



长城汽车
专注 专业 专家

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)

H Share Stock Code: 2333

A Share Stock Code: 601633



ANNUAL REPORT 2021

* 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 contents of this annual report are true, accurate and complete and do not contain any false representations, misleading statements or material omissions, and jointly and severally take legal liability for its contents.**
- II. **All the directors of the Company attended the Board meeting.**
- III. **Deloitte Touche Tohmatsu Certified Public Accountants LLP has issued the standard audited report for the Company without qualified opinion.**
- IV. **Wei Jian Jun, person-in-charge of the Company, Li Hong Shuan, person-in-charge of the accounting affairs and Wang Hai Ping, 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 annual report.**
- V. **Proposal of profit distribution or capitalization of capital reserve during the Reporting Period reviewed and approved by the Board**

As audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, the net profit of the Group and net profit attributable to shareholders of the Company in 2021 amounted to RMB6,725,014,517.95 and RMB6,726,093,883.72 respectively. The Company has implemented the profit plan for the interim period of 2021, pursuant to which it distributed a cash dividend of RMB0.30 (tax inclusive) per share to all shareholders, with a total cash dividend of RMB2,771,008,419.60 (tax inclusive) distributed. Having comprehensively considered the Company's profit distribution for the interim period of 2021, and the Company's actual operating conditions, for the final period of 2021, the Company proposes to distribute to all Shareholders cash dividends was RMB0.07 (tax included) per share for the year ended 31 December 2021 based on the total share capital on the equity registration date when the Company implements profit distribution. For the final period of 2021, the proposed distribution amount was RMB646,509,998.12. The cash dividends distributed in 2021 accounted for 50.81% of the Company's net profit attributable to shareholders of the Company for 2021. This proposal is subject to the approval at the 2021 annual general meeting of the Company.

VI. Risks relating to forward-looking statements

Applicable Not applicable

Forward-looking statements, such as future plans and development strategies, contained in this report do not constitute any actual commitment of the Company to its investors. Investors should be aware of the investment risks.

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

No

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

No

IX. Was there over half of the directors unable to guarantee the truthfulness, accuracy, and completeness of the annual report disclosed by the Company?

No

X. Reminder of material risks

During the Reporting Period, there were no material risks resulting in any significant impact on the production and operation of the Company. Risks that the Company may encounter in the course of production and operation and its corresponding measures have detailed in "Discussion and Analysis concerning the Future Development of the Company" under item VI of Section 4 headed "Management Discussion and Analysis" of this report.

XI. Others

Applicable Not applicable

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Index of Documents Available for
Inspection

The original financial statements signed and sealed by the legal representative, person in-charge of the accounting affairs and person-in-charge of the accounting department.

The original auditor’s report with the seal of the accounting firm and signatures and seals of the certified public accountants.



INTELLIGENT AND LUXURIOUS OFF-ROAD SUV





GLOBAL LEADER OF CHINESE SUV





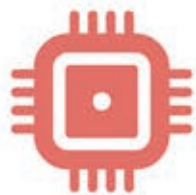


GLOBAL LEADER OF CHINESE SUV



MAKING PICKUPS POPULAR





NEW GENERATION DELICATE ELECTRIC CAR







摩卡



NEXT GENERATION ELECTRIC VEHICLE



GLOBAL LEADER OF CHINESE SUV



Section 1 Definitions

I. DEFINITIONS

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

Definitions for commonly used terms

“A Share(s)”	domestic share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Shanghai Stock Exchange and traded in Renminbi (Stock Code: 601633);
“A Shareholder(s)”	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 PRC;
“Competing Business”	a business that is identical with or similar to the principal business and other businesses of Great Wall Motor Company Limited;
“CSRC”	China Securities Regulatory Commission;
“Group”	Great Wall Motor Company Limited and its subsidiaries;
“H Share(s)”	the overseas-listed foreign share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Main Board of the Hong Kong Stock Exchange and traded in Hong Kong dollars (Stock Code: 2333);
“H Shareholder(s)”	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;

Section 1 Definitions

“PRC”	the People’s Republic of China;
“Reporting Period” or “Current Period” or “the Year”	twelve months ended 31 December 2021;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time; and
“Shanghai Stock Exchange”	Shanghai Stock Exchange.

Section 2 Corporate Profile and Key Financial Indicators

I. CORPORATE INFORMATION

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

II. CONTACT PERSONS AND CONTACT METHODS

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

III. BASIC INFORMATION

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

IV. INFORMATION DISCLOSURE AND PLACE OF DOCUMENT INSPECTION

Media and website for disclosing this annual report	China Securities Journal, Shanghai Securities News
Securities exchange website for disclosing this annual report	www.sse.com.cn
Place for inspection of the Company's annual reports	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 annual report	www.hkexnews.hk
The Company's website for publishing this annual report	www.gwm.com.cn

Section 2 Corporate Profile and Key Financial Indicators

V. INFORMATION ON THE COMPANY'S SHARES

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	6,136,173,278 A Shares (Total shares: 9,235,713,278 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: 9,235,713,278 shares, A Shares: 6,136,173,278 shares)	500 shares

Section 2 Corporate Profile and Key Financial Indicators

VI. OTHER RELEVANT INFORMATION

Domestic accounting firm appointed by the Company	Name Office address Names of the signing accountants	Deloitte Touche Tohmatsu Certified Public Accountants LLP 30/F, 222 Yan An Road East, Huangpu District, Shanghai Tong Chuan Jiang Li Li Jiao
Sponsoring institution assuming the role of continuous supervision during the Reporting Period	Name Office address Names of signing representatives of the sponsor Period for continuous supervision	Guotai Junan Securities Co., Ltd Guotai Junan Building, 768 Nanjing West Road, Jing'an District, Shanghai Chen Liang, Wu Tong Xin From 8 July 2021 to 31 December 2022
Legal adviser to the Company (as to Hong Kong law)	Fangda Partners	
Legal adviser to the Company (as to the PRC law)	Jincheng Tongda & Neal Law Firm, Beijing (ceased to serve as the legal adviser to the Company as to the PRC law from 1 July 2021) Beijing Zhong Lun Law Firm (serves as the legal adviser to the Company as to the PRC law from 1 July 2021)	
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 14/F, East Tower, China Settlement Building, No. 188 South Yanggao Road, Pudong New Area, Shanghai	
Investor and media relations consultant (H Shares)	Corporate Link Limited 5/F, Chung Nam Building, 1 Lockhart Road, Wanchai, Hong Kong	
Principal bankers	Bank of China Limited, Baoding Yuhua sub-branch The Industrial and Commercial Bank of China, Baoding Yonghua sub-branch China Construction Bank Corporation, Baoding Hengxiang South Street sub-branch China Everbright Bank Corporation Limited, Shijiazhuang branch China CITIC Bank Corporation Limited, Baoding branch Bank of Communications Co., Ltd., Baoding branch Ping An Bank Co., Ltd., Guangzhou branch	

Section 2 Corporate Profile and Key Financial Indicators

Authorised representatives	Ms. Wang Feng Ying (resigned on 18 March 2022) Ms. Li Hong Shuan (appointed on 18 March 2022) Mr. Xu Hui
Financial year-end date	31 December
Executive Directors	Mr. Wei Jian Jun (Chairman) Mr. Zhao Guo Qing (Vice Chairman) (appointed with effect on 18 March 2022) Ms. Wang Feng Ying (Vice Chairman) (resigned as Vice Chairman and Executive Director with effect on 18 March 2022) Ms. Yang Zhi Juan (resigned with effect on 18 March 2022) Ms. Li Hong Shuan (appointed with effect on 18 March 2022)
Non-Executive Director	Mr. He Ping
Independent Non-Executive Directors	Mr. Li Wan Jun Mr. Ng Chi Kit Ms. Yue Ying
Employee Representative Supervisor	Mr. Chen Biao (resigned on 12 May 2021) Ms. Lu Cai Juan (appointed on 12 May 2021)
Independent Supervisors	Ms. Liu Qian Ms. Zong Yi Xiang (resigned on 29 October 2021) Mr. Ma Yu Bo (appointed on 29 October 2021)
Audit Committee	Mr. He Ping Mr. Li Wan Jun Mr. Ng Chi Kit Ms. Yue Ying
Remuneration Committee	Mr. Wei Jian Jun Mr. Li Wan Jun Ms. Yue Ying
Nomination Committee	Mr. Wei Jian Jun Mr. Ng Chi Kit Ms. Yue Ying
Strategy and Sustainable Development Committee	Mr. Wei Jian Jun Ms. Wang Feng Ying (resigned on 18 March 2022) Ms. Li Hong Shuan (appointed on 18 March 2022) Mr. He Ping Mr. Li Wan Jun Ms. Yue Ying

Section 2 Corporate Profile and Key Financial Indicators

VII. KEY ACCOUNTING INFORMATION AND FINANCIAL INDICATORS IN THE LAST FIVE YEARS

(I) Key accounting information

Unit: RMB0'000 Currency: RMB

Key accounting information	2021	2020	Increase/decrease for the Current Period over the corresponding period last year (%)	2019	2018	2017
Total operating revenue	13,640,466.30	10,330,760.72	32.04	9,621,068.88	9,922,998.72	10,116,948.88
Operating revenue	13,640,466.30	10,330,760.72	32.04	9,510,807.86	9,779,985.92	10,049,161.82
Net profit attributable to shareholders of the Company	672,609.39	536,249.02	25.43	449,687.49	520,731.40	502,729.80
Net profit attributable to shareholders of the Company after extraordinary gains/losses	420,274.30	383,631.94	9.55	398,675.10	388,877.21	429,819.69
Net cash flow from operating activities	3,531,567.32	518,123.29	581.61	1,397,230.24	1,969,782.59	-107,667.01
Total operating costs	13,187,809.18	9,884,334.31	33.42	9,140,898.60	9,299,224.22	9,546,032.71
Operating costs	11,436,747.28	8,553,096.38	33.71	7,968,448.73	8,148,094.26	8,196,690.36
Tax and surcharges	423,411.60	319,187.61	32.65	316,860.30	362,738.04	390,568.81
Selling expenses	519,217.59	410,338.68	26.53	389,666.99	457,519.86	440,639.78
Administrative expenses	404,306.94	255,267.46	58.39	195,545.34	167,630.37	159,846.54
Research and development expenses	448,956.52	306,747.96	46.36	271,622.04	174,337.91	336,457.33
Financial expenses	-44,830.75	39,696.22	-212.93	-35,102.91	-49,387.52	13,860.11
Impairment losses on assets (losses stated with "-")	-47,059.61	-67,639.68	-	-50,361.76	-13,652.92	-31,707.87
Impairment losses on credit (losses stated with "-")	-12,240.01	-3,528.69	-	-4,934.87	-18,187.91	-
Gains or losses from changes in fair value (losses stated with "-")	30,644.09	16,520.86	85.49	-7,330.20	-14,035.13	17,539.60
Investment gains	110,910.90	95,638.51	15.97	1,550.51	21,927.02	12,422.48
Share of investment gains of associates and joint ventures	101,654.78	91,194.63	11.47	30,370.69	-	-
Other income	104,733.24	88,663.24	18.12	54,269.70	17,580.53	16,625.66
Gains from disposal of assets (losses stated with "-")	-2,768.98	-919.92	-	4,320.70	5,797.65	-380.81
Operating profit	636,876.75	575,160.73	10.73	477,684.36	623,203.73	585,415.24
Non-operating income	116,079.52	49,387.18	135.04	34,212.43	25,287.99	39,068.85
Non-operating expenses	4,746.04	1,819.17	160.89	1,841.15	784.53	1,187.50
Losses from disposal of non-current assets	7,708.90	3,630.78	112.32	7,107.44	7,627.54	2,278.37
Total profit	748,210.23	622,728.74	20.15	510,055.64	647,707.20	623,296.60
Income tax expenses	75,708.78	86,479.72	-12.45	56,982.35	122,943.29	118,957.95
Net profit	672,501.45	536,249.02	25.41	453,073.29	524,763.91	504,338.65
Profit or loss attributable to minority interests	-107.94	-	-100.00	3,385.80	4,032.52	1,608.85

Section 2 Corporate Profile and Key Financial Indicators

Key accounting information	The end of 2021	The end of 2020	Increase/decrease for the Current Period over the end of the corresponding period last year (%)	The end of 2019	The end of 2018	The end of 2017
Net assets attributable to shareholders of the Company	6,212,438.21	5,734,184.76	8.34	5,439,922.99	5,252,483.11	4,913,453.04
Total assets	17,540,802.06	15,401,149.06	13.89	11,309,640.95	11,180,041.13	11,054,707.38
Total liabilities	11,327,953.78	9,666,964.30	17.18	5,869,717.96	5,911,182.38	6,128,911.21
Total share capital as at the end of the Period	923,571.33	917,595.33	0.65	912,726.90	912,726.90	912,726.90

(II) Key financial indicators

Key financial indicators	2021	2020	Increase/decrease for the Current Period over the corresponding period last year (%)	2019	2018	2017
Basic earnings per share (RMB/share)	0.73	0.59	23.73	0.49	0.57	0.55
Diluted earnings per share (RMB/share)	0.73	0.58	25.86	N/A	N/A	N/A
Basic earnings per share after extraordinary gains/losses (RMB/share)	0.46	0.42	9.52	0.44	0.43	0.47
Weighted average return on net assets (%)	11.26	9.58	Increased by 1.68 percentage points	8.45	10.27	10.48
Weighted average return on net assets after extraordinary gains/losses (%)	7.02	6.85	Increased by 0.17 percentage point	7.49	7.67	8.96

Description of key accounting information and financial indicators of the Company in the last five years as at the end of the Reporting Period

√ Applicable □ Not applicable

During the Reporting Period, the main reason for the year-on-year increase in net profit attributable to the shareholders of the Company was the increase in vehicle sales.

During the Reporting Period, Great Wall Motor firmly determined the transformation of global intelligent technology company, combined with electrification, intelligent technological innovation and global development, deepened category innovation and user operation, and improved system power and ecological construction. The annual sales volume has increased, the vehicle model structure has improved, and the performance has been promoted.

Section 2 Corporate Profile and Key Financial Indicators

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

(I) Differences between the net profit and net assets attributable to shareholders of the Company in the financial report disclosed in accordance with the International Accounting Standards and the China Accounting Standards

Applicable Not applicable

(II) Differences between the net profit and net assets attributable to shareholders of the Company in the financial report disclosed in accordance with the overseas accounting standards and the China Accounting Standards

Applicable Not applicable

(III) Description on differences between overseas and domestic accounting standards:

Applicable Not applicable

IX. QUARTERLY KEY FINANCIAL INFORMATION IN 2021

Unit: RMB Currency: RMB

	First Quarter (January to March)	Second Quarter (April to June)	Third Quarter (July to September)	Fourth Quarter (October to December)
Total operating revenue	31,116,975,830.40	30,811,393,085.77	28,868,889,576.29	45,607,404,546.21
Operating revenue	31,116,975,830.40	30,811,393,085.77	28,868,889,576.29	45,607,404,546.21
Net profit attributable to shareholders of the Company	1,639,467,616.33	1,889,149,408.51	1,416,318,045.20	1,781,158,813.68
Net profit attributable to shareholders of the Company after extraordinary gains/losses	1,335,330,989.51	1,506,659,431.66	810,932,930.70	549,819,641.17
Net cash flow from operating activities	213,153,761.90	14,896,624,990.25	1,567,107,882.43	18,638,786,611.55

Description on differences between quarterly data and information disclosed in regular reports

Applicable Not applicable

Section 2 Corporate Profile and Key Financial Indicators

X. ITEMS AND AMOUNT OF EXTRAORDINARY GAINS/LOSSES

√ Applicable □ Not applicable

Unit: RMB Currency: RMB

Extraordinary gains/losses	2021	2020	2019
Profit or loss from disposal of non-current assets	-27,689,757.55	-9,199,220.02	43,207,041.88
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	2,195,683,034.22	1,266,977,636.02	609,187,841.95
Net profit or loss of the current period from the beginning of the period to the combination date for subsidiaries acquired through business combination under common control	-7,272,273.67	-	54,486.41
Investment gains from disposal of subsidiaries, other equity instrument investments, and disposal of wealth management products (losses stated with "-")	214,075,363.44	193,269,299.94	-89,308,089.77
Gains from changes in fair value (losses stated with "-")	306,440,874.33	165,208,627.09	-73,302,005.19
Non-operating income and expenses other than the above items	93,115,357.65	85,699,829.09	90,769,597.30
Other profit or loss items that fall within the meaning of extraordinary gain or loss	17,118,415.66	-	-
Minus: Effect of income tax	-268,120,123.40	-175,785,379.10	-70,482,054.37
Effect of minority interests (after tax)	-	-	-2,959.70
Total	2,523,350,890.68	1,526,170,793.02	510,123,858.51

Explanation on defining extraordinary gain or loss items illustrated in the Notice on Explanation of Information Disclosure of Companies Publicly Issuing Securities No.1 – Extraordinary Gain or Loss 《公開發行證券的公司信息披露解釋性公告第1號 – 非經常性損益》) as recurring gain or loss items

□ Applicable √ Not applicable

Section 2 Corporate Profile and Key Financial Indicators

XI. ITEMS MEASURED AT FAIR VALUE

√ Applicable □ Not applicable

Unit: RMB Currency: RMB

Name of item	Balance at the beginning of the Period	Balance at the end of the Period	Changes in the Current Period	Effect on profit for the Current Period
Financial assets classified as at fair value through profit or loss				
Including: Equity instrument investments	244,394,136.00	414,131,200.00	169,737,064.00	297,323,161.62
Debt instrument investment – Wealth management products	4,581,799,760.30	5,632,361,954.78	1,050,562,194.48	-437,805.52
Derivative financial assets	2,271,973.16	5,554,185.76	3,282,212.60	5,554,185.76
Other non-current financial assets	24,500,000.00	58,247,041.15	33,747,041.15	7,190,968.32
Financial assets at fair value through other comprehensive income				
Including: Financing with receivables – notes receivable	52,984,556,339.76	31,499,637,236.45	-21,484,919,103.31	–
Other equity instrument investments	7,700,000.00	813,215,710.00	805,515,710.00	–
Financial liabilities at fair value through profit or loss				
Including: Derivative financial liabilities	4,879,853.91	-1,006,607.03	-5,886,460.94	-3,189,635.85
Total	57,850,102,063.13	38,422,140,721.11	-19,427,961,342.02	306,440,874.33

XII. OTHERS

□ Applicable √ Not applicable

Section 3 Chairman's Statement

To all shareholders:

I am pleased to present the audited consolidated results of the Group for the year ended 31 December 2021.

BUSINESS REVIEW

The global landscape changed dramatically in 2021. China was the first in the world to achieve positive economic growth. Despite unfavorable factors such as chip shortage and consistently high raw material price, China's automotive industry showed strong resilience and growth momentum, and overcame difficulties by taking proactive measures. For Great Wall Motor, 2021 was a year of continuously deepening its reforms and fruitful accomplishments. In 2021, Great Wall Motor's sales volume of new automobiles amounted to 1,280,951 units, representing 14.79% year-on-year increase; total operating revenue amounted to RMB136.405 billion, representing 32.04% year-on-year increase; net profit amounted to RMB6.725 billion, representing a year-on-year growth of 25.41%. Continued improvement in operating results, sales and management reflected the success of Great Wall Motor's breakthrough and revolution.

NEW ENERGY

Looking back on 2021, against the backdrop of continuous promotion of a new energy security strategy and the setting of the "dual carbon" goals, the Chinese automobile industry had officially accelerated the pace of reform. In the eyes of Great Wall Motor, the green carbon neutrality goal is "by no means meeting standards under pressure (passive approach), but a driving force for transformation (active approach); by no means surviving in the cracks, but to seize new opportunities for greater development." It is expected that by 2045, Great Wall Motor will be fully carbon neutral. Facing the new responsibilities and requirements from development of the era and energy consumption structure transformation, Great Wall Motor had made advanced planning to proactively respond, while continuing to deepen the development of electric vehicles. It continued to make targeted investments in the three fields of hybrid, pure electric and hydrogen energy, and successively introduced various strategies and advanced technologies to ensure rapid launch of a number of well-developed products, thus providing strong support to Great Wall Motor's achieving the goals of 2025 Strategy.

INTELLIGENTIZATION

Great Wall Motor will unswervingly accelerate intelligent transformation, centering on intelligent driving, smart cabins and smart services and establishing in-house full-stack R&D capability to achieve the integration of intelligent driving, smart cabins and smart services and enable automobiles to become future mobility partners that can think, judge and constantly improve, as well as advance from "perceptual intelligence" to "cognitive intelligence". In order to meet the demand for software-defined vehicles in the future, Great Wall Motor currently possesses a Group's product digital center (GDC), NOCH Automotive Technology(Shanghai) Co., LTD and other intelligent organizations. In terms of automobile intelligence, Great Wall Motor has launched products with intelligent driving and smart cabin. It is also accelerating the progress of introducing smart services, in order to drive downstream expansion along the value chain in the automotive industry. At the same time, Great Wall Motor will also leverage on big data, cloud computing, artificial intelligence and other new generation technologies to transform into an industrial internet company, with an aim to create greater value for the entire industrial ecology by enabling the relevant stakeholders in the industrial chain to link, coordinate and make quick response.

Section 3 Chairman's Statement

GLOBALISATION

In 2021, we put forth our goals under the 2025 Strategy. Based on the positioning of "Global Layout", "R&D Investment", "Group Reform" and "User Operation", Great Wall Motor will continue to carry out comprehensive and thorough innovation reform and transform itself into a global intelligent technology company. In order to achieve this goal, the Company will place emphasis on planning and arrangement of global R&D, production, sales system and talent grooming.

In terms of R&D, Great Wall Motor has established R&D centers in the USA, Japan, Germany, India and other countries, forming a global R&D network spanning Europe, Asia and North America with China's headquarters as the core. The Group's R&D comprehensively covers various fields, including core parts and components, new energy and intelligent technology. In terms of production, Great Wall Motor has set up full-process automobile production bases in Thailand and Brazil etc., as well as several KD factories. With respect to sales, as at the end of 2021, Great Wall Motor had exported to more than 170 countries and regions, with overseas distribution channels comprising nearly 700 participants, and accumulated overseas sales of over 900,000 vehicles.

TRANSFORMATION AND INNOVATION

Talent is the cornerstone as well as the most important element of an enterprise. Great Wall Motor's human resource policy is: "do not set any universal standard for employees, so that they can fully leverage their skills and potential". Under the guiding principle basing on the aforesaid policy, Great Wall Motor initiated the "Ten Thousand Talents Plan" and "Global Talents Plan". These two initiatives will not only bring in more than 10,000 talents of all kinds from around the world, but will also enhance internal mobility of employees. Such will allow more excellent employees to work in different places and take part in overseas and key business operations, which will help unleash employees full potential. In 2021, Great Wall Motor announced the second phase of its equity incentive plan which, coupled with the 2020 equity incentive plan, covered 50% of its core employees, with more than 10,000 grantees in aggregate.

In terms of organizational change, Great Wall Motor has established a version 3.0 global organizational structure through "strong back-end platform, large and middle platform and small front-end platform", built a diversified and complementary senior management team. It has also flattened management hierarchy and eliminated seniority discrimination, by making good use of new employees. Already a large number of post-90s young key staff members have taken center stage in the Group, by showing the vitality and innovativeness of a young generation of Great Wall Motor.

Now, it seems that a global intelligent technology company is gradually taking shape. Globalization is the general trend, and people of Great Wall Motor should adapt to the prevailing trend in order to remain calm in the face of adversity.

In the future, Great Wall Motor will accelerate its advancement and overcome difficulties in respect of product technology and turn strategy into results. Everyone at Great Wall Motor will work together, to persevere with customer-focused self-reform, to achieve category innovation through scientific and technological innovation, to accelerate global development with a new category matrix, and to bring the Company to new heights.

Wei Jian Jun

Chairman

Baoding, Hebei Province, the PRC

29 March 2022

Section 4 Management Discussion and Analysis

I. DISCUSSION AND ANALYSIS OF THE BUSINESS OPERATION

Operating Environment

In 2021, despite facing a complex and severe development environment, China still maintained a global leading position in pandemic prevention and control as well as economic and social development. It has established a new development pattern to forge ahead and achieved new results from quality development, thus accomplishing major economic and social development objectives for the year and making a good start to the 14th Five-Year Plan.

According to the National Bureau of Statistic, the gross domestic product (“GDP”) of China in 2021 increased by 8.1% year-on-year, with a two-year average growth of 5.1%. Benefiting from effective pandemic control, China’s economy continued to recover steadily and inject confidence and vitality into world economic recovery.

According to data from China Association of Automobile Manufacturers, the production and sales volume of automobiles in 2021 amounted to 26,082,000 units and 26,275,000 units respectively, representing increases of 3.4% and 3.8% year-on-year respectively. In view of the development trend of the automobile industry, demand in the automobile market will remain stable, while chip shortage and high material price will gradually ease in 2022. It is expected that the situation in the automobile market will remain stable while improving in 2022, with production and sales surpassing those of 2021.

Section 4 Management Discussion and Analysis

Financial Review

Unit: RMB Currency: RMB

	From 1 January 2021 to 31 December 2021 (Audited)	From 1 January 2020 to 31 December 2020 (Audited)	Changes %
Total operating revenue	136,404,663,038.67	103,307,607,209.70	32.04
Operating revenue	136,404,663,038.67	103,307,607,209.70	32.04
Revenue generated from the sale of automobiles (Note 1)	121,307,150,931.83	92,385,913,305.90	31.30
Revenue generated from the sale of automotive parts and components and others (Note 2)	15,097,512,106.84	10,921,693,903.80	38.23
Selling expenses	5,192,175,874.72	4,103,386,826.19	26.53
Administrative expenses (Note 3)	4,043,069,363.44	2,552,674,590.65	58.39
Research and development expenses (Note 4)	4,489,565,228.62	3,067,479,582.21	46.36
Financial expenses (Note 5)	-448,307,517.96	396,962,230.25	-212.93
Gross profit	22,037,190,210.78	17,776,643,454.67	23.97
Income tax expenses	757,087,769.28	864,797,163.03	-12.45
Net profit attributable to shareholders of the Company	6,726,093,883.72	5,362,490,194.32	25.43
Basic earnings per share	0.73	0.59	23.73
Gross profit margin (%) (Note 6)	16.16	17.21	Decreased by 1.05 percentage points
Percentage of selling expenses to operating revenue (%)	3.81	3.97	Decreased by 0.16 percentage point
Percentage of administrative expenses to operating revenue (%)	2.96	2.47	Increased by 0.49 percentage point

(Note 1) The increase in revenue generated from the sale of automobiles was mainly due to the increase in the sales volume of automobiles during the Reporting Period, and the brand upgrade which resulted in the increase in the revenue of individual models.

(Note 2) The increase in revenue generated from the sale of automotive parts and components and others was mainly due to the increase in the revenue from external sales of automotive parts and accessories during the Reporting Period.

(Note 3) The increase in administrative expenses was mainly due to the increase in the number of management personnel and the increase in share incentive expenses during the Reporting Period.

(Note 4) The increase in research and development expenses was mainly due to the increase in research and development investment in projects on intelligent, electric and new vehicle models during the Reporting Period.

(Note 5) The decrease in financial expenses was mainly due to an increase in exchange gain during the Reporting Period.

(Note 6) The decrease in gross profit margin was mainly due to the recognition of transportation expenses in costs in accordance with regulatory requirements during the Reporting Period.

Section 4 Management Discussion and Analysis

Current assets and current liabilities

Unit: RMB Currency: RMB

	31 December 2021 (Audited)	31 December 2020 (Audited)
Current Assets	108,365,607,198.99	99,398,966,749.91
Including:		
Cash and bank balances	33,047,560,929.36	14,588,464,389.52
Held-for-trading financial assets	6,046,493,154.78	4,826,193,896.30
Notes receivable	3,181,930,272.20	0
Accounts receivable	5,421,996,764.84	3,936,156,908.98
Financing with receivables	31,499,637,236.45	52,984,556,339.76
Prepayments	1,748,896,425.13	570,917,965.02
Other receivables	1,121,872,592.52	1,032,243,323.43
Inventories	13,966,418,723.46	7,497,635,549.94
Non-current assets due within one year	2,240,394,116.43	1,884,739,784.73
Other current assets	9,812,817,672.24	11,580,488,006.85
Current Liabilities	95,596,984,528.01	81,165,712,444.73
Including:		
Short-term borrowings	5,204,463,651.75	7,901,303,207.55
Accounts payable	37,083,081,730.25	33,185,058,889.00
Notes payable	26,809,308,822.40	16,656,076,418.02
Contract liabilities	7,387,904,382.08	8,027,932,832.07
Employee benefits payable	3,215,215,491.04	2,530,652,915.21
Taxes payable	2,818,110,266.16	2,785,790,936.60
Other payables	4,867,094,523.67	4,116,969,285.61
Other current liabilities	4,542,933,786.57	5,065,113,514.41

Section 4 Management Discussion and Analysis

Gearing ratio

Unit: RMB Currency: RMB

	31 December 2021 (Audited)	31 December 2020 (Audited)
Total liabilities	113,279,537,815.09	96,669,643,048.05
Total equity	62,128,482,772.84	57,341,847,584.19
Gearing ratio	182.33%	168.58%

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 acquisition or disposal of assets during the Reporting Period.

Capital structure

The Group primarily finances its day-to-day operations with its own cash and bank borrowings. As at 31 December 2021, the Company secured short-term borrowings of RMB5,204,463,651.75, mainly used to replenish daily working capital. The Company secured long-term borrowings of RMB11,359,723,342.54 (including long-term borrowings due within one year), mainly used for the construction of domestic and overseas plants and replenishment of daily working capital. For details of interest rates of the borrowings, please refer to the relevant descriptions of Notes to the financial statements in this annual report.

Section 4 Management Discussion and Analysis

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	31 December 2021 (Audited)	31 December 2020 (Audited)
Cash and bank balances	651,194,616.09	1,371,070,081.90
Held-for-trading financial assets	414,131,200.00	244,394,136.00
Accounts receivable	696,876,534.03	484,028,321.56
Other receivables	2,533,479,173.35	2,453,592,863.34
Accounts payable	-4,302,917,064.72	-2,029,321,176.53
Other payables	-188,353,576.18	-91,950,695.75
Short-term borrowings	-30,105,270.00	-358,869,500.00
Long-term borrowings	-1,582,441,235.47	-4,992,239,449.46

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 31 December 2021, the Group employed a total of 77,934 employees (31 December 2020: 63,174 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 (excluding the cost of equity incentives) accounted for 9.89% of the Group's total operating revenue as at 31 December 2021 (31 December 2020: 9.19%).

Section 4 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 12 months ended 31 December	
	2021 RMB (Audited)	2020 RMB (Audited)
China	120,242,883,244.69	96,635,666,027.81
Russia	4,972,855,747.18	2,208,036,161.69
South Africa	2,610,960,693.03	930,891,643.20
Australia	2,322,648,446.21	604,995,370.16
Saudi Arabia	1,205,320,007.16	1,084,156,092.64
Chile	1,023,944,595.93	285,837,900.49
Other overseas countries	4,026,050,304.47	1,558,024,013.71
Total	136,404,663,038.67	103,307,607,209.70

Unit: RMB Currency: RMB

Item	31 December 2021 (Audited)	31 December 2020 (Audited)
Non-current assets located in China	52,555,571,667.97	46,247,535,750.75
Non-current assets located in other countries	3,999,057,674.04	3,830,236,865.92
Total	56,554,629,342.01	50,077,772,616.67

Non-current assets excluded financial assets and deferred income tax assets.

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

Section 4 Management Discussion and Analysis

Business Review

Analysis of production and sales volume of products

Car classification	Item	Sales volume (unit)			Production volume (unit)		
		Total for the year	Total for last year	Increase/decrease (%)	Total for the year	Total for last year	Increase/decrease (%)
Pick-up truck	Domestic sales	190,740	209,859	-9.11	-	-	-
	Export	46,319	18,811	146.23	-	-	-
	Sub-total	237,059	228,670	3.67	242,338	230,106	5.32
SUV	Domestic sales	814,283	780,572	4.32	-	-	-
	Export	92,895	48,437	91.79	-	-	-
	Sub-total	907,178	829,009	9.43	912,631	836,957	9.04
Sedan (Mainly NEVs)	Domestic sales	136,037	56,523	140.68	-	-	-
	Export	677	1,670	-59.46	-	-	-
	Sub-total	136,714	58,193	134.93	136,766	56,980	140.02
Total	Domestic sales	1,141,060	1,046,954	8.99	-	-	-
	Export	139,891	68,918	102.98	-	-	-
	Sub-total	1,280,951	1,115,872	14.79	1,291,735	1,124,043	14.92

Section 4 Management Discussion and Analysis

The Group has five major automobile brands, namely Haval, WEY, ORA, TANK and Great Wall Pickup. It has incubated a new stand-alone automobile technology company, Saloon Mecha Technology Company Limited “沙龍機甲科技有限公司”, and formed a joint venture, namely Spotlight Automotive Limited (“Spotlight Automotive”), with BMW Group.

Haval is a sub-brand under Great Wall Motor. It becomes a free-standing brand since 2013. In the eight years thereafter, Haval has been focusing on the SUV category, and underwent several organizational changes. It has established a version 3.0 organization structure with “strong back-end platform, large and middle platform and small front-end platform”, and realized direct communication with end users through the concept of “one car, one brand, one company”, thereby completely transforming into a user-centric enterprise. In 2021, Haval accumulated global sales volume of over 7 million vehicles.

The WEY brand boasts advanced technologies, including long range Dedicated Hybrid Technology (“DHT”) and COFFEE Intelligence. It has created a new category of “zero anxiety smart electric vehicles”, thus moving to a high-end new energy market. The brand has accumulated over 450,000 users. It will strive to bring new users “zero anxiety and ultra comfort” driving experience in all scenarios. It aims to become urban new middle class’ brand of choice by providing more innovative high-end mobility solutions.

The ORA brand positions itself as a car brand that cares women most in the world, rapidly tapping into the global new energy vehicles market for women through differential strategy. Many brands followed suit. The ORA brand successfully entered the upmarket by adopting the business philosophy of “forming customer habits” through creating together, connecting emotionally and sharing with customers. ORA Mao series is designed surrounding the concept of “women driving scenario”. ORA Balei Mao, Pengke Mao, Shandian Mao and other Mao models were showcased in 2021.

At the 19th Shanghai International Automobile Industry Exhibition in 2021, the TANK brand officially announced that it would operate as a stand-alone marque. It is a stylish off-road SUV brand created by Great Wall Motor in response to the new SUV trend. The Company created the TANK brand in response to diverse consumer needs and due to its market insights. The brand proposition is the combination of toughness and soft-riding features to create a new market category. The TANK series offers a comprehensive range of products to cater to the high-end off-road SUV market, including compact, mid-size, large to full size models. In the first year after its becoming a free-standing brand, TANK saw its sales volume surpassed 100,000 units, working towards the goal of becoming a global leading off-road SUV brand at an accelerating pace.

Section 4 Management Discussion and Analysis

Great Wall Pickup continued to rank first in domestic and export sales volume of pick-up trucks for 24 consecutive years, with a total global sales volume of over 2 million units. Great Wall POER insists on category innovation, with great emphasis on the development of two major categories, namely passenger pickups for leisure activities and stylish commercial pickups. Sales volume in the two years after its launch exceeded 200,000 units, setting Great Wall POER's own pace. In 2021, Great Wall POER was launched in over 50 countries in the four continents of the world and received a five-star safety rating under the new ANCAP (Australasian New Car Assessment Program) standards.

On 19 November 2021, Saloon Mecha Technology Company Limited ("Saloon") made its debut in Guangzhou. Saloon is a new stand-alone mecha technology mobility company incubated by Great Wall Motor, targeting the market of luxury pure electric vehicles ranging from RMB400,000 to RMB800,000. Leveraging extreme innovation, Saloon creates a new mecha technology category. Its innovation in mecha category of the automobile industry has not only triggered product imitation by various brands, but also resulted in other brands to follow suit in marketing. In the future, Saloon will offer a full range of mecha products including sedan, SUV, coupe, etc.

In June 2020, construction of Spotlight Automotive's factory began in Zhangjiagang city, Jiangsu province and the project is on schedule.

In 2021, the Group's sales volume of automobiles increased by 14.79% year-on-year to 1,281,000 units. Amid a severe market environment, the Group was still able to achieve a sales volume of over 1 million units for six consecutive years; overseas sales volume amounted to 139,900 units, representing a year-on-year substantial increase of 102.98%. The total operating revenue for the year reached a record high of RMB136.405 billion, representing a year-on-year increase of 32.04%; net profit amounted to RMB6.725 billion, representing a year-on-year increase of 25.41%.

Section 4 Management Discussion and Analysis

Looking back on 2021, the Group switched from product focus to placing greater emphasis on customer focus and, basing on customers' needs, the Group continued to reform itself.

1. *Continued expansion of production network*

In 2021, the Group has 10 major full-process automobile production bases in China, thus covering the entire China market. Overseas, the Group had full-process automobile production bases in Thailand and Brazil.

Domestically, the Group had established 10 major production bases to be closer to markets and to more effectively reach customers. Operation of the production bases in Baoding, Xushui, Tianjin and Yongchuan continued to improve. The Pinghu automobile factory is designed with "green, low-carbon, environmental-friendly, intelligent and efficient" concepts. The plant adopts a lot of world's advanced production technologies and equipment, as well as a large amount of robots to replace traditional manual production to increase production efficiency while pursuing green practices. The production base in Jingmen is Great Wall Motor's first automobile production base in Central China. The factory is aimed to be constructed as a global demonstration plant for Industry 4.0. It has stamping workshop, welding workshop, painting workshop, assembly workshop, new energy workshop and other workshops. Its level of automation is relatively higher than that of domestic industry peers. In addition, progress of Great Wall Motor's construction projects in other parts of China was also accelerating.

Overseas, the Group had established full-process automobile production bases in Thailand and Brazil etc. The factory in Rayong province, Thailand is Great Wall Motor's second overseas full-process car manufacturing plant. Great Wall Motor carried out a complete intelligent transformation and upgrade on the factory using advanced intelligent equipment and made it a "smart factory" meeting global standards, thus further enhancing production efficiency and benefits.

Section 4 Management Discussion and Analysis

2. Continued upgrading of R&D system

With respect to R&D, Great Wall Motor established R&D centres and technology innovation centres in Baoding, Beijing, Shanghai, Jiangsu in China, Los Angeles and Detroit in the USA, Frankfurt, Munich and Überherrn in Germany, Yokohama in Japan, Gyeonggi in South Korea, Kottlingbrunn in Austria and Bengaluru in India. From 2021 to 2025, Great Wall Motor expects to invest approximately RMB100 billion in R&D.

Aiming to become a global intelligent technology company, the Group insisted on “making targeted investments and pursuing industry leadership” in respect of technology and R&D. The Group continued to improve the hard core strength of “Tech-driven Great Wall”. “Ningmeng”, “TANK” and “COFFEE Intelligence”, being the technology brands created by Great Wall Motor for the global and future markets, form a value innovation technology system that encompasses the entire industry chain process, including automobile R&D, design, production and lifestyle. They signify Great Wall Motor’s new “car making philosophy”, Great Wall Motor’s core technology accumulation and solid foundation for Great Wall Motor’s global development.

The “Ningmeng” platform is a global intelligent modular technology platform, featuring flexibility, high performance, safety and light weight. The range of engines on the “Ningmeng” platform includes two types of emissions, namely 1.5L and 2.0L. The platform can offer different engine versions according to different product needs. The “Ningmeng” platform comes with Great Wall Motor’s self-developed 9-speed wet dual-clutch transmission, further increasing the fuel economy of vehicles. “Ningmeng’s DHT” (Dedicated Hybrid Technology) is world’s leading efficient, high-performance hybrid solution. The Group, which independently designed and developed “Ningmeng DHT”, owns the independent property rights of such technology. “Ningmeng DHT” breaks the monopoly of joint ventures in hybrid technology. Designed mainly for city driving purpose while accommodating the needs for highway driving, “Ningmeng’s DHT” possesses the technical features of high efficiency and high performance at all speeds and for different driving scenarios through the multi-drive mode supported by the high-efficient hybrid engine and dual motor system.

Section 4 Management Discussion and Analysis

The “TANK” platform is a global intelligent off-road specialist platform. It boasts the powerful, reliable and intelligent features of an off-road vehicle. The platform covers three types of powertrain, namely ICE, PHEV and HEV. The TANK platform possesses the powertrain comprising 3.0T engine and 9AT/9HAT transmission. The total engine power/total torque reaches 410kW/750N•m respectively, thus ensuring the best power and performance for extreme off-road vehicles using the TANK platform.

The development of “COFFEE Intelligence 2.0” was oriented to “intelligence, intelligent connectivity, intelligent driving”, including an intelligent hub, a powerful cornerstone and three intelligent upgrades, signifying that Great Wall Motor’s intelligent technology transits from perception to cognition. “COFFEE Intelligence 2.0” enables vehicles to become our future mobility partner capable of thinking, making judgement and continuing to improve, thus rebuilding the relationship between humans and cars.

The Group was also active in the power aspect layout. The Group’s self-developed 7DCT wet dual-clutch transmission consists of world-class components. In terms of performance, 7DCT transmission can bear the maximum torque of 450N•m, with an overall efficiency of 95.6% and maximum efficiency of 98%, reaching an advanced industry level. The Group’s 3.0T+9AT/9HAT super powertrain is composed of the self-developed 3.0T V6 engine, the first domestic 9-speed hydraulic automatic transmission/the first domestic P2 hybrid 9-speed hydraulic automatic transmission. It boasts the three major characteristics of powerful, high-efficient and reliable performance.

During the Year, the Group launched the Dayu Battery Technology. The technology has a core design concept of “dredging to clear blockages”, incorporating 8 new design concepts and achieved dozens of core technology patents. The Dayu battery technology is planned to be fully applied in 2022 and its technology patents will be free for use by the public, which will help promote the development of new energy vehicles.

The Group possesses Ningmeng hybrid DHT technology with a dual motor system and hybrid architecture, as well as P0, P2, P4 and other hybrid products, providing a comprehensive range of hybrid-technology products to cater to the personalised needs of consumers.

Section 4 Management Discussion and Analysis

3. *Constant improvement in marketing model*

Great Wall Motor's service centres currently spread across the country. Haval operated more than 1,000 4S stores and over 1,500 franchise stores, while WEY had a total of 380 service centres, including over 300 4S stores, as well as secondary dealers, thereby forming an extensive network covering more than 230 cities across the country. The ORA brand offered end users three ways of shopping experience through ORA's Home, ORA's Experience Store and ORA display store in shopping mall. It had expanded its network from the first- and second-tier markets to the third- and fourth-tier markets. Great Wall Pickup had an optimized sales service system through a network of over 2,000 sales service shops. During the Year, Great Wall Pickup's franchise stores opened in 30 cities in Yunnan, Guangxi, Hubei and Hunan provinces, further fine-tuning its marketing distribution channels and improving its sales and after-sales services. The TANK brand had been actively preparing for the establishment of its sales and service network. In November 2021, the TANK brand set up its first global experience centre in Guangzhou, creating a direct sales channel model.

4. *Continuous optimization of organizational structure*

The Group implemented two equity incentive schemes in 2020 and 2021 respectively, with more than 10,000 grantees, covering 50% of its core employees.

In terms of organizational structure, the Group established a model of "one car, one brand, one company", and established a version 3.0 global organizational structure through "strong back-end platform, large and middle platform, and small front-end platform".

Section 4 Management Discussion and Analysis

Key Models Launched in 2021



Haval H6S

Haval H6S is the first coupe SUV model of the Group based on both the “GWM Ningmeng” and “COFFEE Intelligence” platforms. As a blockbuster product of Haval H6 series, H6S has strong performance and an attractive appearance and carries the mission of brand rejuvenation and value improvement. With five performance features, H6S is equipped with the Ningmeng Hybrid DHT system and delivers a fast, smooth, quiet, and energy-efficient driving experience. Its hybrid version has a fuel consumption of 4.9L/100km and boasts smooth gear shifting and quietness comparable to EV models.



Haval Shenshou

As a flagship technology-driven SUV of the Haval brand, Haval Shenshou is built on the “GWM Ningmeng” and “COFFEE Intelligence” platforms. It is equipped with intelligent interactive functions such as multi-scene intelligent interaction, personalised voice interaction, and deep entertainment, and has a series of smart driving functions including multi-scene integrated parking function, low-speed tracking & reversing, highway driving assistance (HWA), etc. With a 100% digital smart immersive cockpit, it is an SUV catering to the needs of young consumers for personalised, exquisite and smart cars.



Haval Jolion

Haval Jolion is the third brand-new model based on the GWM Ningmeng platform after the 3rd Gen Haval H6 and Haval Big Dog, and is positioned as an entry-level compact SUV. The vehicle is equipped with a full range of functions including emotion recognition system, face recognition plus voiceprint ID unlocking, scenario-based intelligence system, driving achievement system, 64-color ambient lighting, entertainment system, three-screen intelligent linkage, L2 automatic driving and 360° automatic parking, truly catering to the car needs of the new generation of young people. The model has good appearance and strength, and is easy and fun to drive.

Section 4 Management Discussion and Analysis



Haval Chitu

Haval Chitu is positioned as a powerful car for the new generation and targets Generation Z young consumers. Haval Chitu Jinxiang version is equipped with a 4G15K+7DCT powertrain and has a maximum engine power of 110kW, a peak torque of 220N•m and a fuel consumption as low as 6.7L/100km. It not only meets the travel needs of young people, but also has good fuel economy. Haval Chitu Hybrid DHT version is equipped with a 1.5L+DHT powertrain and has a maximum power of 140kW, a peak torque of 370 N•m, an acceleration time of 3.9s from 0-60km/h, a fuel consumption as low as 4.7L/100km, and a combined range of 1,000km, featuring both high performance and high performance.



WEY Latte DHT

Positioned as a new-generation smart DHT model of the WEY brand, Latte DHT, with "Intelligent DHT+ COFFEE Intelligence" as its core, is the first model to adopt 1.5T intelligent DHT technology, won the 2021 Top 10 Engines and World Top 10 Transmissions awards, and has an acceleration time of 7.5s from 0-100km/h and a combined range of over 1,000km. In terms of intelligence, it can deliver users a smart, safe and convenient driving experience with HWA and navigation-enhanced HUD, and provide smart intimate care for family users through smart child mode, electronic child safety lock, and rear vital signs monitoring.



WEY Mocha

Mocha is a brand-new flagship model of the WEY brand after its renewal and the first product based on the "COFFEE Intelligence" platform. It integrates the world's leading technologies and embodies the leading technical strength of WEY in the field of intelligence. It is the first to be equipped with AR-HUD and other intelligent functions, becoming the first mass-produced fossil fuel vehicle to realise high-level intelligent driving. With the integration of "three intelligent features", the model can actively perform machine learning and quickly upgrade itself to bring a new travel experience to users.

Section 4 Management Discussion and Analysis



ORA Good Cat GT

As the first “high-performance battery electric car” of the ORA brand, Good Cat GT has natural and powerful sports genes. ORA Good Cat GT, rich in retro and classic sports elements, is equipped with a 360° carbon fiber-like cool shell, L-shaped hunting fangs, cat claw color wheel hubs, and a sports tail with an GT logo. It also has the ejection start function unique among the same class of cars, and takes only 6.9s to accelerate from 0 to 100km/h. It not only can meet daily commute demand, but also can go wild on the road.



TANK 500

As the first model of the TANK brand’s business luxury series, TANK 500 is positioned as a medium and large business luxury SUV. With strong powertrain and product power enabled by 3.0T V6+9AT, it achieves a million-level driving experience, breaking through the value ceiling, and established a new benchmark for medium and large luxury off-road SUVs in the world.

Public Issuance of A Share Convertible Corporate Bonds

In June 2021, Great Wall Motor completed the public issuance of A share convertible bonds and successfully raised RMB3.5 billion. Through the issuance of convertible bonds, Great Wall Motor raised funds in the capital market for the first time since its A share listing, and the bond issuance has gained wide recognition in the market.

Proceeds raised from the issuance of convertible bonds will be used for “new models R&D project”. The smooth implementation of the project will enable Great Wall Motor to launch more automobiles to meet market demand, enrich its product portfolio and improve the level of intelligentization of products, while at the same time help the Company to increase its share in the new energy vehicle market.

Section 4 Management Discussion and Analysis

Outlook

Despite the impact of tight chip supply, sporadic outbreaks and the adjustment of policies and regulations, the automobile industry still showed remarkable resilience in 2021. New energy vehicles had become the industry spotlight. The development of new energy vehicle sector has shifted from policy-driven to market-oriented – a new development stage. In the future, the Group will seize opportunities and overcome challenges by leveraging its core technologies, scientific organizational structure and clear strategic targets.

To prepare for the future, Great Wall Motor has launched a 2025 Strategy and will continue to invest in R&D for the development of more environmental-friendly, smarter and safer products for global users. Leveraging the Internet, it will improve the C2B user operation model; facilitate the downstream expansion along the value chain by establishing a brand-new business model of “product + software+ service”, to tap into the various value chain activities that cover the entire process of automobile purchase and to achieve win-wins for users through collaboration and sharing of benefits. Basing on the new positioning of “Global Strategic Planning”, “Massive R&D Investment”, “Corporate Reform” and “Customer Management”, Great Wall Motor will carry out a comprehensive and thorough innovative reform to transform itself into a “global intelligent technology company”. From 2021 to 2025, Great Wall Motor’s cumulative R&D investment will reach approximately RMB100 billion. By 2023, the global R&D personnel will double from the existing 15,000 to 30,000; among them, software development talents will reach 10,000.

“Enjoy Life Ecologically and Smartly” strategy: Great Wall Motor will achieve its globalization goal through environmental protection and carbon neutrality, cognitive AI development, global stylish brand and product development, as well as cooperation, collaboration, and co-creation. Great Wall Motor plans to achieve carbon neutrality by 2045. Great Wall Motor will insist on accelerating intelligent transformation through intelligent driving, smart cabins, smart services and establishing in-house full-stack R&D capability, to enable automobiles to become future mobility partners that can think, judge and constantly improve, and advance from “perceptual intelligence” to “cognitive intelligence”. With respect to category innovation, Great Wall Motor has established its brands basing on category. Currently, the Group has six major brands, namely Haval, WEY, ORA, TANK, Great Wall Pickup, and Saloon, which will be developed into stylish brands with stylish products that marks an era for consumers around the world, including ASEAN, EU, South America and other 10 regional markets. Great Wall Motor will pass on excellent engineering skills through innovative initiatives, by working with users and upstream and downstream partners through collaboration and co-creation to create a new ecosystem of values.

Section 4 Management Discussion and Analysis

New Models to Be Launched in 2022



Haval Cool Dog

Haval will launch a number of new models in 2022. The latest upcoming model will be a three-quarter cool car – Haval Cool Dog, which is the second model of the Dog series. Starting with the Haval X DOG concept car, the new model, embedded with co-creation DNA, is a stylish and cool car co-created with many young users to best meet their needs, thus opening a new chapter for user cocreation. In addition to this, the Haval brand will launch at least 2-3 new models that are upgraded in terms of shape, technology, quality and style, so as to offer consumers more stylish models with greater driving pleasure.



WEY Yuanmeng

In 2022, the WEY brand will launch WEY Yuanmeng, which is designed with a unique retro artistic look to break through the fierce homogeneous competition, cater to the personalised consumption trend, and lead the retro trend in the automobile industry. The model adopts intelligent DHT technology and delivers a comfortable experience, and creates a new category of retro cars. Positioned as a retro stylish car, Yuanmeng targets the high-end automobile market as a unique category and aims to be a star product of WEY that can compete with luxury brands. In addition, the WEY brand will also launch new MPV and SUV models.



ORA Ballet Cat

The ORA brand plans to launch models such as Ballet Cat, Lightning Cat and Punk Cat in 2022.

As a new masterpiece of ORA to fulfill its brand positioning of “Love Women More”, ORA Ballet Cat is dedicated to creating an exclusive and elegant car for women. In the name of treasure bestie, it leads a new standard for women’s cars and epitomises the female friendly nature of ORA. ORA Ballet Cat is designed with a lot of curves. The overall shape of the car body is a wonderful combination of classic and fashion. It is full of smooth and stretched lines from the front to the rear and from the waist line of the car body to the surface of the wheels, showcasing a retro and elegant style.

Section 4 Management Discussion and Analysis



ORA Lightning Cat

Lightning Cat is a next-generation new energy model created by Great Wall Motor based on global R&D, supporting and manufacturing standards and systems. It will be sold in the PRC, EU, ASEAN and other countries and regions. With core competitiveness including appealing appearance, high-performance, high-intelligence, and female-friendliness, ORA Lightning Cat is sure to create an excellent product experience for users.



ORA Punk Cat

Punk Cat is a new flagship model of ORA with the design concept of "classic retro aesthetics". It integrates retro art and light luxury technology, and consolidates its core competitiveness by delivering an exquisite, artistic and emotional car-owning experience. Its overall appearance adopts circular design elements to fully embody the design concept of classic retro. The interior adopts the triple-screen design and a new emotional cockpit system to bring users a warm driving experience. The interior also has multi-color rhythmic atmosphere lights, electroplating and crystal texture decoration, and details in relief, which, coupled with the design concept for appearance, highlight an exquisite artistic beauty. Punk Cat is created as a "mobile artwork" to boost the development of the ORA brand.



TANK 700

In 2022, the TANK brand will launch TANK 700, a flagship model with mecha technology. Tank 700 is positioned as a luxury off-road totem. With strong offroad strength and luxurious comfort, the new model enables users to lead a better life of car ownership with great personality and unlimited freedom.

Section 4 Management Discussion and Analysis



King Kong Poer

King Kong Poer, created according to global automotive standards and positioned as a “a fashionable commercial pickup”, debuted at the 2021 Guangzhou Auto Show and is scheduled to hit the market in 2022. King Kong Poer offers diesel and gasoline engines, two-wheel drive and four-wheel drive versions, and three types of cargo boxes – standard box, long box and flat-bottom cargo box, to meet the diverse needs of users. As the latest product in the evolution of Great Wall POER’s commercial models, King Kong Poer boasts fashionable styling, intelligent technology, comfort & convenience, and versatile functions. It is designed to facilitate industry upgrading, develop a new business segment, and create a new business driver.



SALOON Mecha Dragon

On 19 November 2021, the SALOON brand made its global debut at the Guangzhou Auto Show with its first “high-performance mecha sports car” – Mecha Dragon, which attracted much fanfare in the industry. The brand not only got a lot of buzz at the Guangzhou Auto Show, but also witnessed a miracle of selling out the 101 limited edition units of Mecha Dragon priced at RMB488,000 on site in 3.5 hours. The new model will officially hit the market in 2022. Positioned as a high-performance battery electric mecha sports car, it will target China’s luxury battery electric vehicle market and lead the new category based on mecha technology.

Tax Incentives for High-tech Enterprises

In accordance with the Notice Regarding the Announcement of the First Batch of the List of Hightech Enterprises to be Identified in Hebei Province in 2019 (關於公示河北省 2019 年第一批擬認定高新技術企業名單的通知) issued by the Torch High-tech Industry Development Center of the Ministry of Science and Technology (科技部火炬高技術產業開發中心) on 10 September 2019, the Company was re-accredited as a high-tech enterprise in 2019 (valid for three years) and hence was entitled to an applicable income tax rate of 15% from 2019 to 2021. The Company has been preparing the materials for Accreditation of Hightech Enterprises, and plans to participate in the first batch of Hightech Enterprises accreditation in Hebei Province in 2022.

Section 4 Management Discussion and Analysis

II. SITUATION OF THE INDUSTRY IN WHICH THE COMPANY OPERATED DURING THE REPORTING PERIOD

1. General Overview of the Industry

As China's macro economy was running steadily as a whole and picking up continuously in 2021, the automobile industry continued to remain resilient to development as production and sales volume of automobiles reached 26,082,000 units and 26,275,000 units respectively, a year-on-year increase of 3.4% and 3.8% respectively. The passenger vehicle market continued to maintain a size of more than 20,000,000 units; the production and sales volume of pick-up trucks grew rapidly to 547,000 units and 554,000 units respectively, a year-on-year increase of 11.2% and 12.9% year-on-year respectively; the production and sales volume of new energy vehicles were 3,545,000 units and 3,521,000 million units respectively, both a year-on-year increase of 1.6 times. They had a market share of 13.4%, an increase of 8 percentage points over the previous year. The export of automobiles amounted to 2,015,000 units, a year-on-year increase of 1 time, accounting for 7.7% of the total automobile sales volume and representing an increase of 3.7 percentage points over the previous year.

The automobile industry, a major pillar industry of the national economy, is currently in a critical stage of transformation and upgrade. Under this changing situation, the automobile industry has generally maintained stable development in recent years, which has played a major supportive role in the stable and positive development of the macro economy. The current shortage of auto chips remains acute although this problem is gradually alleviated. The entire industry still needs to work together to maintain stable growth in production and sales. Boosted by "electrification, networking, and intelligence", China's automobile industry will continue to proactively embrace a new round of revolution of science and technology, placing emphasis on an innovation-driven approach that helps integrate itself into the new development pattern faster to make itself a top leader in boosting the transformation and upgrade of the global automobile industry, which will make due contributions so as to achieve the second-centenary goal.

2. Industry Policy

For the purpose of guiding the high-quality development of the automobile industry in 2021, the government introduced relevant policies and measures successively to boost automobile consumption along the chain by rolling out the first set of basic general national standards for battery swapping in China's automobile industry that filled the gap left vacant by the absence of similar standards for the automobile industry; by launching a carbon peaking action plan before 2030 for the replacement by renewable energy vigorously to boost green travel; and by fully deregulating the shareholding ratio of joint ventures for passenger vehicles, which will lead to more intense competition in China's automobile market.

Section 4 Management Discussion and Analysis

III. SITUATION OF THE BUSINESS IN WHICH THE COMPANY ENGAGED DURING THE REPORTING PERIOD

1. Principal Business of the Company

Great Wall Motor is one of the largest SUVs and pickup trucks manufacturers in the PRC. It currently owns five automobile brands, namely Haval, WEY, ORA, Tank and Great Wall Pick-up, and has incubated a new stand-alone automobile technology company, Saloon Mecha Technology Company Limited (沙龍機甲科技有限公司). The Company, in cooperation with BMW, has established and put into operation a joint venture named Spotlight Automotive Limited which is engaged in providing three product categories-SUVs, sedans and pick-up trucks, as well as manufacturing and supply of related main auto parts.

2. Operating Model

The Company promotes “user-centric” self-reform and innovates in product categories and technologies to create a leading edge in niche markets.

The Company is committed to establishing a global network integrating R&D, production, supply and sales.

In respect of R&D, the Company always insists on “making targeted investments and pursuing industry leadership, with a view to accelerating its transformation into a “global intelligent technology company”. In respect of R&D layout, the Company has set up R&D centres and technology innovation centres in the PRC as well as overseas countries such as the United States, Germany and Japan, and has a high-caliber research team of more than 15,000.

With an integration of global high-quality resources, the Company has spent five years and more than RMB10 billion in R&D, industry-leading technology strength in the fields of powertrain, hydrogen fuel cells, intelligentization and unmanned driving. It has developed three technology brands, namely, “Ningmeng”, “TANK” and “COFFEE Intelligence”, forming a technology ecosystem integrating “automatic driving, smart cockpit, efficient fuel and new energy”. The Ningmeng Hybrid DHT released by the Company, named “Top 10 Transmissions in the World” for four years, is a world-leading high-efficient, high-performance hybrid solution that breaks the monopoly of sino-foreign joint venture companies and points to a new direction for the development of China’s hybrid technology.

In respect of procurement of parts and components, the Company strives to build a highly integrated and adaptable industry-wide supply chain system. The GW4N20 engine independently developed by Honeycomb Yichuang Technology Co., Ltd., a subsidiary of the Company, received the title of “Top Ten Engines of ‘China’s Heart’”; 9HDCT is the world’s first horizontal P2 9-speed wet dual-clutch transmission with remarkable fuel saving effect. The 3.0T+9AT Super Powertrain breaks the technical barriers of sino-foreign joint ventures and achieves all-round ascendancy in performance with a wide variety of innovative technologies, measuring up to the international preeminent level. Moreover, the Company has established in-depth cooperation with world-class suppliers such as Bosch, Continental, Valeo and Harman to build a world-class supply chain system.

Section 4 Management Discussion and Analysis

In respect of production, the Company owns a number of vehicle and KD plants across the world. In China, its production bases in Baoding, Tianjin, Chongqing, Jiangu, Zhejiang, Shandong and Hubei have been put into operation; its production base projects in Zhangjiagang and Shangrao are progressing smoothly. Overseas, the plant in Rayong Province, Thailand has commenced mass production of Haval H6 HEV and Haval JOLION HEV. Projects in India and Brazil are also progressing smoothly.

In respect of marketing, the Company vigorously employed innovative marketing methods and expanded overseas markets. As to innovative marketing, Great Wall Motor made full use of the Internet, marketing network and service system to develop a full range of online and offline channels and carry out marketing activities such as zero-contact program, cloud group purchase and live broadcast, which achieved great results. In respect of overseas markets, the Company has nearly 6,000 various sales outlets worldwide. Our overseas sales cover more than 60 countries around the world, with a cumulative overseas sales of over 900,000 vehicles.

In addition, Great Wall Motor strengthened connections with users and allowed them to name its products, and thus created a number of popular models, including Haval Beast, TANK 300 Urban Version and TANK 500. Meanwhile, Great Wall Motor built a more intimate relationship with users through cooperation with big IPs and cross-sector fanfare.

IV. ANALYSIS OF THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

√ Applicable Not applicable

1. Forging a clean business environment with integrity

The Company aims to “boost synergy with integrity and pursue development with synergy”, provides a fair, impartial, simple and transparent work and development platform for employees, and furnishes a green and healthy cooperation environment for business partners to strive for co-sharing and win-win results. On 16 July 2021, Great Wall Motor was awarded the ISO 37001 Anti-bribery Management System Certificate.

2. 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”.

3. Focusing on brand building to have kept advantages over category consolidated

Over the years, the Company has been upholding the development strategy of focusing on the principal business while sharing quality resources. It has created unique competitive strengths by concentrating on specific sub-sectors. The Company is committed to category innovation to forge “street fashion” and “vogue style” of the new era. It promoted the establishment of the TANK brand and the world premiere of Salon cars, and launched more than 30 new products such as Haval Beast, WEY Mocha, TANK 300 Urban Version, and TANK 500, boosting the popularity of market terminals.

Section 4 Management Discussion and Analysis

4. A user-centred approach

Driven by the “user-centred” core concept, the Company continued to revamp various aspects such as organizational mechanism, corporate culture and marketing innovation, such that the efficiency and quality of corporate operations were raised quickly. New habits, new spending patterns and new trends have made the Company’s new concepts, new ideas and new categories come true. The Company always pursues ultimate user experience, striving to transform from a conventional automaker brand to a lifestyle brand.

5. 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, Valeo, Hamann and other international parts groups to jointly build a mature global parts supply system.

6. Targeted R&D to create value for users

Faced with industry upheavals, Great Wall Motor adheres to its strategies of continuously and intensively developing core technologies, and insists on targeted R&D with a focus on developing clean, intelligent, and networked vehicles. Driven by intelligent technologies such as 5G and automatic driving, the Company devotes itself to providing users with agreeable and relaxed driving experience and new travel solutions.

7. Talent cultivation

Focusing on the strategy of “growing stronger through talents” and upholding the philosophy of “cultivating personnel before making cars”, the Company not only launched the “Ten Thousand Talents Plan” and “Global Talents Plan” (全球人才活水計劃) to build an unprecedented talent ecosystem, but also successively rolled out two equity incentive schemes in 2020 and 2021, with more than 10,000 grantees, covering 50% of the core employees. In the future, Great Wall Motor will continue to adopt equity incentive schemes with a wide coverage, aiming to benefit 100% of our core employees, so as to realize the transformation from “workers” to “partners” in a real sense and achieve common development for the Company and talents.

Section 4 Management Discussion and Analysis

V. THE PRINCIPAL OPERATION DURING THE REPORTING PERIOD

During the Reporting Period, the total operating revenue, operating profit and net profit attributable to shareholders of the Company were RMB136,405 million, RMB6,369 million and RMB6,726 million, representing a year-on-year increase of 32.04%, 10.73% and 25.43%, respectively, as compared to the corresponding period of last year.

(I) Analysis of principal business

1. Analysis of changes in relevant items in income statement and cash flow statement

Unit: RMB Currency: RMB

Item	For the			2019	2018	2017
	For the Current Period	corresponding period last year	Changes (%)			
Total operating revenue	136,404,663,038.67	103,307,607,209.70	32.04	96,210,688,818.80	99,229,987,202.20	101,169,488,827.86
Operating revenue	136,404,663,038.67	103,307,607,209.70	32.04	95,108,078,639.52	97,799,859,204.66	100,491,618,178.70
Operating costs	114,367,472,827.89	85,530,963,755.03	33.71	79,684,487,295.85	81,480,942,550.61	81,966,903,618.84
Selling expenses	5,192,175,874.72	4,103,386,826.19	26.53	3,896,669,879.09	4,575,198,601.16	4,406,397,762.23
Administrative expenses	4,043,069,363.44	2,552,674,590.65	58.39	1,955,453,366.52	1,676,303,700.58	1,598,465,449.58
Financial expenses	-448,307,517.96	396,962,230.25	-212.93	-351,029,083.69	-493,875,195.06	138,601,073.50
Research and development expenses	4,489,565,228.62	3,067,479,582.21	46.36	2,716,220,367.89	1,743,379,055.09	3,364,573,281.17
Net cash flows from operating activities	35,315,673,246.13	5,181,232,925.84	581.61	13,972,302,434.79	19,697,825,948.40	-1,076,670,066.87
Net cash flows from investing activities	-11,174,745,612.88	-11,588,320,756.01	-	-15,801,684,305.19	-10,040,436,458.33	-3,072,997,093.57
Net cash flows from financing activities	-9,632,107,664.53	11,367,524,972.75	-184.73	3,943,947,671.02	-6,500,837,532.69	6,089,261,843.31

The change in operating revenue was mainly due to the increase in the sales volume of automobiles and the tightening of rebate policies during the Reporting Period.

The change in operating costs was mainly due to the increase in the sales volume of automobiles during the Reporting Period.

Section 4 Management Discussion and Analysis

The change in administrative expenses was mainly due to the increase in the number of management personnel and the increase in share incentive expenses during the Reporting Period.

The change in financial expenses was mainly due to an increase in exchange gain during the Reporting Period.

The change in research and development expenses was mainly due to the increase in research and development investment in projects on intelligent, electric and new vehicle models during the Reporting Period.

The change in net cash flow from operating activities was mainly due to the increase in the sales volume of automobiles during the Reporting Period, resulting in an increase in cash received from the sale of goods.

The change in net cash flow from investing activities was mainly due to the expenses on purchasing wealth management products and the decrease in the investment in the joint ventures of the Company during the Reporting Period.

The change in net cash flow from financing activities was mainly due to repayment of borrowings and the increase in funds paid for dividends during the Reporting Period.

Detailed explanation of major changes in the Company's business type, profit composition or profit source during the Current Period

Applicable Not applicable

Section 4 Management Discussion and Analysis

2. Revenue and cost analysis

√ Applicable □ Not applicable

Refer to the following table for details

(1) Principal businesses by industries, products, regions, and sales models

Unit: RMB Currency: RMB

Principal businesses by industries						
Industry	Operating revenue	Operating costs	Gross profit margin (%)	Increase/decrease in operating revenue over last year (%)	Increase/decrease in operating costs over last year (%)	Increase/decrease in gross profit margin over last year (%)
Automotive industry	133,438,225,699.53	111,918,172,275.67	16.13	31.53	33.21	Decreased by 1.06 percentage points

Principal businesses by products						
Product	Operating revenue	Operating costs	Gross profit margin (%)	Increase/decrease in operating revenue over last year (%)	Increase/decrease in operating costs over last year (%)	Increase/decrease in gross profit margin over last year (%)
Sales of automobiles	121,307,150,931.83	103,248,903,440.46	14.89	31.30	32.44	Decreased by 0.73 percentage point
Sales of automotive parts and components	6,872,136,581.69	4,466,158,294.49	35.01	33.67	45.59	Decreased by 5.32 percentage points
Sales of moulds and others	2,197,719,035.70	1,661,530,337.40	24.40	78.29	92.67	Decreased by 5.64 percentage points
Rendering of labour services	3,061,219,150.31	2,541,580,203.31	16.97	13.74	19.17	Decreased by 3.79 percentage points

Principal businesses by regions						
Region	Operating revenue	Operating costs	Gross profit margin (%)	Increase/decrease in operating revenue over last year (%)	Increase/decrease in operating costs over last year (%)	Increase/decrease in gross profit margin over last year (%)
The PRC	117,519,055,546.32	98,012,960,404.43	16.60	23.97	26.14	-1.43
Overseas	15,919,170,153.21	13,905,211,871.24	12.65	139.13	120.04	7.58

Section 4 Management Discussion and Analysis

Description of principal businesses by industries, products, regions and sales models

The Company is mainly engaged in the research and development, manufacture and sale of automobiles and key automotive parts and components. The principal business of the Company belongs to the automobile industry and its products include automobiles, automotive parts and components, moulds, labour services and others.

The domestic business is mainly located in the mainland China.

(2) Analysis of output and sales volume

Applicable Not applicable

Major product	Unit	Output	Sales volume	Inventory	Increase/decrease in output over last year (%)	Increase/decrease in sales volume over last year (%)	Increase/decrease in inventory over last year (%)
Pick-up trucks	unit	242,338.00	237,059.00	13,286.00	5.32	3.67	36.18
SUVs	unit	912,631.00	907,178.00	40,977.00	9.04	9.43	5.46
Sedans (mostly new energy automobiles)	unit	136,766.00	136,714.00	2,564.00	140.02	134.93	-2.40
Total	unit	1,291,735.00	1,280,951.00	56,827.00	14.92	14.79	10.91

(3) Performance of major procurement contracts and sales contracts

Applicable Not applicable

Section 4 Management Discussion and Analysis

(4) Cost analysis

Currency: RMB Unit: RMB

		By industries					
Industry	Cost item	Amount for the Current Period	Proportion to total costs for the Current Period (%)	Amount for the corresponding period last year	Proportion to total costs for the corresponding period last year (%)	Changes in the amount for the Current Period over the corresponding period last year(%)	Description
Automotive industry	Raw materials, labour wages, depreciation, energy, etc.	111,918,172,275.67	97.86	84,019,133,283.77	98.23	33.21	-
		By products					
Product	Cost item	Amount for the Current Period	Proportion to total costs for the Current Period (%)	Amount for the corresponding period last year	Proportion to total costs for the corresponding period last year (%)	Changes in the amount for the Current Period over the corresponding period last year (%)	Description
Finished automobiles	Raw materials, labour wages, depreciation, energy, etc.	103,248,903,440.46	90.28	77,956,373,070.18	91.14	32.44	-
Parts and components	Raw materials, labour wages, depreciation, energy, etc.	4,466,158,294.49	3.91	3,067,715,526.37	3.59	45.59	-
Moulds and others	Raw materials, labour wages, depreciation, energy, etc.	1,661,530,337.40	1.45	862,390,425.80	1.01	92.67	-
Labour services	Finished automobile maintenance service costs, transportation tolls, fuel costs, travel expenses, labour wages, etc.	2,541,580,203.31	2.22	2,132,654,261.42	2.49	19.17	-

Section 4 Management Discussion and Analysis

(5) *Changes in the ownership of major subsidiaries causing changes in the scope of consolidation during the Reporting Period*

Applicable Not applicable

(6) *Major changes or adjustments of the Company's business, products or services during the Reporting Period*

Applicable Not applicable

(7) *Major customers and suppliers*

A. Major customers

Currency: RMB Unit: RMB

Name of customer	Operating revenue	Proportion to total operating revenue of the Company (%)
Customer 1	5,080,592,622.47	3.72
Customer 2	2,671,308,092.84	1.96
Customer 3	2,291,258,483.56	1.68
Customer 4	1,431,624,537.47	1.05
Customer 5	1,426,633,373.23	1.05
Total	12,901,417,109.57	9.46

Sales to the five largest customers amounted to RMB12,901,417,100, accounting for 9.46% of the total sales of the Year, in which sales of RMB0 came from the related parties, accounting for 0% of the total sales of the Year.

During the Year, sales to the Group's five largest customers accounted for less than 30% of the Group's annual total sales. The directors did not consider that any customer had significant influence on the Group.

None of the directors, their associates or any shareholders (which, to the knowledge of the directors, own more than 5% of the Company's issued share capital) were interested in the major customers mentioned above.

Section 4 Management Discussion and Analysis

Situations in which the proportion of sales to a single customer exceeds 50% of the total sales, the top 5 customers include new customers, or the Company is heavily dependent on a few customers during the Reporting Period

Applicable Not applicable

B. Major suppliers

Currency: RMB Unit: RMB

Name of supplier	Purchases	Proportion to total purchases for the Year (%)
Supplier 1	2,907,584,288.48	2.55
Supplier 2	2,120,917,307.50	1.86
Supplier 3	1,938,614,866.23	1.70
Supplier 4	1,745,853,426.03	1.53
Supplier 5	1,370,760,750.45	1.20
Total	10,083,730,638.69	8.85

Purchases from the five largest suppliers amounted to RMB10,083,730,600, accounting for 8.85% of the total purchases of the Year, in which, purchases of RMB1,745,853,400 came from the related parties, accounting for 1.53% of the total purchases of the Year.

During the Year, purchases from the Group's five largest suppliers accounted for less than 30% of the Group's annual total purchases. The directors did not consider that any supplier had significant influence on the Group.

One of the above suppliers is a company indirectly controlled by Mr. Wei Jian Jun, a Director. The Company has carried out reporting, annual review, announcement and independent Shareholders' approval in accordance with the requirements of Chapter 14A of the Hong Kong Listing Rules. Save the above, the Directors and their associates or any Shareholder (who, to the knowledge of Directors, owns more than 5% of the issued equity interests in the Company) do not have any interest in any of the abovementioned major suppliers.

Section 4 Management Discussion and Analysis

Situations in which the proportion of purchases from a single supplier exceeds 50% of the total purchases, top 5 suppliers include new suppliers, or the Company is heavily dependent on a few suppliers during the Reporting Period

Applicable Not applicable

3. Expenses

Applicable Not applicable

Currency: RMB Unit: RMB

Items	2021	2020	Changes	Reasons
Selling expenses	5,192,175,874.72	4,103,386,826.19	26.53	–
Administrative expenses	4,043,069,363.44	2,552,674,590.65	58.39	Mainly due to the increase in the number of management personnel and the increase in share incentive expenses during the Reporting Period.
Research and development expenses	4,489,565,228.62	3,067,479,582.21	46.36	Mainly due to the increase in research and development investment in projects on intelligent, electric and new vehicle models during the Reporting Period.
Financial expenses	-448,307,517.96	396,962,230.25	-212.93	Mainly due to an increase in exchange gain during the Reporting Period.

4. Research and development expenses

(1) Statement of research and development expenses

Applicable Not applicable

Currency: RMB Unit: RMB

Research and development expenses for the Current Period	3,268,858,822.46
Research and development expenses capitalised for the Current Period	5,798,080,047.23
Total research and development expenses	9,066,938,869.69
Percentage of total research and development expenses over operating revenue (%)	6.65
Percentage of research and development expenses capitalised (%)	63.95

Section 4 Management Discussion and Analysis

(2) Research and development personnel

√ Applicable Not applicable

Total number of research and development personnel of the Company	21,137
Proportion of research and development personnel to the total employees of the Company (%)	27.12

Education level of research and development personnel

Education level	Number
Doctor postgraduate	46
Master postgraduate	1,786
Bachelor's degree	14,548
Degree from a technical college	4,143
Secondary schools and below	614

Age group of research and development employees

Age group	Number
Below 30 (excluding 30)	8,336
30-40 (including 30 but excluding 40)	11,367
40-50 (including 40 but excluding 50)	1,219
50-60 (including 50 but excluding 60)	178
60 and above	37

(3) Description

√ Applicable Not applicable

In 2021, the Company's total research and development investment was RMB9.07 billion, representing a year-on-year increase of 76.1%.

Up to 31 December 2021, Great Wall Motor Company Limited had been granted a total of 10,410 patents, including 1,823 invention patents, 5,644 utility model patents and 2,943 industrial design patents.

In 2021, Great Wall Motor Company Limited submitted 3,091 patent applications, and was granted 2,176 patents, including 332 invention patents, 1,167 utility model patents and 677 industrial design patents.

Section 4 Management Discussion and Analysis

(4) *Reasons for the significant change in the composition of research and development personnel and its impact on the Company's future development*

Applicable Not applicable

- ① The Company will work out an overall global R&D plan based on its strategy to make greener, smarter and safer products for its global users;
- ② The Company will step up its financial commitment to R&D. By 2023, the number of its R&D personnel around the globe is expected to reach 30,000;
- ③ The Company will continue to create innovative categories of products by means of the three major technology brands, namely "Ningmeng", "TANK" and "COFFEE Intelligence", to boost itself to transform into a global intelligent technology company.

