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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 2020

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 2020. This announcement, containing the full text of the 2020 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 2020 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. All the directors of the Company attended the Board meeting.**
- III. This interim report 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, Li Hong Shuan, 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 material 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 detailed 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

CONTENTS

Section 1		Section 7	
Definitions	14	Description of Preference Shares	94
Section 2		Section 8	
Corporate Profile and		Directors, Supervisors and	
Key Financial Indicators	16	Senior Management	95
Section 3		Section 9	
Business Highlights of the Company	22	Description of Corporate Bonds	98
Section 4		Section 10	
Discussion and Analysis of the		Financial Report (Unaudited)	99
Business Operation of the Company		Section 11	
(Management Discussion and Analysis)	26	Index of Documents Available	
Section 5		for Inspection	244
Significant Events	53		
Section 6			
Changes in Ordinary Shares			
and Shareholders	87		



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 shares 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)"	holder(s) 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;
"Great Wall Binyin"	Tianjin Great Wall Binyin Automotive Finance Company Limited (天津長城濱銀汽車金融有限公司)
"Great Wall Holdings"	Baoding Great Wall Holdings Co., Ltd. (保定市長城控股集團有限公司)
"Group"	Great Wall Motor Company Limited and its subsidiaries;

Section 1 Definitions

"H Shares"	the overseas-listed foreign shares 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)"	holder(s) of H Share(s);
"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 2020;
"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;
"Shanghai Stock Exchange"	Shanghai Stock Exchange; and
"Spotlight Automotive"	Spotlight Automotive Limited (光束汽車有限公司).

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. CHANGE IN 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 CHANGE IN 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	6,077,032,500 A Shares (Total shares: 9,176,572,500 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: 9,176,572,500 shares, A Shares: 6,077,032,500 shares)	500 shares

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

Section 2 Corporate Profile and Key Financial Indicators

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) Ping An Bank Co., Ltd. (Guangzhou branch)
Authorised representatives	Ms. Wang Feng Ying Mr. Xu Hui
Financial year-end date	31 December
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 (resigned on 12 June 2020) Ms. Yue Ying (appointed on 12 June 2020) Mr. Li Wan Jun Mr. Ng Chi Kit
Employee Representative Supervisor	Mr. Chen Biao
Independent Supervisors	Ms. Zong Yi Xiang Ms. Liu Qian
Audit Committee	Mr. He Ping Ms. Yue Ying Mr. Li Wan Jun Mr. Ng Chi Kit
Remuneration Committee	Mr. Wei Jian Jun Ms. Yue Ying Mr. Li Wan Jun
Nomination Committee	Mr. Wei Jian Jun Ms. Yue Ying Mr. Ng Chi Kit
Strategy Committee	Mr. Wei Jian Jun Ms. Wang Feng Ying Mr. He Ping Ms. Yue Ying 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

Key accounting data	Reporting Period (January-June)	Unit: RMB Currency: RMB	
		Corresponding period of last year	Increase/decrease for the Reporting Period over the corresponding period of last year (%)
Total operating revenue	35,929,193,647.85	41,376,679,277.69	-13.17
Operating revenue	35,929,193,647.85	40,316,927,002.63	-10.88
Net profit attributable to shareholders of the Company	1,146,142,722.90	1,517,169,113.68	-24.46
Net profit attributable to shareholders of the Company after extraordinary gains/losses	802,452,263.90	1,241,068,226.35	-35.34
Net cash flow from operating activities	9,516,544,165.59	6,112,616,730.97	55.69

	As at the end of the Reporting Period	Increase/decrease as at the end of the Reporting Period over the end of last year (%)	
		As at the end of last year	
Net assets attributable to shareholders of the Company	53,276,386,139.34	54,399,229,916.90	-2.06
Total assets	119,363,217,010.53	113,096,409,468.96	5.54

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)	0.12422	0.16622	-25.27
Diluted earnings per share (RMB/share)	0.12422	N/A	
Basic earnings per share after extraordinary gains/losses (RMB/share)	0.08657	0.13597	-36.33
Weighted average return on net assets (%)	2.06	2.87	decreased by 0.81 percentage point
Weighted average return on net assets after extraordinary gains/losses (%)	1.44	2.35	decreased by 0.91 percentage point

Description of key accounting data and financial indicators of the Company

☒ Applicable ☐ Not applicable

Net profit attributable to the shareholders of the Company recorded a year-on-year decrease during the Reporting Period was mainly due to that the Group's sales volume decreased year-on-year as a result of the impact of COVID-19 and the Group continued to increase the investment in research and development.

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	-15,655,663.23
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	331,063,581.54
Non-operating gains and losses other than the above items	23,817,527.49
Gains (losses) from the disposal of long-term equity investments and disposal of wealth management products	52,672,740.45
Gains from changes in fair values (losses stated with "-")	25,556,189.78
Effect of income tax	-73,763,917.03
Total	343,690,459.00

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

The Company 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, and has established a joint venture named Spotlight Automotive Limited in cooperation with BMW. It provides three major products, namely SUVs, sedans and pick-up trucks, powered by traditional power, pure electric power and plug-in hybrid power. It has the ability to independently support core components such as engines and transmissions.

2. Operating Model

Through innovative brand operation, the Company has fulfilled different needs of customers and created a superior status in the market segments so as to operate multiple brands.

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

In respect of research and development (R&D), the Group always adheres to “targeted investment” in R&D in the pursuit of industry leadership, thus laying a solid foundation for building “Tech-driven Great Wall”. Great Wall Motor has long been exploring the “four new modernizations” of automobiles through its global R&D presence centering on its Chinese headquarters and covering Europe, Asia and North America. Great Wall Motor has partnered with Neusoft to develop the “Upper Body Central Computing Platform”, a severable, scalable and iterable platform that can provide users with intelligent interconnected products whose software and hardware can be quickly updated. Great Wall Motor has grandly launched its vital signs monitoring technology, becoming a leading domestic automobile company realizing vital signs monitoring. Furthermore, the Company maintains industry-leading technical strength in the fields of traditional fuel powertrain, new energy batteries, hydrogen fuel cells, intelligent network and unmanned driving.

In respect of procurement of parts and components, the Company aims to build a world-class supply chain, constructing a highly integrated and adaptable supply chain system across the whole industry. By shifting from business control to investment control over the four parts companies (Honeycomb Yichuang, Nuobo Automotive, Jinggong Automotive and Mind Electronics), the Company has become self-reliant in core parts and components technology. Moreover, we have established in-depth cooperation with world-class suppliers such as Bosch, Continental, Valeo and Harman to promote the continuous upgrading of auto parts technology.

Section 3 Business Highlights of the Company

In respect of production, the Company has built up “11+5” production facilities across the world, including 11 full-process vehicle production bases and 5 KD plants. In China, our production bases in Baoding, Xushui, Tianjin and Yongchuan of Chongqing have been completed and put into operation, and our production base projects in Zhangjiagang of Jiangsu, Rizhao of Shandong, Pinghu of Zhejiang and Taizhou of Jiangsu have been initiated or commenced construction. Overseas, our plant in Tula, Russia has been put into production. In January and February 2020, Great Wall Motor entered into binding agreements with General Motors (GM) to acquire its Tarigang plant in India and manufacturing plant in Rayong Province, Thailand, respectively. Both parties plan to close the transactions and complete the delivery of the plants by the end of 2020. These agreements are still subject to approval by the government and regulatory authorities.

In respect of sales, the Company actively embraces innovative marketing approaches of Internet and increases efforts in overseas market development. The Company has built up a global network of over 500 sales outlets (excluding domestic ones) covering more than 60 countries and regions in Asia, Africa, South America, Central and Eastern Europe. Based on its five regional marketing centers in Russia, Australia, South Africa, South America and the Middle East, the Company has sold more than 600,000 vehicles to more than 60 countries and regions around the world. Moreover, the Company carries out innovative marketing activities and intensifies digital marketing to build a closer relationship with users. We fully leverage Internet technology and our well-established marketing network and service system to integrate online and offline channels and carry out the “Zero Contact” initiative, “Cloud Group Purchase”, live broadcast marketing and other activities.

In addition, based on the life cycle of automobiles, the Company extends the automobile industry chain by venturing into the sales, installation, and after-sales service of charging piles for new energy vehicles.

3. Industry Overview

(1) Significant year-on-year decline in automobile production and sales

Early in the year, the pandemic posed severe challenges to the domestic economy, and caused an unprecedented shock to the automobile market. From January to June 2020, China's production and sales volume of automobiles dropped 16.8% and 16.9% year-on-year to 10,112,000 units and 10,257,000 units, respectively, with continuously narrowing decline.

(2) Higher-than-industry decline in passenger vehicles with shrunken share of Chinese brands

From January to June 2020, the production and sales volume of passenger vehicles amounted to 7,754,000 units and 7,873,000 units, decreasing by 22.5% and 22.4% year-on-year, respectively. By vehicle model, production and sales volume of sedans decreased by 25.9% and 26% year-on-year, respectively; production and sales volume of SUVs decreased by 14.6% and 14.9% year-on-year, respectively. From January to June 2020, sales of China-made passenger vehicles amounted to 2,854,000 units in aggregate, representing a year-on-year decrease of 29.0% and accounting for 36.3% of total sales of passenger vehicles, down 3.4 percentage points compared with that for the corresponding period last year.

Section 3 Business Highlights of the Company

(3) New energy vehicles losing rapid growth momentum

From January to June 2020, the production and sales volume of new energy vehicles reached 397,000 units and 393,000 units, down 36.5% and 37.4% year-on-year, respectively. Among them, the production and sales volume of battery electric vehicles reached 301,000 units and 304,000 units, down 40.3% and 39.2% year-on-year, respectively; the production and sales volume of plug-in hybrid electric vehicles were 95,000 units and 88,000 units, down 20.0% and 29.8% year-on-year, respectively;

(4) Slowdown in automobile exports

From January to June 2020, exports of automobile companies dropped 20.9% year-on-year to 386,000 units. By vehicle model, exports of passenger vehicles amounted to 289,000 units, down 12.0% year-on-year; exports of commercial vehicles amounted to 97,000 units, down 39.2% year-on-year.

Note: The above industry data is sourced 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 just corporate culture

The Company is committed to “promoting cooperation with integrity and seeking development through cooperation”, and facilitating its sustainable and healthy development by creating a fair, just, simple and transparent working environment.

2. Focusing on brand building to seek progress amidst stability

Over the years, the Company has been upholding the development strategy of focusing on the principal business while sharing quality resources. By concentrating on specific sub-sectors, it aims to build a leading brand in the niche markets and develop unique competitive strengths.

3. Strengthening quality culture and focusing on quality improvement

Upholding the quality culture of “constant refinement”, the Company continuously improves its quality management to “drive performance growth and sustainable development with high-quality products”.

Section 3 Business Highlights of the Company

4. Well-established global supply chain system

The Company has long been committed to independent R&D and production of core parts and components, which greatly enhances the competitiveness of its automobiles in terms of technology, quality and cost and lays a foundation for its auto parts companies to develop external markets. Meanwhile, Great Wall Motor maintains a good partnership with Bosch, Continental and other international parts groups to jointly build a mature global parts supply system.

5. Targeted R&D to create value for users

The Company insists on targeted R&D with a focus on developing clean, intelligent, and networked vehicles, in an ongoing effort to create great value for users. Driven by intelligent technologies such as 5G and automatic driving, the Company devotes itself to providing users with agreeable and relaxed driving experience and pleasure.

6. Talent Cultivation

Focusing on the strategy of “growing stronger through talents” and upholding the philosophy of “cultivating personnel before making cars”, the Company has developed a talent buildup system integrating introduction and internal training of talents. We have recruited and cultivated a large number of talents globally and created a unique and efficient personnel training system to provide a continuous stream of talents for the Company.

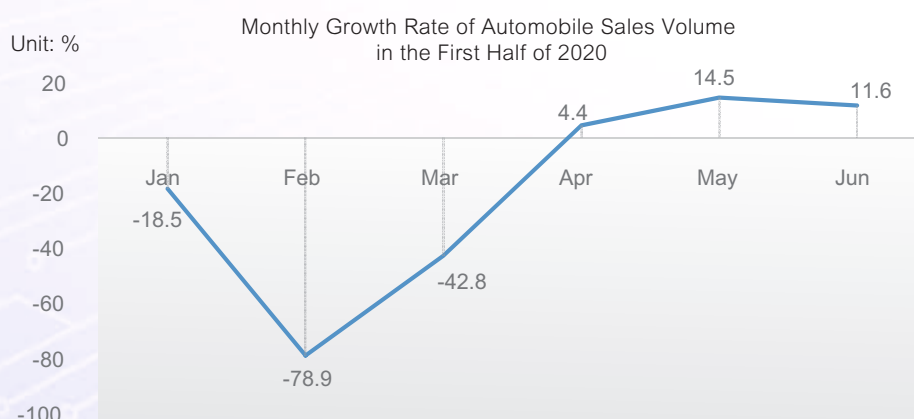
Section 4 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

I. DISCUSSION AND ANALYSIS OF THE BUSINESS OPERATION OF THE COMPANY (MANAGEMENT DISCUSSION AND ANALYSIS)

Operating Environment

The outbreak of COVID-19 pandemic ("pandemic") at the end of 2019 had swept the world, significantly affecting the global economy, security and development. Facing severe challenges brought by the pandemic and a complex and volatile domestic and international environment, China continued to improve its pandemic prevention and control in the first half of 2020, while the pace of work, production and business resumption, as well as market reopening accelerated. The overall economy first declined and then rose, and in the second quarter it turned from negative to positive growth. According to the data of the National Bureau of Statistics of China, the gross domestic product ("GDP") in the first half of the year was RMB45.7 trillion, representing a year-on-year decrease of 1.6%; GDP in the first quarter decreased by 6.8% year-on-year and in the second quarter rose by 3.2% year-on-year. Major indicators showed signs of recovery, and economic activities were steadily picking up. The overall market outlook was expected to be positive, with stable social development.

The pandemic had material impact on China's automobile industry, of which the sales volume showed a V-shaped recovery in the first half of 2020. Since the beginning of the second quarter, due to the effective control of the pandemic, the pace of work and production resumption of enterprises continued to accelerate. Driven by the continued support from favorable policies for automobile consumption in various regions, the automobile sales volume continued to recover since the second quarter, and the overall performance was better than expected. According to the statistics of China Association of Automobile Manufacturers, in the first half of 2020, the production volume and sales volume of automobiles amounted to 10,112,000 units and 10,257,000 units respectively, representing year-on-year decreases of 16.8% and 16.9% respectively. However, the production volume and sales volume of automobiles continued to increase month by month, maintaining a positive development trend. Looking ahead, with the pandemic continuing being under control, steady implementation of measures promoting economic and social development, stimulus policies launched in different regions showing results, improvement in the COVID-19 situation worldwide as well as gradual recovery of overseas market demand, the automobile industry will recover further.



Source: China Association of Automobile Manufacturers

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

Financial Review

	From 1 January 2020 to 30 June 2020 (Unaudited)	From 1 January 2019 to 30 June 2019 (Unaudited)	Changes %
<i>Unit: RMB Currency: RMB</i>			
Total operating revenue	35,929,193,647.85	41,376,679,277.69	-13.17
Operating revenue	35,929,193,647.85	40,316,927,002.63	-10.88
Revenue generated from the sale of automobiles	31,972,487,262.95	36,400,798,655.31	-12.17
Revenue generated from the sale of automotive parts and components and others	3,956,706,384.90	3,916,128,347.32	1.04
Interest income (Note 1)	–	988,389,113.14	-100.00
Selling expenses	1,077,470,060.82	1,470,046,177.45	-26.71
Administrative expenses	941,176,287.60	840,845,491.71	11.93
Research and development expenses (Note 2)	1,220,056,896.97	917,513,531.99	32.97
Financial expenses (Note 3)	155,399,109.54	-73,647,672.37	–
Gross profit	5,287,554,148.28	6,229,324,580.39	-15.12
Income tax expenses (Note 4)	172,221,427.35	353,710,652.55	-51.31
Net profit attributable to shareholders of the Company	1,146,142,722.90	1,517,169,113.68	-24.46
Basic earnings per share	0.12	0.17	-25.27
Diluted earnings per share	0.12	N/A	–
Gross profit margin (%)	14.72	15.06	Decreased by 0.34 percentage point
Percentage of selling expenses to operating revenue (%)	3.00	3.65	Decreased by 0.65 percentage point
Percentage of administrative expenses to operating revenue (%)	2.62	2.09	Increased by 0.53 percentage point

(Note 1) The decrease in interest income was mainly due to that Tianjin Great Wall Binyin Automotive Finance Company Limited changed from a subsidiary of the Company to a joint venture enterprise as at June 2019 and its interest income was no longer consolidated into the Company during the Reporting Period.

(Note 2) The increase in research and development expenses was mainly due to the increase in research and development investment during the Reporting Period.

(Note 3) The increase in financial expenses was mainly due to an increase in exchange loss 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.

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

Current assets and current liabilities

Unit: RMB Currency: RMB

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Current Assets	74,285,617,947.48	68,502,163,106.36
Including:		
Cash and bank balances	18,632,156,598.48	9,723,312,735.05
Held-for-trading financial assets	10,009,045,691.44	4,362,692,217.12
Accounts Receivable	3,996,041,108.84	3,193,188,485.27
Receivables financing	23,680,810,467.71	31,445,748,809.31
Prepayments	626,311,087.71	441,162,238.54
Other receivables	1,035,327,087.27	946,974,372.15
Inventories	4,441,189,345.45	6,237,193,915.62
Non-current assets due within one year	1,092,222,229.81	807,562,885.35
Other current assets	10,772,514,330.77	11,343,946,670.26
Current Liabilities	58,730,032,130.43	54,599,801,076.22
Including:		
Short-term borrowings	5,956,015,502.98	1,180,470,655.50
Accounts payable	17,471,030,806.85	25,439,536,613.98
Notes payable	18,561,148,589.48	10,020,895,844.52
Contract liabilities	3,367,732,642.52	4,603,831,957.67
Employee benefits payable	499,289,143.69	2,094,259,980.68
Taxes payable	1,055,843,028.56	1,511,983,833.95
Other payable	3,302,878,981.89	2,481,286,817.71
Other current liabilities	5,747,016,214.18	4,087,539,918.81

Gearing ratio

Unit: RMB Currency: RMB

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Total liabilities	66,086,830,871.19	58,697,179,552.06
Total equity	53,276,386,139.34	54,399,229,916.90
Gearing ratio	124.05%	107.90%

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. Please refer to the section headed "Disposal of major assets and equity interest" contained in "II PRINCIPAL OPERATION DURING THE REPORTING PERIOD" of this chapter for details of disposals of assets.

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 own cash and bank borrowings. As at 30 June 2020, the Company secured short-term borrowings of RMB5,956,015,502.98, mainly used to replenish daily working capital. The Company secured long-term borrowings of RMB5,785,264,281.95 (including borrowings due within one year), mainly used for overseas investment and the construction of domestic new plants. 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:

Unit: RMB Currency: RMB

Item	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Cash and cash balances	484,271,324.74	578,788,984.45
Held-for-trading financial assets	68,119,800.00	76,585,824.00
Accounts receivable	180,186,040.77	523,220,468.89
Accounts payable	-32,357,685.12	-41,582,710.36
Other payables	-34,269,115.31	-40,607,988.48
Long-term borrowings (including borrowings due within one year)	-2,399,218,244.05	-2,253,013,663.75

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 2020, the Group employed a total of 60,297 employees (30 June 2019: 57,559 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 8.91 % of the Group's total operating revenue as at 30 June 2020 (30 June 2019: 8.24%).

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 internal 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	
	2020 RMB (Unaudited)	2019 RMB (Unaudited)
China	33,399,911,514.62	39,289,144,445.93
Russia	866,794,619.16	375,885,271.35
South Africa	419,261,155.54	475,029,414.66
Saudi Arabia	279,256,523.66	172,431,122.90
Australia	193,054,118.09	152,174,582.55
Chile	137,792,821.86	218,782,640.15
Other overseas countries	633,122,894.92	693,231,800.15
Total	35,929,193,647.85	41,376,679,277.69

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

Analysis of sales volume and production volume of products

Unit: unit

Car classification	Item	Sales Volume (unit)			Production Volume (unit)		
		Total for the year	Total for last year	Cumulative year-on-year increase/decrease (%)	Total for the year	Total for last year	Cumulative year-on-year increase/decrease (%)
Pick-up truck	Domestic sales	95,225	66,924	42.29	—	—	—
	Export	6,600	7,129	-7.42	—	—	—
	Sub-total	101,825	74,053	37.50	97,350	78,279	24.36
SUV	Domestic sales	268,210	341,920	-21.56	—	—	—
	Export	18,579	17,007	9.24	—	—	—
	Sub-total	286,789	358,927	-20.10	271,344	377,082	-28.04
Sedan (mainly NEV)	Domestic sales	9,949	25,475	-60.95	—	—	—
	Export	1,214	1,814	-33.08	—	—	—
	Sub-total	11,163	27,289	-59.09	10,296	33,488	-69.25
Total	Domestic sales	373,384	434,319	-14.03	—	—	—
	Export	26,393	25,950	1.71	—	—	—
	Sub-total	399,777	460,269	-13.14	378,990	488,849	-22.47

In the first half of 2020, the international automobile market was hit hard by the COVID-19 pandemic and the automobile market downturn. Despite the uncertainties, there existed opportunities in the automobile market. Along with the recovery of the Chinese economy, the Group was determined to reform, insisted on technological innovation and confirmed its globalization strategy. Leveraging its competitiveness in advanced technology, quality products, strong brand names and globalization to ride out the storm, the Group continued to move forward and improve, striving to build an international automobile brand. During the first half of the year, the Group's sales volume of automobiles decreased by 13.14% year-on-year to 399,777 units, of which overseas sales volume amounted to 26,393 units, increased by 1.71% year-on-year.

The Group's principal products are pick-up trucks, SUVs and sedans. The Group also engages in the production and sale of major automotive parts and components. The Group has four major brands, occupying leading positions in the SUV and pick-up truck markets in China. The Group has transformed its vehicles from merely Chinese products to Chinese brands, thereby enhancing their value.

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

(1) *Haval brand*

In addition to the existing H series and F series, the Haval brand had launched a brand new SUV series, Haval Da Gou. The brand's comprehensive product portfolio has literally covered each SUV market segment. Up until the end of the first half of 2020, Haval had a cumulative global sales volume of 6,000,000 units, making it the first Chinese specialized SUV brand to achieve 6 million global sales. In particular, Haval H6, the "national legendary car", ranked first in monthly sales volume in the SUV market for 85 months. In the future, the Haval brand will adhere to its globalization strategy and aim higher, with a bigger goal transforming from a "SUV leader" to "A China SUV brand becoming a world market leader".

(2) *WEY brand*

The WEY brand is a high-end SUV brand of the Group. Since its launched in 2016, the WEY brand has insisted on its brand positioning of "intelligent, safe and luxury". "Intelligent technology" is the core value pursued by WEY, which strives to become a brand committed to customer-orientation, driven by technology and pursuing globalisation.

(3) *Great Wall Pickup*

Great Wall Pickup has entrenched its No.1 position in the pick-up truck market in China. This brand's cumulative global sales volume has surpassed 1,700,000 units. In the first half of 2020, It's cumulative sales volume exceeded 100,000 units, representing a significant year-on-year increase of 37.5%. It's market share grew rapidly, reaching nearly 50%. At the same time, it took up the top three spots in the ranking of sales of single model. Since the launch of "Great Wall Pao", it has been in short supply due to high demand. During the Period, its monthly sales volume exceeded 15,000 units. "Great Wall Pao" continued to rank first in sales volume of high-end pick-up truck. In the first half of 2020, various new models successively launched into the market, including Wingle 5 (gasoline-powered, adopting China Phase VI vehicle emission standard), Wingle 7 new Champion version, and Great Wall Pao off-road pick-up truck, which further enriched the pick-up truck portfolio. Great Wall Pao was designated as the official vehicle for media covering the successful completion of China's 2020 Survey to Measure the Height of Mount Everest. This further enhanced the brand image. Furthermore, in view of the fact that many regions relaxed restrictions on pick-up trucks entering cities in the first half of 2020, Great Wall Pao would help open a new chapter in pick-up truck consumption.

(4) *ORA brand*

Since its establishment, the ORA brand has been focusing on 100% purpose-built pure electric vehicles. It rejects the idea of "EV conversion" or "subsidized vehicles". It has always insisted on the development of premium electric vehicles. Through addressing different driving situations, customization according to different groups of people, and taking an aesthetic perspective, the brand aims to meet the needs of different consumers and solve the pain points of drivers in various situations. ORA aims to expand consumer market, while consolidating the business market; formulates strategic planning for both consumer and business markets, servicing the city car market and online car booking market.

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

Research and development strategies

1. Coordinated development of autonomous driving technology and intelligent platform

Great Wall Motor initiated the research and development of intelligent driving technology in 2009, and showcased its Level 3 autonomous driving technology for the first time in 2015. In 2019, it realized mass production of Level 2+ vehicles. It planned to commercialize Level 3 autonomous driving technology in 2021, and to achieve industry-leading Level 4 autonomous driving technology in 2023. Up until now, the Group has cumulatively sold a million intelligent connected vehicles in aggregate. It will gradually construct an open and innovative platform for intelligent network connection technology, a coordinated and open platform for an interconnected ecosystem of services, an operation center for big data intelligent business and a service operation center based on customer lifecycle value. It will promote the research, development and formulation of standards for key technologies, such as 5G, internet of cars, internet of things, autonomous driving and artificial intelligence.

2. Strategic planning for globalization of research and development and services

In order to meet the needs of its strategic development and business management, the Group established Great Wall Motor Digital Center, integrating the technical center and marketing center resources to facilitate the Group's digital business development and accelerate the pace of digital transformation. The Group has formed a global R&D network spanning "10 places in seven countries", realizing the vision of "going globally with Chinese manufactured cars". Based in China, the Group aims to be a global company. It has already unveiled a new era of strategic transformation into a global technology-driven mobility company.

3. Mobility-as-a-service ecosystem

The Group joined hands with strategic partners, namely Tencent, Baidu, China Telecom, China Unicom, China Mobile, etc, to establish an intelligent mobility-as-a-service ecosystem. The driving force behind product development is continuous enhancement of users' travel experience, which includes constant improvement in smart cabins, self-driving technology and other intelligent mobility technologies and services. The development of intelligent mobility technologies that enables travelers to engage in activities other than driving or merely travelling will be based on customer lifecycle value. The Group will continue to focus on the future, creating new service value for users and design an amiable, interesting and entertaining interactive experience between users and automobiles. The Group will push ahead with the integration of vehicle intelligence and service intelligence applications, so as to create a mobility technology ecosystem for integrated development with more strategic partners in the future.

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

4. *User-oriented, making technology a part of everyday life and a brand name*

In July 2020, the Group launched three technology brands, dubbed “GWM Ning Meng”, “Tan Ke WEY” and “Intelligent Ka Fei”. These three make up an innovative technology system covering the entire value-added industry chain from automobile R&D, design, production and after sale services. The introduction of the new technologies reiterated the Group’s user-centric product design concept as well as its determination to transform into a global technology-driven mobility company. It takes the Group five years, with investments of over RMB20 billion and integrating global premium resources, to develop “GWM Ning Meng” and “Tan Ke WEY”, which are two smart, modular vehicle platforms for models that target the global market and cater to different users’ needs. Taking into account users’ experience, “Intelligent Ka Fei” incorporates intelligent driving system and smart cabins. It concentrates on three core intelligent elements, “interaction + AI + ecosystem”, which form the core impetus for creating future intelligent mobility.

Marketing Strategies

1. *Refined, accurate, and specialized brand positioning*

The Group is committed to enhancing brand equity and building upmarket brands, with clear position for each of its four major brands. The Haval brand is positioned as a China SUV brand aiming at becoming a world market leader, the WEY brand is positioned as China’s luxury SUV market leader, ORA is positioned as the new generation small electric cars, and Great Wall Pickup is positioned as a pick-up truck market leader. Not only is the Group’s brand positioning refined, accurate, and specialised, but the products under each brand are developed or enhanced according to consumer preferences. Each product series is also optimized, with clear positioning to cater to different market segments.

2. *Building intimacy with users through digital marketing*

During the Period, the Group continued to focus on product enhancement, while stepping up marketing efforts. The Group fully leveraged the Internet, its extensive sales network and service system to create a new experience for users. The Group made use of both online channel and offline channel, and successively implemented “Zero Contact” initiative, “Cloud Group Purchase”, and live broadcast activities. The Group improved digital marketing, which helped boost sales volume and further enhanced brand loyalty. During the first half of 2020, the Group joined hands with dealers to carry out more than 20,000 large-scale live broadcast activities, with a total of over 400 million views. At the same time, the Group collaborated with different popular IP (Intellectual Property) works, built intimacy with users and attracted more young consumers.

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

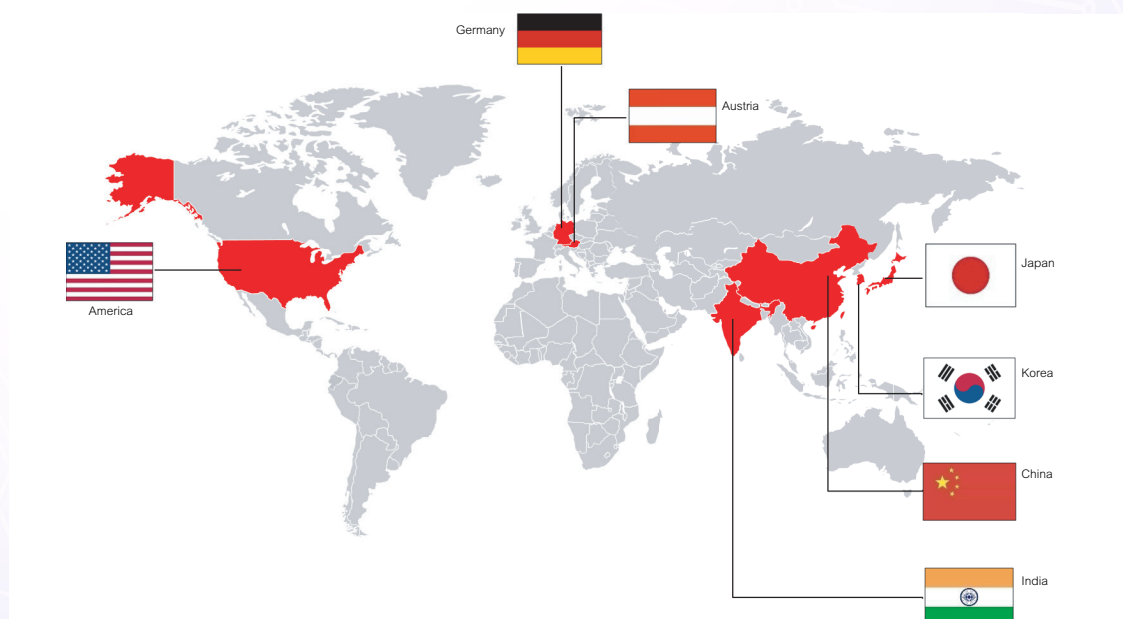
Management Strategy

In 2020, the Group continued to implement reforms in corporate governance, performance management, remuneration, long-term and short-term incentives, and meritocracy, etc. The Group proposed two reform directions for “free flow of information and communication”. The first “free flow” is to ensure free flow of information and communication among the brand company, product planning unit, and research and development unit. At the product planning stage, attention should be paid to market competition, the market itself and customers, and both marketing unit and the brand company should be involved to provide information for product planning. Such a way will ensure free flow of information and communication from product planning to product development. The second “free flow” is to ensure free flow of information and communication among every module. The brand company’s management will be strengthened through reforming process and digital transformation. Each single module of the brand company should be driven by the business needs of customers, supported by specialized divisions and functional departments. The Group has established an enterprise digitalization center and a product digitalization center. The enterprise digitalization center reshapes internal management, process, and supply chain research and development, and effectively links product planning to product development so as to produce a better product with greater functions and potential. Product digitalization center focused on the realization of “intelligent connected cars, driver’s access to Internet and online customer support”, and thus forming real-time connection of the car (driver), car maker and dealer. And this will eventually enable the management of the product life cycle and customer lifecycle value, offering consumers more choices, yet simultaneously catering to more personalized needs.

Globalization Strategies

1. Global R&D network

The Group has successively established R&D centers in China, Japan, USA, Germany, India, Austria and South Korea, thereby building a global R&D network spanning “10 places in seven countries” covering Europe, Asia and North America, with headquarters in Baoding, China.

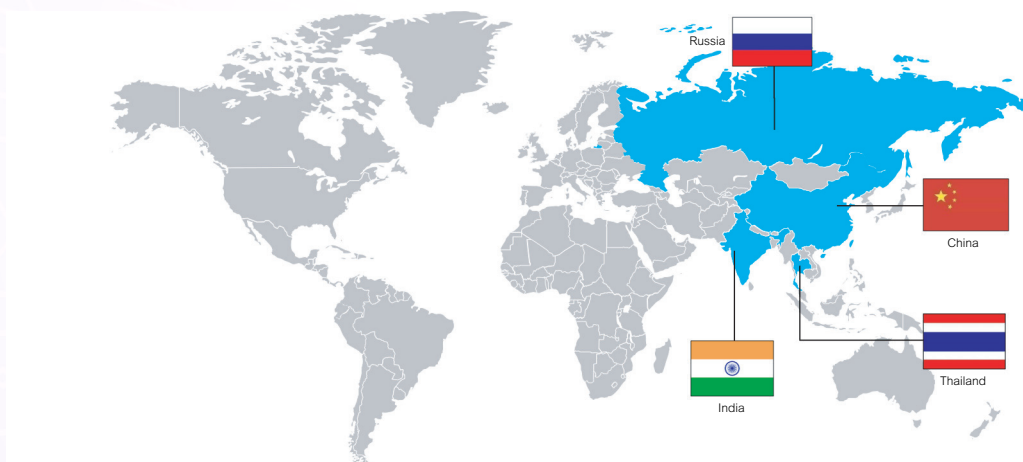


Global R&D

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

2. Strategic planning for worldwide production

During the Period, the Group expanded its geographical coverage of smart factories. At the beginning of 2020, the Group entered into agreements with General Motors for the acquisition of the latter's automobile factories in India and Thailand, thus further expanding its global production network. In addition, in May, the intelligent transmission plant in Xushui of Honeycomb Yichuang Technology Co., Ltd. was selected as "2020 China Benchmark Intelligent Factory" by e-works, a digital enterprise website organization, and became a benchmark for intelligent and digital transformation of China's automotive component manufacturing industry. In addition, the construction of the Group's automobile production bases in Shandong Rizhao, Zhejiang Pinghu and Jiangsu Taizhou was in good progress. In the future, the Group's automobile production bases will be concentrated in three major regions in the PRC, i.e. North China, East China, and South China, thereby forming a "Golden Triangle" production network that can cover all the markets across the country and provide strong support to the Group's globalization plan.

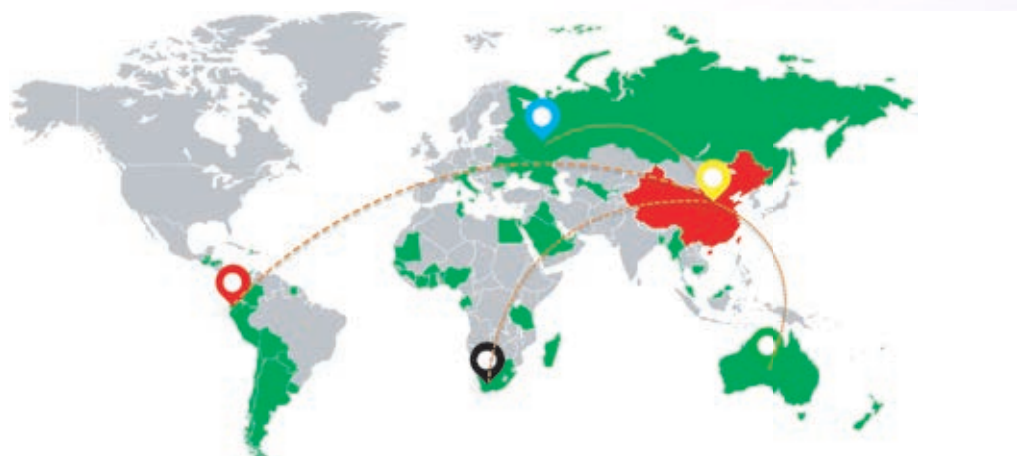


Full-process vehicle factories worldwide

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

3. *Global marketing network*

Dealers have always been the Group's business partners. They share common interests with the Group. The Group's principle of cooperation is to achieve win-win outcome through sincere cooperation and mutual benefits. As such, the Group has established a solid relationship with its dealers by providing dealers with comprehensive and high-quality sales service and policy support. In addition to forming a comprehensive domestic marketing network, the Group has set up its overseas sales network with capital cities, metropolis, special administrative regions and conurbations as key target markets. Currently, it covers more than 200 core cities, which can enable the Group to tap into markets nearby. At the same time, the Group prefers to select car belts in local city centers to set up points of sales. These points of sales are constructed according to high standard, with an upmarket image, thereby establishing a benchmark image for self-owned brands in overseas markets.



Global Sales

4. *Global talent system*

The Group has initiated the "Ten Thousand Talents Plan", which aims to recruit from around the world more than 10,000 talents in technology research and development, sales and marketing, operation and other areas in the next 10 years. The launch of the "Ten Thousand Talents Plan" is an important part of the Group's globalization strategy. These talents will enable the Group to cope with the transformation in the global automobile industry.

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

5. Global partnership

On 20 June, the factory of Spotlight Automotive Co., Ltd. ("Spotlight Automotive"), a joint venture between Great Wall Motor and BMW Group, commenced construction in Zhangjiagang City, Jiangsu Province. The project has proceeded as scheduled. Despite the challenges brought by the outbreak of COVID-19, the construction commencement signified a significant step forward for the Spotlight Automotive project, which reflected the shareholders' commitment to achieving win-win cooperation, and their confidence in the Chinese market and the future of new energy vehicles. As a new joint venture established by Great Wall Motor and BMW Group, "Spotlight Automotive" implies light, glory, cleanness, energy and speed; it represents the Company's vision of unveiling a new pattern in the new energy vehicle industry. The factory will adhere to the principles of "intensive land use, intelligent manufacturing, energy saving and environmental protection", with "achieving global quality" as its core value. While ensuring smooth construction of the factory, the Group will also focus on product and process design. Through new technology application and scientific planning, each process will fully integrate the advanced production concepts of the Group and BMW Group. The factory will adopt world's cutting-edge production technology and quality management system, to become a benchmark factory that meets global market requirements.

