



**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 2020



\* 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.**

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

- IV. **Wei Jian Jun, person-in-charge of the Company, Li Hong Shuan, person-in-charge of the accounting affairs and Lu Cai Juan, person-in-charge of the accounting department (head of the accounting department), declare that they warrant the truthfulness, accuracy and completeness of the financial report in this annual report.**
- V. **Proposal of profit distribution or capitalization of capital reserve during the Reporting Period reviewed 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 2020 amounted to RMB5,362,490,194.32 and RMB5,362,490,194.32 respectively. The Company has implemented the profit plan for the first three quarters of 2020, pursuant to which it distributed a cash dividend of RMB0.28 (tax inclusive) per share to all shareholders, with a total cash dividend of RMB2,569,266,924.00 (tax inclusive) distributed. The cash dividends distributed in 2020 accounted for 47.91% of the Company's net profit attributable to shareholders of the Company for 2020.

Having comprehensively considered the Company's profit distribution for the first three quarters of 2020, and the Company's actual operating conditions, in order to achieve sustainable development for the Company, deliver better performance to give back to shareholders, and better safeguard the long-term interests of the Company and all shareholders, the Company did not plan to distribute profit for the final period of 2020, and will not carry out capitalisation issue. The undistributed profit will be used for investment in the Company's existing projects with its own funds and to meet the funding needs of new projects in the future. This proposal is subject to the approval at the 2020 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 III of Section 5 headed "Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)" of this report.

## XI. Others

Applicable  Not applicable

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**LEADING THE WORLD  
WITH INTELLIGENCE**



**NEW GENERATION  
DELICATE ELECTRIC CAR**



欧拉 好猫



长城炮



# MAKING PICKUPS POPULAR

INTELLIGENT  
AND LUXURIOUS  
OFF-ROAD SUV



坦克300



哈弗初恋

A futuristic digital tunnel with binary code (0s and 1s) and glowing orange lines. A blue car is visible on the left side. The text "GLOBAL INTELLIGENT SUV EXPORT" is centered in the middle of the image.

# GLOBAL INTELLIGENT SUV EXPORT



GLOBAL INTELLIGENT  
SUV EXPORT





**NEW GENERATION  
DELICATE ELECTRIC CAR**



# Section 1 Definitions

## I. DEFINITIONS

In this report, the following expressions shall, unless the context otherwise requires, 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 2020;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time; and
“Shanghai Stock Exchange”	Shanghai Stock Exchange.

## Section 2 Corporate Profile and Key Financial Indicators

### I. CORPORATE INFORMATION

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

### II. CONTACT PERSONS AND CONTACT METHODS

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

### III. BASIC INFORMATION

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

### IV. INFORMATION DISCLOSURE AND PLACE OF DOCUMENT INSPECTION

Designated media for information disclosure	China Securities Journal, Shanghai Securities News
Website designated by the CSRC for publishing 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	6,076,413,300 A Shares (Total shares: 9,175,953,300 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: 9,175,953,300 shares, A Shares: 6,076,413,300 shares)	500 shares

## Section 2 Corporate Profile and Key Financial Indicators

### VI. OTHER RELEVANT INFORMATION

Domestic accounting firm appointed by the Company	Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP
	Office address	30/F, 222 Yan An Road East, Huangpu District, Shanghai
	Names of the signing accountants	Tong Chuan Jiang Yang Ning
Legal adviser to the Company (as to Hong Kong law)	Herbert Smith Freehills (ceased to serve as the legal adviser to the Company as to Hong Kong law from 1 January 2021)	
	Fangda Partners (served as the legal adviser to the Company as to Hong Kong law from 1 January 2021)	
Legal adviser to the Company (as to the PRC law)	Jincheng Tongda & Neal Law Firm, Beijing	
H Share registrar and transfer office in Hong Kong	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong	
A Share registrar and transfer office	Shanghai Branch of China Securities Depository and Clearing Corporation Limited 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	
Authorised representatives	Ms. Wang Feng Ying Mr. Xu Hui	
Financial year-end date	31 December	

## Section 2 Corporate Profile and Key Financial Indicators

Executive Directors	Mr. Wei Jian Jun (Chairman) Ms. Wang Feng Ying (Vice Chairman) Ms. Yang Zhi Juan
Non-Executive Director	Mr. He Ping
Independent Non-Executive Directors	Mr. Li Wan Jun Mr. Ng Chi Kit Mr. Ma Li Hui (resigned on 12 June 2020) Ms. Yue Ying (appointed on 12 June 2020)
Employee Representative Supervisor	Mr. Chen Biao
Independent Supervisors	Ms. Zong Yi Xiang Ms. Liu Qian
Audit Committee	Mr. He Ping Mr. Li Wan Jun Mr. Ng Chi Kit Mr. Ma Li Hui (resigned on 12 June 2020) Ms. Yue Ying (appointed on 12 June 2020)
Remuneration Committee	Mr. Wei Jian Jun Mr. Li Wan Jun Mr. Ma Li Hui (resigned on 12 June 2020) Ms. Yue Ying (appointed on 12 June 2020)
Nomination Committee	Mr. Wei Jian Jun Mr. Ng Chi Kit Mr. Ma Li Hui (resigned on 12 June 2020) Ms. Yue Ying (appointed on 12 June 2020)
Strategy Committee	Mr. Wei Jian Jun Ms. Wang Feng Ying Mr. He Ping Mr. Li Wan Jun Mr. Ma Li Hui (resigned on 12 June 2020) Ms. Yue Ying (appointed on 12 June 2020)

## 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: 0'000 Currency: RMB

Key accounting information	2020	2019	Increase/decrease for the Current Period over the corresponding period last year (%)	2018	2017	2016
Total operating revenue	<b>10,330,760.72</b>	9,621,068.88	7.38	9,922,998.72	10,116,948.88	9,861,570.24
Operating revenue	<b>10,330,760.72</b>	9,510,807.86	8.62	9,779,985.92	10,049,161.82	9,844,366.51
Net profit attributable to shareholders of the Company	<b>536,249.02</b>	449,687.49	19.25	520,731.40	502,729.80	1,055,115.89
Net profit attributable to shareholders of the Company after extraordinary gains/losses	<b>383,631.94</b>	398,675.10	-3.77	388,877.21	429,819.69	1,035,362.67
Net cash flow from operating activities	<b>518,123.29</b>	1,397,230.24	-62.92	1,969,782.59	-107,667.01	883,540.62
Total operating costs	<b>9,884,334.31</b>	9,140,898.60	8.13	9,299,224.22	9,546,032.71	8,595,641.79
Operating costs	<b>8,553,096.38</b>	7,968,448.73	7.34	8,148,094.26	8,196,690.36	7,436,022.35
Tax and surcharges	<b>319,187.61</b>	316,860.30	0.73	362,738.04	390,568.81	383,280.64
Selling expenses	<b>410,338.68</b>	389,666.99	5.30	457,519.86	440,639.78	317,542.44
Administrative expenses	<b>255,267.46</b>	195,545.34	30.54	167,630.37	159,846.54	139,446.05
Research and development expenses	<b>306,747.96</b>	271,622.04	12.93	174,337.91	336,457.33	318,023.64
Financial expenses	<b>39,696.22</b>	-35,102.91		-49,387.52	13,860.11	-385.86
Impairment losses on assets (losses stated with "-")	<b>-67,639.68</b>	-50,361.76		-13,652.92	-31,707.87	-41,315.30
Impairment losses on credit (losses stated with "-")	<b>-3,528.69</b>	-4,934.87		-18,187.91	-	-
Gains or losses from changes in fair value (losses stated with "-")	<b>16,520.86</b>	-7,330.20		-14,035.13	17,539.60	-
Investment gains	<b>95,638.51</b>	1,550.51	6,068.21	21,927.02	12,422.48	3,034.78
Share of investment gains of associates and joint ventures	<b>91,194.63</b>	30,370.69	200.27	-	-	-
Other income	<b>88,663.24</b>	54,269.70	63.38	17,580.53	16,625.66	-
Gains from disposal of assets (losses stated with "-")	<b>-919.92</b>	4,320.70	-121.29	5,797.65	-380.81	-1,577.44
Operating profit	<b>575,160.73</b>	477,684.36	20.41	623,203.73	585,415.24	1,226,070.49
Non-operating income	<b>49,387.18</b>	34,212.43	44.35	25,287.99	39,068.85	24,757.52
Non-operating expenses	<b>1,819.17</b>	1,841.15	-1.19	784.53	1,187.50	2,521.93
Losses from disposal of non-current assets	<b>3,630.78</b>	7,107.44	-48.92	7,627.54	2,278.37	1,712.74
Total profit	<b>622,728.74</b>	510,055.64	22.09	647,707.20	623,296.60	1,248,306.08
Income tax expenses	<b>86,479.72</b>	56,982.35	51.77	122,943.29	118,957.95	192,910.61
Net profit	<b>536,249.02</b>	453,073.29	18.36	524,763.91	504,338.65	1,055,395.46
Profit or loss attributable to minority interests	<b>0</b>	3,385.80	-100.00	4,032.52	1,608.85	279.58

## Section 2 Corporate Profile and Key Financial Indicators

Unit: 0'000 Currency: RMB

Key accounting information	The end of 2020	The end of 2019	Increase/decrease for the Current Period over the end of the corresponding period last year (%)	The end of 2018	The end of 2017	The end of 2016
Total assets	15,401,149.06	11,309,640.95	36.18	11,180,041.13	11,054,707.38	9,230,916.06
Total liabilities	9,666,964.30	5,869,717.96	64.69	5,911,182.38	6,128,911.21	4,495,551.60
Total share capital as at the end of the Period	917,595.33	912,726.90	0.53	912,726.90	912,726.90	912,726.90

## (II) Key financial indicators

Key financial indicators	2020	2019	Increase/decrease for the Current Period over the corresponding period last year (%)	2018	2017	2016
Diluted earnings per share (RMB/share)	0.58	N/A	N/A	N/A	N/A	N/A
Basic earnings per share after extraordinary gains/losses (RMB/share)	0.42	0.44	-4.55	0.43	0.47	1.13
Weighted average return on net assets (%)	9.58	8.45	Increased by 1.13 percentage points	10.27	10.48	24.73
Weighted average return on net assets after extraordinary gains/losses (%)	6.85	7.49	Decreased by 0.64 percentage point	7.67	8.96	24.27

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

Net profit attributable to the shareholders of the Company recorded a year-on-year increase during the Reporting Period was mainly due to the increase in the sale of automobiles and gross profit. Despite the serious impact of COVID-19 in the first half of the year, the transformation of Great Wall Motor into a global technology-driven mobility company accelerated as it continued to refine its organization structure and corporate culture. Meanwhile, the Company insisted on "end-user orientation". The new platform and brand-new models launched in 2020 were widely popular in the market, gaining momentum in technology R&D, brand marketing etc., which promoted both the sales volume and performance of Great Wall Motor.

## 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) Differences between overseas and domestic accounting standards:

Applicable  Not applicable

### IX. QUARTERLY KEY FINANCIAL INFORMATION IN 2020

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	12,416,141,251.87	23,513,052,395.98	26,214,265,815.68	41,164,147,746.17
Operating revenue	12,381,783,622.23	23,547,410,025.62	26,214,265,815.68	41,164,147,746.17
Net profit attributable to shareholders of the Company	-650,144,083.77	1,796,286,806.67	1,441,071,262.11	2,775,276,209.31
Net profit attributable to shareholders of the Company after extraordinary gains/losses	-748,808,688.96	1,551,260,952.86	1,074,857,876.87	1,959,009,260.53
Net cash flow from operating activities	524,578,239.05	8,991,965,926.54	-9,776,209,847.77	5,440,898,608.02

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	2020	2019	2018
Profit or loss from disposal of non-current assets	-9,199,220.02	43,207,041.88	57,976,477.13
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	1,266,977,636.02	609,187,841.95	322,488,351.22
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	-	54,486.41	-
Non-operating gains and losses other than the above items	85,699,829.09	90,769,597.30	98,351,583.15
Investment gains from disposal of subsidiaries, other equity instrument investments, and disposal of wealth management products (losses stated with "-")	193,269,299.94	-89,308,089.77	219,270,174.59
Gains from changes in fair value (losses stated with "-")	165,208,627.09	-73,302,005.19	-140,351,300.70
Interest income on performance bond	-	-	1,025,378,584.90
Effect of minority interests	-	-2,959.70	-717,579.32
Effect of income tax	-175,785,379.10	-70,482,054.37	-263,854,453.41
<b>Total</b>	<b>1,526,170,793.02</b>	<b>510,123,858.51</b>	<b>1,318,541,837.56</b>

## 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	<b>76,585,824.00</b>	244,394,136.00	167,808,312.00	167,808,312.00
Debt instrument investment				
– wealth management products	<b>4,286,106,393.12</b>	4,581,799,760.30	295,693,367.18	1,923,778.14
Derivative financial assets	<b>380,777.69</b>	2,271,973.16	1,891,195.47	2,237,168.55
Other non-current financial assets	<b>0.00</b>	24,500,000.00	24,500,000.00	-1,500,000.00
Financial assets at fair value through other comprehensive income				
Including: Financing with receivables				
– notes receivable	<b>31,445,748,809.31</b>	52,984,556,339.76	21,538,807,530.45	
Other equity instrument investments	<b>7,700,000.00</b>	7,700,000.00	–	
Financial liabilities at fair value through profit or loss				
Including: Derivative financial liabilities		4,879,853.91	4,879,853.91	-5,260,631.60
Total	<b>35,816,521,804.12</b>	57,850,102,063.13	22,033,580,259.01	165,208,627.09

## XII. OTHERS

 Applicable    √ Not applicable

## Section 3 Business Highlights of the Company

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

#### 1. Principal Business of the Company

Great Wall Motor is one of the largest SUVs and pickup manufacturers in the PRC. It currently owns four brands, namely Haval, WEY, Great Wall Pick-up, and ORA. 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 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 technology-driven mobility company”. The Group has built up a global R&D network spanning “10 places in seven countries” which revolves around the headquarters in Baoding and covers Germany, the United States, Japan, India, Austria and South Korea.