5. Cash flow

Applicable Not applicable

Currency: RMB Unit: RMB

Items	2021	2020	Changes	Reasons
Net cash flows from operating activities	35,315,673,246.13	5,181,232,925.84	581.61	Mainly due to the increase in the sales volume of automobiles during the Reporting Period, resulting in an increase in cash received from the sale of goods.
Net cash flows from investing activities	-11,174,745,612.88	-11,588,320,756.01	-	Mainly due to the expenses on purchasing wealth management products and the decrease in the investment in the joint ventures of the Company during the Reporting Period.
Net cash flows from financing activities	-9,632,107,664.53	11,367,524,972.75	-184.73	Mainly due to the repayment of borrowings and the increase in funds paid for dividends during the Reporting Period.

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

Applicable Not applicable

Section 4 Management Discussion and Analysis

(III) Analysis of assets and liabilities

√ Applicable □ Not applicable

1. Assets and liabilities

Currency: RMB Unit: RMB

Item	Amount as at the end of the Current Period	Proportion to total assets for the amount as at the end of the Current Period (%)	Amount as at the end of the corresponding period last year	Proportion to total assets for the amount as at the end of the corresponding period last year (%)	Changes in the amount as at the end of the Current Period over the end of the corresponding period last year (%)	Description
Cash and bank balances	33,047,560,929.36	18.84	14,588,464,389.52	9.47	126.53	The change in cash and bank balances was mainly due to the increase in amounts received from sales of goods during the Reporting Period.
Derivative financial assets	5,554,185.76	0.00	2,271,973.16	0.00	144.47	The change in derivative financial assets was due to the change in the fair value of the forward foreign exchange contracts signed by the Group at the end of the Reporting Period.
Notes receivable	3,181,930,272.20	1.81	–	–	100.00	–
Accounts receivable	5,421,996,764.84	3.09	3,936,156,908.98	2.56	37.75	The change in accounts receivable was mainly due to the increase in the new energy subsidy that has been approved by government departments but has not been received by the Group during the Reporting Period.

Section 4 Management Discussion and Analysis

Item	Amount as at the end of the Current Period	Proportion to total assets for the amount as at the end of the Current Period (%)	Amount as at the end of the corresponding period last year	Proportion to total assets for the amount as at the end of the corresponding period last year (%)	Changes in the amount as at the end of the Current Period over the end of the corresponding period last year (%)	Description
Financing with receivables	31,499,637,236.45	17.96	52,984,556,339.76	34.40	-40.55	The change in financing with receivables was mainly due to the increase in note discount during the Reporting Period.
Prepayments	1,748,896,425.13	1.00	570,917,965.02	0.37	206.33	The change in prepayments was mainly due to the increase in prepayments for materials at the end of the Reporting Period.
Other receivables	1,121,872,592.52	0.64	1,032,243,323.43	0.67	8.68	-
Inventories	13,966,418,723.46	7.96	7,497,635,549.94	4.87	86.28	The change in inventories was mainly due to the increase in raw materials at the end of the Reporting Period.
Contract assets	272,035,125.82	0.16	495,298,612.22	0.32	-45.08	The change in contract assets was due to the decrease in the new energy subsidy of the Group pending approval of the government department and expected to be collected within one year.
Current assets	108,365,607,198.99	61.78	99,398,966,749.91	64.54	9.02	-

Section 4 Management Discussion and Analysis

Item	Amount as at the end of the Current Period	Proportion to total assets for the amount as at the end of the Current Period (%)	Amount as at the end of the corresponding period last year	Proportion to total assets for the amount as at the end of the corresponding period last year (%)	Changes in the amount as at the end of the Current Period over the end of the corresponding period last year (%)	Description
Other equity instrument investments	813,215,710.00	0.46	7,700,000.00	0.00	10,461.24	The change in other equity instrument investments was due to increase in investment and change in fair value during the Reporting Period.
Other non-current financial assets	58,247,041.15	0.03	24,500,000.00	0.02	137.74	The change in other non-current financial assets was mainly due to the increase in the investment of the Company during the Reporting Period.
Construction in progress	4,467,242,861.76	2.55	2,936,380,757.60	1.91	52.13	The change in construction in progress was mainly due to the increase in investment in plant construction.
Development expenditure	7,144,904,022.66	4.07	3,723,471,858.34	2.42	91.89	The change in development expenditure was mainly due to the increase in research and development investment in projects on more intelligent and electrical new models during the Reporting Period.
Goodwill	27,763,359.77	0.02	-	-	100.00	The figures of goodwill at the end of the Reporting Period represent the goodwill arising from the acquisition of companies by the Group during the Reporting Period.

Section 4 Management Discussion and Analysis

Item	Amount as at the end of the Current Period	Proportion to total assets for the amount as at the end of the Current Period (%)	Amount as at the end of the corresponding period last year	Proportion to total assets for the amount as at the end of the corresponding period last year (%)	Changes in the amount as at the end of the Current Period over the end of the corresponding period last year (%)	Description
Deferred income tax assets	2,776,617,707.07	1.58	1,183,302,566.37	0.77	134.65	The change in deferred income tax assets was mainly due to increase in deductible tax bases during the Reporting Period.
Other non-current assets	4,651,904,189.73	2.65	981,595,216.15	0.64	373.91	The change in other non-current assets was due to the purchase deposit prepaid by the Company and the increase in the new energy subsidy pending approval of the government department and expected to be collected within one year.
Short-term borrowings	5,204,463,651.75	2.97	7,901,303,207.55	5.13	-34.13	The change in short-term borrowings was mainly due to the repayment of borrowings falling due during the Reporting Period.
Derivative financial liabilities	1,006,607.03	0.00	4,879,853.91	0.00	-79.37	The change in derivative financial liabilities was mainly due to the change in the fair value of the forward foreign exchange contracts signed by the Group at the end of the Reporting Period.

Section 4 Management Discussion and Analysis

Item	Amount as at the end of the Current Period	Proportion to total assets for the amount as at the end of the Current Period (%)	Amount as at the end of the corresponding period last year	Proportion to total assets for the amount as at the end of the corresponding period last year (%)	Changes in the amount as at the end of the Current Period over the end of the corresponding period last year (%)	Description
Notes payable	26,809,308,822.40	15.28	16,656,076,418.02	10.81	60.96	The change in notes payable was mainly due to the increase in material procurement and increase in payment size for pledged invoicing during the Reporting Period.
Accounts payable	37,083,081,730.25	21.14	33,185,058,889.00	21.55	11.75	
Employee benefits payable	3,215,215,491.04	1.83	2,530,652,915.21	1.64	27.05	
Taxes payable	2,818,110,266.16	1.61	2,785,790,936.60	1.81	1.16	
Other payables	4,867,094,523.67	2.77	4,116,969,285.61	2.67	18.22	

Section 4 Management Discussion and Analysis

Item	Amount as at the end of the Current Period	Proportion to total assets for the amount as at the end of the Current Period (%)	Amount as at the end of the corresponding period last year	Proportion to total assets for the amount as at the end of the corresponding period last year (%)	Changes in the amount as at the end of the Current Period over the end of the corresponding period last year (%)	Description
Non-current liabilities due within one year	3,667,865,267.06	2.09	891,934,592.35	0.58	311.23	The change in non-current liabilities due within one year was mainly due to the increase in borrowings and bonds payable due within one year during the Reporting Period.
Other current liabilities	4,542,933,786.57	2.59	5,065,113,514.41	3.29	-10.31	-
Current liabilities	95,596,984,528.01	54.50	81,165,712,444.73	52.70	17.78	-
Bonds payable	3,476,276,681.02	1.98	-	-	100.00	The figures of bonds payable at the end of the Reporting Period represent the amount of the debt portion recognized for the issuance of convertible corporate bonds by the Company.

Section 4 Management Discussion and Analysis

Item	Amount as at the end of the Current Period	Proportion to total assets for the amount as at the end of the Current Period (%)	Amount as at the end of the corresponding period last year	Proportion to total assets for the amount as at the end of the corresponding period last year (%)	Changes in the amount as at the end of the Current Period over the end of the corresponding period last year (%)	Description
Deferred income tax liabilities	845,451,906.71	0.48	543,719,984.62	0.35	55.49	The change in deferred income tax liabilities were mainly due to the accelerated depreciation of fixed assets and the increase in taxable temporary differences arising from changes in fair value of financial assets.
Other non-current liabilities	55,526,563.36	0.03	153,975,160.01	0.10	-63.94	The change in other non-current liabilities were mainly due to the decrease in long-term after-sales warranty provided for during the Reporting Period.
Other equity instruments	335,951,802.16	0.19	-	-	100	The figures of other equity instruments at the end of the Reporting Period represent the amount of the equity portion recognized for the issuance of convertible corporate bonds by the Company.

Section 4 Management Discussion and Analysis

Item	Amount as at the end of the Current Period	Proportion to total assets for the amount as at the end of the Current Period (%)	Amount as at the end of the corresponding period last year	Proportion to total assets for the amount as at the end of the corresponding period last year (%)	Changes in the amount as at the end of the Current Period over the end of the corresponding period last year (%)	Description
Capital reserve	4,871,909,273.63	2.78	1,779,310,235.25	1.16	173.81	The change in capital reserve was mainly due to the increase in the vesting period expenses for equity incentives during the reporting period, as well as the grant of restricted shares and the exercise of share options.
Treasury shares	642,035,492.50	0.37	200,773,416.00	0.13	219.78	The change in treasury shares was mainly due to the increase of restricted shares granted to participants by the Group during the Reporting Period.
Other comprehensive income	-247,369,962.28	-0.14	-582,862,109.97	-0.38	-57.56	The change in other comprehensive income was mainly due to other comprehensive income newly reclassified to profit or loss of the Company and the translation differences of foreign currency statements.
Minority interests	4,100,634.23	0.00	-	-	100.00	The figures of minority interests at the end of the Reporting Period were due to the introduction of minority shareholders by the Company's subsidiaries.

Section 4 Management Discussion and Analysis

2. Overseas assets

Applicable Not applicable

(1) Asset size

Including: overseas assets of 20,667,805,295.28 (unit: RMB, currency: RMB), accounting for 11.78% of the total assets.

(2) Description of high proportion of overseas assets

Applicable Not applicable

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

Applicable Not applicable

Item	Carrying amount at the end of the year	Reasons for the restrictions
Cash and bank balances	5,139,706,777.50	Security and margin deposits for bank acceptances, L/C, letter of guarantee deposits and others
Notes receivable	1,040,398,787.23	Used for issuance of notes payable and borrowings
Financing with receivables	22,637,664,618.81	Used for issuance of notes payable and borrowings
Intangible assets	78,301,600.00	Used for borrowings
Long-term receivables	911,964,985.50	Used for borrowings and asset-backed securities
Total	29,808,036,769.04	–

4. Description of other matters

Applicable Not applicable

(IV) Analysis of operation information by industries

Applicable Not applicable

Refer to the following table for details

Analysis of operation information of automobile manufacturing industry

1. Production capacity

Applicable Not applicable

Section 4 Management Discussion and Analysis

Current production capacity

Applicable Not applicable

Production capacity unit: 0'000 units

Major factory	Designated production capacity	Production capacity during the Reporting Period	Utilisation rate of production capacity (%)
Baoding (including Xushui Vehicle Factory)	60	70.51	117.52
Chongqing	16	21.20	132.51
Taizhou	10	12.23	122.29
Russia	8	3.95	49.38
Pinghu	10	3.16	31.63
Tianjin	30	18.88	62.92
Rizhao	10	0.55	5.50
Total	144	130.48	90.61

Note: Rizhao Vehicle Factory was officially put into use on 15 July 2021. As it has been in production for a short period of time, its utilisation rate of production capacity was low.

Production capacity of factories under construction

Applicable Not applicable

Calculation standards of production capacity

Applicable Not applicable

The designated production capacity is calculated based on two shifts (a total of 16 hours) per day for 250 days.

By types of vehicles

Applicable Not applicable

For details, please refer to the relevant description in "Analysis of production and sales volume of automobiles" in "Business Review" of item I "Discussion and Analysis of the Business Operation" of this section.

By regions

Applicable Not applicable

For details, please refer to the relevant description in "Analysis of production and sales volume of automobiles" in "Business Review" of item I "Discussion and Analysis of the Business Operation" of this section.

Section 4 Management Discussion and Analysis

2. Output and sales volume of parts and components

Applicable Not applicable

The revenue from external sales of manufacturing of automotive parts and components accounted for 5.04% of the total operating revenue of the Company, which is not subject to disclosure.

3. New energy automobile business

Applicable Not applicable

Production capacity of new energy automobile

Applicable Not applicable

Note: Currently, new energy products and traditional automobile products are manufactured on the same production line to share production capacity. The Company adopts a flexible approach to coordinate the production of these two types of products in response to market conditions.

Output and sales volume of new energy automobiles

Applicable Not applicable

Car classification	Sales Volume (unit)			Production Volume (unit)		
	Total for the year	Total for last year	Increase/decrease year-on-year (%)	Total for the year	Total for last year	Increase/decrease year-on-year (%)
New energy automobiles	139,079	58,611	137.29	137,372	56,810	141.81

Revenue from and subsidy for new energy automobile business

Applicable Not applicable

Unit: RMB Currency: RMB

Car classification	Revenue	Subsidy for new energy automobile business	Percentage of subsidy to revenue (%)
New energy automobiles	11,098,240,013.41	1,626,646,346.18	14.66

Section 4 Management Discussion and Analysis

4. Auto financial business

Applicable Not applicable

5. Description of other matters

Applicable Not applicable

(V) Analysis of investments

General analysis of external equity investments

Applicable Not applicable

During the Reporting Period, the total equity investment of the Group was RMB3,870,497,200, representing a decrease of 35.22% as compared with RMB5,974,407,100 in the corresponding period of last year.

1 Major equity investment

Applicable Not applicable

Name of Investee	Principal business	Investment amount (RMB10,000)	Percentage of shareholding
Honeycomb Yichuang Technology Co., Ltd. (蜂巢易創科技有限公司)	Research and development, manufacture, examination, testing, trial production, design and technical services, consulting services, transfer of technology, sale and after-sales services of automotive parts, components and accessories, engines and relevant components, transmissions and relevant components, decelerators and relevant components, new energy generators and relevant components, new energy controllers and relevant components, smart steering systems and relevant components, automated driving systems and relevant components; manufacture of electrical and mechanical equipment; repair of automotive parts and components; transportation of ordinary goods; warehousing (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; enterprise management consulting services; corporate image planning services; public relations services; conference services. (Business activities subject to approval according to law may be carried out only after being approved by the competent authorities)	89,979	100.00%

Section 4 Management Discussion and Analysis

Name of Investee	Principal business	Investment amount (RMB10,000)	Percentage of shareholding
Hebei Xiong'an Great Wall Motor Technology Co., Ltd. (河北雄安長城汽車科技有限公司)	Research and development of smart vehicles and driverless technologies; research and development of automotive electronic control system; research and development and design of electric vehicle charging facilities, technical development, technical consultation and technical services; computer-aided software development and service; research and development of a new generation of artificial intelligence technology; computer internet information service (excluding online news); information system integration services; automobile sales and maintenance. (Business activities subject to approval according to law may be carried out only after being approved by the competent authorities)	4,100	100.00%
Mind Electronics Company Limited (曼德電子電器有限公司)	Research and development, design, manufacturing, sales and after-sales service of auto parts and accessories, refrigeration and air-conditioning equipment, power electronic components, lighting fixtures, wires and cables, transportation equipment and counting instruments for production, moulds, industrial automatic control system devices and mechanical parts; road transport of general goods and special transport (van); import and export of goods or technologies (except those prohibited by the state or subject to administrative examination and approval); technical advisory services; enterprise management consulting services; lease of self-owned buildings, venues and equipment (Business activities subject to approval according to law may be carried out only after being approved by the competent authorities)	68,870	100.00%
HWA Ding International Limited (華鼎國際有限公司)	International trade, equity investment, investment and financing services.	3,225.80	100.00%
Tide Technology and Trade Company Limited (泰德科貿有限公司)	International trade, equity investment, investment and financing services.	156,374.05	100.00%

Section 4 Management Discussion and Analysis

Name of Investee	Principal business	Investment amount (RMB10,000)	Percentage of shareholding
Tianjin Great Wall Investment Co., Ltd. (天津長城投資有限公司)	General items: engaging in investment activities with self-owned funds; engaging in equity investment, investment management, asset management and other activities with private equity funds (business activities can only be carried out after completion of filing and registration with the Asset Management Association of China; business management consultancy (except for projects subject to approval in accordance with the law, business activities with business permits can be carried out independently in accordance with the law).	5.00	100.00%
ORA Zhixing (Chongqing) Technology Co., Ltd. (歐拉智行(重慶)科技有限公司)(Formerly named Chongqing Great Wall Motor Sales Service Co., Ltd. (重慶長城汽車銷售服務有限公司))	Licensed items: car rental; catering services; import and export agency; import and export of technology; import and export of goods (business activities subject to approval in accordance with the law can only be carried out after being approved by the competent authorities, and the specific business projects are subject to the approval documents or permits of the competent authorities). General items: wholesale of automotive parts and accessories; retail of automotive parts; sales of daily necessities; sales of new energy vehicles; sales of new vehicles; sales of metal products; sales of metal materials; sales of machinery and equipment; sales of automobile decoration products; sales of instruments and meters; wholesale of electronic components; sales of old vehicles; technology services, technology development, technology consultancy, technology exchange, technology transfer and technology promotion; advertisement publication (non-radio stations, television stations, newspapers and periodicals publishing units); advertisement design and agency; advertisement production; marketing planning; information consultancy services (excluding information consultancy services subject to licensing); conference and exhibition services; car wash services; sales of charging piles; charging and sales of motor vehicles; repair and maintenance of motor vehicles; brokerage for second-hand vehicles; business agency and agent services; ticketing agency services; Internet sales (except for sales of goods subject to licensing). (Except for projects subject to approval in accordance with the law, business activities with business permits can be conducted independently in accordance with the law).	2,600	100.00%

Section 4 Management Discussion and Analysis

Name of Investee	Principal business	Investment amount (RMB10,000)	Percentage of shareholding
Laoyou Insurance Brokerage Co., Ltd. (老友保險經紀有限公司)	Formulating insurance plans, selecting insurers, and handling insurance procedures for policyholders; assisting the insured or beneficiary in making claims; reinsurance brokerage business; providing clients with disaster prevention and loss prevention or risk assessment and risk management consultancy services; other business approved by the China Banking and Insurance Regulatory Commission. (Market entities independently choose business projects and carry out business activities in accordance with the law; for projects subject to approval in accordance with the law, business activities can be carried out in accordance with the approved content after being approved by the competent authorities; business activities of projects prohibited or restricted by national and municipal industrial policies cannot not be carried out.)	7,048.19	100.00%

Section 4 Management Discussion and Analysis

Name of Investee	Principal business	Investment amount (RMB10,000)	Percentage of shareholding
Zhangjiagang Great Wall Motor Research and Development Co., Ltd. (張家港長城汽車研發有限公司)	Licensed items: Internet information services; transport of cargoes by road (excluding dangerous goods); accommodation services (for projects subject to approval in accordance with the law, business activities can only be carried out after being approved by the competent authorities, and specific business projects are subject to approval results). General items: engineering and technology research, testing and development; technology services, technology development, technology consultancy, technology exchange, technology transfer, technology promotion; research and development on new materials and technology; research and development on automotive parts; sales of new energy vehicles; sale of new vehicles; software development; sales of software; intellectual property services; information consultancy services (excluding information consultancy services subject to licensing); information technology consultancy services; information system integration services; assessment and evaluation of second-hand vehicles; car rental; business agency and agent services; business training (excluding education training, occupational skills training and other training subject to licensing); technology promotion and application services; leasing services (excluding publication leasing); non-residential real estate leasing; construction machinery and equipment leasing; measurement services; warehousing services for general cargoes (excluding dangerous chemicals and other items subject to licensing and approval); repair and maintenance of motor vehicles; sales of automobile decorations; sales of lubricants; sales of electronic products; sales of daily necessities; sales of machinery and equipment; recycling of waste and old metal from production; retail of hardware products; sales of metal products (except for projects subject to approval in accordance with the law, business activities with business permits can be carried out independently in accordance with the law)	4,500	100.00%

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Name of Investee	Principal business	Investment amount (RMB10,000)	Percentage of shareholding
Great Wall Lingyun Technology Co., Ltd. (長城靈魂科技有限公司)	Engineering and technology research, testing and development. Research and development, manufacturing and sales of and technology consultancy and technology services for motorcycles, motorcycle parts and accessories; repair and maintenance of motorcycles; cultural activity services; production and sales of motorcycle helmets, modified parts, clothing, shoes, hats and decorations; sales of daily necessities, craft and gifts, electronic products and lubricants; import and export of goods or technology (except those prohibited by the state or involving administrative approval); leasing of self-owned flats and equipment (for projects subject to approval in accordance with the law, business activities can only be carried out after being approved by the competent authorities).	900	100.00%

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Name of Investee	Principal business	Investment amount (RMB10,000)	Percentage of shareholding
Baoding Great Wall Ants Logistics Co., Ltd. (保定市長城螞蟻物流有限公司)	General freight; logistics (warehousing and transport); maintenance of Class II motor vehicles: (maintenance of large and medium trucks); sales of automotive accessories; car rental; venue rental; sales of vehicles; Internet information services; software development; retail of software and ancillary equipment; information technology consultancy services; transport of containers by road; freight forwarding; loading and unloading; corporate headquarters management; logistics and supply chain management services; packaging services; repair and maintenance of automobiles; international freight forwarding, transport of dangerous goods by road, transport by road with refrigerated lorries, import and export of goods or technology (except for import and export of goods and technology prohibited by the state or involving administrative approval), logistics information consultancy services, processing of mechanical parts; repair of special equipment, repair of general equipment; sales, consultancy, evaluation and assessment of second-hand vehicles; agency for licensing, ownership transfer and annual inspection of vehicles, automobile inspection services; electrical installation, piping and equipment installation; leasing of self-owned flats and machinery and equipment; conference and exhibition services; product packaging and design; wholesale and retail of lubricating oil, automobile decorations, daily necessities, hardware and electrical and electronic products; development of application software; recycling and wholesale of recycled materials (for projects subject to approval in accordance with the law, business activities can only be carried out after being approved by the competent authorities).	1,500	100.00%

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Name of Investee	Principal business	Investment amount (RMB10,000)	Percentage of shareholding
TANK Zhixing (Chongqing) Technology Co., Ltd. (坦克智行(重慶)科技有限公司)	<p>Licensed items: rental operations and services for small and micro passenger vehicles; catering services; insurance agency business (for projects subject to approval in accordance with the law, business activities can only be carried out after being approved by the competent authorities, specific business projects are subject to the approval documents or permits of the competent authorities). General items: sales of new vehicles; sales of old vehicles; retail of automotive parts and accessories; manufacturing of automotive parts and accessories; wholesale of automotive parts and accessories; advertisement design and agency; advertisement production; marketing planning; sales of daily necessities; sales of metal products; sales of metal materials; sales of machinery and equipment; sales of automobile decorations; sales of instruments and meters, wholesale of electronic components; technology services, technology development, technology consultancy, technology exchange, technology transfer, technology promotion; information consultancy services (excluding information consultancy services subject to licensing); conference and exhibition services; car wash services; sales of charging piles; charging and sales of motor vehicles; repair and maintenance of motor vehicles; brokerage for second-hand vehicles; business agency and agent services; ticket agency services; Internet sales (except for sales of goods subject to licensing); retail of clothing and apparel; retail of shoes and hats; retail of jewellery; retail of cosmetics; sales of personal hygiene products; business management consultancy; information technology consultancy services; import and export agency; import and export of goods; import and export of technology (except for projects subject to approval in accordance with the law, business activities with business permits can be carried out independently in accordance with the law).</p>	400	100.00%

Section 4 Management Discussion and Analysis

Name of Investee	Principal business	Investment amount (RMB10,000)	Percentage of shareholding
Tianjin Jolion Shuju Information Technology Co., Ltd. (天津初戀數聚資訊科技有限公司)	General items: development of network and information security software; information consultancy services (excluding information consultancy services subject to licensing); technology services, technology development, technology consultancy, technology exchange, technology transfer, technology promotion; computer system services; information system integration services; software development; sales of software; marketing planning; file management services; business agency and agent services; sales of new vehicles; sales of new energy vehicles; dealing in second-hand vehicles; brokerage for second-hand vehicles; sales of old vehicles; wholesale of automotive parts and accessories; retail of automotive parts and accessories; data processing and storage support services; big data services; agency sales of single-purpose commercial prepaid cards; sales agency; repair and maintenance of motor vehicles, rental operations and services for small and micro passenger vehicles (except for projects subject to approval in accordance with the law, business activities with business permits can be carried out independently in accordance with the law). Licensed items: Class II value-added telecommunications services (for projects subject to approval in accordance with the law, business activities can only be carried out after being approved by the competent authorities, specific business projects are subject to the approval documents or permits of the competent authorities).	728.25	100.00%
Shanghai Yuefan Information Technology Co., Ltd. (上海玥泛資訊科技有限公司)	General items: engaging in technology development, technology consultancy, technology services and technology transfer in the fields of information technology and network technology, software development, sales of electronic products, business information consultancy, enterprise management consultancy, marketing planning (except for projects subject to approval in accordance with the law, business activities with business permits can be carried out independently in accordance with the law).	10,000	100.00%

Section 4 Management Discussion and Analysis

Name of Investee	Principal business	Investment amount (RMB10,000)	Percentage of shareholding
Ruguo Technology Co., Ltd. (如果科技有限公司)	Engineering and technology research, testing and development. Software development, technology promotion services, technology transfer, information technology consultancy services; industrial and professional design and other professional technology services; general warehousing (excluding dangerous goods), transport of cargoes by road (excluding dangerous goods); information system integration services; machinery and equipment operations and leasing; sales of vehicles and second-hand vehicles; retail of automotive parts and accessories, computers, software and ancillary equipment; insurance agency services; manufacturing, design and research and development of vehicles, automotive parts and accessories and cutting tools; vehicle licensing and ownership transfer agency services (for projects subject to approval in accordance with the law, business activities can only be carried out after being approved by the competent authorities).	16,905	100.00%

Section 4 Management Discussion and Analysis

Name of Investee	Principal business	Investment amount (RMB10,000)	Percentage of shareholding
Zixin Zhixing Technology Co., Ltd. (自信智行科技有限公司)	Other technology promotion services. Technology services, technology development, technology consultancy, technology exchange, technology transfer, technology promotion; research and development on IoT technology; IoT technology services; software development; conference and exhibition services; advertisement design and agency; advertisement production; advertisement publication (non-radio stations, television stations, newspapers and periodicals publishing units); business consultancy; professional design services; computer system services; information system integration services; data processing services; information technology consultancy services; recycling and echelon use of waste and old traction batteries for new energy vehicles (excluding hazardous waste operations); manufacturing of new energy vehicles; sales of new energy vehicles, new vehicles, electrical accessories for new energy vehicles, battery swap facilities for new energy vehicles, production and testing equipment for new energy vehicles, electrical equipment, new energy motive power equipment, charging piles, audio equipment, smart equipment for vehicles, electrical machinery and equipment, automotive parts and accessories; Internet sales (except for sales of goods subject to licensing) (for projects subject to approval in accordance with the law, business activities can only be carried out after being approved by the competent authorities).	11,000	100.00%
Haval Motor Manufacturing Russia Limited Liability Company (俄羅斯哈弗汽車製造有限公司)	<ol style="list-style-type: none"> Marketing, sales, promotion and manufacturing of automobiles, automotive parts and components and automotive accessories as well as other related operating activities including trade intermediary activities and foreign trading activities; Technical maintenance and repair of automobiles and provision of technical maintenance services for other vehicles; Engagement in financial intermediary activities in sales of automobiles. 	2,134.43	100.00%

Section 4 Management Discussion and Analysis

Name of Investee	Principal business	Investment amount (RMB10,000)	Percentage of shareholding
Saloon Mecha Technology Company Limited (沙龍機甲科技有限公司) (Formerly named Shalong Zhixing Technology Co., Ltd. (沙龍智行科技有限公司))	Technology development, technology services, technology consultancy, technology exchange, technology transfer, technology promotion; computer system services; information system integration services; sales of vehicles, electrical equipment, audio equipment, automotive parts and accessories; software development; conference services; agency for holding exhibitions and demonstrations, design, production and agency; advertisement publication; business information consultancy; professional design services; Internet data services (data hubs for Internet data services, except for cloud computing data hubs with a PUE value of 1.4 or above); information processing and storage support services (data hubs for information processing and storage support services, excluding cloud computing data hubs with a PUE value of 1.4 or above); information technology consultancy services (Market entities independently choose business projects and carry out business activities in accordance with the law; for projects subject to approval in accordance with the law, business activities should be carried out in accordance with the approved content after being approved by the competent authorities; business activities of projects prohibited or restricted by national and municipal industrial policies cannot not be carried out.)	6,780	100.00%

2 Major investment in non-equity interest

Applicable Not applicable

Section 4 Management Discussion and Analysis

3 Financial assets measured at fair value

Applicable Not applicable

Currency: RMB Unit: RMB

Name of item	Balance at the end of the Period
Financial assets classified as at fair value through profit or loss	
Including: Equity instrument investments	414,131,200.00
Debt instrument investment – Wealth management products	5,632,361,954.78
Derivative financial assets	5,554,185.76
Other non-current financial assets	58,247,041.15
Financial assets at fair value through other comprehensive income	–
Including: Financing with receivables – notes receivable	31,499,637,236.45
Other equity instrument investments	813,215,710.00
Financial liabilities at fair value through profit or loss	–
Including: Derivative financial liabilities	-1,006,607.03
Total	38,422,140,721.11

(VI) Disposal of major assets and equity interest

Applicable Not applicable

Section 4 Management Discussion and Analysis

(VII) Major subsidiaries and investees

Applicable Not applicable

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

Currency: RMB Unit: RMB

Major subsidiaries and investees	Business nature	Registered capital	Proportion of shareholding (%)	Proportion of voting rights (%)	Total assets as at the end of the Year	Total net assets as at the end of the Year	Operating revenue for the Year	Operating profit for the Year	Net profit for the Year
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 vehicle and automotive parts and components	30,000,000	100	100	30,847,577,349.32	2,357,116,689.94	55,123,933,375.85	2,455,975,025.00	2,332,710,832.94
Chongqing Haval Automotive Company Limited (重慶哈弗汽車有限公司)	Sale of vehicle	5,000,000	100	100	10,322,151,072.35	1,761,637,647.98	41,578,131,531.79	1,849,463,092.38	1,693,181,110.45
Tianjin Great Wall Binyin Automotive Finance Company Limited (天津長城濱銀汽車金融有限公司)	Auto finance	6,600,000,000	98.18	50	48,737,218,273.50	9,909,437,840.90	2,575,995,924.69	1,592,547,681.14	1,193,982,410.14
Jingcheng Engineering Automotive Systems Co., Ltd. (精誠工科汽車系統有限公司)	Manufacturing of automotive parts and components	1,000,000,000	100	100	10,497,129,319.28	3,079,351,897.41	11,254,656,200.01	992,451,496.11	868,606,797.97
Nuobo Automotive Systems Co., Ltd. (諾博汽車系統有限公司)	Manufacturing of automotive parts and components	2,283,000,000	100	100	10,599,940,037.87	4,709,050,386.19	9,473,947,053.67	946,907,909.78	840,559,328.51

(VIII) Structured entities under the control of the Company

Applicable Not applicable

VI. DISCUSSION AND ANALYSIS CONCERNING THE FUTURE DEVELOPMENT OF THE COMPANY

(I) Landscape and development trend of the industry

Applicable Not applicable

In terms of annual development, there was an increase in automobile production and sales volume in 2021, putting an end to the decline for three consecutive years since 2018. In particular, new energy vehicles were the greatest highlight as the annual sales volume exceeded 3,500,000 units and the market share increased to 13.4%, which further suggested that the new energy vehicle market has shifted from a policy-driven one to market-driven one. Boosted by a number of factors such as the recovery of the international market and the increased competitiveness of Chinese auto brands, China's automobile exports performed well as they hit records repeatedly since April. The annual exports exceeded 2,000,000 units for the first time, making a breakthrough in the export of around 1,000,000 units over the years. Driven by the buoyant new energy and export markets, Chinese auto brands already accounted for more than 44% of the market share, close to the best level in history.

Section 4 Management Discussion and Analysis

In 2022, China will continue to improve people's livelihood, focus on stabilizing the overall macroeconomic market and keep the economy running within a reasonable range. Against this backdrop, the demand from the automobile market will remain stable. As a number of problems, such as the shortage of auto chip supply and the high price of raw materials, are going to improve gradually in the new year, the automobile market is expected to continue to show a steady and positive development trend in 2022, and to see annual production and sales perform better than that of 2021.

(II) Development strategy of the Company

Applicable Not applicable

Stepping up research and development efforts in intelligent technology, new energy and other advanced technologies to provide customers with comprehensive intelligent mobility solution.

Adhering to its globalization strategy, the Company has focused on business expansion in strategic markets worldwide while accelerate the establishment of a global system comprising research, production, supply and sale of automobiles to facilitate its transformation into a global intelligent technology company.

(III) Operational plan

Applicable Not applicable

Setting a foothold surpassing international benchmarks, Great Wall Motor will maintain its focus on product quality with delicate sensation and reliability as core elements. By strengthening the preliminary product planning, it will build up technology development capabilities and improve product capabilities on an ongoing basis; The Company will deepen its global strategic planning and open a new chapter in the market with its multi-brand planning.

(IV) Potential risks

Applicable Not applicable

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

1. As the world enters a post-COVID-19 era, international political and economic risks linger, and on-going efforts are required to cement the foundation for continuous business reopening in the PRC;
2. Chip short supply still has pronounced impact on business production, and the surge in raw material price further intensifies cost pressure for business operations;
3. The technological revolution represented by 5G, AI, cloud computing, big data and communications equipment has begun. The in-depth integration of automobiles and technologies requires traditional auto companies to accelerate their transformation in a clean and intelligent direction;

Section 4 Management Discussion and Analysis

4. The automobile industry is shifting from boosting production to de-stocking. With intensified market competition, the period for effortless business success is over and elimination has been triggered, which leads to a sharp shrink in the error-tolerance potential for businesses, and a slight carelessness may result in performance slump.

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

1. Actively promoting globalization: the Company will consolidate the global production layout, launch a number of global vehicle models in the overseas markets, and gradually expand the overseas market to enable continuous rise in sales;
2. Enhancing the supply-chain system: the Company will accelerate the layout in the core materials industry, strengthen the system construction in supply chain, and at the same time continuously deepen the potential of the brand matrix, open up and cover more blue ocean markets, and promote the continuous improvement of business performance in full swing;
3. Focusing on new energy and intelligence: Great Wall Motor will deepen layout in new energy core technologies and industrial chains, seize the vantage point of new energy technologies, enhance the application of "green energy", expand the IOT ecosystem based on intelligent network connection to create user-specific automobiles ecosystem, and provide users with a considerate cognitive intelligence experience capable of thinking and judgment;
4. Launching continuous reform: Great Wall Motor has established a new strategic positioning of "Global Layout", "R&D Investment", "Group Reform" and "User Operation" to carry out comprehensive and thorough innovation and reform, and sharpen its competitiveness.

(V) Others

Applicable Not applicable

VII. DETAILS OF AND REASONS FOR THE ISSUES NOT DISCLOSED BY THE COMPANY IN ACCORDANCE WITH THE STANDARDS DUE TO INAPPLICABILITY OR OTHER SPECIAL REASONS SUCH AS INVOLVEMENT OF STATE OR COMMERCIAL SECRETS

Applicable Not applicable

Section 5 Report of the Board

The Group is principally engaged in the design, research and development, manufacturing and sale as well as distribution of SUVs, sedans, pick-up trucks and automobile-related parts and components. There was no significant change in the nature of the Group's principal business during the Year.

The subsidiaries of the Company established in the PRC during the year ended 31 December 2021 or in previous years are limited companies.

I. DISCUSSION AND ANALYSIS OF THE BOARD CONCERNING THE OPERATION OF THE COMPANY DURING THE REPORTING PERIOD

Please refer to the "Discussion and Analysis of the Business Operation of the Company" in item I and "The Principal Operation during the Reporting Period" in item V of Section 5 of this report.

II. DISCUSSION AND ANALYSIS OF THE BOARD CONCERNING THE FUTURE DEVELOPMENT OF THE COMPANY

Please refer to "Discussion and Analysis concerning the Future Development of the Company" in item VI of Section 4 of this report.

III. RESULTS AND DIVIDENDS

The Group's operating results for the year ended 31 December 2021 and the financial positions of the Company and the Group for the year ended 31 December 2021 are set out in the audited financial statements.

Details of distribution of the final dividend for the year ended 31 December 2021 are set out under "Profit Distribution Plan or Plan for Capitalisation of Capital Reserves" of Section 7 "Corporate Governance" of this report.

IV. SHARE CAPITAL

Details of movements of the share capital of the Company as at 31 December 2021, together with the reasons for such movements, are set out under "Changes in Shares and Shareholders" of Section 10 of this report.

V. FIXED ASSETS

Details of the fixed assets of the Group and the Company as at 31 December 2021 are set out in the audited financial report.

VI. PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights that require the Company to offer new shares to its existing shareholders on a pro rata basis under the Articles or the Company Law.

VII. RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Year was the Company, its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors, supervisors and chief executives of the Company to receive benefits by means of the acquisition of shares in, or debentures of, the Company or any other legal entities.

Section 5 Report of the Board

VIII. UNDISTRIBUTED PROFITS

As at 31 December 2021, pursuant to the Company Law and the Articles, the undistributed profits of the Group amounted to RMB41,892,707,709.74. The Company has implemented the interim profit distribution for 2021, pursuant to which it distributed a cash dividend of RMB0.30 (tax inclusive) per share to all shareholders, with a total cash dividend of RMB2,771,008,419.60 (tax inclusive) distributed. Having comprehensively considered the Company's profit distribution for the interim period of 2021, and the Company's actual operating conditions, for the final period of 2021, the Company proposes to distribute to all Shareholders cash dividends of RMB0.07 (tax included) per share for the year ended 31 December 2021 based on the total share capital on the equity registration date when the Company implements profit distribution. The cash dividends distributed in 2021 accounted for 50.81% of the Company's net profit attributable to shareholders of the Company for 2021.

IX. MAJOR CUSTOMERS AND SUPPLIERS

Please refer to the paragraphs headed "The Principal Operation during the Reporting Period" under item V of Section 4 of this report.

X. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

A list of the Company's directors, supervisors and senior management who held office during the Year and up to the date of this report and their biographies are set out in the paragraphs headed "Directors, Supervisors, and Senior Management" under item IV of Section 7 of this report.

XI. MATERIAL CONTRACTS

Please refer to the paragraphs headed "Disposal of major assets and equity interest" under item V "The Principal Operation during the Reporting Period" in Section 4 of this report.

XII. MANAGEMENT CONTRACTS

No contract concerning the management or administration of the Company's entire business or material business was entered into during the Year.

XIII. DIRECTORS' AND SUPERVISORS' INTERESTS IN SECURITIES

As at 31 December 2021, 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, are as follows:

Section 5 Report of the Board

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)	83.36	–	55.38
Mr. Wei Jian Jun	Interests in controlled companies	37,998,500 (L) (H Shares)	–	1.23	0.41
Total		5,152,998,500 (L) (A Shares and H Shares)	–	–	55.79

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

XIV. INTERESTS IN CONTROLLED COMPANIES

As at 31 December 2021, 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 was 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 the 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 31 December 2021, 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.

Section 5 Report of the Board

XV. SHAREHOLDING STRUCTURE AND NUMBER OF SHAREHOLDERS

Please refer to Section 10 “Changes in Shares and Shareholders” of this report.

XVI. SHARES HELD BY SUBSTANTIAL SHAREHOLDERS (SFO REQUIREMENTS)

Please refer to Section 10 “Changes in Shares and Shareholders” of this report.

XVII. PUBLIC FLOAT

Based on the public information available to the Company prior to the publication of this report and to the knowledge of the directors of the Company, the directors of the Company confirmed as at 31 December 2021, there was sufficient public float with approximately 44.21% of the issued share capital of the Company held by the public.

XVIII. CONNECTED TRANSACTIONS

During the Year, the Group has entered into connected transactions and continuing connected transactions with its connected persons. The independent non-executive directors have reviewed the relevant continuing connected transactions and confirmed that such continuing connected transactions have been entered into:

1. in the ordinary and usual course of business of the Group;
2. either on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties;
3. in accordance with the relevant agreements governing them; and
4. on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Section 5 Report of the Board

The auditor of the Company performed work in accordance with the regulations in the Hong Kong Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to the Practice Note 740 – Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants, and issued a letter dated 14 March 2022 to the Board of the Company to confirm the relevant procedures performed by the auditor of the Company on continuing connected transactions. The conclusion of the Company’s auditor in the letter is summarized as follows:

- a. to its knowledge and belief, all of the disclosed continuing connected transactions have been approved by the Board of the Company.
- b. to its knowledge and belief, the transactions of the Group for provision of goods or services are in compliance with the Company’s pricing policies in all material aspects.
- c. to its knowledge and belief, the transactions are in compliance with the terms of agreements of relevant transactions in all material aspects.
- d. to its knowledge and belief, none of the disclosed continuing connected transactions set out below exceeds the relevant annual caps disclosed in the previously published announcements of the Company and set out below.

For details of the connected transactions, please refer to item XII “Material Related Party Transactions” of Section 9 of this report.

The connected transactions and continuing connected transactions conducted by the Group during the Year have been complied with the reporting, annual review, announcement and independent shareholders’ approval as required under Chapter 14A of the Hong Kong Listing Rules.

Section 5 Report of the Board

XIX. REMUNERATION POLICIES

The Remuneration Committee is responsible for reviewing the remuneration policies for directors and senior management of the Group and determining the remuneration packages for directors and senior management.

Directors

The Company determines the remuneration of the directors with regard to certain factors, including their business competitiveness in their respective professions, their duties and the performance of the Company. The remuneration package includes basic salaries, bonuses, incentives and benefits in kind.

Non-executive directors

The remuneration of each of the non-executive directors (including the independent non-executive directors) is no less than RMB40,000 per annum.

Employees

Employees are remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages are reviewed on a regular basis to ensure the competitiveness of the remuneration in recruiting, retaining and motivating employees. Bonuses and incentives may also be awarded to employees based on their individual performance as incentives and rewards.

XX. UNCLAIMED DIVIDENDS

As at 31 December 2021, the Company's unclaimed dividends are shown below:

Dividends	Unclaimed dividends (number of cases)	Unclaimed amount (in HK\$)
2015 interim dividends	52	28,830.09
2015 final dividends	54	68,691.41
2016 final dividends	54	120,117.41
2017 final dividends	58	72,947.56
2018 final dividends	60	118,724.44
2019 final dividends	59	119,991.07
Dividends for the first three quarters of 2020	64	127,286.07
2021 interim dividends	99	222,083.65

Save for the provisions under the Articles in relation to handling unclaimed dividends, the Company did not enter into any agreements with any shareholders for waiving or agreeing to waive the dividends of the Company.

Section 5 Report of the Board

XXI. MATERIAL LITIGATIONS

During the Year, the Company was not involved in any material litigation.

XXII. PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Save as disclosed in this report in relation to the repurchase and cancellation of certain restricted Shares under the 2020 and 2021 Incentive Schemes, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the Year.

XXIII. CORPORATE GOVERNANCE

To the knowledge of the Board, the Company has complied with all the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules during the Year. The Corporate Governance Report sets out a summary of the corporate governance practices of the Company and, if any, the explanation of deviation from the Corporate Governance Code set out in the Hong Kong Listing Rules.

XXIV. ENVIRONMENT AND SOCIAL RESPONSIBILITIES

For details of environmental policy and social responsibility during the Year, please refer to the Corporate Social Responsibility Report for 2021 of Great Wall Motor Company Limited (《長城汽車股份有限公司 2021 年度社會責任報告》) published on the websites of the Shanghai Stock Exchange (www.sse.com.cn) and the Hong Kong Stock Exchange (www.hkexnews.hk).

XXV. DESCRIPTION OF OTHER MATTERS

During the Reporting Period, the Company has complied with relevant laws and regulations that have significant impacts on the Company.

XXVI. 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 28 March 2022, the Audit Committee reviewed the 2021 annual report and financial report of the Group and gave their opinions and recommendations to the Board of the Company. The Audit Committee is of the opinion that the 2021 annual report and financial report of the Company comply with the applicable accounting standards and the Company has made appropriate disclosure thereof.

Section 5 Report of the Board

XXVII. 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.

XXVIII. 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 about the standards and procedures for selecting directors and management members.

XXIX. STRATEGY AND SUSTAINABLE DEVELOPMENT COMMITTEE

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

XXX. 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 Year.

XXXI. AUDITOR

Deloitte Touche Tohmatsu Certified Public Accountants LLP was the Company's external auditor for the year ended 31 December 2021. A resolution for the re-appointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP as the Company's external auditor will be proposed at the annual general meeting. There was no change in the auditor of the Company in any of the preceding three years. For details, please refer to Section 7 "Corporate Governance" of this report.

Section 6 Report of the Supervisory Committee

To all shareholders:

During the year 2021, all members of the Supervisory Committee of the Company adhered strictly to the requirements of the Company Law of the PRC and the Articles, discharged their supervisory duties in accordance with the relevant regulations and, actively as well as cautiously, proceeded with various initiatives to safeguard the interests of the Company and all its shareholders based on the principle of integrity. The Supervisory Committee played an effective role in ensuring the formalised operation and sustainable development of the Company.

I. MEETINGS AND RESOLUTIONS OF THE SUPERVISORY COMMITTEE

Session of meeting	Date of meeting	Resolution
The 8th meeting of the seventh session of the Supervisory Committee	15 January 2021	Considered and approved the Company's Adjustment to the Caps of Ordinary Related Party Transactions in 2021 and the Proposed Annual Cap for Service Purchase Connected Transactions in 2021
The 9th meeting of the seventh session of the Supervisory Committee	25 January 2021	Considered and approved the Company's Profit Distribution Plan for the First Three Quarters of 2020
The 10th meeting of the seventh session of the Supervisory Committee	28 January 2021	Considered and approved the Company's Grant of Reserved Restricted Shares or Share Options to Participants, the Repurchase and Cancellation of Certain Restricted Shares and the Cancellation of Certain Share Options under the First Grant of 2020 Restricted Share and Share Option Incentive Scheme, and the Grant of Reserved Restricted Shares to Directors of Major Subsidiaries of the Company and the Connected Transactions
The 11th meeting of the seventh session of the Supervisory Committee	12 March 2021	Considered and approved the Company's Adjustment on the Grant Price for Reserved Restricted Shares of 2020 Restricted Shares or Share Options Scheme, Adjustment on the Repurchase Price of Restricted Shares and the Exercise Price of Share Options under the First Grant of 2020 Restricted Shares and Share Options Scheme, Amendment on Public Issuance Scheme of A Share Convertible Corporate Bonds, Amendment on the Pre-planning of the Public Issuance of A Share Convertible Corporate Bonds, Amendment on the Viability Analysis Report Regarding Fund-raising Project from the Public Issuance of A Share Convertible Corporate Bonds, Amendment on the Diluted Current Return, Filling Measures and Relevant Subject Commitments of the Public Issuance of A Share Convertible Corporate Bonds, and the Reduction of the Fund-raising Amount from the Public Issuance of A Share Convertible Corporate Bonds

Section 6 Report of the Supervisory Committee

Session of meeting	Date of meeting	Resolution
The 12th meeting of the seventh session of the Supervisory Committee	30 March 2021	Considered and approved the Resolutions on the Audited Financial Report for 2020, Report of the Supervisory Committee for 2020, the Profit Distribution Proposal for 2020, the Annual Report for 2020 and Its Summary, Re-appointment of the Accounting Firm, Internal Control Evaluation Report of Great Wall Motor Company Limited for 2020, Corporate Social Responsibility Report of Great Wall Motor Company Limited for 2020, and Purchase of Wealth Management Products
The 13th meeting of the seventh session of the Supervisory Committee	31 March 2021	Considered and approved the Resolution on the Repurchase and Cancellation of Certain Restricted Shares and the Cancellation of Certain Share Options under the First Grant of 2020 Restricted Shares or Share Option Incentive Scheme of the Company
The 14th meeting of the seventh session of the Supervisory Committee	14 April 2021	Considered and approved the Resolutions on the Cancellation of Share Options under the 2020 Restricted Shares and Share Option Incentive Scheme of the Company, and the Achievement of Unlocking Conditions for the First Tranche of Restricted Shares under the First Grant and the Fulfillment of the Exercise Conditions in First Exercise Period of the Share Options under the First Grant of the 2020 Restricted Share and Share Option Incentive Scheme of the Company
The 15th meeting of the seventh session of the Supervisory Committee	21 April 2021	Considered and approved the Resolution on the Company's First Quarterly Report of 2021
The 16th meeting of the seventh session of the Supervisory Committee	12 May 2021	Considered and approved the Resolution on the Election of the Chairman of the Supervisory Committee

Section 6 Report of the Supervisory Committee

Session of meeting	Date of meeting	Resolution
The 17th meeting of the seventh session of the Supervisory Committee	25 May 2021	Considered and approved the Resolutions on the 2021 Restricted Share Incentive Scheme (Draft) and Its Summary of Great Wall Motor Company Limited, the 2021 Share Option Incentive Scheme (Draft) and Its Summary of Great Wall Motor Company Limited, the Appraisal Measures for Implementation of the 2021 Restricted Share Incentive Scheme of Great Wall Motor Company Limited, the Appraisal Measures for Implementation of the 2021 Share Option Incentive Scheme of Great Wall Motor Company Limited, and the Management Measures for Long-term Incentive Mechanism of Great Wall Motor Company Limited
The 18th meeting of the seventh session of the Supervisory Committee	4 June 2021	Considered and approved the Resolution on the Company's Public Issuance Scheme of A Share Convertible Corporate Bonds, the Listing of the Convertible Corporate Bonds Publicly Issued by the Company, and the Opening of Specific Fundraising Account and Signing of Supervision Agreement
The 19th meeting of the seventh session of the Supervisory Committee	24 June 2021	Considered and approved the Resolution on the Company's Connected Persons' Participation in the Scheme in Accordance with the Terms and Conditions of 2021 Restricted Shares Incentive Scheme Constituting the Connected Transaction under the Hong Kong Listing Rules
The 20th meeting of the seventh session of the Supervisory Committee	15 July 2021	Considered and approved the Resolution on the Inspection and Publicity of Participants of 2021 Restricted Shares Incentive Scheme and 2021 Share Option Incentive Scheme Incentive Scheme of Great Wall Motor Company Limited

Section 6 Report of the Supervisory Committee

Session of meeting	Date of meeting	Resolution
The 21st meeting of the seventh session of the Supervisory Committee	22 July 2021	Considered and approved the Resolutions on the Adjustment to the Participants List and Number of Grant of 2021 Restricted Shares Incentive Scheme and 2021 Share Option Incentive Scheme of Great Wall Motor Company Limited, and the Grant of Restricted Shares to Participants of 2021 Restricted Shares Incentive Scheme and the Grant of Share Options to Participants of 2021 Share Option Incentive Scheme of Great Wall Motor Company Limited
The 22nd meeting of the seventh session of the Supervisory Committee	27 August 2021	Considered and approved the Resolutions on the 2021 Interim Report and Its Summary and the 2021 Interim Profit Distribution Plan
The 23rd meeting of the seventh session of the Supervisory Committee	31 August 2021	Considered and approved the Resolution on the Repurchase and Cancellation of Certain Restricted Shares under the First Grant and Reserved Grant of 2020 Restricted Share and Share Option Incentive Scheme
The 24th meeting of the seventh session of the Supervisory Committee	17 September 2021	Considered and approved the Resolution on the Substitution of Proceeds from A Share Convertible Corporate Bonds for Self-raised Funds Previously Invested in Proceeds-invested Projects and Paid Issuance Cost, and the Cash Management Using the Temporarily Idle Proceeds from the Public Issuance of A Share Convertible Corporate Bonds
The 25th meeting of the seventh session of the Supervisory Committee	30 September 2021	Considered and approved the Resolution on the Change of Independent Supervisor of the Company

Section 6 Report of the Supervisory Committee

Session of meeting	Date of meeting	Resolution
The 26th meeting of the seventh session of the Supervisory Committee	22 October 2021	Considered and approved the Resolutions on the Adjustment to the Repurchase Price of Restricted Shares under First Grant and the Exercise Price of Share Options under First Grant of 2020 Restricted Share and Share Option Incentive Scheme, the Adjustment to the Repurchase Price of Restricted Shares under Reserved Grant and the Exercise Price of Share Options under Reserved Grant of the 2020 Restricted Share and Share Option Incentive Scheme, the Adjustment to the Repurchase Price of Restricted Shares under the First Grant of 2021 Restricted Shares Incentive Scheme and the Exercise Price of Share Options under the First Grant of the 2021 Share Option Incentive Scheme
The 27th meeting of the seventh session of the Supervisory Committee	29 October 2021	Considered and approved the Resolutions on the Issuance of Bank Acceptance Bills by Opening the Proceeds Margin Account to Pay for the Proceeds-invested Projects and the Third Quarterly Report of 2021
The 28th meeting of the seventh session of the Supervisory Committee	31 December 2021	Considered and approved the Resolutions on the Estimated Ordinary Related Party Transactions for 2022-2024, the Leasing Connected Transactions and the Proposed Annual Caps for 2022-2024, the Product Purchase Connected Transactions and the Proposed Annual Caps for 2022-2024, the Product Sales Connected Transactions and the Proposed Annual Caps for 2022-2024, the Service Purchase Connected Transactions and the Proposed Annual Caps for 2022-2024, the Service Provision Connected Transactions and the Proposed Annual Caps for 2022-2024, and the Deposit in Tianjin Great Wall Binyin Automotive Finance Company Limited and Other Ordinary Related Party Transactions

Section 6 Report of the Supervisory Committee

II. TASKS OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD

During the Reporting Period, the members of the Supervisory Committee not only attended the regular Board meetings of the Company in 2021, but also duly supervised and monitored the financial affairs of the Company, operation decisions made by the management, operation of the Company in accordance with the law and the discharge of duties by the directors and the senior management of the Company. The Supervisory Committee is of the opinion that:

1. The Company and its subsidiaries were not involved in any violation of the Company Law, the Articles, the relevant accounting standards, and the laws and regulations of the PRC during their operation in 2021. Related party transactions of the Company for disposal of equity interests were fair and reasonable, and did not prejudice the interests of other shareholders and the Company, nor were there any significant deficiencies in the design or execution of the Company's internal control system. The Company's internal control system was sound and effectively executed.
2. The directors and senior management of the Company have discharged their duties with commitment, due observance of the law, well-regulated management, innovation, and high regard for all shareholders' interest during 2021 and there was no violation of the Company Law, the Articles, the relevant accounting standards, and the laws and regulations of the PRC.
3. The accounting firm issued a standard and unqualified auditor's report. The Company's financial statements reflected a true view of the financial positions of the Group and the Company as at 31 December 2021, and the results of the Group for the year then ended.
4. The Company disclosed information strictly in accordance with relevant provisions of the regulatory authorities and its information disclosure system. The information disclosed by the Company was true, accurate and complete. There was no information which should be disclosed but was not disclosed by the Company.

By Order of the Supervisory Committee

Lu Cai Juan

Supervisor

Hebei Province, the PRC, 29 March 2022

Section 7 Corporate Governance

I. DESCRIPTION OF CORPORATE GOVERNANCE

Applicable Not applicable

The Company has strictly complied with the Securities Law, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (《上海證券交易所股票上市規則》), the Code of Corporate Governance for Listed Companies (《上市公司治理準則》) and the requirements of the relevant laws and regulations of the CSRC, as well as the Hong Kong Listing Rules and the requirements of the relevant laws and regulations in Hong Kong to establish and perfect its corporate governance structure, regulate its operations, strengthen its information disclosure system, and improve its investor relations management on an on-going basis.

Since the listing of its H Shares in Hong Kong in 2003, the Company has formulated relevant corporate governance rules, including the Rules of General Meetings (《股東大會議事規則》), the Rules of the Meetings of the Board (《董事會議事規則》), the Rules of the Meetings of the Supervisory Committee (《監事會議事規則》), the Terms of Reference for General Manager (《總經理工作細則》), the Implementation Rules for the Audit Committee under the Board (《董事會審計委員會實施細則》), the Working Procedures for the Nomination Committee under the Board (《董事會提名委員會工作制度》), the Working Procedures for the Remuneration Committee under the Board (《董事會薪酬委員會工作制度》) and the Management Policies of Strategy and Sustainable Development Committee of Great Wall Motor Company Limited (《長城汽車股份有限公司戰略及可持續發展委員會管理制度》).

Since the listing of its A Shares in the PRC in 2011, the Company has amended and refined some of its rules, and formulated the Accountability Rules for Material Errors on Information Disclosure in Annual Report (《年報信息披露重大差錯責任追究制度》), the Working Procedures of Independent Directors on Annual Report (《獨立董事年報工作制度》), the Administrative Rules on the Shares of the Company Held by its Directors, Supervisors and Senior Management and the Changes thereof (《董事、監事和高級管理人員持有本公司股份及其變動管理制度》), the Administrative Rules on Information Disclosure (《信息披露管理制度》), the Administrative Rules on the Release of Information to External Parties and the Use of Such Information (《對外信息報送和使用管理制度》), the Administrative Rules on Fund Raising (《籌資管理制度》) and the Administrative Rules on Donation to External Parties (《對外捐贈管理制度》) in accordance with the relevant requirements in the PRC. These rules and procedures help improve the regulatory system of the Company and ensure that the existing corporate governance of the Company can meet the relevant requirements in both Hong Kong and the PRC.

The Board of the Company considered and passed the Rules on Registration and Filing of Details of Insiders (《內幕信息知情人登記備案制度》) on 22 November 2011 and coordinated with the Administrative Rules on the Release of Information to External Parties and the Use of Such Information (《對外信息報送和使用管理制度》) and strictly implemented thereof so as to effectively prevent the leak of confidential information of the Company.

Reasons should be provided for any significant discrepancies among the corporate governance of the Company, administrative laws, and the regulations on the governance of listed companies required by the CSRC

Applicable Not applicable

II. SPECIFIC MEASURES TAKEN BY THE CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS OF THE COMPANY TO ENSURE THE INDEPENDENCE OF THE COMPANY IN TERMS OF ASSETS, PERSONNEL, FINANCE, INSTITUTIONS AND BUSINESS, AS WELL AS THE SOLUTIONS, WORK SCHEDULE AND FOLLOW-UP WORK PLANS ADOPTED TO ADDRESS THE IMPACT ON THE INDEPENDENCE OF THE COMPANY

Applicable Not applicable

Situations where the controlling shareholders, de facto controllers and other units under their control engaging in the same or similar business as that of the Company, and the impact of same-business competition or major changes in same-business competition on the Company, the solutions taken, the progress of the solutions and the follow-up solution plans

Applicable Not applicable

Section 7 Corporate Governance

III. SUMMARY OF THE GENERAL MEETINGS

Session	Date of meeting	Designated website on which the resolution was published	Publication date of the resolution	Resolution of the meeting
The first extraordinary general meeting in 2021	15 January 2021	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	15 January 2021	Considered and approved the Resolution on the Registration and the Issuance of Ultra-short-term Financing Bonds
The second extraordinary general meeting in 2021	24 February 2021	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	24 February 2021	Considered and approved the Resolution on the Profit Distribution Plan for the First Three Quarters of 2020
The third extraordinary general meeting in 2021	18 March 2021	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	18 March 2021	Considered and approved the Resolution on the Grant of Reserved Restricted Shares to Directors of Major Subsidiaries and the Connected Transactions
2020 annual general meeting	23 April 2021	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	23 April 2021	Considered and approved the Resolution on the Audited Financial Accounting Report for 2020, the Resolution on the Work Report of Board of Directors for 2020, the Resolution on the Profit Distribution Plan for 2020, the Resolution on the Annual Report for 2020 and Its Summary, the Resolution on the Work Report of Independent Directors for 2020, the Resolution on the Work Report of the Supervisory Committee for 2020, the Resolution on the Corporate Operation Strategy for 2021, the Resolution on the Re-appointment of the Accounting Firm, the Resolution on the Guarantee Plan of the Company for 2021, the Resolution on Granting the General Mandate to the Board of Directors to Issue A Shares and H Shares, the Resolution on Granting the General Mandate to the Board of Directors to Repurchase A Shares and H Shares
The first H Shareholders' class meeting in 2021	23 April 2021	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	23 April 2021	Considered and approved the Resolution on Granting the General Mandate to the Board of Directors to Repurchase A Shares and H Shares
The first A Shareholders' class meeting in 2021	23 April 2021	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	23 April 2021	Considered and approved the Resolution on Granting the General Mandate to the Board of Directors to Repurchase A Shares and H Shares

Section 7 Corporate Governance

Session	Date of meeting	Designated website on which the resolution was published	Publication date of the resolution	Resolution of the meeting
The fourth extraordinary general meeting in 2021	22 July 2021	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	22 July 2021	Considered and approved the Resolution on the 2021 Restricted Share Incentive Scheme (Draft) and Its Summary of Great Wall Motor Company Limited, the Resolution on the 2021 Share Option Incentive Scheme (Draft) and Its Summary of Great Wall Motor Company Limited, the Resolution on the Appraisal Measures for Implementation of the 2021 Restricted Share Incentive Scheme of Great Wall Motor Company Limited, the Resolution on the Appraisal Measures for Implementation of the 2021 Share Option Incentive Scheme of Great Wall Motor Company Limited, the Resolution on Recommending the General Meeting to Authorize the Board of Directors and Its Authorized Persons to Handle Matters Related to the 2021 Restricted Share Incentive Scheme of the Company at Full Discretion, the Resolution on Recommending the General Meeting to Authorize the Board of Directors and Its Authorized Persons to Handle Matters Related to the 2021 Share Option Incentive Scheme of the Company at Full Discretion, the Resolution on the Amendment of the Articles of Association of the Company, the Resolution on the Company's Connected Persons' Participation in the Scheme in Accordance with the Terms and Conditions of 2021 Restricted Shares Incentive Scheme Constituting the Connected Transaction under the Hong Kong Listing Rules
The second H Shareholders' class meeting in 2021	22 July 2021	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	22 July 2021	Considered and approved the Resolution on the 2021 Restricted Share Incentive Scheme (Draft) and Its Summary of Great Wall Motor Company Limited, the Resolution on the 2021 Share Option Incentive Scheme (Draft) and Its Summary of Great Wall Motor Company Limited, the Resolution on the Appraisal Measures for Implementation of the 2021 Restricted Share Incentive Scheme of Great Wall Motor Company Limited, the Resolution on the Appraisal Measures for Implementation of the 2021 Share Option Incentive Scheme of Great Wall Motor Company Limited, the Resolution on Recommending the General Meeting to Authorize the Board of Directors and Its Authorized Persons to Handle Matters Related to the 2021 Restricted Share Incentive Scheme of the Company at Full Discretion, the Resolution on Recommending the General Meeting to Authorize the Board of Directors and Its Authorized Persons to Handle Matters Related to the 2021 Share Option Incentive Scheme of the Company at Full Discretion

Section 7 Corporate Governance

Session	Date of meeting	Designated website on which the resolution was published	Publication date of the resolution	Resolution of the meeting
The second A Shareholders' class meeting in 2021	22 July 2021	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	22 July 2021	Considered and approved the Resolution on the 2021 Restricted Share Incentive Scheme (Draft) and Its Summary of Great Wall Motor Company Limited, the Resolution on the 2021 Share Option Incentive Scheme (Draft) and Its Summary of Great Wall Motor Company Limited, the Resolution on the Appraisal Measures for Implementation of the 2021 Restricted Share Incentive Scheme of Great Wall Motor Company Limited, the Resolution on the Appraisal Measures for Implementation of the 2021 Share Option Incentive Scheme of Great Wall Motor Company Limited, the Resolution on Recommending the General Meeting to Authorize the Board of Directors and Its Authorized Persons to Handle Matters Related to the 2021 Restricted Share Incentive Scheme of the Company at Full Discretion, the Resolution on Recommending the General Meeting to Authorize the Board of Directors and Its Authorized Persons to Handle Matters Related to the 2021 Share Option Incentive Scheme of the Company at Full Discretion
The fifth extraordinary general meeting in 2021	17 September 2021	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	17 September 2021	Considered and approved the Resolution on the 2021 Interim Profit Distribution Plan of the Company, the Resolution on the Amendment of the Articles of Association of the Company
The sixth extraordinary general meeting in 2021	29 October 2021	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	29 October 2021	Considered and approved the Resolution on the Amendment of the Articles of Association of the Company, the Resolution on the Change of Independent Supervisors of the Company, the Resolution on Formulating the Implementation Rules for the Cumulative Voting System of Great Wall Motor Company Limited

Shareholders holding preference shares with restored voting rights requesting the convening of extraordinary general meeting

Applicable Not applicable

Description of general meeting

Applicable Not applicable

Section 7 Corporate Governance

IV. DIRECTORS, SUPERVISORS, AND SENIOR MANAGEMENT

(I) The change in shareholdings and remuneration of existing and resigned/retired directors, supervisors and senior management during the Reporting Period

√ Applicable □ Not applicable

Unit: Share(s)

Name	Position (Note)	Gender	Age	Term commencement date	Term expiration date	No. of shares held at the beginning of the Year	No. of shares held at the end of the Year	(+/-) in shareholdings during the Year	Reason for changes	Total remuneration before tax from the Company during the Reporting Period (RMB10,000)	Whether receiving remuneration from related parties of the Company
Wei Jian Jun	Chairman and Executive Director	Male	58	12 June 2020	11 June 2023	0	0	0	-	574.78	No
Zhao Guo Qing ^{Note 1}	Vice Chairman and Deputy General Manager	Male	44	18 March 2022	11 June 2023	1,380,000	1,035,000	-345,000	Secondary market trading	300.36	No
Li Hong Shuan ^{Note 2}	Executive Director and Chief Financial Controller	Female	38	18 March 2022	11 June 2023	0	180,000	180,000	Share incentive implementation	69.86	No
Yang Zhi Juan	Executive Director	Female	55	12 June 2020	18 March 2022	0	0	0	-	76.76	No
He Ping	Non-executive Director	Male	45	12 June 2020	11 June 2023	0	0	0	-	6	No
Yue Ying	Independent Non-executive Director	Female	50	12 June 2020	11 June 2023	0	0	0	-	6	No
Li Wan Jun	Independent Non-executive Director	Male	58	12 June 2020	11 June 2023	0	0	0	-	6	No
Ng Chi Kit	Independent Non-executive Director	Male	48	12 June 2020	11 June 2023	0	0	0	-	13.6	No
Chen Biao ^{Note 3}	Chairman of Supervisory Committee	Male	37	12 June 2020	12 May 2021	0	120,000	120,000	Share incentive implementation	15.56	No
Lu Cai Juan	Chairman of Supervisory Committee	Female	54	12 May 2021	11 June 2023	0	0	0	-	30.24	No
Liu Qian	Supervisor	Female	40	12 June 2020	11 June 2023	0	0	0	-	2.03	No
Zong Yi Xiang	Supervisor	Female	51	12 June 2020	29 October 2021	0	0	0	-	1.67	No
Ma Yu Bo	Supervisor	Male	36	29 October 2021	11 June 2023	0	0	0	-	0.35	No
Wang Feng Ying ^{Note 4}	General Manager	Female	51	12 June 2020	11 June 2023	0	0	0	-	551.41	No
Hu Shu Jie	Deputy General Manager	Male	50	12 June 2020	27 August 2021	2,000,000	780,000	-1,220,000	Share incentive cancellation, secondary market trading	141.09	No
Xu Hui	Secretary to the Board	Male	43	12 June 2020	11 June 2023	430,000	322,500	-107,500	Secondary market trading	121.76	No
Total	/	/	/	/	/	3,810,000	2,437,500	-1,372,500	/	1,917.47	/

Section 7 Corporate Governance

Notes:

1. Mr. Zhao Guo Qing was appointed as the Deputy General Manager of the Company on 12 June 2020
2. Ms. Li Hong Shuan was appointed as the Chief Financial Controller of the Company on 29 June 2020
3. Share-based payment arising from the grant of share incentive to Mr. Chen Biao was RMB1.03 million
4. Ms. Wang Feng Ying resigned as Executive Director of the Company with effect on 18 March 2022, and simultaneously resigned as Vice Chairman
5. Mr. Hu Shu Jie reduced his shareholding by 200,000 A shares on 23 July 2021 through centralised bidding, after which he held 1,800,000 A shares of the Company; he reduced his shareholding by 20,000 A shares on 27 July 2021 through centralised bidding, after which he held 1,780,000 A shares of the Company. For details of the reduction plan, please refer to the Announcement on Reduction of Shareholding through Centralised Bidding by Senior Management of Great Wall Motor Company Limited (announcement no.: 2021-092) disclosed by the Company on the website of the Shanghai Stock Exchange on 15 June 2021. The Company has declared changes in shares as required on the business system of the Shanghai Stock Exchange.

Mr. Hu Shu Jie submitted resignation as deputy general manager of the Company due to personal reasons. After his resignation, Mr. Hu Shu Jie ceased to hold other positions in the Company. His resignation took effect upon consideration and approval at the 24th meeting of the seventh session of the Board held on 27 August 2021. On 11 September 2021, the Company completed the cancellation of 1,000,000 restricted A shares granted to Mr. Hu Shu Jie but not unlocked. For details, please refer to Announcement on Completion of Repurchase and Cancellation of Certain Restricted Shares under the First Grant and Reserved Grant of the 2020 Incentive Scheme of Great Wall Motor Company Limited (announcement No.: 2021-169) disclosed by the Company on the website of the Shanghai Stock Exchange on 11 September 2021. Upon completion of the cancellation, Mr. Hu Shu Jie held 780,000 A shares of the Company.

6. On 12 November 2021, Mr. Zhao Guo Qing reduced his shareholding by 345,000 A shares through centralised bidding, and Mr. Xu Hui reduced his shareholding by 107,500 A shares through centralised bidding, after which Mr. Zhao Guo Qing held 1,035,000 shares of the Company and Mr. Xu Hui held 322,500 shares of the Company. The Company has declared changes in shares as required on the business system of the Shanghai Stock Exchange.
7. On 22 July 2021, the Company granted 180,000 restricted A shares to Ms. Li Hong Shuan and 120,000 restricted A shares to Mr. Chen Biao. For details, please refer to the Announcement on the Grant of Restricted Shares to Participants of the 2021 Restricted Share Incentive Scheme and the Grant of Share Options to Participants of the 2021 Share Option Incentive Scheme of Great Wall Motor Company Limited (announcement No.: 2021-115) published by the Company on 22 July 2021. The Company has declared changes in shares as required on the business system of the Shanghai Stock Exchange.

Name	Major working experience
Wei Jian Jun	<p>Mr. Wei Jian Jun (魏建軍先生) (“Mr. Wei”), aged 58, is the chairman and executive director of the Company. He graduated from the Committee College of Hebei Province of the PRC Communist Party (中共河北省委黨校) in 1999 majoring in corporate management studies. Mr. Wei joined Baoding Great Wall Motor Industry Company (保定長城汽車工業公司) (the predecessor of the Company) as the general manager in 1990. He has been the chairman of the Company since June 2001. He is responsible for the overall strategic planning and business development of the Group. Mr. Wei was appointed as a representative to the Ninth and Tenth National People’s Congress of Hebei Province, as well as a representative to the Eighteenth National Congress of the Communist Party of China. Mr. Wei is concurrently the chairman and general manager of the Company’s substantial shareholder, Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司). Details of the disclosure of interests of the aforementioned substantial shareholder in the Company are set out under “Shares Held by Substantial Shareholders (SFO Requirements)” of Section 9 of this report.</p>

Section 7 Corporate Governance

Name	Major working experience
Zhao Guo Qing	<p>Mr. Zhao Guo Qing (趙國慶先生) (“Mr. Zhao”), aged 44, is the vice chairman, an executive director, and a deputy general manager of the Company. He joined the Company in 2000 and acted as the director of the lean promotion department, the deputy director of the technology research institute, the director of the supporting facilities management department and the deputy supervisor of the technology centre. He is currently responsible for Mind Electronics Company Limited. He has been acting as the deputy general manager of the Company since June 2010, and as the vice chairman and executive director of the Company since 18 March 2022.</p>
Li Hong Shuan	<p>Ms. Li Hong Shuan (李紅栓女士) (“Ms. Li”), aged 38, is an executive director and the chief financial officer of the Company. She is qualified as a PRC registered accountant. She joined the Company in 2007 and engaged in financial management for 13 years. Ms. Li has worked as an assistant to the division head of the finance division of the Company and the chief financial controller of Baoding Great Wall Holdings Co., Ltd. She has presided over the establishment and reform of financial organization as well as the establishment and implementation of financial system and risk control system in the holding group. Ms. Li has been acting as the chief financial officer of the Company since June 2020, and as an executive director of the Company since 18 March 2022.</p>
Yang Zhi Juan	<p>Ms. Yang Zhi Juan (楊志娟女士) (“Ms. Yang”), aged 55, is an executive director of the Company. She graduated from Hebei University (河北大學) with a major in law in 1987. Ms. Yang joined the Company in 1999, and served as the general office supervisor of Baoding Great Wall Huabei Automotive Company Limited (保定長城華北汽車有限責任公司) and the head of the investment management department of the Company. She has served as an executive director of the Company from August 2001 to March 2022. Ms. Yang resigned as the executive director of the Company due to work requirements, with effect on 18 March 2022.</p>
He Ping	<p>Mr. He Ping (何平先生) (“Mr. He”), aged 45, is a non-executive director of the Company. He graduated from Fudan University (復旦大學) with a major in international economic law in 1997 and obtained a bachelor’s degree in law. Since June 1997, Mr. He had worked in the investment banking headquarters of China Southern Securities Company Limited (南方證券有限責任公司). From March 2002 to December 2005, Mr. He successively acted as the deputy general manager and general manager of the investment banking headquarters of GuoDu Securities Company Limited (國都證券有限責任公司). Mr. He was appointed as the director of the investment department of Beijing Hony Future Investment Advisor Ltd. (北京弘毅遠方投資顧問有限公司) in December 2010. From October 2012 to April 2014, Mr. He was redesignated as the general manager of the risk control and compliance department. Mr. He was appointed as an executive director and the general manager of Wuhu Zhuohui Chuangshi Investment Management Company Limited (蕪湖卓輝創世投資管理有限公司) in October 2014. Mr. He was appointed as a director of Changchun Changsheng Bio-Technology Co., Ltd. (長春長生生物科技股份有限公司) in October 2015; an executive director and the general manager of Shenzhen Zhuorui Investment Company Limited (深圳卓瑞投資有限公司) in August 2019. He currently serves as the manager and an executive director of Beijing Zhuochuang Xinda Investment Management Co., Ltd. (北京卓創信達投資管理有限公司). Mr. He has been acting as a non-executive director of the Company since May 2002.</p>

Section 7 Corporate Governance

Name	Major working experience
Yue Ying	<p>Ms. Yue Ying (樂英女士) (“Ms. Yue”), aged 50, is an independent non-executive Director of the Company. She is an associate professor. Ms. Yue graduated from North China Electric Power University with a major in mechanical manufacturing technology and equipment in 1993 and obtained a master’s degree in engineering from the university in 1996, and serves as its teaching staff. Ms. Yue obtained a doctoral degree in thermal engineering from the university in 2011. She is currently an associate professor of the university’s department of mechanical engineering. Ms. Yue has been acting as an independent non-executive director of the Company since June 2020.</p>
Li Wan Jun	<p>Mr. Li Wan Jun (李萬軍) (“Mr. Li”), aged 58, is an independent non-executive director of the Company. He is a member of the Communist Party. He obtained a master’s degree in management and is a senior accountant, certified public accountant and registered tax advisor. Mr. Li has acted as an independent director of Shijiazhuang Changshan Beiming Technology Co., Ltd. (石家莊常山北明科技股份有限公司) since October 2018. Currently, he works as a partner of Asia Pacific (Group) CPAs (special general partnership) (亞太(集團)會計師事務所(特殊普通合夥)), as the legal representative, manager and an executive director of Hebei Liqin Tax Accountant Office Co., Ltd. (河北力勤稅務師事務所有限公司). Mr. Li has been acting as an independent non executive director of the Company since May 2017.</p>
Ng Chi Kit	<p>Mr. Ng Chi Kit (吳智傑) (“Mr. Ng”), aged 48, is an independent non-executive director of the Company. Mr. Ng graduated from the Hong Kong Polytechnic University in Hong Kong with a Bachelor of Arts in Accountancy in November 1997. Mr. Ng has been an associate member of Hong Kong Institute of Certified Public Accountants since January 2003 and a fellow member of the Association of Chartered Certified Accountants since June 2006. From March 2000 to December 2009, Mr. Ng worked in the Assurance and Advisory Business Services Department of Ernst & Young and was a senior manager of Ernst & Young from October 2006 to November 2009. From December 2010 to February 2017, Mr. Ng acted as a non-executive director and a member of the audit committee of Chaowei Power Holdings Limited, and was redesignated as an independent non-executive director on 10 February 2017. He is responsible for oversight of financial management and reporting. Since December 2013, Mr. Ng has been acting as the chief financial officer and the company secretary of Suchuang Gas Corporation Limited. Since February 2019, he has been acting as an independent director of Frontier Biotechnologies (Nanjing) Inc. (前沿生物藥業(南京)股份有限公司). Since June 2020, he has been acting as an independent non-executive Director of Immunotech Biopharm Ltd (永泰生物製藥有限公司). Mr. Ng has been acting as an independent non-executive director of the Company since May 2017.</p>

Section 7 Corporate Governance

Name	Major working experience
Chen Biao	<p>Mr. Chen Biao (陳彪先生) (“Mr. Chen”), aged 37, is the chairman of the Supervisory Committee and an employee representative supervisor of the Company. He is an engineer and an international certified internal auditor. He graduated from Chengde Petroleum College (承德石油高等專科學校) in 2007 majoring in automotive engineering. Mr. Chen joined the Company in 2007 and served as an assistant to the division head of the quality management division and as a deputy division head of the operation and supervision division of the Company. From October 2014 to May 2019, he has served as a division head of the supervision and audit division of the Company. Since May 2019, he has served as a supervision and audit director of the supervision and audit division of the Company. He has also been serving as a supervisor of 65 wholly-owned subsidiaries of the Company since August 2015. From December 2015 to 12 May 2021, Mr. Chen served as the Company’s supervisor.</p>
Lu Cai Juan	<p>Ms. Lu Cai Juan (盧彩娟女士) (“Ms. Lu”), aged 54, a certified public accountant in the PRC, joined the Company in 2003 and has been engaged in financial management for 18 years. Ms. Lu used to serve as the director of the financial department of the Company, leading the financial management, fiscal and tax risk prevention and control tasks of the Company, and now serves as an expert in the Company’s financial analysis and management. Since 12 May 2021, she has served as the Company’s employee representative supervisor and Chairman of the Supervisory Committee.</p>
Liu Qian	<p>Ms. Liu Qian (劉倩女士) (“Ms. Liu”), aged 40, is an associate professor, and a supervisor of the Company. She graduated from Hebei University with a bachelor’s degree in statistics in 2003 and a master’s degree in statistics in 2006. Since July 2003, she has been teaching in the Statistics Department of the College of Economics of Hebei University. Ms. Liu has been acting as a supervisor of the Company since May 2019.</p>
Zong Yi Xiang	<p>Ms. Zong Yi Xiang (宗義湘女士) (“Ms. Zong”), aged 51, is a professor and a doctoral supervisor, a certified asset valuer in the PRC and a supervisor of the Company. Ms. Zong graduated from the Chinese Academy of Agricultural Sciences (中國農業科學院) with a doctoral degree in 2006. She is currently serving as a professor of the College of Economics and Management in Agricultural University of Hebei (河北農業大學經濟管理學院), standing committee member of Statistical Association of Hebei (河北省統計學會) and a standing committee member of Research Committee of Legal System for Agriculture and Rural Area under the Law Association of Hebei (河北省法學會農業與農村法制研究會). Her research focuses include industrial economic theories and policies as well as statistics. Ms. Zong served as the Company’s supervisor from May 2014 to 29 October 2021.</p>

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Name	Major working experience
Ma Yu Bo	<p>Mr. Ma Yu Bo (馬宇博先生) ("Mr. Ma"), aged 36, has a PhD degree in economics. Mr. Ma received his bachelor's degree from College of Economics and Management, Taiyuan University of Technology (太原理工大學經濟管理學院) in 2009, his master's degree in Economics from the Business School of the University of Queensland (澳大利亞昆士蘭大學商學院) in 2012, and his doctoral degree in economics from the School of Economics, Hebei University (河北大學經濟學院) in 2020. He has been teaching in Hebei Finance University (河北金融學院) since July 2013. Mr. Ma has served as a supervisor of the Company since 29 October 2021.</p>
Wang Feng Ying	<p>Ms. Wang Feng Ying (王鳳英女士) ("Ms. Wang"), aged 51, is the vice chairman, executive director and general manager of the Company. She graduated from Tianjin Institute of Finance (天津財經學院) in 1999 and obtained a master's degree in economics. Ms. Wang joined the Company in 1991. She is responsible for marketing management of the Company. Ms. Wang has been acting as the general manager of the Company and the general manager of Baoding Great Wall Automobile Sales Company Limited (保定長城汽車銷售有限公司) since November 2002. She has served as an executive director of the Company from June 2001 to March 2022. In addition, Ms. Wang was a representative to the Eleventh, Twelfth and Thirteenth National People's Congress. Ms. Wang resigned as the executive director of the Company with effect on 18 March 2022 due to work requirements, and simultaneously resigned as Vice Chairman of the Company. Ms. Wang will continue to serve as the general manager of the Company.</p>
Hu Shu Jie	<p>Mr. Hu Shu Jie (胡樹傑先生) ("Mr. Hu"), aged 50, is a deputy general manager of the Company. Mr. Hu joined the Company in 1996 and worked in Baoding Great Wall Automobile Sales Network Company Limited (保定市長城汽車營銷網絡有限公司) as the head of the external affairs department, the manager of the information department and the manager of the market planning department. He also worked as the general manager of Baoding Great Wall Automobile After-sales Services Company Limited (保定市長城汽車售後服務有限公司), the general manager of the first manufacturing division of the Company and the general manager of the second manufacturing division of the Company. He is responsible for the general management of Company's WEY brand. Mr. Hu served as a deputy general manager of the Company from December 2005 to 27 August 2021.</p>
Xu Hui	<p>Mr. Xu Hui (徐輝先生) ("Mr. Xu"), aged 43, is the secretary to the Board of the Company. Mr. Xu joined the Company in 2001 and is responsible for works related to corporate finance, equity investment and management authorization. He has been acting as the head of the securities and legal affairs department of the Company since July 2008 and as the secretary to the Board of the Company since June 2010.</p>

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Additional Information

Applicable Not applicable

Directors' and Supervisors' Service Agreements and Letters of Appointment

The Company entered into service agreements with each of the executive directors and supervisors in June 2020 and 18 March 2022, and entered into appointment letters with each of the non-executive directors and independent non-executive directors in June 2020. Pursuant to the above service agreements and appointment letters, the term of directors is three years expiring upon the expiry of the seventh session of the Board, and that of supervisors will expire upon the expiry of the seventh session of the Supervisory Committee. Save as disclosed above, none of the directors or supervisors had entered into or proposed to enter into any other service contracts with the Company or its subsidiaries or any service contracts not determinable by the employer within one year without payment of compensation (other than statutory compensation).