Major New Models Launched in the First Half of 2020



2021 WEY VV6

Focusing on intelligent safety, 2021 Wey VV6 SUV is equipped with a 3-in-1 all-round intelligent safety system encompassing intelligent driving, smart cabin and intelligent connectivity and features new or upgraded technologies including vital signs monitoring, smart cabin cleaning and intelligent voice control, setting higher safety standards within the industry and providing around-the-clock and all-scenario safety protection for those who are family-centered and enterprising.



Great Wall Pao – off-road version

Great Wall Pao off-road pickup is the first all-terrain, mass-produced off-road big pickup in China, featuring over ten exclusive off-road functionalities, with bold and rugged appearance and user-friendly interior design. Equipped with smart technologies such as smart driving assistance, it makes driving a pure joy. It also comes with the next-generation V2 platform, featuring multimedia functionalities, AI voice command recognition and remote control via vehicle networking, and offering an unprecedented experience in smart driving.

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

Outlook

Affected by world's economic activities, the automobile industry is undergoing revolutionary changes. Particularly hit hard by COVID-19, auto companies find themselves under increasing pressure to survive. The outlook for the domestic market is also not optimistic. The window period for the development of Chinese brands has ended, and challenges from foreign brands and the rise of new automobile companies persist. It will be challenging for the traditional local brands to ride out the market downturn.

Where there are risks, there are also opportunities. Great Wall Motor, on its 30th anniversary, enters an important stage of its development. It will continue to be customer-centered, use product strategy to set direction for product development, leverage the four major brands to compete in different market segments, and create every model with a separate team. The research and development department, product digitization center, ancillary parts procurement department, production technology department and sales company will all work together to facilitate business operations, while the functional units including finance department, human resources department, quality control department and enterprise digitalization center will help support business operations. The Group will accelerate reform in its corporate structure, adhere to its globalization strategy, embrace new challenges, and make all-out effort to push ahead with its own reform.

Major New Models to be Launched in the Second Half of the Year

The Group will continue to introduce more competitive models.



Third-generation Haval H6

The third-generation Haval H6 is the Group's first global strategic model on the "GWM Ning Meng" platform. As a blockbuster product of the Haval SUV series, the heavily upgraded model will continue to demonstrate our strength and ambition to lead the times and realize the upgrade from "intelligence" to "wisdom". FOTA upgrade is available for the entire vehicle of the third-generation Haval H6. In terms of interactive artificial intelligence, the model is equipped with an AI voice interaction system customized by iFlyTek which covers travel

navigation, life services, control instructions, chatting & jokes, idioms solitaire and other functions and can accurately identify multiple intentions and ultra-long instructions, thus providing consumers with a more intelligent in-vehicle experience.

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



Haval Da Gou

Haval Da Gou is derived from a brand-new platform created by the Group for the global market. High-strength lightweight panels are heavily used in its body, and the cross-section structure of its parts is optimized, which not only improves the rigidity of the vehicle but also achieves good lightweight performance. In addition, equipped with an intelligent four-wheel drive system, it can complete torque distribution to the rear axle within milliseconds, greatly improving the trafficability and off-road capability of the model. It also has an electronically controlled differential lock in the rear axle, which enhances its ability to escape traps. With an all-terrain control system provided by Bosch, a world-class supplier, the model has mud, sand and snow modes like professional off-road vehicles, combining the comfort and practicality of urban SUVs and the trafficability of hard-core off-road SUVs.



WEY Tan Ke 300

As the first new off-road model of WEY based on the Group's "Tan Ke WEY" platform, Tan Ke 300 is positioned as a compact SUV. It possesses three off-road weapons, zero-based off-road capabilities, and zero-threshold intelligent luxury, providing a unique luxury and intelligent experience while having strong off-road capabilities. It is equipped with three locks, tank U-turn and crawl mode, a professional non-load-bearing off-road chassis, 9 driving modes, 360° panoramic imaging, etc. In respect of design, Tan Ke 300 absorbs the philosophical wisdom of "combining rigidity and flexibility" by integrating two basic Chinese traditional elements that are geometrically imaginative, namely "square" and "circle".



ORA Bai Mao

Positioned as a model of the A00 class, ORA Bai Mao is designed and developed on the back of the Group's exclusive ME platform for pure electric vehicles. From its minimalist technology design to creativity in naming, ORA Bai Mao showcases the lifestyle and attitude pursued by the younger generation to live by their own definitions, just like a cat. A benchmark model among its peers, ORA Bai Mao is a highly inclusive product equipped with a 23-inch integrated screen, a design rarely seen in its peers, plus smart home networking, high-definition 360° panoramic image and more. Such high-tech fittings facilitate users of the vehicle that is easy to master. Meanwhile, powerful active and passive safety devices take good care of the safety of the whole family.

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



ORA Hao Mao

The A0 class pure electric SUV ORA Hao Mao originates from the Group's "GWM Ning Meng" platform and "Intelligent Ka Fei" system. Highly intelligent with a stylish look inspired by the retro-futuristic aesthetic design concept, it has a highly distinctive appeal that boasts the best of the ritualistic feel of revivalism and the technology touch of futurism. The trendy ORA Hao Mao demonstrates its unique character and style through the crossover of tradition and modernism.

In addition, the Group will also launch an array of upgrade and facelift models in the second half of the year. In July this year, the Group showcased its four major brands Haval, WEY, ORA and Great Wall Pickup at the 23rd Chengdu Motor Show. Developed on back of the Group's new technology platform, the third-generation Haval H6, Haval Da Gou, the new WEY Tan Ke 300 off-road SUV and ORA Hao Mao made their global debut, and other major products including the 2021 Haval F7/F7x, ORA Bai Mao and Great Wall Pao off-road pickup were also exhibited. New platforms and new products are conducive to further Boosting the competitiveness of the Group.

Tax Incentives for New High-Tech Enterprises

In accordance with the New High-Tech Enterprise Certificates jointly issued by Hebei Provincial Department of Science and Technology, Hebei Provincial Department of Finance and Hebei Taxation Bureau of the State Administration of Taxation, the Company and its subsidiaries, Baoding Great Machinery Company Limited (保定市格瑞機械有限公司) and Mind Electronics Company Limited (曼德電子電器有限公司), were re-approved as new high-tech enterprises in 2019 with a term of three years; the Company's subsidiaries, Jingcheng Engineering Automotive Systems Co., Ltd. (精誠工科汽車系統有限公司), Nuobo Automotive Systems Co., Ltd. (諾博汽車系統有限公司) and Nuobo Rubber Production Company Limited (諾博橡膠製品有限公司), were re-approved as new high-tech enterprises in 2019 with a term of three years. The applicable tax rate from 2019 to 2021 is 15%.

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

II. PRINCIPAL OPERATION DURING THE REPORTING PERIOD

(I) Analysis of principal business

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

Unit: RMB Currency: RMB

Item	Amount for the Period	Amount for the corresponding period of last year	Changes (%)
Total operating revenue	35,929,193,647.85	41,376,679,277.69	-13.17
Operating revenue	35,929,193,647.85	40,316,927,002.63	-10.88
Operating costs	30,641,639,499.57	34,813,447,149.71	-11.98
Selling expenses	1,077,470,060.82	1,470,046,177.45	-26.71
Administrative expenses	941,176,287.60	840,845,491.71	11.93
Financial expenses	155,399,109.54	-73,647,672.37	
Research and Development expenses	1,220,056,896.97	917,513,531.99	32.97
Net cash flows from operating activities	9,516,544,165.59	6,112,616,730.97	55.69
Net cash flows from investing activities	-7,491,540,954.58	-9,273,781,419.22	
Net cash flows from financing activities	7,023,606,278.65	4,086,275,559.55	71.88

Explanation for the changes in financial expenses: mainly due to an increase in exchange loss during the Reporting Period

Explanation for the changes in research and development expenses: mainly due to an increase in research and development investment during the Reporting Period

Explanation for the changes in net cash flows from operating activities: mainly due to a decrease in paid tax during the Reporting Period

Explanation for the changes in net cash flows from investing activities: mainly due to the fact that Tianjin Great Wall Binyin Automotive Finance Company Limited, a subsidiary of the Company, transformed into a joint venture enterprise in June 2019 and transferred out its cash and bank balances during the end of the period, resulting in an increase in cash outflow from investment activities in the same period last year

Explanation for the changes in net cash flows from financing activities: mainly due to an increase in net bank borrowings obtained during the Reporting Period

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

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

(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
Cash and bank balances	18,632,156,598.48	15.61	9,723,312,735.05	8.60	91.62	The change in cash and bank balances was mainly due to the increase in borrowings and bill collection during the Reporting Period.
Held-for-trading financial assets	10,009,045,691.44	8.39	4,362,692,217.12	3.86	129.42	The change in held-for-trading financial assets was mainly due to the increase in principal-guaranteed floating-income wealth management products.
Derivative financial assets			380,777.69	0.00	-100.00	The amount of derivative financial assets as at the end of the previous year represents the fair value of the forward foreign exchange contracts signed by the Company.
Prepayments	626,311,087.71	0.52	441,162,238.54	0.39	41.97	The change in prepayments was mainly due to the increase in prepayments for raw materials during the Reporting Period.

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
Non-current assets due within one year	1,092,222,229.81	0.92	807,562,885.35	0.71	35.25	The change in non-current assets due within one year was mainly caused by the increase in financial lease receivables due within one year during the Reporting Period.
Other non-current financial assets	25,300,000.00	0.02			100.00	The amount of other non-current financial assets as at the end of the Reporting Period represents the fair value of the Company's investments in fund companies.
Other non-current assets	202,745,817.12	0.17			100.00	The amount of other non-current assets as at the end of the Reporting Period represents project acquisition payments paid by the Company.
Short-term borrowings	5,956,015,502.98	4.99	1,180,470,655.50	1.04	404.55	The change in short-term borrowings was due to the increase in short-term borrowings from banks in the Reporting Period.
Notes payable	18,561,148,589.48	15.55	10,020,895,844.52	8.86	85.22	The change in notes payable was mainly due to the increase in pledged notes issued for payables during the Reporting Period.
Accounts payable	17,471,030,806.85	14.64	25,439,536,613.98	22.49	-31.32	The change in accounts payable was mainly due to the decrease in the amount of materials purchased during the Reporting Period as compared with the end of the previous year.
Employee benefits payable	499,289,143.69	0.42	2,094,259,980.68	1.85	-76.16	The change in employee benefits payable was mainly due to the payment of bonuses payable recognized in December 2019 in the Reporting Period.
Taxes payable	1,055,843,028.56	0.88	1,511,983,833.95	1.34	-30.17	The change in taxes payable was mainly due to the decrease in sales in June of the Reporting Period compared to December of the previous year.
Other payables	3,302,878,981.89	2.77	2,481,286,817.71	2.19	33.11	The change in other payables was mainly due to the fact that dividends to H-share shareholders had not yet been paid up as of the end of the Reporting Period.

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
Non-current liabilities	5,747,016,214.18	4.81	4,087,539,918.81	3.61	40.60	The change in other current liabilities was mainly due to the increase in short-term bonds payable of the Company during the Reporting Period.
Long-term borrowings	3,101,266,037.90	2.60	1,205,655,653.71	1.07	157.23	The change in long-term borrowings was due to the increase in long-term borrowings from banks in the Reporting Period.
Lease liabilities	468,639,723.36	0.39	59,180,216.30	0.05	691.89	The change in lease liabilities was mainly due to the increase in lease payables of the Group during the Reporting Period.
Deferred income	3,091,311,866.77	2.59	2,192,963,937.85	1.94	40.97	The change in deferred income was mainly due to the increase in government grants received during the Reporting Period.

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

√ Applicable ☐ Not applicable

Unit: RMB Currency: RMB

Item	Carrying amount at the end of the period	Reason for restriction
Cash and bank balances	681,303,925.86	Bank acceptance deposits, L/C Guarantee deposits, guarantee deposits and others
Notes receivable	13,905,225,054.50	Used for issuance of notes payable
Intangible assets	83,974,889.90	Used for long-term borrowings
Total	14,670,503,870.26	

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

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 RMB903,502,600, representing a year-on-year increase of 53.97% as compared with RMB586,810,000 in the corresponding period of last year.

(1) Major equity investment

☒ Applicable ☐ Not applicable

Name of investee	Principal business	Investment amount (RMB0'000)	Percentage of shareholding
India Haval Automobile Private Co., Ltd. (印度哈弗汽車私人有限公司)	Import and export, sale, leasing and maintenance of automobiles, automotive parts and related products	972.26	100%
Spotlight Automotive Ltd. (光束汽車有限公司)	Engaged in the R&D, production and export sales of internal combustion engine vehicles; R&D, production and sales of auto parts and accessories; R&D, production and sales of new energy vehicles (including battery electric passenger vehicles); export of automobiles and their parts, components and accessories (except for import and export of goods and technologies prohibited by the state or subject to administrative approval); provision of after-sales service; purchase and sale of auto accessories; warehousing services; road freight transportation services; provision of related training (excluding training for state-accredited vocational certificates), consulting, testing and technical services. (Business activities subject to approval according to law may be carried out only after being approved by the competent authorities)	55,000.00	50%

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

Name of investee	Principal business	Investment amount (RMB0'000)	Percentage of shareholding
Honeycomb Yichuang Technology Co., Ltd. (蜂巢易創科技有限公司)	R&D, 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 (excluding flammable and explosive hazardous chemicals) services; leasing of self-owned properties and equipment; proprietary and agency businesses of import and export of commodities other than the export businesses centrally and jointly monopolized by the State authorities and the import businesses traded by the State-approved companies; corporate management consulting service, corporate image planning services; public relations services; conference services.	8,600.00	100%

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

Name of investee	Principal business	Investment amount (RMB0'000)	Percentage of shareholding
Haval Motor Manufacturing Russia Limited Liability Company (俄羅斯哈弗汽車製造有限責任公司)	- Marketing, sale, promotion as well as production and manufacturing of automobiles, automotive parts, components and accessories and any other relevant operating activities, including intermediary trading activities and foreign trading activities; - Providing technical maintenance and repair services for motor vehicles and other types of technical maintenance services for motor vehicles; - Carrying out financial intermediary activities in the sales of automobiles and commuting vehicles.	23,000.00	100%
HWA Ding International Limited (華鼎國際有限公司)	International trade, equity investment, investment and financing services.	2,778.00	100%

(2) Major investment in non-equity interest

☐ Applicable ☒ Not applicable

(3) Financial assets measured at fair value

☒ Applicable ☐ Not applicable

Unit: RMB Currency: RMB

Item	30 June 2020
Financial assets at fair value through profit or loss	
Including: Debt instrument investments	9,940,925,891.44
Equity instrument investments	68,119,800.00
Financial assets at fair value through other comprehensive income	
Including: Receivables finance - notes receivable	23,680,810,467.71
Other equity instrument investments	7,700,000.00
Other non-current financial assets	25,300,000.00
Total	33,722,856,159.15

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 19 June 2020, the Company entered into an equity transfer agreement with Chongqing Lingkan Enterprise Management Co., Ltd. (重慶領瞰企業管理有限公司) (“Chongqing Lingkan”), pursuant to which, the Company transferred the 100% equity interest it held in Chongqing Chuangban Enterprise Management Co., Ltd. (重慶創伴企業管理有限公司) (“Chongqing Chuangban”), a wholly-owned subsidiary, to Chongqing Lingkan by means of agreed transfer. The price of the equity transfer was RMB656,648,600. All of the equity transfer payment shall be made in cash. Upon completion of the equity transfer, the Company will no longer hold any equity interest in Chongqing Chuangban. The disposal will not have a significant impact on the Company’s financial position and operating results. For details, please refer to the relevant announcement of the Company dated 19 June 2020. On 24 June 2020, relevant procedures for changing industrial and commercial registration were completed.

(VI) Analysis of major subsidiaries and investees

√ Applicable □ Not applicable

Information of subsidiaries and investees contributing more than 10% of net profit of the Company

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 Yongchuan Great Wall Auto Parts Co., Ltd. (重慶市永川區長城汽車零部件有限公司)	Sale of auto parts	30,000,000	100	100	18,420,032,036.68	715,803,634.61	13,072,971,217.61	771,913,536.67	694,405,375.36
Tianjin Great Wall Binyin Automotive Finance Company Limited (天津長城濱銀汽車金融有限公司)	Automotive Finance	2,100,000,000	94.29	50	30,548,306,907.46	3,854,965,648.53	1,425,830,843.06	701,655,367.78	526,308,066.51
Nuobo Automotive Systems Co., Ltd. (諾博汽車系統有限公司)	Manufacture of automotive parts and components	2,283,000,000	100	100	6,851,495,559.45	2,961,037,891.73	3,051,905,313.77	416,902,571.93	373,272,950.56
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	100	100	6,951,672,251.71	1,827,878,996.96	2,711,459,539.40	266,792,326.88	237,501,910.95
Honeycomb Transmission Technology Hebei Co., Ltd. (蜂巢傳動科技河北有限公司)	Manufacture of automotive parts and components	1,550,000,000	100	100	4,785,229,778.79	1,845,090,487.87	1,873,519,924.34	202,650,893.29	179,825,809.84
Chongqing Haval Logistics Co., Ltd. (重慶哈弗物流有限公司)	Road cargo transportation and warehousing service	180,000,000	100	100	772,505,196.52	147,702,171.21	805,321,878.87	156,853,214.23	139,096,639.49

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

III. OTHER DISCLOSURES

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

☐ Applicable ☒ Not applicable

(II) Exposure to potential risks

☒ Applicable ☐ Not applicable

The Company is exposed to the potential risks in the following aspects:

1. In the second half of the year, the COVID-19 pandemic, the economy and the automotive market environment have improved somewhat, but weak consumer demand, the lingering global pandemic and other headwinds still weigh on the automobile industry, posing great challenges to automobile business;
2. The declining automobile prices of joint venture brands squeeze the profitability of independent brands. As the price range of high-end models of independent brands is at the same level as that of joint venture brands, the price cuts of joint venture brands will force independent high-end brands to further lose ground;
3. The sales of new energy vehicles fell sharply because of the heavy blow dealt by COVID-19 to the travel market and various factors such as a sharp decline in subsidies and insufficient charging infrastructure. The Company's new energy vehicle brand, which is in the growth stage, faces enormous pressure from fuel consumption credits and operating costs;

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

4. In the face of the revolution towards digital and intelligent technologies, Great Wall Motor as a traditional automobile company needs to improve its business models as compared with the existing tech firms.

To address the above risks, the Company mainly adopts the following measures:

1. The Company accelerates its overseas expansion and extends its global network by building systematic global management and organisational capabilities, so as to seek breakthroughs in key overseas markets while ensuring the growth of existing markets;
2. The Company creates three technology brands, namely “GWM Ning Meng”, “Tan Ke WEY” and “Intelligent Ka Fei”, to form an innovative technology system of whole industry chain value covering automobile technology, engineering, production and user’s automobile life. The move is aimed at building a global user-centric platform based on the preferences of global users and the application scenarios in the global market. All auto brands and model series of Great Wall Motor will see disruptive upgrades in the future;
3. To promote its new energy plan, the Company focuses on developing technologies for new energy vehicles, including electric, hybrid and hydrogen vehicles, and builds multiple platforms and brands to create a variety of products. We will launch two new battery electric vehicle models in the second half of the year;
4. The Company embraces digital transformation and strives to shift “from a Chinese automobile manufacturer to a global travel technology company” through “reborn” reforms. The Group has established an enterprise digitalization center and a product digitalization center. The enterprise digitalization center reshapes internal management, process, and supply chain research and development, and effectively links product planning to product development so as to produce a better product with greater functions and potential. Product digitalization center focused on the realization of “intelligent connected cars, driver’s access to Internet and online customer support”, and thus forming real-time connection of the car (driver), car maker and dealer. And this will eventually enable the management of the product lifecycle and customer lifecycle value, offering consumers more choices, yet simultaneously catering to more personalized needs.

(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 2020 (six months ended 30 June 2019: 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.

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

Corporate Governance

To the knowledge of the Board, the Company has complied with all the principles and 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 27 August 2020, the Audit Committee reviewed the 2020 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 2020 interim results announcement, 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.

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
The first extraordinary general meeting in 2020, the first H Shareholders' class meeting in 2020 and the first A Shareholders' class meeting in 2020	15 April 2020	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	15 April 2020
2019 annual general meeting, the second H Shareholders' class meeting in 2020 and the second A Shareholders' class meeting in 2020	12 June 2020	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	12 June 2020

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 of 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 undertaking 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 plan (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 (保定市太行製泵有限公司).	From 1 January 2012, permanent	No	Yes	–	–
Undertakings relating to the initial public offering of the shares of the Company	Resolving business competition of the same industry	Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)	- 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. - 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.	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 plan (if undertakings cannot be performed in a timely manner)
			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 business 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.					
Undertakings relating to the initial public offering of the shares of the Company	Resolving business competition of the same industry	Wei Jian Jun	1. The subsidiaries directly or indirectly controlled by Mr. Wei Jian Jun are neither directly nor indirectly engaged in any competing business. 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. 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 business that the subsidiaries directly or indirectly controlled by Mr. Wei Jian Jun will pursue or may get in the future.	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 the situation that the financial report of the annual report for last year was issued with "non-standard auditor's report" by the Certified Public Accountants

☐ 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

VII. PUNISHMENT AND CORRECTION OF THE LISTING 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

Section 5 Significant Events

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

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

☐ Applicable ☒ Not applicable

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

Share Incentive Scheme

☐ Applicable ☒ Not applicable

Other descriptions

☒ Applicable ☐ Not applicable

2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited

On 30 January 2020, the Company held the 29th meeting of the sixth session of the Board and the 19th meeting of the sixth session of the Supervisory Committee, at which the Resolution on the 2020 Restricted Share and Share Option Incentive Scheme (Draft) of Great Wall Motor Company Limited and its Summary, the Resolution on Appraisal Measures for Implementation of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited, the Resolution on the Management Measures for Long-term Incentive Mechanism of Great Wall Motor Company Limited, and the Resolution on the Proposed Authorisation of the Board and its Authorised Persons by the General Meeting to Handle Matters Relating to the 2020 Restricted Share and Share Option Incentive Scheme of the Company at their Full Discretion, were considered and approved. For details, please refer to the relevant announcements dated 30 January 2020 published by the Company on the designated media for information disclosure.

On 13 March 2020, the Company held the 31st meeting of the sixth session of the Board and the 20th meeting of the sixth session of the Supervisory Committee, at which the Resolution on the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited (First Amended Draft) and its Summary, the Resolution on Appraisal Measures for Implementation of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited (Amended), and the Resolution on the Management Measures for Long-term Incentive Mechanism of Great Wall Motor Company Limited (Amended), were considered and approved. For details, please refer to the relevant announcement dated 13 March 2020 published by the Company on the designated media for information disclosure.

From 13 March 2020 to 23 March 2020, the Company publicized the names and positions of the proposed participants of the incentive scheme on the OA platform of its website. After the publicity period, the Supervisory Committee reviewed the list of participants of the incentive scheme and explained the publicity process. For details, please refer to the relevant announcement dated 24 March 2020 published by the Company on the designated media for information disclosure.

Section 5 Significant Events

The Company conducted a self-inspection on the trading of the Company's shares by insiders of the incentive scheme from 30 July 2019 to 30 January 2020. It was found that such trading of the Company's shares was irrelevant to the insider information of the incentive scheme, so there was no insider trading of the Company's shares during that period. For details, please refer to the relevant announcement dated 15 April 2020 published by the Company on the designated media for information disclosure.

On 15 April 2020, the Company held the first extraordinary general meeting in 2020, the first H Shareholders' Class Meeting in 2020 and the first A Shareholders' Class Meeting in 2020, at which the Resolution on the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited (First Amended Draft) and its Summary, the Resolution on Appraisal Measures for Implementation of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited (Amended), and the Resolution on the Proposed Authorisation of the Board and its Authorised Persons by the General Meeting to Handle Matters Relating to the 2020 Restricted Share and Share Option Incentive Scheme of the Company at their Full Discretion, were considered and approved. For details, please refer to the relevant announcement dated 15 April 2020 published by the Company on the designated media for information disclosure.

On 27 April 2020, the Company held the 34th meeting of the sixth session of the Board and the 23rd meeting of the sixth session of the Supervisory Committee, at which the Resolution on Adjustment of the List of Participants of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited and the Number of Restricted Shares and Share Options to be Granted under the Scheme, and the Resolution on the Grant of Restricted Shares and Share Options to Participants of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited, were considered and approved. For details, please refer to the relevant announcement dated 27 April 2020 published by the Company on the designated media for information disclosure.

On 4 June 2020, the Company received the Securities Transfer Registration Certificate issued by the Shanghai Stock Exchange and the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. Pursuant to the Securities Transfer Registration Certificate, on 3 June 2020, the Company completed the registration of the first grant under the 2020 Restricted Share and Share Option Incentive Scheme. A total of 281 participants actually subscribed and paid for restricted shares, and 47 of them subscribed and paid for part of the restricted shares allocated to them. One participant did not participate in the subscription for personal reasons. As a result, the Company actually granted a total of 49,303,500 restricted shares to 281 participants this time. A total of 14 participants gave up the subscription of share options for personal reasons. As a result, the Company actually granted a total of 87,065,300 share options to 1,651 participants this time. For details, please refer to the relevant announcement dated 4 June 2020 published by the Company on the designated media for information disclosure.

Section 5 Significant Events

On 24 July 2020, the Company held the 5th meeting of the seventh session of the Board and the 3rd meeting of the seventh session of the Supervisory Committee, at which the Resolution on Adjustment of the Repurchase Price of Certain Restricted Shares Granted for the First Time under the 2020 Restricted Share and Share Option Incentive Scheme of the Company and the Exercise Price of Share Options Granted under the Same Scheme, and the Resolution on Cancellation of Certain Restricted Shares and Share Options Granted for the First Time under the 2020 Restricted Share and Share Option Incentive Scheme of the Company, were considered and approved, authorising the Company to repurchase and cancel the restricted shares and share options granted to participants who have resigned or undergone job transfers, and to adjust the repurchase price of such restricted shares and the exercise price of such share options according to relevant terms of the 2020 Equity Incentive Scheme. The total number of restricted shares under the first grant to be repurchased is 619,200 shares. The adjusted repurchase price of such restricted shares is RMB4.12 per share, plus interest thereon at the bank deposit rate for the same period (benchmark interest rate for deposits published by the People's Bank of China for the same period) according to the terms of the 2020 Equity Incentive Scheme. The number of share options to be cancelled that have been granted under the first grant but are yet to be exercised is 309,100 shares, and the adjusted exercise price of such share options is RMB8.48 per share.

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 preliminary announcements without subsequent development or changes

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

(1) The Company and Great Wall Holdings

On 20 February 2019, the Company held the 16th meeting of the sixth session of the Board, at which the Proposal on the Contemplated Ordinary Related Party Transactions for 2019-2021 was approved to estimate the aggregate amount of ordinary transactions for leasing, provision for leases, procurement of products, sale of products, procurement of services and provision of services between the Group and Great Wall Holdings from 2019 to 2021. The proposal was considered and approved at the 2019 second extraordinary general meeting held by the Company on 12 April 2019. For details, please refer to the relevant announcements published by the Company on 20 February 2019 and 12 April 2019.

On 19 June 2020, the Company held the second meeting of the seventh session of the Board, at which the Proposal on the Lease Agreement with Chongqing Chuangban and Adjustments to Ordinary Related Party Transactions for 2020-2021 was approved to adjust the caps of ordinary related party transactions for the procurement of services, provision of services, leasing, and provision of leases between the Group and Great Wall Holdings from 2020 to 2021. For details, please refer to the relevant announcement published by the Company on 19 June 2020.

Section 5 Significant Events

Set out below are the ordinary related party transactions conducted as of 30 June 2020 between the Group and Great Wall Holdings (including companies directly or indirectly under its control or those in which the de facto controller(s) of Great Wall Holdings serve(s) as director(s)):

Currency: RMB Unit: 0'000

Type	Estimated cap for 2020	Actual amount for January to June 2020	Reasons for the relatively large difference between the estimated amount and the actual amount
Procurement of products	1,373,200.00	35,167.36	Mainly due to the relatively small number of battery packs purchased from related parties as a result of the small sale scale of new energy vehicles of the Company
Sales of products	649,904.00	11,565.97	Mainly due to the small purchase scale of new energy vehicles to the Company by related parties
Procurement of services	5,000.00	1,268.36	–
Provision of services	8,100.00	1,442.01	–
Leasing	14,200.00	1,415.62	–
Provision of leases	3,100.00	355.09	–
Total	2,053,504.00	51,214.41	–

The total amount and amount for each type of the ordinary related party (connected) transactions between the Group and Great Wall Holdings from January to June 2020 did not exceed the estimated cap for 2020. The transactions for the provision of leases are exempt from all requirements of reporting, annual review, announcement, and independent shareholders' approval under Chapter 14A of the Hong Kong Listing Rules.

(2) The Group and Great Wall Binyin

On 24 June 2019, the Company held the 20th meeting of the sixth session of the Board, at which the Proposal on Deposits with Tianjin Great Wall Binyin Automotive Finance Company Limited (天津長城濱銀汽車金融有限公司) and Related Party Transactions was approved to estimate the caps of the Group's deposits with Great Wall Binyin, a related party of the Group, from 2019 to 2021. The proposal was considered and approved at the 2019 third extraordinary general meeting held by the Company on 9 August 2019. For details, please refer to the relevant announcements published by the Company on 24 June 2019 and 9 August 2019, respectively.

On 9 December 2019, the Company held the 27th meeting of the sixth session of the Board, at which the Proposal on the Increase in Deposits with Tianjin Great Wall Binyin Automotive Finance Company Limited (天津長城濱銀汽車金融有限公司) by Great Wall Motor Company Limited and Other Ordinary Related Party Transactions was approved to adjust the caps of the Group's deposits with Great Wall Binyin from 2019 to 2020, a related party of the Company, and estimate the amounts of related party transactions for the provision of services and provision of leases between the Company and Great Wall Binyin from 2019 to 2021. For details, please refer to the relevant announcement published by the Company on 9 December 2019.

Section 5 Significant Events

On 28 August 2020, the Company held the sixth meeting of the seventh session of the Board, at which the Proposal on Adjustments to Ordinary Related Party Transactions with Automotive Finance Company Limited (天津長城濱銀汽車金融有限公司) was approved to adjust the caps of the ordinary related party transactions for procurement services, provision of service, sales of products and provision of leases between the Group and Great Wall Binyin from 2020 to 2021. For details, please refer to the relevant announcement published by the Company on 28 August 2020.

As of 30 June 2020, the ordinary related party transactions between the Group and Great Wall Binyin are as follows:

The Group's deposits with Great Wall Binyin in 2020

Currency: RMB Unit: 0'000

Type	Estimated daily cap of deposit balance for 2020	Maximum amount of single-day deposit balance in 2020 (January to June)
Deposit	1,150,000	965,000

Related party transactions for the provision of services, provision of leases, and sales of products between the Group and Great Wall Binyin

Type	Estimated cap for 2020	Actual amount in 2020 (January to June)
Provision of services	6,504.00	1,736.17
Provision of leases	50.00	22.64
Sales of products	0.00	0.39
Total	6,554.00	1,759.20

During the Reporting Period, the Group's deposits with Great Wall Binyin and the amounts of ordinary related party transactions for the provision of services and provision of leases between the Group and Great Wall Binyin did not exceed the estimated cap for 2020. The sales of products by the Group to Great Wall Binyin are new ordinary related party transactions, and the transaction amount did not meet the Company's disclosure standards.

Note: Great Wall Binyin is a related party under the Listing Rules of the Shanghai Stock Exchange. Accordingly, the Company's deposit transactions with Great Wall Binyin constitute related party transactions under the Listing Rules of the Shanghai Stock Exchange but do not constitute connected transactions under the Hong Kong Listing Rules.

Section 5 Significant Events

(3) *The Group and Spotlight Automotive*

On 12 June 2020, the Company held the first meeting of the seventh session of the Board, at which the Proposal on the Contemplated Ordinary Related Party Transactions with Spotlight Automotive was approved to estimate the ordinary related party transactions between the Group and Spotlight Automotive. The proposal was considered and approved at the 2020 second extraordinary general meeting held on 10 July 2020. For details, please refer to the relevant announcements published by the Company on 12 June 2020 and 10 July 2020, respectively.

As of 30 June 2020, the execution of the ordinary related party transactions between the Group and Spotlight Automotive is as follows:

1. The Group provided services to Spotlight Automotive, and the related party transaction amount actually incurred was RMB58,728,800.
2. The Group provided leasing to Spotlight Automotive, and the related party transaction amount actually incurred was RMB14,400.

The ordinary related party transactions between the Group and Spotlight Automotive from January to June 2020 did not exceed the corresponding estimated caps.

Note: Spotlight Automotive is a related party under the Listing Rules of the Shanghai Stock Exchange. Accordingly, the relevant transactions between the Company and Spotlight Automotive constitute related party transactions under the Listing Rules of the Shanghai Stock Exchange but do not constitute connected transactions under the Hong Kong Listing Rules.

For the progress of the Company's ordinary related party transactions, please refer to Note (XI) Related Parties and Related Party Transactions to the financial statements of this report.

Section 5 Significant Events

3. Matters undisclosed in preliminary announcements

☐ Applicable ☒ Not applicable

For details of related party transactions not disclosed in preliminary announcements, please refer to Note (XI) Related Parties and Related Party Transactions to the financial report.

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

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

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

Unit: 0'000 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
Chongqing Lingkan Enterprise Management Co., Ltd. (重慶領瞰企業管理有限公司)	19 June 2020	A company controlled by the indirect controlling shareholder of the Company	Disposal of equity interest	Transferring the 100% equity interest in Chongqing Chuangban Enterprise Management Co., Ltd. (重慶創伴企業管理有限公司), a wholly-owned subsidiary, to Chongqing Lingkan Enterprise Management Co., Ltd. (重慶領瞰企業管理有限公司)	Mainly based on the assessed value as at the Valuation Benchmark Date	Asset-based approach	65,664.86	65,559.94	65,664.86	The procedures for changing industrial and commercial registration were completed on 24 June 2020	For details, please refer to the Related Party Transaction Announcement of Great Wall Motor Company Limited (announcement no.: 2020-057) published by the Company on 19 June 2020

3. Matters undisclosed in preliminary announcements

☐ Applicable ☒ Not applicable

Section 5 Significant Events

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

☐ Applicable ☒ Not applicable

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

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

3. *Matters undisclosed in preliminary announcements*

☐ Applicable ☒ Not applicable

(IV) Amounts due to or from related parties

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

3. *Matters undisclosed in preliminary 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., between the Group and Great Wall Binyin as well as between the Group and Spotlight Automotive, the related party transactions set out in Note (XI) to the financial statements all constitute connected transactions and continuing connected transactions in accordance with Hong Kong Listing Rules. The Company has complied with relevant requirements under the Chapter 14A of the Hong Kong Listing Rules, completed relevant approval, disclosure procedures or has 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	4,480,043,000.00
Total amount of guarantees to subsidiaries outstanding as at the end of the Reporting Period (B)	7,695,600,500.00
Total amount of guarantees (including guarantees provided for subsidiaries) provided by the Company	
Total amount of guarantees (A+B)	7,695,600,500.00
Total amount of guarantees as a percentage of the net asset value of the Company (%)	14.44
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	

Section 5 Significant Events

Details of guarantees

1. The above incurred guarantee amount to subsidiaries during the Reporting Period refers to the utilized amount within the approved guarantee amount during the Reporting Period.
2. The above guarantee balance to subsidiaries as at the end of the Reporting Period refers to the unfulfilled matured guarantee among utilized amount within the approved guarantee amount.
3. In 2017, the Board of the Company considered and approved the provision of guarantee equivalent to USD350 million to Billion Sunny Development Limited (億新發展有限公司), an indirect wholly-owned subsidiary of the Company. As at 30 June 2020, the guarantee balance amounted to RMB2,397.39 million (EUR230 million and USD80 million).
4. In November 2019, the Board of the Company considered and approved the provision of guarantee of RMB1 billion to Tianjin Oula Financial Leasing Co., Ltd. (天津歐拉融資租賃有限公司), an indirect wholly-owned subsidiary of the Company. As at 30 June 2020, the guarantee balance amounted to RMB924.36 million.
5. In December 2019, the Board of the Company considered and approved the provision of guarantee of RMB975,224,000 to Honeycomb Power System (Jiangsu) Co., Ltd. (蜂巢動力系統(江蘇)有限公司), an indirect wholly-owned subsidiary of the Company. As at 30 June 2020, the guarantee balance amounted to RMB975,224,000.
6. In January 2020, the Company held a Board meeting to consider and approve the provision of a guarantee of RMB158.86 million to Honeycomb Drive System (Jiangsu) Co., Ltd., an indirect wholly-owned subsidiary of the Company. In April 2020, the Company held a general meeting of shareholders to consider and approve the guarantee plan to increase RMB1 billion to Honeycomb Drive System (Jiangsu) Co., Ltd. As at 30 June 2020, among the new guarantee amount, the incurred guarantee amount was RMB500 million, and the total balance of the above-mentioned guarantee was RMB658.86 million.
7. In March 2020, the Company held a Board meeting to consider and approve the provision of a guarantee of USD700 million to HWA Ding International Limited (華鼎國際有限公司), a wholly-owned subsidiary of the Company. As at 30 June 2020, the incurred guarantee amount was RMB2,739,766,500 (USD387 million), and the guarantee balance was RMB2,739,766,500 (USD387 million).

Section 5 Significant Events

8. In April 2020, the Company held a general meeting of shareholders to consider and approve the Resolution regarding the Company's Estimated Guarantee Amount to Subsidiaries, estimating that the new total guarantee amount to its affiliated subsidiaries will not exceed RMB12,503,300,000. As at 30 June 2020, the incurred guaranteed amount was RMB500 million. As at 28 August 2020, the incurred guaranteed amount was RMB2,500 million.

