—
Total	2,990,342,473.92	3,433,904,092.43

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. Employee benefits payable

(1) Employee benefits payable disclosed as follows:

Item				RMB
	31 December 2018 (Audited)	Increase	Decrease	30 June 2019 (Unaudited)
1. Short-term employee benefits	2,057,118,939.98	3,081,916,510.16	(4,736,780,777.47)	402,254,672.67
2. Post-employment benefits-defined contribution plan	3,734,974.67	328,462,761.20	(330,346,708.61)	1,851,027.26
Total	2,060,853,914.65	3,410,379,271.36	(5,067,127,486.08)	404,105,699.93

(2) Short-term employee benefits payable disclosed as follows:

Item				RMB
	31 December 2018 (Audited)	Increase	Decrease	30 June 2019 (Unaudited)
I. Salaries, bonuses, allowances and subsidies	1,745,899,493.32	2,400,791,626.96	(3,782,605,954.30)	364,085,165.98
II. Staff welfare	186,000,890.65	197,279,929.45	(378,425,098.55)	4,855,721.55
III. Staff bonuses and welfare fund	3,225,468.51	—	—	3,225,468.51
IV. Social insurance premiums	2,337,179.12	155,231,833.53	(156,777,186.91)	791,825.74
Including: Medical insurance	2,211,441.95	121,987,445.49	(123,529,515.94)	669,371.50
Work-related injury insurance	27,696.26	18,972,121.92	(18,947,915.56)	51,902.62
Maternity insurance	98,040.91	14,272,266.12	(14,299,755.41)	70,551.62
V. Housing provident funds	263,646.23	81,989,019.54	(82,067,866.92)	184,798.85
VI. Labor union expenditures	15,054,152.16	5,639,213.03	(14,564,326.60)	6,129,038.59
VII. Employees' education expenses	2,461,707.19	3,273,616.79	(3,371,960.39)	2,363,363.59
VIII. Service charge	101,876,402.80	237,711,270.86	(318,968,383.80)	20,619,289.86
Total	2,057,118,939.98	3,081,916,510.16	(4,736,780,777.47)	402,254,672.67

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. Employee benefits payable (continued)

(3) Defined contribution plan

Item				RMB
	31 December 2018 (Audited)	Increase	Decrease	30 June 2019 (Unaudited)
1. Basic endowment insurance	3,697,664.08	316,687,869.37	(318,556,651.72)	1,828,881.73
2. Unemployment insurance	37,310.59	11,774,891.83	(11,790,056.89)	22,145.53
Total	3,734,974.67	328,462,761.20	(330,346,708.61)	1,851,027.26

Employees of the Group are required to join a pension plan operated by the local government. Under such plan, the Group is required to make contribution at a fixed percentage of the salaries of its employees.

25. Taxes payable

Item		
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Value added tax	214,504,454.44	1,004,038,110.69
Consumption tax	246,921,498.46	951,420,195.74
Enterprise income tax	70,166,568.29	367,936,587.52
Individual income tax	13,650,462.69	14,820,986.53
Urban maintenance and construction tax	21,327,446.11	97,177,658.35
Education surcharges	18,117,918.16	89,314,319.54
Duty stamp	10,564,790.27	16,020,582.35
Real estate tax	1,711,447.15	1,490,661.10
Others	7,679,924.56	9,193,481.43
Total	604,644,510.13	2,551,412,583.25

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. Other payables

Other payables disclosed by nature are as follows:

Item	30 June 2019 (Unaudited)	RMB 31 December 2018 (Audited)
Project payment	562,031,785.40	523,665,568.87
Equipment payment	892,175,777.74	885,699,499.89
Deposits	652,481,895.66	660,490,923.27
Others	455,839,542.38	846,841,697.58
Total	2,562,529,001.18	2,916,697,689.61

The breakdown of other payables is as follows:

Item	30 June 2019 (Unaudited)	RMB 31 December 2018 (Audited)
Within 1 year	1,914,789,458.18	2,163,870,248.59
1 to 2 years	382,519,481.40	590,354,014.49
2 to 3 years	216,858,654.47	86,946,892.10
Over 3 years	48,361,407.13	75,526,534.43
Total	2,562,529,001.18	2,916,697,689.61

Descriptions of other significant payables aged over one year:

Item	30 June 2019 (Unaudited)	Reason for outstanding or transfer
Entity 1	50,229,371.39	Payment terms have not been reached
Entity 2	34,343,637.10	Payment terms have not been reached
Entity 3	27,654,917.70	Payment terms have not been reached
Entity 4	27,046,251.93	Payment terms have not been reached
Entity 5	25,768,150.44	Payment terms have not been reached
Total	165,042,328.56	

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. Non-current liabilities due within one year

Item	Notes	RMB	
		30 June 2019 (Unaudited)	31 December 2018 (Audited)
Long-term borrowings due within one year	VI.20	46,126,233.28	
Lease liabilities due within one year	VI.29	26,378,391.99	
Total		72,504,625.27	—

28. Other current liabilities

Item	RMB	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Accrued after-sale warranty expenses	261,495,328.67	395,295,875.68
Accrued advertising and media service expenses	364,875,418.21	513,945,451.31
Accrued transportation costs	45,602,262.81	61,996,290.71
Accrued technology development expenditure	7,699,104.80	28,833,542.03
Accrued utilities fees	16,803,226.88	8,290,938.80
Accrued port charges	2,557,805.10	2,362,779.23
Others	220,488,778.35	204,216,291.57
Short-term bonds payable	2,011,941,666.67	—
Total	2,931,463,591.49	1,214,941,169.33

Additions and deductions of short-term bonds payable:

Title of bonds	Face value	Issue date	Term	Issue amount	Opening balance	Issued in		Repaid in the current period	Closing balance
						the current period	Accrued interests		
19 Great Wall Motor SCP001	100.00	22 April 2019	180 days	1,000,000,000.00	—	1,000,000,000.00	6,766,666.67	—	1,006,766,666.67
19 Great Wall Motor SCP002	100.00	8 May 2019	180 days	1,000,000,000.00	—	1,000,000,000.00	5,175,000.00	—	1,005,175,000.00
Total				2,000,000,000.00	—	2,000,000,000.00	11,941,666.67	—	2,011,941,666.67

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Lease liabilities

Items	RMB
	30 June 2019 (Unaudited)
Lease liabilities	89,949,026.63
Subtotal	89,949,026.63
Less: Lease liabilities due within one year (Note VI 27)	(26,378,391.99)
Total	63,570,634.64

30. Deferred income

Item	31 December 2018 (Audited)	Increase for the period	Decrease for the period	RMB
				30 June 2019 (Unaudited)
Government grants	2,321,651,768.28	528,868,054.00	(240,737,409.40)	2,609,782,412.88
Total	2,321,651,768.28	528,868,054.00	(240,737,409.40)	2,609,782,412.88

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. Deferred income (continued)

Projects related to government grants:

RMB

Type	31 December 2018 (Audited)	Increase in grant for the period	Amount recognized in other income for the period	Other	30 June 2019 (Unaudited)	Related to an asset/related to income
Infrastructure supporting fund	663,815,299.69	—	(12,070,087.94)	—	651,745,211.75	Related to an asset
Government industrial policy supporting fund (Note 1)	971,134,731.44	435,441,254.00	(10,859,935.08)	—	1,395,716,050.36	Related to an asset
Soft soil foundation subsidy	250,900,596.66	—	(3,057,486.92)	—	247,843,109.74	Related to an asset
New technical center infrastructure construction project	52,554,670.33	—	(7,796,560.12)	—	44,758,110.21	Related to an asset
Tax refund for purchasing domestic manufactured equipment	2,733,804.72	—	(1,622,844.04)	—	1,110,960.68	Related to an asset
Urban construction fund (Note 2)	51,239,412.79	80,100,000.00	(1,111,759.36)	—	130,227,653.43	Related to an asset
Subsidies for key technological innovation projects	1,916,666.33	—	(575,000.02)	—	1,341,666.31	Related to an asset
Development fund for SMEs	3,816,614.80	—	(147,739.92)	—	3,668,874.88	Related to an asset
Diesel engine development project fund	300,000.00	—	(50,000.00)	—	250,000.00	Related to an asset
Engine construction project	6,500,000.00	—	(1,000,000.00)	—	5,500,000.00	Related to an asset
Development of strategic emerging industry	1,330,246.94	—	(166,666.66)	—	1,163,580.28	Related to an asset
Innovation platform construction project	155,555.58	—	(66,666.66)	—	88,888.92	Related to an asset
Energy-saving gasoline direct injection engine project	70,833,333.33	—	(5,000,000.00)	—	65,833,333.33	Related to an asset
Jing-Jin-Ji united R&D project of new energy vehicle	1,256,562.19	—	(385,754.98)	—	870,807.21	Related to an asset
110KV transformer substation project	26,868,372.92	—	(588,358.56)	—	26,280,014.36	Related to an asset
Intelligent network-connected automotive system project	33,875,459.09	—	(28,866,722.86)	—	5,008,736.23	Related to an asset
New energy cell R&D project	10,000,000.00	—	(10,000,000.00)	—	—	Related to an asset
Fuel cell test platform project	472,222.22	—	(41,666.66)	—	430,555.56	Related to an asset
Coal-fired boiler project	125,064.99	—	(74,430.86)	—	50,634.13	Related to an asset
Enterprise settlement award project	150,000,000.00	—	(150,000,000.00)	—	—	Related to income
Waste concentration and incineration system project	6,800,000.00	—	—	—	6,800,000.00	Related to an asset

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. Deferred income (continued)

Projects related to government grants: (continued)

RMB

Type	31 December 2018 (Audited)	Increase in grant for the period	Amount recognized in other income for the period	Other	30 June 2019 (Unaudited)	Related to an asset/related to income
Double clutch automatic transmission project	6,000,000.00	—	(2,520,000.00)	(2,690,000.00)	790,000.00	Related to an asset
Technical renovation project of XEV test center	4,712,500.00	—	(435,000.00)	—	4,277,500.00	Related to an asset
Automobile engine complete set of tool project (Note 3)	1,246,436.28	5,426,800.00	(627,970.06)	—	6,045,266.22	Related to income
Hydrogen energy fuel cell reactor project	1,000,000.00	—	—	—	1,000,000.00	Related to an asset
Special fund for automatic vehicle technology research	366,445.00	—	(366,445.00)	—	—	Related to income
Industrial technology research institute project	542,217.43	—	(86,673.84)	—	455,543.59	Related to an asset
Engineering technology research center project	600,000.00	—	—	—	600,000.00	Related to an asset
Baoding hydrogen energy engineering technology project	400,000.00	—	—	—	400,000.00	Related to an asset
Science popularization exhibition hall project	155,555.55	—	(33,333.34)	—	122,222.21	Related to an asset
Intelligent vehicle base project (Note 4)	—	4,200,000.00	(496,306.52)	—	3,703,693.48	Related to an asset
New energy automobile digital workshop (Note 5)	—	250,000.00	—	—	250,000.00	Related to an asset
Transformation of Oula R1 pure electric automobile technology achievements (Note 6)	—	2,000,000.00	—	—	2,000,000.00	Related to income
Special funds for hydrogen fuel cell system electronic and electrical control innovation team (Note 7)	—	450,000.00	—	—	450,000.00	Related to income
Research and development of key technologies for pure electric automobile (Note 8)	—	1,000,000.00	—	—	1,000,000.00	Related to income
Total	2,321,651,768.28	528,868,054.00	(238,047,409.40)	(2,690,000.00)	2,609,782,412.88	

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. Deferred income (continued)

- Note 1:* According to the *Administrative Measures for Supporting Funds for the Development of Automobile Parts Industry in Yangzhong*, Honeycomb Drive System (Jiangsu) Co., Ltd. (蜂巢傳動系統(江蘇)有限公司) ("Honeycomb Drive"), Jingcheng Gongke Automotive Parts and Components (Yangzhong) Co., Ltd. (精誠工科汽車零部件(揚中)有限公司) ("Yangzhong Jinggong Automotive"), Honeycomb Intelligent Steering System (Jiangsu) Co., Ltd. (蜂巢智能轉向系統(江蘇)有限公司) ("Honeycomb Intelligent Steering"), Honeycomb Electric Drive System (Jiangsu) Co., Ltd. (蜂巢電驅動系統(江蘇)有限公司) ("Honeycomb Electric Drive") and Honeycomb Power System (Jiangsu) Co., Ltd. (蜂巢動力系統(江蘇)有限公司) ("Honeycomb Power"), subsidiaries of the Company, received the industrial supporting fund of RMB435.4 million from Construction Project Department of Great Wall Automobile Parts Production Base in 2019.
- Note 2:* Rizhao Weiyi Motor Co., Ltd. (日照威奕汽車有限公司) ("Rizhao Weiyi") allocated urban construction fund of RMB80.1 million received from Rizhao Economic-Technological Development Area Bureau of Finance for land and related infrastructure construction exclusively in 2019.
- Note 3:* According to the *Notice regarding the 2018 Project Approval of Major Science and Technology Special Project of "High-grade CNC Machine Tools and Basic Manufacturing Equipment"*, the Company received a special fund of RMB5,426,800 from the Industrial Development Promotion Center of the Industry and Information Technology Department in this year, which was specially used for the application demonstration of complete sets of tools for key parts of automobile engines.
- Note 4:* According to the *Notice of Baoding Municipal Bureau of Finance regarding Allocating the Second Batch of Special Provincial Funds for the Development of Strategic Emerging Industry in 2018*, the Company has been allocated with special funds of RMB4.2 million from Baoding Xushui District Development and Reformation Commission in 2019, which was specially used for Intelligent vehicle base project.
- Note 5:* According to the *Notice of the Ministry of Finance regarding Issuing Local Industrial Transformation and Upgrading Fund Budget in 2018*, the Company received RMB250,000 in 2019, which is specially used for New Energy Automobile Digital Workshop Project.
- Note 6:* According to the *Publicity Document of Major Special Science and Technology Project in Hebei Province*, the Company received RMB2 million from the Hebei Provincial Department of Science and Technology in 2019, which was specially used for the Oula R1 Pure Electric Automobile Technology Project.
- Note 7:* According to the *Publicity for the Second Batch of Provincial Science and Technology Planned Project in 2019*, the Company received RMB450,000 from the Hebei Provincial Department of Science and Technology in 2019, which was specially used for Hydrogen Fuel Cell System Electronic And Electrical Control Innovation Project.
- Note 8:* According to the *Publicity for the Second Batch of Provincial Science and Technology Planned Project in 2019*, the Company received RMB1 million from the Hebei Provincial Department of Science and Technology in 2019, which was specially used for Research and Development Project of Key Technologies for Pure Electric Automobile.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. Share capital

As at 30 June 2019, the registered capital of the Company amounted to RMB9,127,269,000.00 and the paid up share capital amounted to RMB9,127,269,000.00. The par value of each share is RMB1.00. The shares by type and structure are as follows:

RMB

Item	Opening balance	New issue	Bonus shares	Changes for the period			Closing balance
				Shares transfer from reserve	Others	Sub-total	
For the period from 1 January to 30 June 2019 (Unaudited):							
Promoters' shares	5,115,000,000.00	—	—	—	—	—	5,115,000,000.00
Outstanding overseas listed foreign shares	3,099,540,000.00	—	—	—	—	—	3,099,540,000.00
Outstanding domestic listed RMB ordinary shares	912,729,000.00	—	—	—	—	—	912,729,000.00
Total number of shares	9,127,269,000.00	—	—	—	—	—	9,127,269,000.00
For the period from 1 January to 30 June 2018 (Unaudited):							
Promoters' shares	5,115,000,000.00	—	—	—	—	—	5,115,000,000.00
Outstanding overseas listed foreign shares	3,099,540,000.00	—	—	—	—	—	3,099,540,000.00
Outstanding domestic listed RMB ordinary shares	912,729,000.00	—	—	—	—	—	912,729,000.00
Total number of shares	9,127,269,000.00	—	—	—	—	—	9,127,269,000.00

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. Capital reserve

Item	Opening balance	Additions	Deductions	Closing balance <i>RMB</i>
For the period from 1 January to 30 June 2019 (Unaudited):				
Capital premiums	1,466,587,149.89	—	—	1,466,587,149.89
Other capital reserves	(55,356,135.47)	—	—	(55,356,135.47)
Including: Transfer from capital reserves under the previous standards	13,911,809.08	—	—	13,911,809.08
Difference between the consideration of acquiring minority interest in subsidiary and the fair value of minority interest	(37,780,293.29)	—	—	(37,780,293.29)
Translation differences of foreign capital	27,752.39	—	—	27,752.39
Reserve for revaluation gain of assets	(31,515,403.65)	—	—	(31,515,403.65)
Total	1,411,231,014.42	—	—	1,411,231,014.42
For the period from 1 January to 30 June 2018 (Unaudited):				
Capital premiums	1,466,587,149.89	—	—	1,466,587,149.89
Other capital reserves	(55,356,135.47)	—	—	(55,356,135.47)
Including: Transfer from capital reserves under the previous standards	13,911,809.08	—	—	13,911,809.08
Difference between the consideration of acquiring minority interest in subsidiary and the fair value of minority interest	(37,780,293.29)	—	—	(37,780,293.29)
Translation differences of foreign capital	27,752.39	—	—	27,752.39
Reserve for revaluation gain of assets	(31,515,403.65)	—	—	(31,515,403.65)
Total	1,411,231,014.42	—	—	1,411,231,014.42

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. Surplus reserve

Item	Opening balance	Additions	Deductions (Note)	Reclassification	<i>RMB</i> Closing balance
For the period from 1 January to 30 June 2019 (Unaudited):					
Statutory surplus reserve	5,285,247,377.17	—	(71,749,477.42)	—	5,213,497,899.75
Discretionary surplus reserve	2,855,650.48	—	—	—	2,855,650.48
Enterprise expansion fund	—	—	—	—	—
Reserve fund	89,005,618.14	—	—	—	89,005,618.14
Tax credit for social welfare enterprises	251,838,024.75	—	—	—	251,838,024.75
Total	5,628,946,670.54	—	(71,749,477.42)	—	5,557,197,193.12
For the period from 1 January to 30 June 2018 (Unaudited):					
Statutory surplus reserve	4,697,563,444.94	—	—	—	4,697,563,444.94
Discretionary surplus reserve	2,855,650.48	—	—	—	2,855,650.48
Enterprise expansion fund	2,959,022.95	—	—	—	2,959,022.95
Reserve fund	107,224,586.52	—	—	—	107,224,586.52
Tax credit for social welfare enterprises	251,838,024.75	—	—	—	251,838,024.75
Total	5,062,440,729.64	—	—	—	5,062,440,729.64