Independence of Independent Non-Executive Directors

All independent non-executive directors have provided the Company with annual confirmation as to their independence as independent non-executive directors pursuant to Rule 3.13 of the Hong Kong Listing Rules during their terms of appointment. Based on such confirmation, the Company considers all independent non-executive directors to be independent.

Interests of Controlling Shareholders, Directors and Supervisors in Material Contracts

None of the controlling shareholders or their subsidiaries, directors or supervisors or entities connected with such directors or supervisors was or had been materially interested, whether directly or indirectly, in any contract subsisting during 2021 or at the end of 2021 which was significant to the business of the Company or any of its subsidiaries.

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(II) Positions of existing and resigned/retired directors, supervisors and senior management during the Reporting Period**1. Positions held in the Company's shareholders**√ Applicable Not applicable

Name	Name of the Company's shareholders	Positions held in the Company's shareholders	Term commencement date	Term expiration date
Wei Jian Jun	Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)	Chairman and general manager	1 December 2005	
Wei Jian Jun	Baoding Great Wall Holdings Company Limited (保定市長城控股集團有限公司)	Chairman and general manager	31 January 2013	
Yang Zhi Juan	Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)	Vice Chairman	18 January 2016	4 November 2021
Yang Zhi Juan	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)	General manager	7 January 2016	15 September 2021
Description of positions held in the Company's shareholders	Baoding Great Wall Holdings Company Limited (保定市長城控股集團有限公司) (controlling shareholder of Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)) is an indirect shareholder of the Company; 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) (shareholder of Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)) is an indirect shareholder of the Company.			

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2. Positions held in other entities

√ Applicable □ Not applicable

Name	Name of other entities	Positions held in other entities	Term commencement date	Term expiration date
Wei Jian Jun	Baoding Great Wall Pioneer Enterprise Investment Company Limited (保定市長城創業投資有限公司)	Chairman and general manager	14 April 2004	
Wei Jian Jun	Hebei Baocang Expressway Co. Ltd. (河北保滄高速公路有限公司)	Vice Chairman	10 December 2004	
Wei Jian Jun	Wensheng Technology (Tianjin) Co., Ltd. (穩晟科技(天津)有限公司)	Manager, executive director	9 April 2021	
Wei Jian Jun	Wangsheng Management Consulting (Tianjin) Co., Ltd. (旺盛管理諮詢(天津)有限公司)	Manager, executive director	6 April 2021	
Wei Jian Jun	Honeycomb Energy Technology Company Limited (蜂巢能源科技股份有限公司)	Director	26 November 2021	
Wei Jian Jun	Wuxi Jidian Optical Energy Technology Co., Ltd. (無錫極電光能科技有限公司)	Director	10 December 2021	
Wei Jian Jun	Haomo Zhixing Technology Co., Ltd. (毫末智行科技有限公司)	Director	26 February 2021	
Yang Zhi Juan	Baoding Great Wall Pioneer Enterprise Investment Company Limited (保定市長城創業投資有限公司)	Vice Chairman	9 May 2018	3 November 2021
He Ping	Wuhu Zhuo Hui Chuang Shi Investment Management Ltd. (蕪湖卓輝創世投資管理有限公司)	Executive director, general manager	22 October 2014	
He Ping	Changchun Changsheng Bio-Technology Co., Ltd. (長春長生生物科技有限責任公司)	Director	22 October 2015	
He Ping	Beijing Capital Retailing Group Co., Ltd. (北京首商集團股份有限公司)	Independent director	June 2017	31 December 2021
He Ping	Shenzhen Zhuorui Investment Company Limited (深圳卓瑞投資有限公司)	Executive director, general manager	13 August 2019	21 January 2021
He Ping	Beijing Zhuochuang Xinda Investment Management Co., Ltd. (北京卓創信達投資管理有限公司)	Manager, executive director	15 August 2016	
He Ping	Wuhu Zhuohui Zengrui Investment Management Center (Limited Partnership) (蕪湖卓輝增瑞投資管理中心(有限合夥))	Executive partner	27 October 2016	
He Ping	Ningbo Zhuohui Rongrui Equity Investment Partnership (Limited Partnership) (寧波卓輝榮瑞股權投資合夥企業(有限合夥))	Executive partner	23 December 2016	

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Name	Name of other entities	Positions held in other entities	Term commencement date	Term expiration date
He Ping	Wuhu Zhuoyue Investment Management Center (Limited Partnership) (蕪湖卓越投資管理中心(有限合夥))	Executive partner	10 October 2014	
He Ping	Ningbo Zhuohui Guanrui Equity Investment Partnership (Limited Partnership) (寧波卓輝冠瑞股權投資合夥企業(有限合夥))	Executive partner	21 June 2017	
He Ping	Wuhu Zhuohui Shengjing Investment Management Center (Limited Partnership) (蕪湖卓輝盛景投資管理中心(有限合夥))	Executive partner	10 October 2014	
He Ping	Qushui Zhuorui Venture Capital Partnership (Limited Partnership) (曲水卓瑞創業投資合夥企業(有限合夥))	Executive partner	19 September 2014	
Li Wan Jun	Beijing Centergate Technologies (Holding) Co., Ltd. (北京中關村科技發展(控股)股份有限公司)	Independent director	17 August 2018	18 October 2021
Li Wan Jun	Asia Pacific (Group) CPAs (special general partnership) (亞太(集團)會計師事務所(特殊普通合夥))	Partner	30 May 2016	
Li Wan Jun	Hebei Liqin Tax Accountant Office Co., Ltd. (河北力勤稅務師事務所有限公司)	Manager, executive director	8 August 2018	
Ng Chi Kit	Suchuang Gas Corporation Limited (蘇創燃氣股份有限公司)	Chief financial officer/ company secretary	December 2013	
Ng Chi Kit	Chaowei Power Holdings Limited (超威動力控股有限公司)	Independent non-executive director	February 2017	
Ng Chi Kit	Frontier Biotechnologies (Nanjing) Inc. (前沿生物藥業(南京)股份有限公司)	Independent director	26 February 2019	25 February 2022
Ng Chi Kit	Immunotech Biopharm Ltd (永泰生物製藥有限公司)	Independent non-executive director	6 June 2020	

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Name	Name of other entities	Positions held in other entities	Term commencement date	Term expiration date
Hu Shu Jie	China Automobile (Beijing) Automobile Lightweight Technology Research Institute Company Limited (國汽(北京)汽車輕量化技術研究院有限公司)	Director	29 March 2016	
Wang Feng Ying	Tianjin Great Wall Binyin Automotive Finance Company Limited (天津長城濱銀汽車金融有限公司)	Director	30 May 2014	28 June 2021
Wang Feng Ying	Shanghai Langsha Intelligent Technology Co., Ltd. (上海浪鯊智能科技有限公司)	Executive director	25 August 2021	
Wang Feng Ying	Shanghai Xiaohuangya Creative Design Co., Ltd. (上海小凰丫創意設計有限公司)	Executive director	27 August 2021	
Wang Feng Ying	Beijing Xiaoliequan Internet Technology Co., Ltd. (北京小獵犬互聯網科技有限公司)	Manager, director	8 January 2021	
Zhao Guo Qing	Spotlight Automotive Ltd. (光東汽車有限公司)	Chairman	2 December 2019	
Li Hong Shuan	Honeycomb Investment Management (Shandong) Co., Ltd. (蜂巢投資管理(山東)有限公司)	Director	19 August 2021	
Li Hong Shuan	Fengyun Private Equity (Investment) Fund Management (Shandong) Co., Ltd. (蜂雲私募(投資)基金管理(山東)有限公司)	Director	22 July 2021	
Xu Hui	Spotlight Automotive Ltd.	Supervisor	2 December 2019	
Xu Hui	Tianjin Great Wall Prosperity Investment Co., Ltd. (天津長城旺盛投資有限公司)	Executive director	24 February 2021	
Xu Hui	Tianjin Great Wall Binyin Automotive Finance Company Limited (天津長城濱銀汽車金融有限公司)	Chairman	7 January 2022	
Xu Hui	Great Wall Commercial Factoring (Tianjin) Co., Ltd. (長城商業保理(天津)有限公司)	Executive director	24 August 2021	
Xu Hui	Tianjin Yihe Information Technology Co., Ltd. (天津易和信息科技有限公司)	Director	13 May 2020	
Xu Hui	Xinbao Enterprise Management Service Co., Ltd. (鑫寶企業管理服務有限公司)	Executive director	26 July 2021	
Description of positions in other entities	–			

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(III) Remuneration of directors, supervisors and senior management

√ Applicable Not applicable

Decision-making process for determining remuneration of directors, supervisors and senior management	The Board has set up the Remuneration Committee, which conducts evaluation of directors and senior management according to the performance appraisal standards and procedures, and makes reasonable recommendations on remuneration of directors and senior management based on their evaluation results and the Company's operating results.
Basis for determining remuneration of directors, supervisors and senior management	According to the Company's remuneration policy, the annual remuneration of directors, supervisors and senior management is paid by the Company on a monthly basis. Year-end bonuses are given to executive directors and senior management based on the Company's operating results and appraisal results at the end of the year.
Remuneration actually paid to directors, supervisors and senior management	For the actual amount paid to directors, supervisors and senior management according to the above-mentioned principles, please refer to the table under (I) "The change in shareholdings and remuneration of existing and resigned/retired directors, supervisors and senior management during the Reporting Period" of item IV "DIRECTORS, SUPERVISORS, AND SENIOR MANAGEMENT" in this section.
Total remuneration actually received by all the directors, supervisors and senior management at the end of the Reporting Period	As at the end of the Reporting Period, the total amount of remuneration actually received by all the directors, supervisors and senior management from the Company was RMB19,174,700.

(IV) Change in the Company's directors, supervisors and senior management

√ Applicable Not applicable

Name	Position held	Change	Reason of change
Chen Biao	Chairman of Supervisory Committee	Resigned	Personal work change
Lu Cai Juan	Chairman of Supervisory Committee	Elected	Appointment by work requirements
Zong Yi Xiang	Supervisor	Resigned	Personal work change
Ma Yu Bo	Supervisor	Appointed	Appointment by work requirements
Hu Shu Jie	Deputy General Manager	Resigned	Personal work change
Wang Feng Ying	Executive Director, Vice Chairman	Resigned	Work requirements
Zhao Guo Qing	Executive Director, Vice Chairman	Elected	Work requirements
Li Hong Shuan	Executive Director	Elected	Work requirements
Yang Zhi Juan	Executive Director	Resigned	Work requirements

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(V) Penalties imposed by securities regulatory authorities in the last three years

Applicable Not applicable

(VI) Others

Applicable Not applicable

V. INFORMATION ABOUT THE BOARD MEETINGS HELD DURING THE REPORTING PERIOD

Session of meeting	Date of meeting	Resolution of the meeting
The 11th meeting of the seventh session of the Board	15 January 2021	Considered and approved the Resolution on the Adjustment on the Caps of Ordinary Related Party Transactions in 2021 and the Resolution on the Adjustment of the Proposed Annual Cap for Service Purchase Connected Transactions in 2021
The 12th meeting of the seventh session of the Board	25 January 2021	Considered and approved the Resolution on the Preliminary Results of 2020, the Resolution on the Profit Distribution Plan for the First Three Quarters of 2020, and the Resolution on Convening the Second Extraordinary General Meeting of 2021
The 13th meeting of the seventh session of the Board	28 January 2021	Considered and approved the Resolution on the Grant of Reserved Restricted Shares or Share Options to Participants, the Resolution on the Repurchase and Cancellation of Certain Restricted Shares and the Cancellation of Certain Share Options under the First Grant of 2020 Restricted Share and Share Option Incentive Scheme, the Resolution on the Grant of Reserved Restricted Shares to Directors of Major Subsidiaries and the Connected Transactions, and the Resolution on Convening the Third Extraordinary General Meeting of 2021 by the Company

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Session of meeting	Date of meeting	Resolution of the meeting
The 14th meeting of the seventh session of the Board	12 March 2021	Considered and approved the Resolutions on the Company's Adjustment on the Grant Price for Reserved Restricted Shares of 2020 Restricted Shares or Share Options Scheme, Adjustment on the Repurchase Price of Restricted Shares and the Exercise Price of Share Options under the First Grant of 2020 Restricted Shares or Share Options Scheme, Amendment to Public Issuance Scheme of A Share Convertible Corporate Bonds, Amendment on the Pre-planning of the Public Issuance of A Share Convertible Corporate Bonds, Amendment to the Viability Analysis Report Regarding Fund-raising from the Public Issuance of A Share Convertible Corporate Bonds, Amendment to the Diluted Current Return, Filling Measures and Relevant Subject Commitments of the Public Issuance of A Share Convertible Corporate Bonds, the Reduction of the Fund-raising Amount from the Public Issuance of A Share Convertible Corporate Bonds
The 15th meeting of the seventh session of the Board	30 March 2021	Considered and approved the Resolution on the Audited Financial Accounting Report for 2020, the Resolution on the Work Report of Board of Directors for 2020, the Resolution on the Work Report of General Manager for 2020, the Resolution on the Profit Distribution Plan for 2020, the Resolution on the Annual Report for 2020 and Its Summary, the Resolution on the Annual Results Announcement for 2020, the Resolution on the Work Report of Independent Directors for 2020, the Resolution on the Corporate Operation Strategy for 2021, the Resolution on the Re-appointment of the Accounting Firm, the Resolution on the Work Report of the Audit Committee of the Board for 2020, the Resolution on the 2020 Annual Internal Control Evaluation Report of Great Wall Motor Company Limited, the Resolution on the 2020 Annual Risk Management Report of Great Wall Motor Company Limited, the Resolution on the Audit Report on Internal Control, the Resolution on the 2020 Annual Social Responsibility Report of Great Wall Motor Company Limited, the Resolution on the implementation of A Share Related Party Transactions and H Share Connected Transactions in 2020

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Session of meeting	Date of meeting	Resolution of the meeting
The 16th meeting of the seventh session of the Board	31 March 2021	Considered and approved the Resolutions on the Company's Repurchase and Cancellation of Certain Restricted Shares and the Cancellation of Certain Share Options under the First Grant of 2020 Restricted Share and Share Option Incentive Scheme
The 17th meeting of the seventh session of the Board	14 April 2021	Considered and approved the Resolutions on the Company's First Grant of Share Options under the 2020 Restricted Share and Share Option Incentive Scheme, the Achievement of Unlocking Conditions for the First Tranche of Restricted Shares under the First Grant and the Fulfillment of the Exercise Conditions for the First Exercise Period of Share Options under the First Grant of the 2020 Restricted Share and Share Option Incentive Scheme
The 18th meeting of the seventh session of the Board	21 April 2021	Considered and approved the Company's First Quarterly Report of 2021
The 19th meeting of the seventh session of the Board	25 May 2021	Considered and approved the Resolutions on the 2021 Restricted Share Incentive Scheme (Draft) and Its Summary of Great Wall Motor Company Limited, the 2021 Share Option Incentive Scheme (Draft) and Its Summary of Great Wall Motor Company Limited, the Appraisal Measures for Implementation of the 2021 Restricted Share Incentive Scheme of Great Wall Motor Company Limited, the Appraisal Measures for Implementation of the 2021 Share Option Incentive Scheme of Great Wall Motor Company Limited, and the Management Measures for Long-term Incentive Mechanism of Great Wall Motor Company Limited, the Resolution on Recommending the General Meeting to Authorize the Board of Directors and Its Authorized Persons to Handle Matters Related to the 2021 Restricted Share Incentive Scheme of the Company at Full Discretion, the Resolution on Recommending the General Meeting to Authorize the Board of Directors and Its Authorized Persons to Handle Matters Related to the 2021 Share Option Incentive Scheme of the Company at Full Discretion, the Resolution on Convening the Fourth Extraordinary General Meeting in 2021, the First H Share Class Shareholders' Meeting in 2021 and the First A Share Class Shareholders' Meeting in 2021

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Session of meeting	Date of meeting	Resolution of the meeting
The 20th meeting of the seventh session of the Board	7 June 2021	Considered and approved the Company's Public Issuance Scheme of A Share Convertible Corporate Bonds, the Listing of the Convertible Corporate Bonds Publicly Issued by the Company, and the Opening of Specific Fundraising Account and Signing of Supervision Agreement
The 21st meeting of the seventh session of the Board	24 June 2021	Considered and approved the Resolution on the Amendment of the Articles of Association of the Company, the Resolution on the Company's Connected Persons' Participation in the Scheme in Accordance with the Terms and Conditions of 2021 Restricted Share Incentive Scheme Constituting the Connected Transaction under the Hong Kong Listing Rules, the Resolution on Convening the Fourth Extraordinary General Meeting in 2021, the Second H Share Class Shareholders' Meeting in 2021 and the Second A Share Class Shareholders' Meeting in 2021,
The 22nd meeting of the seventh session of the Board	20 July 2021	Considered and approved the Resolution on the Interim Preliminary Results of 2021
The 23rd meeting of the seventh session of the Board	22 July 2021	Considered and approved the Resolutions on the Participants List and Number of Grant of 2021 Restricted Share Incentive Scheme and 2021 Share Option Incentive Scheme of Great Wall Motor Company Limited, and the Grant of Restricted Shares to Participants of 2021 Restricted Share Incentive Scheme and the Grant of Share Options to Participants of 2021 Share Option Incentive Scheme of Great Wall Motor Company Limited
The 24th meeting of the seventh session of the Board	27 August 2021	Considered and approved the Resolutions on the Company's 2021 Interim Results, 2021 Interim Report and Its Summary, 2021 Interim Profit Distribution Plan, the Amendment of the Articles of Association, the Resignation of Senior Managers, the Special Report on the Deposit and Actual Use of Semi-annually Raised Funds in 2021, the Convening of the Fifth Extraordinary General Meeting in 2021

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Session of meeting	Date of meeting	Resolution of the meeting
The 25th meeting of the seventh session of the Board	31 August 2021	Considered and approved the Resolution on the Repurchase and Cancellation of the First Grant and Reserved Grant of Certain Restricted Shares under 2020 Restricted Share and Share Option Incentive Scheme
The 26th meeting of the seventh session of the Board	17 September 2021	Considered and approved the Resolution on the Substitution of Proceeds from A Share Convertible Corporate Bonds for Self-raised Fund Previously Invested in Proceeds-invested Projects and Paid Issuance Cost, the Resolution on Cash Management by Using the Fund Raised from the Temporarily Idle Publicly Issued A Share Convertible Corporate Bonds, the Resolution on the influence of the Self-exercise of A Share Option incentive Scheme on the Price of Convertible Corporate Bonds and the Adjustment Plan, the Resolution on the Change of Registered Capital and the Amendment of the Articles of Association
The 27th meeting of the seventh session of the Board	30 September 2021	Considered and approved the Resolutions on the Amendment of the Articles of Association, the Formulation of the Implementation Rules for the Cumulative Voting System of Great Wall Motor Company Limited, and the Convening of the Sixth Extraordinary General Meeting in 2021
The 28th meeting of the seventh session of the Board	22 October 2021	Considered and approved the Resolutions on the Adjustment of the Repurchase Price of Restricted Shares under the First Grant and the Exercise Price of Share Options under the First Grant of 2020 Restricted Share and Share Option Incentive Scheme, the Adjustment on the Repurchase Price of Restricted Shares under Reserved Grant and the Exercise Price of Share Options under Reserved Grant of 2020 Restricted Share and Share Option Incentive Scheme, the Adjustment on the Repurchase Price of Restricted Shares under the First Grant of 2021 Restricted Share Incentive Scheme and the Exercise Price of Share Options under the First Grant of 2021 Share Option Incentive Scheme

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Session of meeting	Date of meeting	Resolution of the meeting
The 29th meeting of the seventh session of the Board	29 October 2021	Considered and approved the Resolutions on the Third Quarterly Report of 2021, the Establishment of Foreign Exchange Trading and Foreign Exchange Derivatives Trading Management System, the Issuance of Acceptance Bills by Opening the Fundraising Margin Account to Pay for the Proceeds-invested Projects
The 30th meeting of the seventh session of the Board	31 December 2021	Considered and approved the Resolutions on the Estimated Ordinary Related Party Transactions for 2022-2024, the Product Purchase Connected Transactions and the Proposed Annual Caps for 2022-2024, the Product Sales Connected Transactions and the Proposed Annual Caps for 2022-2024, the Service Purchase Connected Transactions and the Proposed Annual Caps for 2022-2024, the Service Provision Connected Transactions and the Proposed Annual Caps for 2022-2024, the Leasing Connected Transactions and the Proposed Annual Caps for 2022-2024, the Deposit in Tianjin Great Wall Binyin Automotive Finance Company Limited and Other Ordinary Related Party Transactions, the Amendment of the Articles of Association, the Amendment of the Strategic Planning Management System of the Strategy Committee of Great Wall Motor Company Limited, the Amendment of the Rules of Procedure of the Board of Directors of Great Wall Motor Company Limited, the Convening of the First Extraordinary General Meeting in 2022

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VI. PERFORMANCE OF DUTIES BY DIRECTORS

(I) Attendance of directors at Board meetings and general meetings

Name of director	Independent director	Attendance at Board meetings					Attendance at general meetings	
		No. of meetings during the Year	Attendance in person	Attendance by means of communications	Attendance by proxy	Absence	Absent from meetings for two consecutive times	Attendance at general meetings
Wei Jian Jun	No	20	20	16	0	0	No	3
Wang Feng Ying	No	20	20	16	0	0	No	3
Yang Zhi Juan	No	20	20	16	0	0	No	11
He Ping	No	20	20	16	0	0	No	0
Yue Ying	Yes	20	20	16	0	0	No	0
Li Wan Jun	Yes	20	20	16	0	0	No	0
Ng Chi Kit	Yes	20	20	16	0	0	No	0

Description of the members of the Board who failed to attend Board meetings in person for two consecutive times

Applicable Not applicable

No. of Board meetings held during the Year	20
Including: no. of on-site Board meetings	0
No. of Board meetings convened by means of communication	16
No. of Board meetings held both on-site and by communication	4

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The Company held 11 general meetings in 2021. Specifically, 2 executive directors, 1 non-executive director and 3 independent non-executive directors were absent from the first extraordinary general meeting in 2021 and relevant class meetings; 2 executive directors, 1 non-executive director and 3 independent non-executive directors were absent from the second extraordinary general meeting in 2021; 2 executive directors, 1 non-executive director and 3 independent non-executive directors were absent from the third extraordinary general meeting in 2021; 1 executive director, 1 non-executive director and 3 independent non-executive directors were absent from 2020 annual general meeting and relevant class meetings; 2 executive directors, 1 non-executive director and 3 independent non-executive directors were absent from the fourth extraordinary general meeting in 2021; 2 executive directors, 1 non-executive director and 3 independent non-executive directors were absent from the fifth extraordinary general meeting in 2021 and relevant class meetings; 2 executive directors, 1 non-executive director and 3 independent non-executive directors were absent from the sixth extraordinary general meeting in 2021. However, such directors had already attended the Board meetings relevant to the issues to be considered and approved at the Shareholders' meeting. All the directors, including independent non-executive directors and non-executive directors, are aware that they should attend general meetings and understand the views of the shareholders.

(II) Disagreement of the directors on matters related to the Company

Applicable Not applicable

(III) Others

Applicable Not applicable

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VII. SPECIAL COMMITTEES UNDER THE BOARD

√ Applicable Not applicable

(1) Members of special committees under the Board

Types of special committees	Name of members
Audit Committee	He Ping, Yue Ying, Li Wan Jun, Ng Chi Kit
Nomination Committee	Wei Jian Jun, Ng Chi Kit, Yue Ying
Remuneration and Appraisal Committee	Wei Jian Jun, Li Wan Jun, Yue Ying
Strategy and Sustainable Development Committee	Wei Jian Jun, Li Hong Shuan, He Ping, Li Wan Jun, Yue Ying

(2) The Audit Committee held 9 meetings during the Reporting Period

Date	Meeting content	Important opinions and suggestions	Other performance of duties
15 January 2021	Considered and approved the Company's Adjustment to the Ordinary Related Party Transactions in 2021 and the Adjustment of the Proposed Annual Cap for Service Purchase Connected Transactions in 2021	No	No
28 January 2021	Considered and approved the Resolution on the Grant of Reserved Restricted Shares to Directors of Major Subsidiaries and the Connected Transactions	No	No

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Date	Meeting content	Important opinions and suggestions	Other performance of duties
29 March 2021	Considered and approved the Resolution on Reviewing the Independence and Objectivity of External Auditors and Effectiveness of Review Procedures of the Company, the Resolution on the Appointment of Accounting Firm by the Board, the Resolution on Reviewing the Financial Report for 2020 of the Company, the Resolution on Reviewing the Annual Report and Its Summary for 2020 of the Company, the Resolution on Reviewing the Related Party (Connected) Transactions of the Company for 2020, the Resolution on Reviewing the List of Related Parties (Connected Persons) of the Company for 2020, the Resolution on Reviewing the Internal Control and Audit Report of the Company for 2020, the Resolution on Reviewing the Internal Control Evaluation Report of the Company for 2020, the Resolution on Reviewing the Audit Work Summary for 2020 and Audit Planning Report for 2021, the Resolution on Reviewing the Comprehensive Risk Management Report of the Company for 2020, and the Resolution on Reviewing the Work Report of the Audit Committee of the Board for 2020	No	No
20 April 2021	Considered and approved the Resolution on Reviewing the Financial Report of the Company for the First Quarter of 2021	No	No
25 May 2021	Considered and approved the Resolution on the 2021 Restricted Share Incentive Scheme (Draft) and Its Summary of Great Wall Motor Company Limited	No	No

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Date	Meeting content	Important opinions and suggestions	Other performance of duties
24 June 2021	Considered and approved the Resolution on the Company's Connected Persons' Participation in the Scheme in Accordance with the Terms and Conditions of 2021 Restricted Shares Incentive Scheme Constituting the Connected Transaction under the Hong Kong Listing Rules	No	No
26 August 2021	Considered and approved the Resolution on Reviewing the Independence and Objectivity of External Auditors and Effectiveness of Review Procedures of the Company, the Resolution on Reviewing the Interim Financial Report of the Company for 2021, the Resolution on Reviewing the Interim Report and Its Summary for 2021 of the Company, Resolution on Reviewing the A-Share Related Party (Connected) Transactions and H-Share Related Party (Connected) Transactions of the Company for the Interim Period of 2021, the Resolution on Reviewing the List of Related Parties (Connected Persons) of the Company for the Interim Period of 2021, and the Resolution on Reviewing the Internal Audit Report of the Company for the Interim Period of 2021	No	No
28 October 2021	Considered and approved the Resolution on Reviewing the Financial Report of the Company for the Third Quarter of 2021	No	No
31 December 2021	The Resolution on the Deposit in Tianjin Great Wall Binyin Automotive Finance Company Limited and Other Ordinary Related Party Transactions	No	No

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(3) The Remuneration Committee held 8 meetings during the Reporting Period

Date	Meeting content	Important opinions and suggestions	Other performance of duties
28 January 2021	Considered and approved the Resolutions on the Grant of Reserved Restricted Shares or Share Options to Participants, the Repurchase and Cancellation of Certain Restricted Shares and the Cancellation of Certain Share Options under the First Grant of 2020 Restricted Share and Share Option Incentive Scheme	No	No
12 March 2021	Considered and approved the Adjustment to the Repurchase Price of Restricted Shares under the First Grant and the Exercise Price of Share Options under the First Grant of 2020 Restricted Share and Share Option Incentive Scheme, the Adjustment to the Grant Price of Restricted Shares under Reserved Grant and the Exercise Price of Share Options under Reserved Grant of 2020 Restricted Share and Share Option Incentive Scheme	No	No
31 March 2021	Considered and approved the Company's Repurchase and Cancellation of Certain Restricted Shares and the Cancellation of Certain Share Options under the First Grant of 2020 Restricted Share and Share Option Incentive Scheme	No	No
14 April 2021	Considered and approved the Company's First Grant of Certain Share Options under the 2020 Restricted Share and Share Option Incentive Scheme, the Achievement of Unlocking Conditions for the First Tranche of Restricted Shares under the First Grant and the Fulfillment of the Exercise Conditions for the First Exercise Period of Share Options under the First Grant of the 2020 Restricted Share and Share Option Incentive Scheme	No	No

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Date	Meeting content	Important opinions and suggestions	Other performance of duties
25 May 2021	Considered and approved the Resolutions on the 2021 Restricted Share Incentive Scheme (Draft) and Its Summary of Great Wall Motor Company Limited, the 2021 Share Option Incentive Scheme (Draft) and Its Summary of Great Wall Motor Company Limited, the Appraisal Measures for Implementation of the 2021 Restricted Share Incentive Scheme of Great Wall Motor Company Limited, the Appraisal Measures for Implementation of the 2021 Share Option Incentive Scheme of Great Wall Motor Company Limited, and the Management Measures for Long-term Incentive Mechanism of Great Wall Motor Company Limited	No	No
22 July 2021	Considered and approved the Resolution on the Adjustment to the Participants List and Number of Grant of 2021 Restricted Share Incentive Scheme and 2021 Share Option Incentive Scheme of Great Wall Motor Company Limited	No	No
31 August 2021	Considered and approved the Resolution on the Repurchase and Cancellation of Certain Restricted Shares under the First Grant and Reserved Grant of 2020 Restricted Share and Share Option Incentive Scheme	No	No
22 October 2021	Considered and approved the Resolutions on the Adjustment to the Repurchase Price of Restricted Shares under First Grant and the Exercise Price of Share Options under the First Grant of 2020 Restricted Share and Share Option Incentive Scheme, the Adjustment to the Repurchase Price of Restricted Shares under Reserved Grant and the Exercise Price of Share Options under the Reserved Grant of 2020 Restricted Share and Share Option Incentive Scheme, the Adjustment to the Repurchase Price of Restricted Shares under First Grant of 2021 Restricted Share Incentive Scheme and the Exercise Price of Share Options under First Grant of 2021 Share Option Incentive Scheme	No	No

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(4) Strategy and Sustainable Development Committee held 1 meeting during the Reporting Period

Date	Meeting content	Important opinions and suggestions	Other performance of duties
30 March 2021	Considered and approved the Resolution on the Corporate Operation Strategy for 2021	No	No

(5) Details of any disagreements

Applicable Not applicable

VIII. EXPLANATION OF THE RISK FOUND BY THE SUPERVISORY COMMITTEE

Applicable Not applicable

The Supervisory Committee has no disagreements to the matters under supervision during the Reporting Period.

IX. EMPLOYEES OF THE PARENT AND MAJOR SUBSIDIARIES AT THE END OF THE REPORTING PERIOD

(I) Employees

Number of serving employees of the Parent	33,920
Number of serving employees of major subsidiaries	44,014
Total number of serving employees	77,934
Number of disengaged and retired employees for whom the Parent and its major subsidiaries shall be liable to expenses	58

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Composition of employees by profession

Profession	Number
Manufacturing personnel	31,363
Sales personnel	3,283
Technicians	21,137
Financial personnel	1,688
Administrative officers	5,994
Other personnel	14,469
Total	77,934

Education level

Education level	Number (person)
PhD	62
Master	3,011
Undergraduate	29,102
Junior college	18,807
High school and below	26,952
Total	77,934

(II) Remuneration policy

Applicable Not applicable

To effectively vitalize our staff so as to make sure they offer an impetus for sustainable development, the Company has built an incentive mechanism oriented by responsibility consequence and value creation. In line with the market, it has designed a salary structure comprising position-based salary and performance-based salary supplemented by both a long-term and a short-term incentive mechanism to make sure the salary incentives are inclined towards the staff with high-value positions, high ability and high performance contributions, so as to boost the Company's vitality and drive itself to achieve the business goals.

(III) Training Program

Applicable Not applicable

The Company continued to build an innovative mechanism for talent development by establishing a global talent training policy and creating a path for the development of employee functions to provide an opportunity and a platform for every person who has the ability and the courage to challenge and innovate.

(IV) Outsourcing of labour

Applicable Not applicable

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X. PROFIT DISTRIBUTION PLAN OR PLAN FOR CAPITALISATION OF CAPITAL RESERVES

(I) Formulation, implementation or adjustment of cash dividend policy

Applicable Not applicable

The Resolution on Amendments to the Articles of Great Wall Motor Company Limited (《關於修改〈長城汽車股份有限公司章程〉的議案》) was considered and approved at the first extraordinary general meeting of the Company in 2015, in which the provisions on profit distribution policy under the Articles were amended and the cash dividend policy of the Company was specified. For details, please refer to Article 189 of the revised Articles, which are available on the websites of Shanghai Stock Exchange (www.sse.com.cn), Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.gwm.com.cn).

During the Reporting Period, the Resolution on the Profit Distribution Plan for the First Three Quarters in 2020 (《關於2020年前三季度利潤分配方案的議案》) was considered and approved at the second extraordinary general meeting of the Company in 2021. Based on the total share capital of 9,175,953,300 shares on the equity registration date when the Company implements profit distribution, a final cash dividend of RMB0.28 (tax inclusive) for every share would be paid, amounting to cash dividends of RMB22,569,266,924.00 in total; the Resolution on the Interim Profit Distribution Plan in 2021 (《關於公司2021年中期利潤分配方案的議案》) was considered and approved at the fifth extraordinary general meeting of the Company in 2021. Based on the total share capital of 9,236,694,732 shares on the equity registration date when the Company implements profit distribution, a cash dividend of RMB0.30 (tax inclusive) for every share would be paid, amounting to cash dividends of RMB2,771,008,419.60 in total. The Board of the Company published the Announcement on Implementation of Equity Distribution for the First Three Quarters in 2020 of Great Wall Motor Company Limited (《長城汽車股份有限公司2020年前三季度權益分派實施公告》) and the Announcement on Implementation of Equity Distribution for the Half Year of 2021 of Great Wall Motor Company Limited (《長城汽車股份有限公司2021年半年度權益分派實施公告》) on China Securities Journal, Shanghai Securities News and the website of Shanghai Stock Exchange on 2 March 2021 and 14 October 2021, respectively, and published such announcements in the form of overseas regulatory announcement on the website of Hong Kong Stock Exchange. The profit distribution to A Shareholders was completed on 9 March 2021 and 21 October 2021 respectively. In addition, the dividends of H Shareholders of the Company were distributed in accordance with the relevant provisions of the Hong Kong Stock Exchange.

(II) Explanation of cash dividend policy

Applicable Not applicable

Whether it complies with the provisions of the Articles of Association or the requirements of the resolution of the general meeting	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the standard and proportion of dividends are clear	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the relevant decision-making procedures and mechanisms are adequate	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the independent directors have performed their duties and played their due roles	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether minority shareholders have the opportunity to fully express their opinions and appeals, and whether their legitimate rights and interests have been fully protected	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

(III) If the Company records profits and the Parent has profits distributable to the ordinary shareholders during the Reporting Period, but has not proposed any proposals for cash dividend distribution plans for the ordinary shares, the Company shall disclose the reasons for non-distribution as well as the use of and future plans for the undistributed profits in detail

Applicable Not applicable

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

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

√ Applicable Not applicable

Event summary	Inquiry index
Announcement on the Grant of Reserved Restricted Shares or Share Options to Participants of Great Wall Motor Company Limited	For details, please refer to the announcements dated 28 January 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-018) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
Announcement on the Repurchase and Cancellation of Certain Restricted Shares under the First Grant and Cancellation of Certain Share Options under the First Grant of Great Wall Motor Company Limited	For details, please refer to the announcements dated 28 January 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-022) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
First Announcement to Creditors of the Company in Relation to Repurchase and Cancellation of Certain Restricted Shares of Great Wall Motor Company Limited	For details, please refer to the announcements dated 28 January 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-021) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
Second Announcement to Creditors of the Company in Relation to Repurchase and Cancellation of Certain Restricted Shares of Great Wall Motor Company Limited	For details, please refer to the announcements dated 1 February 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-023) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
Third Announcement to Creditors of the Company in Relation to Repurchase and Cancellation of Certain Restricted Shares of Great Wall Motor Company Limited	For details, please refer to the announcements dated 3 February 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-024) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)

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Announcement on Adjustments to the Repurchase Price of Restricted Shares under the First Grant and Exercise Price of Share Options under the First Grant of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcements dated 12 March 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-033) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
Announcement on Adjustment of the Grant Price of the Reserved Restricted Shares under the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcements dated 12 March 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-034) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
First Announcement to Creditors of the Company in Relation to Repurchase and Cancellation of Certain Restricted Shares of Great Wall Motor Company Limited	For details, please refer to the announcements dated 31 March 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-053) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
Announcement on the Repurchase and Cancellation of Certain Restricted Shares under the First Grant and Cancellation of Certain Share Options under the First Grant of Great Wall Motor Company Limited	For details, please refer to the announcements dated 31 March 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-054) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
Announcement on Implementation of Repurchase and Cancellation of Certain Restricted Shares under the First Grant of the 2020 Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcements dated 6 April 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-055) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
Second Announcement to Creditors of the Company in Relation to Repurchase and Cancellation of Certain Restricted Shares of Great Wall Motor Company Limited	For details, please refer to the announcements dated 6 April 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-056) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)

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Third Announcement to Creditors of the Company in Relation to Repurchase and Cancellation of Certain Restricted Shares of Great Wall Motor Company Limited	For details, please refer to the announcements dated 9 April 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-058) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
Announcement on Completion of Repurchase and Cancellation of Certain Restricted Shares under the First Grant of the 2020 Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcements dated 9 April 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-059) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
Announcement on Unlocking and Listing of the First Tranche of Restricted Shares under the First Grant of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcements dated 21 April 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-063) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
Announcement on Fulfillment of Exercise Conditions of the First Exercise Period of Share Options under the First Grant of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcements dated 28 April 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-069) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
Indicative Announcement on Restriction of the First Exercise Period of Share Options under the First Grant of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcements dated 12 May 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-074) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
Announcement on Results of the Reserved Grant of the 2020 Restricted Share and Share Option Incentive Scheme	For details, please refer to the announcements dated 13 May 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-075) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)

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Announcement on the Summary of 2021 Restricted Share Incentive Scheme (Draft) and Its Summary of Great Wall Motor Company Limited	For details, please refer to the announcements dated 25 May 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-081) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
Announcement on Independent Exercise Results and Share Changes of the First Exercise Period of Share Options under the First Grant of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcements dated 1 June 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-083) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
Announcement on Independent Exercise Results and Share Changes of the First Exercise Period of Share Options under the First Grant of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcements dated 2 July 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-099) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
Indicative Announcement on Exercise Restriction Period of the First Exercise Period of Share Options under the First Grant of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcements dated 2 July 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-100) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
Self-inspection Report of 2021 Restricted Share Incentive Scheme and 2021 Share Options of Great Wall Motor Company Limited	For details, please refer to the announcements dated 22 July 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-111) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
Announcement on Adjustments to the List of Participants and the Number of Grant of the 2021 Restricted Share Incentive Scheme and the 2021 Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcements dated 22 July 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-114) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)

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Announcement on the Grant of Restricted Shares to Participants of the 2021 Restricted Share Incentive Scheme and the Grant of Share Options to Participants of the 2021 Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcements dated 22 July 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-115) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
List of the Participants under the First Grant of the 2021 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcements dated 22 July 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
Announcement on Repurchase and Cancellation of Certain Restricted Shares under the First Grant and Reserved Grant of the 2020 Restricted Share and Share Option Incentive Scheme of the Company of Great Wall Motor Company Limited	For details, please refer to the announcements dated 31 August 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-129) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
First Announcement to Creditors in Relation to Repurchase and Cancellation of Certain Restricted Shares of Great Wall Motor Company Limited	For details, please refer to the announcements dated 31 August 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-128) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
Announcement on Independent Exercise Results and Share Changes of the First Exercise Period of Share Options under the First Grant of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcements dated 2 September 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-131) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
Second Announcement to Creditors in Relation to Repurchase and Cancellation of Certain Restricted Shares of Great Wall Motor Company Limited	For details, please refer to the announcements dated 2 September 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-130) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)

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Announcement on Results of the First Grant of the 2021 Restricted Share Incentive Scheme and 2021 Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcements dated 9 September 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-134) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
Third Announcement to Creditors in Relation to Repurchase and Cancellation of Certain Restricted Shares of Great Wall Motor Company Limited	For details, please refer to the announcements dated 9 September 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-133) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
Indicative Announcement on Exercise Restriction Period of the First Exercise Period of Share Options under the First Grant of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcements dated 17 September 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-142) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
Announcement on Independent Exercise Results and Share Changes of the First Exercise Period of Share Options under the First Grant of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcements dated 7 October 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-151) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
Announcement on Adjustments to the Repurchase Price of Restricted Shares under the Reserved Grant and Exercise Price of Share Options under the Reserved Grant of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcements dated 22 October 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-159) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)
Announcement on Adjustments to the Repurchase Price of Restricted Shares under the Reserved Grant and Exercise Price of Share Options under the Reserved Grant of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcements dated 22 October 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-160) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)

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Event summary	Inquiry index
<p>Announcement on Adjustments to the Repurchase Price of Restricted Shares under the First Grant of the 2021 Restricted Share Incentive Scheme and the Exercise Price of the Share Options under the First Grant of the 2021 Share Option Incentive Scheme Of The Company of Great Wall Motor Company Limited</p>	<p>For details, please refer to the announcements dated 22 October 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-161) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)</p>
<p>Announcement on Independent Exercise Results and Share Changes of the First Exercise Period of Share Options under the First Grant of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited</p>	<p>For details, please refer to the announcements dated 2 November 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-166) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)</p>
<p>Announcement on Implementation of Repurchase and Cancellation of Certain Restricted Shares under the First Grant and Reserved Grant of the 2020 Incentive Scheme of Great Wall Motor Company Limited</p>	<p>For details, please refer to the announcements dated 4 November 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-167) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)</p>
<p>Announcement on Completion of Repurchase and Cancellation of Certain Restricted Shares under the First Grant and Reserved Grant of the 2020 Incentive Scheme of Great Wall Motor Company Limited</p>	<p>For details, please refer to the announcements dated 10 November 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-169) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)</p>
<p>Announcement on Independent Exercise Results and Share Changes of the First Exercise Period of Share Options under the First Grant of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited</p>	<p>For details, please refer to the announcements dated 3 December 2021 on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn) (announcement No.: 2021-174) and the Hong Kong Stock Exchange (https://www.hkex.com.hk) and the official website of the Company (https://www.gwm.com.cn)</p>

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Details about the Company's 2020 share option incentive scheme during the Reporting Period were as follows:

(1) At the beginning of the Reporting Period, the number of outstanding options was 87,065,300, which were granted on 27 April 2020, valid for a maximum period of no more than 48 months and shall be exercised from 27 April 2021 to 26 April 2024 at an exercise price of RMB8.73. At the end of the Reporting Period, the number of outstanding options was 57,066,428, which were granted on 27 April 2020, valid for a maximum period of no more than 48 months and shall be exercised from 1 July 2021 to 26 April 2024 at an exercise price of RMB7.9; (2) during the Reporting Period, the options reserved under the incentive scheme were granted. The number of such options sold was 15,721,000, which were granted on 28 January 2021, valid for a period of no more than 36 month and shall be exercised from 28 January 2022 to 27 January 2024 at an exercise price of RMB42.15. The closing price of the Company's A shares immediately before the date of the grant of such options was RMB42.15; (3) during the Reporting Period, the number of options exercised was 28,106,189, and the exercise price was RMB7.9; (4) during the Reporting Period, the number of options cancelled was 1,583,583, and the exercise price of these cancelled options was RMB8.2; and (5) during the Reporting Period, the number of lapsed options was 0.

Details about the Company's 2021 share option incentive scheme during the Reporting Period were as follows:

(1) On 22 July 2021, the 2021 share option incentive scheme was approved by way of a special resolution at the general meeting of shareholders, after which the Board of Directors considered and approved the "Resolution of Great Wall Motor Co., Ltd. on the Grant of Restricted Shares to the Incentive Targets under the 2021 Restricted Share Option Incentive scheme and the Grant of Share Options to the Incentive Targets under the 2021 Share Option Incentive scheme". At the beginning of the Reporting Period, the number of outstanding options was 300,594,000, which were granted on 22 July 2021, valid for a maximum period of no more than 48 months and shall be exercised from 22 July 2022 to 21 July 2025 at an exercise price of RMB33.56. At the end of the Reporting Period, the number of outstanding options was 300,594,000, which were granted on 22 July 2021, valid for a maximum period of no more than 48 months and shall be exercised from 22 July 2022 to 21 July 2025 at an exercise price of RMB33.26; (2) during the Reporting Period, the number of options exercised was 0 and the exercise price was RMB0; (3) during the Reporting Period, the number of options cancelled was 0 and the exercise price of these cancelled options was RMB0; and (4) during the Reporting Period, the number of lapsed options was 0.

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Moreover, during the Reporting Period, the Company granted the share options reserved under the 2020 share option incentive scheme. Pursuant to the Accounting Standards for Business Enterprises No. 11 – Share-based Payment and the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, the Company did not carry out accounting treatment on these share options on the date of granting such options. For the grant of these reserved share options, the Company chose the “Black-Scholes” model to calculate the fair value of the options. Based on the data on 28 January 2021, the theoretical value of the 18.388 million share options reserved to be granted by the Company was 195,061,800. The specific valuation parameters comprised the following: target share price (RMB40.98/share (closing price reserved on the grant date of 28 January 2021)), exercise price of share options (RMB42.15/share (set according to the Measures Governing Equity Incentives)), validity period (1 year and 2 years respectively (using the period from the grant date to the first exercise date of each period respectively)), historical volatility (58.49% and 52.58% respectively (using the volatility of the Company in the last 1 year and 2 years respectively)), risk-free interest rates (2.6957% and 2.7859% respectively (using the yields of Chinese government bonds for 1 year and 2 years respectively)) and dividend yield (0.61% (using the Company’s average dividend yield in the last 12 months)). The results from the calculation of the value of these share options were based on the option pricing model chosen and on several assumptions about the parameters used, and therefore the estimated value of these share options might be subjective and uncertain. For further information on the option value of these granted options during the Reporting Period, please refer to the Company’s relevant announcement dated 28 January 2021.

During the Reporting Period, the Company made the first grant of the 2021 Share Option Incentive Scheme. In accordance with the requirements of the Accounting Standards for Enterprises No.11 – Share-based Payment and the Accounting Standards for Enterprises No.22– Recognition and Measurement of Financial Instruments, no accounting treatment will be made by the Company to the Share Options on the Grant Date. The Company will use the “Black-Scholes” option pricing model to determine the fair value of the Share Options on the Grant Date. The Company conducted the first grant of Share Options on 22 July 2021. The Company used the “Black-Scholes” model to measure the fair value of the Share Options and estimate the fair value of 312,637,000 Share Options first granted by the Company using such model on 22 July 2021. The theoretical value of 312,637,000 Share Options first granted by the Company was RMB6,148,273,800. Selection of specific parameters is as follows: a) Current price of underlying shares: RMB51.03 per share (the closing price on the grant date, being 22 July 2021); b) Exercise Price of the Share Options: RMB33.56 per share as determined under the Management Measures; c) Validity Period: 1.5 years, 2.5 years and 3.5 years, respectively (based on the period commencing from the Grant Date and ending on the Exercise Date for each respective period, assuming even exercise following the Exercisable Date); d) Historical volatility: 25.02%, 24.80% and 25.12%, respectively (the volatility of the automobile industry for the latest one, two and three years before the announcement, respectively; source: Wind database); e) Risk-free rate: 2.1551%, 2.4958% and 2.5893%, respectively (the yield of PRC treasury bond for one, two and three years); f) Dividend yield: 0.55% (the average dividend yield of the Company for the latest 12 months before the announcement). The calculation results of the value of the Share Options are subject to the selection of option pricing model and a number of assumptions of the parameters used herein. Therefore, the estimated value of the Share Options may be subjective and uncertain. For further details of the value of options granted during the Reporting Period, please refer to the relevant announcement of the Company dated 22 July 2021.

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A summary of the 2020 Share Option Incentive Scheme of the Company are as follows:

(1) Purpose of the Scheme

The purpose of the Scheme is to further establish and improve the incentive mechanism, attract and retain talented individuals, fully mobilize the enthusiasm of senior management and other core backbone staff of the Company, bond the interests of shareholders, the Company and core individuals together effectively, improve the Company's operation and management, promote the smooth and rapid improvement of the Company's performance and ensure the successful achievement of the Company's long-term development goals.

(2) Participants of the Scheme

The Participants of the Share Option Incentive Scheme shall be the senior management, core technical or business personnel, directors and senior management of certain subsidiaries and other employees that the Company believes should be motivated and have a direct impact on the Company's operation performance and future development (but excluding the Company's Directors, Supervisors, the Shareholders individually or in aggregate holding 5% or more of the shares of the Company or the de facto controllers and their spouses, parents or children).

(3) Total number of securities available for issue under the Scheme and percentage of issued shares that it represents as at the date of the 2021 Annual Report

The Share Options proposed to be granted to the Participants under the Share Option Incentive Scheme shall be 109,757,400, the class of underlying shares under which will be ordinary A Shares, representing approximately 1.188% of the total number of Shares of the Company (i.e. 9,235,713,300 Shares) as at the date of the 2021 Annual Report.

(4) Maximum entitlements of each Participant under the Scheme

The total Shares to be granted under the fully effective Share Option Incentive Scheme to any one of the Participants will not exceed 1% of the total number of shares of the Company. The total underlying shares to be granted to the qualified Participants will not exceed 10% of the total number of shares of the Company as at the date of the proposal of the Share Option Incentive Scheme at the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting.

(5) Period within which the securities must be taken up under an option

On the Exercisable Date, the Participants can exercise their Share Options in three tranches within 36 months after the expiry of 12 months commencing from the date of registration of the first grant of the Share Options, upon the fulfillment of the Exercise Conditions under the Share Option Incentive Scheme.

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(6) Minimum period for which an option must be held before it can be exercised

The Vesting Period shall commence from the date of registration of the grant of the Share Options and end on the Exercisable Date of the Share Options. The Share Options granted to the Participants are subject to different Vesting Periods. The Vesting Period for the first grant of Share Options shall be 12, 24 or 36 months; the Vesting Period for the reserved part of Share Options shall be 12 or 24 months, both are commencing from the date of the grant.

(7) The amount, if any, payable on application or acceptance of the Options and the period within which payments or calls must be made or loans for application of the Options must be repaid

No amount is payable on application or acceptance of the Options under the Share Option Incentive Scheme.

(8) Basis of determination for the Exercise Price

The Exercise Price of the Share Options under first grant shall be RMB8.73 per share.

The Exercise Price of the Share Options under first grant shall not be lower than the carrying amount of the shares, and not lower than the higher of the followings:

- a. the average trading price of the shares (i.e. RMB8.45 per share) on the trading day preceding the date of the announcement of the draft of the Share Option Incentive Scheme;
- b. the average trading price of the shares (i.e. RMB8.73 per share) for 120 trading days preceding the date of the announcement of the draft of the Share Option Incentive Scheme.

The grant of the reserved Share Options is subject to the consideration and approval of related resolution by the Board and the disclosure of related information. The Exercise Price of the reserved Share Options shall not be lower than the carrying amount of the shares, and not lower than the higher of the followings:

- a. the average trading price of the shares on the trading day preceding the date of the announcement of the Board resolution on the grant of the reserved Share Options;
- b. the average trading price of the shares for 20, 60 or 120 trading days preceding the date of the announcement of the Board resolution on the grant of the reserved Share Options.

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(9) Remaining life of the Scheme

The validity period of the Share Option Incentive Scheme shall commence on the date on which the Share Options have been granted and end on the date of exercising all the Share Options or the cancellation of such Share Options, which shall not exceed 48 months. On the basis of 48 months, the remaining validity period of the Share Option Incentive Scheme was 37 months as at the date of the 2021 Annual Report. During the Reporting Period, no share option was granted to person who is not an employee of the Group under the Share Option Incentive Scheme of the Company.

A summary of the 2021 Share Option Incentive Scheme of the Company are as follows:

(1) Purpose of the Scheme

By establishing and improving its operating mechanism and its incentive and restraint mechanism for senior management, middle management and core technical (business) backbone staff, the Company aims to fully mobilize their enthusiasm, enhance their cohesion, and align the interests of Shareholders, the Company and its key personnel, in order to secure “concerted efforts with common interests” and promote the sustainable, steady and rapid development of the Company. By setting challenging performance targets to bring both pressure and motivation, which not only helps enhance the Company’s competitiveness but also helps mobilize the enthusiasm and creativity of the management and core backbone staff, the Company aims to realize its future development strategies and business objectives, so as to create more sustainable and greater returns for Shareholders. The Scheme, which can help attract and retain outstanding management talents and core business staff, is designed to meet the Company’s huge demand for core technical and management talents through comprehensive and accurate coverage of high-value positions and key talents, so as to enhance the Company’s cohesion, establish the Company’s human resources advantages, further stimulate the Company’s innovation vitality, and inject new power into the Company’s sustained and rapid development.

(2) Participants of the Scheme

The Participants under the Share Option Incentive Scheme were directors and senior management of the Company’s subsidiaries; and middle management and core technical (business) backbone staff of the Company (including the subsidiaries), excluding the Company’s Independent Directors, Supervisors, the Shareholders individually or in aggregate holding 5% or more of the Shares of the Company or the de facto controllers and their spouses, parents or children.

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(3) Total number of securities available for issue under the Scheme and percentage of issued shares that it represents as at the date of the 2021 Annual Report

The Share Options proposed to be granted to the Participants under the Share Option Incentive Scheme shall be 397,101,000, the class of underlying shares under which will be ordinary A Shares, representing approximately 4.300% of the total number of Shares of the Company (i.e. 9,235,713,300 Shares) as at the date of the 2021 Annual Report.

(4) Maximum entitlements of each Participant under the Scheme

The total Shares to be granted under the fully effective Share Option Incentive Scheme to any one of the Participants will not exceed 1% of the total number of shares of the Company. The total underlying shares to be granted to the qualified Participants will not exceed 10% of the total number of shares of the Company as at the date of the proposal of the Share Option Incentive Scheme at the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting.

(5) Period within which the securities must be taken up under an option

On the Exercisable Date, the Participants can exercise their Share Options in three tranches within 36 months after the expiry of 12 months commencing from the date of registration of the first grant of the Share Options, upon the fulfillment of the Exercise Conditions under the Share Option Incentive Scheme.

(6) Minimum period for which an option must be held before it can be exercised

The Vesting Period shall commence from the date of registration of the grant of the Share Options and end on the Exercisable Date of the Share Options. The Share Options granted to the Participants are subject to different Vesting Periods. The Vesting Period for the first grant of Share Options shall be 12, 24 or 36 months; the Vesting Period for the reserved part of Share Options shall be 12 or 24 months, both are commencing from the date of the grant.

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(7) *The amount, if any, payable on application or acceptance of the Options and the period within which payments or calls must be made or loans for application of the Options must be repaid*

No amount is payable on application or acceptance of the Options under the Share Option Incentive Scheme.

(8) *Basis of determination for the Exercise Price*

The Exercise Price of the Share Options under first grant shall not be lower than the carrying amount of the shares, and not lower than the higher of the followings:

- 1) the average trading price of the shares (i.e. RMB33.56 per share) on the trading day preceding the date of the announcement of the draft of the Incentive Scheme;
- 2) the average trading price of the shares (i.e. RMB33.10 per share) for 20 trading days preceding the date of the announcement of the draft of the Incentive Scheme.

The grant of the reserved Share Options is subject to the consideration and approval of related resolution by the Board and the disclosure of related information. The Exercise Price of the reserved Share Options shall not be lower than the carrying amount of the shares, and not lower than the higher of the followings:

- 1) the average trading price of the shares on the trading day preceding the date of the announcement of the Board resolution on the grant of the reserved Share Options;
- 2) the average trading price of the shares for 20, 60 or 120 trading days preceding the date of the announcement of the Board resolution on the grant of the reserved Share Options.

(9) *Remaining life of the Scheme*

The validity period of the Share Option Incentive Scheme shall commence on the date on which the Share Options have been granted and end on the date of exercising all the Share Options or the cancellation of such Share Options, which shall not exceed 48 months. On the basis of 48 months, the remaining validity period of the Share Option Incentive Scheme was 36 months as at the date of the 2021 Annual Report. During the Reporting Period, no share option was granted to person who is not an employee of the Group under the Share Option Incentive Scheme of the Company.

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

Share Option Incentive Scheme

Applicable Not applicable

Other descriptions

Applicable Not applicable

Employee Incentive Scheme

Applicable Not applicable

Other incentives

Applicable Not applicable

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(III) Share incentives granted to directors and senior management during the Reporting Period***Restricted shares granted to directors and senior management during the Reporting Period***

Applicable Not applicable

Restricted Shares granted to directors and senior management during the Reporting Period

Applicable Not applicable

Unit: Share(s)

Name	Position	Number of restricted Shares held at the beginning of the year	Number of restricted Shares newly granted during the Reporting Period	Grant price of restricted shares (RMB)	Unlocked shares	Locked shares	Number of restricted Shares held at the end of the period	Market price at the end of the Reporting Period (RMB)
Li Hong Shuan	Chief financial officer	0	180,000	16.78	0	180,000	180,000	48.54
Total	/	0	180,000	/	0	180,000	180,000	/

(IV) Appraisal system for senior management and establishment and implementation of incentive system during the Reporting Period

Applicable Not applicable

During the Reporting Period, the Company carried out an equity incentive scheme to fully mobilize the enthusiasm of the senior management members. At the same time, the Company established a mechanism for the senior management members in terms of KPI assessment, policy evaluation and evaluation for related-party peripherals, and applied the evaluation results to the bonus distribution and the unlocking of equity incentives for senior management members.

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XII. ESTABLISHMENT AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

Applicable Not applicable

The Company has devised an Internal Control Management Policy and an Internal Control Self-Assessment Management Policy. As required under these policies, the Company kept smoothing and improving all aspects of internal control to strengthen checks-and-balances as well as improving the operating procedures for related businesses. During the Reporting Period, the Company already established internal controls and effectively executed them for the businesses and matters covered in the scope of evaluation, having achieved its goal of internal controls, in which there were no major defects.

Description of material defect of internal control during the Reporting Period

Applicable Not applicable

XIII. MANAGEMENT AND CONTROL OF THE SUBSIDIARIES DURING THE REPORTING PERIOD

Applicable Not applicable

During the Reporting Period, the Company managed and controlled its subsidiaries in accordance with the Articles of Association and the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange.

XIV. RELEVANT MATTERS OF AUDIT REPORT ON INTERNAL CONTROL

Applicable Not applicable

For details, please refer to the Internal Control Audit Report disclosed by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn) on 29 March 2022.

Has the audit report on internal control been disclosed: Yes

Type of opinion on the audit report on internal control: Standard unqualified opinion

XV. SELF-INSPECTION AND RECTIFICATION OF PROBLEMS IN THE SPECIAL CAMPAIGN OF GOVERNANCE OF LISTED COMPANIES

In the "Special Self-examination Campaign of Governance of Listed Companies", the Company carried out self-examination and self-correction in an orderly manner in strict accordance with the requirements of the regulatory authorities. The Company discovered one issue, being it did not implement the cumulative voting system in the election of directors and supervisors. The Company convened the 27th meeting of the seventh session of the Board on 30 September 2021; and convened the sixth extraordinary general meeting in 2021 on 29 October 2021 to consider and approve the Resolution on the Amendment of the Articles of Association and the Resolution on the Formulation of the Implementation Rules for the Cumulative Voting System of Great Wall Motor Company Limited. The Company has added relevant contents of the cumulative voting system into its Articles of Association and formulated detailed implementation rules of the cumulative voting system. For details, please refer to relevant announcements issued by the Company on the website of Shanghai Stock Exchange and the official website of the Company on 29 October 2021.

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XVI. OTHERS

√ Applicable Not applicable

The Company is committed to enhancing its corporate governance standard by improving its transparency, independence, accountability and fairness. The Company has adopted appropriate measures to comply with the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules and its principles. During the Year, the Company met the code provisions of the Corporate Governance Code. Set out below is a summary of the corporate governance practices of the Company and, if any, the explanation of deviation from the Corporate Governance Code set out in the Hong Kong Listing Rules.

Principal Corporate Governance Principles and Practices of the Company

A. Board of Directors

The Board should have a balance of skills and experience appropriate for the requirements of the business of the Company.

The members of the Board are as follows:

Executive Directors:

Mr. Wei Jian Jun (*Chairman*)

Mr. Zhao Guo Qing (*Vice-chairman and Deputy General Manager*)

Ms. Li Hong Shuan

Non-Executive Director:

Mr. He Ping

Independent Non-Executive Directors:

Ms. Yue Ying

Mr. Li Wan Jun

Mr. Ng Chi Kit

- During the year, the Company complied with the requirements regarding the number of independent non-executive directors and accounting or related financial management expertise set out under Rule 3.10 (1) and (2) and Rule 3.10A of the Hong Kong Listing Rules, respectively.
- All independent non-executive directors complied with the guidelines on independence set out under Rule 3.13 of the Hong Kong Listing Rules and did not violate any provision thereunder throughout the Year.
- During the year, none of the directors engaged in or was interested in any business which competed or was likely to compete, directly or indirectly, with the business of the Group.

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- There is no financial, business, family or other material relationship among members of the Board.
- The biographies of directors are set out in Section 7.

Deviation: NIL

The unique role of the chairman and the chief executive officer.

- The positions of chairman and general manager were served by different individuals.
- The chairman is responsible for overseeing operations of the Board and formulating the strategies and policies of the Company, while the general manager is responsible for managing the business of the Company.
- Mr. Wei Jian Jun served as the chairman of the Board, which is equivalent to the role of chairman, and is responsible for leading the Board, organising the meeting agenda, and ensuring its effective operation.
- Ms. Wang Feng Ying served as the general manager of the Company, which is equivalent to the role of chief executive officer, and is responsible for the day-to-day operations of the Company and other matters authorised by the Board.

Deviation: NIL

The Board shall meet regularly and hold at least four Board meetings a year. The Board is responsible for formulating and reviewing the business direction and strategy for the relevant auditing period and for supervising the operating and financial performance of the Group. Where necessary, the Board will also convene extraordinary meetings to discuss matters requiring a decision by the Board on an ad hoc basis. The management is authorised to make decision on day-to-day operations.

Non-executive directors shall be appointed for a specific term, and all directors appointed to fill casual vacancies shall be subject to election by shareholders at the first general meeting after their appointment.

- Pursuant to the Articles, "the directors shall be elected at a general meeting for a term of three years. Upon expiry of his term of office, a director may offer himself for re-election". All the directors of the Company, including the independent non-executive directors and non-executive directors, were re-elected or elected and appointed on 12 June 2020 and 18 March 2022 for a term of three years.

Deviation: NIL

The Board shall assume responsibility for leadership and control of the company and be collectively responsible for promoting the success of the company.

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- The Board shall meet regularly and hold at least four Board meetings a year. The Board is responsible for formulating and reviewing the business direction and strategy for the relevant auditing period and for supervising the operating and financial performance of the Group. Where necessary, the Board will also convene extraordinary meetings to discuss matters requiring a decision by the Board on an ad hoc basis. The management is authorised to exercise discretion on day-to-day operations.
- The Board is accountable to the general meetings and discharges the following duties:
 - (1) to convene general meetings and report its work to the general meetings;
 - (2) to implement resolutions of the general meetings;
 - (3) to determine operating plans and investment proposals of the Company;
 - (4) to prepare annual financial budgets and financial statements of the Company;
 - (5) to prepare proposals for profit distribution and making up losses of the Company;
 - (6) to prepare proposals for the increase or decrease in registered capital and issue of bonds of the Company;
 - (7) to prepare proposals for the mergers, segregation and dissolution of the Company;
 - (8) to determine the internal management structure of the Company;
 - (9) to appoint or remove the general manager of the Company, and on the basis of nomination by the general manager, to appoint or remove the deputy general manager, chief financial controller and other senior management of the Company and to determine their remunerations;
 - (10) to set up the basic management systems of the Company;
 - (11) to prepare proposals for amendments to the Articles; and

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(12) other authorisations from the general meetings.

Deviation: NIL

The management is authorised at meetings of the Board to exercise powers related to day-to-day operations.

- The Articles clearly stipulate that the general manager of the Company is responsible for implementing various strategies and overseeing the day-to-day operations of the Company and is required to report to the Board on a regular basis.
- The Board will formulate the development strategies of the Company within its scope of authority. The management is authorised and entrusted by the Board to implement the strategies and oversee the day-to-day operations of the Company. The management is accountable to the Board.
- Save for matters of significance of the Company to be determined by the Board, which are set out in the terms of reference of the Board, other issues relating to day-to-day operation are subject to the decision of the management, and shall be reported to the Board by the management.

Deviation: NIL

The Board shall meet regularly to discharge their duties. The Board and its committees shall be provided with sufficient information in a timely manner.

- During the Year, the Board held 20 meetings. Pursuant to the Articles, "meetings or extraordinary meetings of the Board may be convened by means of telephone or similar telecommunication facilities".
- Regular meetings of the Board were held in the middle of the Year and at the end of the Year. Additional meetings were also held to consider important matters arising from time to time. Directors may attend such meetings in person or through other electronic means of communication.
- Notice will be given to each director 14 days prior to a Board meeting. Documents containing meeting agenda will be sent to each director four days before the date appointed for the relevant meeting.
- The secretary to the Board assists the chairman of the Board in preparing the meeting agenda. The directors are allowed to submit agenda proposals to the secretary to the Board before the date appointed for the relevant meeting.
- Minutes of Board meetings and meetings of committees are kept by the secretary to the Board and are available for inspection by the directors at any time. Such minutes of the meeting will record opinions and suggestions raised by the directors in the meeting, the final version of which will be sent to directors for signing and confirmation.

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- Transactions in which directors are deemed to have a conflict of interests or deemed to be materially interested will not be dealt with by written resolution. The relevant director will be allowed to attend the meeting but may not express any opinion and will be required to abstain from voting.
- The directors may seek independent professional advice on professional matters involved in the agenda at the expense of the Company.

Attendance of individual directors at Board meetings and general meetings in 2021

Please refer to item III. (I) "Attendance of directors at Board meetings and general meetings" in this section.

Deviation: NIL

Every director is required to keep abreast of his responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

- The company secretary provides up-to-date information on trading of H Shares and A Shares in Hong Kong and in the PRC respectively on each trading day to the directors and committee members and keeps them abreast of the latest developments of the Group and business progress of the Company.
- Pursuant to the prevailing "Rules and Procedures of Independent Directors" (《獨立董事工作制度》), non-executive directors and independent non-executive directors are entitled to attend and propose to convene Board meetings. All the committees of the Company currently comprise independent non-executive directors.
- The Company regularly provides all directors, whose names are set out in this section, with information in relation to their professional conduct and enhancement of their expertise for training purposes in order to ensure all directors are familiar with the operation and business of the Company and relevant laws and regulations (including but not limited to the listing rules of Hong Kong and China).

Deviation: NIL

Compliance with Model Code

- The Company has complied with the Model Code set out in Appendix 10 to the Hong Kong Listing Rules and has not adopted any separate code of conduct on terms more exacting than those set out in the Model Code. The Company has made specific enquiry to each director in respect of securities transactions by directors. None of the directors of the Company violated any provisions of the Model Code.

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Strategy and Sustainable Development Committee	Remuneration Committee	Nomination Committee	Audit Committee
Mr. Wei Jian Jun (<i>Chairman</i>) Ms. Li Hong Shuan Mr. He Ping Ms. Yue Ying Mr. Li Wan Jun	Mr. Wei Jian Jun Ms. Yue Ying (<i>Chairman</i>) Mr. Li Wan Jun	Mr. Wei Jian Jun Ms. Yue Ying (<i>Chairman</i>) Mr. Ng Chi Kit	Mr. He Ping Ms. Yue Ying Mr. Li Wan Jun (<i>Chairman</i>) Mr. Ng Chi Kit Ms. Yue Ying

Deviation: NIL

B Strategy and Sustainable Development Committee

The Company has set up the Strategy and Sustainable Development Committee comprising two independent non-executive directors (Yue Ying and Li Wan Jun), one non-executive director (He Ping) and two executive directors (Wei Jian Jun (Chairman) and Li Hong Shuan).

Attendance of committee members at meetings of the Strategy and Sustainable Development Committee in 2021

No. of meetings	1	
Date and Business	30 March 2021 To consider the proposal on the operational strategies of the Company for the year of 2021	
	No. of attendance/ No. of meeting	Attendance rate
Wei Jian Jun	1/1	100%
Wang Feng Ying (resigned on 18 March 2022)	1/1	100%
Li Hong Shuan (appointed on 18 March 2022)	–	–
He Ping	1/1	100%
Yue Ying	1/1	100%
Li Wan Jun	1/1	100%
Average attendance rate	–	100%

During the Reporting Period, the Company held a meeting of the Strategy and Sustainable Development Committee to consider and approve the operational strategies of the Company for the year of 2021.

Deviation: NIL

Section 7 Corporate Governance

C. Remuneration of Directors and Senior Management

There should be formal and transparent procedures for formulating the policy on executive directors' remuneration and for determining the remuneration packages for all directors.

- The Company has set up the Remuneration Committee comprising two independent non-executive directors (Yue Ying (Chairman) and Li Wan Jun) and one executive director (Wei Jian Jun).
- The Remuneration Committee is responsible for making recommendations on the remuneration policies in relation to the directors and senior management of the Group, and determining the remuneration packages for executive directors and senior management, including benefits in kind, pensions and compensation payments. The terms of reference of the Remuneration Committee include the specific duties set out under the Corporate Governance Code.
- The Group proposes the basis of remuneration for directors and employees according to the performance and qualification of the directors and employees as well as the prevailing industry practice. The remuneration policies and packages are reviewed regularly. Based on the performance assessment report, employees may receive bonus and incentive payments as rewards.
- In June 2020 and March 2022, the Company and each of the directors, including non-executive directors and independent non-executive directors, entered into a Director's Service Agreement or an appointment letter for a term of three years, which set out the respective remunerations of the directors.
- Details of directors' and senior management's remuneration as well as the five highest paid individuals in the Group are set out in item VI. (I) "The change in shareholdings and remuneration of existing and resigned/retired directors, supervisors and senior management during the Reporting Period" in Section 7 and note (XI) to the financial statements.

Section 7 Corporate Governance

Attendance of committee members at meetings of the Remuneration Committee in 2021

No. of meetings 8

Date and Business	Details are set out in VII Special Committees Under The Board of this section (3)	
	No. of attendance/ No. of meetings	Attendance rate
Wei Jian Jun	8/8	100%
Yue Ying	8/8	100%
Li Wan Jun	8/8	100%
Average attendance rate	–	100%

Details of matters considered by the Remuneration Committee during the Reporting Period are set out in VII Special Committees under the Board of this section (3).

Deviation: NIL

D. Nomination Committee

- The Company has set up the Nomination Committee comprising two independent non-executive directors (Yue Ying (Chairman) and Ng Chi Kit) and one executive director (Wei Jian Jun).
- 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 about the standards and procedures for selecting directors and management members.

The Nomination Committee held no meetings in 2021.