With an integration of global high-quality resources, the Company has spent five years and more than RMB20 billion to develop three technology brands “LEMON”, “TANK” and “COFFEE Intelligence”, forming a technology ecosystem integrating “automatic driving, smart cockpit, efficient fuel and new energy”. The LEMON Hybrid DHT technology released by the Company 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. Furthermore, the Company maintains industry-leading technology strength in the fields of traditional fuel powertrain, automatic transmission, hydrogen fuel cells, and unmanned driving.

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 P29-speed wet dual-clutch transmission with remarkable fuel saving effect. In addition, the Company’s plant in Tula formally signed a special purpose investment contract (SPIC) in Russia with the Ministry of Industry and Trade of the Russian Federation, and launched the Russian engine plant project to continuously deepen the localization of industry chain. 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 3 Business Highlights of the Company

In respect of production, the Company has built “12+5” production facilities across the world, including 12 full-process vehicle production bases and 5 KD plants. In China, its production bases in Baoding, Xushui, Tianjin, Yongchuan of Chongqing and Taizhou of Jiangsu have been completed and put into operation; its production base projects in Zhangjiagang of Jiangsu, Rizhao of Shandong and Pinghu of Zhejiang are progressing smoothly; and its project in Jingmen, Hubei has been formally signed. Overseas, the plant in Tula, Russia is operating smoothly; General Motors has delivered its Thai factory to the Company; and the Indian project is also advancing steadily.

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 addition, Great Wall Motor built strong connections with users and allowed them to name its products, and thus created a number of popular models, including Haval Big Dog, Tan Ke 300 and ORA series. Meanwhile, Great Wall Motor built a more intimate relationship with users through cooperation with big IPs and cross-sector fanfare. The Company leveraged its five largest regional marketing centers in Russia, Australia, South Africa, South America and the Middle East to establish presence in more than 60 countries and regions. Outside the PRC, the Company has built a network of over 500 sales outlets. The Haval brand ranked first in the automotive industry among the BrandZ Top 50 Globalised Chinese Brands in 2020.

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

### 3. Industry Overview

#### **(1) Slight year-on-year decline in automobile production and sales, a performance better than expected**

In 2020, the sudden COVID-19 outbreak dealt a heavy blow to the automobile industry. Despite the difficulties, the industry resolutely implemented the policies of the CPC Central Committee and the State Council and accelerated the transformation of marketing methods to boost automobile consumption. The annual production and sales volume of automobiles in the PRC decreased year-on-year by 2% and 1.9% to 25,225,000 units and 25,311,000 units, respectively.

#### **(2) Higher-than-industry decline in passenger vehicles with the production and sales volume of SUVs exceeding those of sedans for the first time**

In 2020, the production and sales volume of passenger vehicles amounted to 19,994,000 units and 20,178,000 units, a year-on-year decrease of 6.5% and 6%, narrowed by 2.7 and 3.6 percentage points from the previous year, respectively. Specifically, the production and sales volume of sedans decreased year-on-year by 10% and 9.9%, respectively; the production and sales volume of SUVs increased year-on-year by 0.1% and 0.7% to 9,398,000 units and 9,461,000 units respectively, which exceeded those of sedans for the first time.

## Section 3 Business Highlights of the Company

### **(3) Positive year-on-year growth in the production and sales volume of new energy vehicles**

In 2020, the production and sales volume of new energy vehicles reached 1,366,000 units and 1,367,000 units, up 7.5% and 10.9% year-on-year, respectively. New energy vehicles accounted for 5.4% of the total production and sales volume of automobiles. Among them, the production and sales volume of battery electric vehicles increased year-on-year by 5.4% and 11.6% to 1,105,000 units and 1,115,000 units, respectively; the production and sales volume of plug-in hybrid electric vehicles increased year-on-year by 18.5% and 8.4% to 260,000 units and 251,000 units, respectively.

### **(4) Slight decline in automobile exports**

In 2020, automobile enterprises exported 995,000 vehicles, a year-on-year decrease of 2.9%. Among them, exports of passenger vehicles amounted to 760,000 units, up 4.8% year-on-year; exports of commercial vehicles amounted to 235,000 units, down 21.4% year-on-year. The exports of new energy vehicles reached approximately 70,000 units, up 89.4% year-on-year and accounting for 7.0% of the total automobile exports.

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

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

Applicable  Not applicable

## **III. ANALYSIS OF THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD**

Applicable  Not applicable

### **1. A culture characterized by justice and equality**

The Company aims to “boost synergy with integrity and pursue development with synergy”, and to maintain its sustainable and healthy development by creating a fair, just, simple and transparent work environment. It has unveiled a new corporate culture: Enjoy Life Ecologically and Smartly; Make Changes with Integrity and Creditability for Sharing; Make a Little Progress Every Day”, to further create a more dynamic and innovative work atmosphere.

### **2. 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.

## Section 3 Business Highlights of the Company

### 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. Having a thorough understanding of the market and consumer needs, the Company made a breakthrough with the launch of new categories, such as Haval Da Gou, ORA Hao Mao and Tan Ke 300, which were popular car models for cyber celebrities. These new products became top performers just after their launch.

### 4. 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”.

### 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 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 has developed a talent buildup system integrating introduction and internal training of talents. We have recruited and cultivated a large number of talents globally and created a unique and efficient personnel training system to provide a continuous stream of talents for the Company.

## Section 4 Chairman's Statement

To all shareholders:

I am pleased to present the audited consolidated results of the Group for the year ended 31 December 2020.

### **BUSINESS REVIEW:**

2020 has been an eventful year. The Chinese government took proactive and strict preventive measures to contain the spread of the COVID-19 pandemic. After the country started to get the pandemic under control, the government initiated resumption of work and production, thus boosting the rapid recovery of the economy. China's gross domestic product exceeded RMB100 trillion for the first time in history. The automotive industry, being a pillar industry of the national economy, became an integral part of the policies used to ensure people's livelihood and drive growth. The Chinese automotive industry made rapid post-pandemic recovery. According to the data from China Association of Automobile Manufacturers, the production and sales volume of automobiles amounted to 25,225,000 units and 25,311,000 units respectively, representing decreases of 2% and 1.9% year-on-year respectively; the aforesaid negative growth rates were significantly narrowed when compared with those of 2019. Under the impact of COVID-19 pandemic, the world encountered tremendous challenges and changes unseen in a century. After experiencing the COVID-19 period, Great Wall Motor has accelerated its transformation.

### **NEW ENERGY:**

In the future, "peak carbon dioxide emissions" and "carbon neutrality" will be the central logic behind the drive to global energy revolution and energy structural transformation. Promoting crucial technologies that do not rely on fossil fuels and exploring the potential for zero and negative emissions are the key to energy conservation and emission reduction. We see that electric power and clean energy are the major directions for future energy revolution, and electricity and hydrogen energy will be key indispensable solutions. China is the world's largest consumer of automobiles. It is also one of the first countries engaging in new energy vehicle development, which has now evolved into one of the world's fastest growing industry with a well thought-out roadmap. Great Wall Motor is one of the few automobile companies that master three core technologies of new energy vehicles, namely battery, electric motor and electric control system. Great Wall Motor will further facilitate the rapid launch of more new energy products to enhance market competitiveness. With respect to fuel cell, Great Wall Motor has already completed the development of key hydrogen energy technologies, contributing to global energy saving and emission reduction. In the future, Great Wall Motor will build a new energy power model encompassing hybrid, pure electric and hydrogen energy that can be adapted to meet passenger and commercial requirements, thus providing a comprehensive and complete process new energy power solution.

### **INTELLIGENT CONNECTIVITY:**

The blurring of boundary between automobiles and technology and intensified all-round vehicle-technology integration will be the trend in the future. Automobiles will be transformed from mechanical products into intelligent connected terminals. Great Wall Motor has established new benchmark for smart cars – integrating intelligent driving, smart cabins and smart services, and will develop new types of smart cars. In terms of vehicle intelligentization, Great Wall Motor has already launched models equipped with intelligent driving and smart cabins. In the meantime, the Group will accelerate the progress in smart services, in order to create a new business growth driver for Great Wall Motor. Data will be crucial for organising production in the future. Through implementing business data analytics, Great Wall Motor is proactive in achieving digital transformation. This will empower the Company and its products, as well as maximize the value of data. While strengthening the development of software, the Group will also focus on intelligent hardware, and further integrate the two to facilitate the rapid development of intelligent vehicle business.

## Section 4 Chairman's Statement

### GLOBALISATION:

Although China is the world's largest consumer of automobiles, it only accounts for one-third of global market. Two-third of the pie still awaits us to explore. In overseas vehicle markets, Great Wall Motor will launch products that resonate with local culture and conform with their customs. The Group will make a good job of product launch and marketing, demonstrating to foreign consumers the competitiveness of the Company's products. The Company will also increase investment in building its own brands to gain market recognition and establish a good reputation in overseas markets. In 2020, the official signing of the "Regional Comprehensive Economic Partnership Agreement" helped pave the way for the possible establishment of a China-Europe free trade zone and a China-Japan-Korea free trade area. Once again, all this proves that globalisation is inevitable and the world needs more Chinese brands and products. From a global perspective, a truly successful car brand is a global brand. Great Wall Motor will continue to enhance its product competitiveness and brand's competitive advantage, to become a globally recognized car brand.

### ORGANISATIONAL CHANGE:

In 2020, Great Wall Motor put forth its objective to transform into a global technology-driven mobility company. To achieve this goal, we must make changes accordingly. Organisational mechanism, culture and people are where we should start with the changes. These three areas are the fundamental logic and core foundation for driving change. The changes we talk about with respect to brand, technology, products and services are the results of these three important elements. Changes on the outside will only come about after a fundamental change within.

We have established a "One car, one brand, one company" organisational mechanism. The user-centric mechanism works to cater to the market and users, instead of the management. A good organisational mechanism should serve as the engine of a company's innovation.

Nowadays, people is the number one driving force behind corporate development. Only by having the right people, can you get the right things done. Great Wall Motor's human resources practice is: "do not set any universal standard for people, and base our workforce planning on skills and capabilities". Under such strategic guidance, Great Wall Motor initiated the "Ten Thousand Talents Plan" and "Global Talents Plan" (全球人才活水計劃). The Group attracts and recruits a large number of high-level talents in the automobile, internet and other high-tech industries from around the world.

The intrinsic value of culture is identification. Corporate culture serves as guidance and is the internal vitality of a company. In 2020, Great Wall Motor announced a new corporate culture encompassing mission/vision, core values and corporate ideology: mission/vision refers to low carbon, environmental protection, intelligent connectivity, new wave, social circle, surprise and ultimate experience for users worldwide; core values refer to integrity, honesty, innovation, change, and a mutually beneficial ecosystem for the Company, its employees and partners; corporate ideology refers to the belief of making small improvements each day. We are now in the process of infusing the new corporate culture into each company, each team and each employee.

With the combined effect of the three key elements of our changes – organisational mechanism, people, and culture, Great Wall Motor's brand, products, sales and technology are experiencing new changes. At this moment, our transformation into a global technology-driven mobility company is taking shape. In the territory brimming with tremendous challenges and changes unseen in a century, we have now taken the first step.

## Section 4 Chairman's Statement

### CONCLUSION:

In the future, Great Wall Motor will speed up its reform to realize rapid product iteration and fast implementation of new technologies. Upholding strong beliefs, Great Wall Motor's employees, determined and courageous, will work together to win the Chinese market and go global, which is the Company's established development direction.