Note: The exchange rate of US dollar against Renminbi was based on the Renminbi central parity rate (USD1=RMB7.0795) as announced by the People's Bank of China on 30 June 2020; the exchange rate of Euro against Renminbi was based on the Renminbi central parity rate (EUR1=RMB7.961) as announced by the People's Bank of China on 30 June 2020.

3. Other material contracts

☐ Applicable ☒ Not applicable

XII. POVERTY ALLEVIATION INITIATIVES UNDERTAKEN BY THE COMPANY

☒ Applicable ☐ Not applicable

1. The plan for calibrated poverty alleviation

☒ Applicable ☐ Not applicable

The Company, taking the top-down approach, convened poverty alleviation meetings and assigned specific personnel to 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 calibrated poverty alleviation for the Reporting Period

☒ Applicable ☐ Not applicable

In 2020, the Company donated disease prevention supplies and funds to various regions in the PRC, 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 conducted social poverty alleviation projects to spread care and warmth.

Section 5 Significant Events

3. Results of calibrated poverty alleviation

√ Applicable □ Not applicable

Unit: 0'000 Currency: RMB

Items	Number and implementation
I. General information	
Of which:	
1. Capital	2,236.62
2. Supplies converted to cash	166.58
3. Number of registered poor people lifted out of poverty (person)	496
II. Capital injection by project	
1. Poverty alleviation through transferring the form of employment	
Of which:	
1.1 Capital injected into vocational training	103.82
1.2 Number of people participating in vocational training (person/time)	7,210
1.3 Number of registered poor people obtaining jobs (person)	0
2. Basic protection	
Of which:	
2.1 Capital injected to help left-behind children, elderly and women	0
2.2 Number of left-behind children, elderly and women funded (person)	0
2.3 Capital injected to help the poor people with disabilities	1,342.80
2.4 Number of poor people with disabilities funded (person)	496
3. Social poverty alleviation	
Of which:	
3.1 Capital injected into poverty alleviation cooperation initiatives between the eastern part of China and the western part of China	0
3.2 Capital injected into poverty alleviation for specific places	0
3.3 Charity fund for poverty alleviation	20
4. Other projects	
4.1 Number of projects	7
4.2 Amount invested	936.58
4.3 Number of registered poor people lifted out of poverty (person)	0
4.4 Information about other projects	Nil
III. Awards (details and class)	Nil

Section 5 Significant Events

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

☒ Applicable ☐ Not applicable

1. Education: We donated a variety of disease prevention supplies including masks and disinfectants in support the school opening of universities and colleges near Baoding and Tianjin;
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 provided an employment platform for people with disabilities to help them solve living and employment problems.

5. Subsequent programmes on calibrated poverty alleviation

☒ Applicable ☐ Not applicable

1. Donation: 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. Intelligence: Technology support for poverty alleviation will be offered by leveraging the human 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

Section 5 Significant Events

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

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	Sewage	pH value	Intermittent emission	2	The discharge outlet on the factory site of Great Wall Motor Company Limited located at Chaoyang South Avenue	7.33	Table 4	–	–	Nil
		COD				47mg/L	Tertiary Standard in Integrated Wastewater Discharge Standards (GB8978-1996); import	11.09 tons	38.61 tons/per year	Nil
		Ammoniacal nitrogen				5.05mg/L	water quality requirements for Yindingzhuang Sewage Station	0.42 ton	2.53 tons/per year	Nil
		Phosphate				0.82mg/L		0.07 ton	–	Nil
		SS				18mg/L		1.212 tons	–	Nil
		BOD5				18.6mg/L		1.498 tons	–	Nil
		Petroleum fractions				0.47mg/L		0.035 ton	–	Nil
		Anionic surface active agent				0.229mg/L		0.020 ton	–	Nil
		Total chromium				0.027mg/L		0.002 ton	–	Nil
		Chromium				0.028mg/L		0.002 ton	–	Nil
	Total nickel	0.36mg/L		0.013 ton	–	Nil				
Soil	During the Reporting Period, Great Wall Motor Company Limited was on the list of 2020 key pollutant emission entities in Hebei. During the period, a total of 938.93 tons of hazardous waste was produced, which was disposed of by qualified hazardous waste operators in accordance with the law.									
Xushui Branch of Great Wall Motor Company Limited	Sewage	Suspended solids	Intermittent emission	2	Main discharge outlets of phase 1 and phase 3 of sewage station of Xushui Branch	22mg/L	Table 4	4.388 tons	–	Nil
		Petroleum fractions				3.8mg/L	Tertiary Standard in Integrated Wastewater Discharge Standards (GB8978-1996); import	0.134 ton	–	Nil
		COD				48mg/L	water quality requirements for Dawangdian Treatment Sewage Station	10.839 tons	37.03 tons/per year	Nil
		Total nickel				0.23mg/L		0.002 ton	–	Nil
		Phosphate				0.577mg/L		0.012 ton	–	Nil
		Ammoniacal nitrogen				1.75mg/L		0.986 ton	2.382 tons/per year	Nil
		PH				7.38		–	–	Nil
		Total zinc				0.32mg/L		0.039 ton	–	Nil
		BOD5				31.4mg/L		2.595 tons	–	Nil
		Fluoride				3.34mg/L		0.211 ton	–	Nil
	Anionic surface active agent	0.096mg/L		0.009 ton	–	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
Baoding Xushui Chassis Branch of Jingcheng Engineering Automotive Systems Co., Ltd.	Sewage	Intermittent emission	2	Main discharge outlet of phase 1 of sewage station, main discharge outlet of phase 3 of auto parts sewage station	7.2	Table 4	–	–	Nil
	PH				42mg/L	Tertiary Standard	2.888 tons	4.534 tons	Nil
	COD				4.973mg/L	in Integrated Wastewater	0.269 ton	1.814 tons	Nil
	Ammoniacal nitrogen				6.7mg/L	Discharge Standards	0.379 ton	0.503 ton	Nil
	Total phosphorus				18mg/L	(GB8978-1996); import	1.247 tons	–	Nil
	SS				21mg/L	water quality requirements	1.340 tons	–	Nil
	BOD5				0.54mg/L	for Dawangdian Treatment Sewage Station	0.02 ton	–	Nil
	Petroleum fractions				0.653mg/L		0.022 ton	–	Nil
	Fluoride				ND		–	–	Nil
Jingcheng Engineering Automotive Systems Co., Ltd.	Anionic surface active agent	Intermittent emission	1	Main discharge outlet of sewage station					
	Sewage				7.9	Table 4	–	–	Nil
	PH				32mg/L	Tertiary Standard	0.273 ton	–	Nil
	Suspended solids				37mg/L	in Integrated Wastewater	0.338 ton	4.066 tons/per year	Nil
	COD				2.83mg/L	Discharge Standards	0.023 ton	0.675 ton/per year	Nil
	Ammoniacal nitrogen					(GB8978-1996)			
	Zinc				0.17mg/L		0.002 ton	–	Nil
	Petroleum fractions				1.39mg/L		0.013 ton	–	Nil
	Phosphate				1.66mg/L		0.015 ton	–	Nil
	Total phosphorus				1.94mg/L		0.018 ton	0.0813 ton/per year	Nil
	BOD5				14.2mg/L		0.128 ton	–	Nil
	Anionic surface active agent				0.114mg/L		0.001 ton	–	Nil
	Nickel				0.18mg/L		0.002 ton	0.0085 ton/per year	Nil
	Total chromium				0.016mg/L		0.0001 ton	0.013 ton/per year	Nil
	Hexavalent chromium				0.01mg/L		0.0001 ton	–	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
Baoding Nuobo Rubber Production Co., Ltd.,	Sewage	Petroleum fractions	Intermittent emission	1	Main discharge outlet of the company	1.38mg/L	Table 4 Tertiary Standard in Integrated Wastewater Discharge Standards (GB8978-1996); import water quality requirements for Yindingzhuang Sewage Station	0.015 ton	–	Nil
		Total phosphorus				1.76mg/L		0.02 ton	–	Nil
		Zinc				2.85mg/L		0.03 ton	–	Nil
		Total nickel				0.07mg/L		0.001 ton	–	Nil
	Exhaust gas	Particulates	Regular emission	7	Around the factory	3mg/m ³	Table 2 Secondary Standard in Integrated Emission Standards of Air Pollutants (GB16297-1996) Table 1 in Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises DB13/2322-2016	0.021 ton	–	Nil
		Benzene				0.271mg/m ³		0.008 ton	–	Nil
		Toluene				1.1mg/m ³		9.02E-09 tons	–	Nil
		Xylene				ND		–	–	Nil
		Non-methane hydrocarbons				3.04mg/m ³		0.177 ton	–	Nil
Baoding Nuobo Auto Decorations Company Limited	Sewage	COD	Intermittent emission	1	Main discharge outlet of sewage station	25mg/L	Table 2 standard in Emission Standards for Electroplating Pollutants GB 21900-2008; Import water quality requirements for Dawangdian Industrial Park Sewage Treatment Station	0.0323 ton	4.245 tons	Nil
		Ammoniacal nitrogen				0.627mg/L		0.0011 ton	0.15 ton	Nil
		Total phosphorus				0.5mg/L		0.0007 ton	0.036 ton	Nil
		SS				46mg/L		0.0736 ton	–	Nil
		Petroleum fractions				0.43mg/L		0.0006 ton	–	Nil
		Fluoride				0.389mg/L		0.0007 ton	–	Nil
	Exhaust gas	Total nitrogen	Regular emission	6	Around the factory	4.39mg/L	Table 2 Secondary Standard in Integrated Emission Standards of Air Pollutants (GB16297-1996) Emission Standards for Electroplating Pollutants GB 21900-2008	0.0055 ton	–	Nil
		Total aluminum				2.02mg/L		0.0008 ton	–	Nil
		Particulates				2.4mg/m ³		0.144 ton	1.068 tons	Nil
		Sulphur dioxide				ND		–	0.352 ton	Nil
		Nitrogen oxides				47mg/m ³		0.005 ton	3.25 tons	Nil
		Sulfuric acid mist				0.26mg/m ³		0.025 ton	–	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
Dingxing Branch of Great Wall Motor Company Limited	Exhaust gas	Particulates	Regular emission	22	Around the factory	35mg/m ³	Table 2 Secondary Standard in Integrated Emission Standards of Air Pollutants (GB16297-1996)	2.5796 tons	–	Nil
		Phenolic compound				0.3mg/m ³		0.007 ton	–	Nil
		Formaldehyde				17.8mg/m ³		0.327 ton	–	Nil
		Nitrogen oxides				43mg/m ³		0.109 ton	0.702 ton/per year	Nil
	Sulphur dioxide Non-methane hydrocarbons Benzene Toluene Xylene						Table 1 in Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB13/2322-2016);			
	Ammonia						Table 1 and Table 2 Standards in Emission Standards of Odour Pollutants (GB14554-93)			
	CO						Table 2 Secondary Standard in Emission Standards of Carbon Monoxide as Stationary Source (GB16297-1996)			
Baoding Xushui Optoelectronics Branch of Mind Electronics Company Limited	Sewage	PH	Intermittent emission	1	Main discharge outlet of phase 3 of auto parts sewage station	7.85	Table 4	–	–	Nil
		COD				68mg/L	Tertiary Standard	0.460 ton	–	Nil
		Ammoniacal nitrogen				0.944mg/L	in Integrated Wastewater	0.007 ton	–	Nil
		Total phosphorus				0.3mg/L	Discharge Standards	0.002 ton	–	Nil
		SS				16mg/L	(GB8978-1996); import water	0.099 ton	–	Nil
		BOD5				20.9mg/L	quality requirements for	0.144 ton	–	Nil
		Petroleum fractions				0.49mg/L	Dawangdian Industrial Park	0.003 ton	–	Nil
		Animal fats and vegetable oils				0.42mg/L	Sewage Treatment Station	0.003 ton	–	Nil
	Exhaust gas	Total nitrogen	Regular emission	3	Around the factory	6.82mg/L	Table 1 in Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB13/2322-2016)	0.047 ton	–	Nil
		Non-methane hydrocarbons				7.21mg/m ³		0.103 ton	–	Nil
	Particulates						Table 2 Secondary Standard in Integrated Emission Standards of Air Pollutants (GB16297-1996)			

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
Xushui Branch of Honeycomb Transmission Technology Hebei Co., Ltd.,	Sewage	PH	Intermittent emission	1	Main discharge outlet of phase 3 of auto parts sewage station	7.28	Table 4	–	–	Nil
		COD				35mg/L	Tertiary Standard	0.799 ton	–	Nil
		Suspended solids				17mg/L	in Integrated	0.365 ton	–	Nil
		Ammoniacal nitrogen				2.42mg/L	Wastewater	0.058 ton	–	Nil
		Total phosphorus				0.36mg/L	Discharge Standards (GB8978-1996); import water quality requirements for Dawangdian Industrial Park Sewage Treatment Station	0.009 ton	–	Nil
		Total nitrogen				8.43mg/L		0.204 ton	–	Nil
Nuobo Rubber Production Company Limited	Sewage	PH	Intermittent emission	1	Main discharge outlet of phase 1 of sewage station of Xushui Chassis	7.04	Table 4	–	–	Nil
		COD				31mg/L	Tertiary Standard	0.608 ton	12.037 tons/per year	Nil
		Ammoniacal nitrogen				0.631mg/L	in Integrated Wastewater	0.014 ton	0.435 ton/per year	Nil
		Suspended solids				18mg/L	Discharge Standards	0.368 ton	–	Nil
		Total nitrogen				21.6mg/L	(GB8978-1996); import water	0.498 ton	–	Nil
		BOD5				9.6mg/L	quality requirements for	0.216 ton	–	Nil
		Total phosphorus				0.91mg/L	Dawangdian Industrial Park	0.021 ton	–	Nil
		Petroleum fractions				0.42mg/L	Sewage Treatment Station	0.009 ton	–	Nil
	Exhaust gas	Zinc	Intermittent emission	15	Around the factory	0.11mg/L		0.002 ton	–	Nil
		Non-methane hydrocarbons				3.32mg/m³	Table 1 in Emission Control Standards	0.841 ton	6.785 tons/per year	Nil
		Toluene				ND	of Volatile	–	0.035 ton/per year	Nil
		Xylene				0.836mg/m³	Organic Compounds for	0.074 ton	1.826 tons/per year	Nil
		Toluene and xylene				0.837mg/m³	Industrial Enterprises (DB13/2322-2016)	0.074 ton	1.961 tons/per year	Nil
		Sulphur dioxide				32mg/m³	Notice on printing and distributing The Plan for Comprehensive Control of Air Pollution in Industrial Furnaces and Kilns (Huang Da Qi [2019] No.56)	0.022 ton	0.074 ton/per year	Nil
		Nitrogen oxides				6mg/m³		0.002 ton	0.459 ton/per year	Nil
		Particulates				2.7mg/m³	Emission Standards for Industrial Pollutants of Rubber Products GB 27632-2011	0.476 ton	–	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
Nuobo Automotive System Co., Ltd. A	Sewage	Intermittent emission	2	Domestic sewage discharge outlet and production wastewater discharge outlet of the company	8.78	Table 4	–	–	Nil
					73mg/L	Tertiary Standard	4.392 tons	–	Nil
					0.366mg/L	in Integrated Wastewater	0.494 ton	–	Nil
					0.11mg/L	Discharge Standards	0.042 ton	–	Nil
					22mg/L	(GB8978-1996); import	0.008 ton	–	Nil
					21.2mg/L	water quality requirements	0.008 ton	–	Nil
					0.41mg/L	for Yindingzhuang Sewage Station	0.0002 ton	–	Nil
					0.07mg/L		0.00002 ton	–	Nil
	Exhaust gas	Intermittent emission	4	Around the factory	2.5mg/m ³	Table 2 Secondary	0.321 ton	–	Nil
					4mg/m ³	Standard in Integrated	0.018 ton	–	Nil
					13mg/m ³	Emission Standards of Air Pollutants (GB16297-1996);	0.062 ton	–	Nil
						Table 1 in Emission Control Standards	0.491 ton	–	Nil
					3.2mg/m ³	of Volatile	–	–	Nil
					ND	Organic Compounds for	–	–	Nil
					ND	Industrial Enterprises (DB13/2322-2016)	–	–	Nil
					0.0523mg/m ³		0.007 ton	–	Nil
Baoding Yixin Automotive Parts Company Limited,	Sewage	Intermittent emission	2	Domestic sewage discharge outlet	6.84	Table 4	–	–	Nil
					48mg/L	Tertiary Standard	0.220 ton	–	Nil
					412mg/L	in Integrated	2.411 tons	–	Nil
					4.38mg/L	Wastewater	0.024 ton	–	Nil
	Exhaust gas	Intermittent emission	4	Around the factory		Discharge Standards (GB8978-1996); import			
						water quality requirements for Yindingzhuang Sewage Station			
					1.11mg/m ³	Table 1 in Emission Control Standards	0.119 ton	–	Nil
					0.010mg/m ³	of Volatile	0.001 ton	–	Nil
	Total toluene and xylene				0.323mg/m ³	Organic Compounds for Industrial Enterprises (DB13/2322-2016)	0.007 ton	–	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
Baoding Exquisite Automotive Mould Technology Co., Ltd.	Sewage	COD	Intermittent emission	2	The discharge outlet at the Chaoyang South Avenue, the discharge outlet of Jiaozhuang Sewage Station	120mg/L	Table 4 Tertiary	0.420 ton	—	Nil
		Ammoniacal nitrogen				5.05mg/L	Standard in Integrated Wastewater Discharge Standards (GB 8978-1996)	0.017 ton	—	Nil
		Total phosphorus SS				0.88mg/L		0.004 ton	—	Nil
						35mg/L		0.119 ton	—	Nil
Baoding Great Wall Scrap Car Recycling & Dismantling Co., Ltd.	Sewage	PH	Intermittent emission	1	Main discharge outlet of sewage station	7.85	Table 4 Tertiary	—	—	Nil
		COD				248mg/L	Standard in Integrated Wastewater Discharge Standards (GB 8978-1996); import water quality requirements for Qingyuan County Sewage Treatment Station	0.176 ton	—	Nil
		Ammoniacal nitrogen				18.5mg/L		0.0132 ton	—	Nil
		Suspended solids				115mg/L		0.0818 ton	—	Nil
		Total phosphorus				1.7mg/L		0.0012 ton	—	Nil
		Total nitrogen				22.1mg/L		0.0157 ton	—	Nil
		Petroleum fractions				0.88mg/L		0.0006 ton	—	Nil
	Exhaust gas	Non-methane hydrocarbons	Intermittent emission	1	Around the factory	5.30mg/m³	Table 1 in Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB13/2322-2016)	0.0313 ton	—	Nil
		Benzene				ND		—	—	Nil
		Xylene				ND		—	—	Nil
		Total toluene and xylene				ND		—	—	Nil
Shunping Precision Casting Branch of Great Wall Motor Company Limited	Sewage	PH	Intermittent emission	1	Main discharge outlet of sewage station	8.04	Table 4 Tertiary	—	—	Nil
		SS				18mg/L	Standard in Integrated Wastewater Discharge Standards (GB 8978-1996); import water quality requirements for Shunping Qingyuan Sewage Treatment Co., Ltd.	0.149 ton	—	Nil
		Petroleum fractions				0.49mg/L		0.004 ton	—	Nil
		Animal fats and vegetable oils				0.51mg/L		0.004 ton	—	Nil
		COD				45mg/L		0.381 ton	—	Nil
		Ammoniacal nitrogen				1.43mg/L		0.012 ton	—	Nil
	Exhaust gas	Non-methane hydrocarbons	Regular emission	16	Around the factory site	3.54mg/m³	Table 2 Secondary Standard in Integrated Emission Standards of Air Pollutants (GB16297-1996); New Furnace Standard in Table 1 and Table 2 in Emission Standards of Industrial Furnace Kiln Air Pollutants (DB13/1640-2012)	3.6565 tons	—	Nil
		Particulates				4.9mg/m³		0.7327 ton	—	Nil
		Toluene				ND		—	—	Nil
		Xylene				0.0185mg/m³		0.0002 ton	—	Nil
		Sulphur dioxide				6mg/m³		0.0985 ton	—	Nil
		Nitrogen oxides				75mg/m³		1.4407 tons	—	Nil
		Formaldehyde				0.283mg/m³		0.026 ton	—	Nil
		Phenolic compound				ND		—	—	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
Shunping Precision Casting Branch of Jingcheng Engineering Automotive Systems Co., Ltd.	Sewage	Intermittent emission	1	Main discharge of sewage station	8.04	Table 4 Tertiary	–	–	Nil
					18mg/L	Standard in	0.149 ton	–	Nil
					0.49mg/L	Integrated Wastewater	0.004 ton	–	Nil
					0.51mg/L	Discharge Standards (GB 8978-1996); import	0.004 ton	–	Nil
					45mg/L	water quality requirements for Shunping Qingyuan Sewage Treatment Co., Ltd.	0.381 ton	1.88 tons/per year	Nil
					1.43mg/L		0.012 ton	0.188 tons/per year	Nil
Shunping Precision Die Casting Branch of Jingcheng Engineering Automotive Systems Co., Ltd.	Sewage	Intermittent emission	1	Main discharge outlet of sewage station	7.98	Table 4 Tertiary	–	–	Nil
					15mg/L	Standard in	0.78 ton	–	Nil
					0.48mg/L	Integrated Wastewater	0.026 ton	–	Nil
					0.44mg/L	Discharge Standards (GB 8978-1996); import	0.022 ton	–	Nil
						water quality requirements for Shunping Qingyuan Sewage Treatment Co., Ltd.	3.622 tons	41.79 tons/per year	Nil
	Exhaust gas	Regular emission	6	Around the factory site	72mg/L		0.075 ton	4.18 tons/per year	Nil
					1.4mg/L				
					3.54mg/m ³	Table 2 Secondary Standard in	1.127 tons	–	Nil
					4.1mg/m ³	Integrated Emission Standards	0.481 ton	–	Nil
					6mg/m ³	of Air Pollutants (GB16297-1996); New Furnace Standard in Table 1 and Table 2 in Emission Standards of Industrial Furnace Kiln Air Pollutants (DB13/1640-2012)	0.037 ton	0.353 tons/per year	Nil
					65mg/m ³		0.658 ton	1.649 tons/per year	Nil
					0.283mg/m ³		0.026 ton	–	Nil
					ND		–	–	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,	Sewage	PH value	Intermittent emission	2	West side of the factory site	7.74	Table 2 Tertiary	–	–	Nil
		Petroleum fractions				2.73mg/L	Standard in Integrated Wastewater	0.045 ton	–	Nil
		Animal fats and vegetable oils				22.2mg/L	Discharge Standards (DB12/356-2018)	0.397 ton	–	Nil
		Suspended solids				25mg/L		1.34 tons	–	Nil
		COD				202mg/L		13.128 tons	96.313 tons/per year	Nil
		BOD5				46.7mg/L		2.962 tons	–	Nil
		Ammoniacal nitrogen				22.1mg/L		0.792 ton	5.85 tons/per year	Nil
		Total phosphorus				1.2mg/L		0.045 ton	1.541 tons/per year	Nil
		Anionic surface active agent				ND		–	–	Nil
		Zinc				0.766mg/L		0.045 ton	–	Nil
		Manganese				0.27mg/L		0.017 ton	–	Nil
		Chromium				ND		–	–	Nil
		Hexavalent chromium				ND		–	–	Nil
	Exhaust gas	Nickel	Regular emission	55	Around the painting workshop, general assembly workshop	0.157mg/L		0.007 ton	0.126 ton/per year	Nil
		Toluene				1.2mg/m³	Table 2 in Emission	0.505 ton	–	Nil
		Xylene				7.01mg/m³	Control Standards	3.343 tons	–	Nil
		VOCs				32.2mg/m³	of Volatile Organic Compounds for Industrial Enterprises (DB12/524—2014)	25.915 tons	398.29 tons	Nil
		Sulphur dioxide				27mg/m³	Table 2 Secondary	3.603 tons	–	Nil
		Nitrogen oxides				116mg/m³	Standard in	12.39 tons	–	Nil
		Non-methane hydrocarbons				1.04mg/m³	Integrated Emission Standards	0.057 ton	–	Nil
Solid and hazardous waste	Particulates				20mg/m³	of Air Pollutants (GB16297-1996)	3.943 tons	–	Nil	
	During the Reporting Period, Tianjin Haval Branch of Great Wall Motor Company Limited was included in the list of 2020 key environmental pollutant emission entities of solid and hazardous waste in Tianjin. During the Current Period, a total of 595.46 tons of hazardous waste was generated, which was legally disposed of by the manufacturer with the qualification of hazardous waste management. 71 boxes of ordinary solid waste (length*width*height: 3.45m*2.2m*1m) were generated, which was disposed of by qualified manufacturers.									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 Branch of Nuobo Automotive System Co., Ltd.	Sewage	PH	Intermittent emission	1	West side of the factory site	7.5	Table 2 Tertiary	–	–	Nil							
		Animal fats and vegetable oils				3.13mg/L	Standard in Integrated Wastewater	0.033 ton	–	Nil							
		Petroleum fractions				1.41mg/L	Discharge Standards (DB12/356-2018)	0.021 ton	–	Nil							
		Suspended solids				24mg/L		0.171 ton	–	Nil							
		COD				37mg/L		1.073 tons	188.0031 tons/per year	Nil							
	Exhaust gas	BOD5	Regular emission	10	Around the factory	10mg/L	Table 2 in Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB12/524-2014)	0.257 ton	–	Nil							
		Ammoniacal nitrogen				3.36mg/L		0.027 ton	13.6454 tons/per year	Nil							
		Total phosphorus				0.26mg/L		0.007 ton	3.57 tons/per year	Nil							
		Benzene				0.004mg/m³		0.002 ton	–	Nil							
		Toluene				1.61mg/m³		0.569 ton	–	Nil							
		Xylene				4.34mg/m³		1.215 tons	–	Nil							
		VOCs				25.5mg/m³		9.916 tons	20.06 tons/per year	Nil							
		Non-methane hydrocarbons				17.4mg/m³		1.252 tons	–	Nil							
		Particulates				7.3mg/m³		1.550 tons	–	Nil							
		Sulphur dioxide				ND		0.857 ton	–	Nil							
		Nitrogen oxides				5mg/m³		1.255 tons	–	Nil							
		Solid and hazardous waste				During the Reporting Period, Tianjin Branch of Nuobo Rubber Production Company Limited was included in the list of 2020 key environmental pollutant emission entities of solid and hazardous waste in Tianjin. During the Current Period, a total of 256.83 tons of hazardous waste was generated, which was legally disposed of by the manufacturer with the qualification of hazardous waste management. 244 boxes of ordinary solid waste (length*width*height: 3.45m*2.2m*1m) were generated, and disposed of by qualified manufacturers.											
						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 2020 key environmental pollutant emission entities of solid and hazardous waste in Tianjin. During the Current Period, a total of 91.09 tons of hazardous waste was generated, which was legally disposed of by the manufacturer with the qualification of hazardous waste management.									
								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 2020 key environmental pollutant emission entities of solid and hazardous waste in Tianjin. During the Current Period, a total of 45.80 tons of hazardous waste was generated, which was legally disposed of by the manufacturer with the qualification of hazardous waste management. 43 boxes of ordinary solid waste (length*width*height: 3.45m*2.2m*1m) were generated, and disposed of by qualified manufacturers.								

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 requirements stipulated in Boundary Noise Emission Standards for Industrial Enterprises (GB12348-2008).

Section 5 Significant Events

From January to June 2020, a total of 2,597 tons of hazardous waste consisting mainly of sludge, paint waste and contaminated waste was produced, representing a unit production of 0.014 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), Tangshan Haochangjie Environmental Protection Technology Development Co., Ltd. (唐山浩昌傑環保科技發展有限公司), Hengshui Ruitao Environmental Protection Technology Co., Ltd. (衡水睿韜環保技術有限公司), Leting County Haichang Environmental Protection Technology Co., Ltd. (樂亭縣海暢環保科技有限公司) and other companies for disposal. Hazardous waste of Baoding 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), Tangshan Youyi Shengxing Renewable Resources Co., Ltd. (唐山優藝勝星再生資源有限公司), Shijiazhuang Xiangyu Environmental Protection Technology Service Center (石家莊翔宇環保技術服務中心) and other companies for disposal. General solid waste produced by the Company is comprised mainly of domestic waste. From January to June 2020, a total of 5,500 tons of general solid waste was produced, representing a unit production of 0.014 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. A real time monitoring system for organic exhaust gas was installed and the discharge situation of VOCs was transmitted to environmental authorities in real time, with supervision by environmental authorities. In order to reduce noise, the Company proactively adopted various noise prevention and mitigation measures to reduce the impact on the environment. Installation of acoustic shields and anti-vibration bases for noise-generating equipment and constructing green belts in the vicinity of noise sources 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. Hazardous waste reduction was implemented to cut hazardous waste at source and at end. 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: 91130000105941835E001Z). The Company regularly conducted third-party 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 and formulated an environmental contingency plan. 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 PH, flow, COD, ammoniacal nitrogen, total nitrogen and total phosphorus monitoring equipment, and transmitting data in real-time;
2. Regularly monitoring the discharge of VOCs, keeping VOCs inspection records, installing online VOC monitoring equipment;
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 requirements of Pollutants Emission Permit Application and Issuance of Technical Specifications for Automobile Manufacturing Industry (《排污許可證申請與核發技術規範汽車製造業》).

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 (Order No. 31 of the Ministry of Environmental Protection) (《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, Xushui Branch of Great Wall Motor Company Limited, Dingxing Branch of Great Wall Motor Company Limited, Jingcheng Engineering Automotive Systems Co., Ltd., Baoding Exquisite Automotive Mould Technology Co., Ltd., Nuobo Automotive Systems Co., Ltd., Baoding Nuobo Rubber Production Co., Ltd., Baoding Yixin Automotive Parts Company Limited, Baoding Great Wall Scrap Car Recycling & Dismantling Co., Ltd., Xushui Branch of Honeycomb Transmission Technology Hebei Co., Ltd., Baoding Xushui Jinggong Chassis Branch of Jingcheng Engineering Automotive Systems Co., Ltd. (精誠工科汽車系統有限公司保定徐水精工底盤分公司), Nuobo Rubber Production Company Limited, Baoding Xushui Optoelectronics Branch of Mind Electronics Company Limited (曼德電子電器有限公司保定徐水光電分公司), Baoding Nuobo Auto Decorations Company Limited (保定諾博汽車裝飾件有限公司), Shunping Precision Casting Branch of Great Wall Motor Company Limited (長城汽車股份有限公司順平精工鑄造分公司), Shunping Precision Casting Branch of Jingcheng Engineering Automotive Systems Co., Ltd. (精誠工科汽車系統有限公司順平精工鑄造分公司), Shunping Precision Die Casting Branch of Jingcheng Engineering Automotive Systems Co., Ltd. (精誠工科汽車系統有限公司順平精工壓鑄分公司), Tianjin Haval Branch of Great Wall Motor Company Limited, Tianjin Haval Branch of Great Wall Motor Company Limited – Chassis Business Department, Tianjin Haval Branch of Great Wall Motor Company Limited – Dynamics Business Department, and Tianjin Branch of Nuobo Automotive System Co., Ltd. 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 an ecological system in a disciplined manner and follow the path towards green manufacturing with determination, the Company's subsidiaries focused on accomplishing the following tasks during the Reporting Period:

1. They 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 (sound proof 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 helped ensure that waste storage and disposal could meet the required standards.

Section 5 Significant Events

3. They 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 prevention and control of air pollution, thus having made due contributions to improving air quality.
4. They 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. They 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 philosophy of waste reduction at source and treatment at the end simultaneously to raise pollution treatment standards and reduce the generation of pollutants.
6. The Company had 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

(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 Short-term Commercial Papers” 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 short-term commercial papers with an amount of not more than RMB5 billion (inclusive).

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 short-term commercial papers 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.

From 20 May 2020 to 21 May 2020, the Company issued the first tranche of short-term commercial papers in 2020 on the national interbank market with a total issued amount of RMB2 billion and an issue rate of 2.0%.

On 22 July 2020, the Company issued the second tranche of short-term commercial papers in 2020 on the national interbank market with a total issued amount of RMB1 billion and an issue rate of 1.4%.

On 24 August 2020, the Company issued the third tranche of short-term commercial papers in 2020 on the national interbank market with a total issued amount of RMB1 billion and an issue rate of 1.4%.

On 26 August 2020, the Company completed the payment of the second tranche of short-term commercial papers of 2020. The total payment for principal and interest was RMB1,001,304,109.59, and was transferred by the Interbank Market Clearing House Co., Ltd. to bond holders on behalf of the Company.

For details, please refer to the relevant announcements dated 22 May 2020, 23 July 2020, 24 August 2020 and 26 August 2020.

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

Unit: share

	Before		New issue	Changes (+,-)				After	
	Number of shares	Percentage (%)		Bonus shares	Shares transfer from reserve	Others	Subtotal	Number of shares	Percentage (%)
I. Shares with selling restrictions	0	0	49,303,500	0	0	0	49,303,500	49,303,500	0.54
1. State-owned shares	0	0	0	0	0	0	0	0	0
2. State-owned legal person shares	0	0	0	0	0	0	0	0	0
3. Other domestic shares	0	0	49,303,500	0	0	0	49,303,500	49,303,500	0.54
Including: Domestic non-state-owned legal person shares	0	0	0	0	0	0	0	0	0
Domestic natural person shares	0	0	49,303,500	0	0	0	49,303,500	49,303,500	0.54
4. Foreign shares	0	0	0	0	0	0	0	0	0
Including: Overseas legal person shares	0	0	0	0	0	0	0	0	0
Overseas natural person shares	0	0	0	0	0	0	0	0	0
II. Tradable shares without selling restrictions	9,127,269,000	100	0	0	0	0	0	9,127,269,000	99.46
1. Ordinary shares denominated in RMB	6,027,729,000	66.04	0	0	0	0	0	6,027,729,000	65.69
2. Domestic listed foreign shares	0	0	0	0	0	0	0	0	0
3. Overseas listed foreign shares	3,099,540,000	33.96	0	0	0	0	0	3,099,540,000	33.77
4. Others	0	0	0	0	0	0	0	0	0
III. Total number of shares	9,127,269,000	100	49,303,500	0	0	0	49,303,500	9,176,572,500	100

Section 6 Changes in Ordinary Shares and Shareholders

2. Explanation for changes in shares

☒ Applicable ☐ Not applicable

On 27 April 2020, the Company held the 34th meeting of the sixth session of the Board and the 23rd meeting of the sixth session of the Supervisory Committee to consider and approve the Resolution on Adjustment of the List of Participants of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited and the Number of Restricted Shares and Share Options to be Granted under the Scheme, and the Resolution on the Grant of Restricted Shares and Share Options to Participants of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited. The Company granted a total of 49,303,500 restricted shares. The Company completed the registration for the initial grant of the 2020 Restricted Shares and Share Option Incentive Scheme on 3 June 2020. The total share capital of the Company was changed from 9,127,269,000 Shares to 9,176,572,500 Shares.

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

Name of shareholder	Number of shares with selling restriction at the beginning of the Reporting Period	Number of shares with selling restrictions removed during the Reporting Period	Increase in the number of shares with selling restrictions during the Reporting Period	Number of shares with selling restriction at the end of the Reporting Period	Reason for the selling restriction	Date of removal of the selling restriction
Restricted shares for employees	0	0	24,651,750	24,651,750	Share incentive	27 April 2021 – 26 April 2022
Restricted shares for employees	0	0	14,791,050	14,791,050	Share incentive	27 April 2022 – 26 April 2023
Restricted shares for employees	0	0	9,860,700	9,860,700	Share incentive	27 April 2023 – 26 April 2024
Total	0	0	49,303,500	49,303,500	/	/

Section 6 Changes in Ordinary Shares and Shareholders

II. SHAREHOLDERS

(I) Total number of shareholders

Total number of shareholders as at the end of Reporting Period (person) 73,666

(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	Number of shares held at the end of the period	Percentage (%)	Number of shares held with selling restrictions	pledged or frozen		
					Condition of shares	Number	Type of shareholder
Baoding Innovation Great Wall Asset Management Company Limited	0 (A share)	5,115,000,000 (A shares)	55.74	0 A Shares	Pledged	2,107,190,000 (A shares)	Domestic non-state- owned legal person
HKSCC NOMINEES LIMITED	-119,800 (H shares)	3,083,744,899 (H shares)	33.60	–	Unknown	–	Overseas legal person
China Securities Finance Corporation Limited	0 (A share)	196,889,089 (A shares)	2.15	–	Unknown	–	Others
Hong Kong Securities Clearing Company Limited	-2,125,835 (A shares)	36,102,089 (A shares)	0.39	–	Unknown	–	Others
Hong Kong Monetary Authority – own funds	4,446,000 (A shares)	25,545,117 (A shares)	0.28	–	Unknown	–	Others
Central Huijin Asset Management Co., Ltd.	0 (A share)	22,308,300 (A shares)	0.24	–	Unknown	–	Others
PICC Life Insurance Company Limited- traditional-ordinary insurance products	20,747,610 (A shares)	20,747,610 (A shares)	0.23	–	Unknown	–	Others
PICC Property and Casualty Company Limited-traditional- income portfolio	17,424,129 (A shares)	17,424,129 (A shares)	0.19	–	Unknown	–	Others
National Social Security Fund Portfolio 103	14,999,907 (A shares)	14,999,907 (A shares)	0.16	–	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)	-5,936,400 (A shares)	11,859,518 (A shares)	0.13	–	Unknown	–	Others

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
Baoding Innovation Great Wall Asset Management Company Limited	5,115,000,000 (A shares)	RMB-denominated ordinary shares	5,115,000,000 (A shares)
HKSCC NOMINEES LIMITED	3,083,744,899 (H shares)	Overseas listed foreign shares	3,083,744,899 (H shares)
China Securities Finance Corporation Limited	196,889,089 (A shares)	RMB-denominated ordinary shares	196,889,089 (A shares)
Hong Kong Securities Clearing Company Limited	36,102,089 (A shares)	RMB-denominated ordinary shares	36,102,089 (A shares)
Hong Kong Monetary Authority – own funds	25,545,117 (A shares)	RMB-denominated ordinary shares	25,545,117 (A shares)
Central Huijin Asset Management Co., Ltd.	22,308,300 (A shares)	RMB-denominated ordinary shares	22,308,300 (A shares)
PICC Life Insurance Company Limited-traditional-ordinary insurance products	20,747,610 (A shares)	RMB-denominated ordinary shares	20,747,610 (A shares)
PICC Property and Casualty Company Limited-traditional-income portfolio	17,424,129 (A shares)	RMB-denominated ordinary shares	17,424,129 (A shares)
National Social Security Fund Portfolio 103	14,999,907 (A shares)	RMB-denominated ordinary shares	14,999,907 (A shares)
China Construction Bank Corporation –Jiashi Emerging Consumption Equity Securities Investment Fund	11,859,518 (A shares)	RMB-denominated ordinary shares	11,859,518 (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, the controlling shareholder of the Company, and 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 shareholding

–

Section 6 Changes in Ordinary Shares and Shareholders

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

☐ Applicable ☒ Not applicable

Note: As at 30 June 2020, the accumulative number of shares of the Company pledged by Baoding Innovation Great Wall Asset Management Company Limited ("Innovation Great Wall") was 2,107,190,000 A shares. On 9 July 2020 and 24 July 2020, Innovation Great Wall relieved the pledge on 260 million shares of the Company originally pledged to Huabao Trust Co., Ltd. (華寶信託有限責任公司) and 300 million shares of the Company originally pledged to CITIC Securities Co., Ltd. (中信証券股份有限公司), respectively. After the relief of pledge of shares, the accumulative number of shares of the Company pledged by Innovation Great Wall was 1,547,190,000 A shares as at 28 August 2020. For details, please refer to the announcements published by the Company on designated information disclosure media dated 10 July 2020 and 27 July 2020.