Deviation: NIL

Section 7 Corporate Governance

Board diversity policy

The Board has adopted a board diversity policy effective from 27 December 2013. When determining the composition of the Board, the Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All appointments of the Board members will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board. Selection of candidates will be based on a range of diversity factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merits of the candidates and the contribution they will bring to the Board.

The Board has set measurable objectives (in terms of gender, skills and experience) to implement the policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives, and will review the policy, as appropriate, to ensure its continued effectiveness from time to time.

As at the date of this report, the Board comprises seven directors, of which two are female. The educational background of the directors covers accounting, law, management and machine manufacturing, etc. The Company considers that the current composition of the Board has the characteristic of diversity in gender, professional background and skills.

Deviation: NIL

E. Accountability and Audit

The Board should present a balanced, clear and comprehensive assessment of the Company's performance, position and prospects.

- The directors are responsible for supervising the preparation of accounts for each financial period, which are required to give a true and fair view of the operating conditions, results and cash flow of the Group during the relevant period. When preparing the accounts for the year ended 31 December 2021, the directors have:
 1. selected and consistently applied appropriate accounting policies, made prudent and reasonable judgments and estimations and prepared accounts on a going concern basis; and
 2. announced interim and final results of the Group every year in accordance with the Hong Kong Listing Rules and disclosed other financial information as required by the Hong Kong Listing Rules.

Deviation: NIL

Section 7 Corporate Governance

The Board should ensure that the Company maintains a sound and effective internal control system to safeguard the shareholders' investment and the company's assets.

- The Board is fully responsible for overseeing the internal control system and evaluating its efficiency at least once a year.
- The Audit Committee is responsible for overseeing the financial affairs of the Group.
- The management is responsible for overseeing the daily operations of the Company and regularly reviewing the operational control.
- The Financial Management Department and Securities and Legal Affairs Department of the Company are responsible for monitoring compliance affairs of the Group and organising regular training.
- The Board is responsible for risk management and regular risk management reviews.

Deviation: NIL

The Board should establish formal and transparent arrangements for considering how it will apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the company's auditors.

- Deloitte Touche Tohmatsu Certified Public Accountants LLP was the external auditor of the Company in 2021. Its auditing fees in respect of the interim audit service amounted to RMB566,000. The financial statements of the Company's annual report have been prepared in accordance with the China Accounting Standards for Business Enterprises and audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP. In 2021, Deloitte Touche Tohmatsu Certified Public Accountants LLP charged the Company RMB1,509,400, RMB330,200, RMB871,500, RMB707,500, RMB100,000 and RMB224,600 for the auditing fees in respect of the annual audit, the annual internal control audit, audit service provided by Deloitte (including other entities under Deloitte) to the Company's subsidiaries, expenses related to the audit, capital verification, and proceeds replacement report for the issuance of convertible corporate bonds, service fee for capital verification of share incentives, and the annual consultation fees (including other entities under Deloitte) respectively. Apart from these, there was no fee payable for non-audit services by Deloitte Touche Tohmatsu Certified Public Accountants LLP in 2021.
- The directors of the Company acknowledge that it is their responsibility for preparing the accounts of the Group.
- A statement by the auditors about their reporting responsibilities is set out in Section 13 "Financial Report".
- During the Year, the Board conducted a review of the effectiveness of the internal control system of the Group.
- The Company has set up an Audit Committee comprising all the current independent non-executive directors (Li Wan Jun (Chairman), Yue Ying, Ng Chi Kit) and one non-executive director (He Ping) of the Company.

Section 7 Corporate Governance

- The terms of reference of the Audit Committee conformed with the recommendations set out in A Guide for Effective Audit Committees issued by the Hong Kong Institute of Certified Public Accountants, which stipulates the following specific functions:
 - (I) monitoring and evaluating the external auditors;
 - (II) providing guidance on internal audit work;
 - (III) reviewing financial statements, annual reports, interim reports and quarterly reports of the Company and making comments thereon;
 - (IV) assessing the effectiveness of internal control and risk management;
 - (V) reviewing and confirming the list of related parties;
 - (VI) coordinating communication between the management, internal audit departments and relevant departments with the external auditors;
 - (VII) other matters as authorized by the Board of the Company and other matters involved in the relevant laws and regulations.
- The principal work of the Audit Committee includes reviewing and supervising the financial reporting procedures and internal control of the Group.
- The Audit Committee holds at least four meetings each year to review the audited annual accounts, unaudited interim accounts and unaudited quarterly accounts. The principal duties of the Audit Committee include reviewing the financial reporting of the Group, auditors' advice on internal control and compliance matters and financial risk management. The Audit Committee performed the above duties at its meetings during the Year.
- Details of the business considered at meetings of the Audit Committee convened by the Company during the Reporting Period are set out in paragraph (2) of Item VII - SPECIAL COMMITTEES UNDER THE BOARD in this section.

Section 7 Corporate Governance

Attendance of committee members in meetings of the Audit Committee in 2021

No. of meetings **9**

Date and Main Business

	No. of attendance/ No. of meetings	Attendance rate
He Ping	9/9	100%
Li Wan Jun	9/9	100%
Ma Li Hui	3/3	100%
Yue Ying	6/6	100%
Ng Chi Kit	9/9	100%
Average attendance rate	–	100%

- The Audit Committee held a meeting on 28 March 2022 and reviewed the audited annual results announcement, annual report and annual financial statements of the Group for the year ended 31 December 2021.
- The terms of reference of the Audit Committee covered all duties set out in the Corporate Governance Code. During the Year, the Audit Committee recommended to the Board for the reappointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP as the external auditor of the Company for the year of 2021.
- The Audit Committee reviewed the independence and objectivity as well as the effectiveness of the auditing procedures adopted by Deloitte Touche Tohmatsu Certified Public Accountants LLP, the external auditor of the Company.
- The Audit Committee reviewed the Company and its subsidiaries' financial report for 2020, the first quarterly financial report for 2021, the interim financial report for 2021, the third quarterly financial report for 2021.
- The Audit Committee reviewed the related party transactions of the Company for 2020 and for the interim period of 2021.
- The Audit Committee reviewed the internal control system of the Company and its subsidiaries for 2020.
- The Audit Committee reviewed the adjustment on the cap of ordinary related party transactions for 2021.
- The minutes of meetings of the Audit Committee are duly kept by the secretary to the Board and provided a detailed record of the opinions and suggestions of the committee members. The minutes are filed for record upon signing and confirmation by the committee members.
- All the current independent non-executive directors and one non-executive director of the Company serve as members of the Audit Committee.
- Deloitte Touche Tohmatsu Certified Public Accountants LLP was re-appointed as the external auditor of the Company in 2021. In the last three years, the Company had not changed its auditor.

Deviation: NIL

Section 7 Corporate Governance

F. Corporate Governance Functions

The Board is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as below:

1. to develop and review the Group's policies and practices on corporate governance;
2. to review and monitor the training and continuous professional development of directors and senior management;
3. to review and monitor the Group's policies and practices in compliance with all legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Group; and
5. to review the Group's compliance with the Corporate Governance Code and disclose it in the Corporate Governance Report.

The Board has performed the above corporate governance duties during the Year.

Deviation: NIL

G. Risk Management and Internal Control

The Board confirms that it is obliged to monitor the risk management and internal control system of the Group and review its effectiveness on an annual basis through the Audit Committee. The risk management and internal control system is designed to manage rather than to eliminate the risks of failure to reach operation objectives, and may only provide reasonable instead of absolute assurance against material misstatement or loss. The Audit Committee is responsible for assisting the Board in evaluating the effectiveness of internal control and risk management, which includes monitoring the finance, operation, compliance and other material aspects of the Group. The Board has reviewed the risk management and internal control system of the Group, and confirmed that, for the year ended 31 December 2021, the risk management and internal control system was effective and no material fault or weakness in respect of supervision was identified during the Reporting Period.

1. Main characteristics of risk management and internal control

Risk management and internal control system:

The management is responsible for risk management and internal control, including formulating policies to manage risks, issuing risk warning and preparing risk management report in a timely manner, managing the evaluation of internal control, identifying defect of internal control, formulating rectification plan and giving feedback to the Board and the Audit Committee. The Board and the Audit Committee are responsible for evaluating the effectiveness of internal control and risk management.

Section 7 Corporate Governance

Duties:

The Board

- To oversee and review the effectiveness of the risk management and internal control system from time to time, so as to ensure the development and maintenance of an effective risk management and internal control system of the Group;
- To review the risk management and internal control system of the Group at least once a year and to ensure the sufficiency of resources on accounting, internal audit and financial reporting, qualification and experience of employees and training provided to employees and relevant budgets. The chairman shall decide whether to report ad hoc matters, if any, to the Board;
- To oversee the design, implementation and supervision of the risk management and internal control system by the management.

Audit Committee

- To review the risk management and internal control system of the Company;
- To assess the evaluation and review results in respect of the risk management and internal control system and to supervise the rectification of relevant defects;
- To discuss with the management on the risk management and internal control system in order to ensure that the management has performed its duties to establish an effective system;
- To analyse the findings of important investigation on risk management and internal control and the management's response to the relevant findings on its own or upon request of the Board.

The management

- To assume the duties of risk management and internal control and management of related aspects;
- To report relevant information regarding the risk management and internal control to the Board and the Audit Committee;

The risk management and internal control departments of the Group shall report to the Audit Committee and the Board regarding the risk management and internal control of the Group at the annual meeting, so as to facilitate the Board's evaluation on the effectiveness of control and risk management of the Group.

Section 7 Corporate Governance

The Group has implemented policies and procedures to review the effectiveness of risk management and internal control and remedy the material defects of internal control, including requesting the management to conduct evaluation on a regular basis to keep abreast of related information in a timely manner. Furthermore, the Group has set up a system to safeguard integrity and honesty, combat corruption and facilitate case report and supervision.

2. Procedures to identify, evaluate and manage material risks and the Group's ability to respond to changes in its business and the external environment

Relevant procedures:

(1) Risk identification

The Company formulates risk evaluation criteria to identify risks which may affect the Group.

(2) Risk evaluation

The Company evaluates the identified risks and classifies them into different risk levels.

(3) Risk management

The Company adopts different strategies to manage risks based on their levels and the risk management department supervises the effectiveness of the strategies. In addition, the Company formulates relevant countermeasures to prevent the recurrence of or lower the risks.

(4) Risk monitoring

The Company monitors risks in a consistent and regular manner and promptly amends the risk management and internal control procedures to ensure their appropriateness and effectiveness. The Company also regularly reports the result of risk monitoring to the management and the Board.

(5) Ability to respond to changes in its business and the external environment

In order to respond to changes in the external environment and maintain its profitability, the Company has optimized its business process and transformed its business and management models through management innovation, business reform and other measures. The medium to long-term visions of the Group have also been formulated. Efforts have been made to lower costs, enhance organisation and process and improve its ability, in order to ensure the implementation of the strategies and annual policies of the Group.

Section 7 Corporate Governance

3. Internal audit

The internal audit department is responsible for internal audit of the Group and shall report directly to the Audit Committee. The internal audit department plays an important role in the evaluation of the effectiveness of risk management and internal control system of the Group and shall report the operation of such system directly to the Audit Committee on a regular basis.

4. The effectiveness of processes for financial reporting and compliance with the Hong Kong Listing Rules

The Board and the Audit Committee have confirmed that the processes for financial reporting and compliance with the Hong Kong Listing Rules of the Group are effective.

5. Information disclosure rules

The Group has formulated the Administrative Rules on Information Disclosure, the Rules on Registration and Filing of Details of Insiders and the Administrative Rules on the Release of Information to External Parties and the Use of Such Information to regulate the channels for disclosing information to the public and the procedures for handling insider information of the Group, and define the processes for the preparation, review and release of information in order to ensure the confidentiality of insider information until timely disclosure in accordance with the Hong Kong Listing Rules.

Deviation: NIL

H. Company Secretary

In compliance with Rule 3.29 of the Hong Kong Listing Rules, Mr. Xu Hui, secretary to the Board of the Company, has taken no less than 15 hours of relevant professional training during the year ended 31 December 2021.

Deviation: NIL

I. Corporate Communications

The Board should endeavour to maintain an on-going dialogue with shareholders and in particular, to communicate with shareholders at annual general meetings.

- The Company communicates with shareholders by publishing the latest resolutions of the Board in its annual and interim reports and announcements. Contact details of secretary to the Board of the Company are contained in the "Investor Relations" channel on the Company's website. The Company also responds to queries raised by investors.
- At the general meetings, the chairman of the meeting will put forward separate resolutions for each substantially independent issue.
- At the annual general meeting, the chairman of the Board will answer and provide proper explanations of questions raised by shareholders, their proxies and members of the Audit Committee.

Section 7 Corporate Governance

- The details of the procedures for voting by poll and the shareholders' rights for demanding a poll are set out in the circulars despatched to shareholders.

Deviation: NIL

J. Shareholders' Rights

- Two or more shareholders holding, solely or jointly, 10% or more of the shares carrying voting rights at the proposed extraordinary general meeting may sign one or more written requisition(s) with the same form and contents, and submit the same with the agenda to the Board for holding an extraordinary general meeting or a class meeting. The Board shall, upon receipt of the written requisition(s), hold an extraordinary general meeting or a class meeting as soon as possible.
- Shareholders can attend the general meeting by presenting the proof of their identities, such as identity cards or other valid identification documents, and can put forward their proposals at the general meeting.
- Shareholders can make enquiries to the Board of the Company and submit their enquiry applications by fax (86-312-2197812).

Deviation: NIL

K. Investor Relations

During the year, the Company enhanced two-way communication between the Company and its investors so as to enable general investors to keep abreast of the operation condition of the Company promptly, promote a good relationship between the Company and its investors and help its investors acquire a timely and accurate understanding of the business operation of the Company. During the year, the Company enabled its investors to have a timely understanding of the Company's business operation through inviting them to participate in the Company's activities such as general meetings, car exhibitions, brand launch conferences and technical conferences. The Company had comprehensive communication with its investors by arranging domestic and overseas online/offline roadshows, receiving survey and research delegations from investors, arranging teleconferences and attending online/offline summit meetings hosted by investment banks. During the year, the Company conducted 4 domestic and overseas roadshows, received 15 survey and research delegations from domestic and overseas investors, held 152 teleconferences, and participated in 71 summit meetings hosted by investment banks.

- At the 2021 fourth extraordinary general meeting convened on 22 July 2021 by the Company, the amendments to the Articles of Association of the Company concerning the change of business scope were considered and approved, and came into effect on 22 July 2021.

Please refer to the relevant announcements publicized on the website of the Hong Kong Stock Exchange (www.hkexnews.hk), the website of Shanghai Stock Exchange (www.sse.com.cn) and the Company's website (www.gwm.com.cn) for the above-mentioned amendments to the Articles of Association.

Deviation: NIL

Section 8 Environment and Social Responsibilities

I. ENVIRONMENTAL 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. Pollution discharging

Applicable Not applicable

Name of company or subsidiary	Name of major 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	Intermittent emission	2	The discharge outlet on the factory site of Great Wall Motor Company Limited located at Chaoyang South Avenue	7.5	Integrated Wastewater Discharge Standards (GB8978-1996); import water quality requirements for Yindingzhuang Sewage Station	-	-	Nil
		Chemical oxygen demand				81.73mg/L		32.7 tons	39.14 tons	Nil
		Ammonia nitrogen				20.72mg/L		8.29 tons	-	Nil
		Total phosphorus				3.06mg/L		1.23 tons	-	Nil
		Suspended solids				14.5mg/L		5.5 tons	-	Nil
	Five-day BOD	19.15mg/L	7.46 tons	-	Nil					
Soil	During the Reporting Period, Great Wall Motor Company Limited was on the list of 2021 key pollutant emission entities in Hebei. During the period, a total of 2,407.23 tons of hazardous waste was produced, which was disposed of by qualified hazardous waste operators in accordance with the law.								Nil	
Chongqing Branch of Great Wall Motor Company Limited	Exhaust gas	Particulates	Regular emission	23	Around the factory	7.7 mg/L	Integrated Emission Standards of Air Pollutants (DB50/418-2016); Emission Standards of Air Pollutants from Boilers in Chongqing (DB50/658-2016)	14.31 tons	19.51 tons	Nil
		Sulfur dioxide				ND		-	8.63 tons	Nil
		Nitrogen oxides				86mg/L		12.45 tons	74.08 tons	Nil
		Non-methane hydrocarbons				1.8mg/L		1.72 tons	-	Nil
	VOCs	4.98mg/L	11.22 tons	35.85 tons	Nil					
Soil	During the Reporting Period, Chongqing Branch of Great Wall Motor Company Limited was on the list of 2021 key pollutant emission entities in Chongqing. During the period, a total of 1,301.31 tons of hazardous waste was produced, which was disposed of by qualified hazardous waste operators in accordance with the law.								Nil	

Section 8 Environment and Social Responsibilities

Name of company or subsidiary	Name of major 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
Rizhao Weipai Automobile Co., Ltd. (日照魏牌汽車有限公司)	Sewage	PH	Intermittent emission	1	Main discharge outlet of the Company	7.54	Quality Standards for Sewage Discharged into Urban Sewers (GB/T 31962-2015); Water intake requirements for the sewage treatment plant in the Development Zone of Rizhao Water Group Sewage Treatment Co., Ltd.	-	-	Nil
		Chemical oxygen demand				31.0mg/L		3.17 tons	10.18 tons	Nil
		Ammonia nitrogen				2.59mg/L		0.24 ton	1.02 tons	Nil
	Exhaust gas	Total phosphorus	Regular emission	16	Within the factory	0.737mg/L	Emission Standards of Volatile Organic Compounds Part 1: Automobile Manufacturing Industry (DB37/ 2801.1-2016)	0.061ton	-	Nil
VOCs	8.62mg/m ³	1.9 ton				18.33 tons	Nil			
	Soil	During the Reporting Period, Rizhao Weipai Automobile Co., Ltd. was on the list of 2021 key pollutant emission entities in Shandong. During the period, a total of 110.9 tons of hazardous waste was produced, which was disposed of by qualified hazardous waste operators in accordance with the law.							Nil	
Xushui Branch of Great Wall Motor Company Limited	Sewage	PH	Intermittent emission	2	Main discharge outlets of No. 1 plant and No. 2 plant of Xushui Branch	7.03	Integrated Wastewater Discharge Standards (GB 8978-1996); import water quality requirements for Dawangdian Treatment Sewage Station	-	-	Nil
		Chemical oxygen demand				60.89mg/L		35.63 tons	37.03 tons	Nil
		Total phosphorus				0.5325mg/L		0.45 ton	1.427 tons	Nil
		Suspended solids				0.0145mg/L		12.22 tons	-	Nil
	Five-day BOD	0.01668mg/L	14.04 tons	-	Nil					
Dingxing Branch of Great Wall Motor Company Limited	Exhaust gas	Particulates	Regular emission	17	Around the factory	5.52mg/m ³	Integrated Emission Standards of Air Pollutants (DB50/418-2016)	18.69 tons	-	Nil
		Nitrogen oxides				123mg/m ³		0.48 ton	0.702 ton	Nil
		Sulfur dioxide				ND		-	-	Nil
		Non-methane hydrocarbons				12.85mg/m ³		1.67 tons	-	Nil
		Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB13/2322-2016)								

Section 8 Environment and Social Responsibilities

Name of company or subsidiary	Name of major 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 Great Machinery Company Limited (保定市格瑞機械有限公司)	Sewage	PH Chemical oxygen demand Ammonia nitrogen Suspended solids Five-day BOD Phosphate	Intermittent emission	1	Main discharge outlets of the plant	7.1	Integrated Wastewater Discharge Standards (GB 8978-1996); import water quality standard for Lugang Sewage Treatment Plant	-	-	Nil
						130mg/L		1.7 tons	3.563 tons	Nil
						1.16mg/L		0.015 ton	0.2 ton	Nil
						20.5mg/L		0.27 ton	-	Nil
						37.4mg/L		0.49 ton	-	Nil
1.14mg/L	0.014 ton	-	Nil							
Jingcheng Engineering Automotive Systems Co., Ltd.	Sewage	PH Chemical oxygen demand Ammonia nitrogen Suspended solids Five-day BOD Phosphate	Intermittent emission	1	Main discharge outlets of the plant	7.39	Integrated Wastewater Discharge Standards (GB 8978-1996)	-	-	Nil
						110.46mg/L		2.71 tons	4.066 tons	Nil
						0.7845mg/L		0.018 ton	0.675 ton	Nil
						15.75mg/L		0.38 ton	-	Nil
						18.76mg/L		0.48 ton	-	Nil
0.489mg/L	0.13 ton	-	Nil							
Soil	During the Reporting Period, Jingcheng Engineering Automotive Systems Co., Ltd. was on the list of 2021 key pollutant emission entities in Hebei. During the period, a total of 131.52 tons of hazardous waste was produced, which was disposed of by qualified hazardous waste operators in accordance with the law.								Nil	

Section 8 Environment and Social Responsibilities

Name of company or subsidiary	Name of major 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 Optoelectronics Branch of Mind Electronics Company Limited	Sewage	Intermittent emission	1	Main discharge outlets in the sewage station of the plant	7.68	Integrated Wastewater Discharge Standards (GB 8978-1996); import water quality requirements for Dawangdian Industrial Park Sewage Treatment Station	–	–	Nil
					46mg/L		0.56 ton	–	Nil
	Exhaust gas	Regular emission	5	Around the factory	0.994mg/L	Integrated Emission Standards of Air Pollutants (GB 16297-1996)	0.12 ton	–	Nil
					9mg/L		0.11 ton	–	Nil
					13.6mg/L		0.17 ton	–	Nil
Non-methane hydrocarbons	2.9mg/m ³	Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB13/2322-2016)	0.3 ton	1.444 tons/ per year	Nil				
				3.46mg/m ³		0.366 ton	3.272 tons/ per year	Nil	
Baoding Heating System Branch of Mind Electronics Company Limited	Soil	During the Reporting Period, Baoding Heating System Branch of Mind Electronics Company Limited was on the list of 2021 key pollutant emission entities in Hebei. During the period, a total of 503.2 tons of hazardous waste was produced, which was disposed of by qualified hazardous waste operators in accordance with the law.							Nil
Baoding Optoelectronics Branch of Mind Electronics Company Limited	Soil	During the Reporting Period, Baoding Optoelectronics Branch of Mind Electronics Company Limited was on the list of 2021 key pollutant emission entities in Hebei. During the period, a total of 180.7 tons of hazardous waste was produced, which was disposed of by qualified hazardous waste operators in accordance with the law.							Nil

Section 8 Environment and Social Responsibilities

Name of company or subsidiary	Name of major 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 Rubber Production Company Limited	Sewage	PH	Intermittent emission	1	Main discharge outlet of the sewage station	7.5	Emission Standards for Industrial Pollutants of Rubber Products (GB 27632-2011); Integrated Wastewater Discharge Standards (GB8978-1996)	–	–	Nil	
		Chemical oxygen demand				28mg/L		1.96 tons	17.601 tons	Nil	
		Ammonia nitrogen				10.8mg/L		0.585 ton	0.622 ton	Nil	
		Suspended solids				18mg/L		0.83 ton	–	Nil	
		Five-day BOD				8.7mg/L		0.598 ton	–	Nil	
	Total phosphorus	0.86mg/L	0.047 ton	–	Nil						
	Exhaust gas	Particulates	Regular emission	17	Around the factory	2.7mg/m ³	Emission Standards for Industrial Pollutants of Rubber Products (GB 27632-2011)	0.0024 ton	0.0392 ton	Nil	
Non-methane hydrocarbons						3.16mg/m ³		Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB13/2322 – 2016)	2.67 tons	–	Nil
Sulfur dioxide						6mg/m ³		Notice on printing and distributing The Plan for Comprehensive Control of Air Pollution in Industrial Furnaces and Kilns (Huan Da Qi [2019] No.56)	0.005 ton	0.0392 ton	Nil
Nitrogen oxides	7mg/m ³	0.013 ton	0.459 ton	Nil							
Baoding Nuobo Auto Decorations Company Limited	Sewage	Chemical oxygen demand	Intermittent emission	1	Main discharge outlet of the sewage station in the plant	35mg/L	Integrated Wastewater Discharge Standards (GB8978-1996); Emission Standards for Electroplating Pollutants (GB 21900 – 2008); Import water quality requirements for Dawangdian Industrial Park Sewage Treatment Station	0.1597 ton	4.245 tons	Nil	
		Ammonia nitrogen				1.5mg/L		0.0076ton	0.15 ton	Nil	
		Total phosphorus				0.96mg/L		0.007 ton	–	Nil	
		Suspended solids				18mg/L		0.12 ton	–	Nil	
	Exhaust gas	Particulates	Regular emission	6	Around the factory	3mg/m ³	Integrated Emission Standards of Air Pollutants (GB16297-1996)	0.82 ton	1.068 tons	Nil	
Sulfur dioxide						ND		–	0.352 ton	Nil	
Nitrogen oxides						18mg/m ³		0.023 ton	3.25 tons	Nil	
Baoding Xushui Branch of Nobo Automotive Systems Co., Ltd.	Soil	During the Reporting Period, Baoding Xushui Branch of Nobo Automotive Systems Co., Ltd. was on the list of 2021 key pollutant emission entities in Hebei. During the period, a total of 1,082.48 tons of hazardous waste was produced, which was disposed of by qualified hazardous waste operators in accordance with the law.							Nil		
Baoding Xushui Vehicle Seats Branch of of Nobo Automotive Systems Co., Ltd.	Soil	During the Reporting Period, Baoding Xushui Vehicle Seats Branch of of Nobo Automotive Systems Co., Ltd. was on the list of 2021 key pollutant emission entities in Hebei. During the period, a total of 271.74 tons of hazardous waste was produced, which was disposed of by qualified hazardous waste operators in accordance with the law.							Nil		

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Name of company or subsidiary	Name of major 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 Great Wall Motor Company Limited	Sewage	PH	Intermittent emission	1	Main discharge outlet of the sewage station in the plant	7.4	Integrated Wastewater Discharge Standards(GB 8978-1996);import water quality requirements for Shunping Qingyuan Sewage Treatment Co., Ltd.	-	-	Nil
		Ammonia nitrogen				1.45mg/L		0.019 ton	-	Nil
		Chemical oxygen demand				33mg/L		1.1 tons	-	Nil
		Suspended solids				13mg/L		0.179 ton	-	Nil
		Five-day BOD				11.4mg/L		0.36 ton	-	Nil
Phosphate	0.5mg/L	0.002 ton	-	Nil						
Shunping Precision Die Casting Branch of Jingcheng Engineering Automotive Systems Co., Ltd.	Sewage	PH	Intermittent emission	1	Main discharge outlet of the sewage station in the plant (share with Precision Casting Branch)	7.4	Integrated Wastewater Discharge Standards (GB 8978-1996); import water quality requirements for Shunping Qingyuan Sewage Treatment Co., Ltd.	-	-	Nil
		Ammonia nitrogen				1.45mg/L		0.191 ton	-	Nil
		Chemical oxygen demand				33mg/L		11.02 tons	-	Nil
		Suspended solids				13mg/L		1.788 tons	-	Nil
		Five-day BOD				11.4mg/L		3.634 tons	-	Nil
	Phosphate	0.5mg/L	0.019 ton	-	Nil					
	Exhaust gas	Non-methane hydrocarbons	Regular emission	6	Around the factory	3.4mg/m ³	Integrated Emission Standards of Air Pollutants (GB16297-1996); Emission Standards of Industrial Furnace Kiln Air Pollutants (DB13/1640-2012)	2.022 tons	-	Nil
		Particulates				3.1mg/m ³		4.66 tons	-	Nil
		Sulfur dioxide				ND		-	-	Nil
		Nitrogen oxides				3.1mg/m ³		0.96 ton	-	Nil

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Name of company or subsidiary	Name of major 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	PH	Intermittent emission	1	Main discharge outlet of the sewage station in the plant	7.4	Integrated Wastewater Discharge Standards (GB 8978-1996); import water quality requirements for Shunping Qingyuan Sewage Treatment Co., Ltd.	-	-	Nil
		Ammonia nitrogen				1.45mg/L		0.019 ton	0.188 ton	Nil
		Chemical oxygen demand				33mg/L		1.1 tons	1.88 tons	Nil
		Suspended solids				13mg/L		0.179 ton	-	Nil
		Five-day BOD				11.4mg/L		0.36 ton	-	Nil
Phosphate	0.5mg/L	0.002 ton	-	Nil						
Baoding Exquisite Automotive Mould Technology Co., Ltd.	Sewage	PH	Intermittent emission	2	The discharge outlet at the Chaoyang South Avenue, the discharge outlet of Jiaozhuang Sewage Station	7.2	Integrated Wastewater Discharge Standards (GB 8978-1996)	-	-	Nil
		Suspended solids				18.25mg/L		0.19 ton	-	Nil
		Chemical oxygen demand				89.75mg/L		0.95 ton	-	Nil
		Petroleum fractions				0.6625mg/L		0.01 ton	-	Nil

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Name of company or subsidiary	Name of major 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 Yixin Automotive Parts Company Limited	Sewage	PH	Intermittent emission	1	Domestic sewage outlet	6.8	Integrated Wastewater Discharge Standards (GB 8978-1996); import water quality requirements for Yindingzhuang Sewage Station	-	-	Nil
		Suspended solids				35mg/L		0.59 ton	-	Nil
		Ammonia nitrogen				4.16mg/L		0.069 ton	-	Nil
		Chemical oxygen demand				423mg/L		7.41 tons	-	Nil
	Exhaust gas	Non-methane hydrocarbons	Intermittent emission	4	Around the factory	2.73mg/m ³	Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB13/2322 – 2016)	0.824 ton	-	Nil
Soil	During the Reporting Period, Baoding Yixin Automotive Parts Company Limited was on the list of 2021 key pollutant emission entities in Hebei. During the period, a total of 362.2 tons of hazardous waste was produced, which was disposed of by qualified hazardous waste operators in accordance with the law.								Nil	
Nuobo Automotive System Co., Ltd.	Sewage	PH	Intermittent emission	1	Production wastewater discharge outlet	7.5	Integrated Wastewater Discharge Standards (GB 8978-1996); import water quality requirements for Yindingzhuang Sewage Station	-	-	Nil
		Suspended solids				15.42mg/L		0.0064 ton	-	Nil
		Five-day BOD				64.1mg/L		0.0266 ton	-	Nil
		Chemical oxygen demand				185.54mg/L		0.077 ton	1.629 tons	Nil
		Ammonia nitrogen				23.13mg/L		0.0096 ton	-	Nil
	Total phosphorus	0.12mg/L	0.000498 ton	-	Nil					
	Exhaust gas	Particulates	Intermittent emission	3	Around the factory	2.6mg/m ³	Integrated Emission Standards of Air Pollutants (GB16297-1996)	0.082 ton	-	Nil
		Sulfur dioxide				3mg/m ³		0.351 ton	-	Nil
		Nitrogen oxides				3mg/m ³		0.996 ton	-	Nil
		Non-methane hydrocarbons				3.26mg/m ³		Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB13/2322 – 2016)	2.496 ton	-
Soil	During the Reporting Period, Nuobo Automotive System Co., Ltd. was on the list of 2021 key pollutant emission entities in Hebei. During the period, a total of 211.64 tons of hazardous waste was produced, which was disposed of by qualified hazardous waste operators in accordance with the law.								Nil	

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Name of company or subsidiary	Name of major 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.	Exhaust gas Particulates Non-methane hydrocarbons	Regular emission	3	Around the factory	0.526mg/m ³	Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB13/2322-2016), Emission Standards for Industrial Pollutants of Rubber Products (GB 27632-2011) and Integrated Emission Standards of Air Pollutants (GB16297-1996)	1.055 tons	-	Nil
					0.66mg/m ³		0.807 ton	-	Nil
Xushui Branch of Honeycomb Transmission Technology Hebei Co., Ltd.	Sewage PH Chemical oxygen demand Ammonia nitrogen Total phosphorus Suspended solids	Intermittent emission	1	Main discharge outlet of the sewage station	7.41	Integrated Wastewater Discharge Standards (GB8978-1996); import water quality requirements for Dawangdian Treatment Sewage Station	-	-	Nil
					37.75mg/m ³		0.245 tons	-	Nil
					0.902mg/m ³		0.006 ton	-	Nil
					0.1675mg/m ³		0.001 ton	-	Nil
Baoding Xushui Chassis Branch of Jingcheng Engineering Automotive Systems Co., Ltd.	Sewage PH Suspended solids Five-day BOD Ammonia nitrogen Chemical oxygen demand Total phosphorus Total nitrogen	Intermittent emission	2	Main discharge outlet of phase 1, Main discharge outlet of No. 2 plant	7.43	Integrated Wastewater Discharge Standards (GB 8978-1996); import water quality requirements for Dawangdian Treatment Sewage Station	-	-	Nil
					16.25mg/L		2.296 tons	-	Nil
					7.3mg/L		1.031 tons	-	Nil
					8.75mg/L		0.967 ton	1.814 tons	Nil
					39.31mg/L		4.399 tons	4.534 tons	Nil
					1.00mg/L		0.107 ton	0.503 ton	Nil
18.42mg/L	2.097 tons	3.022 tons	Nil						

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Name of company or subsidiary	Name of major 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 Great Wall Scrap Car Recycling & Dismantling Co., Ltd.	Sewage	Intermittent emission	1	Main discharge outlet of sewage station	Chemical oxygen demand	104mg/L	Table 4 Tertiary Standard in Integrated Wastewater Discharge Standards (GB 8978-1996); import water quality requirements for Qingyuan County Sewage Treatment Station	0.0599 ton	0.207 ton	Nil
					Suspended solids	105mg/L		0.0605 ton	-	Nil
					Ammonia nitrogen	2.09mg/L		0.0012 ton	0.012 ton	Nil
					Five-day BOD	26mg/L		0.0150 ton	-	Nil
					Total phosphorus	0.61mg/L		0.000351 ton	0.002 ton	Nil
	Exhaust gas	Regular emission	1	Around the factory	Total nitrogen	4.6mg/L		0.00265 ton	0.017 ton	Nil
					Non-methane hydrocarbons	10.7mg/m ³	Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB13/2322-2016); Integrated Emission Standards for Air Pollutants (GB16297-1996)	0.0557 ton	0.376 ton	Nil
	Particulates			4.4mg/m ³		0.0666 ton	0.2 ton	Nil		
Tianjin Haval Branch of Great Wall Motor Company Limited	Sewage	Intermittent emission	2	West side of the factory site	PH	7.69	Integrated Wastewater Discharge Standards (DB 12/356-2018)	-	-	Nil
					Suspended solids	11.25mg/L		1.4 tons	-	Nil
					Chemical oxygen demand	85.44mg/L		16.41 tons	96.313 tons	Nil
					Five-day BOD	24.77mg/L		4.69 tons	-	Nil
					Ammonia nitrogen	6.36mg/L		1.16 tons	5.85 tons	Nil
	Exhaust gas	Regular emission	55	Around the factory	Total phosphorus	0.41mg/L		0.09 ton	1.541 tons	Nil
					VOCs	5.57mg/m ³	Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB12/524 – 2020): Automobile manufacturing	29.35 tons	398.29 tons	Nil
	Sulfur dioxide			4.05mg/m ³	Integrated Emission Standards of Air Pollutants (GB16297-1996)	0.13 ton	-	Nil		
	Nitrogen oxides			5.93mg/m ³		10.34 tons	-	Nil		
	Particulates			1.07mg/m ³		1.38 ton	-	Nil		
Solid and hazardous waste	During the Reporting Period, Tianjin Haval Branch of Great Wall Motor Company Limited was included in the list of 2021 key environmental pollutant emission entities of solid and hazardous waste in Tianjin. During the Current Period, a total of 1,117.65 tons of hazardous waste was generated, which was legally disposed of by the manufacturer with the qualification of hazardous waste management. 110 boxes of ordinary solid waste (length*width*height: 3.45m*2.2m*1m) were generated, which was disposed of by qualified manufacturers.									

Section 8 Environment and Social Responsibilities

Name of company or subsidiary	Name of major 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	Intermittent emission	1	West side of the factory site	7.8	Integrated Wastewater Discharge Standards (DB 12/356-2018)	-	-	Nil		
					57.25mg/L		4.62 tons	183.8031 tons	Nil		
					13.75mg/L		1.11 tons	-	Nil		
					6.525mg/L		0.53 ton	-	Nil		
					0.516mg/L		0.04 ton	13.3454 tons	Nil		
					0.6275mg/L		0.05 ton	3.455 tons	Nil		
	Exhaust gas	VOCs	Regular emission	10	Around the factory	10.45mg/m ³	Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB12/524-2020)	10.31 tons	18.66 tons	Nil	
						3.4mg/m ³		Table 2 Secondary Standard in Integrated	3.97 tons	-	Nil
						ND		Emission Standards of Air Pollutants	-	-	Nil
						ND		(GB16297-1996)	-	-	Nil
Solid and hazardous waste	During the Reporting Period, Tianjin Branch of Nuobo Rubber Production Company Limited was included in the list of 2021 key environmental pollutant emission entities of solid and hazardous waste in Tianjin. During the Current Period, a total of 581.25 tons of hazardous waste was generated, which was legally disposed of by the manufacturer with the qualification of hazardous waste management. 376 boxes of ordinary solid waste (length*width*height: 3.45m*2.2m*1m) were generated, and disposed of by qualified manufacturers.										

Section 8 Environment and Social Responsibilities

Name of company or subsidiary	Name of major 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 – Chassis Business Department	Solid and hazardous waste	During the Reporting Period, Tianjin Haval Branch of Great Wall Motor Company Limited – Chassis Business Department was included in the list of 2021 key environmental pollutant emission entities of solid and hazardous waste in Tianjin. During the Current Period, a total of 113.66 tons of hazardous waste was generated, which was legally disposed of by the manufacturer with the qualification of hazardous waste management.							Nil
Tianjin Haval Branch of Great Wall Motor Company Limited – Dynamics Business Department	Solid and hazardous waste	During the Reporting Period, Tianjin Haval Branch of Great Wall Motor Company Limited – Dynamics Business Department was included in the list of 2021 key environmental pollutant emission entities of solid and hazardous waste in Tianjin. During the Current Period, a total of 56.92 tons of hazardous waste was generated, which was legally disposed of by the manufacturer with the qualification of hazardous waste management. 78 boxes of ordinary solid waste (length*width*height: 3.45m*2.2m*1m) were generated, and disposed of by qualified manufacturers.							Nil

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Noise: There are no cultural, educational or other noise-sensitive sites around the factory sites. The noise emitted was lower than the requirements stipulated in Boundary Noise Emission Standards for Industrial Enterprises (GB12348-2008).

In 2021, a total of 16,406 tons of hazardous waste consisting mainly of sludge, paint waste and contaminated waste was produced, representing a unit production of 0.013 ton per vehicle. Such waste was transferred in accordance with the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste 《(中華人民共和國固體廢物污染環境防治法)》, 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)》, Notice of Chongqing Ecological Environment Bureau on Strengthening Information Management of Solid Waste 《(重慶市生態環境局關於強化固體廢物信息化管理有關工作的通知)》 and the procedures for obtaining approval of transfer established by the competent authorities in Tianjin, Baoding, Chongqing and Rizhao. Hazardous waste in Tianjin was transferred to Tianjin Hejia Veolia Environmental Services Co., Ltd. (天津合佳威立雅環境服務有限公司), Tianjin Binhai Hejia Veolia Environmental Services Co., Ltd. (天津濱海合佳威立雅環境服務有限公司), Tianjin Dong Bang Lead Resources Recycling Co., Ltd. (天津東邦鉛資源再生有限公司), Tianjin Sanyi Langzhong Environmental Protection Technology Co., Ltd. (天津三一朗眾環保科技有限公司), Hengshui Ruitao Environmental Protection Technology Co., Ltd. (衡水睿韜環保技術有限公司), and Leting County Haichang Environmental Protection Technology Co., Ltd. (樂亭縣海暢環保科技有限公司) 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), Hebei Fenghua Environmental Protection Technology Co., Ltd. (河北風華環保科技股份有限公司), Baoding Kelin Heating Co., Ltd. (保定科林供熱有限公司), Tangshan Youyi Shengxing Renewable Resources Co., Ltd. (唐山優藝勝星再生資源有限公司), Laishui BBMG Environmental Protection Technology Co., Ltd. (涑水金隅冀東環保科技有限公司), Hebei Songhe Renewable Resources Co., Ltd. (河北松赫再生資源股份有限公司) and other companies for disposal. Hazardous waste in Shandong was transferred to Shandong CROC Environmental Technology Co., Ltd. (山東中再生環境科技有限公司) and Shandong Keneng Environmental Resources Technology Co., Ltd. (山東科能環保資源科技有限公司) for disposal. Hazardous waste in Chongqing was transferred to Chongqing Buyuan Environmental Protection Technology Co., Ltd. (重慶埠源環保科技有限公司), Chongqing Lite Juxin Resource Recycling Technology Co., Ltd. (重慶利特聚欣資源循環科技有限責任公司), Chongqing Yunxin Environmental Protection Industry Development Co., Ltd. (重慶雲鑫環保產業發展有限公司) and Chongqing Herun Zhongtian Environmental Protection Technology Co., Ltd. (重慶市禾潤中天環保科技有限公司) for disposal. General solid waste produced by the Company is comprised mainly of domestic waste. In 2021, a total of 16,356 tons of general solid waste was produced, representing a unit production of 0.013 ton per vehicle, which was disposed of by the qualified waste recycling service providers engaged by the Company.

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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. ① Sewage: 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. ② Exhaust gas: 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. ③ Noise: 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. ④ Waste management: 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.

3. *Environmental impact assessment of 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.

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All projects of the Company and its major subsidiaries obtained approval in environmental impact assessment in accordance with the law while relevant auxiliary environmental facilities passed the respective environmental protection acceptance check and obtained a pollutant discharge permit (permit no.: 91130000105941835E001Z). The Company regularly conducted third-party environmental monitoring in accordance with Technical Specifications for Application and Issuance of Pollutant Discharge Permit – Automobile Manufacturing Industry, with all results meeting the required standards.

4. *Emergency plan for environmental contingency*

Applicable Not applicable

In order to lower and prevent potential environmental risks effectively, the Company established emergency preparation and response procedures, formulated an environmental contingency plan (File No.: 130603-2021-025-L), and completed the filings with the local environmental protection bureau. 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.

5. *Voluntary environmental monitoring plan*

Applicable Not applicable

Carrying out third-party monitoring of pollutant discharge on schedule in accordance with the requirements of Technical Specifications for Application and Issuance of Pollutant Discharge Permit – Automobile Manufacturing Industry (《排污許可證申請與核發技術規範汽車製造業》)

- ① Regularly monitoring the discharge of sewage, keeping monitoring records, 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, and installing online VOC monitoring equipment;
- ③ Regularly monitoring noise on a voluntary basis and appointing external parties to monitor noise, ensuring that the monitoring results meet the requirements of the relevant standards.

6. *Administrative punishment for environmental issues during the Reporting Period*

Applicable Not applicable

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7. *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 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), Baoding Great Machinery Company Limited (保定市格瑞機械有限公司), 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, Tianjin Branch of Nuobo Automotive System Co., Ltd, Chongqing Branch of Great Wall Motor Company Limited, and Rizhao Weipai Automobile Co., Ltd, Mind Electronics Company Limited (曼德電子電器有限公司), Baoding Heating System Branch of Mind Electronics Company Limited (曼德電子電器有限公司保定熱系統分公司), Baoding Xushui Branch of Nobo Automotive Systems Co., Ltd. (諾博汽車系統有限公司保定徐水分公司), and Baoding Xushui Vehicle Seats Branch of of Nobo Automotive Systems Co., Ltd. (諾博汽車系統有限公司保定徐水座椅分公司). Relevant topics and sections on environmental information have been created on the Company's official website to publish the Company's environmental-related information.

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

Applicable Not applicable

1. *Administrative punishment for environmental issues*

Applicable Not applicable

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2. *Disclosure of other environmental information with reference to key pollutant discharging units*

Applicable Not applicable

- ① Companies other than key pollutant discharging units shall conduct third party monitoring in accordance with the pollutant discharge specifications, and strictly implement the pollutant discharge standards and total amount control requirement to discharge pollutants, ensuring compliance discharge of wastewater, exhaust gas, and noise;
- ② There are compliance storage sites for general solid wastes and hazardous wastes in the Company, and all of them are delivered to qualified manufacturers for compliance disposal;

3. *Reasons for failure to disclose other environmental information*

Applicable Not applicable

(III) Information that is conducive to ecological protection, pollution prevention and control, and environmental responsibility

Applicable Not applicable

The Company actively establishes and improves the environmental management system, and has obtained the certificate for Environmental Management System Audit (ISO14001:2004) since 2008. In 2021, the Company had completed the supervision audit (ISO14001:2015), ensuring the suitability, adequacy and effectiveness of the environmental management system in the Company.

(IV) Measures taken to reduce carbon emissions and their effects during the Reporting Period

Applicable Not applicable

For details, please refer to the Corporate Social Responsibility Report for 2021 of Great Wall Motor Company Limited (《長城汽車股份有限公司2021年度社會責任報告》) published by the Company on the websites of the Shanghai Stock Exchange (www.sse.com.cn) and the Hong Kong Stock Exchange (www.hkexnews.hk).

II. SOCIAL RESPONSIBILITIES

Applicable Not applicable

For details of environmental policy and social responsibility during the Year, please refer to the Corporate Social Responsibility Report for 2021 of Great Wall Motor Company Limited (《長城汽車股份有限公司2021年度社會責任報告》) published by the Company on the websites of the Shanghai Stock Exchange (www.sse.com.cn) and the Hong Kong Stock Exchange (www.hkexnews.hk).

Section 8 Environment and Social Responsibilities

III. CONSOLIDATE AND EXPAND ACHIEVEMENTS IN POVERTY ALLEVIATION AND RURAL VITALIZATION

√ Applicable Not applicable

1. Promoting social well-being to alleviate poverty

Great Wall POER (King of Tea Version) hit the market in Xishuangbanna to boost industrial upgrade. On 3 December, Great Wall POER (King of Tea Version) was commercially available in Xishuangbanna, Yunnan Province, and the delivery ceremony for the first batch of this model was held, helping to upgrade the local industry of ancient tree tea and develop new types of businesses. Besides, the “Hassle-free Service throughout China” was officially upgraded to “Great Wall POER Action”, in which educational donation for public welfare was made to the second batch of villages in Xishuangbanna. “Great Wall POER Action” has successively established 98 demonstration villages in 20 provinces and cities across the country with 32 kinds of local specialties involved, helping to upgrade industries with local characteristics. With powerful loading function, power system and reliable quality, Great Wall Pickup has built a solid “bridge” between rich products and the outside world for local small and medium-sized enterprises, private owners and farmers, and served to speed up rural revitalization and achieve common prosperity as a value-creating vehicle.

2. Offering employment opportunities to alleviate poverty

After considering its own circumstances, the Company provides an employment platform for 510 physically challenged people in the impoverished areas to help them overcome financial and employment difficulties.

3. Offering health subsidies to employees in poverty

The Company offers one-off poverty alleviation funding to employees who are in severe poverty due to natural and manmade disasters, serious illness and other special reasons. Based on the reasons for and extent of poverty as well as living conditions of employees, the Company visited employees in poverty during its annual anniversary and the Chinese New Year to make them feel the warmth of the Company as a big family.

4. In October 2021, TANK of Great Wall Motor together with I Do Foundation went to Tibet to develop the art education for special children and help them pursue their dreams of art.

5. In December 2021, public-spirited car owners of Great Wall Motor raised a total of RMB50,400 in the public auction of Great Wall Motor 2021 Desert Hero Fan Meeting, all of which was used for education purposes.

6. In December 2021, the Haval brand joint hands with Sohu News (搜狐新聞) and China Foundation for Poverty Alleviation (中國扶貧基金會) to launch the Protect Children of Mountainous Regions, a public welfare program to help improve the living conditions of primary school students in underdeveloped areas.

Section 9 Significant Events

I. PERFORMANCE OF UNDERTAKINGS

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

Applicable Not applicable

Background of undertakings	Type of undertakings	Undertaking party	Description of undertakings	Date and duration of undertakings	Any time frame for performance (yes/no)	Strict and timely performance (yes/no)
Undertakings relating to the initial public offering	Resolving related party transaction	Great Wall Motor Company Limited	Since 1 January 2012, Great Wall Motor Company Limited (長城汽車股份有限公司) has ceased to 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 January 2012, permanent	No	Yes

Section 9 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)
	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)	<p>1. Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) is not directly or indirectly engaged in any Competing Business.</p> <p>2. As long as Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) remains a related party that has control over Great Wall Motor Company Limited (長城汽車股份有限公司), its directly or indirectly controlled subsidiaries would not in any way, directly or indirectly, engage in any existing or potential Competing Business.</p> <p>3. Subject to the same conditions, Great Wall Motor Company Limited (長城汽車股份有限公司) shall have the right of first refusal on the investment or other business opportunities relating to Competing Businesses that Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) will pursue or may get in the future.</p>	From 10 December 2010, permanent	No	Yes

Section 9 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)
	Resolving business competition of the same industry	Wei Jian Jun	<p>1. The subsidiaries directly or indirectly controlled by Mr. Wei Jian Jun are not directly or indirectly engaged in any Competing Business.</p> <p>2. As long as Mr. Wei Jian Jun remains a related party who has control over Great Wall Motor Company Limited (長城汽車股份有限公司), the subsidiaries directly or indirectly controlled by him would not in any way, directly or indirectly, engage in any existing or potential Competing Business.</p> <p>3. Subject to the same conditions, Great Wall Motor Company Limited (長城汽車股份有限公司) shall have the right of first refusal on the investment or other business opportunities relating to the Competing Businesses that the subsidiaries directly or indirectly controlled by Mr. Wei Jian Jun will pursue or may get in the future.</p>	From 10 December 2010, permanent	No	Yes

Section 9 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)
Undertakings relating to re-financing	Others	Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司), Wei Jian Jun	<p>1. Undertakes to exercise its rights as a shareholder in accordance with the relevant laws, regulations and the relevant provisions of the Articles of Association of Great Wall Motor Company Limited, not to interfere with the Company's operation or management activities beyond its authority, and not to infringe on the Company's interests.</p> <p>2. Undertake to effectively perform relevant compensation recovery measures developed by Great Wall Motor and any undertaking made by the undertaking party thereon in relation to the compensation recovery measures. If the undertaking party violates such undertakings and consequently causes any loss to Great Wall Motor or any investor, the undertaking party is willing to assume relevant legal liabilities to Great Wall Motor or the investor.</p> <p>3. If China Securities Regulatory Commission ("CSRC") puts forth new regulatory requirements on compensation recovery measures or the relevant undertakings in the period from the date of these undertakings to the completion of the public issuance of A Share convertible corporate bonds, and the undertakings above cannot meet such new regulatory requirements of CSRC, the undertaking party undertakes to make additional undertakings in accordance with the latest requirements of CSRC.</p>	From 6 November 2020, permanent	No	Yes

Section 9 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)
	Other	All Directors and senior management	<p>1. Undertake to perform my duties as a Director and/or a senior management of the Company and uphold the legitimate rights and interests of the Company and all Shareholders of the Company faithfully and diligently.</p> <p>2. Undertake not to convey any benefits to other entities or individuals for free or under unfair terms or otherwise jeopardise the interests of the Company.</p> <p>3. Undertake to limit my spending when performing my duties as a Director and/or a senior management.</p> <p>4. Undertake not to use the assets of the Company in making investments or expenditures other than in relation to the performance of my duties.</p> <p>5. Within the duties and scope of lawful authorisation, undertake to fully procure that the remuneration system formulated by the Board or the remuneration and assessment committee under the Board will correspond to the implementation of the recovery measures of the Company, and I will vote in favour of the relevant proposals considered by the Board and at the Shareholders' General Meeting (if voting rights are applicable).</p>	From 6 November 2020, permanent	No	Yes

Section 9 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)
			<p>6. If the Company adopts any share incentive scheme in the future, within my duties and scope of my lawful authorisation, I undertake to fully procure that the conditions for the exercise of the right of the share incentive scheme will correspond to the implementation of the recovery measures of the Company, and I will vote in favour of the relevant proposals considered by the Board and at the Shareholders' General Meetings (if voting rights are applicable).</p> <p>7. From the date of this undertaking letter to the completion of implementation of the Public Issuance of Convertible Corporate Bonds of the Company, if the CSRC promulgates other new regulatory provisions on the recovery measures and the relevant undertakings, and the above undertakings cannot satisfy such new regulatory provisions as promulgated by the CSRC, I undertake to issue supplementary undertakings then according to the latest stipulations of the CSRC.</p> <p>8. Undertake to fully execute the relevant recovery measures formulated by the Company and each undertaking I made in relation to recovery measures. If I breach such undertakings and cause any loss to the Company or investors, I am willing to bear the relevant legal responsibility to the Company or investors in accordance with the laws.</p>			

Section 9 Significant Events

(II) Explanation of the Company for whether the assets or projects on which a profit forecast is subsisting or subsisted during the Reporting Period have reached the original profit forecast and the reasons therefor

Yes No Not applicable

(III) Fulfillment of performance undertakings and their impact on goodwill impairment testing

Applicable Not applicable

II. NON-OPERATIONAL FUNDS OCCUPIED BY CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES DURING THE REPORTING PERIOD

Applicable Not applicable

III. IRREGULAR GUARANTEE

Applicable Not applicable

IV. EXPLANATION OF THE BOARD OF THE COMPANY FOR “NON-STANDARD AUDITOR’S REPORT” ISSUED BY THE ACCOUNTING FIRM

Applicable Not applicable

V. EXPLANATION OF THE COMPANY FOR THE REASONS FOR AND EFFECTS OF CHANGES IN THE ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OR REMEDIES FOR MAJOR ACCOUNTING ERRORS

(I) Explanation of the Company for the reasons for and effects of changes in the accounting policies and accounting estimates

Applicable Not applicable

Please refer to (III) “Significant Accounting Policies and Accounting Estimates” in the Auditor’s report.

(II) Explanation of the Company for the reasons for and effects of remedies for major accounting errors

Applicable Not applicable

(III) Communication with the former accounting firm

Applicable Not applicable

(IV) Other explanations

Applicable Not applicable

Section 9 Significant Events

VI. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRM

Unit: RMB Currency: RMB

	Current appointment
Name of local accounting firm	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Remuneration for local accounting firm	2,405,660.38
Audit years of local accounting firm	12 years

	Name	Remuneration
Accounting firm for internal control audit	Deloitte Touche Tohmatsu Certified Public Accountants LLP	330,188.68

Description of appointment and 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

VII. RISKS OF DELISTING

(I) Reasons for delisting risk warning

Applicable Not applicable

(II) Measures to be adopted by the Company

Applicable Not applicable

(III) Delisting and its reasons

Applicable Not applicable

Section 9 Significant Events

VIII. BANKRUPTCY AND RESTRUCTURING

Applicable Not applicable

IX. MATERIAL LITIGATION AND ARBITRATION

The Company was involved in material litigation and arbitration during the Year

The Company was not involved in material litigation and arbitration during the Year

X. ALLEGED VIOLATION OF LAWS AND REGULATIONS AND PUNISHMENT AND CORRECTION OF THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER

Applicable Not applicable

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

Applicable Not applicable

XII. MATERIAL RELATED PARTY TRANSACTIONS

(I) Related party transactions relating to daily operations

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 Group and Great Wall Holdings Company Limited ("Great Wall Holdings")*

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

On 19 June 2020, the Company held the 2nd meeting of the seventh session of the Board, at which the Resolution on the Lease Agreement with Chongqing Chuangban and Adjustment of Ordinary Related Party Transactions for 2020-2021 was considered and approved to adjust the caps of ordinary related party transactions for purchase of services, provision of services, leasing, and provision of leases between the Group and Great Wall Holdings for 2020-2021. For details, please refer to the announcement published by the Company on 19 June 2020.

Section 9 Significant Events

On 15 January 2021, the Company held the 11th meeting of the seventh session of the Board, at which the Resolution on Adjusting the Cap of Ordinary Connected Transactions in 2021 was considered and approved in relation to the estimated aggregate amount of ordinary transactions for purchase of services between the Group and Great Wall Holdings from 2019 to 2021. For details, please refer to the relevant announcements published by the Company on 15 January 2021.

On 31 December 2021, the Company held the 30th meeting of the seventh session of the Board, at which the Resolution on the Estimates of Ordinary Related Party Transactions for 2022-2024 was considered and approved in relation to the estimated aggregate amount of ordinary transactions for leasing, provision of leases, purchase of products, sales of products, purchase of services and provision of services between the Group and Great Wall Holdings from 2022 to 2024. The resolution has been considered and approved by the first extraordinary general meeting in 2022. For details, please refer to relevant announcements published by the Company on 31 December 2021 and 18 March 2022.

Set out below are the ordinary related party transactions conducted in 2021 between the Group and Great Wall Holdings (including companies directly or indirectly controlled by Great Wall Holdings and companies in which the de facto controllers of Great Wall Holdings serve as directors):

Currency: RMB Unit: 0'000

Type	Estimated cap for 2021	Actual amount for 2021	Reasons for the relatively large difference between the estimated amount and the actual amount
Purchase of products	1,799,100.00	379,146.07	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	1,038,920.00	63,919.07	Mainly due to the small purchase scale of new energy vehicles of the Company by related parties
Purchase of services	38,500.00	35,305.88	–
Provision of services	8,900.00	7,168.31	–
Leasing	98,400.00	33,405.61	Mainly due to the relatively small number of plants and equipment leased from related parties by the Company
Provision of leases	3,400.00	1,371.08	–
Total	2,987,220.00	520,316.02	–

Note: The above lease transactions include rentals of short-term, low-value leases and the rentals for the year in relation to leases of right-of-use assets.

The total amount of the ordinary related party (connected) transactions between the Group and Baoding Great Wall Holdings Company Limited (including companies directly or indirectly under its control) in 2021 did not exceed the estimated cap for 2021. Transactions in relation to 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.

Section 9 Significant Events

(2) *The Group and Tianjin Great Wall Binyin Automotive Finance Company Limited (hereinafter referred to as "Great Wall Binyin")*

The Company held the 20th meeting of the sixth session of the Board on 24 June 2019, at which the Resolution 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 considered and approved in relation to the estimated amount of deposits with Great Wall Binyin, a related party of the Company, subject to a maximum daily balance of deposits at RMB7.5 billion, RMB9 billion and RMB10 billion respectively for each year from 2019 to 2021. The resolution was considered and approved at the third extraordinary general meeting held by the Company on 9 August 2019.

On 9 December 2019, the Company held the 27th meeting of the sixth session of the Board, at which the Resolution 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 considered and approved, pursuant to which, the Company will increase its deposit cap with Great Wall Binyin, a related party, to RMB8.7 billion (the increased amount was RMB1.2 billion) in 2019 and its deposit cap to RMB11.5 billion (the increased amount was RMB2.5 billion) in 2020.

On 28 August 2020, the Company held the 6th meeting of the seventh session of the Board, at which the Resolution on Adjustment of Ordinary Related Party Transactions with Tianjin Great Wall Binyin Automotive Finance Company Limited (天津長城濱銀汽車金融有限公司) was considered and approved to adjust the cap of the ordinary related party transactions for purchase of services, provision of services, sales of products and provision of leases between the Group and Great Wall Binyin from 2020 to 2021.

On 23 October 2020, the Company held the 8th meeting of the seventh session of the Board, at which the Resolution 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 Related Party Transactions was considered and approved, pursuant to which, the Company will increase its deposit cap with Great Wall Binyin, a related party, to RMB11.7 billion (the increased amount was RMB200 million) in 2020 and its deposit cap to RMB12.7 billion (the increased amount was RMB2.7 billion) in 2021.

For details, please refer to the announcements published by the Company on 24 June 2019, 9 August 2019, 9 December 2019, 28 August 2020 and 23 October 2020 in designated media for information disclosure.

On 31 December 2021, the Company held the 30th meeting of the seventh session of the Board, at which the Resolution 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 considered and approved in relation to the estimated aggregate amount of ordinary transactions for provision of leasing, sales of products, purchase of services and provision of services between the Group and Great Wall Binyin from 2022 to 2024. The resolution has been considered and approved by the first extraordinary general meeting of the Company in 2022. For details, please refer to relevant announcements published by the Company on 31 December 2021 and 18 March 2022.

Section 9 Significant Events

In 2021, the related party transactions for deposits between the Group and Great Wall Binyin in 2021 are as follows:

Currency: RMB Unit: 0'000

Type	Estimated daily cap of deposit balance for 2021	Maximum amount of single-day deposit balance in 2021	Reasons for the relatively large difference between the estimated amount and the actual amount
Deposit	1,270,000	1,021,400	Mainly due to maturity of certain fixed deposits of the Company

In 2021, other ordinary related party transactions between the Group and Great Wall Binyin are as follows:

Currency: RMB Unit: 0'000

Type	Estimated cap for 2021	Actual amount in 2021	Reasons for the relatively large difference between the estimated amount and the actual amount
Sales of products	12.10	3.44	–
Purchase of services	150,000.00	42,720.88	Mainly due to the decrease in the number of contracts as the Company brought in bank discount channels through which the discount business was diverted to the bank
Provision of services	7,796.00	5,492.29	–
Provision of leases	120.00	55.62	–
Total	157,928.10	48,272.23	–

Note: Great Wall Binyin is a related party under the Listing Rules of the Shanghai Stock Exchange. Accordingly, the deposit transactions contemplated 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.

(3) *The Group and Spotlight Automotive Ltd. (hereinafter referred to as "Spotlight Automotive")*

On 12 June 2020, the Company held the 1st meeting of the seventh session of the Board, at which the Resolution on the Contemplated Ordinary Related Party Transactions with Spotlight Automotive was considered and approved to estimate the ordinary related party transactions between the Group and Spotlight Automotive. The resolution 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.

Section 9 Significant Events

In 2021, the related party transactions between the Group and Spotlight Automotive are as follows:

1. The Group sold products to Spotlight Automotive. The actual amount of related party transactions was RMB88,201,000.
2. The Group provided labour to Spotlight Automotive. The actual amount of related party transactions was RMB294,127,000.
3. The Group provided lease income to Spotlight Automotive. The actual amount of related party transactions was RMB343,000.
4. The Group received labour services from Spotlight Automotive. The actual amount of related party transactions was RMB27,112,000.

The ordinary related party transactions between the Group and Spotlight Automotive for the year from January to December 2021 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 details of development of ordinary related party transactions of the Company, please refer to Related Parties and Related Party Transactions in Note 11 to the financial statements in this report.

3. *Matters undisclosed in preliminary announcements*

Applicable Not applicable

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

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

4. *Disclosure about the realization of contracted performance within the Reporting Period*

Applicable Not applicable

Section 9 Significant Events

(III) Significant related party transactions in respect of 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

Section 9 Significant Events

(V) Financial business between the Company and its related financial company, and between financial company controlled by the Company and related parties

1. *Deposit business*

Applicable Not applicable

2. *Loan business*

Applicable Not applicable

3. *Credit granting business or other financial business*

Applicable Not applicable

4. *Other description*

Applicable Not applicable

(VI) Others

Applicable Not applicable

Apart from the related party transactions between the Group and Hebei Baocang Expressway Co., Ltd. (河北保滄高速公路有限公司), between the Group and Spotlight Automotive as well as between the Group and Tianjin Great Wall Binyin Automotive Finance Co., Ltd. (天津長城濱銀汽車金融有限公司), the related party transactions set out in note 11 to the financial statements constitute connected transactions and continuing connected transactions in accordance with Hong Kong Listing Rules. The Company has complied with relevant requirements under Chapter 14A of the Hong Kong Listing Rules, relevant approval and disclosure procedures, or has been exempted from complying with the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Section 9 Significant Events

XIII. MATERIAL CONTRACTS AND PERFORMANCE THEREOF

(I) Trust, contracting and leasing

1. Trust

Applicable Not applicable

2. Contracting

Applicable Not applicable

3. Leasing

Applicable Not applicable

(II) Guarantee

Applicable Not applicable

Unit: RMB Currency: RMB

External guarantee of the Company (excluding those provided to subsidiaries)	
Total guaranteed amount during the Reporting Period (excluding guarantees provided for subsidiaries)	0
Total guaranteed balance as at the end of the Reporting Period (A) (excluding guarantees provided for subsidiaries)	0
Guarantees provided by the Company and its subsidiaries for subsidiaries	
Total guaranteed amount to subsidiaries during the Reporting Period	3,243,787,724.75
Total guaranteed balance to subsidiaries as at the end of the Reporting Period (B)	6,512,294,675.74
Total guarantees (including guarantees to subsidiaries) provided by the Company	
Total guaranteed amount (A+B)	6,512,294,675.74
Total guaranteed amount as a percentage of the net asset value of the Company (%)	10.48
Of which:	
Guaranteed amount provided for shareholders, parties which have de facto control and their related parties (C)	0
Debt guaranteed amount provided directly or indirectly for parties with gearing ratio exceeding 70% (D)	3,685,720,735.15
Total guaranteed amount in excess of 50% of net asset value (E)	0
Total guaranteed amount of the above three items (C+D+E)	3,685,720,735.15
Statement on the contingent joint liability in connection with unexpired guarantees	N/A

Section 9 Significant Events

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| Details of guarantee | <ol style="list-style-type: none"> 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 sum of the amount un-withdrawn and the amount withdrawn and not repaid among utilized amount within the approved guarantee amount. 3. In April 2020, the Company held a general meeting of shareholders to consider and approve the guarantee of USD1 billion to Billion Sunny Development. As at 31 December 2021, the guarantee balance was RMB2,061,071,500. 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. In April 2020, the Company held a shareholders' general meeting, at which the Resolution on the Estimated Guarantee Amount Provided by the Company to Controlled Subsidiaries was considered and approved, pursuant to which the estimated total additional guarantee amount to controlled subsidiaries did not exceed RMB12,503.30 million. Provided that the estimated total amount was not exceeded, the guarantee amount to controlled subsidiaries can be allocated among subsidiaries within the Company. In August 2020, the Company provided RMB2 billion of guarantee for Tianjin Oula Financial Leasing Co., Ltd., and Baoding Yijian Start Automobile Sales Service Co., Ltd. (保定一見啟動汽車銷售服務有限公司), a wholly-owned subsidiary of the Company, provided RMB200 million of guarantee for Tianjin Oula Financial Leasing Co., Ltd. As at 31 December 2021, the guarantee balance was RMB1,474,552,500. 5. In April 2021, the Company provided RMB0.4 billion of guarantee for Jingcheng Engineering Auto Parts (Yangzhong) Co., Ltd. (精誠工科汽車零部件(揚中)有限公司). As at 31 December 2021, the guarantee balance was RMB400 million. 6. 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. In April 2020, the Company held a general meeting of shareholders to consider and approve the plan for increasing guarantee of RMB500 million to Honeycomb Power System (Jiangsu) Co., Ltd. In April 2021, the Company held a general meeting of shareholders to consider and approve the increase in guarantee of RMB600 million to Honeycomb Power System (Jiangsu) Co., Ltd. As at 31 December 2021, the guarantee balance was RMB1,368,701,800. |
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Section 9 Significant Events

7. 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 plan for increasing guarantee of RMB1 billion to Honeycomb Drive System (Jiangsu) Co., Ltd. On 23 April 2021, the Company held a general meeting of shareholders to consider and approve the plan for increasing guarantee of RMB800 million to Honeycomb Drive System (Jiangsu) Co., Ltd. As at 31 December 2021, the guarantee balance was RMB1,054,863,300 in total.
8. On 23 April 2021, the Company held a general meeting of shareholders to consider and approve the plan for increasing guarantee of RMB500 million to Honeycomb Intelligent Steering System (Jiangsu) Co., Ltd. (蜂巢智能轉向系統(江蘇)有限公司). As at 31 December 2021, the guarantee balance was RMB46,492,700 in total.
9. On 23 April 2021, the Company held a general meeting of shareholders to consider and approve the plan for increasing guarantee of RMB600 million to Great Wall Motor Manufacturing (Thailand) Co., Ltd. (長城汽車製造(泰國)有限公司) and Haval Sales (Thailand) Co., Ltd. (哈弗銷售泰國有限公司). As at 31 December 2021, the guarantee balance was RMB166,612,900 in total.
10. On 23 April 2021, the Company held a general meeting of shareholders to consider and approve the plan for increasing guarantee of RMB3 billion to other controlled subsidiaries of the Company. As at 31 December 2021, Jingcheng Gongke Automotive Parts and Components (Taizhou) Co., Ltd. (精誠工科汽車零部件(泰州)有限公司) provided a guarantee of RMB100 million for Jingcheng Engineering Automotive Systems Co., Ltd. (精誠工科汽車系統有限公司). As at 31 December 2021, the guarantee balance was RMB100 million in total.
11. In April 2021, 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 RMB6.2 billion. As at 31 December 2021, the utilized guaranteed amount was RMB1,553,823,900.

Note: The exchange rate of US dollar against Renminbi was based on the Renminbi central parity rate (USD1=RMB6.3757) as announced by the People's Bank of China on 31 December 2021; the exchange rate of Euro against Renminbi was based on the Renminbi central parity rate (EUR1=RMB7.2197) as announced by the People's Bank of China on 31 December 2021.

Section 9 Significant Events

(III) Entrustment of cash asset management

1. Entrusted wealth management

(1) Overall entrusted wealth management

Applicable Not applicable

Unit: RMB Currency: RMB

Type	Source of capital	Amount	Amount due and not yet recovered
Principal-guaranteed with floating return	Proprietary fund	9,171,000,000.00	5,615,000,000.00

Other matters

Applicable Not applicable

(2) Single item entrusted wealth management

Applicable Not applicable

Unit: RMB Currency: RMB

Trustee	Type of entrusted management	Amount of entrusted wealth management	Commencement date of entrusted wealth management	Termination date of entrusted wealth management	Source of capital	Use of capital	Way of determining remuneration	Annualised yield	Expected gain (if any)	Actual gain or loss	Actual state of recovery	Whether it has gone through statutory procedures	Whether there is any future entrusted wealth management plan	Amount of provision for impairment (if any)
China CITIC Bank Baoding Branch	Principal-guaranteed with floating return	1,000,000,000	20210919	20220318	Proprietary funds			2.80%	12,948,462.13			yes		
Industrial Bank Baoding Branch	Principal-guaranteed with floating return	700,000,000	20211019	20220125	Proprietary funds			3.35%	5,904,139.05			yes		
Ping An Bank Guangzhou Branch	Principal-guaranteed with floating return	200,000,000	20211201	20220301	Proprietary funds			3.60%	1,664,802.27			yes		
Ping An Bank Guangzhou Branch	Principal-guaranteed with floating return	700,000,000	20211202	20220127	Proprietary funds			3.55%	3,575,214.27			yes		
Ping An Bank Guangzhou Branch	Principal-guaranteed with floating return	900,000,000	20211215	20220221	Proprietary funds			3.60%	5,660,327.73			yes		
Industrial Bank Co., Ltd. Taizhou Branch	Principal-guaranteed with floating return	15,000,000	20211220	20220120	Proprietary funds			3.05%	36,436.82			yes		
Ping An Bank Guangzhou Branch	Principal-guaranteed with floating return	100,000,000	20211222	20220303	Proprietary funds			3.09%	563,643.47			yes		
Ping An Bank Guangzhou Branch	Principal-guaranteed with floating return	1,000,000,000	20211223	20220310	Proprietary funds			3.60%	7,121,654.17			yes		
Industrial Bank Baoding Branch	Principal-guaranteed with floating return	1,000,000,000	20211229	20220324	Proprietary funds			3.53%	7,708,702.51			yes		

Other matters

Applicable Not applicable

Section 9 Significant Events

(3) *Provision for entrusted wealth management impairment*

Applicable Not applicable

2. **Entrusted loans**

(1) *General information on entrusted loans*

Applicable Not applicable

Other matters

Applicable Not applicable

(2) *Single item entrusted loans*

Applicable Not applicable

Other matters

Applicable Not applicable

(3) *Provision for impairment of entrusted loans*

Applicable Not applicable

3. **Other matters**

Applicable Not applicable

(IV) **Other material contracts**

Applicable Not applicable

XIV. OTHER IMPORTANT MATTERS THAT HAVE A SIGNIFICANT IMPACT ON THE VALUE JUDGMENT AND INVESTMENT DECISIONS OF INVESTORS

Applicable Not applicable

Section 10 Changes in Shares and Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Table of changes in shares

1. Table of changes in shares

Unit: share

	Before		Newly issued shares	Changes (+,-)				After	
	Number of shares	Percentage (%)		Bonus shares	Shares transfer from reserve	Others	Subtotal	Number of shares	Percentage (%)
I. Shares with selling restrictions	48,684,300	0.53	33,802,350	0	0	-26,163,800	7,638,550	56,322,850	0.61
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	48,684,300	0.53	33,802,350	0	0	-26,163,800	7,638,550	56,322,850	0.61
Including: Domestic non-state- owned legal person shares	0	0	0	0	0	0	0	0	0
Domestic natural person shares	48,684,300	0.53	33,802,350	0	0	-26,163,800	7,638,550	56,322,850	0.61
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	99.47	28,122,728	0	0	23,998,700	52,121,428	9,179,390,428	99.39
1. Ordinary shares denominated in RMB	6,027,729,000	65.69	28,122,728	0	0	23,998,700	52,121,428	6,079,850,428	65.83
2. Domestic listed foreign shares	0	0	0	0	0	0	0	0	0
3. Overseas listed foreign shares	3,099,540,000	33.78	0	0	0	0	0	3,099,540,000	33.56
4. Others	0	0	0	0	0	0	0	0	0
III. Total number of shares	9,175,953,300	100	61,925,078	0	0	-2,165,100	59,759,978	9,235,713,278	100.00

2. Explanation for changes in shares

√ Applicable Not applicable

Section 10 Changes in Shares and Shareholders

(I) *The reserved grant of the 2020 Restricted Share and Share Option Incentive Scheme*

On 28 January 2021, the Company held the 13th meeting of the seventh session of the Board and the 10th meeting of the seventh session of the Supervisory Committee, at which the Resolution on the Grant of Reserved Restricted Share and Share Option to Participants was considered and approved. The Company granted a total of 1,149,150 restricted shares. The Company completed the registration for the reserved grant of the 2020 Restricted Share and Share Option Incentive Scheme on 12 May 2021. The Company's total share capital increased by 1,149,150 shares.

(II) *The first grant of the 2021 Restricted Share and Share Option Incentive Scheme*

On 22 July 2021, the Company held the 23rd meeting of the seventh session of the Board and the 21st meeting of the seventh session of the Supervisory Committee, at which the Resolution on the Adjustments to the List of Participants and the Number of Grant of the 2021 Restricted Share Incentive Scheme and the 2021 Share Option Incentive Scheme of Great Wall Motor Company Limited, the Resolution on Granting of Restricted Shares to Participants of the 2021 Restricted Share Incentive Scheme and Granting of Share Options to Participants of the 2021 Share Option Incentive Scheme of Great Wall Motor Company Limited were considered and approved. The Company granted a total of 32,653,200 restricted shares. The Company completed the registration for the first grant of the 2020 Restricted Shares and Share Option Incentive Scheme on 8 September 2021. The Company's total share capital increased by 32,653,200 shares.

(III) *Repurchase and cancellation of certain restricted Shares under the Share Incentive Scheme*

On 28 January 2021, the Company convened the 13th meeting of the seventh session of the Board and the 10th meeting of the seventh session of the Supervisory Committee, at which the Resolution on the Repurchase and Cancellation of Certain Restricted Shares under the First Grant and Cancellation of Certain Share Options under the First Grant of the 2020 Restricted Share and Share Option Incentive Scheme of the Company was considered and approved. As 2 participants resigned prior to the expiration of the lock-up period, the above participants no longer met the conditions for incentive in relation to the 2020 Incentive Scheme. The Company repurchased and cancelled all of the 613,000 restricted shares held by the above 2 participants that had not been unlocked. The cancellation of the above certain restricted shares was completed on 9 April 2021. The Company's total share capital decreased by 613,000 shares.

Section 10 Changes in Shares and Shareholders

On 31 March 2021, the Company convened the 16th meeting of the seventh session of the Board and the 13th meeting of the seventh session of the Supervisory Committee, at which the Resolution on the Repurchase and Cancellation of Certain Restricted Shares under the First Grant and Cancellation of Certain Share Options under the First Grant of the 2020 Restricted Share and Share Option Incentive Scheme of the Company was considered and approved, agreeing the Company to repurchase and cancel certain restricted share of the resigned participant. As 1 participant resigned prior to the expiration of the lock-up period, the above participant no longer met the conditions for incentive in relation to the 2020 Incentive Scheme. The Company repurchased and cancelled all of the 73,900 restricted shares held by the above 1 participant that had not been unlocked. The cancellation of the above certain restricted shares was completed on 20 July 2021. The Company's total share capital decreased by 73,900 shares.

On 31 August 2021, the Company convened the 25th meeting of the seventh session of the Board and the 23rd meeting of the seventh session of the Supervisory Committee, at which the Resolution on the Repurchase and Cancellation of Certain Restricted Shares under the First Grant and Reserved Grant of the 2020 Restricted Share and Share Option Incentive Scheme of the Company was considered and approved. As 6 participants resigned prior to the expiration of the lock-up period, the above participants no longer met the conditions for incentive in relation to the 2020 Incentive Scheme. The Company repurchased and cancelled all of the 1,467,200 restricted shares held by the above 6 participants that had not been unlocked. The cancellation of the above certain restricted shares was completed on 9 November 2021. The Company's total share capital decreased by 1,467,200 shares.