**Wei Jian Jun**

*Chairman*

Baoding, Hebei Province, the PRC  
30 March 2021

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

### I. Discussion and Analysis of the Business Operation of the Company

#### Operating Environment

2020 has been an unusual year. Facing the harsh and complex domestic and overseas environments, especially the severe blow from the COVID-19 pandemic, the Chinese government had responded with strong prevention and control measures against the pandemic. As a result, China made significant strategic achievements in preventing and controlling the pandemic, thereby promoting work and production resumption across the nation and realizing positive economic growth.

According to the National Bureau of Statistics, China achieved a gross domestic product (“GDP”) of RMB101.6 trillion in 2020. For the first time in history the country’s GDP exceeded RMB100 trillion, which made China the only major economy in the world to have a positive economic growth in 2020. Significant increase in the country’s economic strength and continuous advancement in technology have laid a solid foundation for China’s establishment of a new development pattern.

At the start of 2020, the unexpected outbreak of COVID-19 brought China’s automobile industry to a standstill. However, with the pandemic gradually under control and promulgation of favourable government policies, the automobile market gradually recovered, witnessing slight decreases in production and sales volume; the impact of the pandemic was basically neutralized. According to data from China Association of Automobile Manufacturers, the production and sales volume of automobiles amounted to 25,225,000 units and 25,311,000 units respectively, representing decreases of 2% and 1.9% year-on-year respectively; the negative growth rates had narrowed by 5.5 and 6.3 percentage points year-on-year respectively. With respect to automobile industry development, as the national economy has resumed stable growth and the recovery of consumption demand will accelerate, it is expected that China’s automobile market still has enormous potential.

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

### Financial Review

Unit: RMB Currency: RMB

	From 1 January 2020 to 31 December 2020 (Audited)	From 1 January 2019 to 31 December 2019 (Audited)	Changes %
Total operating revenue	<b>103,307,607,209.70</b>	96,210,688,818.80	7.38
Operating revenue	<b>103,307,607,209.70</b>	95,108,078,639.52	8.62
Revenue from the sale of automobiles	<b>92,385,913,305.90</b>	86,251,409,500.45	7.11
Revenue generated from the sale of automotive parts and components and others	<b>10,921,693,903.80</b>	8,856,669,139.07	23.32
Interest income (Note 1)	–	1,031,247,017.36	-100.00
Selling expenses	<b>4,103,386,826.19</b>	3,896,669,879.09	5.30
Administrative expenses (Note 2)	<b>2,552,674,590.65</b>	1,955,453,366.52	30.54
Research and development expenses	<b>3,067,479,582.21</b>	2,716,220,367.89	12.93
Financial expenses (Note 3)	<b>396,962,230.25</b>	-351,029,083.69	–
Gross profit	<b>17,776,643,454.67</b>	16,187,620,346.65	9.82
Income tax expenses (Note 4)	<b>864,797,163.03</b>	569,823,510.79	51.77
Net profit attributable to shareholders of the Company	<b>5,362,490,194.32</b>	4,496,874,893.92	19.25
Basic earnings per share	<b>0.59</b>	0.49	20.41
			Increased by 0.38
Gross profit margin (%)	<b>17.21</b>	16.83	percentage point
Percentage of selling expenses to operating revenue (%)	<b>3.97</b>	4.10	Decreased by 0.13 percentage point
Percentage of administrative expenses to operating revenue (%)	<b>2.47</b>	2.06	Increased by 0.41 percentage point

(Note 1) The decrease in interest income was mainly because Tianjin Great Wall Binyin Automotive Finance Company Limited has ceased to be a subsidiary of the Company and become a joint venture company since June 2019 and thus its interest income was no longer consolidated into the Company during the Reporting Period.

(Note 2) The increase in administrative expenses was due to the year-on-year increase in management staff salaries and consulting service fees during the Reporting Period.

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

(Note 4) The increase in income tax expenses was due to an increase in taxable income as a result of increased profits during the Reporting Period.

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

### Current assets and current liabilities

Unit: RMB Currency: RMB

	31 December 2020 (Audited)	31 December 2019 (Audited)
<b>Current Assets</b>	<b>99,398,966,749.91</b>	68,502,163,106.36
Including		
Cash and bank balances	<b>14,588,464,389.52</b>	9,723,312,735.05
Held-for-trading financial assets	<b>4,826,193,896.30</b>	4,362,692,217.12
Accounts receivable	<b>3,936,156,908.98</b>	3,193,188,485.27
Receivables financing	<b>52,984,556,339.76</b>	31,445,748,809.31
Prepayments	<b>570,917,965.02</b>	441,162,238.54
Other receivables	<b>1,032,243,323.43</b>	946,974,372.15
Inventories	<b>7,497,635,549.94</b>	6,237,193,915.62
Non-current assets due within one year	<b>1,884,739,784.73</b>	807,562,885.35
Other current assets	<b>11,580,488,006.85</b>	11,343,946,670.26
<b>Current Liabilities</b>	<b>81,165,712,444.73</b>	54,599,801,076.22
Including		
Short-term borrowings	<b>7,901,303,207.55</b>	1,180,470,655.50
Accounts payable	<b>33,185,058,889.00</b>	25,439,536,613.98
Notes payable	<b>16,656,076,418.02</b>	10,020,895,844.52
Contract liabilities	<b>8,027,932,832.07</b>	4,603,831,957.67
Employee benefits payable	<b>2,530,652,915.21</b>	2,094,259,980.68
Taxes payable	<b>2,785,790,936.60</b>	1,511,983,833.95
Other payable	<b>4,116,969,285.61</b>	2,481,286,817.71
Other current liabilities	<b>5,065,113,514.41</b>	4,087,539,918.81

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

### Gearing ratio

Unit: RMB Currency: RMB

	<b>31 December 2020 (Audited)</b>	31 December 2019 (Audited)
Total liabilities	<b>96,669,643,048.05</b>	58,697,179,552.06
Total equity	<b>57,341,847,584.19</b>	54,399,229,916.90
Gearing ratio	<b>168.58%</b>	107.90%

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

### Acquisition and disposal of assets

For details, please refer to the relevant descriptions of “Disposal of major assets and equity interest” in “The Principal Operation during the Reporting Period” in item II of this section of this report.

During the Year, the disposal of assets made by the Group were reported and announced in accordance with the requirements of Chapter 14A or Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Hong Kong Listing Rules”).

Other than the above-mentioned disposal of assets, the Company and its subsidiaries and associated companies did not have material acquisitions or disposals of assets during the Reporting Period.

### Capital structure

The Group mainly finances its day-to-day operations with its internal cash flows and bank borrowings. As at 31 December 2020, the Company secured short-term borrowings of RMB7,901,303,207.55, mainly used as working capital. The Company secured long-term borrowings (including long-term borrowings due within one year) of RMB11,484,661,051.28, mainly used for the construction of factories domestically and abroad and as working capital. For details of interest rate of the borrowings, please refer to the relevant descriptions of Note (VI) to the financial statements in this interim report.

## Section 5 Discussion and Analysis of the Business Operation of the Company (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 2020 (Audited)	31 December 2019 (Audited)
Cash and bank balances	<b>1,371,070,081.90</b>	578,788,984.45
Held-for-trading financial assets	<b>244,394,136.00</b>	76,585,824.00
Accounts receivable	<b>484,028,321.56</b>	523,220,468.89
Other accounts receivable	<b>2,453,592,863.34</b>	–
Accounts payable	<b>-2,029,321,176.53</b>	-41,582,710.36
Other payables	<b>-91,950,695.75</b>	-40,607,988.48
Short-term borrowings	<b>-358,869,500.00</b>	–
Long-term borrowings	<b>-4,992,239,449.46</b>	-2,253,013,663.75

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

### Employment, training and development

As at 31 December 2020, the Group employed a total of 63,174 employees (31 December 2019: 59,756 employees). Employees were remunerated by the Group based on their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed on a regular basis. As an incentive for employees, bonuses and cash awards may also be given to employees based on individual performance evaluation. Total staff cost accounted for 9.19 % of the Group's total operating revenue as at 31 December 2020 (31 December 2019: 9.13%).

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

### Segment Information

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

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

	<b>For the 12 months ended 31 December</b>	
	<b>2020</b>	2019
	<i>RMB</i>	<i>RMB</i>
	<b>(Audited)</b>	(Audited)
China	<b>96,635,666,027.81</b>	90,688,477,677.13
Russia	<b>2,208,036,161.69</b>	1,434,260,137.18
Saudi Arabia	<b>1,084,156,092.64</b>	720,431,670.58
South Africa	<b>930,891,643.20</b>	1,082,150,831.12
Australia	<b>604,995,370.16</b>	317,265,212.34
Chile	<b>285,837,900.49</b>	443,586,854.38
Other overseas countries	<b>1,558,024,013.71</b>	1,524,516,436.07
<b>Total</b>	<b>103,307,607,209.70</b>	96,210,688,818.80

The non-current assets of the Group located in other countries are not significant.

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

## Section 5 Discussion and Analysis of the Business Operation of the Company (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	209,859	147,408	42.37	-	-	-
	Export	18,811	17,453	7.78	-	-	-
	<b>Sub-total</b>	<b>228,670</b>	<b>164,861</b>	<b>38.70</b>	<b>230,106</b>	<b>170,675</b>	<b>34.82</b>
SUV	Domestic sales	780,572	808,471	-3.45	-	-	-
	Export	48,437	43,785	10.62	-	-	-
	<b>Sub-total</b>	<b>829,009</b>	<b>852,256</b>	<b>-2.73</b>	<b>836,957</b>	<b>870,655</b>	<b>-3.87</b>
Sedan (mainly NEVs)	Domestic sales	56,523	37,365	51.27	-	-	-
	Export	1,670	4,166	-59.91	-	-	-
	<b>Sub-total</b>	<b>58,193</b>	<b>41,531</b>	<b>40.12</b>	<b>56,980</b>	<b>45,439</b>	<b>25.40</b>
Total	Domestic sales	1,046,954	993,244	5.41	-	-	-
	Export	68,918	65,404	5.37	-	-	-
	<b>Sub-total</b>	<b>1,115,872</b>	<b>1,058,648</b>	<b>5.41</b>	<b>1,124,043</b>	<b>1,086,769</b>	<b>3.43</b>

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

The Group has four major brands, including Haval, WEY, ORA, and Great Wall Pickup. It offers three major products, namely SUVs, sedans and pick-up trucks as well as traditional energy vehicles and new energy vehicles. The Group boasts leading positions in the SUV and pick-up truck markets in China.

In 2020, facing various uncertainties as result of the pandemic, the Group underwent a “customer-oriented” metamorphosis, shifting from focusing on products to paying more attention to customers and accelerating its transformation into a global technology-driven mobility company. The Group had full understanding of the market and customer demand. Under the new technology brands, new product positioning strategies and new product naming, the Group continued to post record-high automobile sales volume. The Haval brand had a cumulative global sales volume of over 6,500,000 units, continuing to rank first in annual sales volume in China’s SUV market for the 11th time. The WEY brand became the first Chinese luxury SUV brand with cumulative sales volume of 400,000 units. Great Wall Pickup continued to rank first in domestic and export sales volume for 23 consecutive years. The ORA brand remained at the forefront of the new energy industry.

In 2020, the Group’s sales volume of automobiles increased by 5.41% year-on-year to 1,115,900 units. Amid a severe market environment, the Group was still able to achieve a sales volume of over 1 million units for five consecutive years; overseas sales volume amounted to 68,900 units, representing a year-on-year increase of 5.37%. The total operating revenue for the year reached a record high of RMB103.308 billion, representing a year-on-year increase of 7.38%; net profit amounted to RMB5.362 billion, representing a year-on-year increase of 18.36%.

Unit: RMB billion

Million units



The Group’s total sales volume and total operating revenue in the past five years

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

Looking back on 2020, the Group's shift from focusing on products to paying more attention to customers was a response to customers' demand, which has been the driving force behind the Group's constant metamorphosis.