Shares Held by Substantial Shareholders (SFO Requirements)

As at 30 June 2020, 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 (Note 1)	5,115,000,000 (L)(A Shares)	84.17	–	55.74
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)	84.17	–	55.74
Citigroup Inc.	208,389,248 (L)(H Shares)	–	6.72 (L)	2.27
	27,029,687 (S)(H Shares)	–	0.87 (S)	0.29
	159,180,125 (P)(H Shares)	–	5.13 (P)	1.73
BlackRock, Inc.	178,807,080 (L)(H Shares)	–	5.77 (L)	1.95
	11,129,500 (S)(H Shares)	–	0.36 (S)	0.12
Han Xue Juan (Note 3)	5,115,000,000 (L)(A Shares)	84.17	–	55.74
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)	84.17	–	55.74

(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

Section 6 Changes in Ordinary Shares and Shareholders

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 2020, 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, while 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) were 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.
- (2) As at 30 June 2020, 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 2020, 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 2020, 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 2020, 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.

Section 6 Changes in Ordinary Shares and Shareholders

Directors' and supervisors' interests in securities

As at 30 June 2020, 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:

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)	84.17	–	55.74
Mr. Wei Jian Jun	Interests in controlled companies	37,998,500(L) (H Shares)	–	1.02	0.41
Total		5,152,998,500 (L) (A Shares)	84.86	–	56.15

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

Note:

As at 30 June 2020, 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 37,998,500 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 2020, 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

Unit: share(s)

Name	Position	The number of shares held at the beginning of the period	The number of shares held at the end of the period	Increase/decrease of shares during the Reporting Period	Reasons for such changes
Hu Shu Jie	Senior Management	0	2,000,000	2,000,000	Share incentive
Zhao Guo Qing	Senior Management	0	1,380,000	1,380,000	Share incentive
Xu Hui	Senior Management	0	430,000	430,000	Share incentive
Liu Yu Xin	Senior Management	0	250,000	250,000	Share incentive

Other explanation

☒ Applicable ☐ Not applicable

Ms. Liu Yu Xin, the chief financial officer of the Company, ceased to perform her duties in such role due to internal position adjustment, which was considered and approved at the third meeting of the seventh session of the Board of the Company and had taken effective from 29 June 2020. Ms. Liu Yu Xin continues to assume another management position in the Company.

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

☒ Applicable ☐ Not applicable

Section 8 Directors, Supervisors and Senior Management

Unit: share(s)

Name	Position	The number of restricted shares held at the beginning of the period	The number of restricted shares newly granted during the Reporting Period	Unlocked shares	Locked shares	The number of restricted shares held at the end of the period
Hu Shu Jie	Senior Management	0	2,000,000	0	2,000,000	2,000,000
Zhao Guo Qing	Senior Management	0	1,380,000	0	1,380,000	1,380,000
Xu Hui	Senior Management	0	430,000	0	430,000	430,000
Liu Yu Xin (resigned from the position of chief financial officer on 29 June 2020)	Senior Management	0	250,000	0	250,000	250,000
Total	/	0	4,060,000	0	4,060,000	4,060,000

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

√ Applicable ☐ Not applicable

Name	Position	Change
Ma Li Hui,	Director	Resignation
Yue Ying	Director	Engagement
Liu Yu Xin	Chief Financial Officer	Resignation
Li Hong Shuan	Chief Financial Officer	Engagement

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

√ Applicable ☐ Not applicable

Section 8 Directors, Supervisors and Senior Management

1. Ms. Liu Yu Xin, the chief financial officer of the Company, ceased to perform her duties in such role due to internal position adjustment, which was considered and approved at the third meeting of the seventh session of the Board of the Company and had taken effective from 29 June 2020. Ms. Liu Yu Xin continues to assume another management position in the Company. Meanwhile, Ms. Li Hong Shuan was appointed as the chief financial officer of the Company with effect from 29 June 2020.
2. Mr. Ma Li Hui, an independent non-executive director, resigned from the position of independent non-executive director of the Company due to expiration of his tenure. Pursuant to the articles of association and the nomination of the Board of Supervisors, Ms. Yue Ying is elected as an independent non-executive director of the seventh session of the Board of the Company. Her tenure commenced from 12 June 2020 until the conclusion of the seventh session of the Board.

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 (20) No. R00056

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 2020, 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 "Chinese Certified Public Accountants Review Standards No. 2101-Review of Financial Statements". 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 above interim financial statements of the Company which comprised the consolidated and the Company's financial position as at 30 June 2020, and the consolidated and the Company's operating results and cash flows for the six months then ended is not prepared, in all material aspects, in accordance with the Accounting Standards for Business Enterprises.

Deloitte Touche Tohmatsu CPA LLP.
Shanghai, China

Chinese Certified Public Accountants:
(Engagement Partner)
Tong Chuan Jiang
Yang Ning

28 August 2020

The review report and the accompanying financial statements are English translations of the Chinese review 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 2020

RMB

Item	Notes	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Current Assets:			
Cash and bank balances	VI.1	18,632,156,598.48	9,723,312,735.05
Held-for-trading financial assets	VI.2	10,009,045,691.44	4,362,692,217.12
Derivative financial assets		—	380,777.69
Accounts receivable	VI.3	3,996,041,108.84	3,193,188,485.27
Financing with receivables	VI.4	23,680,810,467.71	31,445,748,809.31
Prepayments	VI.5	626,311,087.71	441,162,238.54
Other receivables	VI.6	1,035,327,087.27	946,974,372.15
Inventories	VI.7	4,441,189,345.45	6,237,193,915.62
Non-current assets due within one year		1,092,222,229.81	807,562,885.35
Other current assets	VI.8	10,772,514,330.77	11,343,946,670.26
Total Current Assets		74,285,617,947.48	68,502,163,106.36
Non-Current Assets:			
Debt investments		70,000,000.00	70,000,000.00
Long-term receivables	VI.9	1,574,811,132.23	1,295,037,499.26
Long-term equity investments	VI.10	3,608,907,231.50	3,112,651,355.60
Other equity instrument investments		7,700,000.00	7,700,000.00
Other non-current financial assets		25,300,000.00	—
Investment properties	VI.11	375,144,257.00	322,196,530.21
Fixed assets	VI.12	27,812,428,974.65	29,743,309,551.28
Construction in progress	VI.13	2,856,730,690.74	2,247,372,266.06
Right-of-use assets	VI.14	94,656,216.28	100,421,181.38
Intangible assets	VI.15	4,662,895,491.29	4,710,234,725.81
Development expenditure	VI.16	2,785,143,974.31	2,188,699,764.12
Long-term prepaid expenses		115,562,240.24	112,345,772.69
Deferred tax assets	VI.17	885,573,037.69	684,277,716.19
Other non-current assets		202,745,817.12	—
Total Non-current Assets		45,077,599,063.05	44,594,246,362.60
TOTAL ASSETS		119,363,217,010.53	113,096,409,468.96

Consolidated Balance Sheet

At 30 June 2020

		RMB	
Item	Notes	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Current Liabilities:			
Short-term borrowings	VI.18	5,956,015,502.98	1,180,470,655.50
Notes payable	VI.19	18,561,148,589.48	10,020,895,844.52
Accounts payable	VI.20	17,471,030,806.85	25,439,536,613.98
Contract liabilities	VI.21	3,367,732,642.52	4,603,831,957.67
Employee benefits payable	VI.22	499,289,143.69	2,094,259,980.68
Taxes payable	VI.23	1,055,843,028.56	1,511,983,833.95
Other payables	VI.24	3,302,878,981.89	2,481,286,817.71
Non-current liabilities due within one year	VI.25	2,769,077,220.28	3,179,995,453.40
Other current liabilities	VI.26	5,747,016,214.18	4,087,539,918.81
Total Current Liabilities		58,730,032,130.43	54,599,801,076.22
Non-current Liabilities:			
Long-term borrowings	VI.18	3,101,266,037.90	1,205,655,653.71
Lease liabilities	VI.27	468,639,723.36	59,180,216.30
Deferred income	VI.28	3,091,311,866.77	2,192,963,937.85
Deferred tax liabilities	VI.17	572,597,468.34	489,414,659.97
Other non-current liabilities		122,983,644.39	150,164,008.01
Total Non-current Liabilities		7,356,798,740.76	4,097,378,475.84
TOTAL LIABILITIES		66,086,830,871.19	58,697,179,552.06
SHAREHOLDERS' EQUITY:			
Share capital	VI.29	9,176,572,500.00	9,127,269,000.00
Capital reserve	VI.30	1,696,659,167.61	1,411,251,654.42
Less: Treasury shares	VI.31	203,130,420.00	—
Other comprehensive income	VI.50	(347,238,311.76)	(240,814,343.11)
Surplus reserve	VI.32	5,755,670,511.31	5,755,670,511.31
Undistributed profits	VI.33	37,197,852,692.18	38,345,853,094.28
Total Equity Attributable to Shareholders of the Company		53,276,386,139.34	54,399,229,916.90
Minority Interests		—	—
TOTAL SHAREHOLDERS' EQUITY		53,276,386,139.34	54,399,229,916.90
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		119,363,217,010.53	113,096,409,468.96

The accompanying notes form part of the financial statements.

The financial statements on pages 100 to 241 were signed by:

Wei Jian Jun	Li Hong Shuan	Lu Cai Juan
Legal Representative	Chief Financial Officer	Head of Finance Section

Balance Sheet of the Company

At 30 June 2020

RMB

Item	Notes	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Current Assets:			
Cash and bank balances	XV.1	11,726,953,409.93	4,920,861,492.76
Held-for-trading financial assets		8,638,081,545.62	2,927,556,676.14
Derivative financial assets		—	380,777.69
Accounts receivable	XV.2	8,301,962,507.93	8,728,902,722.86
Financing with receivables		13,662,637,428.48	22,693,583,567.35
Prepayments		350,527,837.65	313,246,241.16
Other receivables	XV.3	5,559,981,199.47	3,585,584,186.33
Inventories		2,624,285,275.90	3,638,348,784.35
Non-current assets due within one year		320,043,714.71	313,655,673.35
Other current assets		10,045,789,774.56	10,517,501,718.61
Total Current Assets		61,230,262,694.25	57,639,621,840.60
Non-current Assets:			
Long-term receivables		667,994,628.40	654,398,596.31
Long-term equity investments	XV.4	12,759,137,343.84	11,907,777,927.38
Other equity instrument investments		7,700,000.00	7,700,000.00
Other non-current financial assets		25,300,000.00	—
Investment properties		2,428,955,534.49	2,223,073,338.54
Fixed assets		16,963,284,972.39	18,305,040,845.05
Construction in progress		1,023,091,225.39	672,134,768.76
Right-of-use assets		56,662,513.03	48,826,780.79
Intangible assets		4,039,557,033.25	4,167,758,479.35
Development expenditure		2,087,641,110.16	1,730,992,533.56
Long-term prepaid expenses		47,320,633.24	44,255,825.70
Deferred tax assets		482,354,630.51	374,182,142.64
Other non-current assets		5,871,090.45	—
Total Non-Current Assets		40,594,870,715.15	40,136,141,238.08
TOTAL ASSETS		101,825,133,409.40	97,775,763,078.68

Balance Sheet of the Company

At 30 June 2020

		RMB	
Item	Notes	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Current Liabilities:			
Short-term borrowings		3,700,516,666.68	500,564,895.84
Notes payable		11,030,821,086.49	3,175,427,026.22
Accounts payable		18,056,038,727.83	26,854,869,119.84
Contract liabilities		4,407,485,064.71	6,245,197,854.93
Employee benefits payable		284,470,779.78	1,435,079,093.25
Taxes payable		688,380,315.65	1,160,600,875.97
Other payables		3,042,194,958.89	2,391,920,236.15
Non-current liabilities due within one year		66,372,297.63	558,232,453.24
Other current liabilities		5,270,697,462.06	3,562,899,767.61
Total Current Liabilities		46,546,977,359.72	45,884,791,323.05
Non-current Liabilities:			
Long-term borrowings		2,331,490,277.76	1,130,000,000.00
Lease liabilities		448,421,988.45	36,384,538.74
Deferred income		1,797,727,217.94	1,184,219,191.77
Deferred tax liabilities		1,182,077.53	—
Other non-current liabilities		109,793,347.81	146,405,723.03
Total Non-current Liabilities		4,688,614,909.49	2,497,009,453.54
TOTAL LIABILITIES		51,235,592,269.21	48,381,800,776.59
SHAREHOLDERS' EQUITY:			
Share capital		9,176,572,500.00	9,127,269,000.00
Capital reserve		1,744,195,403.75	1,458,787,890.56
Less: Treasury shares		203,130,420.00	—
Other comprehensive income		(95,624,184.58)	(148,477,708.08)
Surplus reserve		4,890,446,242.43	4,890,446,242.43
Undistributed profits		35,077,081,598.59	34,065,936,877.18
TOTAL SHAREHOLDERS' EQUITY		50,589,541,140.19	49,393,962,302.09
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		101,825,133,409.40	97,775,763,078.68

Consolidated Income Statement

For the Period from 1 January to 30 June 2020

RMB

Item	Notes	For the period from 1 January to 30 June 2020 (Unaudited)	For the period from 1 January to 30 June 2019 (Unaudited)
I. Total operating income		35,929,193,647.85	41,376,679,277.69
Including: Operating income	VI.34	35,929,193,647.85	40,316,927,002.63
Interest income		—	988,389,113.14
Fee and commission income		—	71,363,161.92
Less: Total operating costs		35,061,611,555.84	39,638,320,021.55
Including: Operating costs	VI.34	30,641,639,499.57	34,813,447,149.71
Interest expenses		—	316,794,569.48
Fee and commission expenses		—	17,112,978.11
Taxes and levies	VI.35	1,025,869,701.34	1,336,207,795.47
Selling expenses	VI.36	1,077,470,060.82	1,470,046,177.45
Administrative expenses	VI.37	941,176,287.60	840,845,491.71
Research and development expenses		1,220,056,896.97	917,513,531.99
Financial expenses	VI.38	155,399,109.54	(73,647,672.37)
Including: Interest expenses		122,272,851.94	86,038,425.93
Interest income		323,015,932.34	69,040,110.86
Add: Other income	VI.39	208,119,036.81	255,310,577.47
Investment income	VI.40	430,962,648.75	(136,269,402.98)
Including: Income from investment in joint ventures		496,255,875.90	—
Income (loss) from changes in fair values	VI.41	25,556,189.78	(7,503,994.24)
Impairment losses on credit	VI.42	(45,134,797.18)	(45,408,603.41)
Impairment losses on assets	VI.43	(310,947,319.89)	(101,102,457.01)
Gains (losses) from disposal of assets	VI.44	(15,655,663.23)	75,638,684.63
II. Operating profit		1,160,482,187.05	1,779,024,060.60
Add: Non-operating income	VI.45	169,479,190.92	137,385,241.13
Less: Non-operating expenses	VI.46	11,597,227.72	11,671,559.12
III. Total profit		1,318,364,150.25	1,904,737,742.61
Less: Income tax expenses	VI.47	172,221,427.35	353,710,652.55
IV. Net profit	VI.48	1,146,142,722.90	1,551,027,090.06
(I) Classification by going concern : Net profit under going concern		1,146,142,722.90	1,551,027,090.06
(II) Classification by attribution of ownership: 1. Net profit attributable to shareholders of the Company		1,146,142,722.90	1,517,169,113.68
2. Profit or loss attributable to minority interests		—	33,857,976.38
V. Net other comprehensive income after taxes	VI.50	(106,423,968.65)	81,832,226.97
Net other comprehensive income attributable to shareholders of the Company after taxes		(106,423,968.65)	81,832,226.97
Other comprehensive income that will be reclassified to profit or loss		(106,423,968.65)	81,832,226.97
Translation difference of financial statements denominated in foreign currency		(134,303,845.99)	81,832,226.97
Changes in fair value of financial assets classified as at fair value through other comprehensive income		27,879,877.34	—
Net other comprehensive income attributable to minority interests		—	—
VI. Total comprehensive income		1,039,718,754.25	1,632,859,317.03
Total comprehensive income attributable to shareholders of the Company		1,039,718,754.25	1,599,001,340.65
Total comprehensive income attributable to minority interests		—	33,857,976.38
VII. Earnings per share:			
(I) Basic earnings per share	VI.49	0.12	0.17
(II) Diluted earnings per share	VI.49	0.12	N/A

Income Statement of the Company

For the Period from 1 January to 30 June 2020

Item	Notes	RMB	
		For the period from 1 January to 30 June 2020 (Unaudited)	For the period from 1 January to 30 June 2019 (Unaudited)
I. Operating income	XV.5	34,208,397,883.25	41,679,979,481.46
Less: Operating costs	XV.5	31,665,205,763.84	38,738,627,092.62
Taxes and levies		932,932,016.36	1,256,797,028.82
Selling expenses		889,955,662.99	999,970,703.62
Administrative expenses		640,079,574.66	620,702,398.99
Research and development expenses		911,041,055.49	755,708,063.60
Financial expenses		(193,664,675.20)	(34,325,544.75)
Including: Interest expenses		70,409,771.16	62,567,866.63
Interest income		268,166,130.13	185,108,166.70
Add: Other income		177,813,647.66	231,597,191.06
Investment income	XV.6	3,663,424,964.14	995,242,451.72
Including: Investment income from joint ventures		496,255,875.90	304,721,787.46
Gains from changes in fair values		31,532,584.94	14,398,893.76
Impairment gains (losses) on credit		(29,455,439.15)	15,922,759.06
Impairment losses on assets		(65,722,081.15)	(83,596,382.51)
Gains (losses) from disposal of assets		(4,460,830.25)	84,891,873.24
II. Operating profit		3,135,981,331.30	600,956,524.89
Add: Non-operating income		47,896,693.48	41,265,932.48
Less: Non-operating expenses		9,299,947.34	10,943,544.26
III. Total profit		3,174,578,077.44	631,278,913.11
Less: Income tax expenses		(130,709,768.97)	(82,949,742.03)
IV. Net profit		3,305,287,846.41	714,228,655.14
Net profit under going concern		3,305,287,846.41	714,228,655.14
V. Net other comprehensive income after taxes		52,853,523.50	—
Other comprehensive income that will be reclassified into profit or loss		52,853,523.50	—
Changes in fair value of financial assets classified as at fair value through other comprehensive income		52,853,523.50	—
VI. Total comprehensive income		3,358,141,369.91	714,228,655.14

Consolidated Cash Flow Statement

For the Period from 1 January to 30 June 2020

RMB

Item	Notes	For the period from 1 January to 30 June 2020 (Unaudited)	For the period from 1 January to 30 June 2019 (Unaudited)
I. Cash Flows from Operating Activities:			
Cash receipts from the sales of goods and rendering of services		56,493,574,576.29	55,574,945,903.56
Cash receipts from interest, fees and commissions		—	1,454,559,060.06
Cash receipts for net increase by borrowing from other financial institutions		—	1,861,019,606.08
Receipts of tax rebate		404,589,231.38	214,042,832.71
Other cash receipts related to operating activities	VI.51(1)	1,873,757,462.97	719,569,607.18
Sub-total of cash inflow from operating activities		58,771,921,270.64	59,824,137,009.59
Cash payments for goods purchased and services received		39,409,669,781.99	38,611,377,432.32
Net increase in customers' loans and advance		—	3,309,244,378.77
Cash payments for interest, fees and commissions		—	327,119,700.76
Cash payments to and on behalf of employees		4,396,305,218.52	4,465,689,412.92
Payments of various types of taxes		2,590,236,412.39	4,279,736,382.69
Other cash payments related to operating activities	VI.51(2)	2,859,165,692.15	2,718,352,971.16
Sub-total of cash outflow from operating activities		49,255,377,105.05	53,711,520,278.62
Net Cash Flow from Operating Activities	VI.52(1)	9,516,544,165.59	6,112,616,730.97
II. Cash Flows from Investing Activities:			
Cash receipts from disposal of investments		14,880,350,000.00	10,014,000,000.00
Cash receipts from investment income		210,377,471.63	54,979,050.82
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		131,674,338.19	10,399,187.25
Net cash receipts from disposal of subsidiaries and other business units	VI.52(2)	328,500,000.00	—
Sub-total of cash inflow from investing activities		15,550,901,809.82	10,079,378,238.07
Cash paid to purchase and construct fixed assets, intangible assets and other long-term assets		2,561,771,947.28	4,083,890,796.51
Net cash payments for disposal of subsidiaries and other business units		—	4,825,268,860.78
Cash paid for investments		20,391,595,817.12	10,444,000,000.00
Other cash payments related to investing activities	VI.51(3)	89,075,000.00	—
Sub-total of cash outflow from investing activities		23,042,442,764.40	19,353,159,657.29
Net Cash Flow from Investing Activities		(7,491,540,954.58)	(9,273,781,419.22)

Consolidated Cash Flow Statement

For the Period from 1 January to 30 June 2020

Item	Notes	For the period from 1 January to 30 June 2020 (Unaudited)	RMB For the period from 1 January to 30 June 2019 (Unaudited)
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		215,456,295.00	—
Cash receipts from borrowings		8,936,178,831.57	2,989,850,000.00
Cash receipts from bond issues		2,000,000,000.00	8,517,321,973.25
Other cash receipts related to financing activities	VI.51(4)	264,777,223.55	913,311,470.69
Sub-total of cash inflow from financing activities		11,416,412,350.12	12,420,483,443.94
Cash repayments of borrowings		2,781,874,595.80	5,600,474,754.63
Cash payments for distribution of dividends or profits or settlement of interest expenses		1,602,234,929.70	2,722,221,433.00
Including: Payments for distribution of dividends or profits to minority shareholders of subsidiaries		—	—
Other cash payments related to financing activities	VI.51(5)	8,696,545.97	11,511,696.76
Sub-total of cash outflow from financing activities		4,392,806,071.47	8,334,207,884.39
Net Cash Flow from Financing Activities		7,023,606,278.65	4,086,275,559.55
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
		125,011,597.32	100,406,873.53
V. Net Increase in Cash and Cash Equivalents			
Add: Opening balance of cash and cash equivalents		8,777,231,585.64	6,614,611,437.43
VI. Closing balance of cash and cash equivalents			
	VI.52(3)	17,950,852,672.62	7,640,129,182.26

Cash Flow Statement of the Company

For the Period from 1 January to 30 June 2020

Item	Notes	RMB	
		For the period from 1 January to 30 June 2020 (Unaudited)	For the period from 1 January to 30 June 2019 (Unaudited)
I. Cash Flows from Operating Activities:			
Cash receipts from the sales of goods and rendering of services		49,366,556,803.16	51,671,981,942.10
Receipts of tax rebate		233,770,494.88	107,347,378.62
Other cash receipts related to operating activities		1,047,786,251.55	318,145,344.78
Sub-total of cash inflow from operating activities		50,648,113,549.59	52,097,474,665.50
Cash payments for goods purchased and services received		37,181,734,862.35	38,588,626,542.08
Cash payments to and on behalf of employees		2,736,192,469.19	3,130,586,773.68
Payments of various types of taxes		1,818,564,737.71	2,856,160,216.38
Other cash payments related to operating activities		1,837,314,841.39	3,210,810,513.41
Sub-total of cash outflow from operating activities		43,573,806,910.64	47,786,184,045.55
Net Cash Flows from Operating Activities	XV.7(1)	7,074,306,638.95	4,311,290,619.95
II. Cash Flows from Investing Activities:			
Cash receipts from disposal of investments		6,610,000,000.00	10,099,030,000.00
Cash receipts from investment income		1,260,431,123.13	113,025,379.54
Cash receipts from merging and absorbing subsidiaries		—	70,510,670.15
Cash receipts from disposal of subsidiaries and other business units		329,000,000.00	—
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		847,484,469.94	203,884,975.41
Sub-total of cash inflow from investing activities		9,046,915,593.07	10,486,451,025.10
Cash paid to purchase and construct fixed assets, intangible assets and other long-term assets		1,399,293,959.29	1,194,454,052.21
Cash paid for investments		12,330,002,627.74	17,576,810,000.00
Other cash payments related to investing activities		103,000,000.00	260,000,000.00
Sub-total of cash outflow from investing activities		13,832,296,587.03	19,031,264,052.21
Net Cash Flow from Investing Activities		(4,785,380,993.96)	(8,544,813,027.11)
III. Cash Flows from Financing Activities:			
Cash receipts from capital contribution		215,456,295.00	—
Cash receipts from borrowings		5,500,000,000.00	2,100,000,000.00
Cash receipts from bond issues		2,000,000,000.00	2,000,000,000.00
Other Cash receipts related to financing activities		29,886,569.52	323,806,348.84
Sub-total of cash inflow from financing activities		7,745,342,864.52	4,423,806,348.84
Cash repayments of borrowings		1,650,000,000.00	4,250,000,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		1,549,895,770.84	2,674,459,233.75
Other cash payments related to financing activities		1,203,952.03	302,498,711.60
Sub-total of cash outflow from financing activities		3,201,099,722.87	7,226,957,945.35
Net Cash Flow from Financing Activities		4,544,243,141.65	(2,803,151,596.51)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		2,809,700.05	(626,007.76)
V. Net Increase in Cash and Cash Equivalents		6,835,978,486.69	(7,037,300,011.43)
Add: Opening balance of cash and cash equivalents		4,876,599,293.72	11,235,893,795.06
VI. Closing balance of cash and cash equivalents	XV.7(2)	11,712,577,780.41	4,198,593,783.63

Consolidated Statement of Changes in Shareholders' Equity

For the Period from 1 January to 30 June 2020

RMB

Item	For the period from 1 January to 30 June 2020 (Unaudited)								
	Attributable to shareholders of the Company								
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profits	Minority interests	Total shareholders' equity
I. Balance at the beginning of the period	9,127,269,000.00	1,411,251,654.42	—	(240,814,343.11)	5,755,670,511.31	—	38,345,853,094.28	—	54,399,229,916.90
II. Changes in the current period	49,303,500.00	285,407,513.19	203,130,420.00	(106,423,968.65)	—	—	(1,148,000,402.10)	—	(1,122,843,777.56)
(I) Total comprehensive income	—	—	—	(106,423,968.65)	—	—	1,146,142,722.90	—	1,039,718,754.25
(II) Owners' contributions and reduction in capital	49,303,500.00	195,292,937.70	215,456,295.00	—	—	—	—	—	29,140,142.70
1. Capital contributions from owners	49,303,500.00	166,152,795.00	215,456,295.00	—	—	—	—	—	—
2. Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—
3. Acquisition of minority interests of subsidiaries	—	—	—	—	—	—	—	—	—
4. Amount of share-based payments included in owner's equity	—	29,140,142.70	—	—	—	—	—	—	29,140,142.70
(III) Profit distribution	—	—	(12,325,875.00)	—	—	—	(2,294,143,125.00)	—	(2,281,817,250.00)
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	—	—	(12,325,875.00)	—	—	—	(2,294,143,125.00)	—	(2,281,817,250.00)
6. Transfer to employee bonus and welfare funds	—	—	—	—	—	—	—	—	—
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. Loss offset by surplus reserve	—	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—	—
(V) Others	—	90,114,575.49	—	—	—	—	—	—	90,114,575.49
III. Balance at the end of the period	9,176,572,500.00	1,696,659,167.61	203,130,420.00	(347,238,311.76)	5,755,670,511.31	—	37,197,852,692.18	—	53,276,386,139.34

Consolidated Statement of Changes in Shareholders' Equity

For the Period from 1 January to 30 June 2020

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 shareholders' 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 funds	—	—	—	—	—	—	—	—
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. Loss offset by surplus reserve	—	—	—	—	—	—	—	—
4. Others	—	—	—	(71,730,768.61)	—	71,730,768.61	—	—
(V) Others	—	—	—	(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

Statement of Changes in Shareholders' Equity of the Company

For the Period from 1 January to 30 June 2020

RMB

Item	For the period from 1 January to 30 June 2020 (Unaudited)						
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Balance at the beginning of the period	9,127,269,000.00	1,458,787,890.56	—	(148,477,708.08)	4,890,446,242.43	34,065,936,877.18	49,393,962,302.09
II. Changes in the current period	49,303,500.00	285,407,513.19	203,130,420.00	52,853,523.50	—	1,011,144,721.41	1,195,578,838.10
(I) Total comprehensive income	—	—	—	52,853,523.50	—	3,305,287,846.41	3,358,141,369.91
(II) Owners' contributions and reduction in capital	49,303,500.00	195,292,937.70	215,456,295.00	—	—	—	29,140,142.70
1. Capital contributions from owners	49,303,500.00	166,152,795.00	215,456,295.00	—	—	—	—
2. Share-based payments recognized in shareholders' equity	—	29,140,142.70	—	—	—	—	29,140,142.70
3. Others	—	—	—	—	—	—	—
(III) Profit distribution	—	—	(12,325,875.00)	—	—	(2,294,143,125.00)	(2,281,817,250.00)
1. Transfer to surplus reserve	—	—	—	—	—	—	—
2. Transfer to general risk reserve	—	—	—	—	—	—	—
3. Distributions to shareholders	—	—	(12,325,875.00)	—	—	(2,294,143,125.00)	(2,281,817,250.00)
(IV) Transfer of shareholders' equity	—	—	—	—	—	—	—
1. Transfer of capital surplus to share capital	—	—	—	—	—	—	—
2. Transfer of surplus reserve to share capital	—	—	—	—	—	—	—
3. Loss offset by surplus reserve	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—
(V) Special reserve	—	—	—	—	—	—	—
1. Transfer to special reserve in the period	—	—	—	—	—	—	—
2. Amount utilized in the period	—	—	—	—	—	—	—
(VI) Others	—	90,114,575.49	—	—	—	—	90,114,575.49
III. Balance at the end of the period	9,176,572,500.00	1,744,195,403.75	203,130,420.00	(95,624,184.58)	4,890,446,242.43	35,077,081,598.59	50,589,541,140.19

Statement of Changes in Shareholders' Equity of the Company

For the Period from 1 January to 30 June 2020

RMB

Item	For the period from 1 January to 30 June 2019 (Unaudited)				
	Share capital	Capital reserve	Surplus reserve	Undistributed profits	Total shareholders' 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. Loss offset by surplus reserve	—	—	—	—	—
4. Others	—	—	—	—	—
(V) Special reserve	—	—	—	—	—
1. Transfer to special reserve in the period	—	—	—	—	—
2. Amount utilized in the period	—	—	—	—	—
(VI) Others	—	—	—	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

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

I. BASIC CORPORATE INFORMATION

1. Company Overview

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

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. The scope of consolidated financial statements

The Company's and consolidated financial statements have been approved by the Board of Directors on 28 August 2020.

The scope of consolidated financial statements of this period refers to Note VIII “interest in other entities”. Changes in the scope of consolidated financial statements of this 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”). 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 2020

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

Basis of accounting 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 in accordance with the relevant regulations.

Under historical cost method, assets are measured at the amount of cash or cash equivalents or the fair value of considerations paid. Liabilities are measured at the amount of money or assets actually received under the current obligations, or the amount of a contract presenting current obligations, or the amount of cash or cash equivalents expected in daily activities to repay the debts.

Fair value is the price that willing parties receive from the sale of an asset or pay for the transfer of a liability in an orderly transaction on the measurement date. Whether the 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 observability of the input value of fair value and the importance of such input value to the overall fair value measurement, 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 in 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 months since 30 June 2020. No events or matters are found to have significant doubts about the ability. Thus, the financial statements have been prepared under the assumption of going concern.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance with the ASBEs

The financial statements have been prepared in compliance with the Accounting Standard for Business Enterprises to truly and completely reflect the Company's and consolidated financial position of the Company as at 30 June 2020, the Company's and consolidated statement of changes in shareholders' equity and the Company's and consolidated operating results and cash flows for the period from 1 January to 30 June 2020.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

2. Accounting year

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 the period from assets for production obtained 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. 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 not involving enterprises under common control.

5.1 Business combinations involving enterprises under common control

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

Assets and liabilities obtained in the business combination are recognized at their carrying amounts at the date of merger as recorded by the party being combined. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is adjusted to capital reserves. If the capital reserve is not sufficient to absorb the difference, any excess is adjusted to retained earnings.

Expenditures directly attributable to the combination are charged to profit or loss when incurred.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

5. Accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control (continued)

5.2 Business combinations not involving enterprises under common control and goodwill

A business combination not involving enterprises 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 purchaser shall be the fair value of the assets paid, the liabilities incurred or assumed and the equity instruments issued in exchange for the control over the acquire on the acquisition date. The combining party records overheads during the business combination, including the expenses for audit, legal services, assessment, and other administrative expenses, in profit or loss for the current period 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 revised combination cost still lower than the portion of fair value of net identifiable assets of acquiree, they are credited to profit or loss for the current period.

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

6. Preparation of consolidated financial statements

The scope of consolidated financial statements is determined on the basis of control. Control means that the Group has the power over the investee, ownership of variable income by participating in the relevant activities of the investee, and the ability to use the power over the investee to affect the amount of its income. Once changes in relevant facts and circumstances lead to changes in the relevant elements involved in the above control definition, the Group reassess control.

The combination of subsidiaries begins with the Group's achieving the control of the subsidiary, and ceases with losing control.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) has been appropriately included in the consolidated income statement and consolidated statement of cash flows.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

6. Preparation of consolidated financial statements (continued)

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

For a subsidiary acquired through a business combination involving enterprises under common control, no matter where the business combination occurs at any point in the reporting period, it shall be deemed to have replaced the consolidation scope of the Group from the date when the subsidiary is under the control of the ultimate controlling party. The operating results and cash flow from the date when it is under the control of the ultimate controlling party have been appropriately included in the consolidated income statement and consolidated cash flow statement.

Major accounting policies and accounting years adopted by the subsidiaries are defined according to the standardized accounting policies and accounting years 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 interests" in the consolidated balance sheet within owners' equity. The portion of net profits or losses of subsidiaries for the year attributable to minority interests is presented in the consolidated income statement under the "net profit" item as profit or losses attributable to "minority interests".

Even if the loss of a subsidiary shared by minority shareholders exceeds its share of the initial shareholders' equity, the balance will still be offset against the 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 interests should be adjusted to reflect the change in the Company's interest in the subsidiaries. Differences between the adjustment amount of minority shareholders' equity and the fair value of the consideration paid should be adjusted to capital reserve. If the differences exceed capital reserve, retained earnings shall be adjusted.

When the Group loses control over a subsidiary due to disposal of certain equity interest or other reasons, any retained interest is re-measured at its fair value at the date when control is lost. The difference between (i) the aggregate of the consideration received on disposal and the fair value of any retained interest and (ii) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognized as investment income in the period in which control is lost, and is offset against goodwill. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income when control is lost.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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 an arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets of the arrangement.

The Group accounts for investments in joint ventures using equity method. Refer to Note III, 13.3.2 "Long-term equity investments accounted for using the equity method" for details.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting standards applicable to the particular assets, liabilities, revenues and expenses.

When the Group invest or sell assets (except that such assets constitute a business), only profit or loss arising from the transaction attributable to parties involved in such joint operation is recognized prior to the resale of the assets to third parties by joint operations. When there is an impairment of the asset investment or sale, the Group recognizes such loss in full.

When the Group purchase assets or others from joint operations (except that such assets constitute a business), only profit or loss arising from the transaction attributable to parties involved in such joint operation is recognized prior to the resale of the assets to third parties. When there is an impairment of purchased assets, the Group recognizes such loss based on its share.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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 (usually due within three months from the purchase date on), 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. Translation of transactions and financial statements denominated in foreign currencies

9.1 Transactions denominated in foreign currencies

At 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 year 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 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Translation of transactions and financial statements denominated in foreign currencies (continued)

9.2 Translation of financial statements denominated in foreign currency

To prepare consolidated financial statements, 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 year 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 year.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments

The Group shall recognize 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.

Financial assets and financial liabilities are measured at fair value at initial recognition. For the financial assets and liabilities 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, relative expenses are included in the initial recognized amount. For account receivables, excluding significant financing components, regardless of financing components of contracts less than one year, and, measured under Accounting Standard for Business Enterprises No. 14-Revenue ("Revenue Standard"), the transaction price accordingly to the Revenue Standard is adopted for 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 revenue 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 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.1 Classification, recognition and measurement of financial assets

After initial recognition, the Group measures different financial assets at amortized costs, 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: cash and bank balances, accounts receivable, other receivables, other current assets – deposits in non-bank financial institutions, long-term receivables, debt investments etc.

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. Financial assets at FVTOCI due over one year are presented as other debt investments. Other debt investments due within one year (inclusive) since the balance sheet date are presented as non-current assets due within one year. Notes receivable and notes receivable classified as at FVTOCI upon acquisition are presented as financing with receivables. Other debt investments due within one year (inclusive) upon acquisition are presented as other current assets.