Note: In the period, the Company deregistered the Great Wall Baoding Automotive Customer Service Company Limited ("Baoding Automotive Customer Service") and lost control of Automotive Finance, subsidiaries of the Company, and transferred their surplus reserves accrued in the preceding periods to retained profits, totaling RMB71,730,768.61; in the period, the Company disposed the Haval Automotive Rental Co., Ltd. ("Haval Rental"), a subsidiary of the Company, and transferred the surplus reserve accrued in the preceding period of the subsidiary to investment income, amounting to RMB18,708.81.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. Undistributed profits

Item	Amount	RMB Proportion of appropriation or allocation
For the period from 1 January to 30 June 2019 (Unaudited):		
Undistributed profits at the beginning of the period	36,619,705,509.19	
Add: Net profits attributable to the shareholders of the Company of the period	1,517,169,113.68	
Transfer from surplus reserve (Note VI 33 note)	71,730,768.61	
Other transfers-in	—	
Less: Appropriation of statutory surplus reserve	—	(1)
Appropriation of discretionary surplus reserve	—	
Appropriation of enterprise expansion fund	—	(2)
Appropriation of reserve fund	—	(2)
Distribution of cash dividends	(2,646,908,010.00)	(3)
Appropriation of staff incentive bonus and welfare fund	—	(2)
Share capital transferred from ordinary share dividends	—	
Undistributed profits at the end of the period	35,561,697,381.48	
For the period from 1 January to 30 June 2018 (Unaudited):		
Undistributed profits at the beginning of the period	33,530,533,212.33	
Add: Net profits attributable to the shareholders of the Company of the period	3,695,799,261.39	
Transfer from surplus reserve	—	
Other transfers-in	—	
Less: Appropriation of statutory surplus reserve	—	(1)
Appropriation of discretionary surplus reserve	—	
Appropriation of enterprise expansion fund	—	(2)
Appropriation of reserve fund	—	(2)
Distribution of cash dividends	(1,551,635,730.00)	
Appropriation of staff incentive bonus and welfare fund	—	(2)
Share capital transferred from ordinary share dividends	—	
Undistributed profits at the end of the period	35,674,696,743.72	

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. Undistributed profits (continued)

(1) Appropriation to statutory surplus reserve

According to the Articles of Association, the Company is required to transfer 10% of its net profit to the statutory surplus reserve. The transfer can be ceased if the balance of the statutory surplus reserve has reached 50% of the Company's registered capital. Under the Articles of Associations and relevant company regulations, some statutory surplus reserve can be transferred into share capital of the Company, while the remaining statutory reserves shall be no less than 25% of the registered capital.

(2) Appropriation to enterprise expansion fund, reserve fund and employee incentives and welfare fund

Certain subsidiaries of the Company are Sino-foreign equity joint ventures. Pursuant to the law of the People's Republic of China on Sino-foreign Equity Joint Ventures and relevant provisions of the articles of association of relevant companies, such subsidiaries shall appropriate enterprise expansion fund, reserve fund and staff incentive bonus and welfare fund based on the net profits calculated under the China Enterprise Accounting Standards and relevant requirements. The ratio of appropriation shall be determined by the Board of Directors and Articles of Corporation.

(3) Cash dividends approved by the shareholders' meeting in this period.

On 17 May 2019, the 2018 shareholders' meeting approved Proposal on Profit Distribution of 2018, which allows the Company to distribute cash dividends of RMB0.29 (inclusive of tax) per share, amounting to RMB2,646,908,010.00 in total, based on total shares of 9,127,269,000 shares with par value of RMB1 per share.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. Operating income and operating costs

(1) Operating income

Item	RMB	
	For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
Principal operating income	39,886,924,034.14	47,576,106,693.05
Including: Income from the sales of automobiles	36,400,798,655.31	45,132,474,878.33
Income from the sales of automotive parts and components	1,940,892,847.10	1,729,442,594.41
Income from the sales of moulds and others	327,594,458.23	173,099,237.16
Income from rendering of services	1,217,638,073.50	541,089,983.15
Other operating income	430,002,968.49	381,715,312.25
Total	40,316,927,002.63	47,957,822,005.30

At the end of the reporting period, the income corresponding to the performance obligations for which a contract has been signed but has not yet been fulfilled or has not been fulfilled amounted to RMB2,990,342,473.92, which is expected to be confirmed in 2019.

(2) Operating costs

Item	RMB	
	For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
Principal operating costs	34,470,706,249.68	38,057,057,055.50
Including: Costs of sales of automobiles	32,079,786,305.88	36,356,643,402.09
Costs of sales of automotive parts and components	1,140,360,784.25	1,060,173,951.29
Costs of sales of moulds and others	261,491,437.56	133,964,026.97
Costs of rendering services	989,067,721.99	506,275,675.15
Other operating costs	342,740,900.03	357,727,231.01
Total	34,813,447,149.71	38,414,784,286.51

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. Interest income

		RMB
	For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
Item		
Personal loans and advances	943,521,863.83	701,007,835.87
Company loans and advances	21,142.87	2,292.38
Deposits with other banks	17,040,959.75	6,225,679.30
Deposits with the central bank	3,594,979.49	4,115,704.41
Deposits with the financial institutions	612,486.51	150,569.08
Finance lease receivables	23,597,680.69	4,561.20
Total	988,389,113.14	711,506,642.24

37. Taxes and levies

		RMB
	For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
Item		
Consumption tax	1,002,438,832.17	1,381,042,464.40
City maintenances and construction tax	116,133,083.99	151,480,002.70
Educational surcharges	95,608,821.49	119,825,406.69
Stamp duty	52,652,270.96	50,259,530.95
Land use tax	26,401,564.33	25,550,207.57
Real estate tax	34,894,526.11	34,394,875.12
Water resource tax	1,059,865.00	1,056,995.51
Vehicle and vessel use tax	244,922.20	177,909.19
Others	6,773,909.22	21,271,093.48
Total	1,336,207,795.47	1,785,058,485.61

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

38. Selling expenses

Item	RMB	
	For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
Transportation expenses	103,023,252.31	649,619,324.14
After-sale services expenses	166,659,974.48	211,198,561.75
Wages and salaries	102,567,180.12	119,738,580.93
Advertising and media services fees	834,553,519.58	606,138,560.37
Port charges	17,348,047.34	15,748,717.00
Travelling expenses	17,661,540.59	16,860,827.03
Others	228,232,663.03	458,190,443.17
Total	1,470,046,177.45	2,077,495,014.39

39. Administrative expenses

Item	RMB	
	For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
Wages and salaries	390,376,893.37	396,310,764.47
Depreciation and Amortization	112,212,454.98	72,562,981.65
Business reception fees	7,622,780.06	6,173,605.47
Office expenses	52,893,606.86	29,004,021.23
Repair and maintenance fees	135,702,456.54	103,723,340.26
Auditors' remuneration (Note)	928,136.81	882,214.80
Service charges	64,167,981.93	21,940,580.52
Others	76,941,181.16	46,082,847.16
Total	840,845,491.71	676,680,355.56

Note: Remuneration for interim review of Deloitte Touche Tohmatsu CPA LLP is RMB 0.6 million.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

40. Financial expenses

Item	For the period from 1 January to 30 June 2019 (Unaudited)	RMB For the period from 1 January to 30 June 2018 (Unaudited)
Interest expense	86,038,425.93	259,767,844.54
Including: Interest expense from lease	2,344,338.87	
Interest income from bank deposits	(69,040,110.86)	(34,092,434.51)
Foreign currency translation differences	(184,432,812.02)	51,882,425.90
Interest of discount on bills	84,195,495.39	14,491,123.71
Others	9,591,329.19	12,397,044.93
Total	(73,647,672.37)	304,446,004.57

41. Other income

Government grants recognized in other income:

Item	For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)	RMB Related to an asset/related to income
Immediate refund of VAT of welfare enterprises	12,398,546.52	16,896,000.00	Related to income
Incentive policies of Michigan state government	1,677,325.00	—	Related to income
Subsidy income	1,248,721.80	—	Related to income
Special funds for technological upgrading	1,000,000.00	—	Related to income
Import discount subsidies	577,700.00	851,000.00	Related to income
Science and technology awards of Baoding City Science & Technology & Intellectual Property Bureau	200,000.00	—	Related to income
Patent award	—	973,920.00	Related to income
Haval SUV intelligent plant reward	—	900,000.00	Related to income
Supportive development fund of export credit insurance	—	300,000.00	Related to income
Others	160,874.75	—	Related to income
Amortization of deferred income	238,047,409.40	51,746,912.63	
Total	255,310,577.47	71,667,832.63	

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

42. Investment income (loss)

Breakdown:

Item	For the period from 1 January to 30 June 2019 (Unaudited)	RMB For the period from 1 January to 30 June 2018 (Unaudited)
Income from wealth management products	43,127,348.15	5,948,164.90
Net losses from disposal of long term investments	(179,396,751.13)	—
Total	(136,269,402.98)	5,948,164.90

There are no significant restrictions on remittance of investment income of the Group.

The Group has no gains on investments from listed companies.

43. Losses from changes in fair values

Source of gains (losses) from changes in fair values	For the period from 1 January to 30 June 2019 (Unaudited)	RMB For the period from 1 January to 30 June 2018 (Unaudited)
Held-for-trading financial assets		
Including: Equity instrument investment	(21,902,888.00)	(82,416,180.00)
Wealth management products	14,398,893.76	54,204,590.34
Total	(7,503,994.24)	(28,211,589.66)

44. Impairment losses on credit

Item	For the period from 1 January to 30 June 2019 (Unaudited)	RMB For the period from 1 January to 30 June 2018 (Unaudited)
Accounts receivable	(9,551,203.67)	(22,725,325.20)
Loans and advances to customers	(35,397,704.52)	(67,363,891.48)
Long-Term receivables	(459,695.22)	—
Total	(45,408,603.41)	(90,089,216.68)

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. Impairment losses on assets

Item	RMB	
	For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
I. Loss on bad debts	—	6,559,837.68
II. Loss on decline in value of inventories	(88,307,446.81)	(28,119,827.37)
III. Loss on impairment of fixed assets	(12,067,176.48)	(33,804,424.69)
IV. Loss on impairment of construction in progress	(727,833.72)	(5,501,873.85)
Total	(101,102,457.01)	(60,866,288.23)

46. Gains from disposal of assets

Items	RMB	
	For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
Gains from disposal of assets	75,638,684.63	30,501,359.26
Including: Gains or losses from disposal of fixed assets	2,516,562.41	(37,705,981.23)
Losses from disposal of construction in progress	(4,092,174.27)	(6,961,373.32)
Gains from disposal of intangible assets	77,214,296.49	75,168,713.81

47. Non-operating income

(1) Breakdown of non-operating income is as follows:

Item	RMB		
	For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)	Amount included in non-recurring gains and losses for the period
Government grants	86,166,380.47	20,044,291.21	86,166,380.47
Gains from compensation	24,451,937.94	29,948,188.92	24,451,937.94
Unpayable amount	5,491,434.86	8,529,396.54	5,491,434.86
Others	21,275,487.86	23,533,699.69	21,275,487.86
Total	137,385,241.13	82,055,576.36	137,385,241.13

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

47. Non-operating income (continued)

(2) Government grants recognized in non-operating income of the period:

RMB

Item	For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)	Related to an asset/related to income
Tax refunds	86,081,819.27	—	Related to income
Special funds of the Finance Bureau	—	11,383,168.36	Related to income
Financial subsidy	—	8,000,000.00	Related to income
Others	84,561.20	661,122.85	Related to income
Total	86,166,380.47	20,044,291.21	

48. Non-operating expenses

Item	For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)	Amount recognized in non-recurring profit or loss for the period
Expenditures for donations	9,779,356.28	494,778.74	9,779,356.28
Expenses for compensations and fines	557,822.80	873,018.20	557,822.80
Others	1,334,380.04	1,164,110.10	1,334,380.04
Total	11,671,559.12	2,531,907.04	11,671,559.12

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

49. Income tax expenses

Item	For the period from 1 January to 30 June 2019 (Unaudited)	RMB
		For the period from 1 January to 30 June 2018 (Unaudited)
Current tax expenses	325,686,549.89	638,444,199.65
Deferred tax expenses	28,024,102.66	79,498,101.78
Total	353,710,652.55	717,942,301.43

Reconciliation of income tax expenses to accounting profits is as follows:

		RMB
Item	For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
Total profit	1,904,737,742.61	4,434,477,757.34
Income tax rate	25%	25%
Income tax calculated at tax rate of 25%	476,184,435.65	1,108,619,439.34
Changes in opening balances of deferred tax assets/liabilities due to the change in tax rate	280,282.50	5,953,440.79
Effects arising from some companies subject to concessionary rates	(51,006,944.44)	(388,765,682.86)
Additional deduction for research and development costs	(89,362,531.06)	(66,784,706.94)
Tax effect of non-taxable income	(26,043,996.08)	(243,508.86)
Tax effect of non-deductible expenses	27,586,557.45	20,031,404.24
Effect of deductible loss not recognized for deferred tax assets for the period	16,072,848.53	39,131,915.72
Total	353,710,652.55	717,942,301.43

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

50. Net profit

Net profit of the Group has been arrived at after charging (crediting):

Item	Notes	RMB	
		For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
Depreciation for fixed assets	VI.13	1,908,789,351.57	1,751,422,482.75
Depreciation and amortization for investment properties	VI.12	4,645,590.36	2,595,647.40
Amortization of intangible assets	VI.16	247,478,209.68	54,915,664.71
Depreciation for right-of-use assets	VI.15	13,024,922.91	
Total amount of depreciation and amortization		2,173,938,074.52	1,808,933,794.86
Gains or losses from disposal of non-current assets	VI.46	75,638,684.63	30,501,359.26
Gross rental income from investment properties		13,448,282.41	11,036,238.19
Employee benefits expense	VI.24	3,410,379,271.36	3,515,580,596.03

51. Calculation of basic and diluted earnings per share

Net profit for the current period attributable to holders of ordinary shares of the Company used for calculating basic earnings per share is as follows:

Item	RMB	
	For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
Net profit attributable to ordinary shareholders	1,517,169,113.68	3,695,799,261.39
Including: Net profit attributable to continuing operations	1,517,169,113.68	3,695,799,261.39
Total	1,517,169,113.68	3,695,799,261.39

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

51. Calculation of basic and diluted earnings per share (continued)

The denominator used for calculating earnings per share is the weighted average of outstanding ordinary shares. The calculation is as follows:

Item	For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
Number of outstanding ordinary shares at the beginning of the period	9,127,269,000.00	9,127,269,000.00
Add: Weighted number of ordinary shares issued in the period	—	—
Less: Weighted number of ordinary shares repurchased in the period	—	—
Weighted number of outstanding ordinary shares at the end of the period	9,127,269,000.00	9,127,269,000.00

Item	For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
Based on the net profit attributable to shareholders of the Company:	1,517,169,113.68	3,695,799,261.39
Basic earnings per share	0.17	0.40
Diluted earnings per share	N/A	N/A
Based on the net profit from continuing operations attributable to shareholders of the Company:	1,517,169,113.68	3,695,799,261.39
Basic earnings per share	0.17	0.40
Diluted earnings per share	N/A	N/A

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

52. Other comprehensive income

RMB

Item	31 December 2018 (Audited)	Amount incurred for current period before tax	Amount recognized in the current period		Attributable to owners of the parent company after tax	Attributable to minority interests after tax	30 June 2019 (Unaudited)
			Less: amount previously included in other comprehensive income and transferred to profit or loss for the period	Less: Income tax expenses			
Other comprehensive income that will be reclassified to profit or loss	—	—	—	—	—	—	—
Including: translation differences of financial statements denominated in foreign currencies	(262,321,113.07)	81,832,226.97	—	—	81,832,226.97	—	(180,488,886.10)
Total other comprehensive income	(262,321,113.07)	81,832,226.97	—	—	81,832,226.97	—	(180,488,886.10)

53. Notes to cash flow statements

(1) Other cash received relating to operating activities

RMB

Item	For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
Interest income from bank deposits	69,040,110.86	34,092,434.51
Government grants	619,899,056.02	829,159,211.21
Reparations (penalty) income	9,851,797.35	6,322,779.48
Customs deposit withdrawal	—	76,146.59
Others	16,888,485.45	31,868,188.82
Total	715,679,449.68	901,518,760.61

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

53. Notes to cash flow statements (continued)

(2) Other cash payments relating to operating activities

Item	For the period from 1 January to 30 June 2019 (Unaudited)	RMB For the period from 1 January to 30 June 2018 (Unaudited)
Advertising and media services fee	984,095,250.80	722,841,783.56
Transportation costs and port charges	136,570,301.68	684,660,790.09
Technology development expenditures	308,496,430.41	361,861,900.17
After-sale services expenses and repair costs	436,162,978.03	424,297,486.47
Business reception fees and office expenses	47,316,869.88	47,056,066.14
Travelling expenses	43,976,755.07	27,970,916.96
Consultation fees	150,371,875.80	44,911,822.71
Software license fees	7,628,824.29	66,710,846.06
Others	259,181,077.65	170,742,968.48
Total	2,373,800,363.61	2,551,054,580.64

(3) Other cash received relating to financing activities

Item	For the period from 1 January to 30 June 2019 (Unaudited)	RMB For the period from 1 January to 30 June 2018 (Unaudited)
Decrease in restricted bank deposits	913,311,470.69	384,672,125.58
Total	913,311,470.69	384,672,125.58

(4) Other cash payments relating to financing activities

Item	For the period from 1 January to 30 June 2019 (Unaudited)	RMB For the period from 1 January to 30 June 2018 (Unaudited)
Decrease in lease liabilities	11,511,696.76	—
Total	11,511,696.76	—