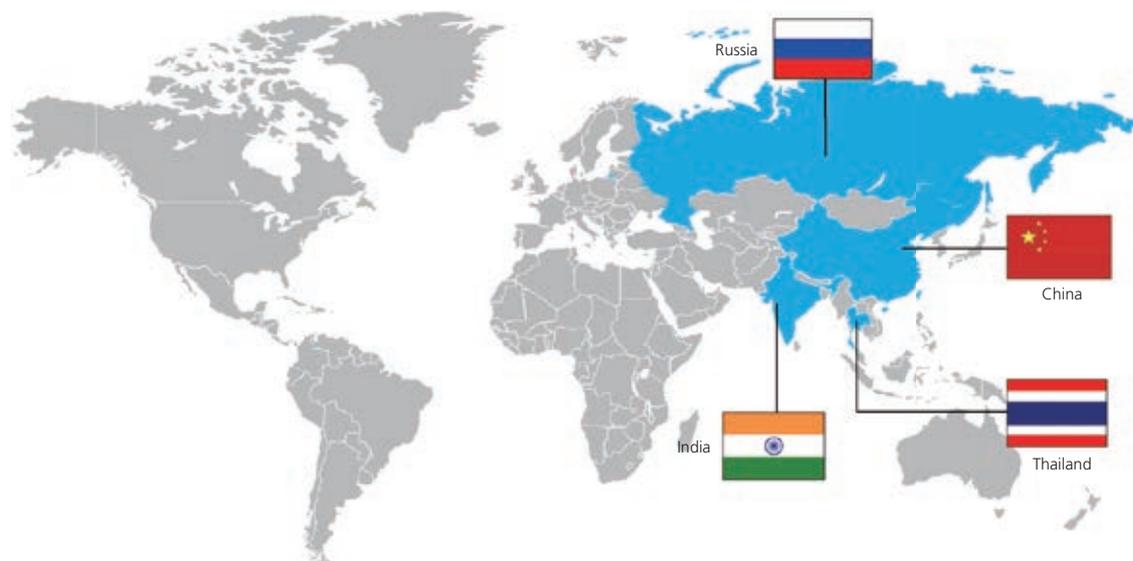
### 1. *Continued expansion of production network*

In 2020, the Group established a strategic development direction of winning the Chinese market and going global, forming a "12+5" global production network.

In China, in order to be closer to markets and to reach its customers more effectively, the Group has established nine production bases. Operation of the production facilities in Baoding, Xushui, Tianjin, Chongqing and Yongchuan continues to improve. In June 2020, the factory of Spotlight Automotive project, a joint venture between Great Wall Motor and BMW Group, commenced construction in Zhangjiagang City, Jiangsu Province, marking the acceleration of progress of the new energy and globalization project. In October, Great Wall Motor and Jingmen municipal government signed a contract on the transfer of the production base in Jingmen, Hubei. The said plant is currently undergoing an upgrade and is expected to put into operation in 2021. The production base in Taizhou, Jiangsu was put into operation in November. Moreover, the production base projects in Rizhao, Shandong and Pinghu, Zhejiang were also making good progress.

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

The pandemic has brought great challenges to the global economy. That being said, the stable operation of the Group's plant in Tula, Russia enabled the Group to achieve localized production of various models including Haval F7, Haval F7X, Haval H9 with the aid of highly intelligent production technologies. Production capacity of the plant continued to increase and products produced were well received by the Russia market and the neighbouring markets. In November 2020, the Group and General Motors officially completed the transfer of the manufacturing plant in Rayong Province, Thailand. The plant in Rayong Province, Thailand, being an important production base for the Group's expansion of its presence in Thailand and the ASEAN markets, will be put into operation in 2021. Meanwhile, the proposed acquisition of a vehicle plant in India was also making smooth progress, while the production and sales of overseas KD projects continued to rise.

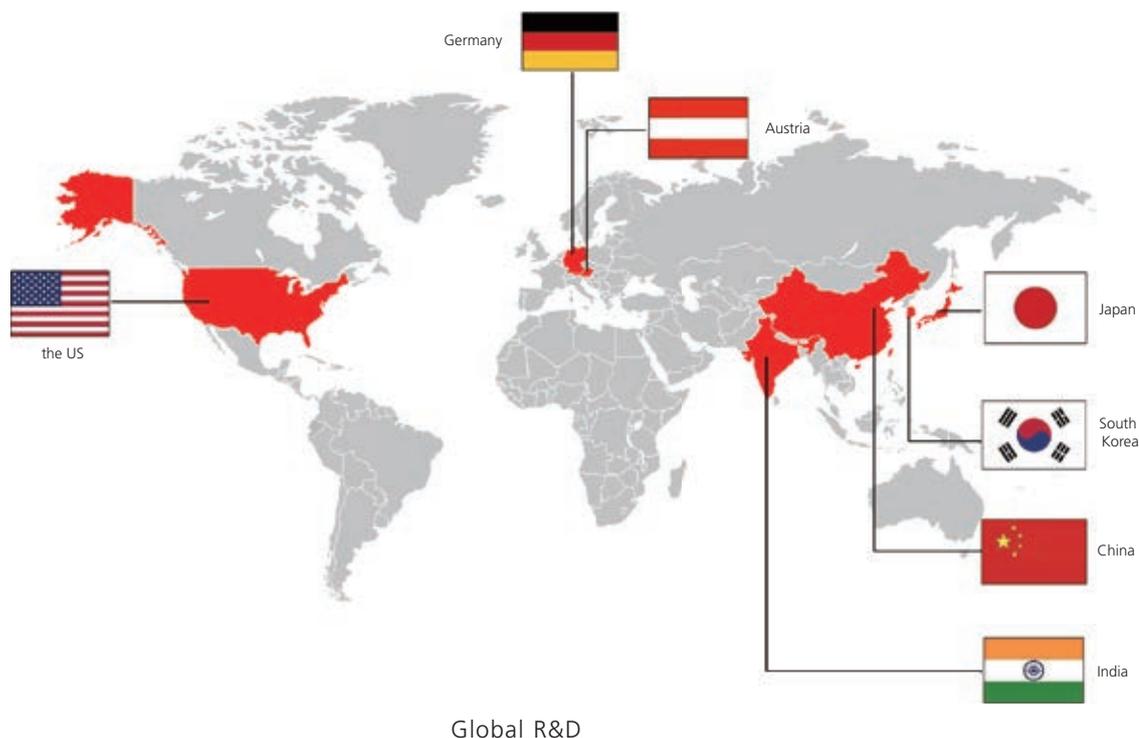


Fully integrated automobile manufacturing plants across the world

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

### 2. Continuous advancements in R&D network

The Group has established R&D centres in Japan, the US, Germany, India, Austria and South Korea, thereby building a global R&D network covering Europe, Asia and North America, with headquarters in Baoding, China. As at the end of 2020, the R&D team had grown to over 19,000 people, which accounted for over 30% of the Company's total number of employees.



With the aim to become a global technology-driven mobility company, the Group has insisted on "targeted investment" and pursues to be the number one in the industry with respect to R&D. The Group thus continued to enhance its competencies as a "Tech-driven Great Wall". In 2020, the Group launched three technology brands, dubbed "GWM LEMON", "TANK WEY" and "GWM COFFEE Intelligence", forming a technology ecosystem comprising intelligent driving, smart cabins, high fuel efficiency and new energy. Such will lay a solid foundation for future development.

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

Moreover, the Group launched “LEMON Hybrid DHT” in December 2020. It is a highly integrated, high-efficiency, multi-mode petrol-electric hybrid system with dual-motor hybrid technology to achieve an all-speed and all-scenario perfect balance between high efficiency and high performance. “LEMON Hybrid DHT” is independently designed and developed by the Group, which owns the proprietary intellectual property rights to the system, including a total of 199 patents. Of the total, 80 are core patents, heralding a historic breakthrough in core technologies. The aforesaid further consolidated the technology foundation for the Group to advance its globalisation strategy. As such, the system plays an important role in supporting the Group’s globalisation. In the future, “LEMON Hybrid DHT” will be successively installed in the Group’s new models, thus enabling the Group to launch more new energy models.

The Group also enhanced its intelligent driving strategy. It released COFFEE Intelligent Driving’s “331 Strategy”, with the aim to become the leader in autonomous driving in the era of intelligence. The “331 Strategy” means in the next three years, the Group will strive to become the number one in the industry by the number of customers, by customer experience and by the scope of solutions to driving scenarios.

In 2020, GW4N20 2.0T engine, which was self-developed by the Group, was named “China’s Heart” 2020 Top 10 Engines for the seventh time. 7DCT was also awarded “World Top 10 Transmissions” for three consecutive years. In mid November, the Group officially commenced the mass-production of the new-generation powertrain, including GW4N20 engine, 9DCT/9HDCT transmission – the world’s first transverse 9-speed wet dual-clutch transmission, and three-in-one electric drive system, covering efficient internal combustion, hybrid, and pure electric fields. The aforesaid signifies an important step made by the Group in independent research and development and provides strong technical support for the development of more new models on the Group’s car platforms in future.

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

### 3. *Marketing model continued to change*

In 2020, the Group proactively adapted to new consumption trends to reflect its customer-centric culture and customer-oriented operation. Fully leveraging livestreaming, celebrity economy, e-commerce and the competitive edge of its dealer network, the Group had integrated its online-offline channels, creating a new sales and service model. Whether it is the naming of products such as ORA Mao, Haval Da Gou, and Haval First Love, or the naming of technology platforms "GWM LEMON", "TANK WEY" and "GWM COFFEE Intelligence", the Group has revolutionised the concept of "naming things", attributing "emotion" to automobiles. Throughout the promotion process of Haval Da Gou and WEY TANK 300, communication with customers had changed from one-way to two-way communication with interaction. Furthermore, the Group had also launched mobile apps, namely (哈弗智家), (WEY道), (馱炮而行) and ORA as a means of effective and direct communication with its customers. Using big data to analyse customer behaviour, the Group could carry out cross-industry collaboration with a broader scope of players, in order to provide customers with a variety of services and/or tools to meet their needs.

### 4. *Continuous optimisation of organisation structure*

In 2020, the Group announced a new corporate culture encompassing mission/vision, core values and corporate ideology: mission/vision refers to low carbon, environmental protection, intelligent connectivity, new wave, social circle, surprise and ultimate experience for users worldwide; core values refer to integrity, honesty, innovation, change, and a mutually beneficial ecosystem for the Company, its employees and partners; corporate ideology refers to the belief of making small improvements each day. Meanwhile, the Group also removed job titles within the organisation and accelerated implementation of the job rotation programme as well as fine-tuned the performance appraisal mechanism. As a result, the Company's operational efficiency and quality had been improved.

In terms of organisation structure, the Group used product strategy to set direction for product development, leveraged the four major brands to compete in different market segments, and created every model with a separate team. The research and development department, product digitization centre, ancillary parts procurement department, production technology department and sales company all worked together to facilitate business operations, while the functional units including finance department, human resources department, quality control department and enterprise digitalization centre helped support business operations. The Group succeeded in integrating intelligent driving, smart cabins and smart services.

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

### Major New Models Launched in 2020



2021 WEY VV6

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



Great Wall POER – off-road version

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



Third-generation Haval H6

The third-generation Haval H6 is the Group's first global strategic model on the "GWM LEMON" platform. As a blockbuster product of the Haval SUV series, the heavily upgraded model will continue to demonstrate its strength and ambition to be at the forefront of the industry and realize the upgrade from "intelligence" to "wisdom". FOTA upgrade is available for the third-generation Haval H6 model. In terms of interactive artificial intelligence, the model is equipped with an AI voice interaction system customized by iFlyTek which covers travel navigation, life services, control instructions, chatting & jokes, idioms solitaire and other functions and can accurately identify multiple intentions and ultra-long instructions, thus providing consumers with a more intelligent in-vehicle experience.

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)



Haval Da Gou

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



TANK WEY 300

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

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)



ORA Bai Mao

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



ORA Hao Mao

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

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

### Outlook

In 2021, rapid development of automotive technologies continues to be seen, especially in respect of new energy and smart vehicles. The Group will embrace the industry transformation and face new challenges with a new corporate culture, a new organisational structure, and new technologies.

In addition to pure electric power and hybrid power, the Group will also focus on fuel cell power. Basing on the newly launched “GWM LEMON” platform, the Group will complete the development of a hydrogen power vehicle platform in accordance with the different requirements of whole vehicle, powertrain, system, parts and materials. The Group will also continue to advance its core R&D technologies in respect of safety, cost, durability, performance, etc.

With the transition to smart cars, chips have been playing an increasingly important role in the automotive industry. The Group continues to closely monitor the development of the chip industry. At the beginning of 2021, the Group made a strategic investment in Beijing Horizon Robotics Technology R&D Co., Ltd (“Horizon Robotics”), thereby officially entering the chip industry. Through strategic investment, strategic cooperation and self-development, the Group will combine its years of achievement in intelligent technology with Horizon Robotics’ advanced automotive smart chips and algorithm, with the aim to jointly build an intelligent connected ecosystem and realise industrialisation development, thus forming a matrix of two strong allies. Such will accelerate the Group’s in-depth exploration of the chip industry and its strategic transformation into a global technology-driven mobility company.

In 2021, the Group will continue to be proactive and determined in escalating its transformation, creating new paradigms in the ever-changing environment to provide users around the globe with products and travel experience that could create more customer value and resonate with them. The Group is well poised to take China’s automobile industry to new heights.