(IV) Unlocking and Exercise of Share Incentive

On 14 April 2021, the Company held the seventeenth meeting of the seventh session of the Board, at which the Resolution on the Achievement of Unlocking Conditions for the First Tranche of Restricted Shares under the First Grant and the Fulfillment of the Exercise Conditions for the First Exercise Period of Share Options under the First Grant of the 2020 Restricted Share and Share Option Incentive Scheme of the Company was considered and approved. Pursuant to the above resolution, the Board is of the view that the unlocking conditions for the first tranche of restricted shares under the first grant of the 2020 Incentive Scheme of the Company have been fulfilled. The number of participants entitled to the unlocking is 276, and the number of restricted shares under the first grant eligible for unlocking is 23,998,700. The number of exercisable share options under the first grant of 2020 Incentive Scheme within the first exercise period was 28,239,034. The exercise method is independent exercise and the exercise period commences from 7 May 2021. As at 31 December 2021, 28,106,189 shares options have been exercised and registered, and the Company's total share capital increased by 28,106,189 shares.

(V) Conversion of A-Share Convertible Corporate Bonds into Shares

In accordance with the relevant provisions of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and the Prospectus for the Public Issuance of A-Share Convertible Corporate Bonds by Great Wall Motor Company Limited (hereinafter referred to as the "Prospectus"), the conversion period of "Great Wall Motor Convertible Bonds" begins from the first trading day (17 December 2021) after six months from the date of issuance (17 June 2021) to the maturity date (9 June 2027), which means from 17 December 2021 to 9 June 2027, "Great Wall Motor Convertible Bonds" can be converted into A-share ordinary shares of the Company. From 17 December 2021 to 31 December 2021, "Great Wall Motor Convertible Bonds" of RMB631,000 in total have been converted into 16,539 shares of the Company. The Company's total share capital increased by 16,539 shares.

Section 10 Changes in Shares and Shareholders

3. Impacts of changes in shares on financial indicators such as gain and net assets per share for the current year and period (if any)

Applicable Not applicable

Changes in the Company's shares in the Reporting Period have no significant impact on financial indicators such as earnings per share and net assets per share in the latest year and the latest period.

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

Applicable Not applicable

(II) Changes in shares with selling restrictions

Applicable Not applicable

Unit: share

Name of shareholder	Number of shares with selling restriction at the beginning of the Year	Number of shares with selling restrictions removed during the Year	Increase in the number of shares with selling restrictions during the Year	Number of shares with selling restriction at the end of the Year	Reason for the selling restriction	Date of removal of the selling restriction
Restricted shares for employees	24,342,150	23,998,700	-343,450	0	Share incentive	27 April 2021 – 26 April 2022
Restricted shares for employees	14,605,290	0	-686,390	13,518,900	Share incentive	27 April 2022 – 26 April 2023
Restricted shares for employees	9,736,860	0	-848,100	9,012,600	Share incentive	27 April 2023 – 26 April 2024
Restricted shares for employees	0	0	569,075	569,075	Share incentive	28 January 2022 – 27 January 2023
Restricted shares for employees	0	0	569,075	569,075	Share incentive	28 January 2023 – 27 January 2024
Restricted shares for employees	0	0	13,061,280	13,061,280	Share incentive	22 July 2022 – 21 July 2023
Restricted shares for employees	0	0	9,795,960	9,795,960	Share incentive	22 July 2023 – 21 July 2024
Restricted shares for employees	0	0	9,795,960	9,795,960	Share incentive	22 July 2024 – 21 July 2025
Total	48,684,300	23,998,700	31,913,410	56,322,850	/	/

Section 10 Changes in Shares and Shareholders

II. ISSUE AND LISTING OF SECURITIES

(I) Issue of securities as at the Reporting Period

Applicable Not applicable

Unit: Share Currency: RMB

Type of shares and derivative securities	Issue date	Issue price (or interest rate)	Issue amount	Listing date	Amount approved for listing and trading	Closing date of trading
Type of ordinary shares						
First grant of restricted shares of 2020						
Share Option Incentive Scheme (A Shares)	2020-06-03	RMB4.37/share	49,303,500	2020-06-03	49,303,500	/
Reserved grant of restricted shares of 2020						
Share Option Incentive Scheme (A Shares)	2021-05-12	RMB20.80/share	1,149,150	2021-05-12	1,149,150	/
First grant of restricted shares of 2021						
Share Option Incentive Scheme (A Shares)	2021-09-08	RMB16.78/share	32,653,200	2021-09-08	32,653,200	/
Convertible corporate bonds, separate trading of convertible bonds						
Convertible corporate bonds	2021-06-10	RMB38.39/share	3,500,000,000	2021-07-08	3,500,000,000	/

Note: (1) The first grant of restricted shares of 2020 Incentive Scheme (A Shares): of which, 619,200 restricted A shares were cancelled on 11 September 2020; 613,000 restricted A shares were cancelled on 9 April 2021; 73,900 restricted A shares were cancelled on 20 July 2021; 1,467,200 restricted A shares were cancelled on 9 November 2021.

(2) The reserved grant of restricted shares of 2020 Incentive Scheme (A Shares): 1,467,200 restricted A shares were cancelled on 9 November 2021.

Description of the issue of securities as at the Reporting Period (please present separately for securities with different interest rates over their duration):

Applicable Not applicable

(II) Changes in the total number of shares and shareholding structure as well as changes in the structure of assets and liabilities of the Company

Applicable Not applicable

During the Reporting Period, the total number of ordinary shares of the Company is set out in I. (I) Table of changes in shares in this section, and the changes in shareholder structure are set out in III. SHAREHOLDERS AND THE DE FACTO CONTROLLER in this section.

At the beginning of the Reporting Period, the total assets were RMB154,011,490,632.24, the total liabilities were RMB96,669,643,048.05, and the asset-liability ratio was 62.77%; at the end of the Reporting Period, the total assets were RMB175,408,020,587.93, the total liabilities were RMB113,279,537,815.09, and the asset-liability ratio was 64.58%.

(III) Existing employee shares

Applicable Not applicable

Section 10 Changes in Shares and Shareholders

III. SHAREHOLDERS AND THE DE FACTO CONTROLLER

(I) Total number of shareholders

Total number of ordinary shareholders as at the end of the Reporting Period (person)	189,018
Total number of ordinary shareholders as at the end of the last month prior to the date of this annual report (person)	190,733

(II) 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

Name of shareholder (full name)	Increase/ decrease during the Reporting Period	Shareholding of the top 10 shareholders			Shares pledged, labeled or frozen Condition of shares	Number	Type of shareholder
		Number of shares held at the end of the Reporting Period	Percentage (%)	Number of shares held with selling restrictions			
Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)	0	5,115,000,000 (A Shares)	55.38	0 (A Shares)	Pledged	880,300,000 (A Shares)	Domestic non-state-owned legal person
HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司)	677,302	3,085,369,751 (H Shares)	33.41	-	Unknown	-	Overseas legal person
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	0	196,889,089 (A Shares)	2.13	-	Unknown	-	Unknown
Hong Kong Securities Clearing Company Limited (香港中央結算有限公司)	30,463,182	59,717,905 (A Shares)	0.65	-	Unknown	-	Unknown
National Social Security Fund Portfolio 103 (全國社保基金壹零三組合)	-18,640,668	35,200,000 (A Shares)	0.38	-	Unknown	-	Unknown
Agricultural Bank of China Limited – Yifangda Consumer Industry Equity Securities Investment Fund (中國農業銀行股份有限公司–易方達消費行業股票型證券投資基金)	21,309,495	21,309,495 (A Shares)	0.23	-	Unknown	-	Unknown
China Construction Bank Corporation – Huaxia Energy Reform Equity Securities Investment Fund (中國建設銀行股份有限公司–華夏能源革新股票型證券投資基金)	2,550,870	19,087,392 (A Shares)	0.21	-	Unknown	-	Unknown

Section 10 Changes in Shares and Shareholders

Name of shareholder (full name)	Increase/ decrease during the Reporting Period	Shareholding of the top 10 shareholders			Shares pledged, labeled or frozen Condition of shares	Number	Type of shareholder
		Number of shares held at the end of the Reporting Period	Percentage (%)	Number of shares held with selling restrictions			
China Minsheng Banking Corp., Ltd. – GF Industry Selection Mixed Securities Investment Fund with Three-year Holding Period (中國民生銀行股份有限公司–廣發行業 嚴選三年持有期混合型證券投資基金)	17,490,743	17,490,743 (A Shares)	0.19	–	Unknown	–	Unknown
Industrial and Commercial Bank of China Limited – GF Double-Engine Advanced Mixed Securities Investment Fund (中國工商銀行股份有限公司– 廣發雙擎升級混合型證券投資基金)	12,365,951	12,365,951 (A Shares)	0.13	–	Unknown	–	Unknown
China Foreign Economy and Trade Trust Co., Ltd. – Foreign Investment Trust – Gao Yi Xiaofeng Hongyuan Collective Investment Trust Scheme (中國對外經濟貿易信託有限公司– 外貿信託–高毅曉峰鴻遠集合資金信託計劃)	11,802,184	11,802,184 (A Shares)	0.13	–	Unknown	–	Unknown

Shareholding of the top 10 shareholders holding shares without selling restrictions

Name of shareholder	Number of tradable shares without selling restrictions held	Class and number of shares	
		Class	Number
Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)	5,115,000,000 (A Shares)	RMB-denominated ordinary shares	5,115,000,000 (A Shares)
HKSCC NOMINEES LIMITED	3,085,369,751 (H Shares)	Overseas listed foreign shares	3,085,369,751 (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	59,717,905 (A Shares)	RMB-denominated ordinary shares	59,717,905 (A Shares)
National Social Security Fund Portfolio 103	35,200,000 (A Shares)	RMB-denominated ordinary shares	35,200,000 (A Shares)

Section 10 Changes in Shares and Shareholders

Shareholding of the top 10 shareholders holding shares without selling restrictions

Name of shareholder	Number of tradable shares without selling restrictions held	Class and number of shares	
		Class	Number
Agricultural Bank Of China Limited - Yifangda Consumer Industry Equity Securities Investment Fund	21,309,495 (A Shares)	RMB-denominated ordinary shares	21,309,495 (A Shares)
China Construction Bank Corporation – Huaxia Energy Reform Equity Securities Investment Fund	19,087,392 (A Shares)	RMB-denominated ordinary shares	19,087,392 (A Shares)
China Minsheng Banking Corp., Ltd. – GF Industry Selection Mixed Securities Investment Fund with Three-year Holding Period	17,490,743 (A Shares)	RMB-denominated ordinary shares	17,490,743 (A Shares)
Industrial and Commercial Bank of China Limited – GF Double-Engine Advanced Mixed Securities Investment Fund	12,365,951 (A Shares)	RMB-denominated ordinary shares	12,365,951 (A Shares)
China Foreign Economy and Trade Trust Co., Ltd. – Foreign Investment Trust – Gao Yi Xiaofeng Hongyuan Collective Investment Trust Scheme	11,802,184 (A Shares)	RMB-denominated ordinary shares	11,802,184 (A Shares)
Description of special buyback accounts of the top 10 shareholders			
The explanation of above shareholders' proxy voting right, entrusted voting right and abandonment of voting right			
Description of the related party relationship or acting in concert among the above shareholders		There is no related party relationship between Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司), the controlling shareholder of the Company, and 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			–

Note: As at 31 December 2021, the accumulative number of shares of the Company pledged by Baoding Innovation Great Wall Asset Management Company Limited (hereinafter referred to as "Innovation Great Wall") was 880,300,000 A Shares.

On 11 February 2022, Innovation Great Wall released the pledge over the 31.8 million shares of the Company originally pledged to Yunnan International Trust Co., Ltd. (雲南國際信託有限公司). After the pledge was released, Innovation Great Wall has pledged a total of 848.5 million shares of the Company as of 11 February 2022.

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

Applicable Not applicable

Section 10 Changes in Shares and Shareholders

Shares Held by Substantial Shareholders (SFO Requirements)

As at 31 December 2021, the following shareholders (excluding the directors, supervisors and chief executives of the Company) had interests or short positions in any shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name	No. of shares	Approximate percentage of A Shares (%)	Approximate percentage of H Shares (%)	Approximate percentage of total number of shares (%)
Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) (Note 1)	5,115,000,000 (L) (A Shares)	83.36	—	55.38
Baoding Great Wall Holdings Company Limited (保定市長城控股集團有限公司) (Note 2)	5,152,998,500(L) (A Shares and H Shares)	—	—	55.79
Schroders PLC	186,482,189(L)	—	6.02(L)	2.02(L)
BlackRock, Inc.	175,435,854(L)	—	5.66(L)	1.90(L)
	9,607,500 (S)		0.31(S)	0.10(S)
Han Xue Juan (Note 3)	5,152,998,500(L) (A Shares and H Shares)	—	—	55.79
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)	84.18	—	55.38

- (L) denotes a long position in shares of the Company
 (S) denotes a short position in shares of the Company
 (P) denotes shares available for lending

Notes:

- 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 638 Yonghua South Street, Baoding. Its scope of business covers investments in manufacturing, real estate and horticulture industries, as well as corporate planning and management consulting (operations that require pre-approval according to laws and administrative regulations or as prescribed by the State Council can only be conducted after obtaining approval). As at 31 December 2021, 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. Further, 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.
- As at 31 December 2021, 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) for the purposes of the SFO. At the same time, Baoding Great Wall Holdings Company Limited (保定市長城控股集團有限公司) is interested in 37,998,500 H Shares.

Section 10 Changes in Shares and Shareholders

- (3) As at 31 December 2021, Ms. Han Xue Juan 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), and is the spouse of Mr. Wei Jian Jun. Ms. Han Xue Juan is deemed to be interested in all the shares of the Company in which Mr. Wei Jian Jun is interested for the purposes of the SFO.
- (4) 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) was 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). As at 31 December 2021, 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) 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) for the purposes of the SFO.

Save as disclosed above, as at 31 December 2021, 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.

(III) Strategic investors or general legal person becoming top 10 shareholders as a result of placing of new shares

Applicable Not applicable

IV. CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER

(I) Details of controlling shareholders

1 Legal person

Applicable Not applicable

Name	Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)
Person in charge or legal representative	Wei Jian Jun
Date of establishment	1 December 2005
Principal business	Investments in manufacturing, real estate and horticulture industries, as well as corporate planning and management consulting.
Control of and shareholdings in other domestic or overseas listed companies during the Reporting Period	The Company did not have any control of or shareholding in other domestic or overseas listed companies during the Reporting Period.
Others	–

2 Natural person

Applicable Not applicable

Section 10 Changes in Shares and Shareholders

3 Specific descriptions of no controlling shareholder in the Company

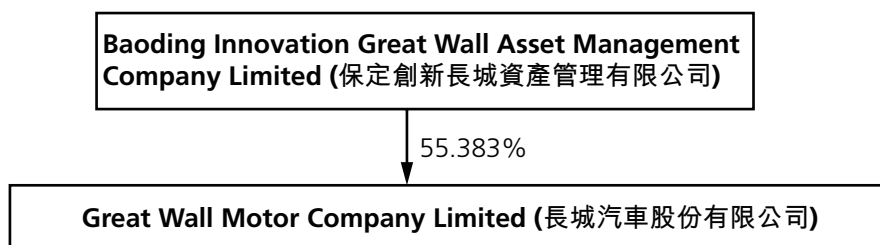
Applicable Not applicable

4 Change in controlling shareholders during the Reporting Period

Applicable Not applicable

5 Chart showing the shareholding and controlling relationship between the Company and the controlling shareholder

Applicable Not applicable



(II) Details of the de facto controller

1 Legal person

Applicable Not applicable

2 Natural Person

Applicable Not applicable

Name	Wei Jian Jun
Nationality	Chinese
Right of abode in other countries or regions	No
Occupation and position	Chairman of Great Wall Motor Company Limited
Shareholdings in domestic or overseas listed companies in the last 10 years	Mr. Wei Jian Jun did not hold any shares in any listed companies other than Great Wall Motor in the last 10 years.

3 Specific descriptions of no de facto controller in the Company

Applicable Not applicable

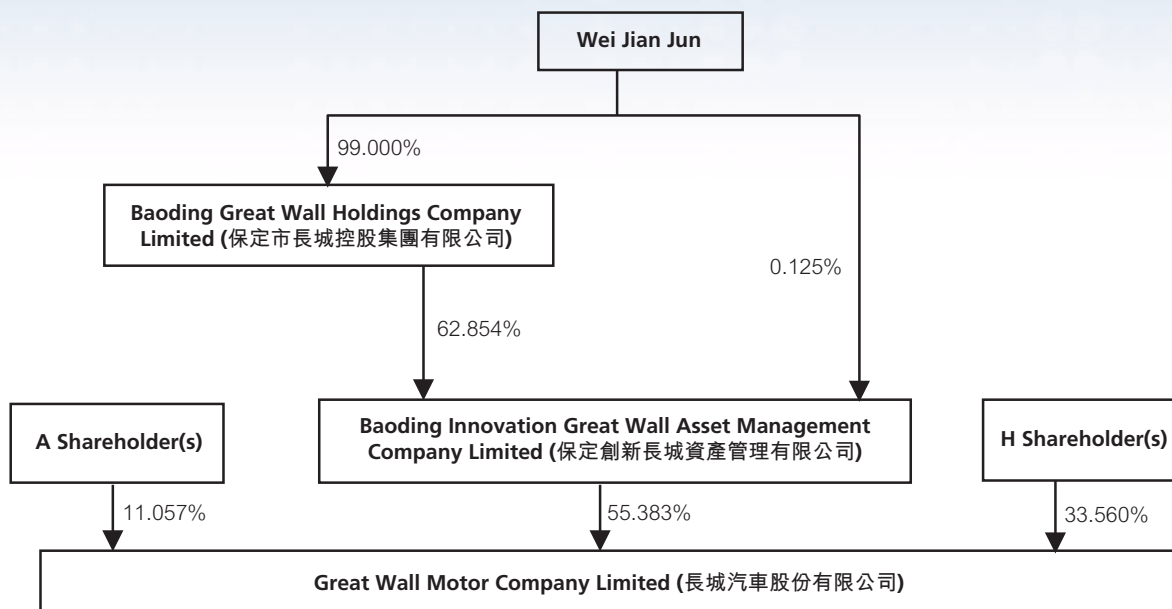
4 Change in the control over the Company during the Reporting Period

Applicable Not applicable

Section 10 Changes in Shares and Shareholders

5 Chart showing the shareholding and controlling relationship between the Company and the de facto controller

Applicable Not applicable



6 The de facto controller controlling the Company under trust and through other ways of asset management

Applicable Not applicable

(III) Other information about controlling shareholders and the de facto controller

Applicable Not applicable

V. THE SHARES CUMULATIVELY PLEDGED BY THE CONTROLLING SHAREHOLDER OR THE LARGEST SHAREHOLDER OF THE COMPANY AND THE PERSONS ACTING IN CONCERT EXCEED 80% OF THE SHARES OF THE COMPANY HELD BY THEM

Applicable Not applicable

VI. OTHER LEGAL PERSON SHAREHOLDERS HOLDING 10% OR MORE OF SHARES

Applicable Not applicable

VII. LIMIT ON THE SHAREHOLDING REDUCTION

Applicable Not applicable

VIII. SPECIFIC IMPLEMENTATION OF SHARE BUYBACK DURING THE REPORTING PERIOD

Applicable Not applicable

Section 11 Description of Preference Shares

Applicable Not applicable

Section 12 Description of Bonds

I. CORPORATE BONDS, COMPANY BONDS AND DEBT FINANCING INSTRUMENTS OF NONFINANCIAL ENTERPRISES

Applicable Not applicable

II. CONVERTIBLE CORPORATE BONDS

Applicable Not applicable

(I) Issuance of convertible bonds

Applicable Not applicable

The Company held the 9th meeting of the seventh session of the Board on 6 November 2020, at which the Resolution on Issuance of A Share Convertible Corporate Bonds was considered and approved. Proceeds raised from the proposed issuance of A share convertible corporate bonds will be used for the new models R&D project and the GDC project to enhance the competitiveness of the principal business of the Company.

The A share convertible corporate bonds and the A shares to be converted into will be listed on the Shanghai Stock Exchange and the total proceeds raised therefrom will not exceed RMB8 billion (RMB8 billion inclusive). The A share convertible corporate bonds will be issued at par value of RMB100 each.

The Company held the fourth extraordinary general meeting in 2020, the third H Shareholders' class meeting in 2020 and the third A Shareholders' class meeting in 2020 on 18 December 2020, at which the aforementioned proposed issuance of A share convertible corporate bonds was considered and approved.

The Company held the 14th meeting of the seventh session of the Board on 12 March 2021, at which the revised issuance plan of the aforementioned proposed issuance of A share convertible corporate bonds was considered and approved. The total amount of the convertible bonds proposed to be issued was revised to not exceed RMB3.5 billion (RMB3.5 billion inclusive). The actual amount of the proceeds raised shall be determined by the Board of the Company or its authorised persons within the above range, subject to the authorisation by the shareholders at the shareholders' general meetings of the Company. All of the proceeds are proposed to be used for the following projects after deduction of issuance expenses:

Unit: RMB0'000

Project name	Total project investment	Amount of proceeds raised to be invested
New models R&D project	630,970.81	350,000.00
GDC project	798,002.54	0.00
Total	1,428,973.35	350,000.00

Section 12 Description of Bonds

As approved by CSRC Permit [2021] No.1353, the Company publicly issued 35,000,000 A share convertible corporate bonds on 10 June 2021 at a par value of RMB100 each, totaling RMB3.5 billion with a term of 6 years. The convertible bonds issued can be converted during the period from 17 December 2021 to 9 June 2027. The initial conversion price of the convertible corporate bonds is RMB38.39 per share.

As approved by the Self-regulation Decision [2021] No.287 of Shanghai Stock Exchange, the convertible corporate bonds of RMB3.5 billion was listed and traded on Shanghai Stock Exchange from 8 July 2021 with the abbreviation of "Great Wall Motor Convertible Bonds" and stock code of "113049", and the closing price on that day was RMB142.07 each. The total amount of proceeds raised was RMB3.5 billion, and the actual net proceeds raised were RMB3,487,972,641.51. The utilised proceeds have been used in line with the purposes previously disclosed.

Total proceeds and details of utilisation:

Total proceeds from the issuance of A share convertible corporate bonds (RMB0'000)	Planned use of proceeds previously disclosed	Proceeds utilized as of 31 December 2021 (RMB0'000)	Proceeds unutilized as of 31 December 2021 (RMB0'000)	Expected timeline for utilisation of unutilised proceeds
350,000.00	New models R&D project	60,814.47	287,982.79	On or before 31 December 2023
	GDC project	–	–	On or before 31 December 2025

Holders of the Company's A share convertible corporate bonds are natural persons holding accounts with Shanghai Branch of China Securities Depository and Clearing Corporation Limited, legal persons, securities investment funds and other investors in compliance with legal requirements.

Section 12 Description of Bonds

(II) Holders and guarantors of convertible bonds during the Reporting Period

√ Applicable □ Not applicable

Name of convertible corporate bonds		Great Wall Motor Convertible Bonds	
Number of holders of convertible bonds at the end of the period		24,453	
Guarantors of convertible bonds of the Company		–	
The top 10 convertible bond holders are as follows:		Convertible bonds held as at the end of the period	
Name of holders of convertible corporate bonds	(RMB)	Proportion (%)	
Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)	2,060,000,000	58.87	
Special accounts for bonds repurchase and pledge under the registration and settlement system (Industrial and Commercial Bank of China) (登記結算系統債券回購質押專用賬戶(中國工商銀行))	259,956,000	7.43	
Shanghai Wealspring Asset Management Co., Ltd. – Ningquan Zhiyuan No. 39 Private Security Investment Fund (上海寧泉資產管理有限公司—寧泉致遠39號私募證券投資基金)	80,033,000	2.29	
Shanghai Wealspring Asset Management Co., Ltd. – Ningquan Zhiyuan No. 58 Private Security Investment Fund (上海寧泉資產管理有限公司—寧泉致遠58號私募證券投資基金)	78,789,000	2.25	
Shanghai Wisdomshire Asset Management Co., Ltd. – Ruijun Zhiyuan No.1 Private Security Investment Fund (上海睿郡資產管理有限公司—睿郡致遠1號私募證券投資基金)	57,390,000	1.64	
National Social Security Fund Portfolio 212 (全國社保基金二一二組合)	55,875,000	1.60	
China Foreign Economy and Trade Trust Co., Ltd. – Foreign Investment Trust – Ruijun Wenxiang Private Security Investment Fund (中國對外經濟貿易信託有限公司—外貿信託—睿郡穩享私募證券投資基金)	38,000,000	1.09	
Shanghai Wisdomshire Asset Management Co., Ltd. – Ruijun Ruixiang Private Security Investment Fund (上海睿郡資產管理有限公司—睿郡睿享私募證券投資基金)	34,747,000	0.99	
Kunlun Health Insurance Co., Ltd. – Traditional Insurance Products 1 (崑崙健康保險股份有限公司—傳統保險產品1)	30,000,000	0.86	
China Construction Bank Corporation – Huaan Hongli Hybrid Securities Investment Fund (中國建設銀行股份有限公司—華安宏利混合型證券投資基金)	29,992,000	0.86	

Section 12 Description of Bonds

(III) Changes in convertible bonds during the Reporting Period

Applicable Not applicable

Unit: RMB Currency: RMB

Name of convertible corporate bond	Before this change	Increase/decrease for this change			After this change
		Conversion (share)	Redemption (share)	Buyback (share)	
Great Wall Motor Convertible Bonds	3,500,000,000	631,000	0	0	3,499,369,000

Cumulative convertible bonds during the Reporting Period

Applicable Not applicable

Name of convertible corporate bond	Great Wall Motor Convertible Bonds
Amount of conversion during the Reporting Period (RMB)	631,000
Number of conversion shares during the Reporting Period (share)	16,539
Cumulative conversion shares (share)	16,539
Percentage of cumulative conversion shares to total issued shares of the Company before conversion (%)	0.000179
Amount of shares not converted (RMB)	3,499,369,000
Ratio of convertible bonds not converted to total issued convertible bonds (%)	99.981971

(IV) Previous adjustments to conversion price

Applicable Not applicable

Unit: RMB Currency: RMB

Name of convertible corporate bond	Great Wall Motor Convertible Bonds	Adjustment date of conversion price	Conversion price after adjustment	Disclosure date	Disclosure media	Description on conversion price adjustment
		10 September 2021	38.30	9 September 2021	Shanghai Stock Exchange www.sse.com.cn ; Hong Kong Stock Exchange www.hkexnews.hk	Repurchase and cancellation of certain restricted shares under the first grant of 2020 incentive scheme; the independent exercise of the first exercise period of share options under the first grant of the 2020 Incentive Scheme; completion of registration for the grant of restricted shares of 2021 Incentive Scheme

Section 12 Description of Bonds

Name of convertible corporate bond	Great Wall Motor Convertible Bonds				
Adjustment date of conversion price	Conversion price after adjustment	Disclosure date	Disclosure media	Description on conversion price adjustment	
21 October 2021	38.00	14 October 2021	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	The independent exercise of the first exercise period of share options under the first grant of the 2020 Incentive Scheme; implementation of 2021 interim equity distribution	
11 November 2021	38.01	10 November 2021	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	The independent exercise of the first exercise period of share options under the first grant of the 2020 Incentive Scheme; repurchase and cancellation of certain restricted shares under the first grant and reserved grant of 2020 Incentive Scheme	
Latest conversion price as at the end of the Reporting Period	38.01				

(V) Information on the Company's liability and credit changes as well as the cash arrangement for future annual debt repayment

Applicable Not applicable

According to the Credit Rating Report of Great Wall Motor Company Limited for Public Issuance of A-Share Convertible Corporate Bonds in 2020 issued by China Chengxin International Credit Rating Co., Ltd. (中誠信國際信用評級有限責任公司) on 17 May 2021, the Company's issuer credit rating is AAA with stable rating outlook, and the credit rating of the bonds is also AAA. As at the end of 2021, the total liabilities of the Company were RMB113,280 million, and the gearing ratio was 64.58%. The Company maintains an excellent issuer credit rating and sound solvency indicators. Meanwhile, the Company generates stable profitability and has desirable development prospects with strong solvency and risk aversion to ensure the capital requirements for repaying the principal and interest of the current tranche of convertible corporate bonds.

(VI) Other information of convertible bonds

Applicable Not applicable

Section 13 Financial Report (Auditor's Report)

De Shi Bao (Shen) Zi (22) No. P00936

(Page 1 of 6)

TO THE SHAREHOLDERS OF GREAT WALL MOTOR COMPANY LIMITED:

I. OPINION

We have audited the accompanying financial statements of Great Wall Motor Company Limited (hereinafter referred as "Great Wall Motor"), which comprise the consolidated and the company's balance sheets as at 31 December 2021, the consolidated and the company's income statements, the consolidated and the company's cash flow statements and the consolidated and the company's statements of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements have been prepared and present fairly, in all material respects, the consolidated and the company's financial position as at 31 December 2021, and the consolidated and the company's results of operations and cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises ("ASBEs").

II. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of Great Wall Motor in accordance with the Code of Ethics for Chinese Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be key audit matters to be communicated in our report.

Section 13 Financial Report (Auditor's Report)

De Shi Bao (Shen) Zi (22) No. P00936
(Page 2 of 6)

III. KEY AUDIT MATTERS (continued)

(I). Capitalization of development expenditure

1. Description

As disclosed in Note (VI) 17 to the financial statements, the balance of development expenditure of Great Wall Motor was RMB7,144,904,022.66 as at 31 December 2021. As disclosed in Note (IV) to the financial statements, significant judgements made in the application of accounting policies – capitalization of development expenditure, considering that whether the development expenditure meets the capitalization conditions stipulated in the ASBEs involves significant judgment of management, the development expenditure is identified as a key audit matter.

2. Audit response

Our main procedures in relation to capitalization of development expenditure included:

- (1) Testing and evaluating of the effectiveness of the design and implementation of key internal controls related to the capitalization of development expenditure;
- (2) Understanding relevant accounting policies and estimates for capitalization conditions of development expenditure determined by the management, and evaluating the reasonableness of capitalization conditions of development expenditure and whether the provisions of ASBEs are complied with;
- (3) Sampling the supporting documents such as meeting minutes, project approvals and feasibility analysis, etc. related to research and development projects, and evaluating whether the conditions and basis for the capitalization of research and development projects are sufficient and reasonable;
- (4) Sample testing the project development expenditure to check and evaluate the authenticity and accuracy of development expenditure.

Section 13 Financial Report (Auditor's Report)

De Shi Bao (Shen) Zi (22) No. P00936

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III. KEY AUDIT MATTERS (continued)

(II). Provision for after-sales service expenses

1. Description

As disclosed in Note (VI) 28 to the financial statements, the provision for guaranteed after-sales service expenses made by Great Wall Motor was RMB1,102,102,977.25 as at 31 December 2021. As disclosed in Note (IV) key assumptions and uncertainties in accounting estimates – after-sales service expense, Great Wall Motor also undertakes warranty obligations within a specific warranty period regarding to automobiles sold. Great Wall Motor provided for after-sales service expenses based on sales volume and estimated expense standard, which involves significant accounting estimates and judgment made by management. Accordingly, provision for after-sales service expenses is identified as a key audit matter.

2. Audit response

Our main procedures in relation to the provision for after-sales service expenses included:

- (1) Testing and evaluating of the design and implementation effectiveness of key internal controls related to the provisions for after-sales service expenses;
- (2) Understanding and evaluating whether the accounting policies related to the provision were applied appropriately and consistently;
- (3) Understanding and evaluating the reasonableness of the methodology and calculation models used by Great Wall Motor in determining the provisions based on the requirements of laws and contracted terms;
- (4) Evaluating the reasonableness of the underlying data used by Great Wall Motor in the calculation models by analyzing historical repairment, maintenance records and sales data and, on a sample basis, checking relevant underlying data;
- (5) On a sample basis, recalculating the provision for after-sales service for major automobile models to verify the accuracy of calculation made by management.

Section 13 Financial Report (Auditor's Report)

De Shi Bao (Shen) Zi (22) No. P00936
(Page 4 of 6)

IV. OTHER INFORMATION

Great Wall Motor's management is responsible for the other information. The other information comprises the information included in the 2021 annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Great Wall Motor's management is responsible for the preparation and fair presentation of the financial statements in accordance with ASBEs, and designing, implementing and maintaining the internal control that is necessary to enable that the preparation of financial statements is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Great Wall Motor's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern assumption unless management either intends to liquidate Great Wall Motor or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Great Wall Motor's financial reporting process.

Section 13 Financial Report (Auditor's Report)

De Shi Bao (Shen) Zi (22) No. P00936
(Page 5 of 6)

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

Section 13 Financial Report (Auditor's Report)

De Shi Bao (Shen) Zi (22) No. P00936
(Page 6 of 6)

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

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

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

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

Deloitte Touche Tohmatsu CPA LLP
Shanghai, China

Chinese Certified Public Accountants:
Tong Chuan Jiang
(Engagement partner)

Chinese Certified Public Accountants:
Li Li Jiao

29 March 2022

The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's 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 31 December 2021

RMB

Items	Notes	31/12/2021	31/12/2020
Current Assets:			
Cash and bank balances	(VI)1	33,047,560,929.36	14,588,464,389.52
Held-for-trading financial assets	(VI)2	6,046,493,154.78	4,826,193,896.30
Derivative financial assets		5,554,185.76	2,271,973.16
Notes receivable	(VI)4	3,181,930,272.20	–
Accounts receivable	(VI)3	5,421,996,764.84	3,936,156,908.98
Financing with receivables	(VI)4	31,499,637,236.45	52,984,556,339.76
Prepayments	(VI)5	1,748,896,425.13	570,917,965.02
Other receivables	(VI)6	1,121,872,592.52	1,032,243,323.43
Inventories	(VI)7	13,966,418,723.46	7,497,635,549.94
Contract assets	(VI)8	272,035,125.82	495,298,612.22
Non-current assets due within one year	(VI)10	2,240,394,116.43	1,884,739,784.73
Other current assets	(VI)9	9,812,817,672.24	11,580,488,006.85
Total Current Assets		108,365,607,198.99	99,398,966,749.91
Non-Current Assets:			
Long-term receivables	(VI)10	2,290,581,929.95	2,445,172,072.69
Long-term equity investments	(VI)11	9,524,314,026.06	8,415,182,722.15
Other equity instrument investments		813,215,710.00	7,700,000.00
Other non-current financial assets		58,247,041.15	24,500,000.00
Investment properties	(VI)12	326,236,381.33	325,631,402.08
Fixed assets	(VI)13	27,441,388,875.44	28,609,221,999.83
Construction in progress	(VI)14	4,467,242,861.76	2,936,380,757.60
Right-of-use asset	(VI)15	226,764,213.96	238,889,308.01
Intangible assets	(VI)16	7,090,635,584.53	5,543,378,486.80
Development expenditure	(VI)17	7,144,904,022.66	3,723,471,858.34
Goodwill	(VII)1(2)	27,763,359.77	–
Long-term prepaid expenses		202,597,485.53	178,097,492.31
Deferred tax assets	(VI)18	2,776,617,707.07	1,183,302,566.37
Other non-current assets	(VI)19	4,651,904,189.73	981,595,216.15
Total Non-current Assets		67,042,413,388.94	54,612,523,882.33
TOTAL ASSETS		175,408,020,587.93	154,011,490,632.24

Consolidated Balance Sheet

At 31 December 2021

Items	Notes	RMB	
		31/12/2021	31/12/2020
Current Liabilities:			
Short-term borrowings	(VI)20	5,204,463,651.75	7,901,303,207.55
Derivative financial liabilities		1,006,607.03	4,879,853.91
Notes payable	(VI)21	26,809,308,822.40	16,656,076,418.02
Accounts payable	(VI)22	37,083,081,730.25	33,185,058,889.00
Contract liabilities	(VI)23	7,387,904,382.08	8,027,932,832.07
Employee benefits payable	(VI)24	3,215,215,491.04	2,530,652,915.21
Taxes payable	(VI)25	2,818,110,266.16	2,785,790,936.60
Other payables	(VI)26	4,867,094,523.67	4,116,969,285.61
Non-current liabilities due within one year	(VI)27	3,667,865,267.06	891,934,592.35
Other current liabilities	(VI)28	4,542,933,786.57	5,065,113,514.41
Total Current Liabilities		95,596,984,528.01	81,165,712,444.73
Non-current Liabilities:			
Long-term borrowings	(VI)20	8,656,160,276.64	10,777,205,207.80
Bonds payable	(VI)29	3,476,276,681.02	–
Lease liabilities	(VI)30	475,905,412.35	495,284,830.49
Deferred income	(VI)31	4,112,912,347.76	3,461,818,011.07
Deferred tax liabilities	(VI)18	845,451,906.71	543,719,984.62
Long-term employee benefits payable		60,320,099.24	71,927,409.33
Other non-current liabilities		55,526,563.36	153,975,160.01
Total Non-current Liabilities		17,682,553,287.08	15,503,930,603.32
TOTAL LIABILITIES		113,279,537,815.09	96,669,643,048.05
SHAREHOLDERS' EQUITY:			
Share capital	(VI)32	9,235,713,278.00	9,175,953,300.00
Other equity instruments	(VI)33	335,951,802.16	–
Capital reserve	(VI)34	4,871,909,273.63	1,779,310,235.25
Less: Treasury shares	(VI)35	642,035,492.50	200,773,416.00
Other comprehensive income	(VI)54	(247,369,962.28)	(582,862,109.97)
Surplus reserve	(VI)36	6,677,505,529.86	6,175,434,747.88
Undistributed profits	(VI)37	41,892,707,709.74	40,994,784,827.03
Total Equity Attributable to Shareholders of the Company		62,124,382,138.61	57,341,847,584.19
Minority Interests		4,100,634.23	–
TOTAL SHAREHOLDERS' EQUITY		62,128,482,772.84	57,341,847,584.19
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		175,408,020,587.93	154,011,490,632.24

The accompanying notes form part of the financial statements.

The financial statements on pages 232 to 426 were signed by:

Wei Jianjun

Legal Representative

Li Hongshuan

Chief Financial Officer

Wang Haiping

Head of the Finance Section

Balance Sheet of the Company

At 31 December 2021

RMB

Items	Notes	31/12/2021	31/12/2020
Current Assets:			
Cash and bank balances	(XVI)1	21,281,259,904.65	8,756,050,336.15
Held-for-trading financial assets		5,316,473,248.90	4,016,432,928.41
Derivative financial assets		4,280,204.82	–
Notes receivable	(XVI)3	3,077,704,668.01	–
Accounts receivable	(XVI)2	18,269,181,321.31	9,278,226,610.26
Financing with receivables	(XVI)3	20,690,106,005.49	37,159,982,957.50
Prepayments		411,427,904.73	657,535,961.33
Other receivables	(XVI)4	6,073,269,937.30	4,391,458,493.12
Inventories	(XVI)5	5,671,584,301.19	4,075,258,224.43
Contract assets		272,035,125.82	495,298,612.22
Non-current assets due within one year		265,922,983.26	264,492,224.27
Other current assets	(XVI)6	8,918,818,733.15	10,787,263,182.60
Total Current Assets		90,252,064,338.63	79,881,999,530.29
Non-Current Assets:			
Long-term receivables		573,687,016.50	630,885,424.04
Long-term equity investments	(XVI)7	23,781,423,381.23	18,144,163,194.40
Other equity instrument investments		7,700,000.00	7,700,000.00
Other non-current financial assets		58,247,041.15	24,500,000.00
Investment properties	(XVI)8	2,381,055,580.18	2,455,536,361.29
Fixed assets	(XVI)9	15,117,306,064.45	16,852,363,213.04
Construction in progress	(XVI)10	2,353,797,439.28	1,049,647,367.59
Right-of-use asset	(XVI)11	123,721,224.19	158,651,281.83
Intangible assets	(XVI)12	5,279,047,345.56	4,533,032,149.12
Development expenditure	(XVI)13	4,884,419,367.95	2,455,351,941.05
Long-term prepaid expenses		44,518,861.10	51,750,050.97
Deferred tax assets		1,967,152,876.77	686,850,172.69
Other non-current assets		2,392,456,654.53	884,747,717.05
Total Non-Current Assets		58,964,532,852.89	47,935,178,873.07
TOTAL ASSETS		149,216,597,191.52	127,817,178,403.36

Balance Sheet of the Company

At 31 December 2021

Items	Notes	RMB	
		31/12/2021	31/12/2020
Current Liabilities:			
Short-term borrowings	(XVI)14	3,593,886,572.22	6,261,242,481.54
Notes payable	(XVI)15	15,762,775,809.24	3,746,210,934.89
Accounts payable	(XVI)16	40,027,727,892.18	39,366,003,020.54
Contract liabilities	(XVI)17	13,642,543,714.54	8,742,706,895.39
Employee benefits payable		1,743,193,832.10	1,556,145,949.54
Taxes payable		1,408,770,586.01	1,547,533,730.50
Other payables		4,623,342,959.37	3,656,737,043.47
Non-current liabilities due within one year		2,036,486,497.53	259,759,032.70
Other current liabilities		2,397,985,616.66	4,108,961,593.27
Total Current Liabilities		85,236,713,479.85	69,245,300,681.84
Non-current Liabilities:			
Long-term borrowings	(XVI)14	5,463,523,819.40	5,505,000,000.00
Bonds payable		3,214,954,734.68	–
Lease liabilities	(XVI)18	403,701,947.53	431,282,148.98
Deferred income		2,968,367,041.77	2,334,887,049.14
Other non-current liabilities		18,556,946.90	136,620,018.20
Total Non-current Liabilities		12,069,104,490.28	8,407,789,216.32
TOTAL LIABILITIES		97,305,817,970.13	77,653,089,898.16
SHAREHOLDERS' EQUITY:			
Share capital		9,235,713,278.00	9,175,953,300.00
Other equity instruments		335,951,802.16	–
Capital reserve	(XVI)19	4,874,960,778.98	1,826,846,471.39
Less: Treasury shares		642,035,492.50	200,773,416.00
Other comprehensive income		(105,936,120.13)	(213,330,570.55)
Surplus reserve		4,890,446,242.43	4,890,446,242.43
Undistributed profits	(XVI)20	33,321,678,732.45	34,684,946,477.93
TOTAL SHAREHOLDERS' EQUITY		51,910,779,221.39	50,164,088,505.20
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		149,216,597,191.52	127,817,178,403.36

Consolidated Income Statement

For the year ended 31 December 2021

Items	Notes	RMB	
		2021	2020
I. Total operating income		136,404,663,038.67	103,307,607,209.70
Including: Operating income	(VI)38	136,404,663,038.67	103,307,607,209.70
Less: Total operating costs		131,878,091,797.32	98,843,343,071.83
Including: Operating costs	(VI)38	114,367,472,827.89	85,530,963,755.03
Taxes and levies	(VI)39	4,234,116,020.61	3,191,876,087.50
Selling expenses	(VI)40	5,192,175,874.72	4,103,386,826.19
Administrative expenses	(VI)41	4,043,069,363.44	2,552,674,590.65
Research and development expenses		4,489,565,228.62	3,067,479,582.21
Financial expenses	(VI)42	(448,307,517.96)	396,962,230.25
Including: Interest expenses		471,553,850.85	263,150,856.10
Interest income		785,029,211.33	666,060,792.21
Add: Other income	(VI)43	1,047,332,351.17	886,632,430.18
Investment income	(VI)44	1,109,108,963.78	956,385,050.56
Including: Investment income from joint ventures and associates		1,016,547,758.13	911,946,308.20
Gains from changes in fair values	(VI)45	306,440,874.33	165,208,627.09
Impairment losses on credit	(VI)46	(122,400,085.23)	(35,286,928.05)
Impairment losses on assets	(VI)47	(470,596,118.21)	(676,396,829.72)
Losses from disposal of assets	(VI)48	(27,689,757.55)	(9,199,220.02)
II. Operating profit		6,368,767,469.64	5,751,607,267.91
Add: Non-operating income	(VI)49	1,160,795,207.28	493,871,760.52
Less: Non-operating expenses	(VI)50	47,460,389.69	18,191,671.08
III. Total profit		7,482,102,287.23	6,227,287,357.35
Less: Income tax expenses	(VI)51	757,087,769.28	864,797,163.03

Consolidated Income Statement

For the year ended 31 December 2021

Items	Notes	RMB	
		2021	2020
IV. Net profit	(VI)52	6,725,014,517.95	5,362,490,194.32
(I) Classification by going concern: Net profit under going concern		6,725,014,517.95	5,362,490,194.32
(II) Classification by attribution of ownership: 1. Net profit attributable to shareholders of the Company		6,726,093,883.72	5,362,490,194.32
2. Profit or loss attributable to minority interests		(1,079,365.77)	–
V. Other comprehensive income, net of taxes	(VI)54	335,492,147.69	(342,047,766.86)
Other comprehensive income attributable to shareholders of the Company, net of taxes		335,492,147.69	(342,047,766.86)
(I) Other comprehensive income that will not be reclassified to profit or loss		389,322,082.50	(5,496,728.08)
1. Changes of the defined benefit plan		–	(5,496,728.08)
2. Changes in fair value of other equity instruments		389,322,082.50	–
(II) Other comprehensive income that will be reclassified to profit or loss		(53,829,934.81)	(336,551,038.78)
1. Translation difference of financial statements denominated in foreign currency		(188,667,850.81)	(230,155,017.40)
2. Changes in fair value of financial assets classified as at fair value through other comprehensive income		134,837,916.00	(106,396,021.38)
Other comprehensive income attributable to minority interests, net of taxes		–	–
VI. Total comprehensive income		7,07,060,506,665.64	5,020,442,427.46
Total comprehensive income attributable to shareholders of the Company		7,061,586,031.41	5,020,442,427.46
Total comprehensive income attributable to minority interests		(1,079,365.77)	–
VII. Earnings per share:			
(I) Basic earnings per share	(VI)53	0.73	0.59
(II) Diluted earnings per share	(VI)53	0.73	0.58

In case of business combination under the common control in the current year, the net loss realized by the combined party before the combination is RMB7,272,273.67. The net profit realized by the combined party in the previous period is RMB610,754.74.

Income Statement of the Company

For the year ended 31 December 2021

Items	Notes	RMB	
		2021	2020
I. Operating income	(XVI)21	128,611,688,765.63	99,660,523,458.13
Less: Operating costs	(XVI)21	120,912,271,661.25	91,784,394,979.67
Taxes and levies	(XVI)22	3,724,220,515.29	2,892,773,611.44
Selling expenses	(XVI)23	3,116,529,662.29	3,556,685,677.40
Administrative expenses	(XVI)24	2,309,328,618.20	1,704,113,393.93
Research and development expenses		2,826,446,944.75	2,138,970,135.49
Financial expenses	(XVI)25	(260,944,625.43)	(313,776,328.78)
Including: Interest expenses		405,056,390.31	190,749,825.52
Interest income		663,784,452.40	575,031,900.74
Add: Other income		478,597,416.86	662,708,046.72
Investment income	(XVI)26	6,511,796,006.67	4,169,280,763.60
Including: Investment income from joint ventures		1,070,959,771.36	911,946,308.20
Gains (losses) from changes in fair values		11,511,493.63	(916,032.27)
Impairment losses on credit		(2,791,287.57)	(4,114,042.23)
Impairment losses on assets	(XVI)27	(356,795,835.30)	(244,067,550.31)
Gains from disposal of assets		5,066,732.35	40,539,118.42
II. Operating profit		2,631,220,515.92	2,520,792,292.91
Add: Non-operating income		582,710,380.74	93,876,908.74
Less: Non-operating expenses		35,865,521.96	12,601,350.95
III. Total profit		3,178,065,374.70	2,602,067,850.70
Less: Income tax expenses	(XVI)28	(789,602,090.87)	(310,735,975.05)
IV. Net profit		3,967,667,465.57	2,912,803,825.75
Net profit under going concern		3,967,667,465.57	2,912,803,825.75
V. Other comprehensive income, net of taxes		107,394,450.42	(64,852,862.47)
(I) Other comprehensive income that will be reclassified to profit or loss		107,394,450.42	(64,852,862.47)
1. Changes in fair value of financial assets classified as at fair value through other comprehensive income		107,394,450.42	(64,852,862.47)
VI. Total comprehensive income		4,075,061,915.99	2,847,950,963.28

Consolidated Cash Flow Statement

For the year ended 31 December 2021

Items	Notes	2021	2020
I. Cash Flows from Operating Activities:			
Cash receipts from the sales of goods and rendering of services		161,876,487,402.91	111,704,660,705.85
Receipts of tax refunds		2,036,472,879.18	738,923,027.81
Other cash receipts relating to operating activities	(VI)55(1)	4,900,731,651.65	3,949,099,429.32
Sub-total of cash inflow from operating activities		168,813,691,933.74	116,392,683,162.98
Cash payments for goods purchased and services received		106,086,658,499.65	90,570,524,249.90
Cash payments to and on behalf of employees		9,892,888,951.75	7,295,200,267.04
Payments of various types of taxes		10,153,768,490.38	6,545,616,369.62
Other cash payments relating to operating activities	(VI)55(2)	7,364,702,745.83	6,800,109,350.58
Sub-total of cash outflow from operating activities		133,498,018,687.61	111,211,450,237.14
Net Cash Flows from Operating Activities	(VI)56(1)	35,315,673,246.13	5,181,232,925.84
II. Cash Flows from Investing Activities:			
Cash receipts from disposal of investments		37,251,096,321.53	43,455,050,000.00
Cash receipts from investment income		551,896,869.20	665,715,173.36
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		618,066,553.33	281,693,557.79
Net cash receipts from disposal of subsidiaries and other business units	(VI)56(2)	–	704,979,619.68
Other cash receipts relating to investing activities	(VI)55(3)	344,678,333.33	85,030,000.00
Sub-total of cash inflow from investing activities		38,765,738,077.39	45,192,468,350.83
Cash payments to purchase and construct fixed assets, intangible assets and other long-term assets		13,091,040,902.76	8,061,586,173.02
Cash payments to acquire investments		36,146,502,840.00	48,630,127,933.82
Net cash payments for acquisition of subsidiaries and other business units		702,939,947.51	–
Other cash payments related to investing activities	(VI)55(4)	–	89,075,000.00
Sub-total of cash outflow from investing activities		49,940,483,690.27	56,780,789,106.84
Net Cash Flow from Investing Activities		(11,174,745,612.88)	(11,588,320,756.01)

Consolidated Cash Flow Statement

For the year ended 31 December 2021

Items	Notes	2021	RMB 2020
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		807,329,703.70	215,456,295.00
Cash receipts from borrowings		9,214,625,317.98	20,105,328,772.04
Cash receipts from issue of bonds		5,299,000,000.00	6,000,000,000.00
Sub-total of cash inflow from financing activities		15,320,955,021.68	26,320,785,067.04
Cash repayments of borrowings		11,873,326,348.19	6,288,598,665.68
Cash payments for distribution of dividends or profits or settlement of interest expenses		5,877,962,841.86	2,538,335,238.75
Cash repayments of bonds		2,732,483,800.00	6,000,000,000.00
Other cash payments relating to financing activities	(VI)55(5)	4,469,289,696.16	126,326,189.86
Sub-total of cash outflow from financing activities		24,953,062,686.21	14,953,260,094.29
Net Cash Flow from Financing Activities		(9,632,107,664.53)	11,367,524,972.75
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
		(192,456,822.09)	(146,177,722.99)
V. Net Increase in Cash and Cash Equivalents			
Add: Opening balance of cash and cash equivalents		14,316,363,146.63	4,814,259,419.59
		13,591,491,005.23	8,777,231,585.64
VI. Closing balance of cash and cash equivalents			
	(VI)56(3)	27,907,854,151.86	13,591,491,005.23

Cash Flow Statement of the Company

For the year ended 31 December 2021

Items	Notes	2021	2020
<i>RMB</i>			
I. Cash Flows from Operating Activities:			
Cash receipts from the sales of goods and rendering of services		103,245,575,198.01	95,668,776,787.24
Receipts of tax refunds		1,805,060,000.06	532,544,802.57
Other cash receipts relating to operating activities		2,303,127,949.86	2,447,568,913.14
Sub-total of cash inflow from operating activities		107,353,763,147.93	98,648,890,502.95
Cash payments for goods purchased and services received		70,405,225,450.61	82,948,632,456.69
Cash payments to and on behalf of employees		4,144,202,670.16	4,339,125,765.89
Payments of various types of taxes		4,917,426,091.01	3,966,471,939.80
Other cash payments relating to operating activities		5,680,024,821.68	3,486,956,901.45
Sub-total of cash outflow from operating activities		85,146,879,033.46	94,741,187,063.83
Net Cash Flows from Operating Activities	(XVI)29(1)	22,206,884,114.47	3,907,703,439.12
II. Cash Flows from Investing Activities:			
Cash receipts from disposal of investments		32,841,543,927.17	30,166,900,000.00
Cash receipts from investment income		4,344,747,587.37	3,216,019,950.72
Net cash receipts from disposal of subsidiaries and other business units		1,500,000.00	706,648,600.00
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		716,815,832.97	1,270,244,219.54
Other cash receipts relating to investing activities		1,222,293,333.33	135,030,000.00
Sub-total of cash inflow from investing activities		39,126,900,680.84	35,494,842,770.26
Cash payments to purchase and construct fixed assets, intangible assets and other long-term assets		6,560,486,713.97	5,004,872,499.15
Cash payments to acquire investments		35,560,677,109.47	37,010,570,559.54
Net cash payments for acquisition of subsidiaries and other business units		-	-
Other cash payments relating to investing activities		2,175,658,525.35	916,690,000.00
Sub-total of cash outflow from investing activities		44,296,822,348.79	42,932,133,058.69
Net Cash Flow from Investing Activities		(5,169,921,667.95)	(7,437,290,288.43)

Cash Flow Statement of the Company

For the year ended 31 December 2021

Items	Notes	2021	RMB 2020
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		802,149,703.70	215,456,295.00
Cash receipts from borrowings		6,348,513,600.00	11,358,869,500.00
Cash receipts from issue of bonds		3,500,000,000.00	6,000,000,000.00
Other cash receipts relating to financing activities		–	16,246,384.52
Sub-total of cash inflow from financing activities		10,650,663,303.70	17,590,572,179.52
Cash payments for repayments of borrowings		7,225,355,000.00	1,685,000,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		5,682,875,551.00	2,453,619,836.32
Cash repayments of bonds		2,000,000,000.00	6,000,000,000.00
Other cash payments relating to financing activities		1,222,220,515.44	47,697,568.88
Sub-total of cash outflow from financing activities		16,130,451,066.44	10,186,317,405.20
Net Cash Flow from Financing Activities		(5,479,787,762.74)	7,404,254,774.32
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
		2,919,644.15	(23,232,697.10)
V. Net Increase in Cash and Cash Equivalents			
Add: Opening balance of cash and cash equivalents		11,560,094,327.93	3,851,435,227.91
		8,728,034,521.63	4,876,599,293.72
VI. Closing balance of cash and cash equivalents			
	(XVI)29(2)	20,288,128,849.56	8,728,034,521.63

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2021

RMB

Items	2021								
	Attributable to shareholders of the Company								
	Share capital	Other equity instruments	Capital reserve	Treasury shares	Less: comprehensive income	Other surplus reserve	Undistributed profits	Minority interests	Total equity
I. Balance at the end of last year	9,175,953,300.00	-	1,779,310,235.25	200,773,416.00	(582,862,109.97)	6,175,434,747.88	40,994,784,827.03	-	57,341,847,584.19
Add: Business combination involving enterprise under common control	-	-	5,640,000.00	-	-	91,794.86	15,518,959.88	-	21,250,754.74
Add: Adjustment due to application of the new financial instrument standard by joint ventures	-	-	-	-	-	-	7,131,928.05	-	7,131,928.05
II. Balance at the beginning of the year	9,175,953,300.00	-	1,784,950,235.25	200,773,416.00	(582,862,109.97)	6,175,526,542.74	41,017,435,714.96	-	57,370,230,266.98
III. Changes in the current year	59,759,978.00	335,951,802.16	3,086,959,038.38	441,262,076.50	335,492,147.69	501,978,987.12	875,271,994.78	4,100,634.23	4,758,252,505.86
(I) Total comprehensive income	-	-	-	-	335,492,147.69	-	6,726,093,883.72	(1,079,365.77)	7,060,506,665.64
(II) Owners' contributions and reduction in capital	59,759,978.00	335,951,802.16	2,549,367,383.13	470,025,791.00	-	-	-	5,180,000.00	2,480,233,372.29
1. Capital contributions from owners	61,908,539.00	-	740,241,164.70	571,823,016.00	-	-	-	5,180,000.00	235,506,687.70
2. Conversion options of convertible bonds classified as equity instruments and impact of conversion of the current period	16,539.00	335,951,802.16	621,448.89	-	-	-	-	-	336,589,790.05
3. Share-based payments recognized in shareholders' equity	-	-	1,815,981,886.54	-	-	-	-	-	1,815,981,886.54
4. Impact of canceling expired restricted shares and unlocking restricted shares	(2,165,100.00)	-	(7,477,117.00)	(101,797,225.00)	-	-	-	-	92,155,008.00
(III) Profit distribution	-	-	-	(28,763,714.50)	-	501,978,987.12	(5,840,046,126.22)	-	(5,309,303,424.60)
1. Transfer to statutory reserve	-	-	-	-	-	490,405,233.45	(490,405,233.45)	-	-
2. Transfer to discretionary reserve	-	-	-	-	-	-	-	-	-
3. Transfer to reserve fund	-	-	-	-	-	11,573,753.67	(11,573,753.67)	-	-
4. Distributions to shareholders	-	-	-	(28,763,714.50)	-	-	(5,338,067,139.10)	-	(5,309,303,424.60)
(IV) Transfer of shareholders' equity	-	-	-	-	-	-	-	-	-
1. Transfer of capital reserve to share capital	-	-	-	-	-	-	-	-	-
2. Transfer of surplus reserve to share capital	-	-	-	-	-	-	-	-	-
3. Surplus reserve making up of losses	-	-	-	-	-	-	-	-	-
(V) Others	-	-	537,591,655.25	-	-	-	(10,775,762.72)	-	526,815,892.53
1. Original capital invested by original shareholders of subsidiaries acquired through business combination under common control before the merger date	-	-	1,390,000.00	-	-	-	-	-	1,390,000.00
2. Original capital invested by original shareholders of subsidiaries acquired through business combination under common control before the merger date	-	-	-	-	-	-	(2,091,350.35)	-	(2,091,350.35)
3. Consideration for business combination involving enterprise under common control	-	-	(7,606,746.30)	-	-	-	(8,684,412.37)	-	(16,291,158.67)
4. Others (Note (VI), 34)	-	-	543,808,401.55	-	-	-	-	-	543,808,401.55
IV. Balance at the end of the year	9,235,713,278.00	335,951,802.16	4,871,909,273.63	642,035,492.50	(247,369,962.28)	6,677,505,529.86	41,892,707,709.74	4,100,634.23	62,128,482,772.84

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2021

RMB

Items	2020							
	Attributable to shareholders of the Company							
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profits	Minority interests	Total equity
I. Balance at the beginning of the year	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 year	48,684,300.00	368,058,580.83	200,773,416.00	(342,047,766.86)	419,764,236.57	2,648,931,732.75	—	2,942,617,667.29
(I) Total comprehensive income	—	—	—	(342,047,766.86)	—	5,362,490,194.32	—	5,020,442,427.46
(II) Owners' contributions and reduction in capital	48,684,300.00	277,944,005.34	212,750,391.00	—	—	—	—	113,877,914.34
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	—	113,877,914.34	—	—	—	—	—	113,877,914.34
3. Cancellation of restricted shares	(619,200.00)	(2,086,704.00)	(2,705,904.00)	—	—	—	—	—
(III) Profit distribution	—	—	(11,976,975.00)	—	419,842,025.32	(2,713,636,250.32)	—	(2,281,817,250.00)
1. Transfer to statutory reserve	—	—	—	—	415,871,363.96	(415,871,363.96)	—	—
2. Transfer to discretionary reserve	—	—	—	—	—	—	—	—
3. Distributions to shareholders	—	—	(11,976,975.00)	—	—	(2,293,794,225.00)	—	(2,281,817,250.00)
4. Transfer to reserve fund	—	—	—	—	3,970,661.36	(3,970,661.36)	—	—
(IV) Transfer of shareholders' equity	—	—	—	—	(77,788.75)	77,788.75	—	—
1. Transfer of capital reserve to share capital	—	—	—	—	—	—	—	—
2. Transfer of surplus reserve to share capital	—	—	—	—	—	—	—	—
3. Surplus reserve making up of losses	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	(77,788.75)	77,788.75	—	—
(V). Others	—	90,114,575.49	—	—	—	—	—	90,114,575.49
III. Balance at the end of the year	9,175,953,300.00	1,779,310,235.25	200,773,416.00	(582,862,109.97)	6,175,434,747.88	40,994,784,827.03	—	57,341,847,584.19

Statement of Changes in Shareholders' Equity of the Company

For the year ended 31 December 2021

RMB

Items	2021							Total equity
	Share capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Undistributed profits	
I. Balance at the beginning of the year	9,175,953,300.00	-	1,826,846,471.39	200,773,416.00	(213,330,570.55)	4,890,446,242.43	34,684,946,477.93	50,164,088,505.20
Add: Adjustment due to application of the new financial instrument standard by joint ventures	-	-	-	-	-	-	7,131,928.05	7,131,928.05
II. Balance at the beginning of the current year	9,175,953,300.00	-	1,826,846,471.39	200,773,416.00	(213,330,570.55)	4,890,446,242.43	34,692,078,405.98	50,171,220,433.25
III. Changes in the current year	59,759,978.00	335,951,802.16	3,048,114,307.59	441,262,076.50	107,394,450.42	-	(1,372,188,318.30)	1,739,558,788.14
(I) Total comprehensive income	-	-	-	-	107,394,450.42	-	3,967,667,465.57	4,075,061,915.99
(II) Owners' contributions and reduction in capital	59,759,978.00	335,951,802.16	2,549,367,383.13	470,025,791.00	-	-	-	2,475,053,372.29
1. Capital contributions from owners	61,908,539.00	-	740,241,164.70	571,823,016.00	-	-	-	230,326,687.70
2. Conversion options of convertible bonds classified as equity instruments and impact of conversion of the current period	16,539.00	335,951,802.16	621,448.89	-	-	-	-	336,589,790.05
3. Share-based payments recognized in shareholders' equity	-	-	1,815,981,886.54	-	-	-	-	1,815,981,886.54
4. Impact of canceling expired restricted shares and unlocking restricted shares	(2,165,100.00)	-	(7,477,117.00)	(101,797,225.00)	-	-	-	92,155,008.00
5. Others	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	(28,763,714.50)	-	-	(5,338,067,139.10)	(5,309,303,424.60)
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-
2. Transfer to general risk reserve	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	(28,763,714.50)	-	-	(5,338,067,139.10)	(5,309,303,424.60)
4. Others	-	-	-	-	-	-	-	-
(IV) Transfer of shareholders' equity	-	-	-	-	-	-	-	-
1. Transfer of capital reserve to share capital	-	-	-	-	-	-	-	-
2. Transfer of surplus reserve to share capital	-	-	-	-	-	-	-	-
3. Surplus reserve making up of losses	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-
1. Transfer to special reserve in the year	-	-	-	-	-	-	-	-
2. Amount utilized in the year	-	-	-	-	-	-	-	-
(VI) Others	-	-	498,746,924.46	-	-	-	-	498,746,924.46
1. Impact of business combination under common control	-	-	(324,214.25)	-	-	-	-	(324,214.25)
2. Others (Note XVI.19)	-	-	(499,071,138.71)	-	-	-	-	499,071,138.71
IV. Balance at the end of the year	9,235,713,278.00	335,951,802.16	4,874,960,778.98	642,035,492.50	(105,936,120.13)	4,890,446,242.43	33,321,678,732.45	51,910,779,221.39

Statement of Changes in Shareholders' Equity of the Company

For the year ended 31 December 2021

RMB

Items	2020						
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Undistributed profits	Total equity
I. Balance at the beginning of the year	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 year	48,684,300.00	368,058,580.83	200,773,416.00	(64,852,862.47)	—	619,009,600.75	770,126,203.11
(I) Total comprehensive income	—	—	—	(64,852,862.47)	—	2,912,803,825.75	2,847,950,963.28
(II) Owners' contributions and reduction in capital	48,684,300.00	277,944,005.34	212,750,391.00	—	—	—	113,877,914.34
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	—	113,877,914.34	—	—	—	—	113,877,914.34
3. Cancellation of Restricted Shares	(619,200.00)	(2,086,704.00)	(2,705,904.00)	—	—	—	—
(III) Profit distribution	—	—	(11,976,975.00)	—	—	(2,293,794,225.00)	(2,281,817,250.00)
1. Transfer to surplus reserve	—	—	—	—	—	—	—
2. Distributions to shareholders	—	—	(11,976,975.00)	—	—	(2,293,794,225.00)	(2,281,817,250.00)
(IV) Transfer of shareholders' equity	—	—	—	—	—	—	—
1. Transfer of capital reserve to share capital	—	—	—	—	—	—	—
2. Transfer of surplus reserve to share capital	—	—	—	—	—	—	—
3. Surplus reserve making up of losses	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—
(V) Special reserve	—	—	—	—	—	—	—
1. Transfer to special reserve in the year	—	—	—	—	—	—	—
2. Amount utilized in the year	—	—	—	—	—	—	—
(VI) Others	—	90,114,575.49	—	—	—	—	90,114,575.49
1. Others	—	90,114,575.49	—	—	—	—	90,114,575.49
III. Balance at the end of the year	9,175,953,300.00	1,826,846,471.39	200,773,416.00	(213,330,570.55)	4,890,446,242.43	34,684,946,477.93	50,164,088,505.20

Notes to the Financial Statements

For the year ended 31 December 2021

I. BASIC CORPORATE INFORMATION

1. Company overview

Great Wall Motor Company Limited (hereinafter referred as “the Company”) is registered in Baoding, Hebei Province which is the main city for its core business as well. The controlling shareholder of the Company is Baoding Innovation Great Wall Asset Management Company Limited (hereinafter referred as “Innovation Great Wall”) 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 29 March 2022.

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

Notes to the Financial Statements

For the year ended 31 December 2021

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

The Group has applied the ASBEs 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”.

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 accordingly in accordance with the relevant regulations.

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

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

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

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

Going concern

The Group has evaluated its ability of going concern for the next 12 months since 31 December 2021. There is no indication of major events that may affect the ability of going concern. Thus, the financial statements have been prepared under the assumption of going concern.

Notes to the Financial Statements

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance with the ASBEs

The financial statements have been prepared in compliance with the ASBEs to truly and completely reflect the Company's and consolidated financial position of the Company as at 31 December 2021, the Company's and consolidated statement of changes in shareholders' equity, the Company's and consolidated operating results and cash flows for the year ended 31 December 2021.

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

4. Functional currency

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

5. 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.

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

Notes to the Financial Statements

For the year ended 31 December 2021

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

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

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

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

5.3 Acquisition of assets by way of acquisition of subsidiaries

For the acquisition of a subsidiary that has not formed a business, the acquisition cost is allocated to a single identifiable asset and liability based on the fair value of the relevant assets and liabilities on the acquisition date, without generating goodwill or purchase gains.

Notes to the Financial Statements

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

6. Preparation of consolidated financial statements

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

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

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) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

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.

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the date when they first came under the common control of the ultimate controlling party are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

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 interest" 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".

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

Notes to the Financial Statements

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

6. Basis for preparation of consolidated financial statements (continued)

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

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 in the period in which control is lost.

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

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

The Group accounts for investments in joint ventures using equity method. Refer to Note (III) 14.3.2 "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.

Notes to the Financial Statements

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

7. Classification of joint arrangements and accounting treatments of joint operations (continued)

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.

8. Recognition criteria 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), 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

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

As at the balance sheet date, monetary items denominated in foreign currency are exchanged to Renminbi by adopting the prevailing exchange rate on that date. Foreign exchange difference arising from the difference between the prevailing exchange rate on that date and the prevailing exchange rate on initial reorganization or on the previous balance sheet date are all credited to profit or loss for the current year, 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 year ended 31 December 2021

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 closing balance at the end of the previous year and the actual figures of the previous year 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 the Group's 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.

10. Financial instruments

The Group shall recognize a financial asset or a financial liability in its statement of financial position 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.

Notes to the Financial Statements

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

The financial assets and liabilities are measured at fair value on 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, related transaction expenses are included in the initial recognized amount. For accounts receivable excluding significant financing components or regardless of financing components of contracts less than one year recognized based on ASBEs No.14 – Revenue (“Revenue Standard”), accounts receivable initially recognized shall be measured at transaction price defined based on the Revenue Standard on initial recognition.

Effective interest method is the method that is used in the calculation of the amortized cost of a financial asset or a financial liability and in the allocation and recognition of the interest 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 amount 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.

10.1 Classification, recognition and measurement of financial assets

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

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

Notes to the Financial Statements

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

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

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 ("FVTOCI"). Notes receivable classified as at FVTOCI upon acquisition are presented as financing with receivables.

On initial recognition, the Group 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.

Financial assets measured at 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.

Notes to the Financial Statements

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

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

Other than derivative financial assets, 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. The Group calculates interest income based on the carrying amount of financial assets multiplied by the actual interest rate, except for the following circumstances:

- For purchased or originated credit-impaired financial assets, the Group calculates and recognizes its interest income based on amortized cost of the financial asset and the effective interest through credit adjustment since initial recognition.
- For purchased or originated financial assets that were not credit-impaired but have become credit-impaired in subsequent period, the Group calculates the interest income by applying the effective interest rate to the amortized cost of the financial assets in subsequent period. If the financial instrument is no longer credit-impaired due to improvement of credit risk, and the improvement is linked with an event occurred after application of above provisions, the Group will calculate the interest income by applying effective interest rate to the carrying amount of the financial assets.

Notes to the Financial Statements

For the year ended 31 December 2021

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, dividends and interest income related to such financial assets shall be recognized in profit or loss.

Notes to the Financial Statements

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

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 at FVTOCI and other items (lease receivables and contract assets).

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 Revenue Standards, and lease receivables arising from transactions adopting *ASBEs No. 21 – Leases*.

For other financial instrument, 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 or 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 or 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 or loss.

Notes to the Financial Statements

For the year ended 31 December 2021

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

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.
- (4) A significant adverse change in the regulatory, economic, or technological environment of the borrower.
- (5) Significant changes in the expected performance and repayment 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.

Notes to the Financial Statements

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.2 Impairment of financial instruments and other items (continued)

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 that will not be made under any other circumstances;
- (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;

10.2.3 Recognition of expected credit losses

The Group adopts individual or portfolio evaluation methods to recognize the credit loss on related financial instruments and other items. For those financial instruments whose credit losses are recognized by impairment matrix on the basis of portfolio evaluation methods, the Group can group financial instruments on the basis of shared credit risk characteristics. Examples of shared credit risk characteristics may include, but are not limited to, the:

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

Notes to the Financial Statements

For the year ended 31 December 2021

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 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, 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.

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

10.2.4 Written-off of financial assets

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

Notes to the Financial Statements

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

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 and 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 FVTPL and other financial liabilities.

Notes to the Financial Statements

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.4 Classification of financial liabilities and equity instruments (continued)

10.4.1 Classification, recognition and measurement of financial liabilities (continued)

10.4.1.1 Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL include held-for-trading financial liabilities (including derivatives of financial liabilities) and financial liabilities designated as FVTPL. Financial liabilities at FVTPL of the Group comprise held-for-trading financial liabilities.

A financial liabilities meets one of the following conditions, indicating that the purpose of the Group's assumption of the financial liability is transactional:

- The purpose of undertaking related financial liabilities is mainly for the recent repurchase.
- The relevant financial liabilities are,, on initial recognition, a part of the centrally-managed identifiable financial instruments portfolio, and the objective evidence indicates that short-term profit model exists in the near future.
- The related financial liabilities are derivative instruments. However, derivatives that meet the definition of financial guarantee contracts and those designated as effective hedging instruments are excluded.

Financial liabilities at FVTPL are subsequently measured at fair value, and gains or losses from changes in fair value and dividends or interest expenses related to these financial liabilities are included in the current profits and losses.

Notes to the Financial Statements

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.4 Classification of financial liabilities and equity instruments (continued)

10.4.1 Classification, recognition and measurement of financial liabilities (continued)

10.4.1.2 Other financial liabilities

Other financial liabilities of the Group are subsequently measured at amortized cost. Gain or loss arising from derecognition or amortization of such financial liabilities is recognized in profit or loss.

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

10.4.2 Derecognition of financial liabilities

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

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

10.4.3 Equity instruments

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

The Group recognizes the distribution to holders of the equity instruments as distribution of profits, and stock dividends paid do not affect total amount of shareholders equity.

For the restricted stock incentive plan implemented by the Group, the repurchase obligation of the restricted stock granted by the Group to the incentive target shall be recognized as liability and treated as repurchase of treasury stock.

Notes to the Financial Statements

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

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.

10.7 Convertible bonds

The convertible bonds issued by the Group, which include both liabilities and conversion options, are separated and recognized respectively at the initial recognition. Among them, the conversion option to exchange a fixed amount of cash or other financial assets for a fixed amount of its own equity instrument settlement is accounted as an equity instrument.

At the time of initial recognition, the fair value of the liability is determined according to the current market price of similar bonds without conversion option. The difference between the overall issue price of convertible bonds and the fair value of the liability part shall be taken as the value of the conversion option of the bondholder to convert the bonds into equity instruments and included in other equity instruments.

During subsequent measurement, the liabilities of convertible bonds are measured at amortized cost using the effective interest rate method; The value of the conversion option divided into equity instruments continues to be retained in equity instruments. There is no loss or gain on the maturity or conversion of convertible bonds.

The transaction costs incurred in issuing convertible bonds shall be apportioned between the components of liabilities and equity instruments according to the distribution method consistent with the overall issuance price. The transaction costs related to the components of equity instruments are directly included in equity instruments; The transaction costs related to the composition of liabilities are included in the book value of liabilities and amortized within the term of convertible bonds using the effective interest rate method.

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.

Notes to the Financial Statements

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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 basis of net realizable value of inventories

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

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

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

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

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 write-off.

Notes to the Financial Statements

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Contract assets

13.1 Recognition method and criteria of contract assets

Contract asset refers to the Group's right to consideration in exchange for goods or services that the Company has transferred to a customer when that right is conditioned on something other than the passage of time. The Group's unconditional (i.e., depending on the passage of time only) right to receive consideration from the customer is separately presented as receivables.

13.2 Method for determination and accounting treatments of expected credit loss of contract assets

For method for determination and accounting treatments of expected credit loss of contract assets, please refer to Note III "10.2 Impairment of financial instruments and other items".

14. Long-term equity investments

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

Control is the power over the investee, exposures or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. 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.

14.2 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.

Notes to the Financial Statements

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

14. Long-term equity investments (continued)

14.2 Determination of initial investment cost (continued)

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.

14.3 Method for subsequent measurement and profit or loss recognition

14.3.1 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 investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. Investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

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

The Group accounts for investments in associates and joint ventures using equity method. Associate refers to the investee that the Group can exert significant influence on 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.

Notes to the Financial Statements

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

14. Long-term equity investments (continued)

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

14.3.2 Long-term equity investments accounted for using the equity method (continued)

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. If the accounting policies and accounting periods adopted by the investee are inconsistent with those of the company, the financial statements of the investee shall be adjusted according to the accounting policies and accounting periods of the company, and the investment income and other comprehensive income shall be recognized. For transactions between the Group and associated enterprises and joint ventures, if the assets invested or sold do not constitute business, the unrealized internal transaction profits and losses are calculated according to the proportion enjoyed, and the part attributable to the Group is offset, and the investment profits and losses are recognized on this basis. However, the unrealized internal transaction losses between the Group and the investee are not offset if they belong to the impairment loss of the transferred assets.

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.

14.3.3 Disposal of long-term equity investments

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

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, and the difference between fair value on date of losing control and book value is recognized in profit or loss of current period.

Notes to the Financial Statements

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

15. 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 and leased constructions, etc.

Investment property is initially measured at cost. Subsequent expenditures related to an investment property shall be included in cost of investment property only when the economic benefits associated with the asset will likely flow to the Group and its cost can be measured reliably. All other subsequent expenditures on investment property shall be included in profit or loss for the current 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 land, houses and buildings are converted to leasing, the carrying amount of such fixed assets and intangible 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.

16. Fixed assets

16.1 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.

Notes to the Financial Statements

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

16. Fixed assets (continued)

16.2 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.

16.3 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.

17. 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.

Notes to the Financial Statements

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

18. 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 take a substantial year of time for acquisition, construction or production to get ready for their intended use or sale.

19. Intangible assets

19.1 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 year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

19. Intangible assets (continued)

19.1 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 year. 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 "20. Impairment of long-term assets".

19.2 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.

Notes to the Financial Statements

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

19. Intangible assets (continued)

19.2 Research and development expenditure (continued)

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

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

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

20. 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 and right-of-use assets with a finite useful life may be impaired. If there is any evidence indicating that an asset may be impaired, recoverable amount shall be estimated for the individual asset.