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

54. Supplementary information of cash flow statements

(1) Supplementary information of cash flow statements

Supplementary information	For the period from 1 January to 30 June 2019 (Unaudited)	RMB For the period from 1 January to 30 June 2018 (Unaudited)
1. Reconciliation of net profits to cash flow from operating activities:		
Net profits	1,551,027,090.06	3,716,535,455.91
Add: Impairment provision for assets	101,102,457.01	60,828,038.23
Impairment losses on credit	45,408,603.41	90,127,466.68
Depreciation of fixed assets	1,908,789,351.57	1,751,422,482.75
Depreciation of right-of-use assets	13,024,922.91	
Amortization of intangible assets	247,478,209.68	54,915,664.71
Amortization of long-term prepaid expenses	30,441,745.64	8,749,367.08
Depreciation and amortization of investment properties	4,645,590.36	2,595,647.40
Loss from fair value changes	7,503,994.24	28,211,589.66
Gains on disposal of fixed assets, intangible assets and other long-term assets	(75,638,684.63)	(30,501,359.26)
Amortization of deferred income	(238,047,409.40)	(51,746,912.63)
Financial expense	120,692,341.65	248,283,424.75
Investment losses/(gains)	136,269,402.98	(5,948,164.90)
Decrease/(Increase) in deferred tax assets	(230,881,953.77)	92,008,408.25
Increase/(Decrease) in deferred tax liabilities	260,165,314.57	(5,804,240.49)
Decrease/(Increase) in inventories	(1,706,113,082.56)	76,087,265.80
Decrease/(Increase) in operating receivables	10,692,130,480.05	20,282,441,984.37
Increase/(Decrease) in operating payables	(6,755,381,642.80)	(11,367,376,381.99)
Net cash flows from operating activities	6,112,616,730.97	14,950,829,736.32
2. Net change in cash and cash equivalents:		
Cash balance at the end of the period	7,640,129,182.26	8,125,117,690.54
Less: Cash balance at the beginning of the period	6,614,611,437.43	3,844,089,729.57
Net increase in cash and cash equivalents	1,025,517,744.83	4,281,027,960.97

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

54. Supplementary information of cash flow statements (continued)

(2) Net cash payments in the period for acquisition of subsidiaries

Item	For the period from 1 January to 30 June 2019 (Unaudited)	RMB For the period from 1 January to 30 June 2018 (Unaudited)
Cash or cash equivalents paid in current period for business combination incurred in current period	—	3,400,000.00
Less: Cash and cash equivalents held by subsidiaries at the acquisition date	—	119,547.50
Net cash payments for acquisition of subsidiaries	—	3,280,452.50

(3) Net cash payables in the period for acquisition of subsidiaries

Item	For the period from 1 January to 30 June 2019 (Unaudited)	RMB For the period from 1 January to 30 June 2018 (Unaudited)
Cash or cash equivalents received in current period for disposal of subsidiaries	464,180,000.00	—
Including: Tianjin Great Wall Sharing Car Service Co., Ltd. (天津長城共享汽車服務有限公司) ("Tianjin Sharing Car")	464,180,000.00	—
Less: Cash and cash equivalents held by subsidiaries at the date of losing control	5,289,448,860.78	—
Including: Tianjin Sharing Car	295,656,236.15	—
Automotive Finance	4,993,792,624.63	—
Net payables from disposal of subsidiaries	4,825,268,860.78	—

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

54. Supplementary information of cash flow statements (continued)

(4) Components of cash and cash equivalents

Item	For the period from 1 January to 30 June 2019 (Unaudited)	RMB For the period from 1 January to 30 June 2018 (Unaudited)
I. Cash	7,640,129,182.26	8,125,117,690.54
Including: Cash on hand	297,631.71	364,680.56
Bank deposits ready to be withdrawn on demand	7,639,831,550.55	8,124,753,009.98
II. Cash and cash equivalent balance at the end of the period	7,640,129,182.26	8,125,117,690.54

55. Assets with limited ownership or use right

Item	Carrying amount at the end of the period	Reasons for the restrictions	RMB
Cash and bank balances	154,160,660.89	Bank acceptance deposits, L/C Guarantee deposits, guarantee deposits, and others	
Notes receivable	6,215,737,000.26	Used for issuance of notes payable	
Intangible assets	85,649,370.79	Used for long-term borrowings	
Long-term receivables	380,619,157.93	Used for long-term borrowings	
Total	6,836,166,189.87		

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

56. Monetary items denominated in foreign currency

Item	Closing balance of foreign currency	Exchange rate	<i>RMB</i> Closing balance of RMB
Cash and bank balances			
Including: USD	13,719,695.65	6.8747	94,318,791.68
EUR	6,283,691.56	7.8170	49,119,616.92
RMB	44,373,390.40	1.0000	44,373,390.40
JPY	58,890,809.83	0.0638	3,758,175.92
GBP	84,182.27	8.7113	733,337.01
AUD	60,181.26	4.8156	289,808.87
CHF	20,599.01	7.0388	144,992.31
HKD	69,933.70	0.8797	61,517.88
SGD	311.00	5.0805	1,580.04
RUB	572.70	0.1090	62.43
KRW	7,109.43	0.0059	42.23
THB	130.02	0.2234	29.04
Accounts receivable			
Including: USD	77,571,711.40	6.8747	533,282,244.33
EUR	2,912,289.60	7.8170	22,765,367.81
RMB	11,336,885.00	1.0000	11,336,885.00
JPY	7,841,724.96	0.0638	500,427.52
Accounts payable			
Including: EUR	3,153,795.80	7.8170	24,653,221.77
USD	2,593,974.90	6.8747	17,832,799.24
JPY	24,920,760.97	0.0638	1,589,944.55
HKD	62,194.66	0.8797	54,712.64
Other payables			
Including: EUR	6,233,499.90	7.8170	48,727,268.73
USD	1,686,497.13	6.8747	11,594,161.83
JPY	53,043,944.00	0.0638	3,385,052.33
GBP	7,280.00	8.7113	63,418.26
Long-term borrowings			
Including: USD	40,000,000.00	6.8747	274,988,000.00
EUR	200,000,000.00	7.8170	1,563,400,000.00

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

57. Net current assets

Item	RMB	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Current assets	50,390,480,513.42	66,126,293,810.75
Less: Current liabilities	34,972,068,740.87	54,379,417,271.59
Net current assets	15,418,411,772.55	11,746,876,539.16

58. Total assets less current liabilities

Item	RMB	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Total assets	92,834,033,445.75	111,800,411,297.81
Less: Current liabilities	34,972,068,740.87	54,379,417,271.59
Total assets less current liabilities	57,861,964,704.88	57,420,994,026.22



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VII. CHANGES IN CONSOLIDATION SCOPE

1. Business combination not involving enterprises under common control

There is no business combination not involving enterprises under common control at the end of the period.

2. Business combination involving enterprises under common control

There is no business combination involving enterprises under common control at the end of the period.

3. Disposal of subsidiaries

(1) Single disposal of investments in subsidiaries, i.e. the loss of control

Name of subsidiary	Equity disposal consideration	Equity disposal proportion (%)	Equity disposal approach	Time point of losing control	Determination basis for time point of losing control	RMB Difference amount of disposal consideration and shares of corresponding net assets of the subsidiary at consolidated level
Tianjin Sharing Car		100.00	Sold in cash	February 2019	Note 1	
Haval Rental		100.00	Sold in cash	February 2019	Note 1	
Oula Information	464,180,000.00	100.00	Sold in cash	February 2019	Note 1	(179,396,751.13)
Time Technology Co., Ltd. (紛時科技有限公司) ("Time Technology")		100.00	Sold in cash	February 2019	Note 1	

Note 1: the point at which the Company loses control is the point at which the Company loses the ability to determine the financial and operational policies of the investee and is no longer able to obtain benefits from its business activities.

Note 2: Tianjin Sharing Car was originally a wholly-owned subsidiary of the Company. In February 2019, the Company transferred 100% equity of Tianjin Sharing Car and its wholly-owned subsidiaries to the related party, Baoding Great Wall Holding Group Co., Ltd.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VII. CHANGES IN CONSOLIDATION SCOPE (continued)

3. Disposal of subsidiaries (continued)

(2) Other losses of control

Name of subsidiary	Equity disposal consideration	Equity disposal proportion (%)	Equity disposal approach	Time point of losing control	Determination basis for time point of losing control	Difference amount of disposal consideration and shares of corresponding net assets of the subsidiary at consolidated level
Automotive Finance	—	—	—	June 2019	Note	—

Note: In June 2019, according to the resolution of the 2019 second temporary shareholders' meeting of Automotive Finance, a subsidiary of the Company, the articles of association was revised and the relevant activities must be decided upon unanimous approval by the board of directors. The Company could not implement control over Automotive Finance, therefore, it will no longer be included in the consolidation scope of consolidated financial statements and will be subsequently measured using the equity method.

4. Changes in consolidation scope for other reasons

Newly established subsidiaries during the current period:

Title	Establish time
Nuochuang Automotive Technology (Shanghai) Co., Ltd. (諾創汽車科技(上海)有限公司)(Nuochuang Technology)	January 2019
Baoding Yijian Start Automobile Sales Service Co., Ltd. (保定一見啟動汽車銷售服務有限公司)(Baoding Yijian Start)	April 2019
Honeycomb Drive Technology Hebei Co., Ltd. (蜂巢傳動科技河北有限公司)(Honeycomb Drive Technology)	May 2019
Yijian Start (Chongqing) Automobile Sales Service Co., Ltd. (一見啟動(重慶)汽車銷售服務有限公司)(Chongqing Yijian Start)	May 2019
Yijian Start (Jinan) Automobile Sales Service Co., Ltd. (一見啟動(濟南)汽車銷售服務有限公司)(Jinan Yijian Start)	June 2019
Qingdao Yijian Start Automobile Sales Service Co., Ltd. (青島一見啟動汽車銷售服務有限公司)(Qingdao Yijian Start)	June 2019
Zaoqi (Xi'an) Automobile Sales Service Co., Ltd. (棗啟(西安)汽車銷售服務有限公司)(Zaoqi Xi'an)	June 2019
Yijian Start (Nanjing) Automobile Sales Service Co., Ltd. (一見啟動(南京)汽車銷售服務有限公司)(Nanjing Yijian Start)	June 2019
Yijian Start (Dongguan) Automobile Sales Service Co., Ltd. (一見啟動(東莞)汽車銷售服務有限公司)(Dongguan Yijian Start)	June 2019

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For the Period from 1 January to 30 June 2019

VII. CHANGES IN CONSOLIDATION SCOPE (continued)

4. Changes in consolidation scope for other reasons (continued)

Newly established subsidiaries during the current period: (continued)

Title	Establish time
Lanzhou Yijian Start Automobile Sales Service Co., Ltd. (蘭州一見啟動汽車銷售服務有限公司)(Lanzhou Yijian Start)	June 2019
Zaoqi (Wenzhou) Automobile Sales Service Co., Ltd. (棗啟(溫州)汽車銷售服務有限公司)(Zaoqi Wenzhou)	June 2019
Yijian Start (Haikou) Automobile Sales Service Co., Ltd. (一見啟動(海口)汽車銷售服務有限公司)(Haikou Yijian Start)	June 2019
Guizhou Yijian Start Automobile Sales Service Co., Ltd. (貴州一見啟動汽車銷售服務有限公司)(Guizhou Yijian Start)	June 2019
Chengdu Zaoqi Automobile Sales Service Co., Ltd. (成都棗啟汽車銷售服務有限公司)(Chengdu Zaoqi)	June 2019
Hefei Yijian Start Automobile Sales Service Co., Ltd. (合肥一見啟動汽車銷售服務有限公司)(Hefei Yijian Start)	June 2019
Kunming Mibang Automobile Sales Service Co., Ltd. (昆明米邦汽車銷售服務有限公司)(Kunming Mibang)	June 2019
Zhengzhou Yijian Start Automobile Sales Service Co., Ltd. (鄭州一見啟動汽車銷售服務有限公司)(Zhengzhou Yijian Start)	June 2019
Taiyuan Yijian Start Automobile Sales Service Co., Ltd. (太原一見啟動汽車銷售服務有限公司)(Taiyuan Yijian Start)	June 2019
Honeycomb Electric Drive Technology Hebei Co., Ltd. (蜂巢電驅動科技河北有限公司)(Honeycomb Electric Drive Technology)	June 2019
Honeycomb Intelligent Steering Technology Hebei Co., Ltd. (蜂巢智能轉向科技河北有限公司)(Honeycomb Intelligent Steering Technology)	June 2019
India Haval Automobile Private Co., Ltd. (印度哈弗汽車私人有限公司)(India Haval)	June 2019
Yijian Start (Wuhan) Automobile Sales Service Co., Ltd. (一見啟動(武漢)汽車銷售服務有限公司)(Wuhan Yijian Start)	June 2019

Deregistered subsidiaries during the current period:

Title	Deregister time
Great Wall Customer Service	June 2019



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For the Period from 1 January to 30 June 2019

VIII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Structure of the Group

Subsidiaries invested by the Group

Full name of subsidiaries	Legal form	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%)	
					Proportion of voting rights (%) Direct	Indirect
Baoding Great Wall Huabei Automobile Co., Ltd. (保定長城華北汽車有限責任公司) ("Great Wall Huabei")	limited liability company	Gaobeidian	Gaobeidian	Manufacture of automotive parts and components	100.00	—
Baoding Great	limited liability company	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—
Baoding Nuobo	limited liability company	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—
Beijing Great	limited liability company	Beijing	Beijing	Manufacture of automotive parts and components	100.00	—
Baoding Great Wall Auto Sales Co., Ltd. (保定長城汽車銷售有限公司)("Great Wall Sales")	limited liability company	Baoding	Baoding	Marketing and sale of automobiles	20.18	79.82
Tide Technology and Trade	—	Hong Kong	Hong Kong	Investment and financing services	100.00	—
Mind electronics	limited liability company	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—
Tianjin Great Wall Lean Automotive Parts Co., Ltd. (天津長城精益汽車零部件有限公司) ("Tianjin Lean")	limited liability company	Tianjin Development zone	Tianjin Development zone	Manufacture of automotive parts and components	75.00	25.00
Baoding Great Wall Ants Logistics Co., Ltd. (保定市長城螞蟻物流有限公司) ("Great Wall Ants")	limited liability company	Baoding	Baoding	Logistics and ordinary goods transportation	100.00	—
Ningxia Great Wall Motor Rental Company Limited (寧夏長城汽車租賃有限公司)("Ningxia Rental")	limited liability company	Yinchuan Economic and Technological Development Zone	Yinchuan Economic and Technological Development Zone	Buildings rental	100.00	—
Great Wall Resource Recycling	limited liability company	Baoding	Baoding	Processing, recycling and sale of waste and used material	100.00	—
Baoding Exquisite Automotive Mould Technology Co., Ltd. (保定市精工汽車模具技術有限公司) ("Exquisite Mould")	limited liability company	Baoding	Baoding	Research, development and manufacture of auto moulds	100.00	—
Rizhao Weiye	limited liability company	Rizhao	Rizhao	Manufacture of automotive parts and components	100.00	—
Beijing Great Wall Dongsheng Business Consulting Co., Ltd. (北京長城東晟商務諮詢有限公司) ("Great Wall Dongsheng")	limited liability company	Beijing	Beijing	Business information consultation	—	100.00
Shanghai Haval	limited liability company	Shanghai	Shanghai	Automotive technology research, development and technical consultation	100.00	—
Haval Motors Australia Pty Ltd (哈弗汽車澳大利亞有限公司)("Haval Australia")	—	Australia	Australia	Auto selling	38.50	61.50
Haval Motor Rus Limited Liability Company (俄羅斯哈弗汽車有限責任公司)("Haval Russia")	—	Russia	Russia	Auto selling	—	100.00
Australia Sinyos Technology And Trade Pty Ltd (澳大利亞森友斯科貿易有限公司) ("Sinyos Technology and Trade")	—	Australia	Australia	Auto selling	—	100.00
Haval Motor Manufacturing Rus Limited Liability Company (俄羅斯哈弗汽車製造有限責任公司) ("Russia Manufacturing")	—	Russia	Russia	Auto manufacture	50.50	49.50
Haval Motors South Africa Proprietary Limited (哈弗汽車南非有限公司)("Haval South Africa")	—	South Africa	South Africa	Auto selling	100.00	—
Haval Logistics Company Limited (哈弗物流有限公司)("Haval Logistics")	limited liability company	Baoding	Baoding	Logistics and ordinary goods transportation	100.00	—
Baoding Great Wall Scrap Car Recycling & Dismantling Co., Ltd. (保定長城報廢汽車回收拆解有限公司) ("Scrap Car Recycling and Dismantling")	limited liability company	Baoding	Baoding	Scrap car recycling and dismantling	100.00	—

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For the Period from 1 January to 30 June 2019

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Structure of the Group (continued)

Subsidiaries invested by the Group (continued)

Full name of subsidiaries	Legal form	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%)	
					Proportion of voting rights (%)	Direct
Great Wall Japan Motor Co., Ltd. (長城日本技研株式會社)("Japan Motor")	—	Yokohama, Japan	Yokohama, Japan	Research and design of automobile and auto parts	—	100.00
Great Wall Motor Europe Technical Center GmbH (長城汽車歐洲技術中心有限公司) (“Europe Technical Center”)	—	Germany	Germany	Research and design of automobile and auto parts	100.00	—
Great Wall India Research and Development Private Limited (長城印度研發私人有限公司) (“India R&D”)	—	India	India	Research, design and sales of automobile and auto parts and auto selling	99.90	0.10
Shenzhen Haval Auto Sales Company Limited (深圳長城汽車銷售有限公司) (“Shenzhen Haval Sales”)	limited liability company	Shenzhen	Shenzhen	Auto selling	100.00	—
Zaoqi Financial Leasing Company Limited (Originally Haval Leasing Company Limited) (廣發融資租賃有限公司)(原哈弗融資租賃有限公司)(“Zaoqi Financial Leasing”)	limited liability company	Baoding	Baoding	Finance Lease business	75.00	25.00
American HAVAL Motor Company (美國哈弗汽車有限公司)(“American HAVAL”)	—	USA	USA	Technology research and development of automobile	100.00	—
American HAVAL Motor technology, LLC (美國哈弗汽車科技有限責任公司) (“American HAVAL Technology”)	—	USA	USA	Technology research and development of automobile	—	100.00
American HAVAL Asset Management, LLC (美國哈弗資產管理有限責任公司) (“American HAVAL Asset”)	—	USA	USA	Real estate	—	100.00
Forever Peace	Limited liability company	Beijing	Beijing	Business information consultation	—	100.00
Billion Sunny Technical Energy (億新科技能源有限公司) (“Billion Sunny Technical Energy”)	—	Korea	Korea	Research and design of automobile and auto parts	—	100.00
Great Wall Motor Austria Research & Development Co., Ltd. (長城汽車奧地利研發有限公司) (“Austria Research & Development”)	—	Austria	Austria	Research and design of automobile and auto parts	—	100.00
Baoding Billion Sunny Consulting Service Co., Ltd. (保定億新諮詢服務有限公司) (“Billion Sunny Consulting”)	Limited liability company	Baoding	Baoding	Technology information consultation service, and trade consultation service	—	100.00
Guangzhou Great Wall Auto Sales Co., Ltd. (廣州長城汽車銷售有限公司) (“Guangzhou Great Wall Sales”)	Limited liability company	Guangzhou	Guangzhou	Auto selling	100.00	—
Xiamen Great Wall Auto Sales Co., Ltd. (廈門長城汽車銷售有限公司) (“Xiamen Great Wall Sales”)	Limited liability company	Xiamen	Xiamen	Auto selling	100.00	—
Chongqing Great Wall Motor Co., Ltd. (重慶長城汽車有限公司) (“Chongqing Great Wall”)(Note 1)	Limited liability company	Chongqing	Chongqing	Sales of automobile and auto parts	100.00	—
Chongqing Auto Parts	Limited liability company	Chongqing	Chongqing	Sales of automotive parts	100.00	—
Chongqing Haval	Limited liability company	Chongqing	Chongqing	Auto selling	100.00	—
Tianjin Oula	Limited liability company	Tianjin	Tianjin	Finance leasing	75.00	25.00
Honeycomb Yichuang Technology Co., Ltd. (蜂巢易創科技有限公司) (“Honeycomb Yichuang”)	Limited liability company	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—
Jinggong Motor	Limited liability company	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Structure of the Group (continued)