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

### **New Models to be Launched in 2021**

In January 2021, the Group launched the third new model based on GWM LEMON platform – Haval First Love, which is equipped with four industry-leading technologies, i.e. active emotion recognition system, face recognition plus voiceprint ID recognition for unlocking, scenario-based intelligence system and achievement system, as well as cutting-edge technologies such as 64-color ambient lighting, an entertainment system, three-screen intelligent linkage and automatic parking. The model redefines “the first car for young people”.

In the first half of 2021, the Company will launch the fourth new model cum the first hybrid SUV on the GWM LEMON platform – Haval Chitu. This model is equipped with telematics to support a series of intelligent functions, including online navigation, remote control, remote diagnosis, Bluetooth key, OTA system upgrade, in-car Wi-Fi and wireless mobile phone interconnection (Carplay, Android Auto), which will provide customers with a seamless smart experience. Haval Chitu will be positioned as a powerful car for the new generation to target the entry-level compact SUV market, with a view to helping Haval expand the SUV market.

In addition to Haval, the WEY brand will launch WEY Mocha in the first half of 2021, which is a brand-new flagship model under the renewal of the Group’s WEY brand and the first product based on the “GWM COFFEE Intelligence” platform. This model integrates world-leading technologies and embodies the leading technology strength of the WEY brand in the intelligence field. It is the first to be equipped with the world’s first mass-produced car-grade all-solid-state lidar, Qualcomm 8155 flagship chip and the first mass-produced car-grade 5G+V2X wireless terminal, which are absolutely cutting-edge intelligent features. 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.

In 2021, the Group will also launch a number of other fuel models, new energy models and modified models on the back of new platforms of GWM LEMON, TANK WEY and GWM COFFEE Intelligence to further promote sales and performance growth.

### **Tax incentives for high-tech enterprises**

In accordance with the Notice Regarding the Announcement of the First Batch of the List of High-tech 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 is entitled to an applicable income tax rate of 15% from 2019 to 2021.

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

### II. 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 RMB103,308 million, RMB5,752 million and RMB5,362 million, representing a year-on-year increase of 7.38%, 20.41% and 19.25%, 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 Current Period	For the corresponding period last year	Changes (%)	2018	2017	2016
Total operating revenue	103,307,607,209.70	96,210,688,818.80	7.38	99,229,987,202.20	101,169,488,827.86	98,615,702,427.24
Operating revenue	103,307,607,209.70	95,108,078,639.52	8.62	97,799,859,204.66	100,491,618,178.70	98,443,665,116.02
Operating costs	85,530,963,755.03	79,684,487,295.85	7.34	81,480,942,550.61	81,966,903,618.84	74,360,223,523.10
Selling expenses	4,103,386,826.19	3,896,669,879.09	5.30	4,575,198,601.16	4,406,397,762.23	3,175,424,411.26
Administrative expenses	2,552,674,590.65	1,955,453,366.52	30.54	1,676,303,700.58	1,598,465,449.58	1,394,460,474.44
Research and development expenses	3,067,479,582.21	2,716,220,367.89	12.93	1,743,379,055.09	3,364,573,281.17	3,180,236,419.29
Financial expenses	396,962,230.25	-351,029,083.69		-493,875,195.06	138,601,073.50	-3,858,556.40
Net cash flows from operating activities	5,181,232,925.84	13,972,302,434.79	-62.92	19,697,825,948.40	-1,059,294,783.95	8,835,406,234.02
Net cash flows from investing activities	-11,588,320,756.01	-15,801,684,305.19		-10,040,436,458.33	-3,072,997,093.57	-8,367,460,548.39
Net cash flows from financing activities	11,367,524,972.75	3,943,947,671.02	188.23	-6,500,837,532.69	6,089,261,843.31	-1,116,326,659.64

## Section 5 Discussion and Analysis of the Business Operation of the Company (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 and regions

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	101,450,975,532.31	84,019,133,283.77	17.18	8.18	6.98	Increased by 0.93 percentage point

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	92,385,913,305.90	77,956,373,070.18	15.62	7.11	6.08	Increased by 0.82 percentage point
Sales of automotive parts and components	5,141,001,641.80	3,067,715,526.37	40.33	19.77	22.50	Decreased by 1.33 percentage points
Sales of moulds and others	1,232,666,141.99	862,390,425.80	30.04	89.00	68.61	Increased by 8.46 percentage points
Rendering of labour services	2,691,394,442.62	2,132,654,261.42	20.76	4.12	4.71	Decreased by 0.44 percentage point

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	94,793,901,810.43	77,699,818,109.89	18.03	7.38	5.44	Increased by 1.51 percentage points
Overseas	6,657,073,721.88	6,319,315,173.88	5.07	20.97	30.26	Decreased by 6.77 percentage points

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

Description of principal businesses by industries, products and regions

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 was mainly located in the mainland China.

### (2) Analysis of output and sales volume

Applicable  Not applicable

Major product	Unit	Output	Sales		Increase/ decrease in output over last year (%)	Increase/ decrease in sales volume over last year (%)	Increase/ decrease in inventory over last year (%)
			volume	Inventory			
Pick-up trucks	Unit	230,106	228,670	9,756	34.82	38.70	16.46
SUVs	Unit	836,957	829,009	38,856	-3.87	-2.73	15.65
Sedans (mostly new energy automobiles)	Unit	56,980	58,193	2,627	25.40	40.12	-44.07
Total	Unit	1,124,043	1,115,872	51,239	3.43	5.41	9.79

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

### (3) Cost analysis

Currency: RMB Unit: RMB

		By industries				Changes in the amount for the		
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 (%)	Current Period over the corresponding period last year		Description
						(%)	(%)	
Automotive industry	Raw materials, labour wages, depreciation, energy, etc.	84,019,133,283.77	98.23	78,539,622,949.05	98.56	6.98	-	-
		By products				Changes in the amount for the		
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 (%)	Current Period over the corresponding period last year		Description
						(%)	(%)	
Finished automobiles	Raw materials, labour wages, depreciation, energy, etc.	77,956,373,070.18	91.14	73,487,141,119.05	92.22	6.08	-	-
Parts and components	Raw materials, labour wages, depreciation, energy, etc.	3,067,715,526.37	3.59	2,504,209,784.27	3.14	22.50	-	-
Moulds and others	Raw materials, labour wages, depreciation, energy, etc.	862,390,425.80	1.01	511,484,525.69	0.64	68.61	-	-
Labour services	Finished automobile maintenance service costs, transportation tolls, fuel costs, travel expenses, labour wages, etc.	2,132,654,261.42	2.49	2,036,787,520.04	2.56	4.71	-	-

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

### (4) Major customers and suppliers

√ Applicable    □ Not applicable

Currency: RMB    Unit: RMB

Name of customer	Operating revenue	Proportion to total operating revenue of the Company (%)
Customer 1	3,561,028,092.61	3.45
Customer 2	2,535,790,315.94	2.45
Customer 3	1,735,863,311.08	1.68
Customer 4	1,368,746,003.79	1.32
Customer 5	1,313,286,894.16	1.27
Total	10,514,714,617.58	10.17

Sales to the five largest customers amounted to RMB10,514,714,600, accounting for 10.17% 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.

Currency: RMB    Unit: RMB

Name of supplier	Purchases	Proportion to total purchases for the Year (%)
Supplier 1	1,928,544,042.95	2.18
Supplier 2	1,566,756,519.04	1.77
Supplier 3	1,351,852,424.32	1.53
Supplier 4	1,207,269,276.06	1.37
Supplier 5	1,174,869,655.14	1.33
Total	7,229,291,917.51	8.18

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

Purchases from the five largest suppliers amounted to RMB7,229,291,900, accounting for 8.18% of the total purchases of the Year, in which, purchases of RMB1,566,756,500 came from the related parties, accounting for 1.77% 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 above-mentioned major suppliers.

### 3. Expenses

Applicable  Not applicable

Currency: RMB Unit: RMB

Items	2020	2019	Changes	Reasons
Selling expenses	<b>4,103,386,826.19</b>	3,896,669,879.09	5.30	-
Administrative expenses	<b>2,552,674,590.65</b>	1,955,453,366.52	30.54	The change in administrative expenses was mainly due to the year-on-year increase in the remuneration of management personnel and consulting service fee during the Reporting Period
Research and development expenses	<b>3,067,479,582.21</b>	2,716,220,367.89	12.93	-
Financial expenses	<b>396,962,230.25</b>	-351,029,083.69		The change in financial expenses was mainly due to the increase in exchange loss during the Reporting Period.

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

### 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	2,275,132,990.19
Research and development expenses capitalised for the Current Period	2,875,007,304.87
Total research and development expenses	5,150,140,295.06
Percentage of total research and development expenses over operating revenue (%)	4.99
Number of research and development employees of the Company	19,347
Percentage of the number of research and development employees over the total number of employees of the Company (%)	30.62
Percentage of research and development expenses capitalised (%)	55.82

#### (2) Description

Applicable  Not applicable

In 2020, the Company's total R&D expenditure was RMB5,150 million, representing a year-on-year increase of 21.22%.

The Company has always attached importance to the research and development of new products and new technologies, adhered to "precise investment and pursuit of industry leadership", and focused on effective research and development, thereby laying a solid foundation for continuous independent innovation. During the Reporting Period, research and development expenses were mainly used for the research and development of finished vehicles, core parts and components, and new energy technologies. Thanks to continuous research, a number of newly-launched products have gained good sales momentum.

As of 31 December 2020, Great Wall Motor Company Limited had been granted 8,215 patents, including 1,502 invention patents, 4,474 utility model patents and 2,239 industrial design patents.

In 2020, Great Wall Motor Company Limited submitted 1,815 patent applications, and was granted 1,136 patents, including 272 invention patents, 549 utility model patents and 315 industrial design patents.

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

### 5. Cash flow

√ Applicable    □ Not applicable

Currency: RMB    Unit: RMB

Items	2020	2019	Changes	Reasons
Net cash flows from operating activities	<b>5,181,232,925.84</b>	13,972,302,434.79	-62.92	The change in net cash flows from operating activities was mainly due to the decrease in bill collection as a result of the year-on-year decrease in sales volume in the first half of the year caused by the COVID-19 epidemic.
Net cash flows from investing activities	<b>-11,588,320,756.01</b>	-15,801,684,305.19		The changes in net cash flows from investing activities was mainly due to the fact that Tianjin Great Wall Binyin Automotive Finance Company Limited, a subsidiary of the Company, transformed into a joint venture enterprise in June 2019 and transferred out its cash and bank balances during the end of the period, resulting in an increase in cash outflow from investment activities in the same period last year
Net cash flows from financing activities	<b>11,367,524,972.75</b>	3,943,947,671.02	188.23	The change in net cash flows from financing activities was mainly due to an increase in net bank borrowings obtained during the Reporting Period

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

□ Applicable    √ Not applicable

## Section 5 Discussion and Analysis of the Business Operation of the Company (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 corresponding period last year (%)	Description	2018	2017	2016
Cash and bank balances	14,588,464,389.52	9.47	9,723,312,735.05	8.60	50.04	The change in cash and bank balances was mainly due to the increase in borrowings during the Reporting Period.	7,682,083,569.01	4,831,349,324.85	2,153,603,558.38
Derivative financial assets	2,271,973.16	0.00	380,777.69	0.00	496.67	The change in derivative financial assets was due to the change in the fair value of the forward foreign exchange contracts signed by the Company at the end of the Reporting Period.			
Accounts receivable	3,936,156,908.98	2.56	3,193,188,485.27	2.82	23.27	–	3,343,220,862.42	873,444,976.66	517,976,746.97
Financing with receivables	52,984,556,339.76	34.40	31,445,748,809.31	27.80	68.50	The change in financing with receivables was mainly due to the year-on-year increase in sales volume in the second half of the year during the Reporting Period, leading to an increase in receivables in the form of bank acceptances.	31,883,667,949.34	49,075,108,590.70	39,786,248,863.34
Prepayments	570,917,965.02	0.37	441,162,238.54	0.39	29.41	–	440,800,952.34	579,536,182.06	1,057,180,423.77
Other receivables	1,032,243,323.43	0.67	946,974,372.15	0.84	9.00	–	651,737,776.25	326,247,513.83	263,429,992.67
Inventories	7,497,635,549.94	4.87	6,237,193,915.62	5.51	20.21	–	4,445,104,832.92	5,574,771,949.63	6,061,138,217.68
Contract assets	495,298,612.22	0.32			100.00	The figure of contract assets at the end of the Reporting Period represents the new energy subsidy receivable by the Company pending approval of the government department and expected to be collected within one year.			