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

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

Notes to the Financial Statements

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

20. Impairment of long-term assets (continued)

Goodwill is tested for impairment at least at the end of each year. For the purpose of impairment testing, goodwill is considered together with the related assets group(s), i.e., goodwill is reasonably allocated to the related assets group(s) or each of assets group(s) expected to benefit from the synergies of the combination. An impairment loss is recognized if the recoverable amount of the assets group or sets of assets groups (including goodwill) is less than its carrying amount. The impairment loss is firstly allocated to reduce the carrying amount of any goodwill allocated to such assets group or sets of assets groups, and then to the other assets of the group pro-rata on the basis of the carrying amount of each asset (other than goodwill) in the group.

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

21. 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.

22. 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.

23. Employee benefits

23.1 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.

Notes to the Financial Statements

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

23. Employee benefits (continued)

23.2 Accounting treatment of post-employment benefits

Post-employment benefits within the Group are defined contribution plans and defined benefit 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.

For defined benefit plans, the Group assigns the benefit obligations generated by the defined benefit plan to the period during which employees provide services according to a formula determined by the expected cumulative benefit unit method, and includes them in the current profit and loss or the cost of related assets. The employee compensation cost incurred by the defined benefit plan is divided into the following components:

- (1) Service costs (including current service costs, past service costs, and settlement gains and losses);
- (2) The net interest of the net liabilities of the defined benefit plan (including the interest income of the plan assets, the interest expense of the defined benefit plan obligations, and the interest affected by the asset ceiling); and
- (3) Re-measure the changes in the net liabilities of the defined benefit plan.

Service costs and the net interest of the net liabilities of the defined benefit plan are included in the current profit and loss or the cost of related assets. Re-measurement of changes in defined benefit plan net liabilities (including actuarial gains or losses, return on plan assets deducted from the amount included in the net debt of the defined benefit plan net assets, changes in the impact of the asset ceiling Excluding the amount included in the net interest of the defined benefit plan's net liabilities or) is included in other comprehensive income.

24. 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 year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

25. 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 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.

Recognition and measurement of restricted stock repurchase obligations

Under the Group's stock incentive plan of restricted stock, the Group grants non-publicly issued shares of the Company for a restricted sale period (the "Restricted Stock") to the incentive targets. During the restricted sale period, restricted shares shall be restricted for sale and shall not be transferred, use to guarantee or repay debts. When the agreed unlocking conditions are met, the restricted stock will be unlocked. If all or part of the shares expire or be canceled due to unlocking, the Group will repurchase the shares at the agreed price.

On the grant date, the Group recognizes the share capital and capital reserve according to the subscription payment received from the incentive targets. Meanwhile, for the Group obligation of restricted stock repurchase, recognized liabilities calculated by the number of restricted stock and the repurchase price, treat as the acquisition of treasury stock. Recognizing the relevant liabilities in accordance with ASBEs No. 22 – recognition and measurement of financial instruments.

26. Revenue

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

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

Notes to the Financial Statements

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

26. Revenue (continued)

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.

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.

Consideration payable to customers

If there is a consideration payable to customers in the contract, unless the consideration is to obtain other clearly distinguishable goods or services from customers, the Group will offset the transaction price with the consideration payable, and offset the current income at the later of the recognition of relevant income and the payment (or commitment) of customer consideration.

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 No. 13 – Contingencies.

Notes to the Financial Statements

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

27. 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.

27.1 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.

27.2 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 year 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 year.

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 year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Deferred tax assets and deferred tax liabilities

The income tax expenses include current income tax and deferred income tax.

28.1 Current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior years shall be measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

28.2 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, associates 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.

Notes to the Financial Statements

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

28.2 Deferred tax assets and deferred tax liabilities (continued)

Current and deferred tax expenses or income are recognized in profit or loss for the year, 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.

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.

For the expenses related to share based payment, during the period when the costs and expenses are recognized in accordance with the ASBEs, the Group estimates the amount that can be deducted before tax according to the information obtained at the end of the accounting period, calculates and determines its tax basis and the resulting temporary differences, and recognizes the relevant deferred income tax when the recognition conditions are met. If the amount that can be deducted before tax in the future period is expected to exceed the costs and expenses related to share based payment recognized in the ASBEs, the income tax impact of the excess part will be directly included in the owner's equity.

28.3 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.

Notes to the Financial Statements

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. 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 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.

29.1 The Group as lessee

29.1.1 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.

29.1.2 Right-of-use asset

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 ASBEs 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.

Notes to the Financial Statements

For the year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Lease

29.1 The Group as lessee

29.1.2 Right-of-use asset (continued)

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

29.1.3 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 year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Lease (continued)

29.1 The Group as lessee (continued)

29.1.3 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.

29.1.4 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.

29.1.5 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 year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Lease (continued)

29.1 The Group as lessee (continued)

29.1.5 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.

29.2 The Group as lessor

29.2.1 Separation of a lease

For a contract that contains lease and non-lease components simultaneously, the Group applies the Revenue Standard 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.

29.2.2 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.

29.2.2.1 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 year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Lease (continued)

29.2 The Group as lessor (continued)

29.2.2 Classification of lease (continued)

29.2.2.2 The Group as lessor under finance lease

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 year ended 31 December 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Lease (continued)

29.3 Sales and leaseback transaction

29.3.1 The Group 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 Revenue Standard. 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 ASBEs 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.

30. Accounting treatment method of asset securitization business

The Group securitizes some financial lease receivables (“trust property”) and trusts assets to specific purpose entities, which issue priority asset-backed securities to investors. The Group holds subordinated asset-backed securities, which cannot be transferred until the principal and interest of the priority asset-backed securities are paid off. As an asset service provider, the Group provides services such as asset maintenance and daily management, formulation of annual asset disposal plan, formulation and implementation of asset disposal plan, signing relevant asset disposal agreements and regularly preparing asset service reports; At the same time, as a liquidity support institution, the Group provides liquidity support when the principal of priority asset-backed securities is not paid in full to make up the difference between interest or principal. After paying the trust tax and related expenses, the trust property is preferentially used to repay the principal and interest of the priority asset-backed securities. After all the principal and interest are repaid, the remaining trust property is owned by the Group as the income of the subordinated asset-backed securities. The Group has actually retained almost all the risks and rewards related to the trust property, so it has not terminated the recognition of the trust property; At the same time, the Group has actual control over specific purpose entities and has included them in the scope of consolidated financial statements.

When applying the accounting policy of securitized financial assets, the Group has considered the risk and reward of assets transferred to other entities and the extent to which the Group exercises control over the entity:

- When the Group has transferred almost all the risks and rewards of the ownership of the financial asset, the Group will derecognize the financial asset;
- When the Group retains almost all the risks and rewards of the ownership of the financial asset, the Group continues to recognize the financial asset;
- If the Group does not transfer or retain almost all the risks and rewards of the ownership of the financial asset, the Group will consider whether there is control over the financial asset. If the Group does not retain control, the Group will derecognize the financial asset and recognize the rights and obligations generated or retained in the transfer as assets or liabilities respectively. If the Group retains control, financial assets are recognized according to the degree of continued involvement in financial assets.

Notes to the Financial Statements

For the year ended 31 December 2021

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)19.2, 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 year ended 31 December 2021

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 year.

Useful life of fixed assets

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

Recognition of deferred tax assets

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 year.

Notes to the Financial Statements

For the year ended 31 December 2021

V. TAXATION

1. Major tax types and rates

Tax type	Basis	Tax rate
Value-added tax	Sales/Purchase (<i>Note</i>)	3%, 5%, 6%, 9%, 13%.
Consumption tax	Sales	3%, 5%
City 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 (<i>Note</i>)	20%, 21%, 22%, 25%, 28%, 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	Land use area	Relevant tax rate

Note: Excluding the tax incentives set out in Note (V) 2, the applicable tax rates or comprehensive tax rate of the relevant subsidiaries of the Group for 2021 and 2020 are listed on the above table.

Notes to the Financial Statements

For the year ended 31 December 2021

V. TAXATION (continued)

2. Tax incentives and approvals

2.1 Income tax incentives

2.1.1 Income tax incentive policy for recruitment of the disabled

Pursuant to the Circular on Granting Tax Credit and Exemption relating to Enterprise Income Tax on the Recruitment of the 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”), Baoding Nuobo Automotive Decoration Co., Ltd. (保定諾博汽車裝飾件有限公司) (“Nuobo Decoration”), Nobo Automotive Parts (Ningyang) Co., Ltd. (諾博汽車零部件(寧陽)有限公司) (“Ningyang Nobo Parts”), Nobo Automotive Parts (Pinghu) Co., Ltd. (諾博汽車零部件(平湖)有限公司) (“Pinghu Nuobo Parts”), Mind Electronics Company Limited (曼德電子電器有限公司) (“Mind Electronics”), Salon Mecha Technology Co., LTD. (沙龍機甲科技有限公司) (former “Salon Zhixing Technology Co., LTD.”) (“Salon Mecha Technology”), 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”), 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 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 Enterprise income tax exemption for new and high-tech enterprise

According to the Enterprise Income Tax Law of the People’s Republic of China and other relevant regulations, the Company and its subsidiaries, Baoding Great and Mind Electronics, were re-identified as new high-tech enterprises in 2019 with the validity term of three years; and the Company’s subsidiaries, Jinggong Motor, Nobo Automotive and Nobo Rubber, were identified as new high-tech enterprises in 2019 with the validity term of three years, subject to the applicable income tax rate of 15% from 2019 to 2021. The Company’s subsidiaries, Honeycomb Transmission Technology Hebei Co., Ltd. (蜂巢傳動科技河北有限公司) (“Honeycomb Transmission Technology”) and Honeycomb Engine System (Jiangsu) Co., Ltd. (蜂巢動力系統(江蘇)有限公司) (“Honeycomb Engine System”), were identified as new high-tech enterprises in 2020 with the validity term of three years, subject to the applicable income tax rate of 15% from 2020 to 2022.

Notes to the Financial Statements

For the year ended 31 December 2021

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 the Circular regarding the Tax Policies of the Strategy of Further Development of Western Region (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) issued by the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation, subsidiaries including Chongqing Haval Motors Co., Ltd. (重慶哈弗汽車有限公司) (“Chongqing Haval”), Chongqing Yongchuan Great Wall Automotive Parts Co., Ltd. (重慶市永川區長城汽車零部件有限公司) (“Chongqing Parts”), Chongqing Great Wall Automobile 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 Haval Logistics Co., Ltd. (重慶哈弗物流有限公司) (“Chongqing Haval Logistics”), Jingcheng Engineering Automotive Components (Chongqing) Co., Ltd. (精誠工科汽車零部件(重慶)有限公司) (“Chongqing Jinggong Motor”), Nobo Automotive Parts (Chongqing) Co., Ltd. (諾博汽車零部件(重慶)有限公司) (“Chongqing Nobo Parts”), Mind Automotive Parts (Chongqing) Co., Ltd. (曼德汽車零部件(重慶)有限公司) (“Chongqing Mind”), Honeycomb Transmission Technology (Chongqing) Co., Ltd. (蜂巢傳動科技(重慶)有限公司) (“Honeycomb Transmission Chongqing”) and Honeycomb Power System (Chongqing) Co., Ltd. (蜂巢動力系統(重慶)有限公司) (“Honeycomb Power Chongqing”), comply with the provisions of the above circular and are therefore subject to the reduced rate of 15% of the enterprise income tax from 2018 to 2020. In accordance with the No. 23 Announcement of 2020 of the Ministry of Finance regarding the Continuation of Enterprise Income Tax Policies for Western Development issued by the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission, the above companies comply with the provisions of the circular and therefore continue to be subject to the reduced rate of 15% of the enterprise income tax from 2021 to 2030.

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 Small Low-profit 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 the Ministry of Finance and the State Administration of Taxation, in 2020, the annual taxable income of small low-profit enterprises of the Company that are not more than RMB1 million shall be included in their 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%.

According to Announcement No. 12 of the Ministry of Finance and the State Administration of Taxation on the implementation of preferential income tax policies for small and micro enterprises and individual industrial and commercial households (2021), the Group's small and low profit enterprises will halve the enterprise income tax on the part of the annual taxable income not exceeding RMB1 million from January 1, 2021 to December 31, 2022 on the basis of the preferential policies specified in Article 2 of the above CS [2019] No. 13.

Notes to the Financial Statements

For the year ended 31 December 2021

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 VAT Policy for Promoting the Employment of Disabled Persons* (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” 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 year ended 31 December 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Item	RMB	
	31/12/2021	31/12/2020
Cash:		
THB	1,011,369.25	1,664.19
RMB	65,707.96	123,868.02
EUR	37,158.72	25,258.93
GBP	13,884.02	14,342.01
HKD	6,430.75	6,619.84
USD	4,238.95	4,338.15
JPY	3,085.50	4,785.71
SGD	1,467.27	1,533.67
ZAR	1,158.92	352.25
AUD	208.45	1,068.97
RUB	48.95	50.23
KRW	38.11	42.66
Bank balances:		
RMB	25,533,524,148.25	11,008,349,098.19
AUD	538,939,758.33	280,640,726.13
USD	522,280,000.37	1,398,928,950.34
NZD	119,043,963.71	79,143,777.24
RUB	422,505,800.98	342,551,204.01
THB	156,755,543.84	7,554,495.06
EUR	135,901,052.53	106,050,317.79
BRL	62,284,442.34	—
JPY	30,348,957.33	29,538,227.14
INR	25,478,087.68	8,592,648.75
KRW	361,149.94	521,303.54
GBP	209,232.26	745,464.72
HKD	31,087.38	1,242,187.45
ZAR	359,046,130.07	327,448,680.24
Other cash and bank balances:		
RMB	5,136,611,829.68	993,533,222.52
EUR	3,094,915.94	3,440,129.15
USD	31.88	32.62
Total	33,047,560,929.36	14,588,464,389.52
Including: Overseas cash and bank balances	2,164,591,152.01	1,495,805,297.44

Notes to the Financial Statements

For the year ended 31 December 2021

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

1. Cash and bank balances (continued)

As of December 31, 2021, the restricted monetary capital used by the group was RMB5,139,706,777.50. Of which, the deposit of bank acceptance bill is RMB5,041,225,688.96; L/C deposit: RMB3,484,457.90; The guarantee deposit is RMB92,110,854.45; Other deposits are RMB2,885,776.19.

As at 31 December 2020, the Group had restricted cash and bank balances of RMB996,973,384.29, in which security and margin deposits for bank acceptances amounted to RMB971,399,925.80, security and margin deposits for letter of credit amounted to RMB18,579,697.88, security and margin deposits for letter of guarantee amounted to RMB5,559,848.84, and other guarantees amounted to RMB1,433,911.77.

2. Held-for-trading financial assets

Item	RMB	
	31/12/2021	31/12/2020
Financial assets classified as at fair value through profit or loss	6,046,493,154.78	4,826,193,896.30
Including: Equity instrument	414,131,200.00	244,394,136.00
Wealth management products	5,632,361,954.78	4,581,799,760.30
Total	6,046,493,154.78	4,826,193,896.30

3. Accounts receivable

(1) Disclosed by aging:

Aging	31/12/2021			31/12/2020		
	Amount	Credit loss provision	Ratio (%)	Amount	Credit loss provision	Ratio (%)
Within 1 year	5,458,277,054.88	(39,850,844.18)	0.73	3,946,193,292.36	(25,263,566.23)	0.64
1 to 2 years	42,810,218.38	(39,251,329.26)	91.69	45,453,666.97	(30,275,484.12)	66.61
2 to 3 years	31,696,207.55	(31,684,650.41)	99.96	49,000.00	—	—
Over 3 years	318,907,100.16	(318,906,992.28)	100.00	323,423,439.77	(323,423,439.77)	100.00
Total	5,851,690,580.97	(429,693,816.13)	7.34	4,315,119,399.10	(378,962,490.12)	8.78

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

Notes to the Financial Statements

For the year ended 31 December 2021

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

Classifications	Carrying amount		31/12/2021 Credit loss provision		Book value	Carrying amount		31/12/2020 Credit loss provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)		Amount	Ratio (%)	Amount	Ratio (%)	
Credit loss provision assessed by single	316,027,958.28	5.40	(316,027,958.28)	100.00	—	323,423,439.77	7.50	(323,423,439.77)	100.00	—
Credit loss provision assessed by portfolios	5,535,662,622.69	94.60	(113,665,857.85)	2.05	5,421,996,764.84	3,991,695,959.33	92.50	(55,539,050.35)	1.39	3,936,156,908.98
Total	5,851,690,580.97	100.00	(429,693,816.13)	7.34	5,421,996,764.84	4,315,119,399.10	100.00	(378,962,490.12)	8.78	3,936,156,908.98

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 expected credit loss reserves of accounts receivable with credit loss withdrawn by portfolio are as follows:

RMB

Aging	Expected average loss rate	31/12/2021		Book value	Expected average loss rate	31/12/2020		Book value
		Carrying amount	Credit loss provision			Carrying amount	Credit loss provision	
Within credit period	0.00%-4%	5,415,441,836.78	(20,170,090.30)	5,395,271,746.48	0.00%-8.00%	3,919,489,150.75	(13,132,949.42)	3,906,356,201.33
1-180 days overdue	10.60%-50.00%	29,892,128.69	(3,167,110.33)	26,725,018.36	10.00%-50.00%	33,652,855.49	(3,852,147.84)	29,800,707.65
Overdue more than 180 days	100%	90,328,657.22	(90,328,657.22)	—	100.00%	38,553,953.09	(38,553,953.09)	—
Total		5,535,662,622.69	(113,665,857.85)	5,421,996,764.84		3,991,695,959.33	(55,539,050.35)	3,936,156,908.98

Notes to the Financial Statements

For the year ended 31 December 2021

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

3. Accounts receivable (continued)

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

Credit loss provision	2021		Total
	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
Balance at 31 December 2020	(16,985,097.26)	(361,977,392.86)	(378,962,490.12)
— Transfer to credit impairment incurred	8,155,778.10	(8,155,778.10)	—
Provision for the year	(23,337,200.63)	(47,755,532.12)	(71,092,732.75)
Reversal for the year	8,829,319.16	951,948.89	9,781,268.05
Write-off for the year	—	10,580,138.69	10,580,138.69
Balance at 31 December 2021	(23,337,200.63)	(406,356,615.50)	(429,693,816.13)

RMB

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

Name of entity	Closing balance	Proportion of the amount to the total accounts receivable (%)	Closing balance of credit loss provision
Customer 1	1,681,144,335.00	28.73	—
Customer 2	316,027,958.28	5.40	(316,027,958.28)
Customer 3	179,177,279.22	3.06	—
Customer 4	165,596,467.66	2.83	—
Customer 5	146,526,756.16	2.50	—
Total	2,488,472,796.32	42.52	(316,027,958.28)

RMB

4. Notes receivable and Financing with receivables

4.1 Notes receivable

Classifications	31/12/2021	31/12/2020
Bank acceptances	3,149,447,773.57	—
Commercial acceptances	32,482,498.63	—
Total	3,181,930,272.20	—

RMB

Note: The group pledged notes receivable RMB1,040,398,787.23 at the end of this year to issue notes payable and pledge loans.

Notes to the Financial Statements

For the year ended 31 December 2021

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

4. Notes receivable and Financing with receivables (continued)

4.2 Financing with receivables

(1) Classification

Category	RMB	
	31/12/2021	31/12/2020
Bank acceptances	31,499,637,236.45	52,984,327,499.38
Commercial acceptances	–	228,840.38
Total	31,499,637,236.45	52,984,556,339.76

Note: The Group classifies notes receivable as financial assets at fair value through other comprehensive income based on the business model in which the Group manages such notes receivable.

(2) At the end of the year has pledged receivables financing

Project	RMB	
	31/12/2021	31/12/2020
Bank acceptances	22,637,664,618.81	15,720,649,546.68
Total	22,637,664,618.81	15,720,649,546.68

Note: The group pledged such notes at the end of this year for issuing notes payable and loan pledge.

(3) Financing of receivables endorsed or discounted by the group at the end of the year and not yet due on the balance sheet date

Project	RMB	
	The confirmation amount shall be terminated at the end of the year	The confirmation amount shall be terminated at the end of the year
Bank acceptances	26,778,793,057.06	–
Total	26,778,793,057.06	–

Note: The Group holds that its bank acceptances are not exposed to significant credit risk and will not subject to significant loss due to the default of the notes acceptor, therefore the Group has not made any provision for credit loss.

Notes to the Financial Statements

For the year ended 31 December 2021

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

5. Prepayments

(1) Prepayments by aging:

Aging	31/12/2021		31/12/2020	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1year	1,709,284,874.60	97.73	547,830,643.42	95.95
1 to 2 years	27,986,593.63	1.60	18,497,017.19	3.24
2 to 3 years	8,500,241.47	0.49	3,350,849.71	0.59
Over 3years	3,124,715.43	0.18	1,239,454.70	0.22
Total	1,748,896,425.13	100.00	570,917,965.02	100.00

RMB

Description of aging of prepayments:

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

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

Name of entity	Amount	Proportion of the amount to the total prepayments (%)
Supplier 1	300,000,000.00	17.15
Supplier 2	272,186,619.15	15.56
Supplier 3	65,836,518.67	3.76
Supplier 4	49,043,775.77	2.80
Supplier 5	47,500,893.41	2.72
Total	734,567,807.00	41.99

RMB

Notes to the Financial Statements

For the year ended 31 December 2021

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

6. Other receivables

6.1 Summary of other receivables

Category	RMB	
	31/12/2021	31/12/2020
Interest receivable	10,465,785.63	4,918,260.87
Other receivables	1,111,406,806.89	1,027,325,062.56
Total	1,121,872,592.52	1,032,243,323.43

6.2 Interest receivable

Item	RMB	
	31/12/2021	31/12/2020
Interest of bank deposits	10,465,785.63	4,918,260.87
Total	10,465,785.63	4,918,260.87

6.3 Other receivables

(1) Disclosed by aging:

Aging	31/12/2021			31/12/2020		
	Amount	Credit loss provision	Ratio (%)	Amount	Credit loss provision	Ratio (%)
Within 1 year	877,238,837.73	(417,220.32)	0.05	587,097,781.01	(1,568,892.00)	0.27
1 to 2 years	97,354,487.92	(671,286.95)	0.69	421,573,388.10	(441,070.54)	0.10
2 to 3 years	120,057,323.57	(980,539.48)	0.82	11,240,685.50	(169,838.00)	1.51
Over 3 years	28,576,533.95	(9,751,329.53)	34.12	9,593,008.49	—	—
Total	1,123,227,183.17	(11,820,376.28)	1.05	1,029,504,863.10	(2,179,800.54)	0.21

Notes to the Financial Statements

For the year ended 31 December 2021

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

6. Other receivables (continued)

6.3 Other receivables (continued)

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

Nature	RMB	
	Carrying amount at 31/12/2021	Carrying amount at 31/12/2020
Taxes refunds	526,483,023.44	208,189,608.83
Proceeds from land transfer	186,256,243.00	305,601,261.00
Security and margin deposits	69,828,949.74	45,407,775.33
Pretty cash	31,637,029.42	19,421,424.35
Security and margin deposits	—	263,857,876.83
Others	309,021,937.57	187,026,916.76
Total	1,123,227,183.17	1,029,504,863.10

(3) Analysis of credit loss provision

Aging	31/12/2021				31/12/2020			
	Expected average loss rate	Carrying amount	Credit loss provision	Book value	Expected average loss rate	Carrying amount	Credit loss provision	Book value
Indefinite/within contractual repayment period	—	1,111,013,628.79	—	1,111,013,628.79	—	1,027,325,062.56	—	1,027,325,062.56
1-180 days overdue	49.63%	780,543.70	(387,365.60)	393,178.10	—	—	—	—
Overdue more than 180 days	100.00%	11,433,010.68	(11,433,010.68)	—	100.00%	2,179,800.54	(2,179,800.54)	—
Total		1,123,227,183.17	(11,820,376.28)	1,111,406,806.89		1,029,504,863.10	(2,179,800.54)	1,027,325,062.56

The Group determines the expected credit losses for other receivables based on historical experience data and forward-looking information. In 2021 and 2020, the Group's assessment methods and major assumptions have not changed.

Notes to the Financial Statements

For the year ended 31 December 2021

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

6. Other receivables (continued)

6.3 Other receivables (continued)

(4) Credit loss provision

RMB

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 2021	—	—	(2,179,800.54)	(2,179,800.54)
Provision for the year	—	(5,773,238.76)	(5,255,736.98)	(11,028,975.74)
Reversal for the year	—	—	1,388,400.00	1,388,400.00
Write-off for the year	—	—	—	—
Transfer to occurred credit impairment	—	5,385,873.16	(5,385,873.16)	—
Balance at 31 December 2021	—	(387,365.60)	(11,433,010.68)	(11,820,376.28)

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

RMB

Name of entity	Nature	Amount	Aging	Proportion of the amount to the total other receivables (%)	Closing balance of credit loss provision
Entity 1	Export taxes refunds	386,036,957.41	Within 1 year, 1 to 2 years	34.37	—
Entity 2	Proceeds from transfer of land	186,256,243.00	1 to 2 years, 2 to 3 years	16.58	—
Entity 3	VAT refunds	60,153,518.19	Within 1 year	5.35	—
Entity 4	VAT refunds	24,489,564.45	Within 1 year	2.18	—
Entity 5	Generation of advances	24,337,676.00	Within 1 year	2.17	—
Total		681,273,959.05		60.65	

The Group has no other receivables related to government grant.

Notes to the Financial Statements

For the year ended 31 December 2021

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

7. Inventories

(1) Inventories by category

Item	RMB		
	Carrying amount	31/12/2021 Provision for decline in value of inventories	Book value
Raw materials	6,546,643,425.65	(129,716,774.81)	6,416,926,650.84
Work-in-progress	2,060,441,233.52	(3,895,913.76)	2,056,545,319.76
Finished goods	4,930,912,736.38	(85,046,162.43)	4,845,866,573.95
Low-valued and short-lived consumables	648,228,445.76	(1,148,266.85)	647,080,178.91
Total	14,186,225,841.31	(219,807,117.85)	13,966,418,723.46

Item	RMB		
	Carrying amount	31/12/2020 Provision for decline in value of inventories	Book value
Raw materials	2,137,316,444.20	(75,239,433.33)	2,062,077,010.87
Work-in-progress	1,034,892,022.64	(2,356,527.12)	1,032,535,495.52
Finished goods	4,148,465,163.79	(127,368,004.77)	4,021,097,159.02
Low-valued and short-lived consumables	383,746,011.91	(1,820,127.38)	381,925,884.53
Total	7,704,419,642.54	(206,784,092.60)	7,497,635,549.94

Notes to the Financial Statements

For the year ended 31 December 2021

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

7. Inventories (continued)

(2) Provision for decline in value of inventories

Inventories by category	31/12/2020	Provision for the year	Decrease for the year		Foreign currency translation differences	RMB
			Reversals	Written-off or Reversals		31/12/2021
Raw materials	75,239,433.33	204,839,614.17	(2,969,618.90)	(147,260,453.67)	(132,200.12)	129,716,774.81
Work-in-progress	2,356,527.12	9,701,942.53	(205,250.93)	(7,957,305.20)	0.24	3,895,913.76
Finished goods	127,368,004.77	149,972,100.18	(3,964,408.47)	(189,098,198.89)	768,664.84	85,046,162.43
Low-valued and short-lived consumables	1,820,127.38	—	(4,531.10)	(667,329.43)	—	1,148,266.85
Total	206,784,092.60	364,513,656.88	(7,143,809.40)	(344,983,287.19)	636,464.96	219,807,117.85

(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	0.05
Work-in-progress	Note 1	Note 2	0.01
Finished goods	Note 1	Note 2	0.08
Low-valued and short-lived consumables		Note 2	—

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 year, provision for decline in value of inventories had been made for raw materials, work-in-progress, and finished goods correspondingly.

Note 2: As the estimated net realizable value of part of the inventory was higher than the inventory cost as at the end of the year, 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.

Notes to the Financial Statements

For the year ended 31 December 2021

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

8. Contract assets

Item	31/12/2021			31/12/2020		
	Carrying amount	Credit loss provision	Book value	Carrying amount	Credit loss provision	Book value
State subsidies receivable	2,129,583,174.00	—	2,129,583,174.00	1,369,375,238.82	—	1,369,375,238.82
Less: Reclassified as other non-current assets	1,857,548,048.18	—	1,857,548,048.18	874,076,626.60	—	874,076,626.60
Total	272,035,125.82	—	272,035,125.82	495,298,612.22	—	495,298,612.22

RMB

9. Other current assets

Details of other current assets:

Item	31/12/2021		31/12/2020	
	Carrying amount	Credit loss provision	Carrying amount	Credit loss provision
Deposits in non-bank financial institutions (Note 1)	7,956,180,947.96	—	10,372,657,928.59	—
Taxes to be deducted	1,494,597,176.31	—	983,865,528.03	—
Mould (Note 2)	254,273,498.39	—	160,634,603.11	—
Prepaid enterprise income tax	6,678,025.01	—	12,812,308.70	—
Paint for vehicles	4,118,449.60	—	4,152,853.69	—
Others	96,969,574.97	—	46,364,784.73	—
Total	9,812,817,672.24	—	11,580,488,006.85	—

RMB

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 useful life is less than one year.

Notes to the Financial Statements

For the year ended 31 December 2021

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

10. Long-term receivables

(1) Long-term receivables

RMB

Item	31/12/2021			31/12/2020			Discount rate range
	Carrying amount	Credit loss provision	Book value	Carrying amount	Credit loss provision	Book value	
Performance bond	477,543,742.98	—	477,543,742.98	536,237,810.75	—	536,237,810.75	2.73%
Land advances	362,066,256.78	—	362,066,256.78	359,139,837.56	—	359,139,837.56	2.37%
Finance lease receivables	3,772,422,488.72	(81,056,442.10)	3,691,366,046.62	3,479,640,317.72	(45,106,108.61)	3,434,534,209.11	0 to 19.51%
Including: Unearned finance income	(442,095,919.67)	—	(442,095,919.67)	(412,896,793.31)	—	(412,896,793.31)	—
Subtotal	4,612,032,488.48	(81,056,442.10)	4,530,976,046.38	4,375,017,966.03	(45,106,108.61)	4,329,911,857.42	—
Less: Long-term receivables due within one year	2,288,629,585.81	(48,235,469.38)	2,240,394,116.43	1,884,739,784.73	—	1,884,739,784.73	—
Total	2,323,402,902.67	(32,820,972.72)	2,290,581,929.95	2,490,278,181.30	(45,106,108.61)	2,445,172,072.69	—

(2) Credit loss provision

RMB

Category	Carrying amount		31/12/2021 Credit loss provision		Book value	Carrying amount		31/12/2020 Credit loss provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)		Amount	Ratio (%)	Amount	Ratio (%)	
Credit loss provision by portfolios	4,612,032,488.48	100	(81,056,442.10)	1.76	4,530,976,046.38	4,375,017,966.03	100.00	(45,106,108.61)	1.03	4,329,911,857.42
Total	4,612,032,488.48	100	(81,056,442.10)	—	4,530,976,046.38	4,375,017,966.03	100.00	(45,106,108.61)	—	4,329,911,857.42

Notes to the Financial Statements

For the year ended 31 December 2021

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

10. 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. In 2021 and 2020, the Group's assessment methods and major assumptions have not changed.

Credit loss provision	2021		RMB
	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit-impaired)	Total
Balance at 31 December 2020	(29,475,547.50)	(15,630,561.11)	(45,106,108.61)
Provision for the year	(26,208,141.26)	(25,297,373.43)	(51,505,514.69)
Reversal for the year	57,469.90	—	57,469.90
Write-off for the year	—	15,497,711.30	15,497,711.30
— Transfer to credit impairment occurred	21,812,151.20	(21,812,151.20)	—
Balance at 31 December 2021	(33,814,067.66)	(47,242,374.44)	(81,056,442.10)

Notes to the Financial Statements

For the year ended 31 December 2021

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

11. Long-term equity investments

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

RMB

Investee	31/12/2020	Changes in the current year							Others	31/12/2021	Closing balance of impairment provision
		Increase for the year	Decrease in investment	Investment profit or loss recognized under the equity method	Other comprehensive income adjustment	Other equity changes	Declared cash dividends or profits	Provision for impairment			
Joint ventures											
Auto finance	8,394,182,722.15	—	—	1,070,997,444.23	—	—	—	—	7,131,928.05	9,472,312,094.43	—
Shanghai Junying Enterprise Management Partnership (Limited Partnership)	21,000,000.00	—	—	(37,672.87)	—	—	—	—	—	20,962,327.13	—
Chongqing PetroChina Haval Energy Co., Ltd. ("Chongqing Petro China Haval")	—	1,350,000.00	—	—	—	—	—	—	—	1,350,000.00	—
Subtotal	8,415,182,722.15	1,350,000.00	—	1,070,959,771.36	—	—	—	—	7,131,928.05	9,494,624,421.56	—
Associates											
Haomo Zhixing Technology Co., Ltd. ("Haomo Zhixing")	—	40,370,040.00	—	(20,680,435.50)	—	—	—	—	—	19,689,604.50	—
Jiangsu Baojie Electromechanical Co., Ltd. ("Baojie Electromechanical")	—	10,000,000.00	—	—	—	—	—	—	—	10,000,000.00	—
Subtotal	—	50,370,040.00	—	(20,680,435.50)	—	—	—	—	—	29,689,604.50	—
Total	8,415,182,722.15	51,720,040.00	—	1,050,279,335.86	—	—	—	—	7,131,928.05	9,524,314,026.06	—

Notes to the Financial Statements

For the year ended 31 December 2021

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

12. Investment properties

The investment properties measured at cost:

Item	<i>RMB</i>		
	Buildings	Land use right	Total
I. Original carrying amount			
31 December 2020	435,470,231.68	17,642,880.27	453,113,111.95
Additions for the year	65,707,418.91	4,565,388.53	70,272,807.44
1. Acquisition	8,983,064.53	—	8,983,064.53
2. Transfer from intangible assets	—	4,565,388.53	4,565,388.53
3. Transfer from construction in progress	6,000,000.00	—	6,000,000.00
4. Transfer from fixed assets	50,724,354.38	—	50,724,354.38
Decrease for the year	(31,860,621.55)	—	(31,860,621.55)
1. Transfer to fixed assets	(30,658,394.96)	—	(30,658,394.96)
2. Transfer to construction in progress	(1,098,679.58)	—	(1,098,679.58)
3. Disposal	(103,547.01)	—	(103,547.01)
Foreign currency translation differences	(3,411,219.43)	—	(3,411,219.43)
31 December 2021	465,905,809.61	22,208,268.80	488,114,078.41
II. Accumulated amortization and depreciation			
31 December 2020	124,866,540.66	2,615,169.21	127,481,709.87
Additions for the year	39,954,750.86	1,028,998.02	40,983,748.88
1. Provision or amortization	18,822,070.66	412,126.79	19,234,197.45
2. Transfer from intangible assets	—	616,871.23	616,871.23
3. Transfer from fixed assets	21,132,680.20	—	21,132,680.20
Decrease for the year	(6,489,808.99)	—	(6,489,808.99)
1. Transfer to fixed assets	(6,468,149.66)	—	(6,468,149.66)
2. Disposal	(21,659.33)	—	(21,659.33)
Foreign currency translation differences	(97,952.68)	—	(97,952.68)
31 December 2021	158,233,529.85	3,644,167.23	161,877,697.08
III. Book value			
31 December 2020	310,603,691.02	15,027,711.06	325,631,402.08
31 December 2021	307,672,279.76	18,564,101.57	326,236,381.33

Notes to the Financial Statements

For the year ended 31 December 2021

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

13. Fixed assets

(1) Information of fixed assets:

Item					RMB
	Buildings	Machinery and equipment	Transportation vehicles	Other equipment	Total
I. Original carrying amount					
31 December 2020	16,726,259,821.46	25,403,612,858.24	457,125,499.86	9,180,096,606.03	51,767,094,785.59
Additions for the year	1,760,320,920.42	1,927,153,985.68	116,064,517.99	1,477,032,355.97	5,280,571,780.06
1. Acquisition	85,890,276.17	114,775,726.94	85,230,326.19	888,325,485.77	1,174,221,815.07
2. Transfer from construction in progress	1,449,314,849.31	1,617,901,544.73	15,092,809.07	462,240,858.44	3,544,550,061.55
3. Transfer from inventories	—	164,504,264.81	15,084,761.95	116,033,617.99	295,622,644.75
4. Increase for acquisitions of subsidiaries	194,457,399.98	29,972,449.20	656,620.78	10,432,393.77	235,518,863.73
5. Transfer from investment properties	30,658,394.96	—	—	—	30,658,394.96
Decrease for the year	(1,181,352,210.17)	(1,378,283,310.63)	(58,548,067.15)	(358,471,991.99)	(2,976,655,579.94)
1. Disposal or retired	(1,022,226.17)	(345,563,721.45)	(57,654,569.05)	(183,842,904.00)	(588,083,420.67)
2. Decrease for transferring to construction in progress	—	(653,432,291.57)	—	(31,985,473.45)	(685,417,765.02)
3. Transfer to investment properties	(50,724,354.38)	—	—	—	(50,724,354.38)
4. Other transfer-out	(1,129,605,629.62)	(379,287,297.61)	(893,498.10)	(142,643,614.54)	(1,652,430,039.87)
Reclassification	(1,087,405.44)	(890,710.31)	(978,222.13)	2,956,337.88	—
Foreign currency translation differences	(116,539,254.67)	(74,887,375.25)	(9,513,124.72)	(38,997,815.69)	(239,937,570.33)
31 December 2021	17,187,601,871.60	25,876,705,447.73	504,150,603.85	10,262,615,492.20	53,831,073,415.38
II. Accumulated depreciation					
31 December 2020	3,315,328,707.13	12,787,138,493.47	265,839,846.17	6,153,815,109.66	22,522,122,156.43
Additions for the year	619,652,631.18	2,276,914,454.14	56,917,128.42	962,842,183.65	3,916,326,397.39
1. Provision for the year	613,184,481.52	2,276,914,454.14	56,917,128.42	962,842,183.65	3,909,858,247.73
2. Transfer from investment properties	6,468,149.66	—	—	—	6,468,149.66
Decrease for the year	(21,356,815.83)	(518,958,726.07)	(35,824,468.05)	(152,897,340.13)	(729,037,350.08)
1. Disposal or retired	(224,135.63)	(238,617,899.58)	(35,796,456.68)	(123,691,618.86)	(398,330,110.75)
2. Decrease for transferring to construction in progress	—	(279,827,770.51)	—	(22,758,341.37)	(302,586,111.88)
3. Transfer to investment Properties	(21,132,680.20)	—	—	—	(21,132,680.20)
4. Other transfer-out	—	(513,055.98)	(28,011.37)	(6,447,379.90)	(6,988,447.25)
Reclassification	(42,462.61)	(657,333.28)	(711,409.25)	1,411,205.14	—
Foreign currency translation Differences	(1,672,827.51)	(3,186,358.20)	(604,894.13)	(13,829,356.30)	(19,293,436.14)
31 December 2021	3,911,909,232.36	14,541,250,530.06	285,616,203.16	6,951,341,802.02	25,690,117,767.60

Notes to the Financial Statements

For the year ended 31 December 2021

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

13. Fixed assets (continued)

(1) Information of fixed assets: (continued)

Item	RMB				
	Buildings	Machinery and equipment	Transportation vehicles	Electronic equipment and others	Total
III. Provision for impairment					
31 December 2020	204,878.87	169,248,091.98	7,065,315.29	459,232,343.19	635,750,629.33
Additions for the year	—	9,361,996.91	238,631.11	103,095,526.34	112,696,154.36
1. Provision for the year (Note)	—	9,361,996.91	238,631.11	103,095,526.34	112,696,154.36
Decrease for the year	—	(13,137,645.00)	(3,750,548.38)	(31,991,817.97)	(48,880,011.35)
1. Disposal or retired	—	(11,953,548.72)	(3,750,548.38)	(25,752,442.00)	(41,456,539.10)
2. Decrease for transferring to construction in progress	—	(1,184,076.79)	—	(1,418,727.58)	(2,602,804.37)
3. Other transfer-out	—	(19.49)	—	(4,820,648.39)	(4,820,667.88)
31 December 2021	204,878.87	165,472,443.89	3,553,398.02	530,336,051.56	699,566,772.34
IV. Book value					
31 December 2020	13,410,726,235.46	12,447,226,272.79	184,220,338.40	2,567,049,153.18	28,609,221,999.83
31 December 2021	13,275,487,760.37	11,169,982,473.78	214,981,002.67	2,780,937,638.62	27,441,388,875.44

The provision for impairment of fixed assets in this year was 112,696,154.36 Yuan due to the shutdown of some models, process changes, damage and equipment aging.

(2) Fixed assets of which certificates of title have not been obtained

As of December 31, 2021, the net value of the house property in the fixed assets that has not obtained the house property certificate is RMB2,614,518,629.40, and the relevant house property certificate is being handled.

Notes to the Financial Statements

For the year ended 31 December 2021

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

14. Construction in progress

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

RMB

Item	31/12/2021			31/12/2020		
	Carrying amount	Impairment provision	Net book value	Carrying amount	Impairment provision	Net book value
Parts and Components						
Department reconstruction project	1,555,821,410.60	(1,579,912.08)	1,554,241,498.52	1,355,780,197.32	(1,579,912.08)	1,354,200,285.24
Shangrao automotive project	506,434,759.00	—	506,434,759.00	—	—	—
Industrial Park Phase I, II and III expansion	254,978,327.26	(3,602,004.61)	251,376,322.65	144,940,439.04	(3,500,468.05)	141,439,970.99
Xushui parts and components project	233,163,443.24	(727,915.76)	232,435,527.48	171,129,474.74	(771,640.79)	170,357,833.95
Xushui automotive project	228,460,931.14	—	228,460,931.14	226,772,455.83	(270,205.02)	226,502,250.81
Tianjin automotive project	177,493,795.18	—	177,493,795.18	33,752,549.44	(65,763.73)	33,686,785.71
Taizhou automotive project	146,713,976.20	—	146,713,976.20	1,751,575.52	—	1,751,575.52
Russia 80,000 sets of vehicle plant and residential area supporting project	114,824,030.64	—	114,824,030.64	67,505,194.25	—	67,505,194.25
Russia 80000 sets of vehicle plant and residential area supporting project	61,534,495.78	—	61,534,495.78	160,348,604.22	—	160,348,604.22
New technology center	17,744,652.35	—	17,744,652.35	28,184,966.18	—	28,184,966.18
Tianjin parts and components project	10,425,859.65	(457,111.03)	9,968,748.62	19,491,172.77	(1,475,022.67)	18,016,150.10
Rizhao automotive project	5,622,763.13	—	5,622,763.13	384,673,289.13	—	384,673,289.13
Xushui parts and components project	—	—	—	136,427,954.42	—	136,427,954.42
Other projects in automotive	1,064,070,583.82	—	1,064,070,583.82	149,125,409.10	—	149,125,409.10
Other projects in progress	96,320,777.25	—	96,320,777.25	64,160,487.98	—	64,160,487.98
Total	4,473,609,805.24	(6,366,943.48)	4,467,242,861.76	2,944,043,769.94	(7,663,012.34)	2,936,380,757.60

Notes to the Financial Statements

For the year ended 31 December 2021

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

14. Construction in progress (continued)

(2) Changes in major construction in progress

RMB

Project	Budget amount	31/12/2020	Additions for the year	Increase for acquisitions of subsidiaries	Transferred to fixed assets	Other Deductions (note)	Proportion of investment to budget (%)	Accumulated capitalized interest amount	Including: Capitalized interest amount for the year	Ratio of capitalized interest amount for the year (%)	Sources of fund	31/12/2021
												31/12/2021
Parts and Components Department reconstruction project	11,474,191,228.69	1,355,780,197.32	1,931,640,122.61	393,243,689.17	(2,014,305,915.85)	(110,536,682.65)	44.42	—	—	—	Self-owned	1,555,821,410.60
Shangrao automotive project	1,230,139,677.67	—	506,679,542.96	—	(244,783.96)	—	41.19	—	—	—	Self-owned	506,434,759.00
Industrial Park Phase I, II and III expansion	2,101,930,234.48	144,940,439.04	173,578,920.02	—	(5,837,161.09)	(57,703,870.71)	70.19	—	—	—	Self-owned	254,978,327.26
Xushui parts and components project	9,951,550,883.73	171,129,474.74	491,068,936.74	—	(417,995,768.52)	(11,039,199.72)	79.10	—	—	—	Self-owned	233,163,443.24
Xushui automotive project	12,308,782,785.78	226,772,455.83	190,004,506.78	—	(182,355,774.81)	(5,960,256.66)	85.25	—	—	—	Self-owned	228,460,931.14
Tianjin automotive project	5,744,994,724.00	33,752,549.44	177,759,797.24	—	(29,530,136.36)	(4,488,415.14)	95.96	—	—	—	Self-owned	177,493,795.18
Taizhou automotive project	169,439,209.67	1,751,575.52	147,738,709.44	—	(2,776,308.76)	—	90.79	—	—	—	Self-owned	146,713,976.20
Russia 80000 sets of vehicle plant and residential area supporting project	4,220,613,100.00	67,505,194.25	227,662,868.05	—	(180,344,031.66)	—	83.36	—	—	—	Self-owned	114,824,030.64
Chongqing Great Wall automotive project	2,821,709,328.00	160,348,604.22	57,129,750.28	—	(155,430,662.42)	(513,196.30)	79.87	—	—	—	Self-owned	61,534,495.78
New technology center	1,727,202,349.00	28,184,966.18	8,162,210.53	—	(7,768,689.34)	(10,833,835.02)	95.24	—	—	—	Self-owned	17,744,652.35
Tianjin parts and components project	4,387,820,837.00	19,491,172.77	33,969,057.33	—	(12,862,143.13)	(30,172,227.32)	89.65	—	—	—	Self-owned	10,425,859.65
Rizhao automotive project	556,526,788.99	384,673,289.13	138,821,681.17	—	(507,859,807.17)	(10,012,400.00)	92.27	—	—	—	Self-owned	5,622,763.13
Xushui parts and components project	193,250,000.00	136,427,954.42	4,208.26	—	—	(136,432,162.68)	100.00	—	—	—	Self-owned	—
Other projects in automotive	2,350,008,825.98	149,125,409.10	952,869,595.06	—	(14,650,050.88)	(23,274,369.46)	45.84	—	—	—	Self-owned	1,064,070,583.82
Other projects in progress	424,762,067.00	64,160,487.98	92,775,744.10	—	(12,588,827.60)	(48,026,627.23)	98.25	—	—	—	Self-owned	96,320,777.25
Total	59,662,922,039.99	2,944,043,769.94	5,129,865,650.57	393,243,689.17	(3,544,550,061.55)	(448,993,242.89)	—	—	—	—	—	4,473,609,805.24

Note: The decrease of RMB117,573,299.64 in construction in progress is transferred into intangible assets, the decrease of RMB6,000,000.00 in construction in progress is transferred into investment property.

Notes to the Financial Statements

For the year ended 31 December 2021

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

14. Construction in progress (continued)

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

RMB

Item	Provision for the year	Reason for provision
Industrial Park Phase I, II and III expansion	101,536.56	Vehicle model discontinued
Xushui parts and components project	428,579.81	Vehicle model discontinued
Total	530,116.37	

Notes to the Financial Statements

For the year ended 31 December 2021

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

15. Right-of-use asset

	<i>RMB</i>				
Item	Land use right	Buildings	Machine equipment	Transportation vehicle	Total
I. Original carrying amount:					
31 December 2020	3,776,062.46	171,216,999.66	125,922,440.88	13,098,922.96	314,014,425.96
Additions for the year	16,579,026.92	131,296,228.14	72,574,639.92	8,680,001.39	229,129,896.37
Deductions for the year	—	(36,994,644.11)	(434,926.83)	(150,739.36)	(37,580,310.30)
Foreign currency translation differences	—	(6,606,483.09)	(593,166.89)	(323,923.74)	(7,523,573.72)
31 December 2022	20,355,089.38	258,912,100.60	197,468,987.08	21,304,261.25	498,040,438.31
II. Accumulated depreciation					
31 December 2020	3,543,188.65	47,985,916.71	17,887,968.02	5,708,044.57	75,125,117.95
Additions for the year	8,564,675.78	60,320,604.36	140,053,329.44	7,220,247.22	216,158,856.80
1. Provision	8,564,675.78	60,320,604.36	140,053,329.44	7,220,247.22	216,158,856.80
Deductions for the year	—	(18,479,662.68)	(18,405.74)	(105,300.51)	(18,603,368.93)
Foreign currency translation differences	—	(796,781.32)	(338,952.50)	(268,647.65)	(1,404,381.47)
31 December 2021	12,107,864.43	89,030,077.07	157,583,939.22	12,554,343.63	271,276,224.35
III. Provision for impairment					
31 December 2020	—	—	—	—	—
31 December 2021	—	—	—	—	—
IV. Book value					
31 December 2020	232,873.81	123,231,082.95	108,034,472.86	7,390,878.39	238,889,308.01
31 December 2021	8,247,224.95	169,882,023.53	39,885,047.86	8,749,917.62	226,764,213.96

Other notes:

The Group has leased a number of assets, including land use rights, buildings, machinery equipment and transportation vehicles, with a lease period ranging from 2 to 10 years. The short-term lease expenses and lease of low-value asset expenses included in the simplified processing of current profit and loss for the current year are RMB168,059,386.38. The total cash outflow related to leases for the year was RMB540,945,631.27.

Notes to the Financial Statements

For the year ended 31 December 2021

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

16. Intangible assets

(1) Intangible assets

	<i>RMB</i>			
Item	Land use right	Software and others	Non-patent technology	Total
I. Original carrying amount				
31 December 2020	3,460,006,990.70	872,563,754.68	3,446,514,509.74	7,779,085,255.12
Additions for the year	320,646,448.35	305,809,882.69	2,486,912,088.29	3,113,368,419.33
1. Acquisition	89,589,776.91	201,890,188.82	104,095,280.50	395,575,246.23
2. Internal research and development	—	—	2,382,816,807.79	2,382,816,807.79
3. Transfer-in arising from acquisitions of subsidiaries	190,720,348.63	26,682,717.04	—	217,403,065.67
4. Transferred from construction in progress	40,336,322.81	77,236,976.83	—	117,573,299.64
Deductions for the year	(15,688,049.20)	(21,389,553.34)	(122,758,900.06)	(159,836,502.60)
1. Other transfer-out	(4,022,660.67)	(13,698,123.39)	(5,129,150.99)	(22,849,935.05)
2. Disposal	(7,100,000.00)	(7,691,429.95)	(117,629,749.07)	(132,421,179.02)
3. Transferred to investment properties	(4,565,388.53)	—	—	(4,565,388.53)
Foreign currency translation differences	—	(37,001,615.40)	—	(37,001,615.40)
31 December 2021	3,764,965,389.85	1,119,982,468.63	5,810,667,697.97	10,695,615,556.45
II. Accumulated amortization				
31 December 2020	611,905,438.70	180,418,729.38	1,443,382,600.24	2,235,706,768.32
Additions for the year	71,562,389.94	86,873,387.63	1,226,149,089.87	1,384,584,867.44
1. Provision	71,562,389.94	86,873,387.63	1,226,149,089.87	1,384,584,867.44
Deductions for the year	(1,784,282.38)	(4,440,252.61)	(8,184,642.81)	(14,409,177.80)
1. Disposal	(1,167,411.15)	(2,428,464.59)	(5,748,296.08)	(9,344,171.82)
2. Transferred to investment properties	(616,871.23)	—	—	(616,871.23)
3. Other transfer-out	—	(2,011,788.02)	(2,436,346.73)	(4,448,134.75)
Foreign currency translation differences	—	(902,486.04)	—	(902,486.04)
31 December 2021	681,683,546.26	261,949,378.36	2,661,347,047.30	3,604,979,971.92
III. Book value				
31 December 2020	2,848,101,552.00	692,145,025.30	2,003,131,909.50	5,543,378,486.80
31 December 2021	3,083,281,843.59	858,033,090.27	3,149,320,650.67	7,090,635,584.53

The proportion of intangible assets arising from internal research and development at the end of the year to balance of total intangible assets is 42.95% (31 December 2020: 36.14%).

(2) Land use right of which certificates of title has not been obtained

As at 31 December 2021, among the intangible assets, the net book value of land use right without land use right certificates amounted to RMB21,518,640.00(31 December 2020: RMB22,052,160.00), and the application of relevant land use right certificates is in progress.

Notes to the Financial Statements

For the year ended 31 December 2021

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

17. Development expenditure

RMB

Item	31/12/2020	Increase for acquisitions of subsidiaries	Increase for the year	Decrease for the year		31/12/2021
				Recognized as intangible assets	Transferred to profit or loss for the year	
Automobile development project	3,723,471,858.34	6,168,924.88	6,103,944,433.05	(2,382,816,807.79)	(305,864,385.82)	7,144,904,022.66

18. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets before offsetting

RMB

Item	31/12/2021		31/12/2020	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Credit loss provision	475,766,104.42	81,384,374.09	427,025,488.11	69,251,630.05
Provision for decline in value of inventories	125,352,842.71	17,743,492.88	205,686,239.07	39,498,348.55
Impairment of fixed assets	545,493,352.56	82,851,973.84	535,333,656.11	81,293,065.06
Impairment of construction in progress	5,687,796.54	853,169.49	7,663,012.34	1,149,451.84
Amortization of intangible assets	1,747,777,825.32	263,102,250.23	1,046,406,237.32	157,024,747.07
Accrued expenses which are deductible upon payment	812,772,638.03	146,254,663.14	797,672,942.98	132,205,493.79
Contract liabilities	2,659,756,485.36	398,945,600.67	3,903,264,967.12	585,484,144.84
Deductible loss	8,436,763,831.22	1,403,296,590.56	1,995,931,166.34	356,759,669.24
Deferred income	740,675,292.24	126,719,606.05	640,425,397.60	109,161,228.78
Share-based payments	3,238,641,108.73	507,805,565.31	113,877,914.34	17,458,610.98
Right-of-use asset and lease liabilities	400,226,959.54	60,279,992.53	440,684,751.78	66,134,044.49
Unrealized profit arising from internal transactions	2,284,774,528.26	402,910,682.19	1,114,213,712.65	230,825,282.22
Others	108,642,966.47	23,112,162.73	384,559,164.61	70,870,478.28
Total	21,582,331,731.40	3,515,260,123.71	11,612,744,650.37	1,917,116,195.19

Notes to the Financial Statements

For the year ended 31 December 2021

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

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

(2) Deferred tax liabilities before offsetting

RMB

Item	31/12/2021		31/12/2020	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
The impact of accelerated depreciation of fixed assets under tax law	9,146,087,450.15	1,419,485,450.60	8,332,742,298.65	1,272,442,794.79
Unrealized earnings of financial assets	546,117,425.30	133,827,224.80	17,342,098.73	2,601,314.81
The value added of assets appraisal of Business combination not involving enterprise under common control	111,382,096.18	27,845,524.05	—	—
Temporary difference of interest receivable	11,744,495.57	2,936,123.90	9,958,015.38	2,489,503.84
Total	9,815,331,467.20	1,584,094,323.35	8,360,042,412.76	1,277,533,613.44

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

RMB

Item	31/12/2021		31/12/2020	
	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	(738,642,416.64)	2,776,617,707.07	(733,813,628.82)	1,183,302,566.37
Deferred tax liabilities	738,642,416.64	(845,451,906.71)	733,813,628.82	(543,719,984.62)

(4) Details of unrecognized deferred tax assets

RMB

Item	31/12/2021
Deductible loss	2,376,161,255.32
Total	2,376,161,255.32

The above unrecognized deductible losses will expire in 2026 and subsequent years.

Notes to the Financial Statements

For the year ended 31 December 2021

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

19. Other non-current assets

Item	RMB	
	31/12/2021	31/12/2020
Purchase margin	2,691,573,610.58	—
State subsidies receivable	1,857,548,048.18	874,076,626.60
Others	102,782,530.97	107,518,589.55
Total	4,651,904,189.73	981,595,216.15

20. Short-term borrowings and long-term borrowings

(1) Short-term borrowings

Item	RMB	
	31/12/2021	31/12/2020
Credit loans	3,252,228,029.15	7,382,410,448.24
Guaranteed loans (Note 1)	971,553,522.60	518,892,759.31
Pledge loan (Note 2)	880,182,100.00	—
Mortgage loan (Note 3)	100,500,000.00	—
Total	5,204,463,651.75	7,901,303,207.55

Note 1: The guaranteed loan is the loan obtained by the company with the parent company innovation Great Wall as the guarantor, and the loan obtained by the Company's subsidiaries Honeycomb Power, Honeycomb Transmission System (Jiangsu) Co., Ltd. (蜂巢傳動系統(江蘇)有限公司) ("Honeycomb Transmission") and Great Wall Motor Manufacturing (Thailand) Co., Ltd. (長城汽車製造(泰國)有限公司) ("Great Wall Motor Thailand") with the Company as the guarantor.

Note 2: The pledged loan is the loan obtained from the company's pledge of notes receivable, the pledge of long-term receivables by the company's subsidiary Tianjin Oula Financial Leasing Co., Ltd. (天津歐拉融資租賃有限公司) ("Tianjin Oula"), and the pledge of Honeycomb Power, a subsidiary of the Company, on the Company's accounts receivable, and the discount amount obtained by discounting the undue notes receivable that did not meet the termination recognition conditions at the end of the reporting period.

Note 3: The mortgage loan is the loan obtained by Hebei Changzheng Automobile Manufacturing Co., Ltd. (河北長徵汽車製造有限公司) ("Changzheng automobile"), a subsidiary of the Company, by mortgaging the land use right.

Notes to the Financial Statements

For the year ended 31 December 2021

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

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

(2) Long-term borrowings

Item	RMB	
	31/12/2021	31/12/2020
Credit loans	6,780,915,097.18	4,468,984,902.75
Guaranteed loans (Note 1)	3,822,369,409.70	5,583,035,130.25
Pledge loan (Note 2)	468,412,010.41	530,000,000.00
Mortgage loan (Note 3)	288,026,825.25	902,641,018.28
Less: Long-term loans due within one year	(2,703,563,065.90)	(707,455,843.48)
Total	8,656,160,276.64	10,777,205,207.80

Note 1: The guaranteed loan at the end of the year is the loan obtained by the Company with Baoding Great Wall Venture and Investment Co., Ltd. (保定市長城創業投資有限公司) ("Great Wall Venture and Investment"), and the loan obtained by the Company's subsidiaries Honeycomb Power, Honeycomb Transmission, Honeycomb Intelligent Steering System (Jiangsu) Co., Ltd. (蜂巢智能轉向系統(江蘇)有限公司) ("Honeycomb Intelligent"), Tianjin Oula, and Billion Sunny Development Co., Ltd. (億新發展有限公司) (Billion Sunny Development) with the Company as the guarantor.

Note 2: The mortgage loan at the end of this year is the loan obtained by the company's subsidiary Honeycomb Transmission and Jingcheng Engineering Auto Parts (Yangzhong) Co., Ltd. (精誠工科汽車零部件(揚中)有限公司) (hereinafter referred to as "Jinggong Yangzhong") by mortgaging the land use right.

Note 3: The pledged loan at the end of the year is the loan obtained by the company's pledge of notes receivable and the company's subsidiary Tianjin Oula's pledge of long-term receivables.

Notes to the Financial Statements

For the year ended 31 December 2021

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

21. Notes payable

Category	RMB	
	31/12/2021	31/12/2020
Bank acceptances	26,723,616,328.62	16,527,845,466.47
Commercial acceptances	85,692,493.78	128,230,951.55
Total	26,809,308,822.40	16,656,076,418.02

22. Accounts payable

(1) Accounts payable disclosed as follows:

Item	RMB	
	31/12/2021	31/12/2020
Within 1 year	36,945,873,207.56	33,054,604,779.30
1 to 2 years	70,874,917.69	79,431,200.20
2 to 3 years	40,520,481.93	34,840,072.32
Over 3 years	25,813,123.07	16,182,837.18
Total	37,083,081,730.25	33,185,058,889.00

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	RMB	
	31/12/2021	Reason for outstanding or transfer
Supplier 1	12,472,000.00	Payment terms have not been reached
Supplier 2	9,792,934.82	Payment terms have not been reached
Supplier 3	6,965,393.00	Payment terms have not been reached
Supplier 4	5,300,000.00	Payment terms have not been reached
Supplier 5	4,825,000.00	Payment terms have not been reached
Total	39,355,327.82	

Notes to the Financial Statements

For the year ended 31 December 2021

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

23. Contract liabilities

Item	RMB	
	31/12/2021	31/12/2020
Receipts in advance	6,117,998,996.97	7,457,906,810.59
Maintenance service	944,399,200.40	438,583,123.01
Warranty service	254,799,253.21	79,333,040.71
Transportation service	70,706,931.50	52,109,857.76
Total	7,387,904,382.08	8,027,932,832.07

Note:

Revenue included in the opening book value of contract liabilities recognized in the current year.

The opening book value of contract liabilities amounting to RMB7,840,155,018.22 has been recognized as revenue during the year. The closing book value of contract liabilities will be recognized as revenue in 2022.

24. Employee benefits payable

(1) Employee benefits payable disclosed as follows:

Item	31/12/2020	Purchase subsidiary increase	RMB		31/12/2021
			Increase	Decrease	
1. Short-term employee benefits	2,527,738,688.47	1,020,180.35	12,724,315,932.35	(12,049,965,648.40)	3,203,109,152.77
2. Post-employment benefits-defined contribution plan	2,914,226.74	—	771,897,516.96	(762,705,405.43)	12,106,338.27
Total	2,530,652,915.21	1,020,180.35	13,496,213,449.31	(12,812,671,053.83)	3,215,215,491.04

Notes to the Financial Statements

For the year ended 31 December 2021

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

24. Employee benefits payable (continued)

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

Item	31/12/2020	Purchase subsidiary increase	Increase	Decrease	RMB
					31/12/2021
I. Salaries, bonuses, allowances and subsidies	2,224,616,977.94	1,012,932.73	9,851,473,605.61	(9,266,701,172.54)	2,810,402,343.74
II. Staff welfare	164,255,673.17	—	849,633,898.81	(842,109,815.05)	171,779,756.93
III. Staff bonuses and welfare fund	280,505.14	—	—	—	280,505.14
IV. Social insurance premiums	2,998,934.14	—	406,972,207.33	(403,991,396.63)	5,979,744.84
Including: Medical insurance	2,632,158.36	—	369,279,020.55	(366,698,165.85)	5,213,013.06
Work-related injury insurance	32,590.90	—	32,091,122.32	(31,735,066.97)	388,646.25
Maternity insurance	334,184.88	—	5,602,064.46	(5,558,163.81)	378,085.53
V. Housing provident funds	1,364,747.02	—	245,072,545.99	(244,536,718.21)	1,900,574.80
VI. Labor union expenditures	12,813,354.92	7,247.62	32,298,729.80	(29,910,414.45)	15,208,917.89
VII. Employees' education expenses	1,677,597.94	—	14,552,345.40	(11,760,102.82)	4,469,840.52
VIII. Service charge	119,730,898.20	—	1,324,312,599.41	(1,250,956,028.70)	193,087,468.91
Total	2,527,738,688.47	1,020,180.35	12,724,315,932.35	(12,049,965,648.40)	3,203,109,152.77

(3) Defined contribution plan

Item	31/12/2020	Increase	Decrease	RMB
				31/12/2021
1. Basic endowment insurance	3,535,599.00	740,103,126.12	(730,942,196.90)	12,696,528.22
2. Unemployment insurance	(621,372.26)	31,794,390.84	(31,763,208.53)	(590,189.95)
Total	2,914,226.74	771,897,516.96	(762,705,405.43)	12,106,338.27

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. Except for the monthly payment and deposit fees, the Group no longer undertakes further payment obligations. The corresponding expenditure is included in the relevant asset cost or current profit and loss when incurred.

In 2021, basic endowment insurance payable of the Group amounted to RMB740,103,126.12 (2020: RMB400,486,235.19); the unemployment insurance payable amounted to RMB31,794,390.84 (2020: RMB18,460,581.40). As of December 31, 2021, basic endowment insurance payable of RMB12,696,528.22 (2020: RMB3,535,599.00) of the Group have not yet been paid and have been paid after the reporting period.

Notes to the Financial Statements

For the year ended 31 December 2021

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

25. Taxes payable

Item	RMB	
	31/12/2021	31/12/2020
Value added tax	803,816,056.10	732,429,081.95
Consumption tax	968,714,213.93	1,071,983,685.43
Enterprise income tax	716,794,706.13	777,547,545.22
Individual income tax	32,598,227.38	17,933,613.64
City maintenance and construction tax	81,078,368.12	59,119,440.12
Education surcharges	47,957,182.50	50,351,545.44
Stamp duty	46,115,748.96	25,422,843.56
Real estate tax	5,143,960.62	2,442,800.18
Others	115,891,802.42	48,560,381.06
Total	2,818,110,266.16	2,785,790,936.60

26. Other payables

Other payables disclosed by nature are as follows:

Item	RMB	
	31/12/2021	31/12/2020
Project payment	1,154,176,732.06	1,008,473,684.74
Equipment payment	1,148,640,207.01	1,062,552,430.27
Deposits	686,713,723.67	696,242,630.93
Restricted share under repurchase obligations	641,218,321.00	200,579,316.00
Output tax related to advance payment	803,721,619.10	951,189,559.38
Others	432,623,920.83	197,931,664.29
Total	4,867,094,523.67	4,116,969,285.61

Notes to the Financial Statements

For the year ended 31 December 2021

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

27. Non-current liabilities due within one year

Item	Notes	RMB	
		31/12/2021	31/12/2020
Long-term loans due within one year	(VI)20	2,703,563,065.90	707,455,843.48
Bonds payable due within one year	(VI)29	813,140,234.65	—
Lease liabilities due within one year	(VI)30	151,161,966.51	184,478,748.87
Total		3,667,865,267.06	891,934,592.35

28. Other current liabilities

Item	RMB	
	31/12/2021	31/12/2020
Short-term bonds payable	—	2,024,547,945.20
Accrued advertising and media service expenses	1,177,355,063.06	1,107,100,281.68
Accrued after-sales service expenses	1,102,102,977.25	922,892,133.49
Accrued technology development expenditure	163,012,324.38	141,619,378.21
Accrued transportation costs	667,637,595.43	140,383,987.95
Accrued utilities fees	86,425,517.98	39,141,648.17
Accrued expenses for Internet of vehicles	466,118,426.39	137,027,659.01
Others	880,281,882.08	552,400,480.70
Total	4,542,933,786.57	5,065,113,514.41

Changes in short-term bonds payable:

Title of bonds	Face value	Issue date	Term of bonds	Issue amount	Opening balance	Issued in the current year	Accrued interest	Repaid in the current year	RMB	
									Closing balance	
20 Great Wall Motor SCP001	100.00	20 May 2020	270 days	2,000,000,000.00	2,024,547,945.20	—	5,948,911.98	(2,030,496,857.18)	—	
Total				2,000,000,000.00	2,024,547,945.20	—	5,948,911.98	(2,030,496,857.18)	—	

Notes to the Financial Statements

For the year ended 31 December 2021

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

29. Bonds payable

(1) Bonds payable

Item	31/12/2021	31/12/2020
Asset backed securities	1,074,462,180.99	—
Convertible bond	3,214,954,734.68	—
Less: bonds payable due within one year	(813,140,234.65)	—
Total	3,476,276,681.02	—

(2) Increase and decrease of bonds payable

Bond name	face value	Issue date	Bond		2020.12.31	Issued this year	Accrued	Premium	Repayment/	Less: bonds	2021.12.31
			term(da)	Issue amount			interest at par value	amortization and others	conversion of shares this year	payable due within one year	
21 Euler 1A (Note 1)	100.00	27/01/2021	454	407,000,000.00	—	407,000,000.00	7,157,422.22	(6,748,060.00)	(354,252,800.00)	(53,156,562.22)	—
21 Euler 2A (Note 1)	100.00	13/04/2021	834	930,000,000.00	—	930,000,000.00	20,022,618.78	(16,182,000.00)	(378,231,000.00)	(402,639,691.86)	152,969,926.92
21 Euler 3A (Note 1)	100.00	21/10/2021	643	462,000,000.00	—	462,000,000.00	3,695,999.99	—	—	(357,343,980.57)	108,352,019.42
Changqi convertible bonds (Note 2)	100.00	17/06/2021	2190	3,500,000,000.00	—	3,500,000,000.00	3,931,399.67	(288,345,664.99)	(631,000.00)	—	3,214,954,734.68
Total	—	—	—	5,299,000,000.00	—	5,299,000,000.00	34,807,440.66	(311,275,724.99)	(733,114,800.00)	(813,140,234.65)	3,476,276,681.02

Note 1: Tianjin Oula, a subsidiary of the company, issued RMB407 million of fixed rate priority asset-backed securities as the initiator on January 27, 2021. The group holds all subordinated asset-backed securities, and the priority asset-backed securities will be repaid before April 2022; Tianjin Oula issued 930 million yuan of fixed rate priority asset-backed securities as the initiator on April 13, 2021. The group holds all subordinated asset-backed securities, and the priority asset-backed securities will be repaid before July 2023; Tianjin Oula issued 462 million yuan of fixed rate priority asset-backed securities as the initiator on October 21, 2021. The group holds all subordinated asset-backed securities, and the priority asset-backed securities will be repaid in July 2023. The group has not terminated the recognition of financial assets related to asset securitization, and accounts the financing from the issuance of priority asset-backed securities as bonds payable.

Note 2: With the approval of zjxk [2021] No. 1353, the company issued A-share convertible corporate bonds with a face value of RMB100 and a total face value of RMB3.500 billion in June 2021, with a term of 6 years. The annual coupon rate of convertible corporate bonds is 0.2% in the first year, 0.4% in the second year, 0.6% in the third year, 0.8% in the fourth year, 1.5% in the fifth year and 2.0% in the sixth year. The interest shall be paid once a year, the principal shall be returned when due and the interest of the last year shall be paid. The conversion period of A-share convertible corporate bonds issued this time starts from the first trading day six months after the end of the issuance of convertible bonds (June 17, 2021) to the maturity date of convertible bonds, that is, December 17, 2021 to June 9, 2027. On the issue date, the liability component of convertible corporate bonds is initially recognized at fair value, and the part where the issue price exceeds the initially recognized liability component is recognized as equity component. As of December 31, 2021, the cumulative face value of "Changqi convertible bonds" of RMB631000.00 has been converted into the company's shares, and the number of converted shares is 16,539.

Notes to the Financial Statements

For the year ended 31 December 2021

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

30. Lease liabilities

Item	RMB	
	31/12/2021	31/12/2020
Lease liabilities	627,067,378.86	679,763,579.36
Sub-total	627,067,378.86	679,763,579.36
Less: Leased liabilities recognized in non-current liabilities due within one year (Note VI.27)	(151,161,966.51)	(184,478,748.87)
Total	475,905,412.35	495,284,830.49

31. Deferred income

Item					RMB
	31/12/2020	收購轉入	Increase	Decrease	31/12/2021
Government grants	3,461,818,011.07	15,189,083.16	2,813,481,356.74	(2,177,576,103.21)	4,112,912,347.76
Total	3,461,818,011.07	15,189,083.16	2,813,481,356.74	(2,177,576,103.21)	4,112,912,347.76

Notes to the Financial Statements

For the year ended 31 December 2021

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

31. Deferred income (continued)

Projects related to government grants:

RMB

Type	31/12/2020	Transfer-in of acquisition subsidiaries	Increase in grants for the year	Amount recognized in other income for the year	Other transfer- out	31/12/2021	Related to an asset/ related to income
Government industrial policy supporting fund	2,152,995,342.01	1,432,015.76	2,581,120,313.79	(417,992,770.66)	(1,317,980,922.24)	2,999,573,978.66	Related to an asset/income
Infrastructure supporting fund	615,534,947.93	—	—	(24,140,175.88)	—	591,394,772.05	Related to an asset
Soft soil foundation subsidy	216,608,534.16	11,577,134.06	12,240,000.00	(5,820,760.32)	—	234,604,907.90	Related to an asset
New technical center infrastructure construction project	—	—	118,000,000.00	(12,205,866.66)	—	105,794,133.34	Related to an asset
Urban construction fund	338,927,078.35	—	35,000,000.00	(2,595,592.56)	(327,878,850.68)	43,452,635.11	Related to an asset
Energy-saving gasoline direct injection engine project	50,833,333.33	—	—	(10,000,000.00)	—	40,833,333.33	Related to an asset
110KV transformer substation project	24,514,938.68	—	—	(1,176,717.12)	—	23,338,221.56	Related to an asset
New technical center infrastructure construction project	23,834,736.96	—	—	(13,858,953.44)	—	9,975,783.52	Related to an asset
Renovation and expansion of expert apartment project	10,000,000.00	—	—	(454,545.45)	—	9,545,454.55	Related to an asset
Others	28,569,099.65	2,013,333.34	67,287,642.95	(22,552,941.77)	(20,918,006.43)	54,399,127.74	Related to an asset/income
Total	3,461,818,011.07	15,022,483.16	2,813,647,956.74	(510,798,323.86)	(1,666,777,779.35)	4,112,912,347.76	

Notes to the Financial Statements

For the year ended 31 December 2021

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

32. Share capital

RMB

Item	Opening balance	New issue (Note (XII))	Changes for the year			Closing balance
			Shares transfer from convertible bond	Others	Sub-total	
Share capital	9,175,953,300.00	61,908,539.00	16,539.00	(2,165,100.00)	59,759,978.00	9,235,713,278.00

Note 1: As stated in Note (XII), in accordance with the Group's Equity Incentive Plan, in 2021, the Group cancelled 2,165,100 restricted shares repurchased due to invalidation, granted 33,802,350 restricted shares, and issued 28,106,189 shares due to exercise of share options.

33. Other equity instruments

RMB

Outstanding financial instruments	Opening balance	Increase	Decrease	Closing balance
Equity Instrument portion of Convertible Corporate Bonds (VI)29	—	336,012,380.39	(60,578.23)	335,951,802.16
Total	—	336,012,380.39	(60,578.23)	335,951,802.16

Notes to the Financial Statements

For the year ended 31 December 2021

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

34. Capital reserve

RMB

Item	Opening balance	Combinations involving enterprises under common control	Adjusted opening balance	Increase (Note)	Decrease	Closing balance
2021:						
Capital premiums (Note 1)	1,630,673,880.89	5,640,000.00	1,636,313,880.89	845,922,395.89	(15,083,863.30)	2,467,152,413.48
Other capital reserves (Note 2)	148,636,354.36	-	148,636,354.36	2,359,790,288.09	(103,669,782.30)	2,404,756,860.15
Total	1,779,310,235.25	5,640,000.00	1,784,950,235.25	3,205,712,683.98	(118,753,645.60)	4,871,909,273.63
2020:						
Capital premiums	1,466,607,789.89	-	1,466,607,789.89	166,152,795.00	(2,086,704.00)	1,630,673,880.89
Other capital reserves	(55,356,135.47)	-	(55,356,135.47)	203,992,489.83	-	148,636,354.36
Total	1,411,251,654.42	-	1,411,251,654.42	370,145,284.83	(2,086,704.00)	1,779,310,235.25

Note 1: The Group's granting of restricted stock to the incentive target, the incentive target's exercise of stock and option, and unlocking of restricted stock; 2) the conversion of certain "Great Wall Convertible Bond" into the corporate stock; and 3) the capital contribution from former shareholders of subsidiaries acquired through business combination involving enterprises under common control before the date of combination, contributed to the increase in capital premiums for the year by RMB843,910,947.00, RMB621,448.89 and RMB1,390,000.00, respectively. The decrease in capital premiums for the year represented 1) the decrease by RMB7,477,117.00 as a result of cancellation of restricted stock repurchase and 2) the decrease by RMB7,606,746.30 due to payment of consideration for business combination involving enterprises under common control.

Note 2: The increase in other capital reserves for the year represented the share-based payment of RMB1,815,981,886.54 recognized based on the number of exercisable equity instruments for the year; the effect of income tax of RMB543,808,369.88 in relation to share incentive plan which should be included in owners' equity. The decrease in other capital reserves for the year amounted to RMB103,669,782.30, arising from unlocking of restricted stock to incentive target as well as exercise of stock and option.

Notes to the Financial Statements

For the year ended 31 December 2021

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

35. Treasury stock

Project	Opening balance	Increase	Decrease	Closing balance
Treasury shares related to restricted stock repurchase obligations	200,773,416.00	571,823,016.00	(130,560,939.50)	642,035,492.50
Total	200,773,416.00	571,823,016.00	(130,560,939.50)	642,035,492.50

RMB

Note: The annual increase in stock capital is due to the group's granting of restricted stock to the incentive target in the current year, while the current decrease is due to the group's distribution of cash dividends to the holders of restricted stock, the repurchase and cancellation of expired restricted shares, and the unlocking of restricted shares in the current year, as detailed in Note (XII).