Subsidiaries invested by the Group (continued)

Full name of subsidiaries	Legal form	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%)	
					Proportion of voting rights (%) Direct	Indirect
Nuobo Automotive	Limited liability company	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—
Nuobo Rubber	Limited liability company	Baoding	Baoding	Manufacture of automotive parts and components	—	100.00
Baoding Nuobo Auto Decorations Co., Ltd. (保定諾博汽車裝飾件有限公司) ("Nuobo Auto Decorations")	Limited liability company	Baoding	Baoding	Manufacture of automotive parts and components	—	100.00
Chongqing Jinggong Motor	Limited liability company	Chongqing	Chongqing	Manufacture of automotive parts and components	—	100.00
Chongqing Nuobo Parts and Components	Limited liability company	Chongqing	Chongqing	Manufacture of automotive parts and components	—	100.00
Hebei Xiong'an Oula Sharing Technology Co., Ltd. (河北雄安歐拉共享科技有限公司) ("Xiong'an Oula")	Limited liability company	Baoding	Baoding	Development of software and service of computer system	100.00	—
Hebei Xiong'an Great Wall Automobile Technology Co., Ltd. (河北雄安長城汽車科技有限公司) ("Xiong'an Great Wall")	Limited liability company	Baoding	Baoding	Automobile and R&D of unmanned vehicles	100.00	—
Honeycomb Power	Limited liability company	Zhenjiang	Zhenjiang	R&D of automobile dynamic system	—	100.00
Honeycomb Drive	Limited liability company	Zhenjiang	Zhenjiang	R&D of new energy vehicle transmission system	—	100.00
Honeycomb Electric Drive	Limited liability company	Zhenjiang	Zhenjiang	R&D of new energy vehicle electric drive system	—	100.00
Honeycomb Intelligent Steering	Limited liability company	Zhenjiang	Zhenjiang	R&D of auto intelligent steering system and its components	—	100.00
Yangzhong Jinggong Automotive	Limited liability company	Zhenjiang	Zhenjiang	Manufacture of automotive parts	—	100.00
Mind Automotive Parts and Components (Chongqing) Co., Ltd. (曼德汽車零部件(重慶)有限公司) ("Chongqing Mind")	Limited liability company	Chongqing	Chongqing	Manufacture of automotive parts and components	—	100.00
Chongqing Haval Logistics Co., Ltd. (重慶哈弗物流有限公司) ("Chongqing Haval Logistics")	Limited liability company	Chongqing	Chongqing	Logistics and ordinary goods transportation	100.00	—
Chongqing Great Wall After-sales	Limited liability company	Chongqing	Chongqing	Customer Service	100.00	—
Chongqing Weipai	Limited liability company	Chongqing	Chongqing	Sales of automobile and auto parts	100.00	—
Nuochuang Technology (Note 2)	Limited liability company	Shanghai	Shanghai	Development of technologies of automotive parts	—	100.00
Baoding Yijian Start (Note 2)	Limited liability company	Baoding	Baoding	Auto-selling: Wholesale and retail of car accessories	100.00	—
Honeycomb Drive Technology (Note 2)	Limited liability company	Baoding	Baoding	R&D of new energy vehicle transmission system	—	100.00
Chongqing Yijian Start (Note 2)	Limited liability company	Chongqing	Chongqing	Auto-selling: Wholesale and retail of car accessories	—	100.00
Jinan Yijian Start (Note 2)	Limited liability company	Jinan	Jinan	Auto-selling: Wholesale and retail of car accessories	—	100.00
Qingdao Yijian Start (Note 2)	Limited liability company	Qingdao	Qingdao	Auto-selling: Wholesale and retail of car accessories	—	100.00
Zaoqi Xi'an (Note 2)	Limited liability company	Xi'an	Xi'an	Auto-selling: Wholesale and retail of car accessories	—	100.00
Nanjing Yijian Start (Note 2)	Limited liability company	Nanjing	Nanjing	Auto-selling: Wholesale and retail of car accessories	—	100.00
Dongguan Yijian Start (Note 2)	Limited liability company	Dongguan	Dongguan	Auto-selling: Wholesale and retail of car accessories	—	100.00
Lanzhou Yijian Start (Note 2)	Limited liability company	Lanzhou	Lanzhou	Auto-selling: Wholesale and retail of car accessories	—	100.00
Zaoqi Wenzhou (Note 2)	Limited liability company	Wenzhou	Wenzhou	Auto-selling: Wholesale and retail of car accessories	—	100.00

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Structure of the Group (continued)

Subsidiaries invested by the Group (continued)

Full name of subsidiaries	Legal form	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%)	
					Proportion of voting rights (%)	Indirect
Haikou Yijian Start (Note 2)	Limited liability company	Haikou	Haikou	Auto-selling: Wholesale and retail of car accessories	—	100.00
Guizhou Yijian Start (Note 2)	Limited liability company	Guiyang	Guiyang	Auto-selling: Wholesale and retail of car accessories	—	100.00
Chengdu Zaoqi (Note 2)	Limited liability company	Chengdu	Chengdu	Auto-selling: Wholesale and retail of car accessories	—	100.00
Hefei Yijian Start (Note 2)	Limited liability company	Hefei	Hefei	Auto-selling: Wholesale and retail of car accessories	—	100.00
Kunming Mibang (Note 2)	Limited liability company	Kunming	Kunming	Auto-selling: Wholesale and retail of car accessories	—	100.00
Zhengzhou Yijian Start (Note 2)	Limited liability company	Zhengzhou	Zhengzhou	Auto-selling: Wholesale and retail of car accessories	—	100.00
Taiyuan Yijian Start (Note 2)	Limited liability company	Taiyuan	Taiyuan	Auto-selling: Wholesale and retail of car accessories	—	100.00
Honeycomb Electric Drive Technology (Note 2)	Limited liability company	Baoding	Baoding	R&D of new energy vehicle electric drive system	—	100.00
Honeycomb Intelligent Steering Technology (Note 2)	Limited liability company	Baoding	Baoding	R&D of auto intelligent steering system and its components	—	100.00
Wuhan Yijian Start (Note 2)	Limited liability company	Wuhan	Wuhan	Auto-selling: Wholesale and retail of car accessories	—	100.00
India Haval (Note 2)	Limited liability company	India	India	Auto manufacturing and selling	99.90	0.10

Note 1: In June 2019, the Company merged the wholly-owned subsidiary, Chongqing Great Wall. As of 30 June 2019, deregistration procedures of the subsidiary are being processed.

Note 2: New registered companies in the period.

Subsidiaries acquired through business combination not under common control:

Full name of subsidiaries	Legal form	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%)	
					Proportion of voting rights (%)	Indirect
Billion Sunny Development	—	Hong Kong	Hong Kong	Investment holding	—	100.00

Subsidiaries acquired through business combination under common control:

Full name of subsidiaries	Legal form	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%)	
					Proportion of voting rights (%)	Indirect
Baoding Yixin	Limited liability company	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

VIII. INTERESTS IN OTHER ENTITIES (continued)

2. There is no transaction incurred which gives rise to changes in proportion of equity in subsidiaries while the subsidiaries are still held by the Company.

3. Interests in joint ventures or associates

(1) Important joint ventures

Full name of joint ventures	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%)		Accounting procedures for investment in joint associates
				Proportion of voting rights (%)	Direct	Indirect
Automotive Finance	Tianjin	Tianjin	Automotive Finance	90.00		Equity Method

Description on that the shareholding proportion of the joint venture is different from the proportion of voting right:

The Company holds 90% of the equity of Auto Finance. According to the articles of association, the relevant activities of Auto Finance shall be decided upon unanimous approval by the board of directors. Therefore, the Company implements joint control over Auto Finance.

(2) Important financial information of significant joint ventures

		RMB	
		Closing balance	Opening balance
Total assets	25,855,196,566.00		—
Total liabilities	23,748,637,762.87		—



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Major financial instruments of the Group include cash and bank balances, financial assets measured at amortized cost, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, and other financial liabilities. Detailed descriptions of these financial instruments are set out in Note VI. The risks associated with these financial instruments and the risk management policies adopted by the Group to mitigate such risks are set out below. The management of the Group manages and monitors such risk exposures to ensure such risks are limited to a prescribed level.

The Group applied sensitive analysis technic to analyze the reasonableness of risk variables, possible changes that may affect profit and loss or shareholders' equity. Risk variables are less likely to change isolated, whereas the correlation between variables have major effect on the changes of single risk. Thus, contents below are under the assumption that the changes of single variable are isolated.

1. Objective and policies of risk management

The objective of the risk management of the Group is to maintain an appropriate balance between risks and return so to minimize the negative effects of risks against the Group's operating results in order to maximize the benefits of shareholders. Based on such objective, the principle strategy of the Group's risk management is to identify and analyze all types of risks of the Group, establish appropriate risk tolerance thresholds, carry out risk management procedures and perform risk monitoring on all kinds of risks in a timely and reliable manner, thus controlling the risk exposures within a prescribed level.

1.1 Market risk

1.1.1 Foreign exchange risk

Foreign exchange risk represents risks of loss incurred as a result of changes in exchange rates. Foreign currency assets and liabilities which are possible to influence the business performance might be affected by foreign exchange rate. Such elements are set out as follows:

Item	RMB	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Cash and bank balances	192,801,344.73	170,563,688.64
Held-for-trading financial assets	146,972,112.00	168,875,000.00
Accounts receivable	567,884,924.66	170,480,719.74
Accounts payable	(44,130,678.20)	(21,456,110.71)
Other payables	(63,769,901.15)	(82,683,782.26)
Short-term borrowings	—	(573,726,238.81)
Long-term borrowings	(1,838,388,000.00)	(1,647,805,500.00)

The Group pays close attention to the impact of exchange rate changes on the Group's foreign exchange risk. Except for above items, the other financial instruments of the Group are not involved in foreign exchange risk.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

1. Objective and policies of risk management (continued)

1.1 Market risk (continued)

1.1.1 Foreign exchange risk (continued)

Sensitivity analysis of foreign exchange risk

Holding other variables constant, the effects of potential reasonable changes in exchange rates on the profit and loss and equity interests before tax for the period are set out below:

		RMB	
		For the period from 1 January to 30 June 2019 (Unaudited)	
Item	Fluctuation of foreign exchange rate	Effects on profit	Effects on shareholders' interest
USD	5% strengthening against RMB	16,159,303.75	16,159,303.75
USD	5% weakening against RMB	(16,159,303.75)	(16,159,303.75)
EUR	5% strengthening against RMB	(78,244,775.29)	(78,244,775.29)
EUR	5% weakening against RMB	78,244,775.29	78,244,775.29
AUD	5% strengthening against RMB	7,363,096.04	7,363,096.04
AUD	5% weakening against RMB	(7,363,096.04)	(7,363,096.04)

Note: The effects of the possible reasonable changes in the exchange rates of other foreign currencies to the profit and loss and equity interests before tax for the period are relatively insignificant.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

1. Objective and policies of risk management (continued)

1.1 Market risk (continued)

1.1.1 Foreign exchange risk (continued)

		RMB	
		For the period from 1 January to 30 June 2018 (Unaudited)	
Item	Fluctuation of foreign exchange rate	Effects on profit	Effects on shareholders' interest
USD	5% strengthening against RMB	(2,469,895.45)	(2,469,895.45)
USD	5% weakening against RMB	2,469,895.45	2,469,895.45
EUR	5% strengthening against RMB	(76,821,949.82)	(76,821,949.82)
EUR	5% weakening against RMB	76,821,949.82	76,821,949.82
JPY	5% strengthening against RMB	(653,245.39)	(653,245.39)
JPY	5% weakening against RMB	653,245.39	653,245.39
AUD	5% strengthening against RMB	12,554,343.39	12,554,343.39
AUD	5% weakening against RMB	(12,554,343.39)	(12,554,343.39)
CHF	5% strengthening against RMB	(16,777.38)	(16,777.38)
CHF	5% weakening against RMB	16,777.38	16,777.38

Note: The effects of the possible reasonable changes in the exchange rates of other foreign currencies to the profit and loss and equity interests before tax for the period are relatively insignificant.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

1. Objective and policies of risk management (continued)

1.1 Market risk (continued)

1.1.2 Interest rate risk

The risk of change in cash flow of financial instruments caused by interest rate changes in the Group relates primarily to floating-rate loans bank borrowings (Note VI.20). The Group aims at keeping borrowings at variable rates so as to eliminate risk of fair value change of interest.

Sensitivity analysis of interest rate risk

Sensitivity analysis of interest rate risk is based on the assumption that changes in market interest rate will affect the interest income or expense of financial instruments with floating rates.

In accordance with the assumption above, with no changes in other factors, the influence on profit and shareholders' interest before tax which caused by reasonable fluctuation of interest rate in this period is as follows:

RMB

Item	Fluctuation of interest rate	For the period from 1 January to 30 June 2019 (Unaudited)	
		Effect on profit	Effect on shareholders' interest
Long-term borrowings	Increase of 100 basis points	(18,383,880.00)	(18,383,880.00)
Long-term borrowings	Decrease of 100 basis points	18,383,880.00	18,383,880.00
Short-term borrowings	Increase of 100 basis points	(3,093,615.00)	(3,093,615.00)
Short-term borrowings	Decrease of 100 basis points	3,093,615.00	3,093,615.00

1.1.3 Other pricing risks

The Group's price risks are mainly generated from held-for-trading equity instrument investments. Therefore, the Group is exposed to the risks of changes in the security prices. The Group pays close attention on market changes to minimize the equity security price risks.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

1. Objective and policies of risk management (continued)

1.2 Credit risk

As at 30 June 2019, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, including the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheet.

The Group only trades with third-parties with good credit records, and the majority of sales are settled by receipts in advance or bank acceptance bills. In order to minimize the credit risk, the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of the financial assets at each balance sheet date to ensure that adequate expected credit loss are made for related financial assets. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The Group only deposits cash and cash equivalents into banks with relatively high level of credit rating, therefore, credit risk of cash and cash equivalents is low.

As at 30 June 2019, the Group's situation of credit risk and expected credit loss for the Financial assets at amortized cost, financial assets at FVTOCI and lease receivable referring to Note III.10,11,12,13,15,16 and Note VI.3, 6 and 10.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

1. Objective and policies of risk management (continued)

1.3 Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The following is the maturity analysis for financial liabilities held by the Group which is based on undiscounted remaining contractual obligations by the end of each period:

<i>RMB</i>				
	30 June 2019 (Unaudited)			
	Within 6 months	6-12 months	Over one year	Total
Short-term borrowings	(763,018,118.78)	(626,857,995.85)	—	(1,389,876,114.63)
Notes payable	(7,445,585,943.06)	—	—	(7,445,585,943.06)
Accounts payable	(16,360,152,028.78)	(231,202,242.12)	—	(16,591,354,270.89)
Other payables	(1,521,148,916.47)	(1,041,380,084.71)	—	(2,562,529,001.18)
Long-term borrowings	(38,579,610.45)	(38,579,610.46)	(3,217,592,409.14)	(3,294,751,630.05)

<i>RMB</i>				
	31 December 2018 (Audited)			
	Within 6 months	6-12 months	Over one year	Total
Short-term borrowings	(4,796,348,167.45)	(8,390,842,111.11)	—	(13,187,190,278.56)
Notes payable	(4,205,052,695.63)	(180,795.37)	—	(4,205,233,491.00)
Accounts payable	(25,039,445,241.64)	(101,980,530.53)	(54,981,977.15)	(25,196,407,749.32)
Other payables	(1,813,565,710.54)	(1,103,131,979.07)	—	(2,916,697,689.61)
Long-term borrowings	(11,215,407.03)	(11,215,407.03)	(2,183,570,044.46)	(2,206,000,858.52)

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

X. FAIR VALUE**1. Fair value at the end of the period of assets and liabilities measured at fair value**

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used).

Item	Fair value at the end of the period			RMB
	Level 1	Level 2	Level 3	Total
I. Continuous fair value measurement				
(I) Financial assets at fair value through profit or loss				
1. Held-for-trading financial assets				
(1) Debt instrument investment	—	3,414,398,893.76	230,000,000.00	3,644,398,893.76
(2) Equity instrument investment	146,972,112.00	—	—	146,972,112.00
(II) Financial assets at fair value through other comprehensive income				
(1) Receivables financing-notes receivable	—	—	17,857,498,520.05	17,857,498,520.05
(III) Other equity instrument investment	—	—	7,700,000.00	7,700,000.00
Total	146,972,112.00	3,414,398,893.76	18,095,198,520.05	21,656,569,525.81

2. The basis of market prices determined on level 1 of the fair value hierarchy

Items at level 1 of the fair value hierarchy mainly refer to held-for-trading financial assets, and the market price is determined based on the value of the open market stocks.