## Section 5 Discussion and Analysis of the Business Operation of the Company (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 corresponding period last year (%)	Description	2018	2017	2016
Non-current assets due within one year	1,884,739,784.73	1.22	807,562,885.35	0.71	133.39	The change in non-current assets due within one year was mainly caused by the increase in financial lease receivables due within one year during the Reporting Period.	12,440,648,243.17	7,447,875,069.05	1,201,702,064.95
Current assets	99,398,966,749.91	64.54	68,502,163,106.36	60.57	45.10	-	66,126,293,810.75	69,293,328,092.50	53,928,033,538.56
Debt investments			70,000,000.00	0.06	-100.00	The change in debt investment was due to the transfer of debt investments by the Group during the Reporting Period.	70,000,000.00		
Long-term receivables	2,445,172,072.69	1.59	1,295,037,499.26	1.15	88.81	The change in long-term receivables was mainly due to the increase in financial lease receivables due in over one year during the Reporting Period.	145,875,825.39		1,361,193,481.58
Long-term equity investments	8,415,182,722.15	5.46	3,112,651,355.60	2.75	170.35	The change in long-term equity investment was mainly due to the capital increase in the joint venture Tianjin Great Wall Binyin Automotive Finance Company Limited (天津長城濱銀汽車金融有限公司) during the Reporting Period.			
Other non-current financial assets	24,500,000.00	0.02			100.00	The figure of other non-current financial assets at the end of the Reporting Period represents the fair value of the fund company in which the Company invests.			
Construction in progress	2,936,380,757.60	1.91	2,247,372,266.06	1.99	30.66	The change in construction in progress was mainly due to the increased investment in plant construction.	4,405,617,743.58	4,878,838,563.57	4,859,178,711.02
Right-of-use assets	238,889,308.01	0.16	100,421,181.38	0.09	137.89	The change in right-of-use assets was mainly due to the increased leases by the Group during the Reporting Period.			
Development expenditure	3,723,471,858.34	2.42	2,188,699,764.12	1.94	70.12	The change in development expenses was mainly due to the increase in R&D input by the Group during the Reporting Period.	1,853,380,455.31		
Long-term prepaid expenses	178,097,492.31	0.12	112,345,772.69	0.10	58.53	The change in long-term prepaid expenses was mainly due to the increase in land improvement expenses at the end of the Reporting Period.	125,728,779.61	132,678,241.54	54,066,910.08

## Section 5 Discussion and Analysis of the Business Operation of the Company (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 corresponding period last year (%)	Description	2018	2017	2016
Deferred tax assets	1,183,302,566.37	0.77	684,277,716.19	0.61	72.93	The change in deferred tax assets was mainly due to the increase in outstanding reimbursement to dealers and deductible losses during the Reporting Period.	676,536,944.72	691,008,604.27	963,955,022.84
Other non-current assets	981,595,216.15	0.64			100.00	The figure of other non-current assets at the end of the Reporting Period was mainly the new energy subsidy receivable by the Company pending the approval of the government department and expected to be collected in more than one year and the project acquisition money paid by the Group.			
Short-term borrowings	7,901,303,207.55	5.13	1,180,470,655.50	1.04	569.33	The change in short-term loans was due to the increase in short-term loans obtained from banks during the Reporting Period.	12,799,966,582.00	13,037,978,000.00	250,000,000.00
Derivative financial liabilities	4,879,853.91	0.00			100.00	The change in derivative financial liabilities was due to the change in the fair value of forward foreign exchange settlement and sales contracts signed by the Group at the end of the Reporting Period.			
Notes payable	16,656,076,418.02	10.81	10,020,895,844.52	8.86	66.21	The change in notes payable was mainly due to the increase in payment methods for pledged invoicing during the Reporting Period.	4,205,233,491.00	3,879,647,201.41	4,164,982,676.22
Accounts payable	33,185,058,889.00	21.55	25,439,536,613.98	22.49	30.45	The change in accounts payable was mainly due to the increase in materials purchases during the Reporting Period as compared to the end of the previous year, which resulted in an increase in accounts payable.	25,196,407,749.32	27,961,741,670.91	25,007,335,076.72
Contract liabilities	8,027,932,832.07	5.21	4,603,831,957.67	4.07	74.38	The change in contract liabilities was mainly due to the increase in the payments for vehicles received in advance at the end of the Reporting Period.	3,433,904,092.43		
Employee benefits payable	2,530,652,915.21	1.64	2,094,259,980.68	1.85	20.84	-	2,060,853,914.65	1,872,028,903.98	1,966,848,264.70

## Section 5 Discussion and Analysis of the Business Operation of the Company (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 corresponding period last year (%)	Description	2018	2017	2016
Taxes payable	2,785,790,936.60	1.81	1,511,983,833.95	1.34	84.25	The change in taxes payable was mainly due to the increase in income tax, value-added tax and consumption tax payable.	2,551,412,583.25	2,308,154,256.08	1,978,393,497.86
Other payables	4,116,969,285.61	2.67	2,481,286,817.71	2.19	65.92	The change in other payables was mainly due to the increase in payables for engineering equipment at the end of the Reporting Period.	2,916,697,689.61	2,568,250,538.41	2,044,621,071.17
Non-current liabilities due within one year	891,934,592.35	0.58	3,179,995,453.40	2.81	-71.95	The change in non-current liabilities due within one year was mainly due to the repayment of loans by the Group during the Reporting Period.		142,533,396.22	105,170,607.29
Other current liabilities	5,065,113,514.41	3.29	4,087,539,918.81	3.61	23.92	-	1,214,941,169.33	1,653,117,141.98	1,422,960,496.15
Current liabilities	81,165,712,444.73	52.70	54,599,801,076.22	48.28	48.66	-	54,379,417,271.59	58,881,223,748.49	43,252,239,792.29
Long-term borrowings	10,777,205,207.80	7.00	1,205,655,653.71	1.07	793.89	The change in long-term borrowings was due to the increase in long-term borrowings obtained from banks during the Reporting Period.	2,157,805,500.00	423,754,500.00	49,800,000.00
Lease liabilities	495,284,830.49	0.32	59,180,216.30	0.05	736.91	The change in lease liabilities was mainly due to the increase in leases by the Group during the Reporting Period.			
Deferred income	3,461,818,011.07	2.25	2,192,963,937.85	1.94	57.86	The change in deferred income was mainly due to the increase in government subsidies received during the Reporting Period.	150,164,008.01	1,963,520,037.00	1,651,147,352.90
Long-term employee benefits payable	71,927,409.33	0.05			100.00	The figure of long-term employee benefits payable at the end of the Reporting Period was the long-term pension insurance payable that the Company needed to undertake.			
Other non-current liabilities	153,975,160.01	0.10	150,164,008.01	0.13	2.54	-			

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

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

Applicable  Not applicable

Currency: RMB Unit: RMB

Item	Carrying amount at the end of the year	Reason for restriction
Cash and bank balances	996,973,384.29	Bank acceptance deposits, L/C Guarantee deposits, guarantee deposits and others
Notes receivable	15,720,649,546.68	Used for issuance of notes payable
Intangible assets	83,101,819.13	Used for long-term borrowings
Long-term receivables	1,494,547,087.96	Used for long-term borrowings
Total	18,295,271,838.06	

### 3. *Description of other matters*

Applicable  Not applicable

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

### (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

Current production capacity

Applicable  Not applicable

Major factory	Designated production capacity (10,000 units)	Production capacity during the Reporting Period (10,000 units)	Utilisation rate of production capacity (%)
Baoding (including Xushui Vehicle Factory)	70	63.98	91.40
Tianjin	30	35.06	116.87
Chongqing	16	11.34	70.89
Russia	8	1.56	19.44
Taizhou	10	0.47	4.67
Total	134	112.40	83.88

Note: As Taizhou Automobile Factory was officially put into use on 24 November 2020, it has been in operation for a short period of time, hence the low utilisation rate of production capacity.

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

### *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.

### **2. Output and sales volume of vehicles**

Applicable  Not applicable

#### *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 the Company" 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 the Company" of this section.

### **3. 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 4.98% of the total operating revenue of the Company, which is not subject to disclosure.

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

### 4. *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 (%)	Total for the year	Total for last year	Increase/decrease (%)
New energy automobiles	58,611	37,751	55.26	56,810	41,977	35.34

*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 (%)
New energy automobiles	3,961,800,954.40	904,534,614.45	22.83

### 5. *Auto financial business*

Applicable  Not applicable

### 6. *Description of other matters*

Applicable  Not applicable

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

### (V) Analysis of investments

#### 1. General analysis of external equity investments

Applicable  Not applicable

During the Reporting Period, the total equity investment of the Group was RMB5,974,407,100, representing an increase of 9.47% as compared with RMB5,457,329,300 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
Spotlight Automotive Ltd. (光束汽車有限公司)	Engaged in the research, development, manufacture and full export sales of ICE (Internal Combustion Engines) vehicles; research, development, manufacture and sale of automotive spare parts and components; research, development, manufacture and sale of new energy vehicles (including battery electric vehicles); export of whole vehicles and their spare parts, components and accessories (except for imports and exports of goods and technologies prohibited by the State or for which administrative approval is required); provision of after-sale services; purchase and sale of automotive accessories; warehousing services; road freight transportation services; provision of relevant training (excluding the training through which the trainees would be able to obtain nationally-recognized vocational certificates), consulting, experiment and technical services.	55,000.00	50%

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

Name of Investee	Principal business	Investment amount (RMB10,000)	Percentage of shareholding
Honeycomb Yichuang Technology Co., Ltd. (蜂巢易創科技有限公司)	Research and development, manufacture, examination, testing, trial production, design and technical services, consulting services, transfer of technology, sale and after-sales services of automotive parts, components and accessories, engines and relevant components, transmissions and relevant components, decelerators and relevant components, new energy generators and relevant components, new energy controllers and relevant components, smart steering systems and relevant components, automated driving systems and relevant components; manufacture of electrical and mechanical equipment; repair of automotive parts and components; transportation of ordinary goods; warehousing (excluding flammable and explosive hazardous chemicals) services; leasing of self-owned properties and equipment; proprietary and agency businesses of import and export of commodities other than the export businesses centrally and jointly monopolized by the State authorities and the import businesses traded by the State-approved companies; corporate image planning services; public relations services; conference services.	19,300.00	100%
Rizhao Weiji Motor Co., Ltd. (日照威奕汽車有限公司)	Manufacturing of automobiles and components, accessories thereof; production, development, design, research and development and technical services, processing agency and sale of accessories and provision of after-sale services and consultation services thereof; auto information technology services; manufacturing of electronic and mechanical equipment; processing and manufacturing of moulds; manufacturing of intelligent key general component; repair and maintenance of automobiles; general cargo freight transportation and special transportation; storage services (excluding dangerous chemicals); export of components and accessories of automobiles manufactured and purchased by the Company; import and export of goods and techniques; leasing out self-owned buildings and equipment; sales of lubricants, automotive apparel, automotive decorations, general merchandise, and electronic hardware and products (excluding electronic publications); consulting services of automotive sales information; automotive maintenance technical consultation; used car dealing; automobile rental (shall not engage in the operations of leasing passenger transportation and passenger and freight road transportation); registration agents; transfer agency services; design, production and sale of motor batteries; services and sales of application software.	12,000.00	100%

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

Name of Investee	Principal business	Investment amount (RMB10,000)	Percentage of shareholding
Tianjin Great Wall Binyin Automotive Finance Co., Ltd. (天津長城濱銀汽車金融有限公司)	Accepting time deposits with a term of no less than three months from domestic shareholders; accepting security deposits from automobile dealers for automobile purchasing loans and from lease deposits from lessee for automobile leasing; issuing of financial bonds upon approval; engaging in inter-bank lending business; obtaining loans from financial institutions; providing automobile purchasing loans; offering loans to automobile dealers for purchasing automobiles and operating equipment, including exhibition halls construction loans, loans to automotive parts and components as well as equipment maintenance; engaging in automobile finance leasing business (excluding sale and leaseback business); sale or repurchase of automobile loan receivables and automobile finance leasing receivables to or from financial institutions; engaging in sales and disposals of residual value of leased automobiles; engaging in consultation and agency business relating to automobile purchase financing activities; engaging in equity investment in financial institutions relating to automobile financial business, upon approval; and engaging in other businesses approved by the China Banking Regulatory Commission.	450,000.00	98.18%
Tianjin Zhixin Financial Guarantee Co., Ltd. (天津智信融資擔保有限公司)	Financial guarantee business.	10,000.00	100%
Shanghai Yuefan Information Technology Co., Ltd. (上海玥泛信息科技有限公司)	Engaged in the technical development, technical consulting, technical services and technical transfer in the fields of information technology and Internet technology, software development, sales of electronic products, business information consultation, enterprise management consultation, and marketing planning.	19,000.00	100%
Shanghai Junying Enterprise Management Partnership Enterprise (Limited Partnership) (上海鈞瀛企業管理合夥企業(有限合夥))	Enterprise management services and enterprise management consultation.	2,100.00	49.98%