On initial recognition, the Company may, based on an individual financial asset, irrevocably designate a non-tradable equity instrument investment, which is non-contingent consideration and recognized in business combination not involving enterprises 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.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.1 Classification, recognition and measurement of financial assets (continued)

Financial assets measured at fair value through profit or loss ("FVTPL") include those classified as at FVTPL and those designated as at FVTPL:

- Financial assets that are not qualified to be classified as financial assets at amortized cost or financial assets at FVTOCI are classified as financial assets at FVTPL.
- Upon initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Group will irrevocably designate financial assets at FVTPL.

The financial assets at FVTPL are presented as held-for-trading financial assets and those due after one year from the balance sheet date (or with no fixed term) and expected to be held for more than one year are presented as other non-current financial assets.

10.1.1 Financial assets at amortized 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 Carrying amount 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 amortized 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 Carrying amount of financial assets multiplied by the actual interest rate.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.1 Classification, recognition and measurement of 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.

Changes in fair value of non-tradable equity instrument investment designated as at FVTOCI 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.

10.1.3 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 instruments and other items

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 measures a loss allowance equivalent to the amount of lifetime expected credit losses for the contract assets or accounts receivable arising from transactions adopting Standards for Revenue, and the financing lease receivables arising from transactions adopting ASBES No. 21 – Leases.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.2 Impairment of financial instruments and other items (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 lifetime expected credit loss; 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 provision 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 provision 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 lifetime expected credit losses 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 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.2 Impairment of financial instruments and other items (continued)

10.2.1 Significant increase in credit risk (continued)

- (4) A significant adverse change in the regulatory, economic, or technological environment of the borrower.
- (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 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.2 Impairment of financial instruments and other items (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 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;
- (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: 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 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.2 Impairment of financial instruments and other items (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 Written-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 2020

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 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, recognition 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 all other financial liabilities.

Other financial liabilities of the Company are 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 payables, 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 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.4 Classification 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 refinancing), 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 Derivatives

Derivative financial instruments include forward exchange contracts. Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently re-measured at fair value.

10.6 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.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financing with receivables

For the notes receivable classified as at fair value through other comprehensive income, the portion within one year (inclusive) since acquisition is presented as financing with receivables. Refer to Note III.10.1, 10.2 and 10.3 for the relevant accounting policies.

12. Inventories

12.1 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.

12.2 Valuation method of inventories upon delivery

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

12.3 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.

When the provision for inventory depreciation is made, if the factors affecting the previous write-down of the inventory value have disappeared, causing the net realizable value of the inventory to be higher than its book value, the amount of the original provision shall be reversed and the reversal shall be included in profit or loss for the current period.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

12. Inventories (continued)

12.4 Inventory count system

The inventory count system shall be on a perpetual basis.

12.5 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 Written-off.

13. Long-term equity investments

13.1 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.

13.2 Determination of initial investment cost

For a long-term equity investment acquired through business combination involving enterprises under common control, shares of book value of owners' equity of combined party in financial statements of ultimate controlling party is recognized as initial investment cost of long-term equity investment at the date of combination. The difference between initial investment cost of long-term equity investment and cash paid, non-cash assets transferred and book value of liabilities assumed, is adjusted in capital reserve. If the balance of capital reserve is not sufficient to absorb the difference, 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.

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Long-term equity investments (continued)

13.3 Method for subsequent measurement and profit or loss recognition

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

The Company's separate financial statements adopted cost method to account for the long-term equity investments of subsidiaries. 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 or recouped investment made, the cost of the long-term equity investment should be 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.

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

The Group accounts for investments in joint ventures using equity method. Joint venture refers to a joint venture arrangement in which the Group only has rights to the net assets of the arrangement.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment cost. Where the initial investment cost is less than the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, the difference shall be charged to profit or loss for the current year, and the cost of the long-term equity investment shall be 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 and other comprehensive income for the period. Meanwhile, carrying amount of long-term equity investment is adjusted; the carrying amount of long-term equity investment is decreased in accordance with its share of the investee's declared profit or cash dividends; other changes in owners' equity of the investee other than net profit or loss and other comprehensive income are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized in the 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 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.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Long-term equity investments (continued)

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

13.3.3 Disposal of long-term equity investments

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

Where the Group loses control over investee due to disposal of part of shares, during preparing separate financial statement, if remaining shares after disposal can make joint control or significant influence on investee, they are accounted under equity method, and adjusted as if they are accounted under equity method since the acquisition date; if remaining shares after disposal cannot make joint control or significant influence on investee, they are accounted according to recognition and measurement of financial instruments. The difference between fair value on date of losing control and book value is recognized in profit or loss of current period.

14. Investment properties

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

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 year.

When the Group has evidence indicating the self-occupied houses and buildings are converted to leasing, the carrying amount of such fixed assets, before the conversion are transferred to investment properties.

When the Group has evidence indicating the property held to earn rentals or for capital appreciation are converted to self-occupation, the carrying amount of such properties before the conversion are transferred to fixed assets.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

15. Fixed assets

15.1 Recognition criteria

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.

15.2 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.

15.3 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.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

16. 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 year. A construction in progress is transferred to fixed assets when it has reached the working condition for its intended use.

17. 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 year 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 year 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 year of time for acquisition, construction or production to get ready for their intended use or sale.

18. Intangible assets

18.1 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.

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.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

18. Intangible assets (continued)

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

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	2-10	10.00-50.00

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 "19. Impairment of long-term assets".

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

18. Intangible assets (continued)

18.2 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 period.

19. 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 and right-of-use assets 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 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

19. 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 assets are 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 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 carrying 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 carrying value of all other types of assets proportionally according to the weighting of the carrying 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 year.

20. Long-term prepaid expenses

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

21. 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 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

22. Employee benefits

22.1 Accounting treatment of short-term employee benefits

In the accounting year 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 year 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 year or cost of relevant assets.

During the accounting year 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 labor 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 year or cost of relevant assets.

22.2 Accounting treatment of post-employment benefits

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

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

23. 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 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. Share-based payment

A share-based payment is a transaction which the Group grants equity instruments in return for services rendered by employees. All of the Group's share-based payments are equity-settled share-based payments.

Equity-settled share-based payments granted to employees

Equity-settled share-based payments in exchange for services rendered by employees are measured at the fair value of the equity instruments granted to employees at the grant date. Such amount is recognized as related costs or expenses on a straight-line basis over the vesting period, based on the best estimate of the number of equity instruments expected to vest, with a corresponding increase in capital reserve.

At each balance sheet date during the vesting period, the Group makes the best estimate according to the subsequent latest information of change in the number of employees who are granted with options that may vest, etc. and revises the number of equity instruments expected to vest. The effect of the above estimate is recognized as related costs or expenses, with a corresponding adjustment to capital reserve.

25. Revenue

The revenue from the Group are mainly from selling automobiles and components and parts of automobiles; processing and manufacturing of moulds; 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.

Should one of the following conditions is satisfied, it is a performance obligation performed within a certain period of time. The Group recognizes revenue within a period of time in accordance with the progress of contract performance. The conditions are: (1) The customer obtains and consumes the economic benefits brought by the contract at the same time performing the contract; (2) The customer is able to control the products under construction during the Group's performance; (3) The products of the Group have irreplaceable uses, and the Group has the right to ask for payment for the cumulative part that has been completed so far during the entire contract period. Otherwise, the Group recognizes revenue at the point the customer obtains control of the relevant goods or services.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

25. Revenue (continued)

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.

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either the expected value method or the most likely amount. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved. At each balance sheet date, the Group updates the estimated transaction price.

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 Accounting Standards for Business Enterprises No. 13 – Contingencies.

In addition to the income from contracts with customers, the Group's income includes interest income from daily business activities. Please refer to Note III 10 for corresponding accounting policies.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

26. 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.

26.1 Judgement criteria and accounting treatment of 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.

26.2 Judgement criteria and accounting treatment of 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 years, 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 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

27. Income tax

27.1 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.

27.2 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 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 utilize 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 year 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 utilized. 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 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

27. Income tax (continued)

27.3 Income tax expenses

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

Current and deferred income 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.

27.4 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 year 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.

28. Lease

A lease is a contract whereby the lessor conveys to the lessee in return for a consideration the right to use an asset for an agreed period of time.

At inception/modification of the contracts, the Group assesses whether the contract is, or contains, a lease. Unless the terms and conditions of the contract are changed, the Group does not reassess whether a contract is, or contains, a lease.

28.1 The Group as lessee

28.1.1 Separation of a lease

For a contract that contains one or more lease or non-lease components at the same time, the Group separates the individual lease component and non-lease component of the contract and 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 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Lease (continued)

28.1 The Group as lessee (continued)

28.1.2 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 a lease is the date that the underlying asset leased out by the lessor is available for use by the Group. Right-of-use assets are initially measured at cost, which includes the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received (if any);
- 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, exclusive of the cost incurred for production of inventories.

Right-of-use assets is depreciated by the Group in accordance with relevant regulations on depreciation in Accounting Standard for Business Enterprises No.4 – Fixed Assets. 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 are depreciated over the remaining useful life of the leased assets. Otherwise, right-of-use assets are depreciated over the shorter of lease term and the remaining useful life of the leased assets.

The Group determines whether a right-of-use asset is impaired and makes accounting treatments in accordance with relevant regulations in Accounting Standard for Business Enterprises No.8 – Impairment of Assets, and account for the identified impairment loss.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Lease (continued)

28.1 The Group as lessee (continued)

28.1.3 Lease liabilities

At the commencement date of a lease, except for short-term lease and leases of low-value assets, the Group initially 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 discount rate. The Group uses the incremental borrowing rate if the interest rate implicit in the lease is not readily determinable.

Lease payments refers to payments relating to the right to use leased assets during the lease term which are made by the Group to the lessor, including:

- fixed payments and in substance fixed payments, less any lease incentives receivable (if any);
- 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 the lease; and
- amounts expected to be paid under residual value guarantees provided by the Group.

Variable lease payments that depend on an index or a rate, are initially measured using the index or rate as at the commencement date. Variable lease payments not included in the measurement of the lease liabilities, are recognized in profit or loss, or in the cost of relevant assets, in the period of those payments.

After the commencement date of a lease, the Group calculates interest expenses of lease liabilities for each period of the lease term based on fixed periodic rate and recognizes the expenses in profit or loss or cost of related assets.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Lease (continued)

28.1 The Group as lessee (continued)

28.1.3 Lease liabilities (continued)

Subsequent to the commencement date of a lease, in case of any of the following circumstances, the Group re-measures lease liabilities and makes a corresponding adjustment to the related right-of-use assets, if the book value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the Group calculates the difference in the current profit and loss:

- the Group re-measures the lease liabilities at the present value of revised lease payment discounted at revised discount rate due to the changes of lease term or results of assessment on purchase option.
- the Group re-measures the lease liabilities at the present value of revised lease payment discounted at original discount rate due to the changes in amount payable estimated based on guaranteed residual value or the index or ratio used to determine the amount of lease payment.

28.1.4 Short-term leases and leases of low-value assets

The Group elects not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets of transportation vehicle, machinery and electronic equipment. A short-term lease is a lease that at the commencement date, has a lease term of 12 months or less and does not contain any purchase options. A lease of a low-value asset, is a lease that the single underlying asset, when is new, is of low value. The Group shall recognize the lease payments associated with short-term leases and leases of low-value assets as the cost of the related assets or profit or loss on a straight-line basis over the lease term.

28.1.5 Lease modifications

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

- the 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 scope of increase which is adjusted based on circumstances of such contract.

For a lease modification that is not accounted for as a separate lease, the Group reallocates the revised contract consideration, re-determines the lease term and re-measures the lease liabilities at the present value of the revised lease payments discounted using the revised discount rate.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Lease (continued)

28.1 The Group as lessee (continued)

28.1.5 Lease modifications (continued)

If the scope of the lease is narrowed or the lease term is shortened as a result of the lease modification, the Group reduces the carrying amount of the right-of-use assets accordingly, and record the relevant gains or losses of partial or complete termination of the lease into the current profit and loss. In case of re-measurement of lease liabilities due to other lease modifications, the Group adjusts the carrying amount of the right-of-use assets accordingly.

28.2 The Group as lessor

28.2.1 Separation of a 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. The basis of the allocation is the separately stand-alone price of the lease component and the non-lease component.

28.2.2 Classification of lease

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Other leases which are not finance leases are operating leases.

28.2.2.1 The Group as lessor under operating leases

Receipts of lease under operating leases are recognized as rental income on a straight-line basis over the term of the relevant lease. Initial direct costs related to operating leases incurred by the Group are capitalized when incurred, and are recognized in profit or loss for the current period on the same basis as recognition of rental income over the lease term.

The variable receipts of lease received by the Group that are related to operating leases and not included in receipts of lease are recognized in profit or loss for the period when they are incurred.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Lease (continued)

28.2 The Group as lessor (continued)

28.2.2 Classification of lease (continued)

28.2.2.2 The Group as lessor under finance leases

At the commencement date, the Group uses the net lease investment as the accounting value of the finance lease receivables and derecognizes the finance lease assets. The net investment in the lease is the sum of the unguaranteed residual value and the present value of the lease receipts that have not been received at the commencement date, discounted at the interest rate embedded in the lease.

The amount of lease receivable refers to the amount that the Group should collect from the lessee for the purpose of transferring the leased assets during the lease term, including:

- fixed payments and in substance fixed payments to be paid by the lessee, less any lease incentives receivable (if any);
- variable lease payments that depend on an index or rate;
- exercise price of purchase options, if it is reasonably determined that the lessee will exercise the option;
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease; and
- The residual value of the guarantee provided to the Group by the lessee, a party related to the lessee and an independent third party who has the financial ability to perform the guarantee obligation.

The variable lease receipts that are not included in the measurement of net investment in the lease investment are recognized in current profit or loss when actually incurred.

The Group calculates and recognizes interest income for each period of the lease term based on a fixed periodic interest rate.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Lease (continued)

28.3 sale and leaseback transaction

28.3.1 The Group acts as a seller-lessee

The Group assesses whether the transfer of the asset in the sales and leaseback transaction constitutes a sale in accordance with the Accounting Standards for Business Enterprises No.14 – Revenue. If the transfer of the asset is not a sale, the Group continues to recognize the transferred assets and should recognize a financial liability equal to the transfer proceeds. Such financial liability is accounted for applying Accounting Standards for Business Enterprises No.22 – Recognition and Measurement of Financial Instruments. If the transfer of an asset constitutes a sale, the Group shall measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use and recognize only the amount of any gain or loss that relates to the rights transferred to the lessor.

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 year, the impact shall be recognized during the current year; where such changes impact both the current and future years, the impact shall be confirmed during the current and future years when such changes occur.

Significant judgements made in the application of accounting policies

The Group has made the following important judgments in the application of accounting policies, which had a significant impact on the amounts recognized in the financial statements:

Capitalization of development expenditure

If the expenditure in the development stage meets the conditions as described in Note III 18.2, it shall be capitalized, or included in the current profit and loss if not. Whether the expenditure in the development stage is capitalized or expensed requires significant judgment and estimates.

Determination of the lease term of lease contract with renewal option

For the lease contract signed by the Group as the lessee with the renewal option, the Group needs to use judgment to determine the lease term of the lease contract. An assessment of whether the Group is reasonably certain to exercise this option will affect the length of the lease term, which will have a significant impact on the amount of lease liabilities and right-of-use assets recognized.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

Key assumptions and uncertainties in 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:

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 assets of similar nature and function. If the useful life of a fixed asset is shortened, the Group 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

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.

After-sales service expenses

The Group undertakes the warranty obligation for the vehicles sold within a certain warranty period, and accrues the after-sales service expenses according to the sales volume and estimated cost standards. If the actual after-sales service expenses are greater or less than the expected amount, it will affect the profit and loss of the period.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

V. TAXATION

1. Major tax types and rates

Tax type	Basis	Tax rate
Value-added tax	Purchase/Sales (Notes 1 and 2)	From 1 January 2019 to 31 March 2019: 3%, 5%, 6%, 10%, 16% Since 1 April 2019: 3%, 5%, 6%, 9%, 13%
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%, 29.65%, 30%, 30.04%
Real estate tax	Original cost/rental income of the real estate	For self-occupied real estate of the Group, 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 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% respectively 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 2019 and 1 January 2020 to 30 June 2020 are listed in the above table.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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 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

The Company and its subsidiaries Baoding Great, Mind Electronics Company Limited (曼德電子電器有限公司) (“Mind Electronics”) were re-approved as new high-tech enterprises, the Company’s subsidiaries Jinggong Motor, Nuobo Automotive and Nuobo Rubber, were re-approved as new high-tech enterprises, and obtained the New and High-Tech Enterprise Certificate jointly issued by 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 2019 with a term of three years, and the applicable tax rate from 2019 to 2021 is 15%.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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 the MoF, General Administration of Customs, and the State Administration of Taxation, the Company and its subsidiaries Chongqing Haval Automobile Co., Ltd. (重慶哈弗汽車有限公司) ("Chongqing Haval"), 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"), Chongqing Haval Logistics Co., Ltd (重慶哈弗物流有限公司) ("Chongqing Haval Logistics"), 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"), 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") and Mind Automotive Parts (Chongqing) Co., Ltd. (曼德汽車零部件(重慶)有限公司) ("Chongqing Mind"), 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%.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

V. TAXATION (continued)

2. Tax incentives and approvals (continued)

2.1 Income tax incentives (continued)

2.1.4 Income tax credit for small-scaled minimal profit enterprise

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 and forecast taxable income in 2020 of Ningxia Great Wall Motor Rental Co., Ltd. ("Ningxia Rental"), 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"), 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"), 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"), 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"), 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"), 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"), 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"), Yijian Start (Beijing) Automobile Sales Service Co., Ltd. (一見啟動(北京)汽車銷售服務有限公司) ("Beijing Yijian Start") and Baoding Billion Sunny Consulting Service Co., Ltd. (保定億新諮詢服務有限公司) ("Billion Sunny Consulting"), subsidiaries of the Company, are less than RMB3 million, which satisfy the provisions of the notice above. In 2019 and 2020, the annual taxable income of a small low-profit enterprise that is not more than RMB1 million shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%; and the annual taxable income that is not less than RMB1 million nor more than RMB3 million shall be included in its taxable income at the reduced rate of 50%, with the applicable enterprise income tax rate of 20%.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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 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 2020

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Item	RMB	
	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Cash:		
RMB	172,436.50	208,369.19
GBP	14,058.24	14,761.12
HKD	7,184.57	7,045.67
JPY	5,195.01	5,059.07
USD	4,706.88	4,638.20
SGD	1,580.28	1,609.08
AUD	1,037.37	1,040.89
ZAR	731.20	3,040.38
RUB	57.80	64.49
KRW	42.02	42.87
THB	29.80	30.26
Bank balances:		
RMB	16,715,180,086.68	7,796,458,278.11
RUB	413,304,453.91	274,800,763.64
USD	322,273,371.98	353,062,364.34
ZAR	270,808,414.89	176,996,167.53
AUD	83,284,666.37	42,182,302.70
EUR	54,686,945.98	84,093,334.68
NZD	44,639,993.87	13,907,199.78
JPY	29,065,118.76	18,864,316.38
INR	16,274,913.89	16,311,722.60
GBP	568,975.20	146,977.32
KRW	501,976.55	125,403.06
CHF	37,423.48	36,213.81
HKD	18,900.45	840.47
THB	370.94	—
Other cash and bank balances:		
RMB	680,303,035.86	880,175,243.32
NZD	1,000,890.00	1,033,406.00
USD	—	64,872,500.09
Total	18,632,156,598.48	9,723,312,735.05
Including: Overseas cash and bank balances	1,267,548,234.79	942,035,026.01

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

1. Cash and bank balances (continued)

As at 30 June 2020, the Group had restricted cash and bank balances of RM681,303,925.86, in which guarantee on bank acceptances amounted to RMB653,192,385.13, guarantee on letter of credit amounted to RMB22,829,650.94, guarantee on bank guarantee amounted to RMB3,280,999.79, and other guarantees amounted to RMB2,000,890.00.

As at 31 December 2019, the Group had restricted cash and bank balances of RMB946,081,149.41, in which guarantee on bank acceptances amounted to RMB834,035,972.70, guarantee on letter of credit amounted to RMB79,893,408.42, guarantee on letter of guarantee amounted to RMB9,180,999.79, and other guarantees amounted to RMB22,970,768.50.

2. Held-for-trading financial assets

Item	30 June 2020 (Unaudited)	RMB 31 December 2019 (Audited)
Financial assets classified as at fair value through profit or loss	10,009,045,691.44	4,362,692,217.12
Including: Equity instrument investments	68,119,800.00	76,585,824.00
Debt instrument investment – wealth management products	9,940,925,891.44	4,286,106,393.12
Total	10,009,045,691.44	4,362,692,217.12

3. Accounts receivable

(1) Disclosed by aging:

Aging	30 June 2020 (Unaudited)			31 December 2019 (Audited)		
	Amount	Credit loss provision	Ratio (%)	Amount	Credit loss provision	Ratio (%)
Within 1 year	3,091,386,144.03	(74,772,766.74)	2.42	2,919,653,678.07	(46,169,165.87)	1.58
1 to 2 years	982,056,540.65	(2,735,650.00)	0.28	320,000,964.57	(296,991.50)	0.09
2 to 3 years	106,840.90	—	—	—	—	—
Over 3 years	350,913,614.30	(350,913,614.30)	100.00	345,793,284.28	(345,793,284.28)	100.00
Total	4,424,463,139.88	(428,422,031.04)	9.68	3,585,447,926.92	(392,259,441.65)	10.94

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 2020

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

3. Accounts receivable (continued)

(2) Disclosed by classification of method of credit loss provision

RMB

Category	30 June 2020 (Unaudited)					31 December 2019 (Audited)				
	Carrying amount Amount	Ratio (%)	Credit loss provision Amount	Ratio (%)	Book value	Credit loss provision Amount	Ratio (%)	Credit loss provision Amount	Ratio (%)	Book value
Credit loss provision assessed by portfolios	4,424,463,139.88	100.00	(428,422,031.04)	9.68	3,996,041,108.84	3,585,447,926.92	100.00	(392,259,441.65)	10.94	3,193,188,485.27
Total	4,424,463,139.88	100.00	(428,422,031.04)		3,996,041,108.84	3,585,447,926.92	100.00	(392,259,441.65)		3,193,188,485.27

Description of accounts receivable for which credit loss provision has been assessed by portfolios:

As part of the Group's credit risk management, the Group uses the credit period of receivables and overdue aging as the basis to assess the expected credit losses of various receivables.

The credit risk and provision for the expected credit loss of accounts receivable are as follows:

RMB

Aging	30 June 2020 (Unaudited)				31 December 2019 (Audited)			
	Expected loss rate	Carrying amount	Credit loss provision	Book value	Expected average loss rate	Carrying amount	Credit loss provision	Book value
Within credit period	0%~8.00%	3,960,790,398.70	(20,243,813.74)	3,940,546,584.96	0.35%	3,188,118,517.86	(11,294,550.78)	3,176,823,967.08
1-180 days overdue	21.00%~50.00%	70,501,420.45	(15,006,896.57)	55,494,523.88	50.00%	32,727,236.44	(16,362,718.25)	16,364,518.19
Overdue more than 180 days	100.00%	393,171,320.73	(393,171,320.73)	—	100.00%	364,602,172.62	(364,602,172.62)	—
Total		4,424,463,139.88	(428,422,031.04)	3,996,041,108.84		3,585,447,926.92	(392,259,441.65)	3,193,188,485.27

(3) Provision, collection or reversal of credit loss provision for the year:

RMB

Credit loss provision	30 June 2020 (Unaudited)		
	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
Balance at 1 January 2020	(27,657,269.01)	(364,602,172.64)	(392,259,441.65)
– Transfer to credit impairment occurred	—	—	—
Provision	(56,960,854.64)	(42,014,937.90)	(98,975,792.54)
Reversals	49,367,413.34	13,095,129.85	62,462,543.19
Written-off	—	350,659.96	350,659.96
Balance at 30 June 2020	(35,250,710.31)	(393,171,320.73)	(428,422,031.04)

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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 credit loss provision
Customer 1	1,514,515,261.02	34.23	—
Customer 2	350,913,614.30	7.93	(350,913,614.30)
Customer 3	156,303,698.20	3.53	—
Customer 4	137,521,087.06	3.11	—
Customer 5	136,212,931.46	3.08	—
Total	2,295,466,592.04	51.88	(350,913,614.30)

4. Financing with receivables

Notes receivable

(1) Classification of notes receivables :

RMB

Classifications	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Bank acceptances	23,680,810,467.71	31,444,425,191.57
Commercial acceptances	—	1,323,617.74
Total	23,680,810,467.71	31,445,748,809.31

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

(2) Pledged notes receivable as at the end of the period:

RMB

Classifications	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Bank acceptances	13,905,225,054.50	9,287,029,931.21
Total	13,905,225,054.50	9,287,029,931.21

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

4. Financing with receivables (continued)

Notes receivable (continued)

- (3) 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 2020 (Unaudited)	RMB 31 December 2019 (Audited)
Bank acceptances	9,573,267,456.23	20,094,547,980.28
Total	9,573,267,456.23	20,094,547,980.28

The aforesaid notes endorsed and discounted by the Group to other parties but yet undue will fall due within 1 to 12 months. According to the relevant provisions of the Law of Negotiable Instruments, if the acceptance bank refuses to pay, the holder has the right of recourse against the Group ("continuing involvement").

The Group believes that the Group has transferred almost all the risks and rewards of the above-mentioned notes, therefore, the book value of the settled accounts payable and related accounts payable is derecognized. The maximum losses and undiscounted cash flows for continuing involvement and repurchases are equal to their book value. The Group believes that continuing involvement in fair value is not significant.

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.

5. Prepayments

(1) Prepayments by aging:

Aging	30 June 2020 (Unaudited)		31 December 2019 (Audited)	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	587,331,866.08	93.78	407,284,189.24	92.32
1 to 2 years	36,522,185.42	5.83	29,557,378.86	6.70
2 to 3 years	1,023,168.81	0.16	3,082,205.13	0.70
Over 3 years	1,433,867.40	0.23	1,238,465.31	0.28
Total	626,311,087.71	100.00	441,162,238.54	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 2020

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	88,956,954.57	14.20
Supplier 2	57,112,168.60	9.12
Supplier 3	28,335,739.84	4.52
Supplier 4	20,666,067.02	3.30
Supplier 5	19,940,359.01	3.18
Total	215,011,289.04	34.32

6. Other receivables

6.1 Summary of other receivables

Category	30 June 2020 (Unaudited)	RMB 31 December 2019 (Audited)
Interest receivable	4,936,897.74	228,748.88
Other receivables	1,030,390,189.53	946,745,623.27
Total	1,035,327,087.27	946,974,372.15

6.2 Interest receivable

Item	30 June 2020 (Unaudited)	RMB 31 December 2019 (Audited)
Interest of bank deposits	4,936,897.74	228,748.88
Total	4,936,897.74	228,748.88

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

6. Other receivables (continued)

6.3 Other receivables

(1) Disclosed by aging:

Aging	30 June 2020 (Unaudited)			31 December 2019 (Audited)		
	Amount	Credit loss provision	Ratio (%)	Amount	Credit loss provision	Ratio (%)
Within 1 year	764,465,226.24	(784,446.00)	0.10	914,746,410.35	(441,070.54)	0.05
1 to 2 years	251,112,111.57	(610,908.54)	0.24	18,284,251.13	(169,838.00)	0.93
2 to 3 years	3,433,737.22	—	—	1,237,054.66	—	—
Over 3 years	12,774,469.04	—	—	13,088,815.67	—	—
Total	1,031,785,544.07	(1,395,354.54)	0.14	947,356,531.81	(610,908.54)	0.06

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

Nature	RMB	
	Carrying amount at 30 June 2020 (Unaudited)	Carrying amount at 31 December 2019 (Audited)
Proceeds from equity transfer	327,648,600.00	—
Current amounts	256,471,383.62	180,572,327.04
Proceeds from land transfer	235,763,516.00	351,079,822.38
Taxes refunds	81,014,247.14	223,042,001.92
Security and margin deposits	45,336,951.84	40,887,736.43
Deposits	10,545,126.17	24,210,195.29
Others	75,005,719.30	127,564,448.75
Total	1,031,785,544.07	947,356,531.81

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

6. Other receivables (continued)

6.3 Other receivables (continued)

(3) Analysis of credit loss provision

Aging	30 June 2020 (Unaudited)				31 December 2019 (Audited)			
	Expected average loss rate	Carrying amount	Credit loss provision	Book value	Expected average loss rate	Carrying amount	Credit loss provision	Book value
Indefinite/within the contractual repayment period	0.07%	1,029,605,743.53	(751,499.27)	1,028,854,244.26	—	946,745,623.27	—	946,745,623.27
1-180 days overdue	2.10%	1,568,892.00	(32,946.73)	1,535,945.27	—	—	—	—
Overdue more than 180 days	100.00%	610,908.54	(610,908.54)	—	100.00%	610,908.54	(610,908.54)	—
Total		1,031,785,544.07	(1,395,354.54)	1,030,390,189.53		947,356,531.81	(610,908.54)	946,745,623.27

The Group determines the expected credit losses for other receivables based on historical experience data and forward-looking information. For the period from 1 January to 30 June 2020 and the year of 2019, the Group's assessment methods and major assumptions have not changed.

(4) Credit loss provision

Credit loss provision	Phase 1 Future 12-month ECL	Phase 2 Lifetime ECL (not credit- impaired)	Phase 3 Lifetime ECL (credit- impaired)	Total
Balance at 1 January 2020	—	—	(610,908.54)	(610,908.54)
Carrying amounts of other receivables at 1 January 2020				
Provision	(752,644.39)	(31,801.61)	—	(784,446.00)
Reversals	—	—	—	—
Written-off	—	—	—	—
Transferred to Phase 2	1,145.12	(1,145.12)	—	—
Balance at 30 June 2020	(751,499.27)	(32,946.73)	(610,908.54)	(1,395,354.54)

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

6. Other receivables (continued)

6.3 Other receivables (continued)

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

Name of entity	Nature	Amount	Aging	Proportion of the amount to the total other receivables (%)	RMB
					Closing balance of credit loss provision
Entity 1	Proceeds from equity transfer	327,648,600.00	Within 1 year	31.76	—
Entity 2	Proceeds from transfer of land	235,763,516.00	Within 2 year	22.85	—
Entity 3	Current amounts	219,471,383.62	Within 1 year	21.27	—
Entity 4	Taxes refundable	64,099,030.67	Within 2 year	6.21	—
Entity 5	Current amounts	37,000,000.00	Within 1 year	3.59	—
Total		883,982,530.29		85.68	

The Group has no other receivables related to government grant.

7. Inventories

(1) Inventories by category

Item	30 June 2020 (Unaudited)		
	Carrying amount	Provision for decline in value of inventories	Book value
Raw materials	1,382,149,024.02	(141,228,609.39)	1,240,920,414.63
Work-in-progress	805,276,310.98	(3,117,464.18)	802,158,846.80
Finished goods	2,260,298,319.74	(226,662,446.43)	2,033,635,873.31
Low-valued and short-lived consumables	366,227,910.90	(1,753,700.19)	364,474,210.71
Total	4,813,951,565.64	(372,762,220.19)	4,441,189,345.45

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

7. Inventories (continued)

(1) Inventories by category (continued)

RMB

Item	Carrying amount	31 December 2019 (Audited)	
		Provision for decline in value of inventories	Book value
Raw materials	1,290,302,186.89	(59,676,557.70)	1,230,625,629.19
Work-in-progress	857,826,804.91	(1,033,121.26)	856,793,683.65
Finished goods	3,959,123,183.64	(167,130,666.01)	3,791,992,517.63
Low-valued and short-lived consumables	360,405,525.69	(2,623,440.54)	357,782,085.15
Total	6,467,657,701.13	(230,463,785.51)	6,237,193,915.62

(2) Provision for decline in value of inventories

RMB

Inventories by category	31 December 2019 (Audited)	Provision	Decrease		30 June 2020 (Unaudited)
			Reversals	Written-off	
Raw materials	59,676,557.70	127,501,067.17	(5,804,631.70)	(40,144,383.78)	141,228,609.39
Work-in-progress	1,033,121.26	3,117,464.18	(331,473.91)	(701,647.35)	3,117,464.18
Finished goods	167,130,666.01	165,341,080.14	(668,623.73)	(105,140,675.99)	226,662,446.43
Low-valued and short lived consumables	2,623,440.54	599,687.99	(631,626.46)	(837,801.88)	1,753,700.19
Total	230,463,785.51	296,559,299.48	(7,436,355.80)	(146,824,509.00)	372,762,220.19

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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 year	Percentage of the reversal to the closing balance of the inventory during the year (%)
Raw materials	Note 1	Note 2	0.42
Work-in-progress	Note 1	Note 2	0.04
Finished goods	Note 1	Note 2	0.03
Low-valued and short-lived consumables	Note 1	Note 2	0.17

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, low-valued and short-lived consumables finished goods correspondingly.

Note 2: As the estimated net realizable value of some, raw materials, work-in-progress, finished goods, low-valued and short-lived consumables was higher than the inventory cost as at the end of the 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 year, the provision for decline in value of inventories has been written off.

8. Other current assets

Other current assets are set out as follows:

Item	30 June 2020 (Unaudited)	RMB 31 December 2019 (Audited)
Deposits in non-bank financial institutions (<i>Note 1</i>)	9,801,853,381.83	8,436,276,381.57
Taxes to be deducted	777,101,037.49	1,028,062,190.91
Mould (<i>Note 2</i>)	149,993,679.11	139,741,656.05
Prepayment of enterprise income tax	10,509,574.11	9,074,895.35
Paint for vehicles	4,153,212.16	4,079,406.48
Structured deposits	—	1,700,000,000.00
Others	28,903,446.07	26,712,139.90
Total	10,772,514,330.77	11,343,946,670.26

Note 1: 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").

Note 2: The estimated usage time is less than one year.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

9. Long-term receivables

(1) Long-term receivables

Item	30 June 2020 (Unaudited)			31 December 2019 (Audited)			RMB
	Carrying amount	Credit loss provision	Book value	Carrying amount	Credit loss provision	Book value	Discount rate range
Performance bond	627,392,084.98	—	627,392,084.98	614,411,518.18	—	614,411,518.18	4.27%
Land advances	360,646,258.13	—	360,646,258.13	353,642,751.48	—	353,642,751.48	4.00%
Finance lease receivables	1,689,206,263.49	(10,211,244.56)	1,678,995,018.93	1,136,925,302.12	(2,379,187.17)	1,134,546,114.95	0 to 19.51%
Including: Unearned finance income	(283,593,999.04)	—	(283,593,999.04)	(242,226,062.65)	—	(242,226,062.65)	
Less: Long-term receivables due within one year	(1,092,222,229.81)	—	(1,092,222,229.81)	(807,562,885.35)	—	(807,562,885.35)	
Total	1,585,022,376.79	(10,211,244.56)	1,574,811,132.23	1,297,416,686.43	(2,379,187.17)	1,295,037,499.26	

(2) Credit loss provision

<i>RMB</i>										
Category	30 June 2020 (Unaudited)					31 December 2019 (Audited)				
	Carrying amount		Credit loss provision		Book value	Carrying amount		Credit loss provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)		Amount	Ratio (%)	Amount	Ratio (%)	
Credit loss provision by portfolios	2,677,244,606.60	100.00	(10,211,244.56)	0.38	2,667,033,362.04	2,104,979,571.78	100.00	(2,379,187.17)	0.11	2,102,600,384.61
Total	2,677,244,606.60	100.00	(10,211,244.56)		2,667,033,362.04	2,104,979,571.78	100.00	(2,379,187.17)		2,102,600,384.61

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

9. Long-term receivables (continued)

(2) Credit loss provision (continued)

Finance lease receivables

In order to reduce the credit risk of finance lease receivables, the Group uses the credit risk rating system to divide the finance lease receivables into five risk levels: normal, concerned, subordinate, suspicious and loss based on the transaction records and relevant external information available. Within the period of 1 June 2020 and year of 2019, the Group's assessment methods and major assumptions have not changed.