3. Qualitative and quantitative information of valuation techniques and key inputs on level 2 of the fair value hierarchy

Items at level 2 of the fair value hierarchy mainly refer to held-for trading financial assets – wealth management products. Cash flow discount is adopted for valuation techniques of fair values, and the inputs are contract-linked observable inputs, expected return rate agreed in the contract, etc.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

X. FAIR VALUE (continued)

4. Qualitative and quantitative information of valuation techniques and key inputs on level 3 of the fair value hierarchy

Items at level 3 of the fair value hierarchy mainly refer to held-for trading financial assets – wealth management products, receivables financing-notes receivable and other equity instrument investments. Cash flow discount is adopted for valuation techniques of fair values of held-for trading financial assets – wealth management products, and the inputs are contract-linked observable inputs, expected return rate agreed in the contract, etc. Asset-based approach is adopted for valuation techniques of fair value of other equity instrument investments.

5. Fair value of financial assets and financial liabilities which are not measured at fair value

The management of the Group considers that the carrying amounts of financial assets and financial liabilities measured at amortized costs in the financial statements as at 30 June 2019 approximate their fair values.

XI. RELATED PARTIES AND TRANSACTIONS

1. Parent company of the Company

Name of company	Place of registration	Nature of business	Registered capital	RMB	
				Shareholding in the Company (%)	Voting rights in the Company (%)
Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)	Baoding	Investment	5,000,000,000.00	56.04	56.04

The ultimate controlling shareholder of the Company is Wei Jian Jun.

2. Subsidiaries of the Company

Details of the subsidiaries of the Company are set out in Note (VIII).

3. Joint ventures of the Company

Details of the subsidiaries of the Company are set out in Note (VIII).

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XI. RELATED PARTIES AND TRANSACTIONS (continued)

4. Other related parties of the Company

Name	Relationship with the Company
Baoding Great Wall Holding Group Co., Ltd. (保定市長城控股集團有限公司)	Company directly controlled by ultimate controlling shareholder
Bochuang Urban Development Company Limited (博創城市建設開發有限公司)	Company indirectly controlled by ultimate controlling shareholder
Baoding Bo Chuang Property Service Co., Ltd. (保定市博創物業服務有限公司)	Company indirectly controlled by ultimate controlling shareholder
Baoding Zhong Tie Flower-plant Co., Ltd. (保定中鐵苗木花卉有限公司)	Company indirectly controlled by ultimate controlling shareholder
Baoding Clean Heat Supplying Co., Ltd. (保定科林供熱有限公司)	Company indirectly controlled by ultimate controlling shareholder
Baoding Tai Hang Pump Manufacturing Company Limited (保定市太行製泵有限公司)	Company indirectly controlled by ultimate controlling shareholder
Baoding Furui Landscape Co., Ltd. (保定市富瑞園林有限公司)	Company indirectly controlled by ultimate controlling shareholder
Baoding Great Wall Venture and Investment Co., Ltd. (保定市長城創業投資有限公司)	Company indirectly controlled by ultimate controlling shareholder
Baoding Bochuang Park Construction and Development Co., Ltd. (保定博創園區建設開發有限公司)	Company indirectly controlled by ultimate controlling shareholder
Baoding Bochuang Public Facilities Management Co., Ltd. (保定博創公共設施管理有限公司)	Company indirectly controlled by ultimate controlling shareholder
Baoding Wan Wei Municipal Engineering Co., Ltd. (保定市萬維市政工程有限公司)	Company indirectly controlled by ultimate controlling shareholder
Baoding Great Wall Kindergarten in Lianchi District (保定市蓮池區長城幼兒園)	Company indirectly controlled by ultimate controlling shareholder
Baoding Aihecheng Second Kindergarten in Lianchi District (保定市蓮池區愛和城二園幼兒園有限公司)	Company indirectly controlled by ultimate controlling shareholder
Honeycomb Energy Technology Company Limited (蜂巢能源科技有限公司)	Company indirectly controlled by ultimate controlling shareholder
Tianjin Sharing Car	Company indirectly controlled by ultimate controlling shareholder
Haval Rental	Company indirectly controlled by ultimate controlling shareholder
Oula Information	Company indirectly controlled by ultimate controlling shareholder
Fenshi Technology	Company indirectly controlled by ultimate controlling shareholder
Shanghai Fuel Cell Vehicle Power System Co., Ltd (上海燃料電池汽車動力系統有限公司)	Company indirectly controlled by ultimate controlling shareholder
Baoding Great Wall School in Lianchi District (保定市蓮池區長城學校)	Private non-enterprise units indirectly controlled by ultimate controlling shareholder

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XI. RELATED PARTIES AND TRANSACTIONS (continued)

4. Other related parties of the Company (continued)

Name	Relationship with the Company
Hebei Baoding Tai Hang Group Co., Ltd (河北保定太行集團有限責任公司)	Company directly controlled by related person
Hebei Baocang Expressway Co. Ltd. (河北保滄高速公路有限公司)	Ultimate controlling shareholder serving as director of the company
Zhao Guo Qing	Key management executives
Yu Wei Na	Key management executives
Han Xue Juan	Direct relative of ultimate controlling shareholder
Wei Zi Han	Direct relative of ultimate controlling shareholder
Lingtu Auto Co., Ltd. (originally Hebei Yogomo Auto Industry Co., Ltd.) (領途汽車有限公司)	25% equity held by the Company
Automotive Finance	Joint venture
Tianjin Binhai Rural Commercial Bank Co., Ltd.	Joint party of the Company's joint venture

5. Related party transactions

(1) Procurement of raw materials and accessories

Related parties	Related party transaction	For the period from 1 January to 30 June 2019 (Unaudited)	RMB
			For the period from 1 January to 30 June 2018 (Unaudited)
Honeycomb Energy Technology Company Limited	Purchase of raw materials	468,785,845.57	—
Haval Rental	Purchase of automobiles	106,085,972.26	—
Baoding Clean Heat Supplying Co., Ltd.	Purchase of steam	51,447,757.09	56,659,297.24
Baoding Zhong Tie Flower-plant Co., Ltd.	Purchase of other materials	—	3,600.00

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XI. RELATED PARTIES AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(2) Sales of automobiles and components and parts of automobiles

Related parties	Related party transaction	RMB	
		For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
Oula Information	Sales of automobiles	187,145,441.67	—
Bochuang Urban Development Company Limited	Sales of automobiles	80,088.50	—
Baoding Bochuang Park Construction and Development Co., Ltd.	Sales of automobiles	79,469.03	—
Honeycomb Energy Technology Company Limited	Sales of parts and components	26,678,994.91	—
Lingtu Auto Co., Ltd	Sales of parts and components	29,112.00	—
Han Xue Juan	Sales of automobiles	—	205,025.86
Wei Zi Han	Sales of automobiles	—	205,025.86

(3) Purchase of fixed assets

Related parties	Related party transaction	RMB	
		For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
Baoding Furui Landscape Co., Ltd.	Purchase of fixed assets	3,061,648.42	2,460,598.82

(4) Sales of fixed assets

Related parties	Related party transaction	RMB	
		For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
Tianjin Sharing Car	Sales of fixed assets	4,531.88	—
Baoding Furui Landscape Co., Ltd.	Sales of fixed assets	—	41,777.78
Bochuang Urban Development Company Limited	Sales of fixed assets	—	124,137.93

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XI. RELATED PARTIES AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(5) Purchase of services

Related parties	Related party transaction	RMB	
		For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
Baoding Clean Heat Supplying Co., Ltd.	Purchase of services	3,447,799.23	1,214,509.64
Haval Rental	Purchase of services	159,924.36	—
Honeycomb Energy Technology Company Limited	Purchase of services	115,860.00	—
Baoding Furui Landscape Co., Ltd.	Purchase of services	115,764.58	1,273,739.47
Bochuang Urban Development Company Limited	Purchase of services	40,011.78	—
Baoding Bochuang Property Service Co., Ltd.	Purchase of services	17,240.00	—
Baoding Bochuang Public Facilities Management Co., Ltd.	Purchase of services	—	535,793.51
Baoding Great Wall School in Lianchi District	Purchase of services	—	5,000.00

(6) Rendering of services

Related parties	Related party transaction	RMB	
		For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
Honeycomb Energy Technology Company Limited	Rendering of services	14,555,125.81	—
Lingtu Auto Co., Ltd.	Rendering of services	37,727.73	19,315.32
Hebei Baocang Expressway Co. Ltd.	Rendering of services	11,650.92	19,268.96
Baoding Bochuang Park Construction and Development Co., Ltd.	Rendering of services	4,039.50	1,215.41
Haval Rental	Rendering of services	3,776.15	—
Fenshi Technology	Rendering of services	911.31	—
Baoding Great Wall Kindergarten in Lianchi District	Rendering of services	424.53	—
Baoding Aihecheng Second Kindergarten in Lianchi District	Rendering of services	169.81	—
Baoding Clean Heat Supplying Co., Ltd.	Rendering of services	—	10,256.41

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XI. RELATED PARTIES AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(7) Rental income and others

Related parties	Related party transaction	For the period from 1 January to 30 June 2019 (Unaudited)	RMB
			For the period from 1 January to 30 June 2018 (Unaudited)
Honeycomb Energy Technology Company Limited	Rental income	3,457,544.62	—
Tianjin Binhai Rural Commercial Bank Co., Ltd.	Interest of deposit	588,774.22	—
Baoding Great Wall School in Lianchi District	Heating income	573,972.10	349,220.99
Baoding Clean Heat Supplying Co., Ltd.	Rental income	380,047.46	—
Oula Information	Rental income	63,980.29	—
Fenshi Technology	Rental income	14,251.48	—
Hebei Baoding Tai Hang Group Co., Ltd.	Other income	6,053.10	—
Tianjin Sharing Car	Rental income	1,199.31	—
Zhao Guo Qing	Rental income	—	7,122.48
Baoding Great Wall Venture and Investment Co., Ltd.	Rental income	—	5,301.82
Yu Wei Na	Rental income	—	3,608.65

(8) Rental expenses and others

Related parties	Related party transaction	For the period from 1 January to 30 June 2019 (Unaudited)	RMB
			For the period from 1 January to 30 June 2018 (Unaudited)
Bochuang Urban Development Company Limited	Rental expenses and others	7,731,655.36	5,964,785.09
Shanghai Fuel Cell Vehicle Power System Co., Ltd.	Rental expenses and others	297,473.10	—
Haval Rental	Rental expenses and others	40,625.65	—
Baoding Wan Wei Municipal Engineering Co., Ltd.	Purchase of office equipments	2,814.16	—
Baoding Bo Chuang Property Service Co., Ltd.	Property management fee	—	17,339.00

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XI. RELATED PARTIES AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(9) Emolument for key management

Item	For the period from 1 January to 30 June 2019 (Unaudited)	RMB'000 For the period from 1 January to 30 June 2018 (Unaudited)
Emolument for key management	6,877	7,631

Key management are the individuals who are authorized and responsible for planning, supervision and control of corporate activities, including directors, general manager, chief accounting officer, deputy general managers, and other administration officers.

(10) Other related party transactions

In the current period, the Company transferred 100% of equity of Tianjin Sharing Car, a subsidiary of the Company, and its wholly-owned subsidiaries to the related party Baoding Great Wall Holding Group Co., Ltd. at a consideration of RMB464,180,000.00.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XI. RELATED PARTIES AND TRANSACTIONS (continued)

6. Amounts due from/due to related parties

		30 June 2019 (Unaudited)	RMB 31 December 2018 (Audited)
Item	Related parties		
Accounts receivable	Oula Information	45,394,650.00	—
Accounts receivable	Honeycomb Energy Technology Company Limited	23,872,673.44	1,815,345.22
Accounts receivable	Haval Rental	211,053.58	—
Accounts receivable	Lingtuo Auto Co., Ltd.	16,884.96	343,000.00
Accounts receivable	Baoding Bochuang Park Construction and Development Co., Ltd.	1,747.20	—
Accounts receivable	Baoding Clean Heat Supplying Co., Ltd.	—	23,794.88
Accounts receivable	Hebei Baocang Expressway Co. Ltd.	—	9,423.55
Subtotal of accounts receivable		69,497,009.18	2,191,563.65
Other receivables	Automotive Finance	6,664,967.28	—
Other receivables	Bochuang Urban Development Company Limited	2,075,800.00	2,075,800.00
Other receivables	Haval Rental	11,469.36	—
Other receivables	Tianjin Sharing Car	3,767.12	—
Subtotal of other receivables		8,756,003.76	2,075,800.00
Notes payable	Honeycomb Energy Technology Company Limited	50,191.00	—
Subtotal of notes payable		50,191.00	—
Accounts payable	Honeycomb Energy Technology Company Limited	182,724,416.43	42,683,945.31
Accounts payable	Haval Rental	119,982,941.27	—
Accounts payable	Baoding Clean Heat Supplying Co., Ltd.	2,177,410.00	495,075.00
Accounts payable	Hebei Baoding Tai Hang Group Co., Ltd	132,007.80	132,007.80
Accounts payable	Bochuang Urban Development Company Limited	—	5,793.11
Subtotal of accounts payable		305,016,775.50	43,316,821.22
Other payables	Baoding Furui Landscape Co., Ltd.	2,637,775.70	2,633,731.70
Other payables	Haval Rental	1,779,803.63	—
Other payables	Baoding Tai Hang Pump Manufacturing Company Limited	1,000.00	1,000.00
Subtotal of other payables		4,418,579.33	2,634,731.70
Contract liabilities	Haval Rental	368,075.18	—
Contract liabilities	Honeycomb Energy Technology Company Limited	—	5,880,000.00
Contract liabilities	Yu Wei Na	—	5,982.91
Subtotal of contract liabilities		368,075.18	5,885,982.91
Prepayments	Baoding Clean Heat Supplying Co., Ltd.	100,000.00	—
Prepayments	Shanghai Fuel Cell Vehicle Power System Co., Ltd	99,683.54	—
Prepayments	Haval Rental	79,956.00	—
Prepayments	Baoding Furui Landscape Co., Ltd.	10,672.98	12,865.00
Prepayments	Tianjin Binhai Rural Commercial Bank Co., Ltd.	—	25,003.02
Subtotal of prepayments:		290,312.52	37,868.02
Other current assets	Automotive Finance	7,335,812,547.98	—
Subtotal of other current assets:		7,335,812,547.98	—
Bank balances	Tianjin Binhai Rural Commercial Bank Co., Ltd.	—	683,926.23
Subtotal of bank balances:		—	683,926.23

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XII. COMMITMENTS

1. Significant Commitments

(1) Capital commitments

	30 June 2019 (Unaudited)	RMB'000 31 December 2018 (Audited)
Contracted for but not provided	4,286,164	4,108,444

XIII. OTHER SIGNIFICANT EVENTS

1. Segment reporting

The Group is mainly engaged in the manufacture and sales of automobiles and automotive parts and components in the PRC, and the majority of its assets are located in the PRC. The management determined the reporting segments according to the organization structure, management requirements and internal reporting system of the Group for the purposes of resource allocation and performance evaluation. As the resource allocation and performance evaluation of the Group are carried out based on the overall operation of the production and sales of automobiles and automotive parts and components, the Group has only one business segment for internal reporting purpose.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIII. OTHER SIGNIFICANT EVENTS (continued)

1. Segment reporting (continued)

Revenue from external customers by location of revenue sources:

Item	For the period from 1 January to 30 June 2019 (Unaudited)	RMB For the period from 1 January to 30 June 2018 (Unaudited)
Revenue from external customers in China	39,289,144,445.93	47,085,215,614.54
Northeast China	2,200,642,035.93	2,714,526,572.34
Northern China	7,564,801,162.88	7,351,759,269.60
Eastern China	10,169,907,890.03	13,340,161,454.66
Central China	10,324,692,876.17	12,521,143,304.10
Northwest China	3,037,482,340.50	3,480,940,253.44
Southwest China	5,991,618,140.42	7,676,684,760.40
Revenue from external customers in other countries	2,087,534,831.76	1,593,233,236.90
South Africa	475,029,414.66	333,952,206.60
Russia	375,885,271.35	146,532,027.47
Chile	218,782,640.15	198,095,701.92
Saudi Arabia	172,431,122.90	19,667,524.57
Australia	152,174,582.55	87,754,436.34
Ecuador	132,265,007.45	208,644,193.28
Iraq	84,294,621.16	34,628,957.18
Panama	65,535,544.20	14,896.05
New Zealand	48,857,508.76	46,154,161.55
Tunisia	41,660,249.15	11,729,995.62
Ukraine	36,422,085.80	17,638,082.51
Ivory Coast	27,058,036.13	7,400,486.95
Italy	26,110,166.71	10,180,919.66
Other overseas countries	231,028,580.79	470,839,647.20
Total	41,376,679,277.69	48,678,448,851.44

The segment reports mainly disclose the Group's non-current assets, including fixed assets and investment properties, both of which are located in PRC.

The Group is not dependent on one or a few of major customers.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

1. Cash and bank balances

Item	RMB	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Cash:		
RMB	178,711.55	213,570.80
GBP	14,053.24	13,996.62
HKD	6,918.88	7,497.99
USD	3,539.51	3,533.59
JPY	1,927.82	1,869.54
SGD	1,580.04	1,556.93
RUB	62.43	56.49
KRW	42.23	43.51
THB	29.04	27.43
Bank balances:		
RMB	4,129,163,984.60	11,193,581,348.06
USD	60,332,382.04	34,840,770.91
EUR	4,606,995.77	6,039,765.55
JPY	3,078,501.32	287,655.05
GBP	719,283.77	561,324.89
AUD	286,180.08	286,394.73
CHF	144,992.31	—
HKD	54,599.00	54,382.97
Other cash and bank balances:		
RMB	55,244,366.41	379,050,715.25
Total	4,253,838,150.04	11,614,944,510.31
Including: overseas cash and bank balances	—	—

As at 30 June 2019, the Company had restricted cash and bank balances of RMB55,244,366.41, in which guarantee on bank acceptance bills amounted to RMB20,064,789.16; guarantee on credit deposits amounted to RMB26,000,000.00, and other guarantees amounted to RMB9,179,577.25.