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

Name of Investee	Principal business	Investment amount (RMB10,000)	Percentage of shareholding
HWA Ding International Limited (華鼎國際有限公司)	International trade, equity investment, investment and financing services.	6,068.45	100%
India Haval Automobile Private Co., Ltd. (印度哈弗汽車私人有限公司)	Import and export, sale, leasing and maintenance of automobiles, automotive parts and related products	972.26	100%
Haval Motor Manufacturing Russia Limited Liability Company (俄羅斯哈弗汽車製造有限責任公司)	1. Marketing, sale, promotion as well as production and manufacturing of automobiles, automotive parts, components and accessories and any other relevant operating activities, including intermediary trading activities and foreign trading activities; 2. Providing technical maintenance and repair services for motor vehicles and other types of technical maintenance services for motor vehicles; 3. Carrying out financial intermediary activities in the sales of automobiles and commuting vehicles.	23,000.00	100%

(2) *Major investment in non-equity interest*

Applicable     Not applicable

(3) *Financial assets measured at fair value*

Applicable     Not applicable

RMB

Item	31 December 2020
Financial assets at fair value through profit or loss	
Including: Equity instrument investments	<b>244,394,136.00</b>
Debt instrument investment – wealth management products	<b>4,581,799,760.30</b>
Derivative financial assets	<b>2,271,973.16</b>
Other non-current financial assets	<b>24,500,000.00</b>
Financial assets classified as at fair value through other comprehensive income	
Including: Financing with receivables – notes receivable	<b>52,984,556,339.76</b>
Other equity instrument investments	<b>7,700,000.00</b>
<b>Total</b>	<b>57,845,222,209.22</b>

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

### (VI) Disposal of major assets and equity interest

Applicable  Not applicable

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

### (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
Tianjin Great Wall Binyin Automotive Finance Company Limited (天津長城濱銀汽車金融有限公司)	Automotive Finance	6,600,000,000	98.18	50	38,796,627,108.88	8,711,516,316.15	2,920,527,314.25	1,332,142,712.95	1,013,273,675.78
Chongqing Yongchuan Great Wall Auto Parts Co., Ltd. (重慶市永川區長城汽車零部件有限公司)	Sale of auto parts	30,000,000	100	100	30,761,133,650.35	2,401,897,673.85	40,067,521,122.04	2,617,543,772.56	2,380,414,636.80
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	10,378,889,454.79	3,871,364,434.93	10,164,942,159.62	1,488,946,444.40	1,283,097,827.10
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	9,321,592,686.00	2,549,649,291.63	8,696,814,793.46	1,107,835,366.03	962,042,330.94

### (VIII) Structured entities under the control of the Company

Applicable  Not applicable

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

### III. DISCUSSION AND ANALYSIS CONCERNING THE FUTURE DEVELOPMENT OF THE COMPANY

#### (I) Landscape and development trend of the industry

Applicable  Not applicable

An unexpected coronavirus pandemic swept the world in 2020, which had a major impact on the world economy, security and development trend. Facing the challenging situation arising from the pandemic as well as the complex and volatile environment at home and abroad, the whole automobile industry stood side by side, not afraid of difficulties and resolutely carried out the decisions and plans of the Party Central Committee and the State Council by resuming work and production in a solid way, accelerating the transformation of marketing methods and boosting more automobile spending, so that the automobile market began to pick up gradually despite a slight yet steady decrease in the annual growth rate of production and sales, suggesting that the impact of the pandemic was almost fought off as the automobile industry as a whole began to come up with strong development resilience and internal driving force.

In 2020, 25,311,000 units of vehicles were sold in China, a year-on-year decrease of only 1.9%, and the rate of decrease was significantly narrowed by 6.3 percentage points from the previous year, making China rank first in the world in terms of auto sales volume for 12 years in a row. Of this sales volume, 1,367,000 units of new energy vehicles were sold, a year-on-year increase of 10.9%, which hit a record high. Based on monthly data, since April 2020 China's automobile production and sales have been growing positively for nine consecutive months, and the sales growth rate has been standing at above 10% for seven consecutive months. In 2020, the automobile industry performed better than expected on the whole.

2021 marks the beginning of the "14th Five-Year Plan". From the perspective of economic development, China's economy will continue to run within a reasonable range as government departments continue to consolidate and expand the achievements made by pandemic prevention and control as well as economic and social development; coordinate development and security in a better way; improve the stability of six economic aspects; carry out the "six guarantees" tasks; and implement the macroeconomic policies in a scientific and accurate manner. However, as the pandemic and the external environment remain very uncertain, the economy will continue to be subject to downside pressure. From the perspective of the development trend for the automobile industry, based on the steady recovery of the national economy, faster rise in consumer demand together with the enormous potential of the Chinese automobile market as a whole, the China Association of Automobile Manufacturers projected that the automobile industry will achieve recovery and positive growth in 2021, with over 26,000,000 units estimated to be sold, a year-on-year increase of 4%, and 1,800,000 units of new energy vehicles estimated to be sold, a year-on-year increase of 40%.

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

### (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 and sale of automobiles to facilitate its transformation into a global technology-driven mobility 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. The uncertainties arising from the pandemic and global politics weigh on the automobile industry, posing great challenges to automobile business;
2. The competition in automobile market, intensified by the popularity of joint venture brands attributable to their good reputation built over the years and the explosion of independent brands attributable to their product development and branding capabilities, will further divide the market, resulting in shrinking market share and decreasing profitability of lesser-known brands;
3. Consumption upgrade in the new era seeking value enhancement leads to new change in the trend shifting toward high-end products, that is, the pursuit of product diversity as well as better user experience;
4. A new round of technological revolution represented by the development of 5G, AI, cloud computing, big data and communications equipment drives the in-depth integration of traditional automobiles and technologies, accelerating the development of intelligent network-connected automobiles;

## Section 5 Discussion and Analysis of the Business Operation of the Company (Management Discussion and Analysis)

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

1. Actively promoting globalization: The Company will continue to improve global operations capability and focus on operational quality to achieve increase in both brand awareness and sales volume;
2. Adhering to customer operations: The Company will focus on customer to precisely identify their personalized needs, establish a comprehensive customer service platform covering all scenarios to achieve co-innovation and co-development between customers and the Company, and strengthen its brand to capture market share its competitors;
3. Accelerating digital transformation: In an effort to transform from a traditional manufacturer to a tech firm, the Company embraces digital transformation without wavering, challenges industrial Internet, and accelerate the research and development and application of cutting-edge technology such as internet of automobiles, autonomous driving and artificial intelligence by means of excessive investment and precise research and development;
4. Continuing with organizational reform: To resolutely implement the operation principle of "One Car, One Brand, One Company", the Company prepare itself for the market, customers and competition, coordinate resources to swiftly adapt to market changes, improve operational efficiency, and build diversified and differentiated teams.

### (V) Others

Applicable     Not applicable

### IV. 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 6 Report of the Board

The Group is principally engaged in the design, research and development, manufacture 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 2020 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 (Management Discussion and Analysis)" in item I and "The Principal Operation during the Reporting Period" in item II 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 III of Section 5 of this report.

### **III. RESULTS AND DIVIDENDS**

The Group's operating results for the year ended 31 December 2020 and the financial positions of the Company and the Group for the year ended 31 December 2020 are set out in the audited financial statements.

Details of distribution of the final dividend for the year ended 31 December 2020 are set out under "Profit Distribution Plan for Ordinary Shares or Plan for Capitalisation of Capital Reserves" of Section 8 "Significant Events" of this report.

### **IV. SHARE CAPITAL**

Details of movements of the share capital of the Company as at 31 December 2020, together with the reasons for such movements, are set out under "Changes in Ordinary Shares and Shareholders" of section 9 of this report.

### **V. FIXED ASSETS**

Details of the fixed assets of the Group and the Company as at 31 December 2020 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 6 Report of the Board

### VIII. UNDISTRIBUTED PROFITS

As at 31 December 2020, pursuant to the Company Law and the Articles, the undistributed profits of the Group amounted to RMB40,994,784,827.03. The Company has implemented the profit plan for the first three quarters of 2020, pursuant to which it distributed a cash dividend of RMB0.28 (tax inclusive) per share to all shareholders, with a total cash dividend of RMB2,569,266,924.00 (tax inclusive) distributed. The cash dividends distributed in 2020 accounted for 47.91% of the Company's net profit attributable to shareholders of the Company for 2020. Having comprehensively considered the Company's profit distribution for the first three quarters of 2020, and the Company's actual operating conditions, in order to achieve sustainable development for the Company, deliver better performance to give back to shareholders, and better safeguard the long-term interests of the Company and all shareholders, the Company did not plan to distribute profit for the final period of 2020, and will not carry out capitalisation issue. The undistributed profit will be used for investment in the Company's existing projects with its own funds and to meet the funding needs of new projects in the future.

### IX. MAJOR CUSTOMERS AND SUPPLIERS

Please refer to the paragraphs headed "The Principal Operation during the Reporting Period" under item II of Section 5 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 Section 11 "Directors, Supervisors, Senior Management and Employees" of this report.

### XI. MATERIAL CONTRACTS

Please refer to the paragraphs headed "Disposal of major assets and equity interest" under item II "The Principal Operation during the Reporting Period" in Section 5 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 2020, the interests and short positions of each of the directors, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning as defined in Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept as referred to in Section 352 of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Hong Kong Listing Rules, were as follows:

## Section 6 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)	84.18	–	55.74
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)	–	–	56.15

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

#### XIV. INTERESTS IN CONTROLLED COMPANIES

As at 31 December 2020, Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) was controlled by Baoding Great Wall Holdings Company Limited (保定市長城控股集團有限公司) which was in turn controlled by Mr. Wei Jian Jun. Accordingly, pursuant to the SFO, Mr. Wei Jian Jun 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 2020, none of the directors, supervisors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept as referred to in Section 352 of the SFO or were otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code. For this purpose, the relevant provisions of the SFO shall be construed as if they were applicable to the supervisors.

## Section 6 Report of the Board

### **XV. SHAREHOLDING STRUCTURE AND NUMBER OF SHAREHOLDERS**

Please refer to Section 9 “Changes in Ordinary Shares and Shareholders” of this report.

### **XVI. SHARES HELD BY SUBSTANTIAL SHAREHOLDERS (SFO REQUIREMENTS)**

Please refer to Section 9 “Changes in Ordinary 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 2020, there was sufficient public float with approximately 43.84% 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.

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 15 March 2021 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.

## Section 6 Report of the Board

- 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 XIV "Material Related Party Transactions" of Section 8 of this report.

The related party transactions and the 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 6 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 2020, the Company's unclaimed dividends are shown below:

Dividends	Unclaimed dividends (number of cases)	Unclaimed amount (in HK\$)
2014 final dividends	53	103,754.18
2015 interim dividends	52	28,830.09
2015 final dividends	54	68,691.41
2016 final dividends	54	120,117.41
2017 final dividends	59	74,523.09
2018 final dividends	65	132,394.62
2019 final dividends	64	130,281.82

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 6 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 initial grant of the 2020 Share Option Incentive Scheme, 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 2019 of Great Wall Motor Company Limited (《長城汽車股份有限公司2020年度社會責任報告》) published on the websites of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) and the Hong Kong Stock Exchange ([www.hkexnews.hk](http://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 29 March 2021, the Audit Committee reviewed the 2020 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 2020 annual report and financial report of the Company comply with the applicable accounting standards and the Company has made appropriate disclosure thereof.

## Section 6 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 COMMITTEE**

The Strategy Committee of the Company comprises two executive directors, one non-executive director and two independent non-executive directors. The Strategy 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 2020. 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 12 "Corporate Governance" of this report.