Credit loss provision	RMB For the period from 1 January to 30 June 2020 (Unaudited)		
	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
Balance at 1 January 2020	(1,974,064.43)	(405,122.74)	(2,379,187.17)
Provision	(6,016,445.78)	(1,820,656.05)	(7,837,101.83)
Reversal	—	—	—
Written-off	—	5,044.44	5,044.44
– Transfer to credit impairment occurred	588,792.40	(588,792.40)	—
Balance at 30 June 2020	(7,401,717.81)	(2,809,526.75)	(10,211,244.56)

10. Long-term equity investment

The details of long-term equity investment are as follows:

Investee	31 December 2019 (Audited)	Increase for the period	Decrease in investment	Changes in the current period						30 June 2020 (Unaudited)	Closing balance of impairment provision
				Investment profit or loss recognized under the equity method	Other comprehensive income adjustment	Other equity changes	Declared cash dividends or profits	Provision for impairment	Others		
Joint ventures											
Auto finance	3,112,651,355.60	—	—	496,255,875.90	—	—	—	—	—	3,608,907,231.50	—
Total	3,112,651,355.60	—	—	496,255,875.90	—	—	—	—	—	3,608,907,231.50	—

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

11. Investment properties

The investment properties measured at cost:

Item	Buildings	Land use rights	RMB Total
I. Original carrying amount			
31 December 2019 (Audited)	341,954,096.11	17,619,408.20	359,573,504.31
Additions for the period	75,424,167.65	23,472.07	75,447,639.72
1. Transfer from intangible assets	—	23,472.07	23,472.07
2. Purchase	2,779,857.17	—	2,779,857.17
3. Transfer from fixed assets	68,845,487.17	—	68,845,487.17
4. Transfer from construction in progress	3,798,823.31	—	3,798,823.31
Decrease for the period	(3,487,880.92)	—	(3,487,880.92)
1. Transfer to fixed assets	(3,487,880.92)	—	(3,487,880.92)
Exchange differences	887,765.42	—	887,765.42
30 June 2020 (Unaudited)	414,778,148.26	17,642,880.27	432,421,028.53
II. Accumulated amortization and depreciation			
31 December 2019 (Audited)	35,116,782.69	2,260,191.41	37,376,974.10
Additions for the period	20,175,238.41	190,819.27	20,366,057.68
1. Provision or amortization	6,738,326.61	187,181.10	6,925,507.71
2. Transfer from fixed assets	13,436,911.80	—	13,436,911.80
3. Transfer from intangible assets	—	3,638.17	3,638.17
Decrease for the period	(590,875.77)	—	(590,875.77)
1. Transfer to fixed assets	(590,875.77)	—	(590,875.77)
Exchange differences	124,615.52	—	124,615.52
30 June 2020 (Unaudited)	54,825,760.85	2,451,010.68	57,276,771.53
III. Book value			
30 June 2020 (Unaudited)	359,952,387.41	15,191,869.59	375,144,257.00
31 December 2019 (Audited)	306,837,313.42	15,359,216.79	322,196,530.21

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

12. Fixed assets

Information of fixed assets:

RMB

Item	Buildings	Machinery and equipment	Transportation vehicles	Electronic equipment and others	Total
I. Original carrying amount					
31 December 2019 (Audited)	15,962,404,017.61	24,713,807,082.63	340,699,392.45	8,332,364,869.42	49,349,275,362.11
Additions for the period	43,065,083.78	193,005,146.25	39,403,145.26	196,733,511.88	472,206,887.17
1. Acquisition	37,960,612.70	18,150,469.23	27,358,297.77	94,138,610.98	177,607,990.68
2. Transfer from construction in progress	1,616,590.16	174,492,764.63	1,377,338.26	102,582,511.52	280,069,204.57
3. Transfer from inventories	—	361,912.39	10,667,509.23	12,389.38	11,041,811.00
4. Transfer from investment properties	3,487,880.92	—	—	—	3,487,880.92
Decrease for the period	(83,753,055.88)	(362,873,579.01)	(3,030,892.63)	(76,320,087.03)	(525,977,614.55)
1. Disposal or retirement	(1,676,446.28)	(38,900,925.53)	(2,760,654.03)	(51,229,718.01)	(94,567,743.85)
2. Decrease for transferring to construction in progress	—	(323,705,455.89)	—	(11,442,855.40)	(335,148,311.29)
3. Transfer to investment properties	(68,845,487.17)	—	—	—	(68,845,487.17)
4. Other transfer-out	(13,231,122.43)	(267,197.59)	(270,238.60)	(13,647,513.62)	(27,416,072.24)
Reclassification	—	(117,269,515.16)	—	117,269,515.16	—
Exchange differences	(215,132,581.86)	(105,321,581.40)	(1,938,291.75)	(977,192.06)	(323,369,647.07)
30 June 2020 (Unaudited)	15,706,583,463.65	24,321,347,553.31	375,133,353.33	8,569,070,617.37	48,972,134,987.66
II. Accumulated depreciation					
31 December 2019 (Audited)	2,896,909,028.74	10,796,405,450.46	236,241,798.03	5,210,001,867.61	19,139,558,144.84
Additions for the period	278,589,867.40	1,125,903,812.79	20,790,778.53	493,624,246.53	1,918,908,705.25
1. Provision for the period	277,998,991.63	1,125,903,812.79	20,790,778.53	493,624,246.53	1,918,317,829.48
2. Transfer from investment properties	590,875.77	—	—	—	590,875.77
Decrease for the period	(13,735,666.22)	(209,663,049.48)	(1,760,405.26)	(44,503,478.71)	(269,662,599.67)
1. Disposal or retirement	(298,754.42)	(12,280,102.63)	(1,643,380.11)	(32,974,106.03)	(47,196,343.19)
2. Decrease for transferring to construction in progress	—	(197,272,954.01)	—	(5,408,409.22)	(202,681,363.23)
3. Transfer to investment properties	(13,436,911.80)	—	—	—	(13,436,911.80)
4. Other transfer-out	—	(109,992.84)	(117,025.15)	(6,120,963.46)	(6,347,981.45)
Reclassification	—	(6,439,101.56)	—	6,439,101.56	—
Exchange differences	(67,643,294.28)	(32,827,740.21)	(795,183.81)	(579,123.79)	(101,845,342.09)
30 June 2020 (Unaudited)	3,094,119,935.64	11,673,379,372.00	254,476,987.49	5,664,982,613.20	20,686,958,908.33
III. Provision for impairment					
31 December 2019 (Audited)	136,268.33	156,237,367.70	340,060.27	309,693,969.69	466,407,665.99
Additions for the period	—	5,970,429.56	210,609.04	15,473,968.66	21,655,007.26
1. Provision for the period (Note)	—	5,970,429.56	210,609.04	15,473,968.66	21,655,007.26
Decrease for the period	—	(1,723,205.44)	—	(13,592,363.13)	(15,315,568.57)
1. Disposal or retirement	—	(1,723,205.44)	—	(8,538,591.05)	(10,261,796.49)
2. Decrease for transferring to construction in progress	—	—	—	(5,053,772.08)	(5,053,772.08)
Reclassification	—	(11,259,769.34)	—	11,259,769.34	—
30 June 2020 (Unaudited)	136,268.33	149,224,822.48	550,669.31	322,835,344.56	472,747,104.68
IV. Book value					
30 June 2020 (Unaudited)	12,612,327,259.68	12,498,743,358.83	120,105,696.53	2,581,252,659.61	27,812,428,974.65
31 December 2019 (Audited)	13,065,358,720.54	13,761,164,264.47	104,117,534.15	2,812,669,032.12	29,743,309,551.28

As at 30 June 2020, among the fixed assets, the net book value of properties without property ownership certificates amounted to RMB497,940,296.75 (As at 31 December 2019: RMB516,271,960.52) and the application of relevant title certificates is in progress.

Note: In the current period, a provision for impairment of fixed assets of RMB21,655,007.26 was made due to the cessation of production in some vehicle models, changes in production process, damage and equipment aging.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

13. Construction in progress

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

Item	30 June 2020 (Unaudited)			31 December 2019 (Audited)		
	Carrying amount	Impairment provision	Net book value	Carrying amount	Impairment provision	Net book value
Part and Components Department reconstruction project	1,428,618,517.78	(860,242.75)	1,427,758,275.03	1,257,267,559.40	(860,242.75)	1,256,407,316.65
Xushui automotive project	361,378,086.72	—	361,378,086.72	257,781,764.81	—	257,781,764.81
Rizhao vehicle plant project	294,594,541.81	—	294,594,541.81	147,538,508.99	—	147,538,508.99
Xushui parts and components project	232,501,263.28	(4,266,414.49)	228,234,848.79	151,727,477.03	(5,033,843.73)	146,693,633.30
Xushui supporting infrastructure project	136,427,954.42	—	136,427,954.42	136,453,590.40	—	136,453,590.40
Industrial park phase I, II, III reconstruction and expansion	97,965,245.93	—	97,965,245.93	59,742,608.73	—	59,742,608.73
Other constructions in progress	74,471,456.11	—	74,471,456.11	56,184,819.01	—	56,184,819.01
Russia 80,000 sets of vehicle plant and residential area supporting project	70,363,310.42	—	70,363,310.42	82,134,271.85	—	82,134,271.85
Tianjin parts and components project	65,555,439.40	(3,985,994.95)	61,569,444.45	6,599,880.83	(4,789,135.16)	1,810,745.67
Tianjin automotive project	47,382,546.57	(65,763.73)	47,316,782.84	44,405,598.96	(65,763.73)	44,339,835.23
New technology center	32,617,824.81	—	32,617,824.81	32,617,824.81	—	32,617,824.81
Chongqing Great Wall vehicle project	24,032,919.41	—	24,032,919.41	25,667,346.61	—	25,667,346.61
Total	2,865,909,106.66	(9,178,415.92)	2,856,730,690.74	2,258,121,251.43	(10,748,985.37)	2,247,372,266.06

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

13. Construction in progress (continued)

(2) Changes in major construction in progress

											RMB
Item	Budget amount	31 December 2019 (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 2020 (Unaudited)
Part and Components Department reconstruction project	8,177,051,807.79	1,257,267,559.40	595,721,781.88	(113,004,450.50)	(311,366,373.00)	50.72	—	—	—	internal funds	1,428,618,517.78
Xushui automotive project	11,454,615,444.00	257,781,764.81	141,284,930.11	(27,876,985.48)	(9,811,622.72)	88.49	—	—	—	internal funds	361,378,086.72
Rizhao vehicle plant project	831,203,900.00	147,538,508.99	147,198,481.73	—	(142,448.91)	35.52	—	—	—	internal funds	294,594,541.81
Xushui parts and components project	10,302,928,694.73	151,727,477.03	263,368,912.10	(57,868,238.85)	(124,726,887.00)	78.50	—	—	—	internal funds	232,501,263.28
Xushui supporting infrastructure project	193,250,000.00	136,453,590.40	—	—	(25,635.98)	70.60	—	—	—	internal funds	136,427,954.42
Industrial park phase I, II, III reconstruction and expansion	1,421,751,630.89	59,742,608.73	638,489,711.64	(3,298,472.64)	(596,968,601.80)	91.46	—	—	—	internal funds	97,965,245.93
Other constructions in progress	676,647,417.97	56,184,819.01	38,621,302.97	(15,227,802.17)	(5,106,863.70)	60.35	—	—	—	internal funds	74,471,456.11
Russia 80,000 sets of vehicle plant and residential area supporting project	3,457,127,700.00	82,134,271.85	21,545,924.86	(9,323,047.68)	(23,993,838.61)	93.77	—	—	—	internal funds	70,363,310.42
Tianjin parts and components project	4,305,086,455.00	6,599,880.83	60,991,209.66	(989,658.71)	(1,045,992.38)	92.35	—	—	—	internal funds	65,555,439.40
Tianjin automotive project	5,575,064,691.00	44,405,598.96	4,100,630.49	(1,123,682.88)	—	96.17	—	—	—	internal funds	47,382,546.57
New technology center	1,727,202,349.00	32,617,824.81	—	—	—	94.96	—	—	—	internal funds	32,617,824.81
Chongqing Great Wall vehicle project	2,033,507,657.00	25,667,346.61	49,772,497.35	(51,356,865.66)	(50,058.89)	85.39	—	—	—	internal funds	24,032,919.41
Total	50,155,437,747.38	2,258,121,251.43	1,961,095,382.79	(280,069,204.57)	(1,073,238,322.99)						2,865,909,106.66

Note: Other reductions mainly refer to a decrease of RMB574,572,793.37 in construction in progress as a result of the disposal of subsidiaries and a decrease of RMB325,849,060.36 in construction in progress as a result of transfer to intangible assets.

(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	25,817.91	Vehicle model discontinued.	
Xushui parts and components project	143,551.04	Idle assets	
Total	169,368.95		

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

14. Right-of-use assets

RMB					
Item	Land use rights	Buildings and structures	Machinery and equipment	Transportation equipment	Total
I. Original carrying amount					
31 December 2019 (Audited)	3,795,632.49	109,947,231.16	4,298,161.83	12,458,667.18	130,499,692.66
Additions for the period	21,327.33	12,736,593.67	12,373,583.52	—	25,131,504.52
Deductions for the period	(40,897.36)	(20,147,100.50)	(760,384.61)	(140,522.12)	(21,088,904.59)
30 June 2020 (Unaudited)	3,776,062.46	102,536,724.33	15,911,360.74	12,318,145.06	134,542,292.59
II. Accumulated depreciation					
31 December 2019 (Audited)	1,781,379.34	25,675,819.14	886,632.17	1,734,680.63	30,078,511.28
Additions for the period	896,460.84	11,310,993.17	586,658.37	1,684,052.59	14,478,164.97
1. Provision	896,460.84	11,310,993.17	586,658.37	1,684,052.59	14,478,164.97
Deductions for the period	(20,448.68)	(4,403,350.57)	(246,696.67)	(104.02)	(4,670,599.94)
30 June 2020 (Unaudited)	2,657,391.50	32,583,461.74	1,226,593.87	3,418,629.20	39,886,076.31
III. Provision for impairment					
31 December 2019 (Audited)	—	—	—	—	—
30 June 2020 (Unaudited)	—	—	—	—	—
IV. Book value					
30 June 2020 (Unaudited)	1,118,670.96	69,953,262.59	14,684,766.87	8,899,515.86	94,656,216.28
31 December 2019 (Audited)	2,014,253.15	84,271,412.02	3,411,529.66	10,723,986.55	100,421,181.38

Other explanations:

The Group leased a number of assets, including land use rights, buildings, machinery and equipment, and transportation equipment with a lease term of 2 – 10 years. The simplified treatment of short-term lease expenses and low-value asset lease expenses included in profit or loss for the period is RMB31,841,135.04. The total cash outflow related to the lease in the period was RMB33,655,055.50.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

15. Intangible assets

(1) Intangible assets are set out as follows:

Item	RMB			
	Land use rights	Software and others	Non-patent technology	Total
I. Original carrying amount				
31 December 2019 (Audited)	3,493,388,256.96	471,235,520.06	2,061,968,101.76	6,026,591,878.78
Additions for the period	296,286,315.00	61,211,989.16	233,441,058.22	590,939,362.38
1. Acquisition	—	28,847,030.36	—	28,847,030.36
2. Internal research and development	—	—	233,441,058.22	233,441,058.22
3. Transferred from construction in progress	296,286,315.00	29,562,745.36	—	325,849,060.36
4. Exchange differences	—	2,802,213.44	—	2,802,213.44
Deductions for the period	(296,309,787.07)	(2,321,380.95)	(2,407,923.48)	(301,039,091.50)
1. Other transfer-out	(296,286,315.00)	—	—	(296,286,315.00)
2. Disposal	—	(305,474.00)	(2,407,923.48)	(2,713,397.48)
3. Transfer to investment properties	(23,472.07)	—	—	(23,472.07)
4. Transfer to construction in progress	—	(2,015,906.95)	—	(2,015,906.95)
30 June 2020 (Unaudited)	3,493,364,784.89	530,126,128.27	2,293,001,236.50	6,316,492,149.66
II. Accumulated amortisation				
31 December 2019 (Audited)	545,772,513.48	133,156,154.08	637,428,485.41	1,316,357,152.97
Additions for the period	34,869,675.58	22,070,211.22	280,657,248.90	337,597,135.70
1. Provision	34,869,675.58	20,068,814.38	280,657,248.90	335,595,738.86
2. Exchange differences	—	2,001,396.84	—	2,001,396.84
Deductions for the period	(3,638.17)	(239,160.27)	(114,831.86)	(357,630.30)
1. Disposal	—	(239,160.27)	(114,831.86)	(353,992.13)
2. Transfer to investment properties	(3,638.17)	—	—	(3,638.17)
30 June 2020 (Unaudited)	580,638,550.89	154,987,205.03	917,970,902.45	1,653,596,658.37
III. Book value				
30 June 2020 (Unaudited)	2,912,726,234.00	375,138,923.24	1,375,030,334.05	4,662,895,491.29
31 December 2019 (Audited)	2,947,615,743.48	338,079,365.98	1,424,539,616.35	4,710,234,725.81

The proportion of intangible assets arising from internal research and development at the end of the period to balance of total intangible assets is 29.49%.

As at 30 June 2020, among the intangible assets, the net book value of land use rights without land use rights certificates amounted to RMB22,318,920.00 (31 December 2019: RMB22,585,680.00), and the application of relevant land use rights certificates is in progress.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

16. Development expenditure

Item	31 December 2019 (Audited)	Increase for the period	Recognized as intangible assets	Decrease for the period		30 June 2020 (Unaudited)
				Transferred to profit or loss for the period		
Automobile development project	2,188,699,764.12	974,521,359.04	(233,441,058.22)	(144,636,090.63)		2,785,143,974.31

17. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets before offsetting

Item	30 June 2020 (Unaudited)		31 December 2019 (Audited)	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Impairment provision for credit	439,587,559.60	67,979,458.64	394,808,466.82	60,193,503.09
Provision for decline in value of inventories	370,885,083.85	68,103,947.94	229,625,386.26	47,767,381.38
Impairment of fixed assets	380,142,118.13	57,650,980.51	380,555,491.20	57,560,783.19
Impairment of construction in progress	9,178,415.92	1,376,762.38	10,748,985.37	1,612,347.81
Amortisation of intangible assets	665,776,903.10	99,870,702.49	490,767,851.01	73,615,177.65
Accrued expenses which are deductible upon payment	563,099,598.55	92,539,560.28	749,711,924.12	121,255,250.59
Contract liabilities	2,265,557,814.41	339,857,020.99	2,196,686,451.80	329,625,786.70
Deductible loss	2,675,292,426.08	422,556,298.05	1,617,283,801.49	258,172,605.78
Deferred income	668,647,727.37	114,290,949.54	1,274,786,160.50	206,108,085.77
Unrealized profit arising from internal transactions	837,770,408.78	180,594,153.22	844,838,805.64	170,894,378.41
Share-based payment	29,140,142.70	4,469,475.79	—	—
Right-of-use assets and lease liabilities	458,655,480.01	68,859,542.86	—	—
Others	333,258,278.95	54,563,414.46	176,156,357.27	29,983,050.28
Total	9,696,991,957.45	1,572,712,267.15	8,365,969,681.48	1,356,788,350.65

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

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

(2) Deferred tax liabilities before offsetting

Item	30 June 2020 (Unaudited)		31 December 2019 (Audited)	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Difference between the book value of accumulated depreciation and tax base	(8,078,941,784.47)	(1,225,521,190.64)	(7,655,468,811.40)	(1,158,426,944.84)
Unrealized profit of held-for-trading financial assets	(51,959,667.61)	(7,793,950.14)	(17,937,453.83)	(2,690,618.07)
Temporary difference of interest receivable	(169,043,807.21)	(26,421,557.02)	(3,230,926.09)	(807,731.52)
Total	(8,299,945,259.29)	(1,259,736,697.80)	(7,676,637,191.32)	(1,161,925,294.43)

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

Item	30 June 2020 (Unaudited)		31 December 2019 (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	(687,139,229.46)	885,573,037.69	(672,510,634.46)	684,277,716.19
Deferred tax liabilities	687,139,229.46	(572,597,468.34)	672,510,634.46	(489,414,659.97)

(4) Details of unrecognized deferred tax assets

Item	30 June 2020 (Unaudited)
Deductible losses	1,400,374,712.81
Total	1,400,374,712.81

(5) The aforementioned unrecognized losses will expire in 2024 and subsequent years.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

18. Short-term borrowings and long-term borrowings

(1) Short-term borrowings

Item	RMB	
	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Guaranteed Loans (Note)	637,660,476.30	628,624,044.66
Credit loans	5,318,355,026.68	551,846,610.84
Total	5,956,015,502.98	1,180,470,655.50

Note: The balance of guaranteed loans was the loan made by HWA Ding International Limited (華鼎國際有限公司) ("HWA Ding International"), a subsidiary of the Company, and guaranteed by the Company.

(2) Long-term borrowings

Item	RMB	
	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Secured loans (Note 1)	530,000,000.00	1,930,000,000.00
Credit loans	1,801,490,277.76	—
Guaranteed Loans (Note 2)	3,453,774,004.19	2,253,013,663.75
Pledged Loans	—	170,479,104.66
Less: Long-term borrowings due within one year	(2,683,998,244.05)	(3,147,837,114.70)
Total	3,101,266,037.90	1,205,655,653.71

Note 1: Secured loans at the end of the year of RMB530,000,000.00 are loans obtained by the Company with the land use right of the Company as collateral.

Note 2: Guaranteed loans of RMB3,453,774,004.19 at the end of the period are all loans obtained by subsidiaries of the Company using the Company as the guarantor with the annual interest rate ranging from 1.00% to 4.75% and will be repaid within one to five years.

19. Notes payable

Category	RMB	
	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Bank acceptances	18,511,596,808.46	9,891,237,320.25
Commercial acceptances	49,551,781.02	129,658,524.27
Total	18,561,148,589.48	10,020,895,844.52

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

20. Accounts payable

(1) Accounts payable disclosed as follows:

Item	30 June 2020 (Unaudited)	RMB 31 December 2019 (Audited)
Within 1 year	17,356,825,787.09	25,327,660,278.01
1-2 years	79,917,332.78	84,024,793.79
2-3 years	12,702,061.10	14,409,946.00
Over 3 years	21,585,625.88	13,441,596.18
Total	17,471,030,806.85	25,439,536,613.98

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 2020 (Unaudited)	Reason for outstanding or transfer
Supplier 1	26,389,016.79	Payment terms have not been reached
Supplier 2	7,450,000.00	Payment terms have not been reached
Supplier 3	5,300,000.00	Payment terms have not been reached
Supplier 4	4,390,000.00	Payment terms have not been reached
Supplier 5	3,875,000.00	Payment terms have not been reached
Total	47,404,016.79	

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

21. Contract liabilities

Item	30 June 2020 (Unaudited)	RMB 31 January 2019 (Audited)
Receipts in advance	2,928,831,725.07	4,132,917,857.08
Maintenance service charges	402,760,296.03	426,680,941.15
Transportation service	36,140,621.42	44,233,159.44
Total	3,367,732,642.52	4,603,831,957.67

Note:

The income recognized in the current period and included in the book value of the contract liabilities at the beginning of the period:

The amount of RMB4,222,867,413.79 in the book value of contract liabilities at the beginning of the period has been recognized as income in the current period. The book value of contract liabilities at the end of the period is expected to be recognized as income within one year.

22. Employee benefits payable

(1) Employee benefits payable disclosed as follows:

Item	31 December 2019 (Audited)	Increase	Decrease	RMB 30 June 2020 (Unaudited)
1. Short-term employee benefits	2,088,777,847.57	3,030,101,010.95	(4,625,243,239.72)	493,635,618.80
2. Post-employment benefits-defined contribution plan	5,482,133.11	169,922,774.13	(169,751,382.35)	5,653,524.89
Total	2,094,259,980.68	3,200,023,785.08	(4,794,994,622.07)	499,289,143.69

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

22. Employee benefits payable (continued)

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

Item				RMB
	31 December 2019 (Audited)	Increase	Decrease	30 June 2020 (Unaudited)
I. Salaries, bonuses, allowances and subsidies	1,818,667,453.58	2,418,304,372.42	(3,806,313,949.16)	430,657,876.84
II. Staff welfare	169,900,673.00	187,121,340.72	(348,346,474.82)	8,675,538.90
III. Staff bonuses and welfare fund	280,505.14	—	—	280,505.14
IV. Social insurance premiums	2,727,419.35	111,479,180.96	(111,041,747.48)	3,164,852.83
Including: Medical insurance	2,504,187.40	103,315,940.54	(102,849,535.19)	2,970,592.75
Work-related injury insurance	96,728.36	6,702,823.43	(6,678,881.45)	120,670.34
Maternity insurance	126,503.59	1,460,416.99	(1,513,330.84)	73,589.74
V. Housing provident funds	1,023,047.24	88,637,179.20	(86,941,963.64)	2,718,262.80
VI. Labor union expenditures	13,216,928.82	6,899,159.73	(12,097,974.06)	8,018,114.49
VII. Employees' education expenses	2,501,055.51	1,530,838.22	(2,500,588.69)	1,531,305.04
VIII. Service charge	80,460,764.93	216,128,939.70	(258,000,541.87)	38,589,162.76
Total	2,088,777,847.57	3,030,101,010.95	(4,625,243,239.72)	493,635,618.80

(3) Defined contribution plan

Item				RMB
	31 December 2019 (Audited)	Increase	Decrease	30 June 2020 (Unaudited)
1. Basic endowment insurance	5,454,059.06	162,852,184.66	(162,664,482.11)	5,641,761.61
2. Unemployment insurance	28,074.05	7,070,589.47	(7,086,900.24)	11,763.28
Total	5,482,133.11	169,922,774.13	(169,751,382.35)	5,653,524.89

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.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

23. Taxes payable

		RMB
Item	30 June 2020 (Unaudited)	31 January 2019 (Audited)
Value added tax	290,197,961.79	426,791,998.56
Consumption tax	446,699,048.34	760,844,830.17
Enterprise income tax	210,223,303.53	223,531,874.01
Individual income tax	15,647,121.54	18,511,284.50
Urban maintenance and construction tax	31,923,401.28	30,360,072.15
Education surcharges	29,369,634.37	25,159,688.26
Stamp duty	20,957,700.52	15,924,279.60
Real estate tax	171,117.12	2,472,607.39
Others	10,653,740.07	8,387,199.31
Total	1,055,843,028.56	1,511,983,833.95

24. Other payables

24.1 Other payables are summarized as follows:

Item	30 June 2020	RMB 31 January 2019
	(Unaudited)	(Audited)
Dividends payable	774,885,000.00	—
Other payables	2,527,993,981.89	2,481,286,817.71
Total	3,302,878,981.89	2,481,286,817.71

24.2 Dividends payable

		RMB
	30 June 2020	31 January 2019
Item	(Unaudited)	(Audited)
Dividends from ordinary shares	774,885,000.00	—
Total	774,885,000.00	—

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

24. Other payables (continued)

24.3 Other payables

(1) Other payables disclosed by nature are as follows:

Item	30 June 2020 (Unaudited)	RMB 31 January 2019 (Audited)
Project payment	315,173,399.25	263,132,001.36
Equipment payment	877,228,508.74	978,602,233.36
Deposits	621,444,256.81	584,126,870.84
Restricted share under repurchase obligations	203,130,420.00	—
Others	511,017,397.09	655,425,712.15
Total	2,527,993,981.89	2,481,286,817.71

(2) The breakdown of other payables is as follows:

Item	30 June 2020 (Unaudited)	RMB 31 January 2019 (Audited)
Within 1 year	1,934,408,332.94	1,828,968,876.77
1 to 2 years	299,898,366.50	451,783,551.09
2 to 3 years	192,829,857.28	127,184,690.78
Over 3 years	100,857,425.17	73,349,699.07
Total	2,527,993,981.89	2,481,286,817.71

(3) Descriptions of other significant payables aged over one year:

Item	30 June 2020 (Unaudited)	Reason for outstanding or transfer
Entity 1	37,887,716.00	Payment terms have not been reached
Entity 2	18,479,200.00	Payment terms have not been reached
Entity 3	14,264,043.26	Payment terms have not been reached
Entity 4	12,382,175.30	Payment terms have not been reached
Entity 5	11,134,824.98	Payment terms have not been reached
Total	94,147,959.54	

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

25. Non-current liabilities due within one year

Item	Notes	RMB	
		30 June 2020 (Unaudited)	31 December 2019 (Audited)
Long-term borrowings due within one year	VI.18	2,683,998,244.05	3,147,837,114.70
Leased liability due within one year	VI.27	85,078,976.23	32,158,338.70
Total		2,769,077,220.28	3,179,995,453.40

26. Other current liabilities

Item	RMB	
	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Short-term bonds payable	4,051,319,900.43	2,014,116,666.66
Accrued advertising and media service expenses	550,032,805.07	771,095,010.61
Accrued after-sale warranty expenses	549,703,739.54	694,933,978.06
Accrued transportation costs	114,300,205.38	80,839,996.57
Accrued technology development expenditure	40,900,085.70	68,742,434.97
Accrued utilities fees	41,034,870.48	27,497,652.57
Others	399,724,607.58	430,314,179.37
Total	5,747,016,214.18	4,087,539,918.81

Additions and deductions of short-term bonds payable:

									RMB
					Opening	Issued in	Accrued	Repaid in	
Title of bonds	Par value	Issue date	Term	Issue amount	balance	the current	interests	the current	Closing balance
						period		period	
19 Great Wall Motor SCP003	100.00	16 October 2019	270 days	2,000,000,000.00	2,014,116,666.66	—	32,819,672.13	—	2,046,936,338.79
20 Great Wall Motor SCP001	100.00	20 May 2020	270 days	2,000,000,000.00	—	2,000,000,000.00	4,383,561.64	—	2,004,383,561.64
Total				4,000,000,000.00	2,014,116,666.66	2,000,000,000.00	37,203,233.77	—	4,051,319,900.43

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

27. Leased liabilities

Item	RMB	
	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Leased liabilities	553,718,699.59	91,338,555.00
Subtotal	553,718,699.59	91,338,555.00
Less: Leased liabilities recognized in non-current liabilities due within one year (Note VI 25)	(85,078,976.23)	(32,158,338.70)
Total	468,639,723.36	59,180,216.30

28. Deferred income

Item	RMB			
	31 December 2019 (Audited)	Increase for the period	Decrease for the period	30 June 2020 (Unaudited)
Government grants	2,192,963,937.85	1,345,473,928.84	(447,125,999.92)	3,091,311,866.77
Total	2,192,963,937.85	1,345,473,928.84	(447,125,999.92)	3,091,311,866.77

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

28. Deferred income (continued)

Projects related to government grants:

RMB

Type	31 December 2019 (Audited)	Increase in grant for the period	Amount recognized in other income for the period	Other transfer-out	30 June 2020 (Unaudited)	Related to an asset/related to income
Infrastructure supporting fund	639,675,123.81	—	(12,070,087.94)	—	627,605,035.87	Related to an asset
Government industrial policy supporting fund	1,020,413,950.65	1,237,190,328.84	(116,921,714.75)	(296,286,315.00)	1,844,396,249.74	Related to an asset/income
Soft soil foundation subsidy	222,141,994.48	—	(2,766,730.16)	—	219,375,264.32	Related to an asset
New technical center infrastructure construction project	37,694,493.24	—	(6,788,194.33)	—	30,906,298.91	Related to an asset
Tax refund for purchasing domestic manufactured equipment	277,474.73	—	(197,402.88)	—	80,071.85	Related to an asset
Urban construction fund	146,789,117.51	100,000,000.00	(1,297,796.28)	—	245,491,321.23	Related to an asset
Subsidies for key technological innovation projects	766,666.29	—	(575,000.02)	—	191,666.27	Related to an asset
Development fund for SMEs	3,521,134.96	—	(147,739.92)	—	3,373,395.04	Related to an asset
Diesel engine development project fund	200,000.00	—	(50,000.00)	—	150,000.00	Related to an asset
Engine construction project	4,500,000.00	—	(1,000,000.00)	—	3,500,000.00	Related to an asset
Development of strategic emerging industry	996,913.62	—	(166,666.66)	—	830,246.96	Related to an asset
Innovation platform construction project	22,222.26	—	(22,222.26)	—	—	Related to an asset
Energy-saving gasoline direct injection engine project	60,833,333.33	—	(5,000,000.00)	—	55,833,333.33	Related to an asset
Jing-Jin-Ji united R&D project of new energy vehicle	515,916.42	—	(515,916.42)	—	—	Related to an asset
110KV transformer substation project	25,691,655.80	—	(588,358.56)	—	25,103,297.24	Related to an asset
Intelligent network-connected automotive system project	2,291,507.12	—	(974,286.86)	—	1,317,220.26	Related to an asset
Fuel cell test platform project	388,888.90	—	(41,666.66)	—	347,222.24	Related to an asset
Coal-fired boiler project	12,658.57	—	(12,658.57)	—	—	Related to an asset
Technical renovation project of XEV test center	3,842,500.00	—	(435,000.00)	—	3,407,500.00	Related to an asset

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

28. Deferred income (continued)

Projects related to government grants: (continued)

Type	31 December 2019 (Audited)	Increase in grant for the period	Amount recognized in other income for the period	Other transfer-out	RMB	
					30 June 2020 (Unaudited)	Related to an asset/related to income
Automobile engine tool kit project	4,242,558.01	—	(295,768.92)	1,577,969.09	5,524,758.18	Related to an asset/ related to income
Hydrogen energy fuel cell reactor project	1,000,000.00	—	—	—	1,000,000.00	Related to an asset
Industrial technology research institute project	317,265.32	—	(104,382.19)	—	212,883.13	Related to an asset
Engineering technology research center project	600,000.00	—	(600,000.00)	—	—	Related to an asset
Science popularization exhibition hall project	88,888.87	—	(33,333.34)	—	55,555.53	Related to an asset
Intelligent vehicle base project	3,517,578.53	—	(363,773.07)	—	3,153,805.46	Related to an asset
New energy automobile digital workshop	234,360.50	—	(18,767.41)	—	215,593.09	Related to an asset
Transformation of Oula R1 pure electric automobile technology achievements	104,983.48	—	(104,983.48)	—	—	Related to income
Special funds for hydrogen fuel cell system electronic and electrical control innovation team	450,000.00	—	—	—	450,000.00	Related to income
Research and development of key technologies for pure electric automobile	413,623.45	—	(413,623.45)	—	—	Related to income
Research and development and application of new energy-saving and emission reduction engine oil additives	89,128.00	—	—	—	89,128.00	Related to income
Testing for performance of automobile components and parts	830,000.00	—	(497,979.88)	—	332,020.12	Related to income
Calcium titanium solar energy luminescent materials	500,000.00	—	—	—	500,000.00	Related to an asset
Renovation and expansion of expert apartment project	10,000,000.00	—	—	—	10,000,000.00	Related to an asset
Electronic brake booster EAD R&D and industrialization project	—	3,000,000.00	—	—	3,000,000.00	Related to an asset
Key technology research and development project of full-power hydrogen battery and power system	—	1,320,000.00	—	—	1,320,000.00	Related to an asset/ related to income
Charging facility construction project	—	413,600.00	(413,600.00)	—	—	Related to assets
Oula pure electric automobile technology development project	—	2,550,000.00	—	—	2,550,000.00	Related to income
Provincial industrial technology research institute performance subsidy project	—	1,000,000.00	—	—	1,000,000.00	Related to an asset
Total	2,192,963,937.85	1,345,473,928.84	(152,417,654.01)	(294,708,345.91)	3,091,311,866.77	

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

29. Share capital

RMB

Item	Opening balance	Changes for the period				Closing balance
		New issue (Note XII)	Bonus shares	Shares transfer from reserve	Others	
Share capital	9,127,269,000.00	49,303,500.00	—	—	—	9,176,572,500.00

30. Capital reserve

RMB

Item	Opening balance	Additions	Deductions	Closing balance
For the period from 1 January to 30 June 2020 (Unaudited):				
Capital premiums (Note 1)	1,466,607,789.89	166,152,795.00	—	1,632,760,584.89
Other capital reserves (Note 2)	(55,356,135.47)	119,254,718.19	—	63,898,582.72
Total	1,411,251,654.42	285,407,513.19	—	1,696,659,167.61
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)
Total	1,411,231,014.42	—	—	1,411,231,014.42

Note 1: The increase of capital premiums in the current period is caused by the Group's granting of restricted shares to incentive objects. See Note XII for details.

Note 2: In the current period, other capital reserves increased by RMB29,140,142.70 due to the share-based payments recognized based on the expected number of exercisable equity instruments. See Note XII for details; the gains recognised for the transfer of rights to the related party (as a lessor) due to leaseback transaction of fixed assets are deemed as capital contributions from shareholders and included in other capital reserves, amounting to RMB90,114,575.49.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

31. Treasury shares

Item	Opening balance	Additions	Deductions	Closing balance
Treasury shares related to restricted stock repurchase obligations	—	215,456,295.00	(12,325,875.00)	203,130,420.00
Total	—	215,456,295.00	(12,325,875.00)	203,130,420.00

Note: The increase in treasury shares during the period is due to the granting of restricted stocks to incentive objects by the Group during the current period, and the decrease in the current period is due to the distribution of cash dividends to restricted stock holders by the Group during the current period. Please refer to Note XII for details.

32. Surplus reserve

Item	Opening balance	Increase	Decrease	Reclassification	Closing balance
For the period from 1 January to 30 June 2020 (Unaudited) :					
Statutory surplus reserve	5,411,592,550.81	—	—	—	5,411,592,550.81
Discretionary surplus reserve	2,855,650.48	—	—	—	2,855,650.48
Reserve fund	89,384,285.27	—	—	—	89,384,285.27
Tax credit for social welfare enterprises	251,838,024.75	—	—	—	251,838,024.75
Total	5,755,670,511.31	—	—	—	5,755,670,511.31
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
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

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

33. Undistributed profits

Item	Amount	RMB Proportion of appropriation or allocation
For the period from 1 January to 30 June 2020 (Unaudited) :		
Undistributed profits at the beginning of the period	38,345,853,094.28	
Add: Net profits attributable to the shareholders of the parent company of the period	1,146,142,722.90	
Transfer from surplus reserve	—	
Other transfers-in	—	
Less: Appropriation of statutory surplus reserve	—	(1)
Appropriation of discretionary surplus reserve	—	
Distribution of cash dividends	(2,294,143,125.00)	(2)
Share capital transferred from ordinary share dividends	—	
Undistributed profits at the end of the period	37,197,852,692.18	
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 parent company of the period	1,517,169,113.68	
Transfer from surplus reserve	71,730,768.61	
Other transfers-in	—	
Less: Appropriation of statutory surplus reserve	—	(1)
Appropriation of discretionary surplus reserve	—	
Distribution of cash dividends	(2,646,908,010.00)	
Share capital transferred from ordinary share dividends	—	
Undistributed profits at the end of the period	35,561,697,381.48	

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

33. Undistributed profits (continued)

(1) Appropriation of 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) Cash dividends approved by the shareholders' meeting in this period

On 12 June 2020, the 2019 shareholders' meeting approved the Proposal on Adjustment to Profit Distribution of 2019, which allows the Company to distribute cash dividends of RMB0.25 (tax included) per share based on the total share capital on the equity registration date when the Company implements profit distribution in 2019. The total shares on 29 June 2020 (equity registration date) are 9,176,572,500 shares with par value of RMB1 per share, and the total declared cash dividends are RMB2,294,143,125.00.

34. Operating income and operating costs

(1) Operating income and operating costs

Item	For the period from 1 January to 30 June 2020 (Unaudited)		For the period from 1 January to 30 June 2019 (Unaudited)	
	Income	Costs	Income	Costs
Principal operating activities	35,214,125,518.90	30,071,731,977.04	39,886,924,034.14	34,470,706,249.68
Other operating activities	715,068,128.95	569,907,522.53	430,002,968.49	342,740,900.03
Total	35,929,193,647.85	30,641,639,499.57	40,316,927,002.63	34,813,447,149.71

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

34. Operating income and operating costs (continued)

(2) Revenue arising from contracts

Category of contracts	For the period from 1 January to 30 June 2020 (Unaudited)	RMB For the period from 1 January to 30 June 2019 (Unaudited)
Income from the sales of automobiles	31,972,487,262.95	36,400,798,655.31
Income from the sales of automotive parts and components	1,654,605,080.26	1,940,892,847.10
Income from rendering of services	1,045,388,345.05	1,217,638,073.50
Income from the sales of moulds and others	541,644,830.64	327,594,458.23
Other operating income	715,068,128.95	430,002,968.49
Total	35,929,193,647.85	40,316,927,002.63

(3) Description of amortization to remaining performance obligations

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 RMB5,653,321,630.58, most of which is expected to be recognized in 2020.