As at 31 December 2018, the Company had restricted cash and bank balances of RMB379,050,715.25 in which guarantee on bank acceptance bills amounted to RMB372,128,503.84 and other guarantees amounted to RMB6,922,211.41

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Accounts receivable

(1) Disclosed by aging:

RMB

Aging	30 June 2019 (Unaudited)				31 December 2018 (Audited)			
	Carrying amount	Ratio (%)	Losses on credits	Book value	Carrying amount	Ratio (%)	Losses on credits	Book value
Within 1 year	9,795,835,968.10	95.66	(3,853,893.53)	9,791,982,074.57	9,867,543,648.28	95.26	(40,726,645.21)	9,826,817,003.07
1 to 2 years	96,793,183.28	0.94	(20,390,062.36)	76,403,120.92	154,937,935.46	1.50	—	154,937,935.46
2 to 3 years	13,068,507.04	0.13	—	13,068,507.04	314,940.26	—	—	314,940.26
Over 3 years	334,726,307.12	3.27	(334,726,307.12)	—	335,734,907.42	3.24	(334,166,376.86)	1,568,530.56
Total	10,240,423,965.54	100.00	(358,970,263.01)	9,881,453,702.53	10,358,531,431.42	100.00	(374,893,022.07)	9,983,638,409.35

The analysis of aging of accounts receivable is based on the time of revenue recognition.

(2) Disclosed by classification of method of provision for losses on credits:

	30 June 2019 (Unaudited)					31 December 2018 (Audited)					RMB
	Carrying amount		Losses on credits			Carrying amount		Losses on credits			
Category	Amount	Ratio (%)	Amount	Ratio (%)	Book value	Amount	Ratio (%)	Amount	Ratio (%)	Book value	
Portfolio provision of losses on credits	10,240,423,965.54	100.00	(358,970,263.01)	3.51	9,881,453,702.53	10,358,531,431.42	100.00	(374,893,022.07)	3.62	9,983,638,409.35	
Total	10,240,423,965.54	100.00	(358,970,263.01)		9,881,453,702.53	10,358,531,431.42	100.00	(374,893,022.07)		9,983,638,409.35	

(3) Provision, collection or reversal of losses on credits during the current period:

RMB

Item	30 June 2019 (unaudited)		
	Expected credit loss during the whole life (no credit impairment has occurred)	Expected credit loss during the whole life (credit impairment has occurred)	Total
Balance at 1 January 2019	(40,726,645.21)	(334,166,376.86)	(374,893,022.07)
Provision for the period	(3,713,787.40)	(559,930.26)	(4,273,717.66)
Reversal for the period	20,196,476.72	—	20,196,476.72
Written off for the period	—	—	—
Balance at 30 June 2019	(24,243,955.89)	(334,726,307.12)	(358,970,263.01)

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Accounts receivable (continued)

(4) Top five entities with the largest balances of accounts receivable:

RMB

Name of unit	Closing balance	Proportion of the amount to the total accounts receivable (%)	Closing balance of losses on credits
Unit 1	1,196,229,631.28	11.68	—
Unit 2	1,163,346,357.18	11.36	—
Unit 3	927,085,754.32	9.05	—
Unit 4	794,990,396.71	7.76	—
Unit 5	686,937,156.98	6.71	—
Total	4,768,589,296.47	46.56	—



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Receivables financing

(1) Notes Receivable

Notes receivable categories:

Category	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Bank acceptances bills	14,679,985,759.98	31,541,372,945.94
Total	14,679,985,759.98	31,541,372,945.94

Note: The Group classifies notes receivable as financial assets measured at fair value through other comprehensive income.

Pledged notes receivable as at the end of each period:

Category	30 June 2019 (Unaudited)	RMB 31 December 2018 (Audited)
Bank acceptances bills	6,529,321,217.98	5,659,195,109.85
Total	6,529,321,217.98	5,659,195,109.85

Note: The Group pledged notes receivable for the issuance of notes payable at the end of the reporting period.

Bills endorsed and discounted by the Group to other parties but yet undue by the end of the period are as follows:

Category	30 June 2019 (Unaudited)	RMB 31 December 2018 (Audited)
Bank acceptances bills	25,518,703,497.09	17,425,770,974.44
Total	25,518,703,497.09	17,425,770,974.44

The above notes which were endorsed and discounted but yet undue have been derecognized.



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. Other receivables

4.1 Classification

Category	RMB	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Interest receivable	4,685,943.45	145,581,547.72
Dividend receivable	85,794,925.88	13,211,499.87
Other receivables	4,012,920,640.80	824,495,828.77
Total	4,103,401,510.13	983,288,876.36

4.2 Other receivables

(1) Disclosed by aging:

Aging	30 June 2019 (Unaudited)				31 December 2018 (Audited)			
	Amount	Ratio (%)	Losses on credits	Book value	Amount	Ratio (%)	Losses on credits	Book value
Within 1 year	3,656,048,145.19	90.98	(169,838.00)	3,655,878,307.19	525,220,303.10	63.27	(208,088.00)	525,012,215.10
1 to 2 years	158,147,615.93	3.94	(38,250.00)	158,109,365.93	287,089,158.67	34.58	—	287,089,158.67
2 to 3 years	186,633,040.46	4.64	—	186,633,040.46	5,691,473.59	0.69	(5,397,354.12)	294,119.47
Over 3 years	17,697,281.34	0.44	(5,397,354.12)	12,299,927.22	12,100,335.53	1.46	—	12,100,335.53
Total	4,018,526,082.92	100.00	(5,605,442.12)	4,012,920,640.80	830,101,270.89	100.00	(5,605,442.12)	824,495,828.77

(2) Other receivables disclosed by nature are as follows:

Nature of other receivables	RMB	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Proceeds from transfer of land and buildings	387,987,162.44	206,310,216.00
Advance payments	375,000,000.00	—
Export rebates	35,842,354.12	—
Deposits	28,298,260.69	33,632,296.98
Petty cash	18,253,927.42	16,087,949.04
Others	3,173,144,378.25	574,070,808.87
Total	4,018,526,082.92	830,101,270.89

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. Other receivables (continued)

4.2 Other receivables (continued)

(3) Provision of losses on credits

RMB

	1st stage Expected credit loss for the future 12 months	2nd stage Expected credit loss during the whole life (no credit impairment has occurred)	3rd stage Expected credit loss during the whole life (credit impairment has occurred)	Total
Losses on credits				
Balance at 1 January 2019	—	(38,250.00)	(5,567,192.12)	(5,605,442.12)
Carrying amount of other receivables at 1 January 2019 for the period				
Provision for the period	—	—	—	—
Reversal for the period	—	—	—	—
Written-off for the period	—	—	—	—
Other movements	—	—	—	—
Balance at 30 June 2019	—	(38,250.00)	(5,567,192.12)	(5,605,442.12)

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. Other receivables (continued)

4.2 Other receivables (continued)

(4) Top five entities with the largest balances of other receivables:

RMB

Name of unit	Nature of other receivables	Amount	Aging	Percentage of the total other receivables (%)	Closing balance of losses on credits
Unit 1	Current payments within the Group	2,244,756,080.93	Within 1 year	55.86	—
Unit 2	Proceeds from transfer of land and advance payments	702,464,796.00	Within 1 year	17.48	—
Unit 3	Current payments within the Group	360,184,206.40	Within 3 years	8.96	—
Unit 4	Current payments within the Group	261,583,320.19	Within 1 year	6.51	—
Unit 5	Proceeds from transfer of land and buildings	60,522,366.44	Within 1 year	1.51	—
Total		3,629,510,769.96		90.32	

The Company has no other receivables related to government grants.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

5. Inventories

(1) Inventory categories

RMB

Item	30 June 2019 (Unaudited)		
	Carrying amount	Provision for decline in value of inventories	Book value
Raw materials	701,166,866.36	(4,432,762.98)	696,734,103.38
Work-in-progress	404,549,936.42	(496,697.11)	404,053,239.31
Finished goods	2,164,089,698.72	(68,577,168.66)	2,095,512,530.06
Low-valued and short-lived consumables	190,047,289.08	(2,819,393.82)	187,227,895.26
Total	3,459,853,790.58	(76,326,022.57)	3,383,527,768.01

RMB

Item	31 December 2018 (Audited)		
	Carrying amount	Provision for decline in value of inventories	Book value
Raw materials	1,349,149,364.13	(40,869,581.02)	1,308,279,783.11
Work-in-progress	586,065,943.88	(2,829,205.29)	583,236,738.59
Finished goods	1,128,952,245.52	(24,864,641.96)	1,104,087,603.56
Low-valued and short-lived consumables	300,816,246.34	(6,491.40)	300,809,754.94
Total	3,364,983,799.87	(68,569,919.67)	3,296,413,880.20

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

5. Inventories (continued)

(2) Provision for decline in value of inventories

RMB

Inventory categories	31 December 2018 (Audited)	Provision for the period	Decrease for the period		30 June 2019 (Unaudited)
			Reversals	Written-off	
Raw materials	40,869,581.02	2,955,025.73	(1,587,564.85)	(37,804,278.92)	4,432,762.98
Work-in-progress	2,829,205.29	496,697.11	(132,803.94)	(2,696,401.35)	496,697.11
Finished goods	24,864,641.96	68,545,525.94	(552.72)	(24,832,446.52)	68,577,168.66
Low-valued and short-lived consumables	6,491.40	2,812,902.42	—	—	2,819,393.82
Total	68,569,919.67	74,810,151.20	(1,720,921.51)	(65,333,126.79)	76,326,022.57

(3) Analysis of provision for decline in value of inventories

Item	Basis of provision for decline in value of inventories	Reasons for reversal or written-off of provision for decline in value of inventories during the period	Percentage of the reversal to the closing balance of such inventory during the period (%)
Raw materials	Note 1	Note 2	0.23
Work-in-progress	Note 1	Note 2	0.03
Finished goods	Note 1	Note 2	—
Low-valued and short-lived consumables	Note 1	—	—

Descriptions of inventories:

Note 1: As the estimated net realizable value of some vehicle products was lower than the inventory cost as at the end of the period, provision for decline in value of inventories had been made for raw materials, work-in-process and finished goods correspondingly.

Note 2: As the estimated net realizable value of raw materials, finished goods, and low-valued and short-lived consumables was higher than the inventory cost as at the end of the reporting period, the provision for decline in value of inventories for the previous year has been reversed. In addition, as the inventories for which provision for decline in value has been made in the previous year was sold during the period, the provision for decline in value of inventories has been written off.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

6. Other current assets

The breakdown of other current assets is as follows:

Category	RMB	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Paint for vehicles	4,119,790.38	3,852,766.38
Taxes to be deducted	427,366,442.42	36,734,783.29
Mould (Note 1)	40,358,973.81	45,747,213.31
Advertising fee	—	5,415,550.00
Prepayment of enterprise income tax	77,198,226.09	61,993,649.24
Structured deposits	1,000,000,000.00	1,200,000,000.00
Deposits from non-bank financial institutions (Note 2)	7,335,812,547.98	—
Others	14,343,608.37	5,157,187.43
Total	8,899,431,465.44	1,358,901,149.65

Note 1: The estimated usage time is less than one year.

Note 2: Deposits from non-bank financial institutions are funds deposited by the company in the Automotive Finance.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

7. Long-term equity investments

The breakdown of long-term equity investments is as follows:

RMB

Item	30 June 2019 (Unaudited)			31 December 2018 (Audited)		
	Carrying amount	Impairment provision	Book value	Carrying amount	Impairment provision	Book value
Investment in subsidiary	4,874,842,728.52	—	4,874,842,728.52	5,828,792,010.05	—	5,828,792,010.05
Investment in joint ventures	1,908,944,417.23	—	1,908,944,417.23	—	—	—
Total	6,783,787,145.75	—	6,783,787,145.75	5,828,792,010.05	—	5,828,792,010.05

The breakdown of investments in subsidiaries is as follows:

RMB

Investee	31 December 2018 (Audited)	Addition	Reduction	30 June 2019 (Unaudited)	Provision for impairment for the period	Closing balance of provision for bad debt
Great Wall Huabei	268,092,310.00	—	—	268,092,310.00	—	—
Baoding Nuobo	72,240,000.00	—	—	72,240,000.00	—	—
Beijing Great	12,539,100.00	—	—	12,539,100.00	—	—
Baoding Great	23,000,000.00	—	—	23,000,000.00	—	—
Great Wall Customer Service (Note 1)	34,850,000.00	—	(34,850,000.00)	—	—	—
Tide Technology and Trade	257,353,665.00	—	—	257,353,665.00	—	—
Mind electronics (Note 2)	275,317,800.00	59,000,000.00	—	334,317,800.00	—	—
Baoding Yixin	28,503,900.00	—	—	28,503,900.00	—	—
Great Wall Ants	86,000,000.00	—	—	86,000,000.00	—	—
Ningxia Leasing	20,000,000.00	—	—	20,000,000.00	—	—
Great Wall Resource Recycling	10,000,000.00	—	—	10,000,000.00	—	—
Exquisite Mould	5,000,000.00	—	—	5,000,000.00	—	—

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

7. Long-term equity investments (continued)

The breakdown of investments in subsidiaries is as follows: (continued)

Investee	31 December 2018			30 June 2019 (Unaudited)	Provision for impairment for the period	Closing balance of provision for bad debt
	(Audited)	Addition	Reduction			
Great Wall Sales	8,000,000.00	—	—	8,000,000.00	—	—
Automotive Finance (Note 3)	1,080,000,000.00	—	(1,080,000,000.00)	—	—	—
Shanghai Haval	1,500,000.00	—	—	1,500,000.00	—	—
Rizhao Weiyi	255,000,000.00	—	—	255,000,000.00	—	—
Haval South Africa	25,912,080.00	—	—	25,912,080.00	—	—
Haval Logistics	50,000,000.00	—	—	50,000,000.00	—	—
Russia Manufacturing (Note 4)	598,779,117.10	37,460,718.47	—	636,239,835.57	—	—
Scrap Car Recycling & Dismantling	5,000,000.00	—	—	5,000,000.00	—	—
Haval Australia	43,773,250.00	—	—	43,773,250.00	—	—
Europe Technical Center	33,428,802.00	—	—	33,428,802.00	—	—
India R&D	28,082,810.70	—	—	28,082,810.70	—	—
Shenzhen Great Wall Sales	50,000,000.00	—	—	50,000,000.00	—	—
American HAVAL	169,620,600.00	—	—	169,620,600.00	—	—
Tianjin Lean	112,500,000.00	—	—	112,500,000.00	—	—
Guangzhou Great Wall Sales	34,500.00	—	—	34,500.00	—	—
Tianjin Sharing Car (Note 5)	464,180,000.00	—	(464,180,000.00)	—	—	—
Tianjin Oula	127,500,000.00	—	—	127,500,000.00	—	—
Xiamen Great Wall Sales	33,000.00	—	—	33,000.00	—	—
Zaoqi Financial Leasing	127,500,000.00	—	—	127,500,000.00	—	—
Jinggong Motor (Note 6)	618,818,602.86	235,650,000.00	—	854,468,602.86	—	—
Nuobo Automotive	908,992,472.39	—	—	908,992,472.39	—	—
Honeycomb Yichuang (Note 7)	20,870,000.00	192,160,000.00	—	213,030,000.00	—	—
Chongqing Auto Parts	6,370,000.00	—	—	6,370,000.00	—	—
Baoding Yijian Start (Note 8)	—	100,000,000.00	—	100,000,000.00	—	—
Chongqing Haval Logistics (Note 9)	—	270,000.00	—	270,000.00	—	—
Chongqing Weipai (Note 9)	—	270,000.00	—	270,000.00	—	—
Chongqing Customer Service (Note 9)	—	270,000.00	—	270,000.00	—	—
Total	5,828,792,010.05	625,080,718.47	(1,579,030,000.00)	4,874,842,728.52	—	—

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

7. Long-term equity investments (continued)

The breakdown of investments in joint ventures is as follows:

Investee	31 December 2018 (audited)	Changes for the current period							30 June 2019 (unaudited)	Closing balance of provision for impairment
		Addition	Investment reduction	Recognition of investment income/loss under equity method	Adjustment of other comprehensive income	Other equity movements	Declaration of cash dividends or profits	Provision for impairment		
Automotive Finance (Note 3)	—	1,604,222,629.77	—	304,721,787.46	—	—	—	—	1,908,944,417.23	—

RMB

Note 1: In June 2019, Great Wall Customer Service, the subsidiary of the Company, deregistered.

Note 2: In January 2019, the Company continued to contribute capital amounting to RMB59 million to Mind Electronics.

Note 3: In June 2019, Auto Finance was converted from a subsidiary into a joint venture. The Company accounted for its equity using the equity method instead of the cost method.

Note 4: In January and February 2019, the Company injected capital amounting to RMB37.46 million into Russia Manufacturing.

Note 5: In February 2019, 100% equity of Tianjin Sharing Car held by the Company was transferred to the Company.

Note 6: In January 2019, the Company continued to contribute capital amounting to RMB235.65 million to Jinggong Motor.

Note 7: In February and March 2019, the Company continued to contribute capital amounting to RMB192.16 million to Honeycomb Yichuang.

Note 8: In May 2019, the Company injected capital amounting to RMB100 million into Baoding Yijian Start.