36. Surplus reserve

Item	Closing balance of the previous year	Combinations involving enterprises under common control	Adjusted opening balance	Increase	Decrease (Note)	Closing balance
2021:						
Statutory surplus reserve	5,827,386,126.02	91,794.86	5,827,477,920.88	490,405,233.45	—	6,317,883,154.33
Discretionary surplus reserve	2,855,650.48	—	2,855,650.48	—	—	2,855,650.48
Enterprise expansion fund	93,354,946.63	—	93,354,946.63	11,573,753.67	—	104,928,700.30
Tax credit for social welfare enterprises	251,838,024.75	—	251,838,024.75	—	—	251,838,024.75
Total	6,175,434,747.88	91,794.86	6,175,526,542.74	501,978,987.12	—	6,677,505,529.86
2020:						
Statutory surplus reserve	5,411,592,550.81	—	5,411,592,550.81	415,871,363.96	(77,788.75)	5,827,386,126.02
Discretionary surplus reserve	2,855,650.48	—	2,855,650.48	—	—	2,855,650.48
Enterprise expansion fund	89,384,285.27	—	89,384,285.27	3,970,661.36	—	93,354,946.63
Tax credit for social welfare enterprises	251,838,024.75	—	251,838,024.75	—	—	251,838,024.75
Total	5,755,670,511.31	—	5,755,670,511.31	419,842,025.32	(77,788.75)	6,175,434,747.88

RMB

Notes to the Financial Statements

For the year ended 31 December 2021

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

37. Undistributed profits

Item	Amount	RMB Proportion of appropriation or allocation
2021:		
Undistributed profits at the end of last year	40,994,784,827.03	
Adjust the total undistributed profit at the beginning of the year	22,650,887.93	
Adjusted undistributed profit at the beginning of the year	41,017,435,714.96	
Add: Net profit attributable to the shareholders of the parent company for the year	6,726,093,915.39	
Other transfers-in	—	
Less: Appropriation of statutory surplus reserve	(490,405,233.45)	(1)
Appropriation of discretionary surplus reserve	—	
Appropriation of reserve fund	(11,573,753.67)	(2)
Distribution of cash dividends	(5,338,067,139.10)	(3)
Consideration for enterprises combination under common control	(8,684,412.37)	
Others	(2,091,350.35)	
Undistributed profits at the end of the year	41,892,707,709.74	
2020:		
Undistributed profits at the beginning of the year	38,345,853,094.28	
Add: Net profit attributable to the shareholders of the parent company	5,362,490,194.32	
Transfer from surplus reserve	77,788.75	
Other transfers-in	—	
Less: Appropriation of statutory surplus reserve	(415,871,363.96)	(1)
Appropriation of discretionary surplus reserve	—	
Appropriation of reserve fund	(3,970,661.36)	(2)
Distribution of cash dividends	(2,293,794,225.00)	
Conversion of ordinary shares' dividends into share capital	—	
Undistributed profits at the end of the year	40,994,784,827.03	

Notes to the Financial Statements

For the year ended 31 December 2021

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

37. 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) Appropriation of enterprise expansion fund, reserve fund and employee incentives and welfare fund

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

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

On 24 February 2021, the 2021 second extraordinary shareholders' meeting approved the Proposal on Adjustment to Profit Distribution of the first three quarters of 2020, which allows the Company to distribute cash dividends of RMB0.28 (tax included) per share based on the total share capital on the equity registration date, the total number of shares as at 8 March 2021, as at the record date of the shares, was 9,175,953,300 shares, and the total declared cash dividends are RMB2,569,266,924.00.

On 17 September 2021, the 2021 fifth extraordinary shareholders' meeting approved the Proposal on Adjustment to Profit Distribution of the mid-2021, which allows the Company to distribute cash dividends of RMB0.30 (tax included) per share based on the total share capital on the equity registration date when the Company implements profit distribution. The total shares on 20 October 2021 (equity registration date) are 9,236,694,732 shares with par value of RMB1 per share, and the total declared cash dividends are RMB2,771,008,419.60.

The Group's cash dividends included in profit distributions during the year have excluded the impact on cash dividends distributed by holders of the prospective unlockable restricted shares and dividends on the cancellation of restricted shares.

(4) Dividend distribution under resolution subsequent to the balance sheet date

In accordance with the proposal from the board of directors, the Company intends to distribute cash dividends of RMB0.07 (inclusive of tax) per share as date at 31 December 2021, based on total shares on the equity registration date. Such dividend distribution plan are pending to be approved in shareholders' meeting.

Notes to the Financial Statements

For the year ended 31 December 2021

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

38. Operating income and operating costs

(1) Operating income and operating costs

Item	2021		2020	
	Income	Costs	Income	Costs
Principal operating activities	133,438,225,699.53	111,918,172,275.67	101,450,975,532.31	84,019,133,283.77
Other operating activities	2,966,437,339.14	2,449,300,552.22	1,856,631,677.39	1,511,830,471.26
Total	136,404,663,038.67	114,367,472,827.89	103,307,607,209.70	85,530,963,755.03

RMB

(2) Revenue arising from contracts with customers

Categories of contracts	2021	2020
	Income from the sales of automobiles	121,307,150,931.83
Income from the sales of automotive parts and components	6,872,136,581.69	5,141,001,641.80
Income from rendering of services	3,061,219,150.31	2,691,394,442.62
Income from the sales of moulds and others	2,197,719,035.70	1,232,666,141.99
Other operating income	2,852,726,673.03	1,772,405,262.59
Subtotal of income from contracts with customers	136,290,952,372.56	103,223,380,794.90
Rental income	113,710,666.11	84,226,414.80
Total	136,404,663,038.67	103,307,607,209.70

RMB

(3) Description of allocation 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 RMB14,499,043,247.24, most of which is expected to be recognized as revenue in 2022.

Notes to the Financial Statements

For the year ended 31 December 2021

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

39. Taxes and levies

Item	RMB	
	2021	2020
Consumption tax	3,073,449,449.75	2,307,456,825.38
City maintenances and construction tax	430,013,551.95	307,939,176.77
Educational surcharges	308,891,049.74	265,396,752.45
Stamp duty	206,087,385.31	151,243,681.16
Land use tax	66,571,269.50	63,952,662.93
Real estate tax	140,447,304.01	85,813,022.73
Water resource tax	1,473,283.10	2,092,965.00
Vehicle and vessel use tax	454,075.06	524,026.59
Others	6,728,652.19	7,456,974.49
Total	4,234,116,020.61	3,191,876,087.50

40. Selling expenses

Item	RMB	
	2021	2020
Advertising and media services fees	2,505,229,482.43	2,170,435,293.67
After-sales service expenses	853,888,569.75	561,424,005.45
Wages and salaries	698,191,981.76	416,659,827.89
Consulting service fee	97,770,425.76	138,153,205.53
Share-based payments	103,482,494.19	10,683,654.91
Port charges	57,869,786.42	34,246,469.57
Travelling expenses	44,347,025.68	27,514,343.22
Others	831,396,108.73	744,270,025.95
Total	5,192,175,874.72	4,103,386,826.19

Notes to the Financial Statements

For the year ended 31 December 2021

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

41. Administrative expenses

Item	RMB	
	2021	2020
Wages and salaries	2,069,406,982.78	1,304,333,045.87
Consulting service fee	288,611,468.29	215,632,479.19
Share-based payments	420,636,744.36	41,169,241.26
Repair and maintenance fees	394,923,158.25	319,081,630.90
Depreciation and Amortization	269,729,194.10	269,617,658.51
Office expenses	248,079,003.62	113,552,619.05
Business reception fees	19,436,676.72	15,827,384.18
Auditor's remuneration	4,360,947.32	2,933,389.93
Others	327,885,188.00	270,527,141.76
Total	4,043,069,363.44	2,552,674,590.65

42. Financial expenses

Item	RMB	
	2021	2020
Interest expense	471,553,850.85	263,150,856.10
Including: Interest expenses on lease liabilities	29,823,744.75	20,019,400.50
Interest income from bank deposits	(785,029,211.33)	(666,060,792.21)
Foreign currency translation differences	(147,085,707.40)	715,517,727.10
Others	12,253,549.92	84,354,439.26
Total	(448,307,517.96)	396,962,230.25

Notes to the Financial Statements

For the year ended 31 December 2021

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

43. Other income

Item	RMB	
	2021	2020
Government grants	1,030,213,935.51	876,997,375.67
Individual income tax rebate	8,686,292.24	6,969,350.56
Weighted deduction of input tax	8,432,123.42	2,665,703.95
Total	1,047,332,351.17	886,632,430.18

Government grants recognized in other income:

Items	RMB		
	2021	2020	Related to an asset/income/ Related to income
Amortization of deferred income	510,798,323.86	448,349,794.73	Related to an asset/ income
Automobile retirement subsidy	387,179,478.88	135,772,779.68	Related to income
Immediate refund of VAT of welfare enterprises	44,458,381.44	44,202,504.52	Related to income
Special support funds for electronic and electrical system research and development projects	25,000,000.00	—	Related to income
Special funds for technological upgrading	9,675,600.00	5,600,000.00	Related to income
Special funds for industrial informatization	6,653,200.00	—	Related to income
Subsidies for national high-skilled talent training base	5,837,461.00	5,000,000.00	Related to income
Special funds for projects to upgrade emerging industries and intelligent technologies	5,421,990.00	—	Related to income
New energy vehicle subsidy	1,637,712.85	26,713,263.16	Related to income
Subsidies for job stabilization rebate in unemployment insurance institute	1,321,474.89	34,790,701.90	Related to income
Subsidies for development of enterprises' stable production and promotion	—	63,020,000.00	Related to income
Special subsidies for enterprise restructuring award	—	34,502,300.00	Related to income
Make up the difference between utilities	—	30,000,000.00	Related to income
Automobile consumption subsidy	—	12,400,000.00	Related to income
Import discount subsidy from bureau of Commerce of Lianchi District	—	6,698,635.00	Related to income
Technology innovation subsidy from Development and Reform Bureau of Lianchi District	—	5,000,000.00	Related to income
Other	32,230,312.59	24,947,396.68	Related to income
Total	1,030,213,935.51	876,997,375.67	

Notes to the Financial Statements

For the year ended 31 December 2021

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

44. Investment income

Breakdown:

Item	RMB	
	2021	2020
Income from long-term equity investments under equity method	1,016,547,758.13	911,946,308.20
Investment gains from the disposal of trading financial assets	207,510,228.30	189,505,530.64
Losses on derecognition of discounted bills	(121,514,157.79)	(148,830,557.58)
Investment gains from the disposal of derivative financial instruments	4,909,135.14	—
Dividend income from holding other equity instrument investments	1,656,000.00	294,000.00
Net profit or loss on disposal of subsidiaries	—	3,469,769.30
Total	1,109,108,963.78	956,385,050.56

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

The Group has no gains on investments from listed companies.

45. Gains (losses) from changes in fair values

Source of gains (losses) from changes in fair values	RMB	
	2021	2020
Held-for-trading financial assets		
Including: Equity instruments	297,323,161.62	167,808,312.00
Wealth management products	(437,805.52)	1,923,778.14
Derivative financial assets (liabilities)	2,364,549.91	(3,023,463.05)
Other non-current financial assets	7,190,968.32	(1,500,000.00)
Total	306,440,874.33	165,208,627.09

Notes to the Financial Statements

For the year ended 31 December 2021

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

46. Gains (losses) on credit impairment

Item	RMB	
	2021	2020
Accounts receivable	(61,311,464.70)	9,013,929.83
Other receivables	(9,640,575.74)	(1,568,892.00)
Long-term receivables (including those due within 1 year)	(51,448,044.79)	(42,731,965.88)
Total	(122,400,085.23)	(35,286,928.05)

47. Impairment losses on assets

Item	RMB	
	2021	2020
I. Losses on decline in value of inventories	(357,369,847.48)	(474,214,013.57)
II. Impairment losses of fixed assets	(112,696,154.36)	(197,246,103.70)
II. Impairment losses of construction in progress	(530,116.37)	(4,936,712.45)
Total	(470,596,118.21)	(676,396,829.72)

48. Gains (losses) from disposal of assets

Item	RMB	
	2021	2020
Gains (losses) from disposal of asset	(27,689,757.55)	(9,199,220.02)
Including: Losses on disposals of fixed assets	(30,227,943.13)	(51,462,921.52)
Gains on disposals of construction in progress	37,377.30	26,188,767.09
Gains on disposals of intangible assets	1,041,484.98	15,453,172.18
Gains on disposals of right-of-use asset	1,459,323.30	621,762.23

Notes to the Financial Statements

For the year ended 31 December 2021

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

49. Non-operating income

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

Item	RMB		
	2021	2020	Amount included in non-recurring gains and losses for the year
Government grants	1,020,219,459.94	389,980,260.35	1,020,219,459.94
Gains from compensation	74,248,903.27	56,434,452.49	74,248,903.27
Unpayable amounts	5,785,973.23	5,853,064.64	5,785,973.23
Others	60,540,870.84	41,603,983.04	60,540,870.84
Total	1,160,795,207.28	493,871,760.52	1,160,795,207.28

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

Item	RMB		
	2021	2020	Related to an asset/Related to income
Industrial development funds	528,870,261.41	335,603,806.19	Related to income
Financial subsidy funds	457,286,287.30	30,974,122.56	Related to income
Subsidy income	13,236,792.00	15,366,780.99	Related to income
Others	20,826,119.23	8,035,550.61	Related to income
Total	1,020,219,459.94	389,980,260.35	

Notes to the Financial Statements

For the year ended 31 December 2021

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

50. Non-operating expenses

Item	2021	2020	RMB
			Amount included in non-recurring gains and losses for the year
Expenditures for donations	30,658,342.74	11,031,532.55	30,658,342.74
Expenses for compensations and fines	3,898,655.06	1,012,791.72	3,898,655.06
Others	12,903,391.89	6,147,346.81	12,903,391.89
Total	47,460,389.69	18,191,671.08	47,460,389.69

51. Income tax expenses

Item	2021	2020	RMB
Current tax expenses	1,698,251,008.67	1,307,986,392.30	
Deferred tax expenses	(941,163,239.39)	(443,189,229.27)	
Total	757,087,769.28	864,797,163.03	

Notes to the Financial Statements

For the year ended 31 December 2021

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

51. Income tax expenses (continued)

Reconciliation of income tax expenses to the accounting profit is as follows:

Item	RMB	
	2021	2020
Total profit	7,482,102,287.23	6,227,287,357.35
Income tax rate	25%	25%
Income tax expenses calculated at 25%	1,870,525,571.81	1,556,821,839.34
Changes in opening balances of deferred tax assets/liabilities due to tax rate adjustment	37,920,177.16	68,032,505.12
Effects arising from some companies subject to concessionary rates	(386,305,521.84)	(578,009,310.99)
Additional deduction for research and development costs	(660,999,362.54)	(235,935,592.76)
Tax effect of non-taxable income	(296,815,333.82)	(228,059,799.58)
Additional deduction for the wages of disabled staff	(10,675,522.94)	(9,595,844.27)
Tax effect of non-deductible expenses	41,672,229.16	23,481,928.59
Effect of deductible loss not recognized for deferred tax assets for the year	161,765,532.29	268,061,437.58
Total	757,087,769.28	864,797,163.03

52. Net profit

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

Item	Note	RMB	
		2021	2020
Depreciation for fixed assets		3,908,862,837.23	3,785,222,881.52
Depreciation and amortization for investment properties	(VI)12	19,234,197.45	74,250,617.58
Amortization of intangible assets		1,384,071,952.37	922,044,084.08
Depreciation for right-of-use assets	(VI)15	216,158,856.80	52,106,508.20
Total amount of depreciation and amortization		5,528,327,843.85	4,833,624,091.38
Gains (losses) from disposal of assets	(VI)48	27,689,757.55	9,199,220.02
Rental income from investment properties		(58,037,611.56)	(43,262,521.96)
Employee benefits expense		10,656,808,129.56	7,732,919,454.06
Research and development expenses		4,489,565,228.62	3,067,479,582.21
Losses on decline in value of inventories	(VI)7	357,369,847.48	474,214,013.57

Notes to the Financial Statements

For the year ended 31 December 2021

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

53. Calculation of basic 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	2021	2020
Basic earnings per share (RMB/share)	0.73	0.59

(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.

Item	2021	2020
Diluted earnings per share (RMB/share)	0.73	0.58

54. Other comprehensive income

Item	31/12/2020	Amount recognized in the current year					31/12/2021
		Amount incurred for current year before tax	Less: Amount previously included in other comprehensive income and transferred to profit or loss for the year	Less: Income tax expenses	Attributable to owners of the parent company after tax	Attributable to minority interests after tax	
Other comprehensive income that will not be reclassified to profit or loss	—	—	—	—	—	—	—
Including: Changes in recalculation the net liabilities of the benefit plan	(5,496,728.08)	—	—	—	—	—	(5,496,728.08)
Changes in the fair value of investments in other equity instruments	—	519,096,110.00	—	(129,774,027.50)	389,322,082.50	—	389,322,082.50
Including: Changes in fair value of financial assets classified as at FVTOCI	(311,054,327.39)	158,632,842.36	—	(23,794,926.36)	134,837,916.00	—	(176,216,411.39)
Translation difference of financial statements denominated in foreign currency	(266,311,054.50)	(188,667,850.81)	—	—	(188,667,850.81)	—	(454,978,905.31)
Total other comprehensive income	(582,862,109.97)	489,061,101.55	—	(153,568,953.86)	335,492,147.69	—	(247,369,962.28)

RMB

Notes to the Financial Statements

For the year ended 31 December 2021

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

55. Notes to the items in the cash flow statement

(1) Other cash receipts relating to operating activities

Item	RMB	
	2021	2020
Government grants	4,319,682,822.89	3,546,635,720.59
Interest income	437,663,080.08	305,118,746.63
Reparations (penalty) income	74,369,783.06	55,287,592.74
Others	69,015,965.62	42,057,369.36
Total	4,900,731,651.65	3,949,099,429.32

(2) Other cash payments relating to operating activities

Item	RMB	
	2021	2020
Advertising and media services fee	2,188,513,553.48	1,853,833,884.36
Technology development expenditures	1,394,889,182.94	1,009,464,085.30
After-sale services expenses and repair costs	1,079,869,896.03	482,481,717.90
Transportation costs and port charges	939,767,502.04	222,010,335.05
Consulting service fees	614,146,755.76	353,785,684.72
Financial service fee	397,100,138.62	138,993,678.95
Finance lease expenses	308,279,882.30	2,342,720,060.03
Business reception fees and office expenses	254,366,724.69	144,571,124.50
Travelling expenses	44,060,970.84	27,514,343.22
Others	143,708,139.13	224,734,436.55
Total	7,364,702,745.83	6,800,109,350.58

Notes to the Financial Statements

For the year ended 31 December 2021

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

55. Notes to the items in the cash flow statement (continued)

(3) Other cash receipts relating to investing activities

Item	RMB	
	2021	2020
Collection of current amounts	259,648,333.33	—
Collection of performance bond	85,030,000.00	85,030,000.00
Total	344,678,333.33	85,030,000.00

(4) Other cash payments relating to investing activities

Item	RMB	
	2021	2020
Current amounts	—	89,075,000.00
Total	—	89,075,000.00

(5) Other cash payments relating to financing activities

	RMB	
	2021	2020
Increase in restricted bank deposits	4,142,733,393.21	50,892,234.88
Decrease in lease liabilities	289,322,501.58	72,882,850.98
Costs incurred for business combinations involving enterprises under common control	16,291,158.67	—
Fees for issuing convertible bonds	12,749,000.00	—
Repurchase treasury stocks	8,193,642.70	2,551,104.00
Total	4,469,289,696.16	126,326,189.86

Notes to the Financial Statements

For the year ended 31 December 2021

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

56. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Supplementary information	2021	2020
<i>RMB</i>		
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	6,725,014,549.62	5,362,490,194.32
Add: Provision for impairment of assets	470,596,118.21	676,396,829.72
Impairment losses on credit	122,400,085.23	35,286,928.05
Depreciation of fixed assets	3,908,862,837.23	3,785,222,881.52
Depreciation of right-of-use assets	216,158,856.80	52,106,508.20
Amortization of intangible assets	1,384,071,952.37	922,044,084.08
Amortization of long-term prepaid expenses	65,202,909.15	44,497,209.84
Depreciation and amortization of investment properties	19,234,197.45	74,250,617.58
Losses on changes in fair values	(306,440,874.33)	(165,208,627.09)
Gains from disposal of assets	27,689,757.55	9,199,220.02
Amortization of deferred income	(510,798,323.86)	(448,349,794.73)
Financial expenses	148,741,665.70	405,637,503.85
Investment losses (Less: gains)	(1,230,623,121.57)	(1,105,215,608.14)
Decrease in deferred tax assets (Less: increase)	(1,207,628,010.35)	(497,494,553.92)
Increase in deferred tax liabilities (Less: decrease)	266,464,770.96	54,305,324.65
Decrease in inventories (Less: increase)	(7,043,251,680.86)	(1,818,874,499.26)
Decrease in operating receivables (Less: increase)	15,290,235,601.65	(23,807,060,559.48)
Increase in operating payables (Less: decrease)	15,906,643,189.46	21,488,121,352.29
Share-based payments expenses	1,063,098,797.39	113,877,914.34
Net cash flows from operating activities	35,315,673,246.13	5,181,232,925.84
2. Significant investing and financing activities which do not involve cash receipts and payments:		
Leased fixed assets recognized as right-of-use assets	229,129,896.37	214,751,899.88
3. Net changes in cash and cash equivalents:		
Closing balance of cash and cash equivalents	27,907,854,151.86	13,591,491,005.23
Less: Opening balance of cash and cash equivalents	13,591,491,005.23	8,777,231,585.64
Net increase in cash and cash equivalents	14,316,363,146.63	4,814,259,419.59

Notes to the Financial Statements

For the year ended 31 December 2021

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

56. Supplementary information to the cash flow statement (continued)

(2) Net cash receipt from disposal of subsidiaries for the current year

Item	RMB	
	2021	2020
Cash or cash equivalents received in current year for disposal of subsidiaries	—	706,648,600.00
Including: Chongqing Chuangban Enterprise Management Co., Ltd. (“Chongqing Chuangban”)	—	656,648,600.00
Shenzhen Haval Auto Sales Company Limited (“Shenzhen Haval Sales”)	—	50,000,000.00
Less: Cash and cash equivalents held by subsidiaries at the date of losing control	—	1,668,980.32
Including: Chongqing Chuangban	—	500,000.00
Shenzhen Haval Sales	—	1,168,980.32
Net cash receipts from disposal of subsidiaries	—	704,979,619.68

(3) Components of cash and cash equivalents

Item	RMB	
	31/12/2021	31/12/2020
I. Cash	27,907,854,151.86	13,591,491,005.23
Including: Cash on hand	1,144,796.85	183,924.63
Bank deposits ready to be withdrawn on demand	27,906,709,355.01	13,591,307,080.60
II. Closing balance of cash and cash equivalents	27,907,854,151.86	13,591,491,005.23

57. Assets with limited ownership or use right

Item	RMB	
	Carrying amount at the end of the year	Reasons for the restrictions
Cash and bank balances	5,139,706,777.50	Security and margin deposits for bank acceptances, L/C, letter of guarantee deposits and others
Notes receivable	1,040,398,787.23	Used for issuance of notes payable and borrowings
Receivables financing	22,637,664,618.81	Used for issuance of notes payable and borrowings
Intangible assets	78,301,600.00	Used for borrowings
Long-term receivables	911,964,985.50	Used for borrowings and asset-backed securities
Total	29,808,036,769.04	

Notes to the Financial Statements

For the year ended 31 December 2021

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

58. Monetary items denominated in foreign currencies

(1) Monetary items denominated in foreign currencies

Item	Closing balance of foreign currencies	Exchange rate	Closing balance of RMB
<i>RMB</i>			
Cash and bank balances			
Including: USD	66,326,603.55	6.3757	422,878,526.24
RMB	163,397,979.60	1.0000	163,397,979.60
EUR	7,556,226.33	7.2197	54,553,687.21
JPY	92,067,479.24	0.0554	5,100,538.35
AUD	1,082,179.71	4.6220	5,001,834.62
GBP	25,924.46	8.6064	223,116.28
HKD	45,688.12	0.8176	37,354.61
SGD	311.00	4.7179	1,467.27
RUB	572.51	0.0855	48.95
KRW	7,057.20	0.0054	38.11
THB	129.95	0.1912	24.85
Accounts receivable			
Including: USD	102,920,976.00	6.3757	656,193,266.71
EUR	4,799,128.59	7.2197	34,648,268.68
RMB	982,871.59	1.0000	982,871.59
Accounts payable			
Including: EUR	2,303,464.56	7.2197	16,630,323.08
USD	3,867,031.20	6.3757	24,655,030.79
JPY	5,575,084,886.64	0.0554	308,859,702.72
RMB	18,821,177.81	1.0000	18,821,177.81
HKD	855,697.59	0.8176	699,618.35
CHF	611.57	6.9776	4,267.32
Other payables			
Including: EUR	1,974,248.99	7.2197	14,253,485.43
USD	648,968.01	6.3757	4,137,625.34
JPY	66,206,117.33	0.0554	3,667,818.90
ZAR	1,355,096.57	0.4004	542,580.67
RMB	26,103,721.49	1.0000	26,103,721.49
Long-term borrowings			
Including: EUR	144,366,841.86	7.2197	1,042,285,288.18
USD	84,721,041.97	6.3757	540,155,947.29

Notes to the Financial Statements

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VII. CHANGES IN CONSOLIDATION SCOPE

1. Business combination not involving enterprises under common control

(1) Business combination not involving enterprises under common control and acquisition of assets in the form of acquisition of subsidiaries for the current year

Name of acquiree	Date of equity acquisition	Cost of equity acquired	Proportion of equity acquired (%)	Method of equity acquired	Acquisition date	Basis for determination of acquisition date	RMB	
							Income of acquiree from the beginning of the period up to the acquisition date	Net profit of acquiree from the beginning of the period up to the acquisition date
Laoyou Insurance Brokerage Co., Ltd. (老友保險經紀有限公司) ("Laoyou Insurance")	June 2, 2021	36,481,877.24	100.00	Cash	June 2, 2021	Note 1	929,556.45	(1,322,063.05)
Changzheng Automobile	November 24, 2021	920,000,000.00	100.00	Cash	November 24, 2021	Note 2	(186,695.73)	(62,181,175.32)

Note 1: The Group judges that Laoyou Insurance Brokerage Co., Ltd. does not constitute a business in accordance with the definition of business as amended in Explanation No. 13 and that the purchase date is the date on which the purchaser actually acquires control of the relevant asset portfolio of the purchaser.

Note 2: The purchase date is the date when the purchaser actually acquires the control of the purchaser, i.e. the net assets or production and operation of the purchaser. The date on which control of the decision is transferred to the purchaser.

(2) Combination cost and goodwill

Combination cost	RMB	
	Laoyou Insurance	Changzheng Automobile
Cash	36,481,877.24	920,000,000.00
Total	36,481,877.24	920,000,000.00
Less: The portion of fair value of net identifiable assets of acquiree acquired	36,481,877.24	892,236,640.23
The amount of the combination cost less than the portion of fair value of net identifiable assets of acquiree acquired	—	27,763,359.77

Notes to the Financial Statements

For the year ended 31 December 2021

VII. CHANGES IN CONSOLIDATION SCOPE (continued)

1. Business combination not involving enterprises under common control (continued)

(3) Identifiable assets and liabilities of the acquiree at the acquisition date

RMB

Item	Laoyou Insurance (Note 1)		Changzheng Automobile (Note2)	
	Fair value at the acquisition date	Carrying amount at the acquisition date	Fair value at the acquisition date	Carrying amount at the acquisition date
Current assets	11,781,877.24	11,781,877.24	381,525,846.28	396,906,787.38
Non-current assets	24,796,542.69	81,535.10	828,086,091.01	716,703,994.83
Current liabilities	96,542.69	96,542.69	267,085,662.76	267,085,662.76
Non-current liabilities	—	—	50,289,634.30	60,089,932.65
Net assets	36,481,877.24	11,766,869.65	892,236,640.23	786,435,186.80
Less: Minority interests	—	—	—	—
Net assets acquired	36,481,877.24	11,766,869.65	892,236,640.23	786,435,186.80

Note 1: The fair value of identifiable assets and liabilities is determined by market method.

Note 2: The fair value of identifiable assets and liabilities is determined by the asset-based method.

(4) Identifiable assets and liabilities of the acquiree at the acquisition date

RMB

	Laoyou Insurance Carrying amount	Changzheng Automobile Carrying amount
Current assets	10,883,533.91	388,071,275.07
Non-current assets	1,071,260.87	567,754,144.95
Current liabilities	107,319.69	453,707,922.50
Non-current liabilities	—	355,934,645.24
Net assets	11,847,475.09	146,182,852.28

Note: The fair value of identifiable assets and liabilities of the acquiree on December 31, 2020 cannot be reliably obtained.

Notes to the Financial Statements

For the year ended 31 December 2021

VII. CHANGES IN CONSOLIDATION SCOPE (continued)

1. Business combination not involving enterprises under common control (continued)

(5) The operating results and cash flow of the purchaser from the purchase date to the end of the consolidated current period

	Laoyou Insurance	Changzheng Automobile
Operating income	929,556.45	(186,695.73)
Operating costs and expenses	2,289,340.53	12,556,204.11
Total loss	(1,358,028.91)	(62,181,175.32)
Net loss	(1,322,063.05)	(62,181,175.32)
Net cash flow from operating activities	53,349.47	(9,901,380.25)
Net Increase (decrease) in cash and cash equivalents	34,038,616.11	(11,297,591.97)

RMB

2. Business combination involving enterprises under common control

(1) Mergers under the same control occurring in the current year

Name of the party to be merged	The proportion of equity acquired in a business merger	Constitute the basis of enterprise merger under the same control	Combining date	The basis for determining the merger date	Income of the consolidated party from the beginning of the consolidated period to the date	Net profit of the merged party from the beginning of the current period to the merger date	Net cash flow from operating activities of the merged party from the beginning of the merger period to the merger date	Revenue of the merged party for the comparative period	Net profit of the merged party for the comparative period
Ruguo Technology Co., Ltd. (如果科技有限公司) ("Ruguo Technology")	100.00	Note 1	September 23, 2021	Note 2	-	-	-	N/A	N/A
Tianjin Jolion Shuju Information Technology Co., Ltd. (天津初總數聚信息科技有限公司) ("Tianjin Jolion Shuju")	100.00	Note 1	October 18, 2021	Note 2	14,463,036.98	2,651,076.26	(775,482.70)	519.41	(307,193.86)
Yunshi Chelian Technology Co., LTD (云视车联科技有限公司) (Yunshi Chelian)	100.00	Note 1	November 26, 2021	Note 2	14,497,236.91	(9,923,349.93)	(10,039,317.73)	1,178,259.80	917,948.60

Note 1: The Company is under the ultimate control of the ultimate controlling shareholder before and after the joint venture with Ruguo Technology, Tianjin Jolion Shuju, Yunshi Chelian and the control is not temporary.

Note 2: The merger date shall be the date on which the Company actually obtains control over the merged party.

Notes to the Financial Statements

For the year ended 31 December 2021

VII. CHANGES IN CONSOLIDATION SCOPE (continued)

2. Business combination involving enterprises under common control (continued)

(1) Mergers under the same control occurring in the current year (continued)

Basic Information of the Merged Party:

Ruguo Technology has been incorporated on 22 February 2021, whose nature of business is consulting services in relation to automotive technology research and development. In September 2021, the Company acquired 10% and 90% of equity in Ruguo Technology that are respectively held by Tang Haifeng and Wei Jianjun, former shareholders of Ruguo Technology, both at a consideration of RMB0.00. The Company directly holds 100% equity in Ruguo Technology subsequent to completion of the acquisition. As of the date of acquisition, Ruguo Technology has not commenced business.

Tianjin Jolion Shuju has been incorporated on 1 April 2020, whose nature of business is network and information security software development. In October 2021, the Company acquired 100% of equity in Tianjin Jolion Shuju intermediately controlled by Baoding Great Wall Holding Group Co., Ltd. (保定市長城控股集團有限公司) ("Great Wall Holding") which is under the control of the ultimate controlling shareholder at RMB7,606,746.30. The Company directly holds 100% equity in Tianjin Jolion Shuju subsequent to completion of the acquisition.

Yunshi Chelian has been incorporated on 12 May 2020, whose nature of business is technical services and computer system services. In November 2021, Ruguo Technology, a subsidiary of the Company, acquired 100% equity of Yunshi Chelian, which is intermediately controlled by Great Wall Holding at RMB8,684,412.37. After the completion of the acquisition, the Company indirectly holds 100% equity of Yunshi Chelian.

(2) Consolidation costs

Consolidation costs	Ruguo Technology	Tianjin Jolion Shuju	Yunshi Chelian
Cash	—	7,606,746.30	8,684,412.37

(3) Book value of assets and liabilities of the merged party on the merger date

	Ruguo Technology		Tianjin Jolion Shuju		Yunshi Chelian	
	Combination date	The end of last year	Combination date	The end of last year	Combination date	The end of last year
Assets	—	N/A	8,541,469.55	5,596,708.84	10,484,895.70	19,414,888.18
Liabilities	—	N/A	1,258,937.50	263,902.70	4,490,297.03	3,496,939.58
Net assets	—	N/A	7,282,532.05	5,332,806.14	5,994,598.67	15,917,948.60
Less: minority shareholders' equity	—	N/A	—	—	—	—
Net assets acquired	—	N/A	7,282,532.05	5,332,806.14	5,994,598.67	15,917,948.60

3. Disposal of subsidiaries

No disposal of subsidiaries occurred this year.

Notes to the Financial Statements

For the year ended 31 December 2021

VII. CHANGES IN CONSOLIDATION SCOPE (continued)

4. Changes in consolidation scope for other reasons

Newly established subsidiaries during the current year:

Name	Date of establishment
Sanya Jiashang Management Service Co., Ltd. (三亞佳尚管理服務有限公司) (“Sanya Jiashang”)	January 2021
Mind Automotive Parts (Jingmen) Co., Ltd. (曼德汽車零部件(荊門)有限公司) (“Jingmen Mind”)	February 2021
Tianjin Great Wall Investment Co., Ltd. (天津長城投資有限公司) (“Tianjin Great Wall Investment”)	February 2021
Oula Zhixing (Chongqing) Technology Co., Ltd. (歐拉智行(重慶)科技有限公司) (“Oula Zhixing”)	April 2021
Jingcheng Engineering Automotive Parts (Jingmen) Co., Ltd. (精誠工科汽車零部件(荊門)有限公司) (“Jingcong Jingmen”)	May 2021
Zhangjiagang Automobile Research and Development Co., Ltd. (張家港長城汽車研發有限公司) (“Zhangjiagang Research and Development”)	May 2021
Great Wall Motor Brazil Co., Ltd. (長城汽車巴西有限公司) (“Brazi Great Wall”)	June 2021
Honeycomb Power System (Jiangxi) Co., Ltd. (蜂巢動力系統(江西)有限公司) (“Honeycomb Power Jiangxi”)	July 2021
Salon Mecha Technology Great Wall Soul Technology Co., Ltd. (長城靈魂科技有限公司) (“Soul Technology”)	August 2021
Chongqing Duzi Technology Co., Ltd. (重慶度勢科技有限公司) (“Duzi Technology”)	September 2021
Ruguo Technology (Xingtai) Co., Ltd. (如果科技(邢台)有限公司) (“Ruguo Technology Xingtai”)	September 2021
Baoding Feiyi Automobile Technology Co., Ltd. (保定飛翼汽車科技有限公司) (“Feiyi Automobile Technology”)	September 2021
Guangzhou Zhixing Automobile Sales Co. Ltd. (廣州智行汽車銷售有限公司) (“Guangzhou Zhixing Sales”)	October 2021
Great Wall Holland Investment Holding Co., Ltd. (長城荷蘭投資控股有限公司) (“Holland Holding Co.”)	October 2021
Confident Zhixing Technology Co., Ltd. (自信智行科技有限公司) (“Confident Zhixing”)	October 2021
Nuobo Automobile Rubber & Plastic (Anhui) Co., Ltd. (諾博汽車橡膠(安徽)有限公司) (“Nuobo Rubber & Plastic Anhui”)	October 2021

Notes to the Financial Statements

For the year ended 31 December 2021

VII. CHANGES IN CONSOLIDATION SCOPE (continued)

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

Newly established subsidiaries during the current year: (continued)

Name	Date of establishment
Tank Zhixing (Chongqing) Technology Co., Ltd. (坦克智行(重慶)科技有限公司) (“Tank Zhixing Chongqing”)	October 2021
Ruguo Zhixing Technology (Beijing) Co., Ltd. (如果智行科技(北京)有限公司) (“Ruguo Zhixing”)	November 2021
Shangrao Nuobo Auto Parts Co., Ltd. (上饒諾博汽車零部件有限公司) (“Shangrao Nuobo”)	November 2021
Jingcheng Engineering (Chongqing) Trade Co., Ltd. 精誠工科(重慶)貿易有限公司 (“Jingcheng Engineering Trade”)	November 2021
Honeycomb Zhiyu Automobile Technology (Jiangsu) Co., Ltd. (蜂巢智馭汽車科技(江蘇)有限公司) (“Honeycomb Zhiyu Jiangsu”)	November 2021
Chongqing Great Wall Automobile Technology Co., Ltd. 重慶長城汽車技術有限公司 (“Chongqing Great Wall”)	November 2021
Mind Youchuang (Chongqing) Trading Co., Ltd. 曼德優創(重慶)貿易有限公司 (“Mind Youchuang”)	November 2021
Mind Business & Technology Co., Ltd. (曼德商務與技術有限責任公司) (“Mind Business”)	November 2021
Shangrao Mande Auto Parts Co., Ltd. (上饒曼德汽車零部件有限公司) (“Shangrao Mande”)	December 2021
Nuobo (Chongqing) Trading Co., Ltd. 諾博(重慶)貿易有限公司 (“Nuobo Trading Chongqing”)	December 2021
Shangrao Jingcheng Engineering Automotive Parts Co., Ltd. (上饒精誠工科汽車零部件有限公司) (“Shangrao Jingcheng Engineering”)	December 2021
Nuobo Automotive Technology Nanjing Co., Ltd. 諾博汽車科技南京有限公司 (“Nuobo Automotive Technology Nanjing”)	December 2021

No subsidiary has been cancelled this year.

Notes to the Financial Statements

For the year ended 31 December 2021

VIII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Structure of the Group

Subsidiaries invested by the Group:

Full name of subsidiary	Legal form	Main place of business	registration place	Nature of the business	Shareholding Ratio (%)	
					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 Nobo Rubber Production Co., Ltd. (保定市諾博橡膠製品有限公司) ("Baoding Nobo")	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 Lean	Limited liability company	Tianjin	Tianjin	Manufacture of automotive parts and components	100.00	—
Baoding Great Wall Ants Logistics Co., Ltd. (保定市長城螞蟻物流有限公司) ("Great Wall Ants")	Limited liability company	Baoding	Baoding	Logistics and ordinary goods transportation	100.00	—
Ningxia Great Wall Automobile Rental Co., Ltd. (寧夏長城汽車租賃有限公司) ("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 Weipai Motor Co., Ltd. (formerly Rizhao Weiyi Automobile Co., Ltd.) ("Rizhao Weipai")	Limited liability company	Rizhao	Rizhao	Manufacture of automotive parts and components	100.00	—
Beijing Great Wall Dongsheng Business Consulting Co., Ltd. (北京長城東晟商務諮詢有限公司) ("Great Wall Dongsheng")	Limited liability company	Beijing	Beijing	Business information consultation	—	100.00
Shanghai Salon Zhixing Industrial Co., Ltd. (上海沙龍智行實業有限公司) ("Shanghai Salon")	Limited liability company	Shanghai	Shanghai	Research and development of auto technology and technical consultation	—	100.00

Notes to the Financial Statements

For the year ended 31 December 2021

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 subsidiary	Legal form	Main place of business	registration place	Nature of the business	Shareholding Ratio (%)	
					Percentage of voting rights (%)	
					Direct	Indirect
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
Russian Haval Automobile Co., Ltd (俄羅斯哈弗汽車有限責任公司)	—	Russia	Russia	Auto selling	—	100.00
Australia Sinyos Technology And Trade Pty Ltd (澳大利亞森友斯科貿易有限公司)	—	Australia	Australia	Auto selling	—	100.00
Russia Haval Automobile Manufacturing Co., Ltd. (俄羅斯哈弗汽車製造有限責任公司) ("Russia Manufacturing")	—	Russia	Russia	Auto manufacture	65.05	34.95
Haval Motors South Africa Limited (哈弗汽車南非有限公司) ("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 & 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	—
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 and design of automobile and auto parts	99.90	0.10
Zaoqi Financial Leasing Company Limited (眾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")	—	U.S.A.	U.S.A.	Investment platform	100.00	—
American HAVAL Motor technology, LLC (美國哈弗汽車科技有限責任公司)	—	U.S.A.	U.S.A.	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)	—	U.S.A.	U.S.A.	Asset management	—	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
Baoding Billion Sunny Consulting Service Co., Ltd. (保定億新諮詢服務有限公司)	Limited liability company	Baoding	Baoding	Technology information consultation service, and trade consultation service	—	100.00

Notes to the Financial Statements

For the year ended 31 December 2021

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 subsidiary	Legal form	Main place of business	registration place	Nature of the business	Shareholding Ratio (%)	
					Direct	Indirect
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 Oula	Limited liability company	Tianjin	Tianjin	Finance leasing	75.00	25.00
Honeycomb Yichuang Technology Co., Ltd. (蜂巢易創科技有限公司)("Honeycomb Yichuang")	Limited liability company	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—
Jinggong Motor	Limited liability company	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—
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
Nuobo Decoration	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 Nobo Parts	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) ("Xiong'an Great Wall")	Limited liability company	Baoding	Baoding	Automobile and R&D of unmanned vehicles	100.00	—
Honeycomb Power	Limited liability company	Zhenjiang	Zhenjiang	R&D of automobile dynamic system	—	100.00
Honeycomb Transmission	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	Limited liability company	Zhenjiang	Zhenjiang	R&D of auto intelligent steering system and its components	—	100.00
Jinggong Yangzhong	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	Logistics and ordinary goods transportation	—	100.00
Chongqing Great Wall After-sales	Limited liability company	Chongqing	Chongqing	Customer Service Sales of automobile and auto parts	100.00	—

Notes to the Financial Statements

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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 subsidiary	Legal form	Main place of business	registration place	Nature of the business	Shareholding Ratio (%)	
					Percentage of voting rights (%)	
					Direct	Indirect
Chongqing Weipai Automotive Sales Co., Ltd. (重慶魏牌汽車銷售有限公司) ("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	Limited liability company	Baoding	Baoding	R&D of new energy vehicle transmission system	—	100.00
Yijian Start (Chongqing) Automobile Sales Service Co., Ltd. (一見啟動(重慶)汽車銷售服務有限公司)	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
Yijian Start (Dongguan) Automobile Sales Service Co., Ltd. (一見啟動(東莞)汽車銷售服務有限公司)	Limited liability company	Dongguan	Dongguan	Auto-selling; Wholesale and retail of car accessories	—	100.00
Yijian Start (Lanzhou) Automobile Sales Service Co., Ltd. (蘭州一見啟動汽車銷售服務有限公司)	Limited liability company	Lanzhou	Lanzhou	Auto-selling; Wholesale and retail of car accessories	—	100.00
Zaoqi (Wenzhou) Automobile Sales Service Co., Ltd. (棗啟(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. (成都棗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
Yijian Start (Zhengzhou) Automobile Sales Service Co., Ltd. (鄭州一見啟動汽車銷售服務有限公司)	Limited liability company	Zhengzhou	Zhengzhou	Auto-selling; Wholesale and retail of car accessories	—	100.00

Notes to the Financial Statements

For the year ended 31 December 2021

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 subsidiary	Legal form	Main place of business	registration place	Nature of the business	Shareholding Ratio (%)	
					Direct	Indirect
Yijian Start (Taiyuan) Automobile Sales Service Co., Ltd. (太原一見啟動汽車銷售服務有限公司)	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)	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
Yijian Start (Wuhan) Automobile Sales Service Co., Ltd. (一見啟動(武漢)汽車銷售服務有限公司)	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")	—	India	India	Auto 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
Yijian Start (Beijing) Automobile Sales Service Co., Ltd. (一見啟動(北京)汽車銷售服務有限公司)	Limited liability company	Beijing	Beijing	Auto-selling; Wholesale and retail of car accessories	—	100.00
Nobo 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 Co., Ltd. (華鼎國際有限公司) ("HWA Ding International")	—	Hong Kong	Hong Kong	International trading & investment and financing	100.00	—
Nobo 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
Jingcheng engineering auto parts (Rizhao) Co., Ltd. (精誠工科汽車零部件(日照)有限公司)	Limited liability company	Rizhao	Rizhao	Manufacture of automotive parts and components	—	100.00
Great Wall Motor Sales (Thailand Sales) Co., Ltd. (長城汽車銷售(泰國)有限公司) ("Thailand Sales")	—	Thailand	Thailand	Auto selling	—	100.00
Honeycomb Zhixing transmission system (Jiangsu) Co., Ltd. (蜂巢智行傳動系統(江蘇)有限公司)	Limited liability company	Taizhou	Taizhou	R&D of new energy vehicle transmission system	—	100.00
Honeycomb Weiling Power Technology (Jiangsu) Co., Ltd. (蜂巢蔚領動力科技(江蘇)有限公司)	Limited liability company	Taizhou	Taizhou	R&D of automobile dynamic system	—	100.00
Ningyang Nobo Parts	Limited liability company	Taizhou	Taizhou	Manufacture of automotive parts and components	—	100.00
Shanghai Yuefan Information Technology Co., Ltd. (上海翊泛信息科技有限公司) ("Shanghai Yuefan")	Limited liability company	Shanghai	Shanghai	Investment platform	100.00	—
Mande auto parts (Rizhao) Co., Ltd. (曼德汽車零部件(日照)有限公司)	Limited liability company	Rizhao	Rizhao	Manufacture of automotive parts and components	—	100.00
Pinghu Nuobo Parts	Limited liability company	Jiaxing	Jiaxing	Manufacture of automotive parts and components	—	100.00
Honeycomb Transmission Chongqing	Limited liability company	Chongqing	Chongqing	R&D of new energy vehicle transmission system	—	100.00

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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 subsidiary	Legal form	Main place of business	registration place	Nature of the business	Shareholding Ratio (%)	
					Direct	Indirect
Qichuang Global	—	Hong Kong	Hong Kong	International trade, equity investment, investment and financing services	—	100.00
Xunqi International	—	Hong Kong	Hong Kong	International trade, equity investment, investment and financing services	—	100.00
Yuefan International	—	Hong Kong	Hong Kong	International trade, equity investment, investment and financing services	—	100.00
Yixintong Technology (Tianjin) Co., Ltd. (鐵信通科技(天津)有限公司) ("Yixintong")	Limited liability company	Tianjin	Tianjin	Sales of lubricants	—	100.00
Honeycomb Power Chongqing	Limited liability company	Chongqing	Chongqing	R&D of automobile dynamic system	—	100.00
Mande auto parts (Taizhou) Co., Ltd. (曼德汽車零部件(泰州)有限公司)	Limited liability company	Taizhou	Taizhou	Manufacture of automotive parts and components	—	100.00
Mande Optoelectronics (Taizhou) Co., Ltd. (曼德光電(泰州)有限公司)	Limited liability company	Taizhou	Taizhou	Manufacture of automotive parts and components	—	100.00
Nobo Automotive Technology Co., Ltd. (諾博汽車科技有限公司)	Limited liability company	Suzhou	Suzhou	Consulting services on automotive R&D	—	100.00
Nobo Automotive Parts (Zhangjiagang) Co., Ltd. (諾博汽車零部件(張家港)有限公司)	Limited liability company	Suzhou	Suzhou	Manufacture of automotive parts and components	—	100.00
Nobo auto parts (Shenyang) Co., Ltd. (諾博汽車零部件(瀋陽)有限公司)	Limited liability company	Shenyang	Shenyang	Manufacture of automotive parts and components	—	100.00
Jingcheng Engineering Automotive Systems (Pinghu) Co., Ltd. (精誠工科汽車系統(平湖)有限公司)	Limited liability company	Jiaxing	Jiaxing	Manufacture of automotive parts and components	—	100.00
Jingcheng Engineering Automotive Parts (Zhangjiagang) Co., Ltd. (精誠工科汽車零部件(張家港)有限公司)	Limited liability company	Suzhou	Suzhou	Manufacture of automotive parts	—	100.00
Great Wall Motor Investment Holding Co., Ltd. (長城汽車投資控股有限責任公司)	—	Netherlands	Netherlands	Investment platform	—	100.00
Xiangyun Technology Logistics (Taizhou) Co., Ltd. (享運科技物流(泰州)有限公司) ("Xiangyun Logistics Taizhou")	Limited liability company	Taizhou	Taizhou	Logistics and daily cargo transportation services	—	100.00
Xiangyun Technology Logistics (Pinghu) Co., Ltd. (享運物流科技(平湖)有限公司)	Limited liability company	Jiaxing	Jiaxing	Logistics and daily cargo transportation services	—	100.00
Weipai Automotive Germany Co., Ltd. (魏牌汽車德國有限責任公司)	—	Germany	Germany	Sales of autos and their parts	—	100.00
Mind Automotive Parts (Thailand) Co., Ltd. (曼德汽車零部件(泰國)有限公司)	—	Thailand	Thailand	Manufacture of automotive parts	—	100.00

Notes to the Financial Statements

For the year ended 31 December 2021

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 subsidiary	Legal form	Main place of business	registration place	Nature of the business	Shareholding Ratio (%)	
					Direct	Indirect
Nobo Automotive Systems (Thailand) Co., Ltd. (諾博汽車系統(泰國)有限公司)	—	Thailand	Thailand	Manufacture of automotive parts	—	100.00
Xiangyun Technology Logistics (Rizhao) Co., Ltd. (享運物流科技(日照)有限公司)	Limited liability company	Rizhao	Rizhao	Logistics and daily cargo transportation services	—	100.00
Shanghai Great Wall Motor Technology Co., Ltd. (上海長城汽車科技(上海)有限公司) ("Shanghai Motor Technology")	Limited liability company	Shanghai	Shanghai	Technical development and consulting services	100.00	—
Tianjin Zhixin Financing Guarantee Co. Ltd. (天津智信融資擔保有限公司) ("Tianjin Zhixin")	Limited liability company	Tianjin	Tianjin	Financing guarantee business	100.00	—
Nobo Automotive Parts (Jingmen) Co., Ltd. (諾博汽車零部件(荊門)有限公司)	Limited liability company	Jingmen	Jingmen	Manufacture of automotive parts	—	100.00
Jingcheng Engineering Automotive Parts (Thailand) Co., Ltd. (精誠工科汽車零部件(泰國)有限公司)	—	Thailand	Thailand	Manufacture of automotive parts	—	100.00
Feige Intelligent Technology Co., Ltd. (菲格智能科技有限公司)	Limited liability company	Zhangjiagang	Zhangjiagang	Automobile technical development and consulting services	—	100.00
Sanya Jiashang (Note 1)	Limited liability company	Sanya	Sanya	Business information consultation	—	100.00
Jingmen Mind (Note 1)	Limited liability company	Jingmen	Jingmen	Manufacture of automotive parts and components	—	100.00
Tianjin Great Wall Investment (Note 1)	Limited liability company	Tianjin	Tianjin	Investment platform	100.00	—
Oula Zhixing (Note 1)	Limited liability company	Chongqing	Chongqing	Auto selling	—	100.00
Jinggong Jingmen (Note 1)	Limited liability company	Jingmen	Jingmen	Manufacture of automotive parts and components	—	100.00
Zhangjiagang Research and Development (Note 1)	Limited liability company	Suzhou	Suzhou	Research and development of automobile and auto parts	100.00	—
Honeycomb Power Jiangxi (Note 1)	Limited liability company	Shangrao	Shangrao	Research and development of automobile and auto parts	—	100.00
Salon Mecha Technology (Note 1)	Limited liability company	Beijing	Beijing	Consulting services on automotive R&D	100.00	—
Soul Technology (Note 1)	Limited liability company	Baoding	Baoding	Research and manufacture of motorcycle and their parts	100.00	—
Duzi Technology (Note 1)	Limited liability company	Chongqing	Chongqing	Research and development of automobile and auto parts	—	100.00
Ruguo Technology Xingtai (Note 1)	Limited liability company	Xingtai	Xingtai	Consulting services on automotive R&D	—	100.00

Notes to the Financial Statements

For the year ended 31 December 2021

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 subsidiary	Legal form	Main place of business	registration place	Nature of the business	Shareholding Ratio (%)	
					Direct	Indirect
Feiji Automobile Technology (Note 1)	Limited liability company	Baoding	Baoding	Consulting services on automotive R&D	100.00	—
Guangzhou Zhixing Sales (Note 1)	Limited liability company	Guangzhou	Guangzhou	Auto selling	—	67.06
Holland Holding Co (Note 1)	—	Holland	Holland	Auto selling	—	100.00
Confident Zhixing (Note 1)	Limited liability company	Baoding	Baoding	Consulting services on automotive R&D	100.00	—
Nuobo Rubber & Plastic Anhui (Note 1)	Limited liability company	Bengbu	Bengbu	Manufacture of automotive parts and components	—	100.00
Tank Zhixing Chongqing (Note 1)	Limited liability company	Chongqing	Chongqing	Auto selling	—	100.00
Ruguo Zhixing (Note 1)	Limited liability company	Beijing	Beijing	Consulting services on automotive R&D	—	100.00
Shangrao Nuobo (Note 1)	Limited liability company	Shangrao	Shangrao	Manufacture of automotive parts and components	—	100.00
Jingcheng Engineering Trade (Note 1)	Limited liability company	Chongqing	Chongqing	Sales of automotive parts	—	100.00
Honeycomb Zhiyu Jiangsu (Note 1)	Limited liability company	Suzhou	Suzhou	Research and development of automobile and auto parts	—	100.00
Chongqing Great Wall (Note 1)	Limited liability company	Chongqing	Chongqing	Research and development of automobile and auto parts	—	100.00
Mind Youchuang (Note 1)	Limited liability company	Chongqing	Chongqing	Sales of automotive parts	—	100.00
Shangrao Mande (Note 1)	Limited liability company	Shangrao	Shangrao	Research and manufacture of automobile and auto parts	—	100.00
Nuobo Trading Chongqing (Note 1)	Limited liability company	Chongqing	Chongqing	Sales of automotive parts	—	100.00
Shangrao Jingcheng Engineering (Note 1)	Limited liability company	Shangrao	Shangrao	Manufacture of automotive parts and components	—	100.00
Nuobo Automotive Technology Nanjing (Note 1)	Limited liability company	Nanjing	Nanjing	Research and development of automobile and auto parts	—	100.00
Mind Business (Note 1)	—	Germany	Germany	Research and development of automobile and auto parts	—	100.00
Brazi Great Wall (Note 1)	—	Brazil	Brazil	Sales of autos and their parts	—	100.00

Note 1: These companies are newly established subsidiaries during the current year.

Notes to the Financial Statements

For the year ended 31 December 2021

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Structure of the Group (continued)

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	—	Hong Kong	Hong Kong	Investment holding	—	100.00
Nobo Automotive Netherlands	—	Netherlands	Netherlands	Investment holding	—	100.00
Nobo Überherrn	—	Germany	Germany	Manufacture of automotive parts and components	—	100.00
Nobo Automotive Germany	—	Germany	Germany	Investment holding	—	100.00
Nobo Automotive Holdings	—	Germany	Germany	Investment holding	—	100.00
Great Wall Motor Thailand	—	Thailand	Thailand	Automotive manufacture	—	100.00
Hycet Engine Thailand	—	Thailand	Thailand	Manufacture of automotive parts and components	—	100.00
Laoyou Insurance Brokerage Co., Ltd.	LLP	Beijing	Beijing	Insurance brokers	100.00	—
Hebei Changzheng Automobile Manufacturing Co. LTD	LLP	Xingtai	Xingtai	Automobile industry	—	100.00

Notes to the Financial Statements

For the year ended 31 December 2021

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Structure of the Group (continued)

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	Direct	Indirect
Baoding Yixin	Limited liability company	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—	—	—
Changyou Haoche	Limited liability company	Tianjin	Tianjin	Sales of automotive parts and components	100.00	—	—	—
Ruguo Technology	Limited liability company	Baoding	Baoding	Research and test development of engineering technology	100.00	—	—	—
Tianjin Jolion Shuju	Limited liability company	Tianjin	Tianjin	Network and information security software development	100.00	—	—	—
Yunshi Chelian	Limited liability company	Tianjin	Tianjin	Technical services and computer system services	—	—	—	100.00

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 year.

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 (%)		Accounting procedures for investment in joint ventures
				Direct	Indirect	
Automotive Finance	Tianjin	Tianjin	Automotive Finance	98.18	—	Equity Method

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

According to the Articles of Association, the activities relating to financial and operational decisions of Auto Finance shall be decided upon unanimous approval by the board of directors. Therefore, the Company implements joint control over Auto Finance.

Notes to the Financial Statements

For the year ended 31 December 2021

VIII. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures or associates (continued)

(2) Important financial information of significant joint ventures

	Closing balance/ Amount incurred in the current year	Opening balance/ Amount incurred in the prior year
		<i>RMB</i>
Cash and deposits with the central bank	390,454,649.01	706,932,065.23
Deposits with other banks	5,245,582,559.47	3,112,092,387.88
Total assets	48,737,218,273.50	38,796,627,108.88
Total liabilities	38,827,780,432.60	30,085,110,792.73
Minority interests	—	—
Equity attributable to the shareholders of the Company	9,909,437,840.90	8,711,516,316.15
Share of net assets calculated based on the proportion of ownership interest	9,729,086,072.20	8,552,966,719.20
Adjustments		
— Others	(256,773,977.77)	(158,783,997.05)
Carrying amount of investments in equity of joint ventures	9,472,312,094.43	8,394,182,722.15
Operating income	2,575,995,924.69	2,920,527,314.25
Income tax expenses	398,680,169.63	332,683,346.36
Net profit	1,193,982,410.14	1,013,273,675.78
Other comprehensive income	—	—
Total comprehensive income	1,193,982,410.14	1,013,273,675.78

Notes to the Financial Statements

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(IX) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments of the Group mainly include cash and bank balances, held-trading financial assets, derivative financial assets/liabilities, accounts receivable, notes receivable, financing with receivables, other receivables, other current assets – deposits with non-bank financial institutions, long-term receivables, other equity instrument 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.

	31/12/2021 RMB	31/12/2020 RMB
Financial assets		
At FVTPL		
Held-trading financial assets	6,046,493,154.78	4,826,193,896.30
Derivative financial assets	5,554,185.76	2,271,973.16
Other non-current financial assets	58,247,041.15	24,500,000.00
At FVTOCI		
Financing with receivables	31,499,637,236.45	52,984,556,339.76
Other equity instrument investments	813,215,710.00	7,700,000.00
At amortized cost		
Cash and bank balances	33,047,560,929.36	14,588,464,389.52
Notes receivable	3,181,930,272.20	–
Accounts receivable	5,421,996,764.84	3,936,156,908.98
Other receivables	1,121,872,592.52	1,032,243,323.43
Other current assets – Deposits with non-bank financial institutions	7,956,180,947.96	10,372,657,928.59
Long-term receivables (less finance lease receivables)	839,609,999.76	895,377,648.31
Other non-current assets – Purchase margin	2,691,573,610.58	–
Financial liabilities		
At FVTPL		
Derivative financial liabilities	1,006,607.03	4,879,853.91
At amortized cost		
Short-term borrowings	5,204,463,651.75	7,901,303,207.55
Notes payable	26,809,308,822.40	16,656,076,418.02
Accounts payable	37,083,081,730.25	33,185,058,889.00
Other payables	4,867,094,523.67	4,116,969,285.61
Other current liabilities	4,542,933,786.57	5,065,113,514.41
Non-current liabilities due within 1 year	3,516,703,300.55	707,455,843.48
Long-term borrowings	8,656,160,276.64	10,777,205,207.80
Bonds payable	3,476,276,681.02	–
Other non-current liabilities	41,925,752.20	144,549,929.70

Notes to the Financial Statements

For the year ended 31 December 2021

(IX) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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	<i>RMB</i>	
	31 December 2021	31 December 2020
Cash and bank balances	651,194,616.09	1,371,070,081.90
Held-for-trading financial assets	414,131,200.00	244,394,136.00
Accounts receivable	696,876,534.03	484,028,321.56
Other receivables	2,533,479,173.35	2,453,592,863.34
Accounts payable	(4,302,917,064.72)	(2,029,321,176.53)
Other payables	(188,353,576.18)	(91,950,695.75)
Short-term borrowings	(30,105,270.00)	(358,869,500.00)
Long-term borrowings	(1,582,441,235.47)	(4,992,239,449.46)

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 year ended 31 December 2021

(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

Item	Change in exchange rate	2021	
		Effect on total profit	Effect on shareholders' equity
USD	5% increase against RMB	105,737,667.16	105,737,667.16
USD	5% decrease against RMB	(105,737,667.16)	(105,737,667.16)
EUR	5% increase against RMB	(92,005,194.96)	(92,005,194.96)
EUR	5% decrease against RMB	92,005,194.96	92,005,194.96
JPY	5% increase against RMB	(20,391,618.09)	(20,391,618.09)
JPY	5% decrease against RMB	20,391,618.09	20,391,618.09
RUB	5% increase against RMB	25,312,333.79	25,312,333.79
RUB	5% decrease against RMB	(25,312,333.79)	(25,312,333.79)
AUD	5% increase against RMB	22,091,053.03	22,091,053.03
AUD	5% decrease against RMB	(22,091,053.03)	(22,091,053.03)

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 year ended 31 December 2021

(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 (continued)

Item	Change in exchange rate	2020	
		Effect on total profit	Effect on shareholders' equity
USD	5% increase against RMB	34,444,474.43	34,444,474.43
USD	5% decrease against RMB	(34,444,474.43)	(34,444,474.43)
EUR	5% increase against RMB	(132,366,802.16)	(132,366,802.16)
EUR	5% decrease against RMB	132,366,802.16	132,366,802.16
JPY	5% increase against RMB	(1,645,635.17)	(1,645,635.17)
JPY	5% decrease against RMB	1,645,635.17	1,645,635.17
RUB	5% increase against RMB	32,642,312.28	32,642,312.28
RUB	5% decrease against RMB	(32,642,312.28)	(32,642,312.28)
AUD	5% increase against RMB	12,477,396.18	12,477,396.18
AUD	5% decrease against RMB	(12,477,396.18)	(12,477,396.18)

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 year ended 31 December 2021

(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. 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:

		<i>RMB</i>	
		2021	
Item	Interest rate changes	Effect on profit	Effect on shareholders' equity
Long-term borrowings	Increase of 100 basis points	(78,451,892.15)	(78,451,892.15)
Long-term borrowings	Decrease of 100 basis points	78,451,892.15	78,451,892.15
Short-term borrowings	Increase of 100 basis points	(5,500,000.00)	(5,500,000.00)
Short-term borrowings	Decrease of 100 basis points	5,500,000.00	5,500,000.00

		<i>RMB</i>	
		2020	
Item	Interest rate changes	Effect on profit	Effect on shareholders' equity
Long-term borrowings	Increase of 100 basis points	(106,185,428.68)	(106,185,428.68)
Long-term borrowings	Decrease of 100 basis points	106,185,428.68	106,185,428.68
Short-term borrowings	Increase of 100 basis points	(19,602,708.15)	(19,602,708.15)
Short-term borrowings	Decrease of 100 basis points	19,602,708.15	19,602,708.15

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For the year ended 31 December 2021

(IX) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

1. Objective and policies of risk management (continued)

1.1 Market risk (continued)

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. If the fair value of the stocks held by the Group at the end of the year increases or decreases by 10% while all other variables remain the same, the shareholders' equity of the Group at the end of the year will increase or decrease by RMB41,413,120.00. The Group closely monitors market changes in order to reduce the price risks of equity security investments.

1.2 Credit risk

As at 31 December 2021, 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 and contract assets at each balance sheet date to ensure that adequate expected credit loss are made for related assets.

The Group's cash and bank balances are deposited in banks with high credit ratings and the acceptance bank in which bank acceptances receivable are deposited with bank of relatively high credit ratings, thus cash and bank balances and bank acceptances receivable have limited credit risk.

As of December 31 2021, please refer to Note VI 3 and 6 for details of the top five units of accounts receivable and other receivables of the Group. In addition, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

As at 31 December 2021, 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 10.

Notes to the Financial Statements

For the year ended 31 December 2021

(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 year, the maturity analysis for non-derivative financial liabilities and lease liabilities held by the Group which is based on undiscounted remaining contractual obligations is as follows:

	31 December 2021			Total
	Within 1 year	1 to 5 years	Over 5 years	
Short-term borrowings	(5,259,266,410.99)	-	-	(5,259,266,410.99)
Notes payable	(26,809,308,822.40)	-	-	(26,809,308,822.40)
Accounts payable	(37,083,081,730.25)	-	-	(37,083,081,730.25)
Other payables	(4,867,094,523.67)	-	-	(4,867,094,523.67)
Other current liabilities	(4,542,933,786.57)	-	-	(4,542,933,786.57)
Long-term borrowings (due within 1 year inclusive)	(2,787,334,025.89)	(8,920,611,131.25)	-	(11,707,945,157.14)
Lease liabilities (due within 1 year inclusive)	(158,064,517.21)	(568,341,779.98)	-	(726,406,297.19)
Bonds payable	(867,478,476.88)	(405,324,403.45)	(3,745,000,000.00)	(5,017,802,880.33)
Other non-current liabilities	-	(5,006,902.65)	(36,918,849.55)	(41,925,752.20)

RMB

	31 December 2020			Total
	Within 1 year	1 to 5 years	Over 5 years	
Short-term borrowings	(7,942,888,651.99)	-	-	(7,942,888,651.99)
Notes payable	(16,656,076,418.02)	-	-	(16,656,076,418.02)
Accounts payable	(33,185,058,889.00)	-	-	(33,185,058,889.00)
Other payables	(4,116,969,285.61)	-	-	(4,116,969,285.61)
Other current liabilities	(5,070,154,610.31)	-	-	(5,070,154,610.31)
Long-term borrowings (due within 1 year inclusive)	(805,074,526.83)	(11,272,618,446.70)	-	(12,077,692,973.53)
Lease liabilities (due within 1 year inclusive)	(222,169,417.81)	(517,314,499.74)	-	(739,483,917.55)
Other non-current liabilities	-	(144,549,929.70)	-	(144,549,929.70)

RMB

Notes to the Financial Statements

For the year ended 31 December 2021

(IX) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

2. Capital management

The Group manages capital by optimizing the structure of liabilities and shareholders' equity to ensure that the entities within the Group can continue to operate and maximize shareholders' returns at the same time.

The Group's capital structure consists of the Group's net debt (the net amount of borrowings and bonds payable after deducting cash and bank balances as disclosed in Note (VI) 1, 20 and 29) and the shareholders' equity.

The Group is not subject to external mandatory capital management requirements. The management of the Group reviews the capital structure of the Group on a regular basis.

(X) DISCLOSURE OF FAIR VALUE

1. Fair value at the end of the period of financial assets and financial liabilities measured at fair value

Some of the Group's financial instrument 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 instrument are determined (in particular, the valuation techniques and inputs used).

Item	Fair value at the end of the period			Total
	Level 1	Level 2	Level 3	
<i>RMB</i>				
I. Continuous fair value measurement				
(I) Financial assets at fair value through profit or loss	—	—	—	—
1. Held-for-trading financial assets	414,131,200.00	5,632,361,954.78	—	6,046,493,154.78
(1) Financial Products	—	5,632,361,954.78	—	5,632,361,954.78
(2) Equity instrument	414,131,200.00	—	—	414,131,200.00
2. Derivative financial assets	—	5,554,185.76	—	5,554,185.76
3. Other non-current financial assets	—	—	58,247,041.15	58,247,041.15
(II) Financial assets at fair value through other comprehensive income	—	—	—	—
1. Financing with receivables	—	31,499,637,236.45	—	31,499,637,236.45
(III) Designated as financial assets at fair value through other comprehensive income	—	—	—	—
1. Other Equity instrument investment	—	—	813,215,710.00	813,215,710.00
Total assets continuously measured at fair value	414,131,200.00	37,137,553,376.99	871,462,751.15	38,423,147,328.14
(I) Financial liabilities at fair value through profit or loss	—	—	—	—
1. Derivative financial liabilities	—	(1,006,607.03)	—	(1,006,607.03)
Total liabilities continuously measured at fair value	—	(1,006,607.03)	—	(1,006,607.03)

Notes to the Financial Statements

For the year ended 31 December 2021

(X) DISCLOSURE OF FAIR VALUE (continued)**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 quote is determined based on the value of the open market stocks.

3. 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, future foreign exchange settlement contracts and financing with receivables – notes receivable. Cash flow discount method is adopted for valuation techniques of fair values, and the inputs are contract-linked observable inputs, forward exchange rate, observable interest rate, etc.

4. 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 other equity instrument investments and other non-current financial assets. 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 31 December 2021 approximate their fair values.

Project	<i>RMB'000</i>	
	Book value 31 December 2021	Fair value 31 December 2020
Bonds payable		
– Convertible Corporate bonds	3,550,907	5,360,333
– Asset-backed securities (including within 1 year)	1,074,462	964,307.33

Note: the book value of convertible bonds includes the book value of liabilities and equity components.

The fair value of convertible bonds is the unadjusted quotation in the active market, which is the first level of fair value measurement item.

The fair value of asset-backed securities is determined by the discount method of future cash flows, and the market return rate of other financial instruments with similar contract terms, credit risks and remaining maturities is taken as the discount rate, which is the second-level fair value measurement item.

Notes to the Financial Statements

For the year ended 31 December 2021

(XI) RELATED PARTIES AND TRANSACTIONS

1. Parent company of the Company

RMB

Name of company	Place of registration	Nature of business	Registered capital	Shareholding ratio of the company as of December 31, 2021 (%)	Percentage of voting rights of the company on December 31, 2021 (%)
Innovation Great Wall	Baoding	Investment	5,000,000,000.00	55.38	55.38

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 year ended 31 December 2021

(XI) RELATED PARTIES AND TRANSACTIONS (continued)**4. Other related parties of the Company**

Name	Relationship with the Group
Great Wall Holding and its subsidiaries	Entity controlled by the ultimate holding shareholder
Spotlight Automotive Limited (光東汽車有限公司) ("Spotlight Automotive")	Joint party of the Company's joint venture
Automotive Finance(VIII)3	Entity (other than companies immediately or intermediately controlled by the ultimate controlling shareholder) whose directors and executives serve as directors or executives of enterprises other than listed companies (the Company) and subsidiaries under their control
Baoding Taihang Plastic Steel Door And Window Co., Ltd. (保定市太行塑鋼門窗有限公司) ("Taihang Plastic Steel")	Company directly controlled by family members closely related with ultimate controlling shareholder
Baoding Kelkang Medical Management Co., Ltd. (保定市凱爾康醫療管理有限公司) ("Kelkang Medical")	Company over 30% indirectly controlled by ultimate controlling shareholder
Baoding Great Wall Kindergarten in Lianchi District (保定市蓮池區長城幼兒園) ("Great Wall Kindergarten")	Private non-enterprise units indirectly controlled by ultimate controlling shareholder
Baoding Great Wall School in Lianchi District (保定市蓮池區長城學校) ("Great Wall School")	Private non-enterprise units has been indirectly controlled by ultimate controlling shareholder within the last 12 months
Hebei Baocang Expressway Co. Ltd. (河北保滄高速公路有限公司) ("Baocang Expressway")	Ultimate controlling shareholder serving as director of the company
Great Wall Venture and Investment	Ultimate controlling shareholder serving as director of the company and ultimate controlling shareholder indirectly controlled over 30% of the company
Han Xuejuan	Family members closely related with Ultimate controlling shareholder
Baoding Great Wall School Dawangdian Branch (保定市長城學校大王店分校) ("Dawang Branch")	Private non-enterprise units indirectly controlled by ultimate controlling shareholder within the last 12 months
Baoding Aihecheng Senior High School Co., Ltd. (保定市愛和城高級中學有限公司) ("Aihecheng Senior High School")	Family members closely related with Ultimate controlling shareholder serving as director of the company and company over 30% indirectly controlled by ultimate controlling shareholder
Hebei Baoding Tai Hang Group Co., Ltd. (河北保定太行集團有限責任公司) ("Tai Hang Group")	Company directly controlled by related person
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) ("Haval Medical")	Subsidiary of a company over 30% indirectly controlled by ultimate controlling shareholder
Hebei Olive Real Estate Development Co., Ltd. (河北橄欖房地產開發有限公司)	Family members closely related with ultimate controlling shareholder directly controlled the company

Note: Haomo Zhixing is not only an associate of the Group, but also an enterprise controlled by the ultimate controlling shareholder of the Group. The related party transactions, receivables and payables between the Group and Haomo Zhixing, are included in the related party transactions, receivables and payables between the Group and Great Wall Holdings and its subsidiaries.

Notes to the Financial Statements

For the year ended 31 December 2021

(XI) RELATED PARTIES AND TRANSACTIONS (continued)**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	RMB	
		2021	2020
Great Wall Holding and its subsidiaries	The purchase of goods	3,791,143,848.71	1,752,585,626.85
	Accepting labor services,	353,070,431.76	39,160,312.05
	Rental expenses and others	110,328,426.66	14,628,726.27
Automotive Finance	Accepting labor services,	427,208,790.26	209,032,851.83
Spotlight Automotive	Accepting labor services,	27,112,052.72	—
Taihang Plastic Steel	The purchase of goods	315,747.90	1,082,939.92
Kelkang Medical	The purchase of goods	1,088.18	—

Sales of goods/rendering of services

Related parties	Related party transaction	RMB	
		2021	2020
Great Wall Holding and its subsidiaries	Sales of goods	637,712,952.74	210,595,216.97
	Provide labor services	71,655,402.84	33,634,310.01
	Rental income and others	13,710,792.94	45,792,931.19
Spotlight Automotive Limited	Sale of goods	88,200,587.52	1,154,541.01
	Rendering of services	294,127,274.73	227,781,658.11
	Rental income and others	343,241.12	1,396,772.27
Automotive Finance	Sale of goods	34,356.51	—
	Rendering of services	54,922,947.73	49,596,659.04
	Rental income and others	556,183.10	614,412.77
Great Wall School	Interest income	326,257,905.60	343,899,154.93
	Sale of goods	1,221,279.07	—
	Rendering of services	—	295.20
Great Wall Venture and Investment	Rental income and others	—	368,353.21
	Rendering of services	14,972.04	—
	Rental income and others	—	10,700.92
Great Wall Kindergarten	Rendering of services	1,556.34	—
Baocang Expressway	Rendering of services	11,193.95	25,859.34
Dawang Branch	Rendering of services	—	255.37
Aihecheng Senior High School	Rendering of services	—	112.63
Tai Hang Group	Rental income and others	—	7,834.91
Haval Medical	Rental income and others	—	200.00
Han Xuejuan	Sale of goods	256,460.18	—

Notes to the Financial Statements

For the year ended 31 December 2021

(XI) RELATED PARTIES AND TRANSACTIONS (continued)**5. Related party transactions** (continued)**(2) Emolument for key management**

Item	RMB	
	2021	2020
Salary for key management	18,360,087.39	21,167,926.90
Share based payment for key management	7,053,693.05	7,458,111.12

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.

(a) Remunerations for independent non-executive directors

Remunerations for independent non-executive directors for the current year:

	RMB'000	
	2021	2020
Ma Lihui (Note 1)	—	27
Li Wanjun	60	60
Wu Zhijie	136	136
Le Ying (Note 2)	60	33
Total	256	256

Note 1: Ma Lihui resigned as an independent non-executive director of the company in July 2020.

Note 2: Le Ying was appointed as an independent non-executive director of the company in June 2020.

The above remuneration of the independent non-executive directors represents their remuneration for their services as directors of the Company. There is no other remuneration payable to the independent non-executive directors during the year (2020: Nil).

Notes to the Financial Statements

For the year ended 31 December 2021

(XI) RELATED PARTIES AND TRANSACTIONS (continued)**5. Related party transactions** (continued)**(2) Emolument for key management** (continued)*(b) Executive directors, non-executive directors and supervisors*

RMB'000

2021	Emolument	Salaries, subsidies and welfare in kind	Bonus	Retirement benefit contributions	Share based payment	Total remunerations
Executive directors:						
Wei Jianjun	—	3,386	2,331	31	—	5,748
Wang Fengying	—	3,266	2,217	31	—	5,514
Yang Zhijuan	—	406	361	—	—	767
Non-executive directors:						
He Ping	60	—	—	—	—	60
Supervisors:						
Chen Biao (Note 1)	—	146	—	10	1,030	1,186
Zong Yixiang (Note 2)	17	—	—	—	—	17
Liu Qian	20	—	—	—	—	20
Ma Yubo (Note 3)	4	—	—	—	—	4
Lu Caijuan (Note 1)	165	—	138	—	—	303
Total	266	7,204	5,047	72	1,030	13,619

Note 1: Chen Biao has ceased to serve as the chairman of the board of supervisors of the Company since May 2021, and Lu Caijuan has been appointed as chairman of the board of supervisors of the Company since May 2021.

Note 2: Zong Yixiang has ceased to serve as an independent supervisor of the Company since October 2021.

Note 3: Ma Yubo has been appointed as independent supervisor of the Company since October 2021.