35. Taxes and levies

Item	For the period from 1 January to 30 June 2020 (Unaudited)	RMB For the period from 1 January to 30 June 2019 (Unaudited)
Consumption tax	733,632,424.57	1,002,438,832.17
City maintenances and construction tax	84,911,624.94	116,133,083.99
Educational surcharges	73,268,922.20	95,608,821.49
Stamp duty	51,535,323.77	52,652,270.96
Land use tax	31,367,525.22	26,401,564.33
Real estate tax	44,748,103.50	34,894,526.11
Water resource tax	927,703.69	1,059,865.00
Vehicle and vessel use tax	226,051.01	244,922.20
Others	5,252,022.44	6,773,909.22
Total	1,025,869,701.34	1,336,207,795.47

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

36. Selling expenses

		RMB
	For the period from 1 January to 30 June 2020 (Unaudited)	For the period from 1 January to 30 June 2019 (Unaudited)
Item		
Transportation expenses	144,193,509.85	103,023,252.31
After-sale services expenses	11,005,395.80	166,659,974.48
Wages and salaries	152,606,290.46	102,567,180.12
Advertising and media services fees	635,030,715.42	834,553,519.58
Consulting service fee	54,471,367.76	86,203,893.87
Port charges	14,309,827.21	17,348,047.34
Travelling expenses	10,239,296.16	17,661,540.59
Share-based payments	3,128,065.44	—
Others	52,485,592.72	142,028,769.16
Total	1,077,470,060.82	1,470,046,177.45

37. Administrative expenses

Item	For the period	RMB
	from 1 January to 30 June 2020 (Unaudited)	For the period from 1 January to 30 June 2019 (Unaudited)
Wages and salaries	444,074,156.46	390,376,893.37
Depreciation and Amortization	140,042,384.22	112,212,454.98
Business reception fees	4,221,671.96	7,622,780.06
Office expenses	46,635,498.68	52,893,606.86
Repair and maintenance fees	123,736,467.38	135,702,456.54
Auditors' remuneration	821,554.36	928,136.81
Consulting service fee	75,473,055.91	64,167,981.93
Share-based payments	9,798,066.69	—
Others	96,373,431.94	76,941,181.16
Total	941,176,287.60	840,845,491.71

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

38. Financial expenses

Item	For the period from 1 January to 30 June 2020 (Unaudited)	RMB For the period from 1 January to 30 June 2019 (Unaudited)
Interest expense from bank loans	122,272,851.94	86,038,425.93
Including: Interest expense from lease liabilities	1,482,188.22	2,344,338.87
Interest income from bank deposits	(303,031,858.89)	(69,040,110.86)
Foreign currency translation differences	338,847,219.33	(184,432,812.02)
Discounted long-term receivables	(19,984,073.45)	—
Others	17,294,970.61	93,786,824.58
Total	155,399,109.54	(73,647,672.37)

39. Other income

Item	For the period from 1 January to 30 June 2020 (Unaudited)	RMB
		For the period from 1 January to 30 June 2019 (Unaudited)
Government grants	200,379,099.65	255,310,577.47
Individual income tax rebate	6,852,304.25	—
Weighted deduction of input tax	887,632.91	—
Total	208,119,036.81	255,310,577.47

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

39. Other income (continued)

Government grants recognized in other income:

Item	For the period from 1 January to 30 June 2020 (Unaudited)	For the period from 1 January to 30 June 2019 (Unaudited)	Related to an asset/related to income
Job stabilization subsidy	17,511,053.08	—	Related to income
Immediate refund of VAT of welfare enterprises	16,998,875.82	12,398,546.52	Related to income
New energy vehicle subsidy	3,379,953.82	—	Related to income
Import discount subsidy	3,237,571.00	577,700.00	Related to income
Subsidy for the new apprentice training project of the Treasury Department of Baoding Finance Bureau	1,812,000.00	—	Related to income
Special funds for intelligent manufacturing	1,500,000.00	—	Related to income
Social security subsidy	1,226,776.36	—	Related to income
Industrial design and foreign trade brand cultivation subsidy	850,000.00	—	Related to income
Supportive development fund of export credit insurance	843,136.89	—	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
Science and Technology Reward Bonus by Baoding Science Technology and Intellectual Property Office	—	200,000.00	Related to income
Others	602,078.67	160,874.75	Related to income
Amortization of deferred income	152,417,654.01	238,047,409.40	
Total	200,379,099.65	255,310,577.47	

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

40. Investment income

Breakdown:

Item	For the period from 1 January to 30 June 2020 (Unaudited)	RMB For the period from 1 January to 30 June 2019 (Unaudited)
Long-term equity investment income under equity method	496,255,875.90	—
Income from wealth management products	51,623,507.81	43,127,348.15
Losses from derecognition of discounted bills	(117,965,967.60)	—
Net gains (losses) from disposal of subsidiaries	1,049,232.64	(179,396,751.13)
Total	430,962,648.75	(136,269,402.98)

41. Gains or losses from changes in fair values

Source of gains (losses) from changes in fair values	For the period from 1 January to 30 June 2020 (Unaudited)	RMB For the period from 1 January to 30 June 2019 (Unaudited)
Held-for-trading financial assets		
Including: Equity instrument investment	(8,466,024.00)	(21,902,888.00)
Wealth management products	35,102,991.47	14,398,893.76
Derivate financial assets	(380,777.69)	—
Other non-current financial assets	(700,000.00)	—
Total	25,556,189.78	(7,503,994.24)

42. Impairment losses on credit

Item	For the period from 1 January to 30 June 2020 (Unaudited)	RMB For the period from 1 January to 30 June 2019 (Unaudited)
Accounts receivable	(36,513,249.35)	(9,551,203.67)
Other receivables	(784,446.00)	—
Long-term receivables	(7,837,101.83)	(459,695.22)
Loans and advances to customers	—	(35,397,704.52)
Total	(45,134,797.18)	(45,408,603.41)

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

43. Impairment losses on assets

Item	For the period from 1 January to 30 June 2020 (Unaudited)	<i>RMB</i> For the period from 1 January to 30 June 2019 (Unaudited)
I. Loss on decline in value of inventories	(289,122,943.68)	(88,307,446.81)
II. Loss on impairment of fixed assets	(21,655,007.26)	(12,067,176.48)
III. Loss on impairment of construction in progress	(169,368.95)	(727,833.72)
Total	(310,947,319.89)	(101,102,457.01)

44. Gains (losses) from disposal of assets

Item	For the period from 1 January to 30 June 2020 (Unaudited)	<i>RMB</i> For the period from 1 January to 30 June 2019 (Unaudited)
Gains (losses) from disposal of assets	(15,655,663.23)	75,638,684.63
Including : Gains (losses) from disposal of fixed assets	(19,741,004.20)	2,516,562.41
Gains (losses) from disposal of construction in progress	4,125,647.79	(4,092,174.27)
Gains (losses) from disposal of intangible assets	(61,543.50)	77,214,296.49
Gains (losses) from disposal of right-of-use assets	21,236.68	—

45. Non-operating income

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

Item	For the period from 1 January to 30 June 2020 (Unaudited)	For the period from 1 January to 30 June 2019 (Unaudited)	<i>RMB</i> Amount included in non-recurring gains and losses for the period
Government grants	134,064,435.71	86,166,380.47	134,064,435.71
Gains from compensation	21,415,132.36	24,451,937.94	21,415,132.36
Unpayable amount	682,428.88	5,491,434.86	682,428.88
Others	13,317,193.97	21,275,487.86	13,317,193.97
Total	169,479,190.92	137,385,241.13	169,479,190.92

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

45. Non-operating income (continued)

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

Item	For the period from 1 January to 30 June 2020 (Unaudited)	For the period from 1 January to 30 June 2019 (Unaudited)	RMB
			Related to an asset/related to income
Tax related Industrial development funds	105,987,054.40	86,081,819.27	Related to income
Financial subsidy	27,786,081.31	—	Related to income
Others	291,300.00	84,561.20	Related to income
Total	134,064,435.71	86,166,380.47	

46. Non-operating expenses

Item	For the period from 1 January to 30 June 2020 (Unaudited)	For the period from 1 January to 30 June 2019 (Unaudited)	RMB
			Amount included in non-recurring gains and losses for the period
Expenditures for donations	9,518,294.26	9,779,356.28	9,518,294.26
Expenses for compensations and fines	1,723,799.62	557,822.80	1,723,799.62
Others	355,133.84	1,334,380.04	355,133.84
Total	11,597,227.72	11,671,559.12	11,597,227.72

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

47. Income tax expenses

		RMB
	For the period from 1 January to 30 June 2020 (Unaudited)	For the period from 1 January to 30 June 2019 (Unaudited)
Item		
Current tax expenses	311,703,227.57	325,686,549.89
Deferred tax expenses	(139,481,800.22)	28,024,102.66
Total	172,221,427.35	353,710,652.55

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

Item	For the period	RMB
	from 1 January to 30 June 2020 (Unaudited)	For the period from 1 January to 30 June 2019 (Unaudited)
Total profit	1,318,364,150.25	1,904,737,742.61
Income tax rate	25%	25%
Income tax calculated at tax rate of 25%	329,591,037.56	476,184,435.65
Changes in opening balances of deferred tax assets/ liabilities due to the change in tax rate	—	280,282.50
Effects arising from some companies subject to concessionary rates	(124,498,687.25)	(46,209,900.41)
Additional deduction for research and development costs	(111,477,436.81)	(89,362,531.06)
Tax effect of non-taxable income	(127,364,882.15)	(26,043,996.08)
Effect of weighted deduction for the disabled	(3,743,765.97)	(4,797,044.03)
Tax effect of non-deductible expenses	23,016,059.81	27,586,557.45
Effect of deductible loss not recognized for deferred tax assets for the period	186,699,102.16	16,072,848.53
Total	172,221,427.35	353,710,652.55

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

48. Net profit

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

Item	Notes	For the period from 1 January to 30 June 2020 (Unaudited)	RMB For the period from 1 January to 30 June 2019 (Unaudited)
Depreciation and amortization for investment properties	VI.11	6,925,507.71	4,645,590.36
Depreciation for fixed assets		1,918,303,923.71	1,908,789,351.57
Depreciation for right-of-use assets	VI.14	14,478,164.97	13,024,922.91
Amortization of intangible assets		335,339,694.58	247,478,209.68
Total amount of depreciation and amortization		2,275,047,290.97	2,173,938,074.52
Gains (losses) from disposal of assets	VI.44	(15,655,663.23)	75,638,684.63
Gross rental income from investment properties		22,669,257.09	13,448,282.41
Employee benefits expense		2,798,470,218.57	3,410,379,271.36

49. Basic earnings per share and diluted earnings per share

(1) Calculation of basic earnings per share

The basic earnings per share is calculated based on the current net profit attributable to ordinary shareholders of the Company, deducting the cash dividends distributed to holders of restricted shares that are expected to be unlocked in the future, divided by the weighted average number of outstanding ordinary shares (excluding the number of restricted shares).

Item	For the period from 1 January to 30 June 2020 (Unaudited)	For the period from 1 January to 30 June 2019 (Unaudited)
Basic earnings per share (RMB/share)	0.12	0.17

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

49. Basic earnings per share and diluted earnings per share (continued)

(2) Calculation of diluted earnings per share

Diluted earnings per share is calculated by dividing the adjusted current net profit attributable to the owners of the parent company by the adjusted weighted average number of outstanding ordinary shares in the current period under the assumption that all dilutive potential ordinary shares have been converted.

The exercise price of restricted shares and share options is higher than the average market price of shares in the current period. Therefore, it is not dilutive to earnings per share.

Item	For the period from 1 January to 30 June 2020 (Unaudited)	For the period from 1 January to 30 June 2019 (Unaudited)
Diluted earnings per share (RMB/share)	0.12	N/A

50. Other comprehensive income

RMB

Item	31 December 2019 (Audited)	Amount incurred in the current period					30 June 2020 (Unaudited)
		Amount incurred for current period before tax	Less: Amount previously included in other comprehensive income and transferred to profit or loss for the period	Less: Income tax expenses	Attributable to owners of the parent company after tax	Attributable to minority interests after tax	
Other comprehensive income that will be reclassified to profit or loss							
Including: Changes in fair value of financial assets at FVTOCI	(204,658,306.01)	32,799,855.69	—	(4,919,978.35)	27,879,877.34	—	(176,778,428.67)
Translation differences of financial statements denominated in foreign currencies	(36,156,037.10)	(134,303,845.99)	—	—	(134,303,845.99)	—	(170,459,883.09)
Total other comprehensive income	(240,814,343.11)	(101,503,990.30)	—	(4,919,978.35)	(106,423,968.65)	—	(347,238,311.76)

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

51. Notes to cash flow statements

(1) Other cash received relating to operating activities

Item	For the period from 1 January to 30 June 2020 (Unaudited)	RMB For the period from 1 January to 30 June 2019 (Unaudited)
Interest income from bank deposits	133,025,403.19	69,040,110.86
Government grants	1,510,169,715.41	619,899,056.02
Reparations (penalty) income	19,764,572.51	9,851,797.35
Others	210,797,771.86	20,778,642.95
Total	1,873,757,462.97	719,569,607.18

(2) Other cash payments relating to operating activities

Item	For the period from 1 January to 30 June 2020 (Unaudited)	RMB For the period from 1 January to 30 June 2019 (Unaudited)
Advertising and media services fee	482,838,234.14	984,095,250.80
Transportation costs and port charges	129,984,063.40	136,570,301.68
Technology development expenditures	531,463,517.57	308,496,430.41
Finance leases	552,286,005.81	344,552,607.55
After-sale services expenses and repair costs	279,972,101.70	436,162,978.03
Business reception fees and office expenses	28,242,843.12	47,316,869.88
Travelling expenses	22,592,801.87	43,976,755.07
Consultation fees	103,798,430.51	150,371,875.80
Software usage fees	151,601,933.00	7,628,824.29
Others	576,385,761.03	259,181,077.65
Total	2,859,165,692.15	2,718,352,971.16

(3) Other cash payments relating to investing activities

Item	For the period from 1 January to 30 June 2020 (Unaudited)	RMB For the period from 1 January to 30 June 2019 (Unaudited)
Receivables	90,000,000.00	—
Total	90,000,000.00	—

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

51. Notes to cash flow statements (continued)

(4) Other cash received relating to financing activities

Item	For the period from 1 January to 30 June 2020 (Unaudited)	RMB For the period from 1 January to 30 June 2019 (Unaudited)
Decrease in restricted bank deposits	264,777,223.55	913,311,470.69
Total	264,777,223.55	913,311,470.69

(5) Other cash payments relating to financing activities

	For the period from 1 January to 30 June 2020 (Unaudited)	RMB For the period from 1 January to 30 June 2019 (Unaudited)
Decrease in lease liabilities	8,696,545.97	11,511,696.76
Total	8,696,545.97	11,511,696.76

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

52. Supplementary information of cash flow statements

(1) Supplementary information of cash flow statements

Supplementary information	For the period from 1 January to 30 June 2020 (Unaudited)	RMB For the period from 1 January to 30 June 2019 (Unaudited)
1. Reconciliation of net profits to cash flow from operating activities:		
Net profits	1,146,142,722.90	1,551,027,090.06
Add: Impairment provision for assets	310,947,319.89	101,102,457.01
Impairment losses on credit	45,134,797.18	45,408,603.41
Depreciation of fixed assets	1,918,303,923.71	1,908,789,351.57
Depreciation of right-of-use assets	14,478,164.97	13,024,922.91
Amortization of intangible assets	335,339,694.58	247,478,209.68
Amortization of long-term prepaid expenses	11,187,486.49	30,441,745.64
Depreciation and amortization of investment properties	6,925,507.71	4,645,590.36
Losses (Gains) from fair value changes	(25,556,189.78)	7,503,994.24
Losses (Gains) on disposal of assets	15,655,663.23	(75,638,684.63)
Amortization of deferred income	(152,417,654.01)	(238,047,409.40)
Financial expense	(20,509,238.11)	120,692,341.65
Investment losses (income)	(548,928,616.35)	136,269,402.98
Decrease in deferred tax assets (Less: increase)	(222,664,608.59)	(230,881,953.77)
Increase in deferred tax liabilities (Less: decrease)	83,182,808.37	260,165,314.57
Decrease in inventories (Less: increase)	1,495,839,815.49	(1,706,113,082.56)
Decrease in operating receivables (Less: increase)	7,977,523,853.52	10,692,130,480.05
Increase in operating payables (Less: decrease)	(2,903,181,428.31)	(6,755,381,642.80)
Others	29,140,142.70	—
Net cash flows from operating activities	9,516,544,165.59	6,112,616,730.97
2. Major investing and financing activities that do not involve cash receipts and payments:		
Right-of-use assets recognised for leased fixed assets	25,131,504.52	52,108,275.93
3. Net changes in cash and cash equivalents:		
Cash balance at the end of the period	17,950,852,672.62	7,640,129,182.26
Less: Cash balance at the beginning of the period	8,777,231,585.64	6,614,611,437.43
Net increase in cash and cash equivalents	9,173,621,086.98	1,025,517,744.83

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

52. Supplementary information of cash flow statements (continued)

(2) Net cash received in the period for disposal of subsidiaries

Item	For the period from 1 January to 30 June 2020 (Unaudited)	RMB For the period from 1 January to 30 June 2019 (Unaudited)
Cash or cash equivalents received in current period for disposal of subsidiaries	329,000,000.00	—
Less: Cash and cash equivalents held by subsidiaries at the date of losing control	500,000.00	—
Net cash received from disposal of subsidiaries	328,500,000.00	—

(3) Components of cash and cash equivalents

Item	30 June 2020 (Unaudited)	RMB 31 December 2019 (Audited)
I. Cash	17,950,852,672.62	8,777,231,585.64
Including: Cash on hand	207,059.67	245,701.22
Bank deposits ready to be withdrawn on demand	17,950,645,612.95	8,776,985,884.42
II. Cash and cash equivalent balance at the end of the period	17,950,852,672.62	8,777,231,585.64

53. Assets with limited ownership or use right

Item	Carrying amount at the end of the period	Reasons for the restrictions
Cash and bank balances	681,303,925.86	Bank acceptance deposits, L/C Guarantee deposits, guarantee deposits and others
Notes receivable	13,905,225,054.50	Used for issuance of notes payable
Intangible assets	83,974,889.90	Used for long-term borrowings
Total	14,670,503,870.26	

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

54. Monetary items denominated in foreign currency

(1) 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			
Include: USD	33,511,723.04	7.0795	237,246,243.23
RMB	210,877,703.89	1.0000	210,877,703.89
EUR	3,275,914.72	7.9610	26,079,557.09
JPY	96,255,656.53	0.0658	6,333,622.20
HKD	3,406,673.41	0.9134	3,111,655.49
GBP	66,904.60	8.7144	583,033.44
CHF	5,027.74	7.4434	37,423.48
SGD	311.00	5.0813	1,580.28
AUD	77.28	4.8657	376.02
RUB	572.84	0.1009	57.80
KRW	7,122.03	0.0059	42.02
THB	129.96	0.2293	29.80
Accounts receivable			
Include: USD	15,090,751.51	7.0795	106,834,975.28
EUR	9,026,645.45	7.9610	71,861,124.43
RMB	1,489,941.06	1.0000	1,489,941.06
Accounts payable			
Include: EUR	2,723,123.15	7.9610	21,678,783.40
JPY	83,409,271.43	0.0658	5,488,330.06
USD	732,599.66	7.0795	5,186,439.30
HKD	4,524.15	0.9134	4,132.36
Other payables			
Include: EUR	2,575,510.90	7.9610	20,503,642.28
USD	1,064,392.98	7.0795	7,535,370.10
JPY	77,713,447.26	0.0658	5,113,544.83
RMB	1,116,558.10	1.0000	1,116,558.10
Long-term borrowings			
Include: EUR	230,223,055.56	7.9610	1,832,805,745.31
USD	80,007,415.60	7.0795	566,412,498.74

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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

54. Monetary items denominated in foreign currency (continued)

(2) Description of major overseas business entities:

Major overseas business entities:	Overseas business location	Function currency
Haval Motor Russia Limited Liability Company (俄羅斯哈弗汽車有限責任公司) ("Haval Russia")	Russia	RUB
Haval Motor Manufacturing Russia Limited Liability Company (俄羅斯哈弗汽車製造有限責任公司) ("Russia Manufacturing")	Russia	RUB
Haval Motors South Africa Proprietary Limited (哈弗汽車南非有限公司) ("Haval South Africa")	South Africa	ZAR

55. Net current assets

Item	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Current assets	74,285,617,947.48	68,502,163,106.36
Less: Current liabilities	58,730,032,130.43	54,599,801,076.22
Net current assets	15,555,585,817.05	13,902,362,030.14

56. Total assets less current liabilities

Item	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Total assets	119,363,217,010.53	113,096,409,468.96
Less: Current liabilities	58,730,032,130.43	54,599,801,076.22
Total assets less current liabilities	60,633,184,880.10	58,496,608,392.74

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

VII. CHANGES IN CONSOLIDATION SCOPE

1. Business combination not involving enterprises under common control

No business combination not involving enterprises under common control has incurred during the current period.

2. Business combination involving enterprises under common control

There is no business combination involving enterprises under common control during the current period.

3. Disposal of subsidiaries

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

Name of subsidiaries	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
Chongqing Chuangban Enterprise Management Co., Ltd. (重慶創伴企業管理有限公司) ("Chongqing Chuangban")	656,648,600.00	100.00	Sold in cash	June 2020	Note	1,049,232.64

Note: 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.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

VII. CHANGES IN CONSOLIDATION SCOPE (continued)

4. Changes in consolidation scope for other reasons

Newly established subsidiaries during the current period:

Title	Establish time
Jingcheng Engineering Automotive Parts (Rizhao) Co., Ltd. (精誠工科汽車零部件(日照)有限公司) ("Rizhao Jinggong Motor")	January 2020
Haval Sales (Thailand) Co., Ltd. (哈弗銷售泰國有限公司) ("Thailand Sales")	January 2020
Honeycomb Zhixing Transmission System (Jiangsu) Co., Ltd. (蜂巢智行傳動系統(江蘇)有限公司) ("Honeycomb Zhixing")	January 2020
Honeycomb Weiling Power Technology (Jiangsu) Co., Ltd. (蜂巢蔚領動力科技(江蘇)有限公司) ("Honeycomb Weiling")	January 2020
Nuobo Automotive Parts (Ningyang) Co., Ltd. (諾博汽車零部件(寧陽)有限公司) ("Ningyang Nuobo Parts")	January 2020
Shanghai Yuefan Information Technology Co., Ltd. (上海玥泛信息科技有限公司) ("Shanghai Yuefan")	March 2020
Mind Automotive Parts (Rizhao) Co., Ltd. (曼德汽車零部件(日照)有限公司) ("Rizhao Mind")	March 2020
Nuobo Automotive Parts (Pinghu) Co., Ltd. (諾博汽車零部件(平湖)有限公司) ("Pinghu Nuobo Parts")	April 2020
Honeycomb Transmission Technology (Chongqing) Co., Ltd. (蜂巢傳動科技(重慶)有限公司) ("Chongqing Transmission")	April 2020
Qichuang Global Limited (齊創國際有限公司) ("Qichuang Global")	April 2020
Xunqi International Limited (訊奇國際有限公司) ("Xunqi International")	April 2020
Yuefan International Limited (玥泛國際有限公司) ("Yuefan International")	April 2020
Yixintong Technology (Tianjin) Co., Ltd. (蟻信通科技(天津)有限公司) ("Yixintong")	May 2020
Chongqing Chuangban	June 2020
Honeycomb Power System (Chongqing) Co., Ltd. (蜂巢動力系統(重慶)有限公司) ("Chongqing Power")	June 2020
Mind Automotive Parts (Taizhou) Co., Ltd. (曼德汽車零部件(泰州)有限公司) ("Taizhou Mind")	June 2020
Mande Optoelectronics (Taizhou) Co., Ltd. (曼德光電(泰州)有限公司) ("Mind Optoelectronics")	June 2020
Nuobo Automotive Parts (Shenyang) Co., Ltd. (諾博汽車零部件(瀋陽)有限公司) ("Shenyang Nuobo Parts")	June 2020

Subsidiaries deregistered in the current period:

Name	Deregistration date
Guizhou Yijian Start Automobile Sales Service Co., Ltd.	June 2020
Yijian Start (Haikou) Automobile Sales Service Co., Ltd.	June 2020

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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
Great Wall Baoding Huabei Automotive Company Limited (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 Rubber Production Co., Ltd. (保定市諾博橡膠製品有限公司) ("Baoding Nuobo")	Limited liability company	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—
Beijing Great Automotive Components Co., Ltd. (北京格瑞特汽車零部件有限公司) ("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 Company Limited (泰德科貿有限公司) ("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 Company Limited (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. (保定長城螞蟥物流有限公司) ("Great Wall Ants")	Limited liability company	Baoding	Baoding	Logistics and ordinary goods transportation	100.00	—
Ningxia Rental	Limited liability company	Yinchuan Economic and Technological	Yinchuan Economic and Technological	Buildings rental	100.00	—
Baoding Great Wall Resource Recycling Co., Ltd. (保定長城再生資源利用有限公司) ("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 Automobile Co., Ltd. (日照威奕汽車有限公司) ("Rizhao Weiye")	Limited liability company	Rizhao	Rizhao	Manufacture of automotive parts and components	100.00	—
Great Wall Dongsheng	Limited liability company	Beijing	Beijing	Business information consultation	—	100.00
Shanghai Haval Automotive Technology Limited Company (上海哈弗汽車科技有限公司) ("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 Russia	—	Russia	Russia	Auto selling	—	100.00
Australia Sinyos Technology And Trade Pty Ltd (澳大利亞森友斯科貿有限公司) ("Australia Sinyos")	—	Australia	Australia	Auto selling	—	100.00
Russia Manufacturing	—	Russia	Russia	Auto manufacture	70.58	29.42
Haval South Africa	—	South Africa	South Africa	Auto selling	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	—
Great Wall Japan Motor Co., Ltd. (長城日本技研株式會社)	—	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	—

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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
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	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 (棗啟融資租賃有限公司) ("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)	—	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)	—	USA	USA	Real estate	—	100.00
Billion Sunny Technical Energy (億新科技能源有限公司)	—	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	Austria	Research and design of automobile and auto parts	—	100.00
Billion Sunny Consulting	Limited liability company	Baoding	Baoding	Technology information consultation service, and trade consultation service	—	100.00
Guangzhou Great Wall Auto Sales Company Limited (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 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 Euler Financial Leasing Company Limited (天津歐拉融資租賃有限公司) ("Tianjin Euler")	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	—
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 Automotive Decoration 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 Great Wall Motor Technology Co., Ltd. (河北雄安長城汽車科技有限公司)	Limited liability company	Baoding	Baoding	Automobile and R&D of unmanned vehicles	100.00	—

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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
Honeycomb Power System (Jiangsu) Co., Ltd. (蜂巢動力系統(江蘇)有限公司) ("Honeycomb Power")	Limited liability company	Zhenjiang	Zhenjiang	R&D of automobile dynamic system	—	100.00
Honeycomb Drive System (Jiangsu) Co., Ltd. (蜂巢傳動系統(江蘇)有限公司) ("Honeycomb Drive")	Limited liability company	Zhenjiang	Zhenjiang	R&D of new energy vehicle transmission system	—	100.00
Honeycomb Electric Drive System (Jiangsu) Co., Ltd. (蜂巢電驅動系統(江蘇)有限公司) ("Honeycomb Electric Drive")	Limited liability company	Zhenjiang	Zhenjiang	R&D of new energy vehicle electric drive system	—	100.00
Honeycomb Intelligent Steering System (Jiangsu) Co., Ltd. (蜂巢智能轉向系統(江蘇)有限公司) ("Honeycomb Intelligent Steering")	Limited liability company	Zhenjiang	Zhenjiang	R&D of auto intelligent steering system and its components	—	100.00
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")	Limited liability company	Zhenjiang	Zhenjiang	Manufacture of automotive parts	—	100.00
Chongqing Mind	Limited liability company	Chongqing	Chongqing	Manufacture of automotive parts and components	—	100.00
Chongqing Haval Logistics	Limited liability company	Chongqing	Chongqing	Road cargo transportation and warehousing service	—	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 Automotive Technology (Shanghai) Co., Ltd. (諾創汽車科技(上海)有限公司)	Limited liability company	Shanghai	Shanghai	Development of technologies of automotive parts	—	100.00
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")	Limited liability company	Baoding	Baoding	Auto-selling: Wholesale and retail of car accessories	100.00	—
Honeycomb Transmission Technology Hebei Co., Ltd. (蜂巢傳動科技河北有限公司)	Limited liability company	Baoding	Baoding	R&D of new energy vehicle transmission system	—	100.00
Chongqing Yijian Start	Limited liability company	Chongqing	Chongqing	Auto-selling: Wholesale and retail of car accessories	—	100.00
Yijian Start (Ji'nan) Automobile Sales Service Co., Ltd. (一見啟動(濟南)汽車銷售服務有限公司)	Limited liability company	Ji'nan	Ji'nan	Auto-selling: Wholesale and retail of car accessories	—	100.00
Qingdao Yijian Start Automobile Sales Service Co., Ltd. (青島一見啟動汽車銷售服務有限公司)	Limited liability company	Qingdao	Qingdao	Auto-selling: Wholesale and retail of car accessories	—	100.00
Zaoqi (Xi'an) Automobile Sales Service Co., Ltd. (棗啟(西安)汽車銷售服務有限公司)	Limited liability company	Xi'an	Xi'an	Auto-selling: Wholesale and retail of car accessories	—	100.00
Yijian Start (Nanjing) Automobile Sales Service Co., Ltd. (一見啟動(南京)汽車銷售服務有限公司)	Limited liability company	Nanjing	Nanjing	Auto-selling: Wholesale and retail of car accessories	—	100.00
Dongguan Yijian Start	Limited liability company	Dongguan	Dongguan	Auto-selling: Wholesale and retail of car accessories	—	100.00
Lanzhou Yijian Start	Limited liability company	Lanzhou	Lanzhou	Auto-selling: Wholesale and retail of car accessories	—	100.00

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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
Zaoqi (Wenzhou) Automobile Sales Service Co., Ltd. (東啟(溫州)汽車銷售服務有限公司)	Limited liability company	Wenzhou	Wenzhou	Auto-selling: Wholesale and retail of car accessories	—	100.00
Chengdu Zaoqi Automobile Sales Service Co., Ltd. (成都東啟汽車銷售服務有限公司)	Limited liability company	Chengdu	Chengdu	Auto-selling: Wholesale and retail of car accessories	—	100.00
Hefei Yijian Start Automobile Sales Service Co., Ltd. (合肥一見啟動汽車銷售服務有限公司)	Limited liability company	Hefei	Hefei	Auto-selling: Wholesale and retail of car accessories	—	100.00
Kunming Mibang Automobile Sales Service Co., Ltd. (昆明米邦汽車銷售服務有限公司)	Limited liability company	Kunming	Kunming	Auto-selling: Wholesale and retail of car accessories	—	100.00
Zhengzhou Yijian Start	Limited liability company	Zhengzhou	Zhengzhou	Auto-selling: Wholesale and retail of car accessories	—	100.00
Taiyuan Yijian Start	Limited liability company	Taiyuan	Taiyuan	Auto-selling: Wholesale and retail of car accessories	—	100.00
Honeycomb Electric Drive Technology Hebei Co., Ltd. (蜂巢電驅動科技河北有限公司) ("Honeycomb Electric Drive Technology")	Limited liability company	Baoding	Baoding	R&D of new energy vehicle electric drive system	—	100.00
Honeycomb Intelligent Steering Technology Hebei Co., Ltd. (蜂巢智能轉向科技河北有限公司)	Limited liability company	Baoding	Baoding	R&D of auto intelligent steering system and its components	—	100.00
Wuhan Yijian Start	Limited liability company	Wuhan	Wuhan	Auto-selling: Wholesale and retail of car accessories	—	100.00
India Haval Automobile Private Co., Ltd. (印度哈弗汽車私人有限公司) ("India Haval")	Limited liability company	India	India	Auto manufacturing and selling	99.90	0.10
Nanning Yijian Start Automobile Sales Service Co., Ltd. (南寧一見啟動汽車銷售服務有限公司)	Limited liability company	Nanning	Nanning	Auto-selling: Wholesale and retail of car accessories	—	100.00
Beijing Yijian Start	Limited liability company	Beijing	Beijing	Auto-selling: Wholesale and retail of car accessories	—	100.00
Nuobo Automotive Parts (Taizhou) Co., Ltd. (諾博汽車零部件(泰州)有限公司)	Limited liability company	Taizhou	Taizhou	Manufacture of automotive parts and components	—	100.00
Jingcheng Engineering Automotive Parts (Taizhou) Co., Ltd. (精誠工科汽車零部件(泰州)有限公司)	Limited liability company	Taizhou	Taizhou	Manufacture of automotive parts and components	—	100.00
HWA Ding International	—	Hong Kong	Hong Kong	International trading & investment and financing	100.00	—
Nuobo Automotive Parts (Rizhao) Co., Ltd. (諾博汽車零部件(日照)有限公司)	Limited liability company	Rizhao	Rizhao	Manufacture of automotive parts and components	—	100.00
Rizhao Jinggong Motor (Note 1)	Limited liability company	Rizhao	Rizhao	Manufacture of automotive parts and components	—	100.00
Thailand Sales (Note 1)	—	Thailand	Thailand	Sales of automobile and auto parts	—	100.00
Honeycomb Zhixing (Note 1)	Limited liability company	Taizhou	Taizhou	Manufacture of automotive parts and components	—	100.00
Honeycomb Weiling (Note 1)	Limited liability company	Taizhou	Taizhou	Manufacture of automotive parts and components	—	100.00
Ningyang Nuobo Parts (Note 1)	Limited liability company	Ningyang	Ningyang	Manufacture of automotive parts and components	—	100.00
Shanghai Yuefan (Note 1)	Limited liability company	Shanghai	Shanghai	Technology development, consulting and services	—	100.00
Rizhao Mind (Note 1)	Limited liability company	Rizhao	Rizhao	Manufacture of automotive parts and components	—	100.00

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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
Pinghu Nuobo Parts (Note 1)	Limited liability company	Pinghu	Pinghu	Manufacture of automotive parts and components	—	100.00
Chongqing Transmission (Note 1)	Limited liability company	Chongqing	Chongqing	Manufacture of automotive parts and components	—	100.00
Qichuang Global (Note 1)	—	Hongkong	Hongkong	International trade, equity investment, investment and financing services	100.00	—
Xunqi International (Note 1)	—	Hongkong	Hongkong	International trade, equity investment, investment and financing services	100.00	—
Yuefan International (Note 1)	—	Hongkong	Hongkong	International trade, equity investment, investment and financing services	—	100.00
Yixintong (Note 1)	Limited liability company	Tianjin	Tianjin	Technology development, consulting and services	—	100.00
Chongqing Power (Note 1)	Limited liability company	Chongqing	Chongqing	Manufacture of automotive parts and components	—	100.00
Taizhou Mind (Note 1)	Limited liability company	Taizhou	Taizhou	Manufacture of automotive parts and components	—	100.00
Mind Optoelectronics (Note 1)	Limited liability company	Taizhou	Taizhou	Manufacture of automotive parts and components	—	100.00
Shenyang Nuobo Parts (Note 1)	Limited liability company	Shenyang	Shenyang	Manufacture of automotive parts and components	—	100.00

Note 1: Such companies represent the new subsidiaries established in the current year.

Subsidiary 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 (%)	
					Direct	Indirect
Billion Sunny Development Company Limited (億新發展有限公司) ("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 (%)	
					Direct	Indirect
Baoding Yixin	Limited liability company	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—
Changyou Haoche (Tianjin) Automobile Import and Export Co., Ltd (常有好車(天津)汽車進出口有限公司) (Changyou Haoche)	Limited liability company	Tianjin	Tianjin	Sales of automotive parts and components	100.00	—

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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 in this period.

3. Interests in joint ventures or associates

(1) Important joint ventures

Full name of joint venture	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%) Proportion of voting rights (%)		Accounting procedures for investment in joint associates
				Direct	Indirect	
Automotive Finance	Tianjin	Tianjin	Automotive Finance	94.29	—	Equity Method

Description on that the shareholding proportion of the joint venture is different from the proportion of voting right:

The Company holds 94.29% 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/For the period from 1 January to 30 June 2020
Cash and deposits with the central bank	586,057,472.03
Deposits with other banks	879,288,066.12
Total assets	30,548,306,907.46
Total liabilities	26,693,341,258.93
Minority interests	—
Equity attributable to the shareholders of the Company	3,854,965,648.53
Share of net assets calculated based on the proportion of ownership interest	3,634,847,109.99
Adjustments	
— Others	(25,939,878.49)
Carrying amount of investments in equity of joint ventures	3,608,907,231.50
Operating income	1,425,830,843.06
Income tax expenses	175,436,022.17
Net profit	526,308,066.51
Other comprehensive income	—
Total comprehensive income	526,308,066.51

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Major financial instruments of the Group include cash and bank balances, held-trading financial assets, accounts receivable, financing with receivables, other receivables, equity investments, long-term receivables, other equity instruments investments, other non-current financial assets, borrowings, accounts payable, notes payable, other payables, short-term bonds payable etc. 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 Currency risk

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The assets and liabilities denominated in foreign currencies which may have impact on the Group's performance as a result of currency risk are as follows:

Item	30 June 2020 (Unaudited)	RMB 31 December 2019 (Audited)
Cash and bank balances	484,271,324.74	578,788,984.45
Held-for-trading financial assets	68,119,800.00	76,585,824.00
Accounts receivable	180,186,040.77	523,220,468.89
Accounts payable	(32,357,685.12)	(41,582,710.36)
Other payables	(34,269,115.31)	(40,607,988.48)
Long-term borrowings (due within 1 year inclusive)	(2,399,218,244.05)	(2,253,013,663.75)

The Group closely monitors the effects of changes in the foreign exchange rates on the Group's currency risk. Except for the above items, currency risk is not involved in the Group's other financial instruments.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

1. Objective and policies of risk management (continued)

1.1 Market risk (continued)

1.1.1 Currency risk (continued)

Sensitivity analysis on currency risk

Where all other variables are held constant, the effects of potential reasonable changes in exchange rates on the profit and loss and equity interests before tax for the year are set out below:

		RMB	
		For the period from 1 January to 30 June 2020 (Unaudited)	
Item	Change in exchange rate	Effect on profit	Effect on shareholders' equity
USD	5% increase against RMB	(11,752,654.48)	(11,752,654.48)
USD	5% decrease against RMB	11,752,654.48	11,752,654.48
EUR	5% increase against RMB	(88,852,374.47)	(88,852,374.47)
EUR	5% decrease against RMB	88,852,374.47	88,852,374.47
AUD	5% increase against RMB	3,406,008.80	3,406,008.80
AUD	5% decrease against RMB	(3,406,008.80)	(3,406,008.80)

Note: The potential reasonable changes in other exchange rates has limited effect on the profit and loss and equity interests before tax for the year.