Note 9: In June 2019, the Company merged Chongqing Great Wall by absorbing 100% equity of Chongqing Haval Logistics, Chongqing Weipai Motor, and Chongqing Great Wall Customer Service.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

8. Investment properties

The investment properties measured at cost:

Item	Buildings	Land use right	<i>RMB</i> Total
I. Original carrying amount			
31 December 2018 (Audited)	153,484,696.15	17,619,408.20	171,104,104.35
Additions for the period	94,351,396.80	—	94,351,396.80
(1) Transfer from construction in progress	90,543,309.95	—	90,543,309.95
(2) Acquisition	3,808,086.85	—	3,808,086.85
30 June 2019 (Unaudited)	247,836,092.95	17,619,408.20	265,455,501.15
II. Accumulated amortization and depreciation			
31 December 2018 (Audited)	14,067,503.75	1,909,322.00	15,976,825.75
Additions for the period	4,078,339.90	175,434.71	4,253,774.61
(1) Provision or amortization	4,078,339.90	175,434.71	4,253,774.61
30 June 2019 (Unaudited)	18,145,843.65	2,084,756.71	20,230,600.36
III. Book value			
30 June 2019 (Unaudited)	229,690,249.30	15,534,651.49	245,224,900.79
31 December 2018 (Audited)	139,417,192.40	15,710,086.20	155,127,278.60

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

9. Fixed assets

Description of fixed assets:

RMB

Item	Buildings and structures	Machinery and equipment	Motor vehicles	Other equipment	Total
I. Original book value					
31 December 2018 (Audited)	12,488,599,344.67	18,471,953,773.08	142,847,287.86	4,827,916,102.60	35,931,316,508.21
Additions for the period	178,357,101.63	563,315,683.52	6,916,224.87	184,155,214.96	932,744,224.98
1. Purchase	64,283,884.68	65,021,115.18	5,600,928.81	23,933,932.08	158,839,860.75
2. Transfer from construction in progress	114,073,216.95	498,294,568.34	954,846.51	139,951,529.20	753,274,161.00
3. Transfer from merger by absorbing	—	—	360,449.55	140,761.63	501,211.18
4. Transfer from inventories	—	—	—	20,128,992.05	20,128,992.05
Deductions for the period	(6,242,174.67)	(2,912,828,830.75)	(10,666,117.94)	(296,974,543.21)	(3,226,711,666.57)
1. Disposal and scrap	(6,242,174.67)	(2,686,058,191.93)	(10,666,117.94)	(294,811,948.89)	(2,997,778,433.43)
2. Transfer to construction in progress	—	(226,577,110.64)	—	(188,050.24)	(226,765,160.88)
3. Others	—	(193,528.18)	—	(1,974,544.08)	(2,168,072.26)
30 June 2019 (Unaudited)	12,660,714,271.63	16,122,440,625.85	139,097,394.79	4,715,096,774.35	33,637,349,066.62
II. Accumulated depreciation					
31 December 2018 (Audited)	2,220,449,068.40	6,745,176,791.66	86,544,323.40	2,670,649,071.35	11,722,819,254.81
Additions for the period	227,641,130.54	841,999,739.07	10,510,035.40	321,545,973.55	1,401,696,878.56
1. Provision for the period	227,641,130.54	841,999,739.07	10,431,562.53	321,527,641.78	1,401,600,073.92
2. Increase from merger by absorbing	—	—	78,472.87	18,331.77	96,804.64
Deductions for the period	(5,545,893.91)	(834,801,446.70)	(5,189,355.86)	(152,032,122.80)	(997,568,819.27)
1. Disposal and scrap	(5,545,893.91)	(656,395,735.65)	(5,189,355.86)	(150,876,246.02)	(818,007,231.44)
2. Transfer to construction in progress	—	(178,378,517.40)	—	(112,963.60)	(178,491,481.00)
3. Others	—	(27,193.65)	—	(1,042,913.18)	(1,070,106.83)
30 June 2019 (Unaudited)	2,442,544,305.03	6,752,375,084.03	91,865,002.94	2,840,162,922.10	12,126,947,314.10
III. Provision for impairment					
31 December 2018 (Audited)	136,268.33	61,628,392.00	37,680.75	115,200,881.92	177,003,223.00
Additions for the period	—	6,459,317.73	—	3,429,016.49	9,888,334.22
1. Provision for the period	—	6,459,317.73	—	3,320,001.37	9,779,319.10
2. Other transfer in	—	—	—	109,015.12	109,015.12
Deductions for the period	—	(4,037,581.85)	—	(6,305,617.56)	(10,343,199.41)
1. Disposal and scrap	—	(3,897,727.13)	—	(6,198,170.34)	(10,095,897.47)
2. Others	—	(139,854.72)	—	(107,447.22)	(247,301.94)
30 June 2019 (Unaudited)	136,268.33	64,050,127.88	37,680.75	112,324,280.85	176,548,357.81
IV. Book value					
30 June 2019 (Unaudited)	10,218,033,698.27	9,306,015,413.94	47,194,711.10	1,762,609,571.40	21,333,853,394.71
31 December 2018 (Audited)	10,268,014,007.94	11,665,148,589.42	56,265,283.71	2,042,066,149.33	24,031,494,030.40

As at 30 June 2019, among the fixed assets, the net book value of properties without title certificates amounted to RMB518,958,554.51 (As at 31 December 2018: RMB759,629,271.71) and the application of relevant title certificates is in progress.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

10. Construction in progress

(1) The breakdown of construction in progress is as follows:

RMB

Project	30 June 2019 (Unaudited)			31 December 2018 (Audited)		
	Carrying amount	Impairment provision	Net book value	Carrying amount	Impairment provision	Net book value
Chongqing Great Wall vehicle project	1,137,562,921.90	—	1,137,562,921.90	—	—	—
Xushui Automobile Project	227,115,291.28	—	227,115,291.28	256,405,104.17	—	256,405,104.17
Xushui supporting infrastructure project	136,450,750.04	—	136,450,750.04	136,362,506.19	—	136,362,506.19
Xushui parts and components project	105,402,551.80	(705,610.98)	104,696,940.82	480,949,728.16	(853,830.79)	480,095,897.37
Industrial park phase I. II. III	90,529,373.47	—	90,529,373.47	144,996,467.12	—	144,996,467.12
Tianjin automobile project	81,846,794.59	(65,763.73)	81,781,030.86	33,612,446.02	(131,527.46)	33,480,918.56
Other R & D projects	71,244,825.67	—	71,244,825.67	104,855,891.70	—	104,855,891.70
Others	66,340,621.30	(670,169.67)	65,670,451.63	168,893,387.66	(122,171.38)	168,771,216.28
New technology center	47,434,582.87	—	47,434,582.87	96,496,659.31	—	96,496,659.31
Tianjin parts and components project	31,749,617.41	(1,607,367.04)	30,142,250.37	28,777,770.87	(4,909,701.08)	23,868,069.79
Project with annual production of 400,000 axles and brakes	14,240.99	—	14,240.99	14,240.99	—	14,240.99
Total	1,995,691,571.32	(3,048,911.42)	1,992,642,659.90	1,451,364,202.19	(6,017,230.71)	1,445,346,971.48

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

10. Construction in progress (continued)

(2) Changes of major construction in progress

RMB												30 June 2019 (Unaudited)
Project name	Budget amount	31 December 2018 (Audited)	Additions	Increase from merger by absorbing	Transfer to fixed assets	Other Deductions (Note)	Investment to budget (%)	Accumulated capitalized interest amount	Including: capitalized interest amount	Ratio of capitalized interest amount (%)	Sources of fund	
Chongqing Great Wall vehicle project	2,033,507,657.00	—	208,118,434.68	929,444,487.22	—	—	60.28	—	—	—	Self-owned	1,137,562,921.90
Xushui Automobile Project	10,896,610,844.00	256,405,104.17	48,550,463.15	—	(77,608,650.30)	(231,625.74)	91.39	—	—	—	Self-owned	227,115,291.28
Xushui supporting infrastructure project	193,250,000.00	136,362,506.19	88,243.85	—	—	—	70.61	—	—	—	Self-owned	136,450,750.04
Xushui parts and components project	6,464,321,195.00	480,949,728.16	90,476,198.69	—	(291,033,926.60)	(174,989,448.45)	91.45	—	—	—	Self-owned	105,402,551.80
Industrial park phase I, II, III	1,401,179,674.99	144,996,467.12	172,338,173.26	—	(183,627,315.52)	(43,177,951.39)	89.59	—	—	—	Self-owned	90,529,373.47
Tianjin automobile project	5,532,200,991.00	33,612,446.02	55,280,071.07	—	(7,045,722.50)	—	97.53	—	—	—	Self-owned	81,846,794.59
Other R & D projects	654,187,746.00	104,855,891.70	42,692,163.40	—	(76,303,229.43)	—	52.79	—	—	—	Self-owned	71,244,825.67
Others	1,982,245,590.38	168,893,387.66	91,937,801.41	—	(99,982,254.01)	(94,508,313.76)	86.62	—	—	—	Self-owned	66,340,621.30
New technology center	1,727,202,349.00	96,496,659.31	1,646,146.18	—	(6,112,299.38)	(44,595,923.24)	95.08	—	—	—	Self-owned	47,434,582.87
Tianjin parts and components project	3,263,460,935.00	28,777,770.87	19,294,421.65	—	(11,560,763.26)	(4,761,811.85)	90.19	—	—	—	Self-owned	31,749,617.41
Project with annual production of 400,000 axes and brakes	578,352,366.14	14,240.99	—	—	—	—	100.00	—	—	—	Placement and self-owned	14,240.99
Total	34,726,519,348.51	14,240.99	730,422,117.34	929,444,487.22	(753,274,161.00)	(362,265,074.43)	—	—	—	—		1,995,691,571.32

Note: The decrease of RMB41,471,219.24 in construction in progress is transferred into intangible assets, and the decrease of RMB90,543,309.95 in construction in progress is transferred into investment properties.

(3) Impairment provision of construction in progress provided for the period

RMB

Project	Amount provided for the period	Reason for provision
Tianjin parts and components project	116,409.22	Vehicle model discontinued.
Xushui parts and components project	63,426.21	Vehicle model discontinued. Production process changed.
Others	547,998.29	Vehicle model discontinued.
Total	727,833.72	

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

11. Right-of-use assets

Category				RMB
	Land use rights	Buildings and structures	Machinery and equipment	Total
I. Original carrying amount				
1 January 2019	2,095,864.26	28,351,566.29	1,110,142.79	31,557,573.34
Additions for the period	1,565,220.85	21,612,537.27	1,375,887.03	24,553,645.15
Deductions for the period	—	—	—	—
30 June 2019 (Unaudited)	3,661,085.11	49,964,103.56	2,486,029.82	56,111,218.49
II. Total accumulated amortization				
1 January 2019	—	—	—	—
Additions for the period	857,052.83	3,962,422.65	243,607.18	5,063,082.66
1. Provision	857,052.83	3,962,422.65	243,607.18	5,063,082.66
Deductions for the period	—	—	—	—
30 June 2019 (Unaudited)	857,052.83	3,962,422.65	243,607.18	5,063,082.66
III. Provision for impairments				
1 January 2019	—	—	—	—
30 June 2019 (Unaudited)	—	—	—	—
IV. Booking Value				
30 June 2019 (Unaudited)	2,804,032.28	46,001,680.91	2,242,422.64	51,048,135.83
1 January 2019	2,095,864.26	28,351,566.29	1,110,142.79	31,557,573.34

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

12. Intangible assets

Intangible assets:

				RMB
Item	Land use rights	Software and others	Non-patent technology	Total
I. Original book value				
31 December 2018 (Audited)	3,194,933,460.61	235,255,359.43	277,236,779.76	3,707,425,599.80
Additions for the period	87,845,507.59	51,008,053.51	330,174,950.30	469,028,511.40
1. Purchase	—	9,536,834.27	—	9,536,834.27
2. Transfer from construction in progress	—	41,471,219.24	—	41,471,219.24
3. Internal R&D	—	—	330,174,950.30	330,174,950.30
4. Merge subsidiary by absorbing	87,845,507.59	—	—	87,845,507.59
Deductions for the period	(91,326,197.27)	(2,888,888.81)	(4,402,763.45)	(98,617,849.53)
1. Disposal	(91,326,197.27)	(2,888,888.81)	(4,402,763.45)	(98,617,849.53)
30 June 2019 (Unaudited)	3,191,452,770.93	283,374,524.13	603,008,966.61	4,077,836,261.67
II. Accumulated amortization				
31 December 2018 (Audited)	451,515,064.67	95,684,894.57	88,603,175.70	635,803,134.94
Additions for the period	34,510,390.53	11,452,177.25	187,954,036.07	233,916,603.85
1. Provision for the period	32,460,662.92	11,452,177.25	187,954,036.07	231,866,876.24
2. Increase from merger by absorbing	2,049,727.61	—	—	2,049,727.61
Deductions for the period	(8,612,852.15)	(48,148.15)	—	(8,661,000.30)
1. Disposal	(8,612,852.15)	(48,148.15)	—	(8,661,000.30)
30 June 2019 (Unaudited)	477,412,603.05	107,088,923.67	276,557,211.77	861,058,738.49
III. Book value				
30 June 2019 (Unaudited)	2,714,040,167.88	176,285,600.46	326,451,754.84	3,216,777,523.18
31 December 2018 (Audited)	2,743,418,395.94	139,570,464.86	188,633,604.06	3,071,622,464.86

At the end of the period, intangible assets formed from internal R&D accounted for 10.15% of the balance of the intangible assets.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

12. Intangible assets (continued)

Intangible assets: (continued)

Location and aging analysis of prepaid lease payment (land use rights) is as follows:

Item	RMB	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Located in mainland China – 50 years	2,714,040,167.88	2,743,418,395.94

13. Development expenditure

Project	31 December 2018 (Audited)	Additions for the period	Deductions for the period		30 June 2019 (Unaudited)
			Recognized as intangible assets	Transfer into profit or loss	
Auto development project	1,625,608,507.97	836,165,011.96	(330,174,950.30)	(146.75)	2,131,598,422.88

14. Short-term borrowings and long-term borrowings

(1) Short-term borrowings

Item	RMB	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Pledged loans	—	2,002,439,020.83
Credit loans	(750,815,625.00)	1,001,329,166.67
Sub-total	(750,815,625.00)	3,003,768,187.50

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

14. Short-term borrowings and long-term borrowings (continued)

(2) Long-term borrowings

Item	RMB	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Mortgaged loans (Note)	1,140,000,000.00	—
Less: Long-term borrowings due within one year	—	—
Total	1,140,000,000.00	—

Note: At the end of the period, the mortgage loan of RMB1,140,000,000.00 was the loan obtained by the Company with the land use right as mortgage.

15. Notes payable

Category	RMB	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Bank acceptance bills	5,558,325,712.83	3,809,557,390.79
Commercial acceptance bills	47,261,194.32	156,673,928.21
Total	5,605,586,907.15	3,966,231,319.00



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

16. Accounts payable

(1) Accounts payable is listed as follows:

Item	30 June 2019 (Unaudited)	RMB 31 December 2018 (Audited)
Within 1 year	18,423,231,539.70	28,000,400,217.90
1 to 2 years	98,698,004.93	37,631,077.59
2 to 3 years	11,288,327.14	10,891,046.20
Over 3 years	15,924,591.23	8,340,552.14
Total	18,549,142,463.00	28,057,262,893.83

The aging analysis of accounts payable is based on the time of purchasing materials, goods or receiving services.

(2) Accounts payable aged over one year with significant amounts:

Item	30 June 2019 (Unaudited)	Reason for outstanding or transfer
Supplier 1	24,142,605.00	Payment terms have not been reached
Supplier 2	19,021,300.00	Payment terms have not been reached
Supplier 3	13,696,664.18	Payment terms have not been reached
Supplier 4	8,780,000.00	Payment terms have not been reached
Supplier 5	7,741,596.39	Payment terms have not been reached
Total	73,382,165.57	



Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

17. Contract liability

Item	RMB	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Advances from customers	3,064,112,575.40	3,572,293,873.68
Maintenance and service fee	414,011,338.06	529,206,594.40
Service of transportation	21,094,987.96	—
Total	3,499,218,901.42	4,101,500,468.08

18. Leased liability

Item	RMB	
	30 June 2019 (Unaudited)	
Leased liabilities	50,891,649.10	
Subtotal	50,891,649.10	
Less: Leased liabilities recognized in non current liabilities due within one year	(7,363,238.05)	
Total	43,528,411.05	

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

19. Capital reserve

Item	RMB			
	Opening balance	Additions	Deductions	Closing balance
For the period from 1 January to 30 June 2019 (Unaudited):				
Capital premiums	1,462,470,849.89	—	—	1,462,470,849.89
Other capital reserves	(3,717,664.31)	—	—	(3,717,664.31)
Including: Transfer from capital reserves under the previous standards	(2,933,126.78)	—	—	(2,933,126.78)
Translation differences of foreign capital	—	—	—	—
Reserve for revaluation gain of assets	—	—	—	—
Others	(784,537.53)	—	—	(784,537.53)
Total	1,458,753,185.58	—	—	1,458,753,185.58
For the period from 1 January to 30 June 2018 (Unaudited):				
Capital premiums	1,462,470,849.89	—	—	1,462,470,849.89
Other capital reserves	1,716,455.88	—	(5,434,120.19)	(3,717,664.31)
Including: Transfer from capital reserves under the previous standards	(2,933,126.78)	—	—	(2,933,126.78)
Translation differences of foreign capital	—	—	—	—
Reserve for revaluation gain of assets	—	—	—	—
Others	4,649,582.66	—	(5,434,120.19)	(784,537.53)
Total	1,464,187,305.77	—	(5,434,120.19)	1,458,753,185.58

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

20. Undistributed profits

Item	RMB	
	Amount	Proportion of appropriation or allocation
For the period from 1 January to 30 June 2019 (Unaudited):		
Undistributed profits at the beginning of the period	34,792,640,840.00	
Add: Net profits	714,228,655.14	
Others	524,222,629.77	(3)
Less: Appropriation of statutory surplus reserve	—	(1)
Distribution of cash dividends	(2,646,908,010.00)	(2)
Transfer from merger	(63,878,040.20)	(4)
Undistributed profits at the end of the period	33,320,306,074.71	
For the period from 1 January to 30 June 2018 (Unaudited):		
Undistributed profits at the beginning of the period	31,852,682,607.51	
Add: Net profits	4,050,645,289.54	
Others	556,216,555.61	
Less: Appropriation of statutory surplus reserve	—	(1)
Distribution of cash dividends	(1,551,635,730.00)	
Undistributed profits at the end of the period	34,907,908,722.66	

(1) Appropriation to statutory surplus reserve

According to the Articles of Association, the Company is required to transfer 10% of its net profit to the statutory surplus reserve. The transfer can be ceased if the balance of the statutory surplus reserve has reached 50% of the Company's registered capital. Under the Articles of Associations and relevant company regulations, some statutory surplus reserve can transfer to share capital of the Company, while the remaining statutory reserves shall be no less than 25% of the registered capital.

(2) Cash and stock dividends approved by the shareholders' meeting in this period

On 17 May 2019, the 2018 shareholders' meeting approved Proposal on Profit Distribution of 2018, which allows the Company to distribute cash dividends of RMB0.29 (inclusive of tax) per share, amounting to RMB2,646,908,010.00 in total, based on total shares of 9,127,269,000 shares with par value of RMB1 per share.

(3) In June 2019, a subsidiary of the Company, Automotive Finance is converted into a joint venture. Corresponding profit and loss for the period from the acquisition date to the beginning of the year held by the Company was transferred to retained profit of the Company, and long-term equity investment was increased.

(4) In June 2019, the Company merged Chongqing Great Wall, a wholly-owned subsidiary of the Company, and transferred its retained profit for the period from incorporation date to the merging date to retained profit of the Company.