2020	Emolument	Salaries, subsidies and welfare in kind	Bonus	Retirement benefit contributions	Share based payment	Total remunerations
Executive directors:						
Wei Jianjun	—	3,384	2,333	23	—	5,740
Wang Fengying	—	3,264	2,219	23	—	5,506
Yang Zhijuan	—	392	341	—	—	733
Non-executive directors:						
He Ping	60	—	—	—	—	60
Supervisors:						
Chen Biao	—	345	410	20	—	775
Zong Yixiang	20	—	—	—	—	20
Liu Qian	20	—	—	—	—	20
Total	100	7,385	5,303	66	—	12,854

The bonus is determined according to the performance of the Group.

Notes to the Financial Statements

For the year ended 31 December 2021

(XI) RELATED PARTIES AND TRANSACTIONS (continued)**5. Related party transactions** (continued)**(2) Emolument for key management** (continued)*(b) Executive directors, non-executive directors and supervisors* (continued)

The above remunerations are the compensation to the executive directors for their services as the Company's management personnel. The above remuneration of the independent non-executive directors represents their remuneration for their services as directors of the Company. The above remuneration of the supervisors represents their remuneration for their service as supervisors or managers of the Company.

During the current year, neither the directors nor the supervisors waive or agree to waive any remuneration. The Group has not paid any remuneration to directors or supervisors as a reward for joining the Group or after joining the Group or as compensation for lost jobs.

(c) Top five highest paid employees

Of the five highest paid employees in the Group, remunerations for two (2020: two) highest paid employees are shown in the above table and remunerations for the other three (2020: three) highest paid employees are analyzed below:

	2021	RMB'000 2020
Salaries, subsidies and welfare in kind	3,545	4,706
Bonus	2,009	3,781
Retirement benefit contributions	78	68
Share based payment	4,480	6,371
Total	10,112	14,926

The number of employees whose remunerations are ranged as follows:

	2021	2020
HK\$2,000,001 to HK\$2,500,000 (equivalent to RMB1,635,201 to RMB2,044,000)	1	1
HK\$4,000,001 to HK\$4,500,000 (equivalent to RMB3,270,401 to RMB3,679,200)	1	—
HK\$5,500,001 to HK\$6,000,000 (equivalent to RMB4,496,801 to RMB4,905,600)	1	—
HK\$6,000,001 to HK\$6,500,000 (equivalent to RMB4,905,601 to RMB5,314,400)	—	1
HK\$9,000,001 to HK\$9,500,000 (equivalent to RMB7,358,401 to RMB7,767,200)	—	1

Notes to the Financial Statements

For the year ended 31 December 2021

(XI) RELATED PARTIES AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(3) Other related party transactions

(a) Equity transactions

In 2021, the Group gained the control of Ruguo Technology, Tianjin Jolion Shuju and Yunshi Chelian through business combination involving enterprises under common control. Please refer to Note VII. 2 "Business combination involving enterprises under common control".

(b) Deposits with related parties

Changes in deposits with related parties:

Related party	RMB			
	31 December 2020	Recovery for the year	Deposits for the year	31 December 2021
Automotive Finance	10,214,100,000.00	(6,041,100,000.00)	3,589,000,000.00	7,762,000,000.00

(c) Guarantees provided by related parties

Guarantee company	Currency	Guaranteed amount	Guaranteed start date	Guaranteed end date	RMB
					Whether the guarantee has been fulfilled
Baoding Great Wall Venture and Investment Co., Ltd.	RMB	600,000,000.00	16 September 2022	16 September 2024	No
Baoding Great Wall Venture and Investment Co., Ltd.	RMB	500,000,000.00	28 December 2023	27 December 2026	No

(d) Right-of-use assets and lease liabilities

During the current year, the Group signed several new lease agreements with related parties. Except for short-term leases and low-value assets, the Group's recognized right-of-use assets are RMB137,913,878.54.

At the end of the year, the balance of lease liabilities between the Group and related parties is RMB171,894,418.90.

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For the year ended 31 December 2021

(XI) RELATED PARTIES AND TRANSACTIONS (continued)**6. Amounts due from/due to related parties**

Item	Related party transactions	RMB	
		31/12/2021	31/12/2020
Accounts receivable	Great Wall Holding and its subsidiaries	321,926,107.71	70,948,135.28
Accounts receivable	Automotive Finance	17,401,187.68	15,022,359.57
Accounts receivable	Spotlight Automotive Limited	295,878,453.27	145,369,654.64
Accounts receivable	Other related parties	271,075.28	1,352.76
Subtotal of accounts receivable :		635,476,823.94	231,341,502.25
Other receivables	Great Wall Holding and its subsidiaries	45,048,201.21	2,671,208.90
Other receivables	Spotlight Automotive Limited	250,000.00	—
Subtotal of Other receivables		45,298,201.21	2,671,208.90
Prepayments	Great Wall Holding and its subsidiaries	16,581,699.31	1,374,175.75
Subtotal of Prepayments		16,581,699.31	1,374,175.75
Financing with receivables	Great Wall Holding and its subsidiaries	4,488,371.42	26,039,295.96
Subtotal of Financing with receivables		4,488,371.42	26,039,295.96
Other current assets	Automotive Finance	7,956,180,947.96	10,372,657,928.59
Subtotal of Other current assets		7,956,180,947.96	10,372,657,928.59
Other non-current assets	Great Wall Holding and its subsidiaries	540,617,386.35	—
Subtotal of non-current assets		540,617,386.35	—
Accounts payable	Great Wall Holding and its subsidiaries	983,478,335.02	477,902,762.45
Accounts payable	Automotive Finance	134,694,545.10	69,582,569.11
Accounts payable	Spotlight Automotive Limited	27,112,052.72	—
Accounts payable	Other related parties	70.00	132,007.80
Subtotal of Accounts payable		1,145,285,002.84	547,617,339.36

Notes to the Financial Statements

For the year ended 31 December 2021

(XI) RELATED PARTIES AND TRANSACTIONS (continued)**6. Amounts due from/due to related parties** (continued)

Item	Related party transactions	RMB	
		31/12/2021	31/12/2020
Other payables	Great Wall Holding and its subsidiaries	4,138,700.96	20,549,123.28
Other payables	Automotive Finance	190,924.22	26,681.50
Other payables	Spotlight Automotive Limited	583,072.37	—
Other payables	Other related parties	212,458.37	431,058.60
Subtotal of Other payables :		5,125,155.92	21,006,863.38
Contract liabilities	Great Wall Holding and its subsidiaries	12,774,769.57	88,812,963.71
Contract liabilities	Automotive Finance	1,525,842.69	39,823.01
Contract liabilities	Spotlight Automotive Limited	4,868,230.10	—
Subtotal of Contract liabilities		19,168,842.36	88,852,786.72
Notes payable	Other related parties	58,711.35	—
Subtotal of notes payable :		58,711.35	—
Lease liability	Great Wall Holding and its subsidiaries	171,894,418.90	573,131,597.95
Subtotal of lease liabilities:		171,894,418.90	573,131,597.95

Notes to the Financial Statements

For the year ended 31 December 2021

(XII) SHARE-BASED PAYMENTS**1. General information of share-based payments**

	Restricted Share	Share Option
31 December 2020	48,684,300.00	86,756,200.00
Total equity instruments granted by the Company in the current period	33,802,350.00	316,315,000.00
Total equity instruments exercised by the Company in the current period	23,998,700.00	28,106,189.00
Total equity instruments expired in the current period	2,165,100.00	1,583,583.00
31 December 2021	56,322,850.00	373,381,428.00
The range of exercise price of share options issued by the Company at the end of the period and the remaining contract period	See other explanations	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	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 targets of 2020 Restricted Share and Share Option Incentive Plan" (hereinafter referred to as the "2020 Share Incentive Plan") passed by the Company at the 34th meeting of the sixth session of board meeting on 27 April 2020, the Company granted 52,678,200 restricted shares for the first time to the incentive targets at a price of RMB4.37 per share on 27 April 2020, while the incentive targets actually subscribed 49,303,500 restricted shares.

Notes to the Financial Statements

For the year ended 31 December 2021

(XII) SHARE-BASED PAYMENTS (continued)

1. General information of share-based payments (continued)

Other explanations: (continued)

At the 13th meeting of the 7th Board of Directors on 28 January 2021, the Company approved the *"Proposal of Great Wall Motor Co., Ltd. on Granting Reserved Restricted Shares or Share options to Incentive Recipients"* and the *"Proposal of Great Wall Motor Co., Ltd. on Adjusting the Grant Price of the Reserved Restricted Shares Granted under the Company's 2020 Restricted share and Share option Incentive Plan"* approved by the resolution of the 14th meeting of the 7th Board of Directors on 12 March 2021. On 28 January 2021, the Company granted 8.748 million restricted shares to incentive recipients at a price of RMB20.8 per share, and the incentive recipients actually subscribed for 1,149,200 restricted shares.

According to the *"Proposal on Incentive Plan of Restricted Share of Great Wall Motor Co., Ltd. In 2021 (Draft) and Its Summary"*, *"Proposal on Incentive Plan of Share Option of Great Wall Motor Co., Ltd. in 2021 (Draft) and Its Summary"* deliberated and approved by the Company's fourth extraordinary general meeting of shareholders in 2021, the second H-share class shareholders' meeting in 2021 and the second A-share class shareholders' meeting in 2021, as well as the Proposal on the Measures for the Implementation of the 2021 Restricted Share Incentive Plan of Great Wall Motor Co., Ltd., the Proposal on the Implementation of Assessment Measures for the 2021 Share Option Incentive Plan of Great Wall Motor Co., Ltd., the Proposal to the General Meeting of Shareholders to Authorize the Board of Directors and Its Authorized Persons to Handle Matters Relating to the 2021 Restricted Share Incentive Plan of the Company and the Proposal to the General Meeting of Shareholders to Authorize the Board of Directors and Its Authorized Persons to Handle Matters Relating to the 2021 Share Option Incentive Plan of the Company, deliberated and approved by the Company's fourth extraordinary general meeting of shareholders in 2021, the second H-share class shareholders' meeting in 2021 and the second A-share class shareholders' meeting in 2021, as well as the Proposal of Great Wall Motor Co., Ltd. on Granting Restricted Shares to Incentive Recipients of the 2021 Restricted Share Incentive Plan and Granting Share Options to the Incentive Recipients of the 2021 Share Option Incentive Plan, and the Proposal of Great Wall Motor Co., Ltd. to Adjust the List of Incentive Recipients and the Number of Grants under the 2021 Restricted Share Incentive Plan and the 2021 Share Option Incentive Plan (hereinafter referred as *"2021 Share Incentive Plan"*), deliberated and approved by the 23rd meeting of the 7th Board of Directors and the 21st meeting of the 7th Board of Supervisors on 22 July 2021, the Company granted 34,057,000 restricted shares to the incentive recipients for the first time at a price of RMB16.78 per share, and the incentive recipients actually subscribed for 32,653,200 restricted shares.

Notes to the Financial Statements

For the year ended 31 December 2021

(XII) SHARE-BASED PAYMENTS (continued)**1. General information of share-based payments** (continued)**Other explanations:** (continued)

The conditions on unlocking the restricted shares of incentive targets 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. While the vesting periods for restricted shares granted via reservation are 1 and 2 years from the date of 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 share options to 1,651 incentive recipients, with an exercise price of RMB8.73 per share, on 27 April 2020. On 28 January 2021, the Company granted 15.721 million share options reserved to the incentive recipients at an exercise price of RMB42.15 per share. According to the 2021 Share Incentive Plan, the Company granted 300,594,000 share options to the incentive recipients for the first time on 22 July 2021, with an exercise price of RMB33.56 per share. The exercise of the above share options shall meet certain performance conditions and personal performance evaluation conditions. Different vesting periods apply to share options granted to incentive recipients, ranging from 1, 2 and 3 years for share options granted for the first time and 1 and 2 years for share options reserved for grant, respectively.

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	1,929,859,800.88
The total amount of expenses recognized for equity-settled share-based payments in the current year	1,063,098,797.39

Notes to the Financial Statements

For the year ended 31 December 2021

(XII) SHARE-BASED PAYMENTS (continued)

2. Equity-settled share-based payment (continued)

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 stock options granted in 2020, the Company calculates the fair value of share options on the grant date according to the "Black Scholes Option Pricing Model" in the grant date fair value of the calculation, the main parameters in the model are underlying share price validity, exercise price, options, stock price volatility and risk-free interest rate and the Company average dividend yield in the past 12 months. For the stock options granted in 2021, the Company calculates the fair value of the stock options on the grant date according to the "Binary Tree Option Pricing Model". The main parameters in the model are the underlying stock price, exercise price, option validity, stock price volatility, risk-free interest rate and the average dividend yield of the Company in the last 12 months.

(XIII) COMMITMENTS

1. Significant commitments

Capital commitments

	31 December 2021	31 December 2020
Contracted for but not provided		
– Purchase of long-term asset commitment	3,677,690	3,113,367
Total	3,677,690	3,113,367

RMB'000

(XIV) EVENTS AFTER THE BALANCE SHEET DATE

Since the outbreak of Russia-Ukraine conflict at February 2022, multiple new sanctions have been imposed on Russia by some countries and allies, led by the United States and the European Union. As the conflict escalates, RUB depreciates rapidly. As of the date of the report, the aforesaid events are still ongoing.

Notes to the Financial Statements

For the year ended 31 December 2021

(XV) 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 and non-current assets classified by location of assets:

Item	RMB	
	2021	2020
Revenue from external customers in China	120,242,883,244.69	96,635,666,027.81
Revenue from external customers in other countries	16,161,779,793.98	6,671,941,181.89
Total	136,404,663,038.67	103,307,607,209.70

Item	RMB	
	31/12/2021	31/12/2020
Non-current assets located in China	57,846,954,254.22	48,856,732,793.28
Non-current assets located in other countries	8,853,400,673.32	5,755,791,089.05
Total	66,700,354,927.54	54,612,523,882.33

Non current assets do not include financial instruments and deferred income tax assets.

Notes to the Financial Statements

For the year ended 31 December 2021

(XVI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

1. Cash and bank balances

Item	31 December 2021	31 December 2020
		<i>RMB</i>
Cash:		
RMB	53,875.06	102,779.57
GBP	13,884.02	14,342.01
HKD	6,430.75	6,619.84
USD	3,282.59	3,359.41
JPY	1,674.03	1,910.30
SGD	1,467.27	1,533.67
RUB	48.95	50.23
KRW	38.11	42.66
THB	24.85	28.32
Bank balances:		
RMB	20,105,438,924.95	7,611,642,662.68
USD	180,487,947.23	1,112,235,938.68
EUR	1,428,857.90	2,571,378.85
GBP	209,232.26	745,464.72
JPY	452,360.40	674,710.16
HKD	30,801.19	33,700.53
Other cash and bank balances:		
RMB	993,131,055.09	28,015,814.52
Total	21,281,259,904.65	8,756,050,336.15
Including: overseas cash and bank balances	—	—

As at 31 December 2021, the Company had restricted cash and bank balances of RMB993,131,055.09, all as security and margin deposits for bank acceptances.

As at 31 December 2020, the Company had restricted cash and bank balances of RMB28,015,814.52, among which security and margin deposits for bank acceptances amounted to RMB15,430,646.29 and security and margin deposits for on letters of credit amounted to RMB12,585,168.23.

Notes to the Financial Statements

For the year ended 31 December 2021

(XVI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)**2. Accounts receivable****(1) Disclosed by aging:**

RMB

Aging	31 December 2021			31 December 2020		
	Amount	Credit loss provision	Proportion (%)	Amount	Credit loss provision	Proportion (%)
Within 1 year	17,566,167,390.50	(2,860,953.87)	0.02	7,403,477,944.66	(69,666.30)	0.00
1 to 2 years	316,845,838.08	(27,606,830.53)	8.71	1,640,412,294.16	(29,089,310.53)	1.77
2 to 3 years	201,932,851.35	—	—	260,279,546.33	—	—
Over 3 years	525,133,228.74	(310,430,202.96)	59.11	320,910,491.35	(317,694,689.41)	99.00
Total	18,610,079,308.67	(340,897,987.36)	1.83	9,625,080,276.50	(346,853,666.24)	3.60

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

RMB

Category	31 December 2021					31 December 2020				
	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 individuals	579,566,825.93	3.11	(310,430,202.96)	53.56	269,136,622.97	586,484,685.07	6.09	(314,539,604.14)	53.63	271,945,080.93
Credit loss provision assessed by portfolios	18,030,512,482.74	96.89	(30,467,784.40)	0.17	18,000,044,698.34	9,038,595,591.43	93.91	(32,314,062.10)	0.36	9,006,281,529.33
Total	18,610,079,308.67	100.00	(340,897,987.36)	1.83	18,269,181,321.31	9,625,080,276.50	100.00	(346,853,666.24)	3.60	9,278,226,610.26

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 year ended 31 December 2021

(XVI) 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)

Accounts receivable whose credit loss provision are assessed by portfolio and their expected credit losses are as follows:

RMB

Aging	31 December 2021				31 December 2020			
	Expected loss rate	Carrying amount	Credit loss provision	Book value	Expected loss rate	Carrying amount	Credit loss provision	Book value
Within the credit period	0.00%-4.00%	18,000,034,421.83	(547,205.38)	17,999,487,216.45	0.00%-8.00%	9,006,280,413.03	(860.74)	9,006,279,552.29
Overdue for 1-180 days	10.60%-50.00%	623,547.57	(66,065.68)	557,481.89	21.00%-50.00%	2,232.60	(255.56)	1,977.04
Overdue for over 180 days	100.00%	29,854,513.34	(29,854,513.34)	—	100.00%	32,312,945.80	(32,312,945.80)	—
Total		18,030,512,482.74	(30,467,784.40)	18,000,044,698.34		9,038,595,591.43	(32,314,062.10)	9,006,281,529.33

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

RMB

Credit loss provision	2021		
	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
Balance at 31 December 2020	(1,116.30)	(346,852,549.94)	(346,853,666.24)
— Transfer to credit impairment occurred	1,091,679.36	(1,091,679.36)	—
Provision	(5,462,593.38)	(1,098,639.35)	(6,561,232.73)
Reversals	3,758,759.26	11,185.90	3,769,945.16
Written-off	—	8,746,966.45	8,746,966.45
Balance at 31 December 2021	(613,271.06)	(340,284,716.30)	(340,897,987.36)

Notes to the Financial Statements

For the year ended 31 December 2021

(XVI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)**2. Accounts receivable** (continued)**(4) Top five entities with the largest balances of accounts receivable:**

RMB

Name of entity	Closing balance	Proportion of the amount to the total accounts receivable (%)	Closing balance of credit loss provision
Customer 1	5,418,931,936.23	29.12	—
Customer 2	3,142,995,033.48	16.89	—
Customer 3	2,069,204,070.64	11.12	—
Customer 4	1,085,023,385.21	5.83	—
Customer 5	680,019,958.81	3.65	—
Total	12,396,174,384.37	66.61	—

3. Notes receivable and financing with receivables**3.1 Notes receivable**

RMB

Classification	31 December 2021	31 December 2020
Bank acceptances	3,071,864,668.01	—
Commercial acceptances	5,840,000.00	—
Total	3,077,704,668.01	—

3.2 Financing with receivables*(1) Classification:*

RMB

Classification	31 December 2021	31 December 2020
Bank acceptances	20,690,106,005.49	37,159,982,957.50
Total	20,690,106,005.49	37,159,982,957.50

According to the business model of managing these notes, the Company classifies notes receivable as financial assets at fair value through other comprehensive income.

Notes to the Financial Statements

For the year ended 31 December 2021

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

3. Notes receivable and financing with receivables (continued)

3.2 Financing with receivables (continued)

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

Classification	RMB	
	31 December 2021	31 December 2020
Bank acceptances	13,571,110,081.52	2,914,423,255.56
Total	13,571,110,081.52	2,914,423,255.56

Note: The Company pledged these notes at the end of the year to issue notes payable.

(3) Notes receivable endorsed and discounted by the Company to other parties but yet undue by the end of the year are as follows:

Classification	Amount not derecognized at	
	31 December 2021	31 December 2021
Bank acceptances	33,879,980,008.66	—
Total	33,879,980,008.66	—

The Company holds that its bank acceptances are not exposed to significant credit risk and will not subject to significant loss due to the default of the notes acceptor, therefore the Group has not made any provision for credit loss.

4. Other receivables

4.1 Summary of other receivables

Category	RMB	
	31 December 2021	31 December 2020
Interest receivable	10,251,474.99	4,742,577.11
Dividends receivable	301,983,748.65	5,333,938.44
Other receivables	5,761,034,713.66	4,381,381,977.57
Total	6,073,269,937.30	4,391,458,493.12

Notes to the Financial Statements

For the year ended 31 December 2021

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

4. Other receivables (continued)

4.2 Other receivables

(1) Disclosed by aging:

RMB

Aging	31 December 2021			31 December 2020		
	Amount	Credit loss provision	Ratio (%)	Amount	Credit loss provision	Ratio (%)
Within 1 year	3,420,611,690.95	—	—	2,221,591,104.88	—	—
1 to 2 years	535,086,185.72	—	—	2,141,471,593.34	—	—
2 to 3 years	1,787,250,966.98	—	—	10,618,969.35	(169,838.00)	1.60
Over 3 years	18,255,708.01	(169,838.00)	0.93	7,870,148.00	—	—
Total	5,761,204,551.66	(169,838.00)	—	4,381,551,815.57	(169,838.00)	—

(2) Disclosed by nature are as follows:

RMB

Nature of other receivables	Carrying amount at 31 December 2021	Carrying amount at 31 December 2020
Receivables	1,964,162,915.42	226,857,876.83
Security and margin deposits	34,987,384.46	31,446,658.15
Tax refunds	229,473,652.38	171,353,176.26
Proceeds from land transfer	186,256,243.00	305,601,261.00
Deposits	26,662,020.42	15,432,303.62
Others	3,319,662,335.98	3,630,860,539.71
Total	5,761,204,551.66	4,381,551,815.57

Notes to the Financial Statements

For the year ended 31 December 2021

(XVI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)**4. Other receivables** (continued)**4.2 Other receivables** (continued)(3) *Assessment of credit loss provision:*

RMB

Aging	31 December 2021				31 December 2020			
	Expected average loss rate	Carrying amount	Credit loss provision	Book value	Expected average loss rate	Carrying amount	Credit loss provision	Book value
Indefinite/within contractual repayment period	—	5,761,034,713.66	—	5,761,034,713.66	—	4,381,381,977.57	—	4,381,381,977.57
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		5,761,204,551.66	(169,838.00)	5,761,034,713.66		4,381,551,815.57	(169,838.00)	4,381,381,977.57

The Company determines the expected credit losses of the other receivables based on the historical experience data and forward-looking information. In 2021 and 2020, the Company's assessment method and significant assumptions have remained unchanged.

(4) *Credit loss provision:*

RMB

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 31 December 2020	—	—	(169,838.00)	(169,838.00)
Provision	—	—	—	—
Reversals	—	—	—	—
Written-off	—	—	—	—
Balance at 31 December 2021	—	—	(169,838.00)	(169,838.00)

Notes to the Financial Statements

For the year ended 31 December 2021

(XVI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)**4. Other receivables** (continued)**4.2 Other receivables** (continued)

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

						<i>RMB</i>
Name of entity	Nature of amounts	Amount	Aging	Proportion of the amount to the total other receivables (%)	Closing balance of credit loss provision	
Entity 1	Others	1,967,681,269.14	Within 1 year, 1-2 years, 2-3 years	34.15	—	
Entity 2	Receivables	1,096,125,131.66	Within 1 year	19.03	—	
Entity 3	Others	415,659,199.35	Within 1 year, 1-2 years, 2-3 years	7.21	—	
Entity 4	Receivables	400,000,000.00	Within 1 year	6.94	—	
Entity 5	Receivables	304,400,000.00	Within 1 year	5.28	—	
Total		4,183,865,600.15		72.61	—	

The Company has no other receivables related to government grants.

5. Inventories**(1) Inventories by category**

				<i>RMB</i>
Item	31 December 2021		Book value	
	Carrying amount	Provision for decline in value of inventories		
Raw materials	1,990,270,037.05	(53,051,503.55)	1,937,218,533.50	
Work-in-progress	709,490,703.89	(2,663,897.96)	706,826,805.93	
Finished goods	2,846,181,752.38	(75,470,458.17)	2,770,711,294.21	
Low-valued and short-lived consumables	257,975,934.40	(1,148,266.85)	256,827,667.55	
Total	5,803,918,427.72	(132,334,126.53)	5,671,584,301.19	

Notes to the Financial Statements

For the year ended 31 December 2021

(XVI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)**5. Inventories** (continued)**(1) Inventories by category** (continued)

RMB

Item	Carrying amount	31 December 2020	
		Provision for decline in value of inventories	Book value
Raw materials	794,836,658.20	(14,707,644.16)	780,129,014.04
Work-in-progress	502,774,790.83	(2,356,527.12)	500,418,263.71
Finished goods	2,702,445,904.38	(74,590,188.68)	2,627,855,715.70
Low-valued and short-lived consumables	168,675,358.36	(1,820,127.38)	166,855,230.98
Total	4,168,732,711.77	(93,474,487.34)	4,075,258,224.43

(2) Provision for decline in value of inventories

RMB

Inventories by category	31 December	Provision for the year	Decrease for the year		31 December
	2020		Reversals	Written-off	2021
Raw materials	14,707,644.16	89,231,021.05	(81,268.79)	(50,805,892.87)	53,051,503.55
Work-in-progress	2,356,527.12	9,366,650.58	—	(9,059,279.74)	2,663,897.96
Finished goods	74,590,188.68	167,936,825.44	(1,357,361.48)	(165,699,194.47)	75,470,458.17
Low-valued and short lived consumables	1,820,127.38	—	(4,531.10)	(667,329.43)	1,148,266.85
Total	93,474,487.34	266,534,497.07	(1,443,161.37)	(226,231,696.51)	132,334,126.53

Notes to the Financial Statements

For the year ended 31 December 2021

(XVI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)**5. 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	—
Work-in-progress	Note 1	Note 2	—
Finished goods	Note 1	Note 2	0.05
Low-valued and short-lived consumables		Note 2	—

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 year, 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.

Notes to the Financial Statements

For the year ended 31 December 2021

(XVI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)**6. Other current assets**

Details of other current assets:

Item	RMB	
	31 December 2021	31 December 2020
Deposits in non-bank financial institutions (<i>Note 1</i>)	7,956,180,947.96	10,372,657,928.59
Taxes to be deducted	893,446,616.01	364,239,599.83
Mould (<i>Note 2</i>)	40,255,028.49	33,078,360.98
Paint for vehicles	4,118,449.60	4,152,853.69
Others	24,817,691.09	13,134,439.51
Total	8,918,818,733.15	10,787,263,182.60

Note 1: The deposits in non-bank financial institutions are deposits in Automotive Finance.

Note 2: The estimated useful life is less than one year.

7. Long-term equity investments

Breakdown of long-term equity investments:

Item	31 December 2021			31 December 2020		
	Carrying amount	Impairment provision	Book value	Carrying amount	Impairment provision	Book value
Investments in subsidiaries	14,288,148,959.67	—	14,288,148,959.67	9,728,980,472.25	—	9,728,980,472.25
Investments in joint ventures	9,493,274,421.56	—	9,493,274,421.56	8,415,182,722.15	—	8,415,182,722.15
Total	23,781,423,381.23	—	23,781,423,381.23	18,144,163,194.40	—	18,144,163,194.40

Notes to the Financial Statements

For the year ended 31 December 2021

(XVI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)**7. Long-term equity investments** (continued)

Breakdown of investments in subsidiaries is as follows:

Investee	31 December 2020	Increase for the year	Decrease for the year	Others (Note XIII)	31 December 2021	RMB	
						Provision for impairment	Closing balance of impairment provision
Honeycomb Yichuang (Note 1)	2,171,030,000.00	899,790,000.00	—	155,552,089.35	3,226,372,089.35	—	—
Nuobo Automotive	2,192,661,361.28	—	—	194,274,979.39	2,386,936,340.67	—	—
Tide Technology and Trade (Note 2)	257,353,665.00	1,563,740,485.70	—	—	1,821,094,150.70	—	—
Jinggong Motor	1,000,883,929.21	—	—	164,883,278.04	1,165,767,207.25	—	—
Mind Electronics (Note 3)	334,953,244.45	688,700,000.00	—	106,364,484.85	1,130,017,729.30	—	—
Russia Manufacturing (Note 4)	1,077,239,835.57	21,344,263.41	—	—	1,098,584,098.98	—	—
Tianjin Oula	562,500,000.00	—	—	4,079,896.45	566,579,896.45	—	—
Rizhao Weipai	375,998,513.27	—	—	3,919,354.58	379,917,867.85	—	—
Shanghai Yuefan (Note 5)	190,000,000.00	100,000,000.00	—	900,784.83	290,900,784.83	—	—
Great Wall Huabei	268,092,310.00	—	—	1,755,612.88	269,847,922.88	—	—
Baoding Yijian Start	200,014,527.04	—	—	164,363.74	200,178,890.78	—	—
Tianjin Lean	186,363,431.80	—	—	—	186,363,431.80	—	—
American HAVAL	169,620,600.00	—	—	—	169,620,600.00	—	—
Ruguo Technology (Note 6)	—	169,050,000.00	—	—	169,050,000.00	—	—
Zaoqi Financial Leasing	127,517,638.71	—	—	1,046,190.38	128,563,829.09	—	—
Great Wall Ants (Note 7)	87,123,001.18	15,000,000.00	—	9,295,150.47	111,418,151.65	—	—

Notes to the Financial Statements

For the year ended 31 December 2021

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

7. Long-term equity investments (continued)

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

Investee	31 December 2020	Increase for the year	Decrease for the year	Others (Note (XII))	31 December 2021	RMB	
						Provision for impairment	Closing balance of impairment provision
Confident Zhixing (Note 8)	—	110,000,000.00	—	—	110,000,000.00	—	—
Tianjin Zhixin	100,000,000.00	—	—	—	100,000,000.00	—	—
HWA Ding International (Note 9)	60,684,500.00	32,258,000.23	—	—	92,942,500.23	—	—
Baoding Nobo	72,240,000.00	—	—	—	72,240,000.00	—	—
Laoyou Insurance (Note 10)	—	70,481,877.24	—	—	70,481,877.24	—	—
Salon Mecha Technology (Note 11)	—	67,800,000.00	—	1,089,866.03	68,889,866.03	—	—
Zhangjiagang Research and Development (Note 12)	—	45,000,000.00	—	—	45,000,000.00	—	—
Haval Australia	43,773,250.00	—	—	—	43,773,250.00	—	—
Xiong'an Great Wall (Note 13)	—	41,000,000.00	—	—	41,000,000.00	—	—
Baoding Great	23,000,000.00	—	—	11,094,400.47	34,094,400.47	—	—
Baoding Yixin	28,503,900.00	—	—	4,948,411.67	33,452,311.67	—	—
Europe Technical Center	33,428,802.00	—	—	—	33,428,802.00	—	—
India R&D	28,082,810.70	—	—	—	28,082,810.70	—	—
Oula Zhixing (Note 14)	—	26,000,000.00	—	—	26,000,000.00	—	—
Haval South Africa	25,912,080.00	—	—	—	25,912,080.00	—	—
India Haval	20,731,008.88	—	—	—	20,731,008.88	—	—
Changyou Haoche	20,027,669.47	—	—	(7,299.03)	20,020,370.44	—	—
Ningxia Rental	20,000,000.00	—	—	—	20,000,000.00	—	—
Shanghai Motor Technology	—	—	—	16,851,666.79	16,851,666.79	—	—
Great Wall Sales	8,000,000.00	—	—	7,824,712.98	15,824,712.98	—	—
Beijing Great	12,539,100.00	—	—	—	12,539,100.00	—	—
Soul Technology (Note 15)	—	9,000,000.00	—	1,695,308.82	10,695,308.82	—	—
Great Wall Resource Recycling	10,000,000.00	—	—	—	10,000,000.00	—	—
Chongqing Auto Parts	6,483,037.05	—	—	2,605,258.89	9,088,295.94	—	—
Exquisite Mould	5,000,000.00	—	—	3,404,789.81	8,404,789.81	—	—
Tianjin Jolion Shuju (Note 16)	—	7,282,532.05	—	—	7,282,532.05	—	—

Notes to the Financial Statements

For the year ended 31 December 2021

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

7. Long-term equity investments (continued)

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

Investee	31 December 2020	Increase for the year	Decrease for the year	Others (Note (XII))	31 December 2021	RMB	
						Provision for impairment	Closing balance of impairment provision
Scrap Car Recycling & Dismantling	5,000,000.00	—	—	420,116.74	5,420,116.74	—	—
Tank Zhixing Chongqing (Note 17)	—	4,000,000.00	—	—	4,000,000.00	—	—
Chongqing Great Wall Customer Service	283,938.11	—	—	15,354.21	299,292.32	—	—
Chongqing Weipai	270,000.00	—	—	—	270,000.00	—	—
Chongqing Haval	52,847.22	—	—	40,527.76	93,374.98	—	—
Tianjin Great Wall Investment (Note 18)	—	50,000.00	—	—	50,000.00	—	—
Guangzhou Great Wall Sales	34,500.00	—	—	—	34,500.00	—	—
Xiamen Great Wall Sales	33,000.00	—	—	—	33,000.00	—	—
Shanghai Salon (Note 19)	1,753,399.68	—	(1,500,000.00)	(253,399.68)	—	—	—
Great Wall Dongsheng	1,388,007.75	—	—	(1,388,007.75)	—	—	—
Chongqing Haval Logistics	394,318.86	—	—	(394,318.86)	—	—	—
Yixintong	5,702.91	—	—	(5,702.91)	—	—	—
Xiangyun Logistics Taizhou	6,542.11	—	—	(6,542.11)	—	—	—
Total	9,728,980,472.25	3,870,497,158.63	(1,500,000.00)	690,171,328.79	14,288,148,959.67	—	—

Note: Others mainly represent the Company's granting of restricted shares to employees of its subsidiaries and share-based payment expenses recognized on shares options.

Notes to the Financial Statements

For the year ended 31 December 2021

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

7. Long-term equity investments (continued)

Breakdown of investments in joint ventures is as follows:

Investee	31 December 2020	Increase	Reduced investment	Changes for the year					31 December 2021	Closing balance of impairment provision	
				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 (Note 11)	8,394,182,722.15	—	—	1,070,997,444.23	—	—	—	—	7,131,928.05	9,472,312,094.43	—
Shanghai Junying Management Partnership (Limited Partnership) (“上海韵瀛企 業管理合夥企業(有限合伙)”) ("Shanghai Junying") (Note 12)	21,000,000.00	—	—	(37,672.87)	—	—	—	—	—	20,962,327.13	—
Total	8,415,182,722.15	—	—	1,070,959,771.36	—	—	—	—	7,131,928.05	9,493,274,421.56	—

Note 1 From January to June 2021, the Company contributed additional capital of RMB899,790,000 to Honeycomb Yichuang.

Note 2 From March to November 2021, the Company contributed additional capital of RMB1,563,740,485 to Tide Technology and Trade.

Note 3 From February to December 2021, the Company contributed additional capital of RMB688,700,000 to Mind Electronics.

Note 4 In August and September 2021, the Company contributed additional capital of RMB21,344,263 to Russia Manufacturing.

Note 5 In December 2021, the Company contributed additional capital of RMB100,000,000 to Shanghai Yuefan.

Note 6 In September 2021, the Company acquired 100% equity interest in Ruguo Technology at the cash consideration of RMB0. After the acquisition, the Company contributed additional capital of RMB169,050,000 to Ruguo Technology.

Note 7 In October 2021,, the Company contributed additional capital of RMB15,000,000 to Great Wall Ants.

Note 8 In October and November 2021, the Company injected capital of RMB110,000,000 to Confident Zhixing.

Note 9 In February and August 2021, the Company contributed additional capital of RMB32,258,000 to HWA Ding International.

Note 10 In June 2021, the Company acquired Laoyou Insurance at the cash consideration of RMB36,481,877. After the acquisition, the Company contributed additional capital of RMB34,000,000 to Laoyou Insurance.

Note 11 From August to December 2021, the Company injected capital of RMB67,800,000 to Salon Mecha Technology.

Note 12 From July to December 2021, the Company injected capital of RMB45,000,000 to Zhangjiagang Research and Development..

Note 13 In February 2021, the Company injected capital of RMB41,000,000 to Xiong'an Great Wall.

Note 14 In June and November 2021, the Company injected capital of RMB26,000,000 to Oula Zhixing.

Note 15 From September to December 2021, the Company injected capital of RMB9,000,000 to Soul Technology.

Note 16 In October 2021, the Company acquired 100% equity of Tianjin Jolion Shuju as a result of business combination of enterprises under common control. On the merger date, the share of the equity book value of Tianjin Jolion Shuju of its final controller's consolidated financial statements of RMB7,282,532 was taken as the initial investment cost of the long-term equity investment.

Note 17 In November 2021, the Company injected capital of RMB4,000,000 to Tank Zhixing Chongqing.

Note 18 In April 2021, the Company injected capital of RMB50,000 to Tianjin Great Wall Investment.

Note 19 In January 2021, the company transferred its 100% equity of Shanghai Salon to Its subsidiary Shanghai Yuefan.

Notes to the Financial Statements

For the year ended 31 December 2021

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

8. Investment properties

The investment properties measured under the cost method:

Item	<i>RMB</i>		
	Buildings	Land use rights	Total
I. Original carrying amount			
31 December 2020	3,109,798,056.80	101,596,185.07	3,211,394,241.87
Additions for the year	400,544,148.38	4,565,388.53	405,109,536.91
1. Purchases	13,858,753.17	—	13,858,753.17
2. Transfer from intangible assets	—	4,565,388.53	4,565,388.53
3. Transfer from construction in progress	8,012,614.58	—	8,012,614.58
4. Transfer from fixed assets	378,672,780.63	—	378,672,780.63
Reductions for the year	(328,642,566.09)	—	(328,642,566.09)
1. Transfer to fixed assets	(327,440,339.50)	—	(327,440,339.50)
2. Transfer to construction in progress	(1,098,679.58)	—	(1,098,679.58)
3. Disposals	(103,547.01)	—	(103,547.01)
31 December 2021	3,181,699,639.09	106,161,573.60	3,287,861,212.69
II. Accumulated depreciation and depreciation			
31 December 2020	735,579,248.58	20,278,632.00	755,857,880.58
Additions for the year	220,168,181.82	2,758,656.51	222,926,838.33
1. Provision or amortization	124,491,102.59	2,141,785.28	126,632,887.87
2. Transfer from intangible assets	—	616,871.23	616,871.23
3. Transfer from fixed assets	95,677,079.23	—	95,677,079.23
Reductions for the year	(71,979,086.40)	—	(71,979,086.40)
1. Transfer to fixed assets	(71,957,427.07)	—	(71,957,427.07)
2. Disposals	(21,659.33)	—	(21,659.33)
31 December 2021	883,768,344.00	23,037,288.51	906,805,632.51
III. Net book value			
31 December 2020	2,374,218,808.22	81,317,553.07	2,455,536,361.29
31 December 2021	2,297,931,295.09	83,124,285.09	2,381,055,580.18

Notes to the Financial Statements

For the year ended 31 December 2021

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

9. Fixed assets

Description of fixed assets:

Item	RMB				Total
	Buildings	Machinery and equipment	Transportation vehicles	Electronic equipment and others	
I. Original carrying amount					
31 December 2020	11,471,948,287.84	14,777,738,505.65	157,327,242.22	5,129,858,635.63	31,536,872,671.34
Additions for the year	371,440,709.29	665,431,367.22	17,497,037.18	637,989,473.60	1,692,358,587.29
1. Purchases	30,733,570.97	126,820,273.31	14,245,468.83	361,609,721.91	533,409,035.02
2. Transfer from construction in progress	13,266,798.82	527,110,240.84	970,355.51	184,259,783.78	725,607,178.95
3. Transfer from inventories	—	11,500,853.07	2,281,212.84	92,119,967.91	105,902,033.82
4. Transfer from investment properties	327,440,339.50	—	—	—	327,440,339.50
Reductions for the year	(381,805,210.31)	(1,406,922,920.32)	(31,273,471.02)	(462,526,653.73)	(2,282,528,255.38)
1. Disposal and scrap	(3,132,429.68)	(636,182,127.94)	(31,205,708.14)	(333,629,531.27)	(1,004,149,797.03)
2. Decrease for transfer to construction in progress	—	(583,697,898.92)	—	(24,607,061.78)	(608,304,960.70)
3. Transfer to investment properties	(378,672,780.63)	—	—	—	(378,672,780.63)
4. Other transfers-out	—	(187,042,893.46)	(67,762.88)	(104,290,060.68)	(291,400,717.02)
Reclassification	(1,087,405.44)	509,628.03	—	577,777.41	—
31 December 2021	11,460,496,381.38	14,036,756,580.58	143,550,808.38	5,305,899,232.91	30,946,703,003.25
II. Accumulated depreciation					
31 December 2020	2,450,400,547.53	8,244,165,238.29	110,883,957.79	3,473,091,342.22	14,278,541,085.83
Additions for the year	459,345,831.85	1,229,619,235.24	14,430,191.05	457,603,241.46	2,160,998,499.60
1. Provision	387,388,404.78	1,229,619,235.24	14,430,191.05	457,603,241.46	2,089,041,072.53
2. Transfer from investment properties	71,957,427.07	—	—	—	71,957,427.07
Reductions for the year	(95,983,571.31)	(665,631,738.67)	(24,774,972.79)	(232,184,027.67)	(1,018,574,310.44)
1. Disposal and scrap	(306,492.08)	(401,784,720.20)	(24,764,417.24)	(207,963,906.72)	(634,819,536.24)
2. Decrease for transfer to construction in progress	—	(263,466,088.56)	—	(19,055,373.86)	(282,521,462.42)
3. Transfer to investment properties	(95,677,079.23)	—	—	—	(95,677,079.23)
4. Other transfers-out	—	(380,929.91)	(10,555.55)	(5,164,747.09)	(5,556,232.55)
Reclassification	(42,462.61)	473,897.93	—	(431,435.32)	—
31 December 2021	2,813,720,345.46	8,808,626,632.79	100,539,176.05	3,698,079,120.69	15,420,965,274.99

Notes to the Financial Statements

For the year ended 31 December 2021

(XVI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)**9. Fixed assets** (continued)

Description of fixed assets: (continued)

Item	RMB				Total
	Buildings	Machinery and equipment	Transportation vehicles	Electronic equipment and others	
III. Impairment provision					
31 December 2020	204,878.87	131,394,910.68	69,299.87	274,299,283.05	405,968,372.47
Additions for the year	—	4,456,324.12	—	87,146,638.92	91,602,963.04
1. Provision (Note)	—	4,456,324.12	—	87,146,638.92	91,602,963.04
Reductions for the year	—	(13,072,789.39)	(259,161.34)	(75,807,720.97)	(89,139,671.70)
1. Disposal and scrap	—	(11,960,784.42)	(259,161.34)	(69,568,345.00)	(81,788,290.76)
2. Decrease for transfer to construction in progress	—	(1,111,985.48)	—	(1,418,727.58)	(2,530,713.06)
3. Other transfers-out	—	(19.49)	—	(4,820,648.39)	(4,820,667.88)
Reclassification	—	—	—	—	—
31 December 2021	204,878.87	122,778,445.41	(189,861.47)	285,638,201.00	408,431,663.81
IV. Net book value					
31 December 2020	9,021,342,861.44	6,402,178,356.68	46,373,984.56	1,382,468,010.36	16,852,363,213.04
31 December 2021	8,646,571,157.05	5,105,351,502.38	43,201,493.80	1,322,181,911.22	15,117,306,064.45

Note: Due to suspended production of some vehicle models and changes in craftsmanship, impairment losses of assets of RMB91,602,963.04 (2020: RMB97,037,873.59) has been provided for the current year.

Notes to the Financial Statements

For the year ended 31 December 2021

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

10. Construction in progress

(1) Breakdown of construction in progress is as follows:

Item	31 December 2021			31 December 2020		
	Carrying amount	Impairment provision	Net book value	Carrying amount	Impairment provision	Net book value
Shangrao automotive project	506,434,759.00	—	506,434,759.00	—	—	—
Industrial park phase I, II, III reconstruction and expansion	254,978,327.26	(3,602,004.61)	251,376,322.65	144,940,439.04	(3,500,468.05)	141,439,970.99
Xushui Automobile Project	228,460,931.14	—	228,460,931.14	226,772,455.83	(270,205.02)	226,502,250.81
Tianjin automobile project	177,493,795.18	—	177,493,795.18	33,752,549.44	(65,763.73)	33,686,785.71
Taizhou automotive project	146,713,976.20	—	146,713,976.20	1,751,575.52	—	1,751,575.52
Parts and components project reconstruction and expansion	61,302,996.62	(837,571.37)	60,465,425.25	61,496,999.96	(837,571.37)	60,659,428.59
Chongqing Great Wall vehicle project	61,534,495.78	—	61,534,495.78	160,348,604.22	—	160,348,604.22
Xushui parts and components project	25,960,238.95	—	25,960,238.95	29,343,783.97	—	29,343,783.97
New technology centre	17,744,652.35	—	17,744,652.35	28,184,966.18	—	28,184,966.18
Tianjin parts and components project	10,425,859.65	(457,111.03)	9,968,748.62	19,491,172.77	(1,475,022.67)	18,016,150.10
Xushui supporting infrastructure project	—	—	—	136,427,954.42	—	136,427,954.42
Other projects under construction	96,320,777.25	—	96,320,777.25	64,160,487.98	—	64,160,487.98
Other vehicle projects	771,323,316.91	—	771,323,316.91	149,125,409.10	—	149,125,409.10
Total	2,358,694,126.29	(4,896,687.01)	2,353,797,439.28	1,055,796,398.43	(6,149,030.84)	1,049,647,367.59

RMB

Notes to the Financial Statements

For the year ended 31 December 2021

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

10. Construction in progress (continued)

(2) Movement in construction in progress is as follows:

Items	Budgeted amount	31 December 2020	Additions	Transfer to fixed assets	Other reductions	Investment to budget (%)	Accumulated capitalized interest amount	Including: capitalized interest amount	Ratio of capitalized interest amount (%)	Sources of fund	RMB
											31 December 2021
Xushui Automobile Project	12,308,782,785.78	226,772,455.83	190,004,506.78	(182,355,774.81)	(5,960,256.66)	85.25	—	—	—	Self-owned	228,460,931.14
Parts and components project reconstruction and expansion	4,478,690,809.73	61,496,999.96	55,962,412.19	(22,696,503.85)	(33,459,911.68)	33.37	—	—	—	Self-owned	61,302,996.62
Chongqing Great Wall vehicle project	2,821,709,328.00	160,348,604.22	57,129,750.28	(152,251,307.24)	(3,692,551.48)	79.87	—	—	—	Self-owned	61,534,495.78
Xushui supporting infrastructure project	193,250,000.00	136,427,954.42	4,208.26	—	(136,432,162.68)	100.00	—	—	—	Self-owned	—
Industrial park phase I, II, III reconstruction and expansion	2,101,930,234.48	144,940,439.04	173,578,920.02	(5,837,161.09)	(57,703,870.71)	70.19	—	—	—	Self-owned	254,978,327.26
Other research and development projects	424,762,067.00	64,160,487.98	92,775,744.10	(12,588,827.60)	(48,026,627.23)	98.25	—	—	—	Self-owned	96,320,777.25
Tianjin automobile project	5,744,994,724.00	33,752,549.44	177,759,797.24	(29,530,136.36)	(4,488,415.14)	95.96	—	—	—	Self-owned	177,493,795.18
Xushui parts and components project	5,903,114,629.57	29,343,783.97	302,284,718.50	(282,045,491.93)	(23,622,771.59)	87.47	—	—	—	Self-owned	25,960,238.95
New technology centre	1,727,202,349.00	28,184,966.18	8,162,210.53	(7,768,689.34)	(10,833,835.02)	95.24	—	—	—	Self-owned	17,744,652.35
Tianjin parts and components project	4,387,820,837.00	19,491,172.77	34,477,727.16	(12,862,143.13)	(30,680,897.15)	89.65	—	—	—	Self-owned	10,425,859.65
Taizhou automotive project	169,439,209.67	1,751,575.52	147,738,709.44	(2,776,308.76)	—	90.79	—	—	—	Self-owned	146,713,976.20
Shangrao automotive project	1,230,139,677.67	—	506,679,542.96	(244,783.96)	—	41.19	—	—	—	Self-owned	506,434,759.00
Other vehicle projects	2,049,761,557.52	149,125,409.10	660,122,328.15	(14,650,050.88)	(23,274,369.46)	38.28	—	—	—	Self-owned	771,323,316.91
Total	43,541,598,209.42	1,055,796,398.43	2,406,680,575.61	(725,607,178.95)	(378,175,668.80)	—	—	—	—	Self-owned	2,358,694,126.29

Note: Other reductions mainly represent the decrease of RMB112,938,938.48 due to the transfer from construction in progress to intangible assets and the decrease of RMB8,012,614.58 due to the transfer from construction in progress to investment properties.

Notes to the Financial Statements

For the year ended 31 December 2021

(XVI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)**10. Construction in progress** (continued)**(3) Provision for impairment of construction in progress**

<i>RMB</i>		
Items	Provision	Reason for provision
Industrial park phase I, II, III reconstruction and expansion	101,536.56	Vehicle model discontinued
Total	101,536.56	

11. Right-of-use assets

<i>RMB</i>					
Items	Land use rights	Buildings	Machinery and equipment	Transportation vehicles	Total
I. Original carrying amount					
31 December 2020	3,656,461.60	73,066,707.02	118,289,077.05	804,103.29	195,816,348.96
Additions for the year	9,849,239.91	67,513,516.24	62,472,264.82	5,413,533.63	145,248,554.60
Reductions for the year	—	(8,847,601.30)	(434,926.83)	(72,114.09)	(9,354,642.22)
31 December 2021	13,505,701.51	131,732,621.96	180,326,415.04	6,145,522.83	331,710,261.34
II. Accumulated depreciation					
31 December 2020	3,423,587.79	16,989,921.09	16,426,258.56	325,299.69	37,165,067.13
Additions for the year	6,060,524.15	36,222,750.87	129,078,901.08	2,060,266.76	173,422,442.86
1. Provision	6,060,524.15	36,222,750.87	129,078,901.08	2,060,266.76	173,422,442.86
Reductions for the year	—	(2,527,183.44)	(18,405.74)	(52,883.66)	(2,598,472.84)
31 December 2021	9,484,111.94	50,685,488.52	145,486,753.90	2,332,682.79	207,989,037.15
III. Impairment provision					
31 December 2020	—	—	—	—	—
31 December 2021	—	—	—	—	—
IV. Net book value					
31 December 2020	232,873.81	56,076,785.93	101,862,818.49	478,803.60	158,651,281.83
31 December 2021	4,021,589.57	81,047,133.44	34,839,661.14	3,812,840.04	123,721,224.19

Note 1: Pledged loans at the end of the year represented discount charges acquired from discounted but undue notes receivable that did not meet the criteria for derecognition at the end of the reporting period.

Notes to the Financial Statements

For the year ended 31 December 2021

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

12. Intangible assets

Description of intangible assets:

Item	<i>RMB</i>			
	Land use rights	Software and others	Non-patent technology	Total
I. Original carrying amount				
31 December 2020	3,282,369,723.02	372,835,362.09	2,883,340,230.04	6,538,545,315.15
Additions for the year	39,100,679.25	196,097,722.78	1,698,433,804.23	1,933,632,206.26
1. Purchases	—	122,259,463.55	—	122,259,463.55
2. Internal research and development	—	—	1,698,433,804.23	1,698,433,804.23
3. Transfer from construction in progress	39,100,679.25	73,838,259.23	—	112,938,938.48
Reductions for the year	(11,665,388.53)	(12,949,211.16)	(49,293,465.78)	(73,908,065.47)
1. Disposals	(7,100,000.00)	(7,835,257.05)	(49,293,465.78)	(64,228,722.83)
2. Transfer to investment properties	(4,565,388.53)	—	—	(4,565,388.53)
3. Other transfers-out	—	(5,113,954.11)	—	(5,113,954.11)
31 December 2021	3,309,805,013.74	555,983,873.71	4,532,480,568.49	8,398,269,455.94
II. Accumulated amortization				
31 December 2020	558,482,062.30	140,900,839.98	1,306,130,263.75	2,005,513,166.03
Additions for the year	66,769,019.11	49,664,369.31	1,007,486,683.07	1,123,920,071.49
1. Provision	66,769,019.11	49,664,369.31	1,007,486,683.07	1,123,920,071.49
Reductions for the year	(1,784,282.38)	(2,680,564.46)	(5,746,280.30)	(10,211,127.14)
1. Disposals	(1,167,411.15)	(2,438,053.07)	(5,746,280.30)	(9,351,744.52)
2. Transfer to investment properties	(616,871.23)	—	—	(616,871.23)
3. Other transfers-out	—	(242,511.39)	—	(242,511.39)
31 December 2021	623,466,799.03	187,884,644.83	2,307,870,666.52	3,119,222,110.38
IV. Net book value				
31 December 2020	2,723,887,660.72	231,934,522.11	1,577,209,966.29	4,533,032,149.12
31 December 2021	2,686,338,214.71	368,099,228.88	2,224,609,901.97	5,279,047,345.56

The proportion of intangible assets arising from internal research and development at the end of the year to balance of total intangible assets is 42.14%.

Notes to the Financial Statements

For the year ended 31 December 2021

(XVI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)**13. Development expenditure**

RMB

Item	31 December 2020	Additions	Reductions		31 December 2021
			Recognized as intangible assets	Transfer into profit or loss	
Auto development project	2,455,351,941.05	4,346,449,538.45	(1,698,433,804.23)	(218,948,307.32)	4,884,419,367.95

14. Short-term borrowings and long-term borrowings**(1) Short-term borrowings**

RMB

Item	31 December 2021	31 December 2020
Guaranteed loans	—	358,892,759.31
Pledged loans (Note 1)	543,365,600.00	—
Credit loans	3,050,520,972.22	5,902,349,722.23
Total	3,593,886,572.22	6,261,242,481.54

Note 1: Pledged loans at the end of the year represented discount charges acquired from discounted but undue notes receivable that did not meet the criteria for derecognition at the end of the reporting period.

(2) Long-term borrowings

RMB

Item	31 December 2021	31 December 2020
Secured loan	6,780,915,097.18	4,468,984,902.75
Guaranteed loans (Note 1)	600,485,833.33	600,485,833.33
Pledged loan	—	530,000,000.00
Less: Long-term borrowings due within one year	(1,917,877,111.11)	(94,470,736.08)
Total	5,463,523,819.40	5,505,000,000.00

Note 1: Guaranteed loans of RMB600,485,833.33 at the end of the year represented the loan obtained by the Company with Baoding Great Wall Venture and Investment Co., Ltd. (保定市長城創業投資有限公司) as guarantor at an annual interest rate of 2.65% due within one year.

Notes to the Financial Statements

For the year ended 31 December 2021

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

15. Notes payable

Category	RMB	
	31 December 2021	31 December 2020
Bank acceptances	15,762,775,809.24	3,746,210,934.89
Total	15,762,775,809.24	3,746,210,934.89

16. Accounts payable

(1) Accounts payable is shown as follows:

Item	RMB	
	31 December 2021	31 December 2020
Within 1 year	39,801,366,496.90	39,213,698,670.38
1 to 2 years	143,820,108.97	75,260,041.56
2 to 3 years	36,585,350.10	62,383,649.38
Over 3 years	45,955,936.21	14,660,659.22
Total	40,027,727,892.18	39,366,003,020.54

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

(2) Accounts payable aged over one year with significant amounts

Item	RMB	
	31 December 2021	Reason for outstanding or transfer
Subsidiary 1	58,366,938.63	Payment terms have not been reached
Subsidiary 2	40,638,959.54	Payment terms have not been reached
Subsidiary 3	21,645,626.08	Payment terms have not been reached
Supplier 1	12,472,000.00	Payment terms have not been reached
Supplier 2	9,792,934.82	Payment terms have not been reached
Total	142,916,459.07	

Notes to the Financial Statements

For the year ended 31 December 2021

(XVI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)**17. Contract liabilities**

Item	<i>RMB</i>	
	31 December 2021	31 December 2020
Receipts in advance	12,387,325,631.19	8,196,904,278.45
Maintenance service	960,815,792.44	414,359,718.47
Warranty service	223,695,359.41	79,333,040.71
Transportation service	70,706,931.50	52,109,857.76
Total	13,642,543,714.54	8,742,706,895.39

18. Lease liabilities

Item	<i>RMB</i>	
	31 December 2021	31 December 2020
Lease liabilities	522,311,333.95	596,570,445.60
Sub-total	522,311,333.95	596,570,445.60
Less: Lease liabilities recognized in non-current liabilities due within one year	(118,609,386.42)	(165,288,296.62)
Total	403,701,947.53	431,282,148.98

Notes to the Financial Statements

For the year ended 31 December 2021

(XVI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)**19. Capital reserve**

Item	Opening balance	Additions	Reductions	Closing balance
<i>RMB</i>				
2021:				
Capital premiums (Note 1)	1,626,571,645.87	844,532,395.89	(7,801,331.25)	2,463,302,710.51
Other capital reserve (Note 2)	200,274,825.52	2,315,053,025.25	(103,669,782.30)	2,411,658,068.47
Total	1,826,846,471.39	3,159,585,421.14	(111,471,113.55)	4,874,960,778.98
2020:				
Capital premiums	1,462,505,554.87	166,152,795.00	(2,086,704.00)	1,626,571,645.87
Other capital reserve	(3,717,664.31)	203,992,489.83	—	200,274,825.52
Total	1,458,787,890.56	370,145,284.83	(2,086,704.00)	1,826,846,471.39

Note 1: The increase in Capital premiums for the year was due to 1)the Company's granting of restricted share to the incentive target, the incentive target's exercise of share option, and unlocking of restricted share year by RMB 843,910,947.00; 2) and the conversion of certain "Great Wall Convertible Bond" into the Company's share by RMB621,448.89. The decrease in capital premiums for the year was due to 1) the decrease by RMB324, 214.25 due to payment of consideration for business combination involving enterprises under common control 2) and the decrease by RMB7,477,117.00as a result of cancelation of expired restricted share repurchased.

Note 2: The increase in other capital reserve for the year was due to the recognition of equity-settled share-based payments of RMB1,815,981,886.54, see Note (XII) for details. Gains on the transfer of the right to the related party as a lessor in the sale and leaseback transaction of fixed assets was included in other capital reserve of RMB499,071,138.71, which was deemed as capital contribution from shareholders. The decrease in other capital reserve for the year was due to unlocking of restrict stock to the incentive target and exercise of share option of RMB103,669,782.30.

Notes to the Financial Statements

For the year ended 31 December 2021

(XVI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)**20. Undistributed profits**

Item	<i>RMB</i> Amount
2021:	
Undistributed profit at the end of the previous year before adjustment	34,684,946,477.93
Total undistributed profit adjusted at the beginning of the year	7,131,928.05
Undistributed profits at the beginning of the year	34,692,078,405.98
Add: Net profit	3,967,667,465.57
Others	—
Less: Appropriation of statutory surplus reserve	—
Appropriation of reserve fund	—
Distribution of cash dividends	(5,338,067,139.10)
Transfer from merger	—
Undistributed profits at the end of the year	33,321,678,732.45
2020:	
Undistributed profits at the beginning of the year	34,065,936,877.18
Add: Net profit	2,912,803,825.75
Others	—
Less: Appropriation of statutory surplus reserve	—
Distribution of cash dividends	(2,293,794,225.00)
Transfer from merger	—
Undistributed profits at the end of the year	34,684,946,477.93

Notes to the Financial Statements

For the year ended 31 December 2021

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

21. Operating income and operating costs

(1) Operating income and operating costs

Item	2021		2020	
	Income	Costs	Income	Costs
Principal operating activities	124,705,236,272.07	117,692,569,568.20	97,068,222,004.30	89,748,771,880.59
Other operating activities	3,906,452,493.56	3,219,702,093.05	2,592,301,453.83	2,035,623,099.08
Total	128,611,688,765.63	120,912,271,661.25	99,660,523,458.13	91,784,394,979.67

RMB

(2) Revenue from contracts

Category of contracts	2021	2020
	Income from the sales of automobiles	116,814,068,032.43
Income from the sales of automotive parts and components	7,333,317,562.63	4,903,915,731.13
Income from the rendering of services	557,850,677.02	646,673,322.17
Other operating income	3,598,605,350.21	2,337,708,437.36
Subtotal of Income from contracts with customers	128,303,841,622.29	99,405,930,441.66
Rental income	307,847,143.34	254,593,016.47
Total	128,611,688,765.63	99,660,523,458.13

RMB

22. Taxes and levies

Item	2021	2020
	Consumption tax	2,904,287,447.86
City maintenances and construction tax	310,047,301.70	204,829,511.96
Educational surcharges	222,576,448.35	185,335,737.86
House property tax	124,683,461.44	63,573,617.48
Stamp duty	109,299,656.88	78,842,462.18
Land use tax	50,750,215.15	49,884,299.22
Water resource tax	1,367,012.60	1,683,327.20
Vehicle and vessel use tax	166,429.13	184,686.85
Others	1,042,542.18	983,143.31
Total	3,724,220,515.29	2,892,773,611.44

RMB

Notes to the Financial Statements

For the year ended 31 December 2021

(XVI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)**23. Selling expenses**

Item	RMB	
	2021	2020
Advertising and media services fees	1,518,444,974.02	1,440,107,536.38
After-sales service expenses	565,893,187.20	395,907,651.92
Wages and salaries	387,063,169.86	314,214,144.82
Consulting service fees	139,605,254.83	111,719,008.88
Share-based payments	81,184,417.31	10,377,957.67
Port charges	48,711,116.76	30,452,072.20
Travelling expenses	32,564,399.18	19,430,908.43
Others	343,063,143.13	1,234,476,397.10
Total	3,116,529,662.29	3,556,685,677.40

24. Administrative expenses

Item	RMB	
	2021	2020
Wages and salaries	1,078,930,797.34	814,491,979.93
Consulting service fee	336,272,980.94	194,758,343.62
Repair and maintenance fees	215,928,033.20	192,161,295.22
Share-based payments	197,452,977.41	36,926,170.34
Depreciation and amortization	183,542,304.38	231,309,519.53
Office expenses	154,361,882.84	68,390,142.12
Business reception fees	12,708,604.76	12,081,314.77
Auditors' remuneration	3,051,578.32	2,584,419.94
Others	127,079,459.01	151,410,208.46
Total	2,309,328,618.20	1,704,113,393.93

Notes to the Financial Statements

For the year ended 31 December 2021

(XVI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)**25. Financial expense**

Item	RMB	
	2021	2020
Interest expenses	405,056,390.31	190,749,825.52
Including: Interest expenses on leases	24,475,128.90	14,563,013.88
Interest income from bank deposits	(663,784,452.40)	(575,031,900.74)
Foreign currency translation differences	(8,433,899.53)	58,260,318.58
Others	6,217,336.19	12,245,427.86
Total	(260,944,625.43)	(313,776,328.78)

26. Investment income

Breakdown:

Item	RMB	
	2021	2020
Income from long-term equity investments under cost method	5,381,192,625.51	3,256,573,486.20
Income from long-term equity investments under equity method	1,070,959,771.36	911,946,308.20
Losses on deregistration of discounted bills	(108,995,230.24)	(146,747,132.24)
Investment income from wealth management products	166,982,840.04	146,362,830.77
Net gains on disposal or deregistration of subsidiaries	—	851,270.67
Dividend income from holding other equity instrument investments	1,656,000.00	294,000.00
Total	6,511,796,006.67	4,169,280,763.60

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

Notes to the Financial Statements

For the year ended 31 December 2021

(XVI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)**27. Impairment losses of assets**

Item	RMB	
	2021	2020
I. Losses from decline in value of inventories	(265,091,335.70)	(143,133,685.74)
II. Impairment losses of fixed assets	(91,602,963.04)	(97,037,873.59)
III. Impairment losses of construction in progress	(101,536.56)	(3,895,990.98)
Total	(356,795,835.30)	(244,067,550.31)

28. Income tax expenses

Item	RMB	
	2021	2020
Current tax expenses	10,581,436.31	6,390,004.35
Deferred tax expenses	(800,183,527.18)	(317,125,979.40)
Total	(789,602,090.87)	(310,735,975.05)

Reconciliation of income tax expenses to the accounting profit is as follows:

Item	RMB	
	2021	2020
Total profit	3,178,065,374.70	2,602,067,850.70
Income tax rate	15%	15%
Income tax expenses calculated at 15%	476,709,806.21	390,310,177.61
Effect of additional deduction for research and development costs	(300,615,136.24)	(95,330,323.65)
Effect of additional deduction for the wages of disabled staff	(377,164.39)	(417,447.67)
Tax effect of non-taxable income	(971,934,448.84)	(625,331,544.00)
Tax effect of non-deductible expenses	2,453,843.25	17,639,342.50
Others	4,161,009.14	2,393,820.16
Total	(789,602,090.87)	(310,735,975.05)

Notes to the Financial Statements

For the year ended 31 December 2021

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

29. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Supplementary information	2021	2020
<i>RMB</i>		
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	3,967,667,465.57	2,912,803,825.75
Add: Impairment losses on assets	356,795,835.30	244,067,550.31
Impairment losses on credit	2,791,287.57	4,114,042.23
Depreciation of fixed assets	2,089,041,072.53	2,242,342,098.25
Depreciation of right-of-use assets	173,422,442.86	29,757,982.67
Amortization of intangible assets	1,123,920,071.49	806,181,462.77
Amortization of long-term prepaid expenses	10,895,085.67	10,630,226.45
Depreciation and amortization of investment properties	126,632,887.87	115,334,147.33
Losses (gains) on disposals of assets	(5,066,732.35)	(40,539,118.42)
Amortization of deferred income	(411,269,121.17)	(430,050,003.95)
Financial expense	37,953,427.67	(142,270,010.96)
Gains (losses) from changes in fair value	(11,511,493.63)	916,032.27
Investment income	(6,620,791,236.91)	(4,316,027,895.84)
Decrease in deferred tax assets (Less: increase)	(800,183,527.18)	(317,125,979.40)
Decrease in inventories (Less: increase)	(1,967,114,646.28)	(594,125,746.20)
Decrease in operating receivables (Less: increase)	6,466,973,074.25	(14,492,483,965.60)
Increase in operating payables (Less: decrease)	17,666,728,221.21	17,874,178,791.46
Net cash flows from operating activities	22,206,884,114.47	3,907,703,439.12
2. Significant investing and financing activities which do not involve cash receipts and payments:		
Right-of-use assets recognized by leased fixed assets	145,248,554.60	152,333,027.42
Repayment of dividends with notes receivable by subsidiaries	1,199,467,921.47	864,459,447.83
3. Net changes in cash and cash equivalents:		
Closing balance of cash and cash equivalents	20,288,128,849.56	8,728,034,521.63
Less: Opening balance of cash and cash equivalents	8,728,034,521.63	4,876,599,293.72
Net increase in cash and cash equivalents	11,560,094,327.93	3,851,435,227.91

Notes to the Financial Statements

For the year ended 31 December 2021

(XVI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)**29. Supplementary information to the cash flow statement** (continued)**(2) Components of cash and cash equivalents**

Item	<i>RMB</i>	
	31 December 2021	31 December 2020
I. Cash	20,288,128,849.56	8,728,034,521.63
Including: Cash on hand	80,725.63	130,666.01
Bank deposits ready to be withdrawn on demand	20,288,048,123.93	8,727,903,855.62
II. Closing balance of cash and cash equivalents	20,288,128,849.56	8,728,034,521.63

30. Related party transactions**(1) Related party transactions in respect of purchases and sales of goods, receipts and rendering of services:**

Purchases of goods/receipts of services:

Related party	Related party transaction	<i>RMB</i>	
		2021	2020
Subsidiary of the Company	Purchases of goods	100,068,857,684.39	72,682,620,352.74
Other related party of the Company	Purchases of goods	3,575,710,208.48	1,733,214,531.72
Subsidiary of the Company	Receipts of services	2,400,626,317.15	1,440,622,460.20
Joint venture of the Company	Receipts of services	366,537,166.75	197,169,317.18
Other related party of the Company	Receipts of services	370,573,726.86	37,566,330.67
Subsidiary of the Company	Rental payment and others	8,125,266.35	103,169,891.97
Other related party of the Company	Rental payment and others	10,467,741.85	11,820,920.76

Notes to the Financial Statements

For the year ended 31 December 2021

(XVI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)**30. Related party transactions** (continued)**(1) Related party transactions in respect of purchases and sales of goods, receipts and rendering of services:** (continued)

Sales of goods/Rendering of services:

Related party	Related party transaction	RMB	
		2021	2020
Subsidiary of the Company	Sales of goods	51,208,217,293.59	41,710,174,631.07
Joint venture of the Company	Sales of goods	3,938.94	—
Other related party of the Company	Sales of goods	80,714,503.79	3,632,828.11
Subsidiary of the Company	Rendering of services	1,033,297,469.72	752,109,913.06
Joint venture of the Company	Rendering of services	52,691,940.43	49,269,044.66
Other related party of the Company	Rendering of services	333,656,530.76	238,131,740.33
Subsidiary of the Company	Rental income and others	274,148,103.07	241,222,603.03
Joint venture of the Company	Rental income and others	474,925.13	602,616.57
Other related party of the Company	Rental income and others	13,874,123.39	21,925,768.57
Joint venture of the Company	Interest income from deposits	326,257,905.60	343,899,154.93

Notes to the Financial Statements

For the year ended 31 December 2021

(XVI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)**30. Related party transactions** (continued)**(2) Guarantee**

Warrantee	Relationship with the Company	Type of guarantee	Currency	Maximum guaranteed amount	RMB
					Actual balance of loan borrowed by warrantee
Tianjin Oula	Subsidiary of the Company	Maximum guarantee	RMB	2,000,000,000.00	1,066,516,200.00
Honeycomb Power	Subsidiary of the Company	Maximum guarantee	RMB	975,224,000.00	518,701,780.00
Honeycomb Transmission	Subsidiary of the Company	Maximum guarantee	RMB	500,000,000.00	496,003,251.09
Tianjin Oula	Subsidiary of the Company	Maximum guarantee	RMB	1,000,000,000.00	338,692,629.37
Honeycomb Transmission	Subsidiary of the Company	Maximum guarantee	RMB	200,000,000.00	160,057,667.73
Honeycomb Transmission	Subsidiary of the Company	Maximum guarantee	RMB	200,000,000.00	149,996,080.87
Billion Sunny Development	Subsidiary of the Company	Maximum guarantee	EUR	396,186,000.00	144,366,841.86
Honeycomb Power	Subsidiary of the Company	Maximum guarantee	RMB	300,000,000.00	101,623,201.12
Honeycomb Power	Subsidiary of the Company	Maximum guarantee	RMB	300,000,000.00	99,905,638.19
Jinggong Yangzhong	Subsidiary of the Company	Maximum guarantee	RMB	400,000,000.00	93,016,872.73
Honeycomb Power	Subsidiary of the Company	Maximum guarantee	RMB	250,000,000.00	90,000,000.00
Billion Sunny Development	Subsidiary of the Company	Maximum guarantee	USD	232,500,000.00	84,721,041.97
Great Wall Motor	Subsidiary of the Company	Maximum guarantee	USD	50,000,000.00	36,914,452.45
Thailand & Thailand Sales					
Great Wall Motor	Subsidiary of the Company	Maximum guarantee	USD	30,000,000.00	26,973,614.68
Thailand & Thailand Sales					
Honeycomb Transmission	Subsidiary of the Company	Letter of credit guarantee	RMB	158,860,000.00	N/A
Honeycomb Intelligent	Subsidiary of the Company	Maximum guarantee	RMB	46,492,709.50	32,507,739.15

(3) Emolument for key management

Item	RMB	
	2021	2020
Salary for key management	18,360,087.39	21,167,926.90
Share based payment for key management	7,053,693.05	7,458,111.12

(4) Right-of-use assets and lease liabilities

During the year, the Company signed several new lease agreements with subsidiaries and other related parties. Except for short-term leases and low-value assets, the Company recognized RMB214,977.47 and RMB109,813,884.99 of the right-of-use assets respectively.

At the end of the year, the lease liabilities of the Company with its subsidiaries and other related parties were RMB366,460.58 and RMB161,105,466.29 respectively.

Notes to the Financial Statements

For the year ended 31 December 2021

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

31. Amounts due from/due to related parties

Item	Related party	RMB	
		31 December 2021	31 December 2020
Accounts receivable	Subsidiary of the Company	15,098,295,217.78	7,043,762,229.50
Accounts receivable	Joint venture of the Company	16,903,206.16	15,022,359.57
Accounts receivable	Other related party of the Company	236,952,807.33	147,052,470.41
Subtotal of accounts receivable:		15,352,151,231.27	7,205,837,059.48
Other receivables	Subsidiary of the Company	5,084,923,944.74	3,572,727,564.01
Other receivables	Joint venture of the Company	—	—
Other receivables	Other related party of the Company	39,285,699.92	2,075,800.00
Subtotal of Other receivables:		5,124,209,644.66	3,574,803,364.01
Prepayments	Subsidiary of the Company	46,225,270.78	456,970,794.67
Prepayments	Other related party of the Company	11,932,671.35	1,070,839.42
Subtotal of prepayments:		58,157,942.13	458,041,634.09
Financing with receivables	Subsidiary of the Company	150,411,367.42	269,535,538.15
Financing with receivables	Other related party of the Company	23,700.00	928,128.31
Subtotal of financing with receivables:		150,435,067.42	270,463,666.46
Dividends receivable	Subsidiary of the Company	301,983,748.65	5,333,938.44
Subtotal of dividends receivable		301,983,748.65	5,333,938.44
Other current assets	Joint venture of the Company	7,956,180,947.96	10,372,657,928.59
Subtotal of other current assets		7,956,180,947.96	10,372,657,928.59
Other non-current assets	Other related party of the Company	540,617,386.35	—
Subtotal of other non-current assets		540,617,386.35	—

Notes to the Financial Statements

For the year ended 31 December 2021

(XVI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)**31. Amounts due from/due to related parties** (continued)

Item	Related party	<i>RMB</i>	
		31 December 2021	31 December 2020
Accounts payable	Subsidiary of the Company	35,551,485,333.36	33,819,177,682.82
Accounts payable	Joint venture of the Company	106,155,931.75	60,421,413.12
Accounts payable	Other related party of the Company	886,247,617.71	470,238,860.82
Subtotal of accounts payable		36,543,888,882.82	34,349,837,956.76
Other payables	Subsidiary of the Company	232,547,545.64	315,415,160.32
Other payables	Joint venture of the Company	182,937.85	9,681.50
Other payables	Other related party of the Company	3,034,083.11	11,425,099.53
Subtotal of other payables		235,764,566.60	326,849,941.35
Contract liabilities	Subsidiary of the Company	9,467,779,321.12	4,019,136,160.86
Contract liabilities	Joint venture of the Company	1,473,807.29	—
Contract liabilities	Other related party of the Company	7,669,721.04	10,029,283.88
Subtotal of contract liabilities		9,476,922,849.45	4,029,165,444.74
Notes payable	Subsidiary of the Company	10,510,854,305.97	1,464,265,656.00
Subtotal of notes payable:		10,510,854,305.97	1,464,265,656.00

Supplementary information

For the year ended 31 December 2021

1. BREAKDOWN OF NON-RECURRING GAINS AND LOSSES

Item	RMB	
	2021	2020
Profit or loss from disposal of non-current assets	(27,689,757.55)	(9,199,220.02)
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)	2,195,683,034.22	1,266,977,636.02
Net profit or loss of subsidiaries from the beginning of the period up to the business combination date recognized as a result of business combination of enterprises under common control	(7,272,273.67)	—
Investment income obtained from the disposal of subsidiaries, held-fortrading financial assets, derivative financial instruments and dividend income of other equity instruments during the holding period	214,075,363.44	193,269,299.94
Gains on changes in fair values	306,440,874.33	165,208,627.09
Other non-operating income or expenses other than the above	93,115,357.65	76,064,774.58
Other profit and loss items that meet the definition of non-recurring profit and loss	17,118,415.66	9,635,054.51
Effect of income tax	(268,120,123.40)	(175,785,379.10)
Total	2,523,350,890.68	1,526,170,793.02

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 year ended 31 December 2021

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.

2021	Weighted average return on net assets (%)	Earnings per share	
		Basic	Diluted
Net profit attributable to shareholders of ordinary shares of the Company	11.26	0.73	0.73
Net profit attributable to shareholders of ordinary shares of the Company, after deducting non-recurring gains and losses	7.02	0.46	0.45
2020	Weighted average return on net assets (%)	Earnings per share	
		Basic	Diluted
Net profit attributable to shareholders of ordinary shares of the Company	9.58	0.59	0.58
Net profit attributable to shareholders of ordinary shares of the Company, after deducting non-recurring gains and losses	6.85	0.42	0.42

The supplementary information provided by the management of Great Wall Motor Company Limited was endorsed by the followings on 29 March 2022:

Legal Representative: Wei Jian Jun

Chief Financial Officer: Li Hong Shuan

Head of the Finance Section: Wang Hai Ping

29 March 2022



長城汽車股份有限公司

GREAT WALL MOTOR COMPANY LIMITED*