		RMB	
		For the period from 1 January to 30 June 2019 (Unaudited)	
Item	Change in exchange rate	Effect on profit	Effect on shareholders' equity
USD	5% increase against RMB	16,159,303.75	16,159,303.75
USD	5% decrease against RMB	(16,159,303.75)	(16,159,303.75)
EUR	5% increase against RMB	(78,244,775.29)	(78,244,775.29)
EUR	5% decrease against RMB	78,244,775.29	78,244,775.29
AUD	5% increase against RMB	7,363,096.04	7,363,096.04
AUD	5% decrease against RMB	(7,363,096.04)	(7,363,096.04)

Note: The potential reasonable changes in other exchange rates has limited effect on the profit and loss and equity interests before tax for the year.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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 Group's cash flow interest rate risk of financial instruments relates primarily to variable-rate bank borrowings (see Note VI 18 for details). It is the Group's policy to keep its borrowings at floating rate of interests and constantly pay close attention to the effect of interest rate changes on the interest rate risk exposed to the Group.

Sensitivity analysis on interest rate risk

Sensitivity analysis on interest rate risk is based on the following assumption: the changes in market interest rate may have impact on the interest or expenses of variable rate financial liabilities.

On the basis of the above assumption, where all other variables are held constant, the effects of potential reasonable changes in interest 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 2020 (Unaudited)	
Item	Interest rate changes	Effect on profit	Effect on shareholders' equity
Long-term borrowings	Increase of 100 basis points	(17,624,678.80)	(17,624,678.80)
Long-term borrowings	Decrease of 100 basis points	17,624,678.80	17,624,678.80
Short-term borrowings	Increase of 100 basis points	(4,024,620.00)	(4,024,620.00)
Short-term borrowings	Decrease of 100 basis points	4,024,620.00	4,024,620.00

1.1.3 Other price risks

The Group's price risks mainly arise from investments in held-for-trading equity instruments. Therefore, the Group is exposed to the risks of changes in the security prices. The Group closely monitors market changes in order to reduce the price risks of equity security investments.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

1. Objective and policies of risk management (continued)

1.2 Credit risk

As at 30 June 2020, 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 amounts of the respective recognized financial assets as stated in the consolidated balance sheets. For debt instruments measured at fair value, book value reflects its risk exposure but not the maximum risk exposure, and the maximum risk exposure will change with future changes in fair value.

The Group only transacts with the third parties having good credit records, and most of the sales transactions are settled by receipts in advance or bank acceptances. 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's cash and bank balances are deposited in banks with high credit ratings and the acceptance bank in which financing with receivables – bank acceptances receivable are deposited with bank of relatively high credit ratings, thus cash and bank balances and financing with receivables have limited credit risk.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

As at 30 June 2020, details of credit risk on the Group's accounts receivable, other receivables and financing lease receivables and their expected credit losses are set out in Note VI 3, 6 and 9.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

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.

At the end of each period, the maturity analysis for financial liabilities and lease liabilities held by the Group which is based on undiscounted remaining contractual obligations is as follows:

	30 June 2020 (Unaudited)			RMB
	Within 6 months	6 – 12 months	Over 1 year	Total
Short-term borrowings	(871,529,560.39)	(5,104,236,666.67)	—	(5,975,766,227.06)
Notes payable	(18,404,740,563.95)	(156,408,025.53)	—	(18,561,148,589.48)
Accounts payable	(17,086,114,049.12)	(384,916,757.73)	—	(17,471,030,806.85)
Other payables	(2,128,997,744.57)	(1,173,881,237.32)	—	(3,302,878,981.89)
Other current liabilities	(2,068,852,908.15)	(2,009,424,657.53)	—	(4,078,277,565.68)
Long-term borrowings (due within 1 year inclusive)	(2,632,827,259.91)	(220,166,591.47)	(3,176,032,948.23)	(6,029,026,799.61)
Lease liabilities (due within 1 year inclusive)	(42,506,061.19)	(45,056,177.75)	(586,489,142.12)	(674,051,381.05)

	31 December 2019 (Audited)			RMB
	Within 6 months	6 – 12 months	Over 1 year	Total
Short-term borrowings	(1,142,621,552.09)	(51,147,095.00)	—	(1,193,768,647.09)
Notes payable	(9,712,411,540.12)	(308,484,304.40)	—	(10,020,895,844.52)
Accounts payable	(21,732,882,313.02)	(3,706,654,300.96)	—	(25,439,536,613.98)
Other payables	(1,500,976,448.07)	(980,310,369.64)	—	(2,481,286,817.71)
Other current liabilities	—	(2,049,683,333.33)	—	(2,049,683,333.33)
Long-term borrowings (due within 1 year inclusive)	(870,505,139.27)	(2,311,449,186.73)	(1,208,390,897.64)	(4,390,345,223.64)
Lease liabilities (due within 1 year inclusive)	(23,745,677.57)	(13,486,639.18)	(77,278,232.30)	(114,510,549.05)

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

X. DISCLOSURE OF 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 value 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	—	9,812,807,163.09	128,118,728.35	9,940,925,891.44
(2) Equity instrument investment	68,119,800.00	—	—	68,119,800.00
(II) Financial assets at fair value through other comprehensive income				
1. Financing with receivables – notes receivable	—	23,680,810,467.71	—	23,680,810,467.71
(III) Other Equity instrument investment	—	—	7,700,000.00	7,700,000.00
(IV) Other non-current financial assets	—	—	25,300,000.00	25,300,000.00
Total assets continuously measured at fair value	68,119,800.00	33,493,617,630.80	161,118,728.35	33,722,856,159.15

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 and financing with receivables – notes receivable. Cash flow discount is adopted for valuation techniques of fair values, and the inputs are contract-linked observable inputs, observable interest rate, etc.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

X. DISCLOSURE OF 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, other equity instrument investments and other non-current financial assets. Cash flow discount is adopted for valuation techniques of fair values of wealth management products, and the inputs are contract-linked expected return rate agreed in the contract and the discount rate that reflects its credit risk, etc. Asset-based approach is adopted for valuation techniques of fair value of other equity instrument investments and other non-current financial assets.

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 2020 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	Shareholding	RMB
				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	55.74	55.74

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 joint ventures of the Company are set out in Note (VIII).

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

XI. RELATED PARTIES AND TRANSACTIONS (continued)

4. Other related parties of the Company

Name	Relationship with the Group
Baoding Great Wall Holding Group Co., Ltd. and its subsidiaries (保定市長城控股集團有限公司及其子公司) ("Great Wall Holding and its subsidiaries")	Company directly controlled by ultimate controlling shareholder
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
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 Olive Real Estate Development Co., Ltd. (河北橄欖房地產開發有限公司)	Company directly controlled by related person
Baoding Great Wall Venture and Investment Co., Ltd. (保定市長城創業投資有限公司)	Ultimate controlling shareholder serving as director of the company
Baoding Xushui Haval City Medical Service Co., Ltd. (保定市徐水區哈弗城醫療服務有限公司)	Subsidiary of a company over 30% indirectly controlled by ultimate controlling shareholder
Lingtu Auto Co., Ltd. (領途汽車有限公司)	25% equity held by the Company
Spotlight Automotive Limited (光束汽車有限公司)	Joint party of the Company's joint venture

5. Related party transactions

(1) Related party transactions in the purchase and sale of goods, provision and acceptance of services

Purchase of goods/acceptance of services

Related parties	Related party transaction	For the period from 1 January to 30 June 2020 (Unaudited)	RMB For the period from 1 January to 30 June 2019 (Unaudited)
Subsidiaries of Great Wall Holding	Purchase of goods	351,182,206.50	626,319,574.92
Subsidiaries of Great Wall Holding	Purchase of fixed assets	270,401.77	3,061,648.42
Great Wall Holding and its subsidiaries	Acceptance of services	12,774,562.84	3,896,599.95
Great Wall Holding and its subsidiaries	Rental expenses and others	14,286,238.77	8,072,568.27

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

XI. RELATED PARTIES AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(1) Related party transactions in the purchase and sale of goods, provision and acceptance of services (continued)

Sales of goods/rendering of services

Related parties	Related party transaction	For the period from 1 January to 30 June 2020 (Unaudited)	RMB
			For the period from 1 January to 30 June 2019 (Unaudited)
Subsidiaries of Great Wall Holding	Sales of goods	110,356,686.20	213,983,994.11
Lingtu Auto Co., Ltd.	Sales of goods	—	29,112.00
Subsidiaries of Great Wall Holding	Sales of fixed assets	468,611.58	4,531.88
Subsidiaries of Great Wall Holding	Sales of other materials	219,031.70	—
Spotlight Automotive Limited	Rendering of services	58,728,817.18	—
Subsidiaries of Great Wall Holding	Rendering of services	14,436,471.83	14,564,447.11
Hebei Baocang Expressway Co. Ltd.	Rendering of services	14,122.26	11,650.92
Lingtu Auto Co., Ltd.	Rendering of services	—	37,727.73
Automotive Finance	Rental income and others	17,592,050.80	—
Great Wall Holding and its subsidiaries	Rental income and others	8,130,271.30	4,490,995.26
Spotlight Automotive Limited	Rental income	14,422.02	—
Baoding Great Wall Venture and Investment Co., Ltd.	Rental income	5,350.46	—
Automotive Finance	Interest of deposit	158,474,250.26	—
Tianjin Binhai Rural Commercial Bank Co., Ltd. (Note) (天津濱海農村商業銀行 股份有限公司)	Interest of deposit		588,774.22
Baoding Xushui Haval City Medical Service Co., Ltd.,	Other income	176.99	—
Hebei Baoding Tai Hang Group Co., Ltd.	Other income	—	6,053.10

Note: Tianjin Binhai Rural Commercial Bank Co., Ltd. has ceased to be a related party of the Company since July 2019.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

XI. RELATED PARTIES AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(2) Emolument for key management

Item	For the period from 1 January to 30 June 2020 (Unaudited)	RMB For the period from 1 January to 30 June 2019 (Unaudited)
Emolument for key management	6,537,565.16	6,876,592.15

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.

(3) Other related party transactions

(a) Equity transaction and sales and leaseback transaction

In the period, the Company transferred 100% of the equity in Chongqing Chuangban, a subsidiary of the Company, to Chongqing Lingkan Enterprise Management Co., Ltd. (重慶領瞰企業管理有限公司), a subsidiary of Great Wall Holding, at a cash consideration of RMB656,648,600.00. Once the equity transfer completed, the sales and leaseback transaction of fixed assets between the Company and Chongqing Chuangban constitutes a related transaction of the Company.

(b) Deposits with related parties

Changes in deposits with related parties:

Related party	31 December 2019 (Audited)	Deposit in the period	Recovery in the period	RMB 30 June 2020 (Unaudited)
Automotive Finance	8,290,000,000.00	1,360,000,000.00	—	9,650,000,000.00

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

XI. RELATED PARTIES AND TRANSACTIONS (continued)

6. Amounts due from/due to related parties

		RMB	
Name	Related party	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Accounts receivable	Subsidiary of Great Wall Holding	69,164,629.34	58,067,004.26
Accounts receivable	Spotlight Automotive Limited	58,492,594.47	—
Accounts receivable	Automotive Finance	34,418.65	—
Accounts receivable	Hebei Baocang Expressway Co. Ltd.	4,881.41	—
Accounts receivable	Lingtu Auto Co., Ltd.	—	10,400.00
Subtotal of accounts receivable		127,696,523.87	58,077,404.26
Other receivables	Great Wall Holding and its subsidiaries	329,950,623.30	2,132,627.09
Other receivables	Automotive Finance	2,765,892.74	12,112,875.13
Other receivables	Spotlight Automotive Limited	267,059.25	—
Other receivables	Hebei Olive Real Estate Development Co., Ltd.	—	23,615,026.38
Subtotal of other receivables		332,983,575.29	37,860,528.60
Prepayments	Subsidiary of Great Wall Holding	89,247,926.07	267,133.08
Subtotal of prepayments		89,247,926.07	267,133.08
Financing with receivables	Subsidiary of Great Wall Holding	4,661,061.60	44,005.18
Subtotal of financing with receivables		4,661,061.60	44,005.18
Other current assets	Automotive Finance	9,801,853,381.83	8,436,276,381.57
Subtotal of other current assets		9,801,853,381.83	8,436,276,381.57
Long-term receivables	Hebei Olive Real Estate Development Co., Ltd.	—	783,830.80
Subtotal of long-term receivables		—	783,830.80
Accounts payable	Great Wall Holding and its subsidiaries	44,360,561.80	116,081,677.37
Accounts payable	Hebei Baoding Tai Hang Group Co., Ltd.	132,007.80	132,007.80
Subtotal of accounts payable		44,492,569.60	116,213,685.17
Other payables	Great Wall Holding and its subsidiaries	7,739,111.16	1,678,813.90
Other payables	Automotive Finance	35,559.32	—
Other payables	Yu Weina (Note)	—	200.00
Subtotal of other payables		7,774,670.48	1,679,013.90
Contract liabilities	Subsidiary of Great Wall Holding	41,073,019.46	8,544,851.47
Contract liabilities	Automotive Finance	11,747.20	—
Subtotal of contract liabilities		41,084,766.66	8,544,851.47

Note: Yu Weina is no longer a related party of the Company since 1 January 2020.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

XII. SHARE-BASED PAYMENTS

1. General information of share-based payments

Total equity instruments granted by the Company in the current period	See other explanations
Total equity instruments exercised by the Company in the current period	—
Total equity instruments expired in the current period	—
The range of exercise price of stock options issued by the Company at the end of the period and the remaining contract period	See other explanations
The range of exercise price of other equity instruments issued by the Company at the end of the period and the remaining contract period	See other explanations

Other explanations:

According to the *"Proposal on Incentive Plan of Restricted Share and Share Option of Great Wall Motor Co., Ltd. in 2020 (the First Revised Draft) and Its Summary"*, *"Proposal on the Assessment Measures for the Implementation of Incentive Plan for Restricted Share and Share Option of Great Wall Motor Co., Ltd. in 2020 (Revised)"* and *"Proposal to the Shareholders' Meeting for Fully Authorizing the Board of Directors and Its Authorized Persons to Handle the Matters Related to the Company's 2020 Restricted Share and Share Option Incentive Plan"* passed in the Company's 2020 first extraordinary shareholders meeting, 2020 first H-share class shareholders' meeting and 2020 first A-share class shareholders' meeting, and the *"Proposal on Adjusting the List of Restricted Shares and Share Option Incentive Plans and the Number of Incentives Granted in 2020"* and *"Proposal of Great Wall Motors Co., Ltd. on Granting Restricted Shares or Share Options to Incentive Objects of 2020 Restricted Share and Share Option Incentive Plan"* (hereinafter referred to as the "2020 Equity Incentive Plan") passed by the Company at the 34th meeting of the sixth session of board meeting on 27 April 2020, the Company granted 49,303,500 restricted shares for the first time to 281 equity incentive objects at a price of RMB4.37 per share on 27 April 2020. The conditions on unlocking the restricted shares of incentive objects need to meet certain performance conditions and personal performance evaluation conditions. The vesting periods for restricted shares granted by this incentive plan are 1, 2, and 3 years from the date of first grant. During the vesting period, the cash dividends distributed by the Company to restricted shareholders are revocable.

According to the 2020 equity incentive plan, the Company granted 87,065,300 ordinary share options to 1,651 incentive objects, with an exercisable price of RMB8.73, on 27 April 2020. To exercise the aforementioned share options, they have to meet certain performance conditions and personal performance evaluation conditions. Different vesting periods are applicable to the share options granted by the incentive objects. The vesting periods for the share options granted this time are 1 year, 2 years and 3 years, respectively.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

XII. SHARE-BASED PAYMENTS (continued)**2. Equity-settled share-based payment**

RMB

Method for determining the fair value of equity instruments on the grant date	See other explanations	
The basis for determining the number of exercisable equity instruments	Based on the number of restricted shares/options granted, the Company makes the best estimate of the number of restricted shares/options that are expected to be exercised in each period in the unlock/exercise arrangement	
Reasons for the significant difference between the current estimate and the previous estimate	N/A	
The cumulative amount of equity-settled share-based payments included in the capital reserve		29,140,142.70
The total amount of expenses recognised for equity-settled share-based payments in the current period		29,140,142.70

Other explanations:

For the aforementioned restricted shares incentive plan, the fair value of restricted shares is measured based on the Company's ordinary stock market price.

For the above-mentioned share option incentive plan, the Company calculates the fair value of share options on the grant date according to the "Black-Scholes Option Pricing Model". The main parameters selected in the model are the underlying share price, exercise price, option validity period, and the Company's recent 1-year, 2-year, and 3-year volatility, the 1-year, 2-year, and 3-year interest rate of China's government bonds, and the Company's average dividend rate in the last 12 months.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

XIII. COMMITMENTS

1. Significant commitments

Capital commitments

	30 June 2020 (Unaudited)	RMB'000 31 December 2019 (Audited)
Contracted for but not provided		
– Purchase of long-term asset commitment	3,309,128	3,643,298
– Investment commitment	—	550,000
Total	3,309,128	4,193,298

XIV. 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.

Revenue from external customers by location of revenue sources:

Item	For the period from 1 January to 30 June 2020 (Unaudited)	RMB For the period from 1 January to 30 June 2019 (Unaudited)
Revenue from external customers in China	33,399,911,514.62	39,289,144,445.93
Revenue from external customers in other countries	2,529,282,133.23	2,087,534,831.76
Total	35,929,193,647.85	41,376,679,277.69

The Group's major non-current assets required to be disclosed in the segment reporting including fixed assets, investment properties, etc. are all located in the PRC.

The Group is not dependent upon one or several important customers.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

XV. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

1. Cash and bank balances

Item	RMB	
	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Cash:		
RMB	151,723.65	127,940.51
GBP	14,058.24	14,761.12
HKD	7,184.57	7,045.67
USD	3,644.95	3,591.77
JPY	1,987.99	1,935.97
SGD	1,580.28	1,609.08
RUB	57.80	64.49
KRW	42.02	42.87
THB	29.80	30.26
Bank balances:		
RMB	11,537,867,693.84	4,665,969,398.13
USD	163,021,894.25	202,607,108.96
EUR	7,177,402.44	6,418,357.14
JPY	3,705,181.45	1,263,376.15
GBP	568,975.20	146,977.32
CHF	37,423.48	36,213.81
HKD	18,900.45	840.47
Other cash and bank balances:		
RMB	14,375,629.52	44,262,199.04
Total	11,726,953,409.93	4,920,861,492.76
Including: overseas cash and bank balances	—	—

As at 30 June 2020, the Company had restricted cash and bank balances of RMB14,375,629.52, among which security and margin deposits for bank acceptances amounted to RMB1,907,968.17 and security and margin deposits for on letters of credit amounted to RMB12,467,661.35.

As at 31 December 2019 the Company had restricted cash and bank balances of RMB44,262,199.04, among which security and margin deposits for bank acceptances amounted to RMB31,910,949.04 and security and margin deposits for on letters of credit amounted to RMB12,351,250.00.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

XV. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Accounts receivable

(1) Disclosed by aging:

Aging	30 June 2020 (Unaudited)			31 December 2019 (Audited)		
	Amount	Credit loss provision	Proportion (%)	Amount	Credit loss provision	Proportion (%)
Within 1 year	6,424,109,657.56	(28,842,966.03)	0.45	7,643,812,566.08	(5,559,821.23)	0.07
1 to 2 years	1,889,257,834.20	(922,000.00)	0.05	1,064,433,524.15	(130,000.00)	0.01
2 to 3 years	18,359,982.20	—	—	26,346,453.86	—	—
Over 3 years	344,697,934.64	(344,697,934.64)	100.00	339,668,300.25	(339,668,300.25)	100.00
Total	8,676,425,408.60	(374,462,900.67)	4.32	9,074,260,844.34	(345,358,121.48)	3.81

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

(2) Disclosed by classification of credit loss provision method

Category	30 June 2020 (Unaudited)					31 December 2019 (Audited)				
	Carrying amount		Credit loss provision		Book value	Carrying amount		Credit loss provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)		Amount	Ratio (%)	Amount	Ratio (%)	
Credit loss provision assessed by portfolios	8,676,425,408.60	100.00	(374,462,900.67)	4.32	8,301,962,507.93	9,074,260,844.34	100.00	(345,358,121.48)	3.81	8,728,902,722.86
Total	8,676,425,408.60	100.00	(374,462,900.67)		8,301,962,507.93	9,074,260,844.34	100.00	(345,358,121.48)		8,728,902,722.86

Description of the accounts receivable for which credit loss provision has been assessed by portfolios:

As part of the Company's credit risk management, the Company assesses the expected credit losses for various categories of accounts receivable based on their credit periods and overdue aging.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

XV. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Accounts receivable (continued)

(2) Disclosed by classification of credit loss provision method (continued)

Credit risk on the accounts receivable and their expected credit losses are as follows:

RMB

Aging	30 June 2020 (Unaudited)				31 December 2019 (Audited)			
	Expected loss rate	Carrying amount	Credit loss provision	Book value	Expected average loss rate	Carrying amount	Credit loss provision	Book value
Within the credit period	0%~ 8.00%	8,301,377,913.01	(335,721.77)	8,301,042,191.24	—	8,726,586,246.12	—	8,726,586,246.12
Overdue for 1-180 days	21.00%~ 50.00%	1,169,189.85	(248,873.16)	920,316.69	50.00%	4,633,153.45	(2,316,676.71)	2,316,476.74
Overdue for over 180 days	100.00%	373,878,305.74	(373,878,305.74)	—	100.00%	343,041,444.77	(343,041,444.77)	—
Total		8,676,425,408.60	(374,462,900.67)	8,301,962,507.93		9,074,260,844.34	(345,358,121.48)	8,728,902,722.86

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

RMB

Credit loss provision	30 June 2020 (Unaudited)		
	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
Balance at 1 January 2020	(2,316,676.71)	(343,041,444.77)	(345,358,121.48)
– Transfer to credit impairment occurred	—	—	—
Provision	(611,096.84)	(32,984,156.39)	(33,595,253.23)
Reversals	2,343,178.62	1,796,635.46	4,139,814.08
Written-off	—	350,659.96	350,659.96
Balance at 30 June 2020	(584,594.93)	(373,878,305.74)	(374,462,900.67)

(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 credit loss provision
Customer 1	1,949,028,666.11	22.46	—
Customer 2	1,514,515,261.02	17.46	—
Customer 3	1,125,613,071.83	12.97	—
Customer 4	625,110,206.06	7.20	—
Customer 5	372,734,837.35	4.30	—
Total	5,587,002,042.37	64.39	—

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

XV. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Other receivables

3.1 Summary of other receivables

Category	RMB	
	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Interest receivable	4,918,271.48	133,647.80
Dividends receivable	2,219,750,532.14	40,909,496.69
Other receivables	3,335,312,395.85	3,544,541,041.84
Total	5,559,981,199.47	3,585,584,186.33

3.2 Other receivables

(1) Disclosed by aging:

Aging	30 June 2020 (Unaudited)			31 December 2019 (Audited)		
	Amount	Credit loss provision	Ratio (%)	Amount	Credit loss provision	Ratio (%)
Within 1 year	1,803,711,907.29	—	—	3,422,338,474.65	—	—
1 to 2 years	1,518,513,513.11	(169,838.00)	0.01	83,994,921.25	(169,838.00)	0.20
2 to 3 years	1,149,840.85	—	—	26,241,981.11	—	—
Over 3 years	12,106,972.60	—	—	12,135,502.83	—	—
Total	3,335,482,233.85	(169,838.00)	0.01	3,544,710,879.84	(169,838.00)	—

(2) Disclosed by nature are as follows:

Nature of other receivables	RMB	
	Carrying amount at 30 June 2020 (Unaudited)	Carrying amount at 31 December 2019 (Audited)
Proceeds from equity transfer	327,648,600.00	—
Proceeds from land transfer	235,763,516.00	351,079,822.38
Receivables	219,471,383.62	160,572,327.04
Tax refunds	48,116,084.88	22,420,633.40
Security and margin deposits	34,507,363.72	32,599,173.61
Deposits	8,581,432.09	20,880,187.49
Others	2,461,393,853.54	2,957,158,735.92
Total	3,335,482,233.85	3,544,710,879.84

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

XV. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Other receivables (continued)

3.2 Other receivables (continued)

(3) Assessment of credit loss provision:

Aging	Expected average loss rate	30 June 2020 (Unaudited)			Expected average loss rate	31 December 2019 (Audited)		
		Carrying amount	Credit loss provision	Book value		Carrying amount	Credit loss provision	Book value
Indefinite/Within the contractual repayment period	—	3,335,312,395.85	—	3,335,312,395.85	—	3,544,541,041.84	—	3,544,541,041.84
Overdue for 1-180 days	—	—	—	—	—	—	—	—
Overdue for over 180 days	100.00%	169,838.00	(169,838.00)	—	100.00%	169,838.00	(169,838.00)	—
Total		3,335,482,233.85	(169,838.00)	3,335,312,395.85		3,544,710,879.84	(169,838.00)	3,544,541,041.84

RMB

The Company determines the expected credit losses of the other receivables based on the historical experience data and forward-looking information. Within the period from 1 January to 30 June 2020 and the year of 2019, the Company's assessment method and significant assumptions have remained unchanged.

(4) Credit loss provision:

Credit loss provision	Phase 1	Phase 2	Phase 3	Total
	Future 12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
Balance at 1 January 2020	—	—	(169,838.00)	(169,838.00)
Carrying amounts of other receivables at 1 January 2020	—	—	—	—
Provision	—	—	—	—
Reversals	—	—	—	—
Written-off	—	—	—	—
Balance at 30 June 2020	—	—	(169,838.00)	(169,838.00)

RMB

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

XV. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Other receivables (continued)

3.2 Other receivables (continued)

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

Name of entity	Nature of amounts	Amount	Aging	Proportion of the amount to the total other receivables (%)	RMB
					Closing balance of credit loss provision
Entity 1	Receivables within the Group	1,723,877,616.24	Within 2 year	51.68	—
Entity 2	Receivables within the Group	399,844,413.26	Within 2 year	11.99	—
Entity 3	Proceeds from equity transfer	327,648,600.00	Within 1 year	9.82	—
Entity 4	Proceeds from transfer of land	235,763,516.00	Within 2 year	7.07	—
Entity 5	Receivables	219,471,383.62	Within 1 year	6.58	—
Total		2,906,605,529.12		87.14	

The Company has no other receivables related to government grants.

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

XV. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. Long-term equity investments

Breakdown of long-term equity investments:

Item	30 June 2020 (Unaudited)			31 December 2019 (Audited)		
	Carrying amount	Impairment provision	Book value	Carrying amount	Impairment provision	Book value
Investments in subsidiaries	9,150,230,112.34	—	9,150,230,112.34	8,795,126,571.78	—	8,795,126,571.78
Investments in joint ventures	3,608,907,231.50	—	3,608,907,231.50	3,112,651,355.60	—	3,112,651,355.60
Total	12,759,137,343.84	—	12,759,137,343.84	11,907,777,927.38	—	11,907,777,927.38

RMB

Breakdown of investments in subsidiaries is as follows:

Investee	31 December 2019 (Audited)		Capital increase	Other additions (Note)	Decrease	30 June 2020 (Unaudited)	Provision for impairment	Closing balance of impairment provision
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	—	—
Tide Technology and Trade	257,353,665.00	—	—	—	—	257,353,665.00	—	—
Mind electronics	334,317,800.00	—	158,861.12	—	—	334,476,661.12	—	—
Baoding Yixin	28,503,900.00	—	—	—	—	28,503,900.00	—	—
Great Wall Ants	86,000,000.00	—	291,430.91	—	—	86,291,430.91	—	—
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	—	—
Great Wall Sales	8,000,000.00	—	—	—	—	8,000,000.00	—	—
Shanghai Haval	1,500,000.00	—	73,067.41	—	—	1,573,067.41	—	—
Rizhao Weiyi	255,000,000.00	—	251,772.96	—	—	255,251,772.96	—	—
Haval South Africa	25,912,080.00	—	—	—	—	25,912,080.00	—	—
Russia Manufacturing	847,239,835.57	230,000,000.00	—	—	—	1,077,239,835.57	—	—
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	—	—

RMB

Closing

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

XV. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. Long-term equity investments (continued)

Breakdown of investments in subsidiaries is as follows: (continued)

							RMB
	31 December		Other		30 June	Provision	Closing
	2019	Capital	additions		2020	for	balance of
Investee	(Audited)	increase	(Note)	Decrease	(Unaudited)	impairment	impairment
							provision
Tianjin Euler	562,500,000.00	—	—	—	562,500,000.00	—	—
Xiamen Great Wall Sales	33,000.00	—	—	—	33,000.00	—	—
Zaoqi Financial Leasing	127,500,000.00	—	17,638.71	—	127,517,638.71	—	—
Jingdong Motor	1,000,000,000.00	—	167,222.23	—	1,000,167,222.23	—	—
Nuobo Automotive	2,191,992,472.39	—	167,222.23	—	2,192,159,694.62	—	—
Honeycomb Yichuang	1,978,030,000.00	86,000,000.00	—	—	2,064,030,000.00	—	—
Chongqing Auto Parts	6,370,000.00	—	28,259.25	—	6,398,259.25	—	—
Baoding Yijian Start	200,000,000.00	—	3,631.77	—	200,003,631.77	—	—
Chongqing Weipai	270,000.00	—	—	—	270,000.00	—	—
Chongqing Great Wall							
Customer Service	270,000.00	—	3,484.53	—	273,484.53	—	—
Changyou Haoche	20,014,064.98	—	—	—	20,014,064.98	—	—
India Haval	11,008,381.14	9,722,627.74	—	—	20,731,008.88	—	—
HWA Ding International	—	27,780,000.00	—	—	27,780,000.00	—	—
Chongqing Chuangban	—	655,797,329.33	—	(655,797,329.33)	—	—	—
Chongqing Haval	—	—	13,211.81	—	13,211.81	—	—
Great Wall Dongsheng	—	—	347,001.92	—	347,001.92	—	—
Chongqing Haval Logistics	—	—	78,107.97	—	78,107.97	—	—
Total	8,795,126,571.78	1,009,299,957.07	1,600,912.82	(655,797,329.33)	9,150,230,112.34	—	—

Note: The other increases are mainly due to the Company's granting of restricted stocks and stock options to employees of its subsidiaries.

Breakdown of investments in joint ventures is as follows:

Investee	31 December 2019 (Audited)	Changes for the period							30 June 2020 (Unaudited)	Closing balance of impairment provision
		Increase	Reduced investment	Recognition of investment profit or loss under equity method	Adjustment in other comprehensive income	Movement in other equity	Declaration of cash dividends or profits	Provision for impairment	Others	
Automotive Finance	3,112,651,355.60	—	—	496,255,875.90	—	—	—	—	—	3,608,907,231.50

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

XV. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

5. Operating income and operating costs

(1) Operating income and operating costs

Item	For the period from 1 January to 30 June 2020 (Unaudited)		For the period from 1 January to 30 June 2019 (Unaudited)	
	Income	Costs	Income	Costs
Principal operating activities	33,253,251,511.87	30,905,436,587.52	40,929,586,632.48	38,072,295,392.75
Other operating activities	955,146,371.38	759,769,176.32	750,392,848.98	666,331,699.87
Total	34,208,397,883.25	31,665,205,763.84	41,679,979,481.46	38,738,627,092.62

RMB

(2) Revenue from contracts

Category of contracts	For the period from 1 January to 30 June 2020 (Unaudited)	For the period from 1 January to 30 June 2019 (Unaudited)
Income from the sales of automobiles	31,122,548,843.70	36,742,045,420.34
Income from the sales of automotive parts and components	1,749,805,815.04	2,971,451,307.37
Income from the rendering of services	380,896,853.13	1,216,089,904.77
Other operating income	955,146,371.38	750,392,848.98
Total	34,208,397,883.25	41,679,979,481.46

RMB

6. Investment income

Breakdown:

Item	For the period from 1 January to 30 June 2020 (Unaudited)	For the period from 1 January to 30 June 2019 (Unaudited)
Income from long-term equity investments under cost method	3,256,573,486.20	648,187,555.61
Income from long-term equity investments under equity method	496,255,875.90	304,721,787.46
Losses on deregistration of discounted bills	(116,399,941.50)	—
Investment income from wealth management products	26,144,272.87	42,302,558.80
Investment gains on disposal of long-term equity investments	851,270.67	—
Net gains on deregistration of subsidiaries	—	30,549.85
Total	3,663,424,964.14	995,242,451.72

RMB

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

XV. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

7. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

		RMB
	For the period from 1 January to 30 June 2020 (Unaudited)	For the period from 1 January to 30 June 2019 (Unaudited)
Supplementary information		
1.Reconciliation of net profit to cash flow from operating activities:		
Net profit	3,305,287,846.41	714,228,655.14
Add: Impairment losses of assets	65,722,081.15	83,596,382.51
Impairment losses (gains) on credit	29,455,439.15	(15,922,759.06)
Depreciation of fixed assets	1,120,700,736.18	1,401,600,073.92
Depreciation of right-of-use assets	4,976,115.40	5,063,082.66
Amortization of intangible assets	283,672,583.51	231,866,876.24
Amortization of long-term prepaid expenses	5,901,429.81	8,469,767.43
Depreciation and amortization of investment properties	54,079,954.43	4,253,774.61
Losses (gains) on disposals of assets	4,460,830.25	(84,891,873.24)
Amortization of deferred income	(143,293,542.92)	(228,570,769.26)
Financial expense	(110,858,252.60)	63,193,874.38
Gains from changes in fair value	(31,532,584.94)	(14,398,893.76)
Investment income	(3,779,824,905.64)	(995,242,451.72)
Decrease in deferred tax assets (Less: increase)	(133,402,152.40)	(73,421,016.87)
Increase in deferred tax liabilities (Less: decrease)	1,182,077.53	—
Decrease in inventories (Less: increase)	956,338,331.10	(160,176,595.05)
Decrease in operating receivables (Less: increase)	10,279,250,285.36	15,815,959,219.64
Increase in operating payables (Less: decrease)	(4,866,949,775.53)	(12,444,316,727.62)
Others	29,140,142.70	—
Net cash flows from operating activities	7,074,306,638.95	4,311,290,619.95
2. Significant investing and financing activities which do not involve cash receipts and payments:		
Right-of-use assets recognized by leased fixed assets	18,706,984.10	24,422,754.64
3. Net changes in cash and cash equivalents:		
Closing balance of cash and cash equivalents	11,712,577,780.41	4,198,593,783.63
Less: Opening balance of cash and cash equivalents	4,876,599,293.72	11,235,893,795.06
Net increase in cash and cash equivalents	6,835,978,486.69	(7,037,300,011.43)

Notes to the Financial Statements

For the period from 1 January to 30 June 2020

XV. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)**7. Supplementary information to the cash flow statement** (continued)**(2) Components of cash and cash equivalents**

		RMB
Item	30 June 2020 (Unaudited)	31 December 2019 (Audited)
I. Cash	11,712,577,780.41	4,876,599,293.72
Including: Cash on hand	180,309.30	157,021.74
Bank deposits ready to be withdrawn on demand	11,712,397,471.11	4,876,442,271.98
II. Closing balance of cash and cash equivalents	11,712,577,780.41	4,876,599,293.72

Supplementary information

For the period from 1 January to 30 June 2020

SUPPLEMENTARY INFORMATION

1. Breakdown of non-recurring gains and losses

Item	For the period from 1 January to 30 June 2020 (Unaudited)	RMB For the period from 1 January to 30 June 2019 (Unaudited)
Profit or loss from disposal of non-current assets	(15,655,663.23)	75,638,684.63
Government grants accounted for profit and loss 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)	331,063,581.54	341,476,957.94
Gains (losses) from the disposal of long-term equity investments and disposal of wealth management products	52,672,740.45	(136,269,402.98)
Gains (losses) on changes in fair values	25,556,189.78	(7,503,994.24)
Non-operating income and expenses except for the above items	23,817,527.49	39,547,301.54
Effect of income tax	(73,763,917.03)	(36,785,699.86)
Effect of minority interests (net of tax)	—	(2,959.70)
Total	343,690,459.00	276,100,887.33

The non-recurring gains and losses of the Group was recognized in accordance with the relevant requirements of the *Explanatory Notice for Information Disclosures by Companies that Offer Securities to the Public (No. 01) – Non-recurring Gains and Losses*.

Supplementary information

For the period from 1 January to 30 June 2020

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 2020 (Unaudited)	Weighted average return on net assets (%)	Earnings per share Basic	Diluted
Net profit attributable to shareholders of ordinary shares of the Company	2.06	0.12	0.12
Net profit attributable to shareholders of ordinary shares of the Company, after deducting non-recurring gains and losses	1.44	0.09	0.09

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

The supplementary information provided by the management of Great Wall Motor Company Limited was endorsed by the followings on 28 August 2020:

Legal Representative: Wei Jian Jun

Chief Financial Officer: Li Hong Shuan

Head of the Finance Section: Lu Cai Juan

28 August 2020

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 review 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: 28 August 2020

AMENDMENTS TO INFORMATION

☐ Applicable ☒ Not applicable

Baoding, Hebei Province, the PRC, 28 August 2020

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: Ms. Yue Ying, Mr. Li Wan Jun and Mr. Ng Chi Kit.