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

21. Operating income and operating costs

(1) Operating income

Item	For the period from 1 January to 30 June 2019 (Unaudited)	RMB For the period from 1 January to 30 June 2018 (Unaudited)
Principal operating income	40,929,586,632.48	48,047,338,985.70
Including: Income from the sales of automobiles	36,742,045,420.34	45,544,621,594.50
Income from the sales of automotive parts and components	2,971,451,307.37	1,803,112,689.08
Income from the sales of moulds and others	—	138,707,503.75
Income from rendering of services	1,216,089,904.77	560,897,198.37
Other operating income	750,392,848.98	769,983,854.49
Total	41,679,979,481.46	48,817,322,840.19

(2) Operating costs

Item	For the period from 1 January to 30 June 2019 (Unaudited)	RMB For the period from 1 January to 30 June 2018 (Unaudited)
Principal operating costs	38,072,295,392.75	39,273,243,407.03
Including: Costs of sales of automobiles	34,918,364,376.09	37,544,068,730.25
Costs of sales of automotive parts and components	2,155,033,743.59	1,100,731,399.18
Costs of sales of moulds and others	—	104,232,832.25
Costs of rendering services	998,897,273.07	524,210,445.35
Other operating costs	666,331,699.87	681,283,861.57
Total	38,738,627,092.62	39,954,527,268.60

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

22. Taxes and levies

		RMB
	For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
Item		
Consumption tax	1,002,438,832.17	1,381,042,464.40
City maintenances and construction tax	90,206,654.97	141,838,476.27
Educational surcharges	76,920,047.95	114,381,148.20
Stamp duty	30,854,139.40	46,655,301.80
Land use tax	21,724,897.72	32,908,488.85
House property tax	33,432,469.16	22,993,815.26
Water resource tax	819,495.90	965,777.01
Vehicle and vessel use tax	131,351.60	105,699.34
Others	269,139.95	16,538,574.15
Total	1,256,797,028.82	1,757,429,745.28

23. Selling expenses

Item	For the period from 1 January to 30 June 2019 (Unaudited)	RMB
		For the period from 1 January to 30 June 2018 (Unaudited)
Transportation expenses	76,037,656.60	619,100,770.87
After-sale services expenses	94,072,512.44	185,918,594.28
Wages and salaries	74,722,944.65	94,915,419.13
Advertising and media services fees	554,621,478.99	558,071,898.98
Port charges	9,897,492.81	13,060,894.76
Travelling expenses	13,107,674.41	15,753,252.58
Others	177,510,943.72	342,682,611.47
Total	999,970,703.62	1,829,503,442.07

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

24. Administrative expenses

		RMB
	For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
Item		
Wages and salaries	248,329,888.97	349,101,862.81
Depreciation and amortization	99,446,253.58	65,977,681.89
Business reception fees	5,948,574.89	5,750,717.62
Office expenses	36,536,153.18	23,092,090.79
Repair and maintenance fees	91,456,660.63	96,564,648.38
Auditors' remuneration	783,183.73	664,727.40
Consulting Service fee	47,476,724.12	15,240,407.59
Others	90,724,959.89	32,802,616.54
Total	620,702,398.99	589,194,753.02

25. Financial expenses

Item	For the period from 1 January to 30 June 2019 (Unaudited)	RMB
		For the period from 1 January to 30 June 2018 (Unaudited)
Interest expense	62,567,866.63	250,768,955.60
Including: Leasing interest expenses	1,280,239.30	
Interest income from bank deposits	(185,108,166.70)	(156,454,149.70)
Foreign currency translation differences	(137,118.92)	(1,538,289.37)
Interest of discount on bills	84,195,475.02	14,491,123.71
Others	4,156,399.22	8,903,382.69
Total	(34,325,544.75)	116,171,022.93

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

26. Investment income

Breakdown:

Item	For the period from 1 January to 30 June 2019 (Unaudited)	RMB For the period from 1 January to 30 June 2018 (Unaudited)
Income from wealth management products	42,302,558.80	3,939,545.11
Income from long-term equity investment measured at cost	648,187,555.61	752,126,154.67
Income from long-term equity investment under equity method	304,721,787.46	—
Net income from deregistration of subsidies	30,549.85	—
Total	995,242,451.72	756,065,699.78

There are no significant restrictions on remittance of investment income of the Company.

27. Impairment losses on credit

Item	For the period from 1 January to 30 June 2019 (Unaudited)	RMB For the period from 1 January to 30 June 2018 (Unaudited)
Accounts receivable	15,922,759.06	(21,768,168.32)
Total	15,922,759.06	(21,768,168.32)

28. Impairment losses on assets

Item	For the period from 1 January to 30 June 2019 (Unaudited)	RMB For the period from 1 January to 30 June 2018 (Unaudited)
Loss on bad debts	—	(38,250.00)
Loss on decline in value of inventories	(73,089,229.69)	(38,453,331.41)
Loss on impairment provision of fixed assets	(9,779,319.10)	(33,128,486.68)
Loss on impairment of construction in progress	(727,833.72)	(5,501,873.85)
Total	(83,596,382.51)	(77,121,941.94)

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

29. Income tax expenses

Item	For the period from 1 January to 30 June 2019 (Unaudited)	RMB For the period from 1 January to 30 June 2018 (Unaudited)
Current tax expenses	—	269,073,639.17
Deferred tax expenses	(82,949,742.03)	275,083,367.81
Total	(82,949,742.03)	544,157,006.98

Reconciliation of income tax expenses to accounting profits is as follows:

Item	For the period from 1 January to 30 June 2019 (Unaudited)	RMB For the period from 1 January to 30 June 2018 (Unaudited)
Total profit	631,278,913.11	4,594,802,296.52
Income tax rate	15%	15%
Income tax expenses calculated at tax rate of 15%	94,691,836.97	689,220,344.48
Changes in opening balances of deferred tax assets/liabilities due to the change in tax rate	—	5,953,440.79
Effect of additional deduction for research and development costs	(44,534,832.95)	(39,338,571.44)
Effect of preferential tax rates used by some companies	(165,210.12)	(589,881.72)
Tax effect of non-taxable income	(142,984,665.36)	(112,965,004.79)
Tax effect of non-deductible expenses	10,043,129.43	1,876,679.66
Total	(82,949,742.03)	544,157,006.98

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

30. Supplementary information of cash flow statements

(1) Supplementary information of cash flow statements

Supplementary information	RMB	
	For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
1. Reconciliation of net profits to cash flow from operating activities:		
Net profits	714,228,655.14	4,050,645,289.54
Add: Impairment provision for assets	83,596,382.51	77,121,941.94
Impairment losses on credit	(15,922,759.06)	21,768,168.32
Depreciation of fixed assets	1,401,600,073.92	1,684,907,984.22
Depreciation of right-of-use assets	5,063,082.66	
Amortization of intangible assets	231,866,876.24	51,243,672.23
Amortization of long-term prepaid expenses	8,469,767.43	9,791,730.95
Depreciation and amortization of investment properties	4,253,774.61	2,223,692.92
Gains on disposal of fixed assets, intangible assets and other long-term assets	(84,891,873.24)	(31,359,091.37)
Amortization of deferred income	(228,570,769.26)	(42,197,361.89)
Financial expense	63,193,814.38	257,885,958.17
Gains from changes in fair values	(14,398,893.76)	(52,590,204.19)
Investment income	(995,242,451.72)	(756,065,699.78)
Decrease in deferred tax assets (less: increase)	(73,421,016.87)	158,854,147.24
Decrease in inventories (less: increase)	(160,176,595.05)	953,636,341.20
Decrease in operating receivables (less: increase)	15,815,959,219.64	28,258,774,497.07
Decrease in operating payables (less: increase)	(12,444,316,727.62)	(20,379,290,918.54)
Net cash flows from operating activities	4,311,290,619.95	14,265,350,148.03
2. Net change in cash and cash equivalents:		
Closing balance of cash and cash equivalents	4,198,593,783.63	12,907,153,385.18
Less: Opening balance of cash and cash equivalents	11,235,893,795.06	8,621,442,696.58
Net increase in cash and cash equivalents	(7,037,300,011.43)	4,285,710,688.60

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

30. Supplementary information of cash flow statements (continued)

(2) Components of cash and cash equivalents

Item	For the period from 1 January to 30 June 2019 (Unaudited)	RMB For the period from 1 January to 30 June 2018 (Unaudited)
I. Cash	4,198,593,783.63	12,907,153,385.18
Including: Cash on hand	206,864.74	287,785.06
Bank deposits ready to be withdrawn on demand	4,198,386,918.89	12,906,865,600.12
II. Closing balance of cash and cash equivalents	4,198,593,783.63	12,907,153,385.18

31. Related party transactions

(1) Procurement of raw materials and accessories

Related parties	Related party transaction	For the period from 1 January to 30 June 2019 (Unaudited)	RMB For the period from 1 January to 30 June 2018 (Unaudited)
Subsidiaries of the Company	Purchase of raw materials	13,877,990,434.31	1,089,490,364.78
Other related parties of the Company	Purchase of raw materials and steam	515,244,236.82	55,267,652.24

(2) Sales of automobiles and components and parts of automobiles

Related parties	Related party transaction	For the period from 1 January to 30 June 2019 (Unaudited)	RMB
			For the period from 1 January to 30 June 2018 (Unaudited)
Subsidiaries of the Company	Sales of automobiles or components and parts of automobiles	18,254,739,443.40	4,292,612,638.57
Other related parties of the Company	Sales of automobiles	190,337,432.60	410,051.72

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

31. Related party transactions (continued)

(3) Purchase of fixed assets and construction in progress

Related parties	Related party transaction	RMB	
		For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
Subsidiaries of the Company	Purchase of fixed assets and construction in progress	204,885,804.88	1,347,446.20
Other related parties of the Company	Purchase of fixed assets and construction in progress	3,061,648.42	2,460,598.82

(4) Sales of fixed assets and intangible assets

Related parties	Related party transaction	RMB	
		For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
Subsidiaries of the Company	Sales of fixed assets and intangible assets	2,322,355,440.02	362,885,700.41
Other related parties of the Company	Sales of fixed assets and intangible assets	4,531.88	165,915.71

(5) Purchase of services

Related parties	Related party transaction	RMB	
		For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
Subsidiaries of the Company	Purchase of services	287,654,754.21	253,804,006.94
Other related parties of the Company	Purchase of services	3,496,580.29	3,025,326.74

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

31. Related party transactions (continued)

(6) Rendering of services

Related parties	Related party transaction	RMB	
		For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
Subsidiaries of the Company	Rendering of services	641,365,952.96	111,600,351.40
Other related parties of the Company	Rendering of Services	643,914.02	—

(7) Claims income and others

Related parties	Related party transaction	RMB	
		For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
Subsidiaries of the Company	Claims income and others	30,602,116.04	7,774,998.75

(8) Rental expenditures and others

Related parties	Related party transaction	RMB	
		For the period from 1 January to 30 June 2019 (Unaudited)	For the period from 1 January to 30 June 2018 (Unaudited)
Other related party of the Company	Rental expenditures and others	3,008,154.22	5,632,903.10

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

31. Related party transactions (continued)

(9) Guarantee

Warrantee	Relationship with the Company	Type of guarantee	Maximum guaranteed amount	Actual balance of loan borrowed by warrantee
Tide Technology and Trade	Subsidiary of the Company	Maximum guaranteed	USD 110,000,000.00	USD 90,000,000.00
Billion Sunny Development	Subsidiary of the Company	Maximum guaranteed	USD 80,000,000.00	USD 40,000,000.00
Billion Sunny Development	Subsidiary of the Company	Maximum guaranteed	EUR 230,000,000.00	EUR 200,000,000.00

(10) Emolument of key management

Item	For the period from 1 January to 30 June 2019 (Unaudited)	RMB'000 For the period from 1 January to 30 June 2018 (Unaudited)
Emolument of key management	6,383	7,212

32. Receivables and payables of related parties

Item	Related party	30 June 2019 (Unaudited)	RMB 31 December 2018 (Audited)
Accounts receivable	Subsidiary of the Company	8,062,579,349.51	8,138,745,460.87
Accounts receivable	Other related party of the Company	49,395,809.50	346,954.41
Subtotal of accounts receivable:		8,111,975,159.01	8,139,092,415.28
Other receivables	Subsidiary of the Company	3,111,798,598.14	512,279,490.64
Other receivables	Joint venture of the Company	6,664,967.28	—
Other receivables	Other related party of the Company	2,091,036.48	2,075,800.00
Subtotal of other receivables:		3,120,554,601.90	514,355,290.64
Prepayments	Subsidiary of the Company	40,681,373.31	39,183,434.73
Prepayments	Other related party of the Company	110,672.98	12,865.00
Subtotal of prepayments:		40,792,046.29	39,196,299.73

Notes to the Financial Statements

For the Period from 1 January to 30 June 2019

XIV. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

32. Receivables and payables of related parties (continued)

Item	Related party	30 June 2019 (Unaudited)	RMB 31 December 2018 (Audited)
Notes receivable	Subsidiary of the Company	63,455,350.91	3,132,703.38
Subtotal of notes receivable:		63,455,350.91	3,132,703.38
Dividends receivable	Subsidiary of the Company	85,794,925.88	13,211,499.87
Subtotal of dividends receivable:		85,794,925.88	13,211,499.87
Accounts payable	Subsidiary of the Company	9,589,572,499.75	6,518,892,746.51
Accounts payable	Other related party of the Company	182,877,844.23	42,815,953.11
Subtotal of accounts payable:		9,772,450,343.98	6,561,708,699.62
Other payables	Subsidiary of the Company	216,192,916.89	1,732,254,031.34
Other payables	Other related party of the Company	4,418,579.33	2,634,731.70
Subtotal of other payables:		220,611,496.22	1,734,888,763.04
Contract liabilities	Subsidiary of the Company	1,475,920,831.44	1,497,576,537.57
Contract liabilities	Other related party of the Company	368,075.18	—
Subtotal of Contract liabilities:		1,476,288,906.62	1,497,576,537.57
Notes payable	Subsidiary of the Company	684,891,138.08	81,979,408.59
Notes payable	Other related party of the Company	50,191.00	—
Subtotal of notes payable:		684,941,329.08	81,979,408.59
Interest receivable	Subsidiary of the Company	4,567,610.11	145,581,547.72
Subtotal of interest receivable:		4,567,610.11	145,581,547.72
Construction in progress	Subsidiary of the Company	20,279,700.38	53,085.05
Subtotal of construction in progress:		20,279,700.38	53,085.05
Other current assets	Joint venture of the Company	7,335,812,547.98	—
Subtotal of other current assets:		7,335,812,547.98	—
Bank balances	Other related party of the Company	—	566,162.91
Subtotal of bank balances:		—	566,162.91

Supplementary information

For the Period from 1 January to 30 June 2019

SUPPLEMENTARY INFORMATION

1. Breakdown of non-recurring gains and losses

Item	For the period from 1 January to 30 June 2019 (Unaudited)	RMB For the period from 1 January to 30 June 2018 (Unaudited)
Profit or loss from disposal of non-current assets	75,638,684.63	30,501,359.26
Government grants accounted for in profit and loss account of the current period (except for government grants closely related to the corporate business that were given under at a fixed standard amount or quantity as stipulated by the State)	341,476,957.94	91,712,123.84
Gains or losses from the disposal of long-term equity investments and disposal of wealth management products	(136,269,402.98)	5,948,164.90
Losses from changes in fair values	(7,503,994.24)	(28,211,589.66)
Non-operating gains and losses other than the above items	39,547,301.54	59,479,378.11
Effect of income tax	(36,785,699.86)	(41,185,070.10)
Effect of minority interests (net of tax)	(2,959.70)	(720,474.06)
Total	276,100,887.33	117,523,892.29

The non-recurring gains and losses of the Group was recognized in accordance with the relevant requirements of the *Compilation Rules for Information Disclosures by Companies that Offer Securities to the Public (No. 09) – Initial Public Offering and Listing Documents and Explanatory Notice for Information Disclosures by Companies that Offer Securities to the Public (No. 01) – Non-recurring Gains and Losses (2008)*.

Supplementary information

For the Period from 1 January to 30 June 2019

SUPPLEMENTARY INFORMATION (continued)

2. Return on net assets and earnings per share

This calculation of return on net assets and earnings per share was prepared by the Group in accordance with the relevant requirements of the *Compilation Rules for Information Disclosures by Companies that Offer Securities to the Public (No. 09) – Calculations and Disclosures for the Return on Net Assets and Earnings per Share* (as amended in 2010) issued by the China Securities Regulatory Commission.

For the period from 1 January to 30 June 2019 (Unaudited)	Weighted average return on net assets (%)	Earnings per share Basic	Diluted
Net profit attributable to shareholders of ordinary shares of the Company	2.87	0.17	N/A
Net profit attributable to shareholders of ordinary shares of the Company, after deducting non-recurring gains and losses	2.35	0.14	N/A

For the period from 1 January to 30 June 2018 (Unaudited)	Weighted average return on net assets (%)	Earnings per share Basic	Diluted
Net profit attributable to shareholders of ordinary shares of the Company	7.30	0.40	N/A
Net profit attributable to shareholders of ordinary shares of the Company, after deducting non-recurring gains and losses	7.06	0.39	N/A

The supplementary information provided by the management of Great Wall Motor Company Limited was endorsed by the followings on 26 August 2019:

Legal Representative: Wei Jian Jun

General Manager: Wang Feng Ying

Chief Financial Officer: Liu Yu Xin

Person in charge of the accounting body: Lu Cai Juan

26 August 2019

Section 11 Index of Documents Available for Inspection

Index of Documents
Available for Inspection

Financial Statements Signed and Sealed by the Legal Representative, Person-in-charge of the Accounting Affairs and Person-in-charge of the Accounting Department.

The Original Auditor's Report With the Seal of the Accounting Firm and Signatures and Seals of the Certified Public Accountants.

Chairman: Wei Jian Jun

Submission date approved by the Board: 26 August 2019

AMENDMENTS TO INFORMATION

☐ Applicable ☒ Not applicable



Baoding, Hebei Province, the PRC, 26 August 2019

As at the date of this announcement, members of the Board comprise:

Executive Directors: Mr. Wei Jian Jun, Ms. Wang Feng Ying and Ms. Yang Zhi Juan.

Non-executive Director: Mr. He Ping.

Independent Non-executive Directors: Mr. Ma Li Hui, Mr. Li Wan Jun and Mr. Ng Chi Kit.