## Section 7 Report of the Supervisory Committee

To all shareholders:

During the year 2020, 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 19th meeting of the sixth session of the Supervisory Committee	30 January 2020	Considered and approved the Company's Resolutions on the 2020 Restricted Share and Share Option Incentive Scheme (Draft) and Its Summary, the Appraisal Measures for Implementation of the 2020 Restricted Share and Share Option Incentive Scheme, and the Management Measures for Long-term Incentive Mechanism
The 20th meeting of the sixth session of the Supervisory Committee	13 March 2020	Considered and approved the Company's Resolutions on the 2020 Restricted Share and Share Option Incentive Scheme (First Amended Draft) and Its Summary, the Appraisal Measures for Implementation of the 2020 Restricted Share and Share Option Incentive Scheme (Amended), and the Management Measures for Long-term Incentive Mechanism (Amended)
The 21st meeting of the sixth session of the Supervisory Committee	24 March 2020	Considered and approved the Company's Resolution on Reviewing and Announcement of the List of Participants of the 2020 Restricted Share and Share Option Incentive Scheme

## Section 7 Report of the Supervisory Committee

Session of meeting	Date of meeting	Resolution
The 22nd meeting of the sixth session of the Supervisory Committee	24 April 2020	Considered and approved the Company's Audited Financial Report for 2019, Report of the Supervisory Committee for 2019, Profit Distribution Proposal for 2019, the Annual Report for 2019 and Its Summary, and Resolutions on Re-appointment of the Accounting Firm, Internal Control Evaluation Report of Great Wall Motor Company Limited for 2019, Corporate Social Responsibility Report of Great Wall Motor Company Limited for 2019, Re-election of Ms. Zong Yi Xiang as an Independent Supervisor of the Seventh Session of the Supervisory Committee, Re-election of Ms. Liu Qian as an Independent Supervisor of the Seventh Session of the Supervisory Committee, Purchase of Wealth Management Products, and First Quarterly Report for 2020
The 23rd meeting of the sixth session of the Supervisory Committee	27 April 2020	Considered and approved the Company's Resolutions on the Adjustment of the List of Participants and the Number of Restricted Shares and Share Options to be Granted under the 2020 Restricted Share and Share Option Incentive Scheme, and the Grant of Restricted Shares and Share Options to Participants of the 2020 Restricted Share and Share Option Incentive Scheme
The 24th meeting of the sixth session of the Supervisory Committee	15 May 2020	Considered and approved the Company's Resolution on the Adjustment of the Profit Distribution Proposal for 2019
The 1st meeting of the seventh session of the Supervisory Committee	12 June 2020	Considered and approved the Company's Resolutions on Ordinary Related Party Transactions with Spotlight Automotive and the Election of the Chairman of the Supervisory Committee

## Section 7 Report of the Supervisory Committee

Session of meeting	Date of meeting	Resolution
The 2nd meeting of the seventh session of the Supervisory Committee	19 June 2020	Considered and approved the Company's Resolutions on the Equity Transfer and Related Party (Connected) Transactions, Lease Agreement with Chongqing Chuangban and Adjustment of the Proposed Annual Cap for 2020-2021, Adjustment of the Proposed Annual Cap for 2020-2021 for Related Party Transactions for Purchase of Services, Proposed Annual Cap for 2020-2021 for Related Party Transactions for Provision of Services, and Lease Agreement with Chongqing Chuangban and Proposed Annual Cap for 2020-2021 for the Related Party Transactions for Leases
The 3rd meeting of the seventh session of the Supervisory Committee	24 July 2020	Considered and approved the Company's Resolutions on the Adjustment of the Repurchase Price of Certain Restricted Shares under the First Grant and the Exercise Price of Share Options under the First Grant for the 2020 Restricted Share and Share Option Incentive Scheme, and the Repurchase and Cancellation of Certain Restricted Shares under the First Grant and the Cancellation of Certain Share Options under the First Grant for the 2020 Restricted Share and Share Option Incentive Scheme
The 4th meeting of the seventh session of the Supervisory Committee	28 August 2020	Considered and approved the Company's Resolutions on Interim Report for 2020 and Its Summary, and the Adjustment of Ordinary Related Party Transactions with Tianjin Binhai Binyin Automotive Finance Company Limited
The 5th meeting of the seventh session of the Supervisory Committee	28 September 2020	Considered and approved the Company's Resolution on the Capital Increase in Tianjin Great Wall Binyin Automotive Finance Company Limited and Related Party Transactions
The 6th meeting of the seventh session of the Supervisory Committee	23 October 2020	Considered and approved the Company's Resolutions on Third Quarterly Report for 2020, and Additional Deposits with Tianjin Great Wall Binyin Automotive Finance Company Limited and Related Party Transactions

## Section 7 Report of the Supervisory Committee

Session of meeting	Date of meeting	Resolution
The 7th meeting of the seventh session of the Supervisory Committee	6 November 2020	<p>Considered and approved the Company's Resolutions on Satisfaction of the Conditions for the Public Issuance of A Share Convertible Corporate Bonds, the Scheme of the Public Issuance of A Share Convertible Corporate Bonds, the Plan of the Public Issuance of A Share Convertible Corporate Bonds, the Project Feasibility Report on the Proceeds from the Public Issuance of A Share Convertible Corporate Bonds, the Report on the Exemption from the Preparation of the Use of Proceeds Previously Raise, Recovery Measures and Undertakings by Relevant Parties in relation to Dilutive Impact on Immediate Returns of the Public Issuance of A Share Convertible Corporate Bonds, Formulation of the Shareholders' Return Plan for the Next Three Years (Year 2020-2022) of the Company, Formulation of Rules for A Share Convertible Corporate Bondholders' Meeting, Amendments on the Administrative Rules for Use of Proceeds from Fund Raisings of Great Wall Motor Company Limited, and Possible Subscription for A Share Convertible Corporate Bonds under the Public Issuance by the Controlling Shareholder of the Company and Directors or General Managers of Certain Material Subsidiaries and Related Party Transactions</p>

## Section 7 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 2020, 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 2020. 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 2020 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 2020, 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

**Chen Biao**

*Supervisor*

Hebei Province, the PRC, 30 March 2021

## Section 8 Significant Events

### I. PROFIT DISTRIBUTION PLAN FOR ORDINARY SHARES 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 Proposal for the year 2019 (《關於2019年度利潤分配方案的議案》) was considered and approved at the 2019 annual general meeting of the Company. Based on the total share capital of 9,176,572,500 shares on the equity registration date when the Company implements profit distribution, a final cash dividend of RMB0.25 for every share (tax inclusive) would be paid, amounting to cash dividends of RMB2,294,143,125.00 in total. On 22 June 2020, the Board of the Company published the Announcement on the Implementation of the Profit Distribution Plan for A Shares of Great Wall Motor Company Limited for 2019 (《長城汽車股份有限公司2019年度A股利潤分配實施公告》) on China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange. The announcement was also published on the website of the Hong Kong Stock Exchange in the form of overseas regulatory announcement. The distribution of dividend to A Shareholders was completed on 30 June 2020. Meanwhile, the dividend for H Shareholders of the Company was distributed in accordance with the relevant requirements of the Hong Kong Stock Exchange.

#### (II) Plan or proposal for profit distribution or capitalisation of capital reserves of the Company in ordinary shares in the last three years (including the Reporting Period)

Unit: RMB Currency: RMB

Year of Distributed	Number of bonus shares for every 10 shares (share)	Dividend for every 10 shares (RMB) (Tax inclusive)	Number of scrip shares for every 10 shares (share)	Total amount of cash dividend (Tax inclusive)	Net profits attributable to ordinary shareholders of the Company in the consolidated financial statements for the year during which dividend was distribution	Ratio of the net profits attributable to ordinary shareholders of the Company in the consolidated financial statements (%)
2020	0	2.8	0	2,569,266,924.00	5,362,490,194.32	47.91
2019	0	2.5	0	2,294,143,125.00	4,496,874,893.92	51.02
2018	0	2.5	0	2,646,908,010.00	5,207,313,967.76	50.83

## Section 8 Significant Events

*Note:* On 24 February 2021, the Company convened the second extraordinary general meeting in 2021, at which the Resolution on the Profit Distribution Proposal for the First Three Quarters of 2020 (《關於2020年前三季度利潤分配方案》) was considered and approved. Based on the total share capital of 9,175,953,300 shares on the equity registration date when the Company implements profit distribution, a cash dividend of RMB0.28 (tax inclusive) per share would be paid, amounting to cash dividends of RMB2,569,266,924.00 in total. The distribution of dividend to A Shareholders was completed on 9 March 2021. Meanwhile, the dividend for H Shareholders of the Company was distributed in accordance with the relevant requirements of the Hong Kong Stock Exchange.

### (III) Cash dividend by share repurchase offer in cash

Applicable  Not applicable

### (IV) If the Parent recorded profits distributable to the ordinary shareholders during the Reporting Period, but has not proposed any plans or proposals for distribution of cash dividend for the ordinary shares, it 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

### (V) Other matters

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and the Rules of the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》) (collectively, "Enterprise Income Tax Law"), which took effect on 1 January 2008 and the Notice of the State Administration of Taxation on Issues Relevant to the Withholding of Enterprise Income Tax on Dividend Paid by PRC Enterprises to Offshore Non-resident Enterprise Holders of H Shares (Guo Shui Han [2008] No. 897) (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) promulgated on 6 November 2008 by State Administration of Taxation, when the Company distributes the final dividends to non-resident enterprise Shareholders whose names appear on the H Share register of members of the Company, the Company is required to withhold and pay on behalf of such Shareholders an enterprise income tax at the rate of 10%. Any Shares registered in the name of a non-individual Shareholder, including Hong Kong Securities Clearing Company Nominees Limited, other nominees or trustees, or other organisations and groups, are deemed as Shares held by non-resident enterprise Shareholders. As such, the dividends that he or she entitled to are subject to the enterprise income tax.

## Section 8 Significant Events

According to the relevant requirements of the Notice on the Tax Policies Concerning the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2014]81號)》) and the Notice on the Tax Policies Concerning the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2016]127號)》) jointly published by the Ministry of Finance, State Administration of Taxation and China Securities Regulatory Commission of the PRC, the Company shall withhold an individual income tax at the rate of 20% on dividends derived from investing in H Shares listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect by mainland individual investors. As to the withholding tax having been paid abroad, an individual investor may file an application for tax credit with the competent tax authority of China Securities Depository and Clearing Co., Ltd. with an effective credit document. Reference shall be made to individual income tax regulations for dividends received by mainland securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect. Dividends received by mainland enterprises investors from shares acquired from the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax. The Company shall not withhold income tax on dividends to mainland enterprise investors who shall report and pay their income tax on their own.

### II. PERFORMANCE OF UNDERTAKINGS

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

√ Applicable     Not applicable

Background of undertakings	Type of undertakings	Undertaking party	Description of undertakings	Date and duration of undertakings	Any time frame for performance (yes/no)	Strict and timely performance (yes/no)	Reasons for failure of performance (if undertakings cannot be performed in a timely manner)	Description of next step plan (if undertakings cannot be performed in a timely manner)
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 8 Significant Events

Background of undertakings	Type of undertakings	Undertaking party	Description of undertakings	Date and duration of undertakings	Any time frame for performance (yes/no)	Strict and timely performance (yes/no)	Reasons for failure of performance (if undertakings cannot be performed in a timely manner)	Description of next step plan (if undertakings cannot be performed in a timely manner)
Undertakings relating to the initial public offering	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 8 Significant Events

Background of undertakings	Type of undertakings	Undertaking party	Description of undertakings	Date and duration of undertakings	Any time frame for performance (yes/no)	Strict and timely performance (yes/no)	Reasons for failure of performance (if undertakings cannot be performed in a timely manner)	Description of next step plan (if undertakings cannot be performed in a timely manner)
Undertakings relating to the initial public offering	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	-	-
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	1. The undertaking party 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.	From 6 November 2020, permanent	No	Yes	-	-

## Section 8 Significant Events

Background of undertakings	Type of undertakings	Undertaking party	Description of undertakings	Date and duration of undertakings	Any time frame for performance (yes/no)	Strict and timely performance (yes/no)	Reasons for failure of performance (if undertakings cannot be performed in a timely manner)	Description of next step plan (if undertakings cannot be performed in a timely manner)
			<p>2. The undertaking party undertakes 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>					

## Section 8 Significant Events

Background of undertakings	Type of undertakings	Undertaking party	Description of undertakings	Date and duration of undertakings	Any time frame for performance (yes/no)	Strict and timely performance (yes/no)	Reasons for failure of performance (if undertakings cannot be performed in a timely manner)	Description of next step plan (if undertakings cannot be performed in a timely manner)
	Other	All Directors and senior management	<ol style="list-style-type: none"> <li>1. I 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.</li> <li>2. I 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.</li> <li>3. I undertake to limit my spending when performing my duties as a Director and/or a senior management.</li> <li>4. I undertake not to use the assets of the Company in making investments or expenditures other than in relation to the performance of my duties.</li> <li>5. Within my duties and scope of my lawful authorisation, I 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).</li> </ol>	From 6 November 2020, permanent	No	Yes	-	-

## Section 8 Significant Events

Background of undertakings	Type of undertakings	Undertaking party	Description of undertakings	Date and duration of undertakings	Any time frame for performance (yes/no)	Strict and timely performance (yes/no)	Reasons for failure of performance (if undertakings cannot be performed in a timely manner)	Description of next step plan (if undertakings cannot be performed in a timely manner)
			<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>					

## Section 8 Significant Events

Background of undertakings	Type of undertakings	Undertaking party	Description of undertakings	Date and duration of undertakings	Any time frame for performance (yes/no)	Strict and timely performance (yes/no)	Reasons for failure of performance (if undertakings cannot be performed in a timely manner)	Description of next step plan (if undertakings cannot be performed in a timely manner)
			8. I 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.					

**(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) Fulfilment of performance undertakings and their impact on goodwill impairment testing**

Applicable  Not applicable

**III. FUND USED BY OTHER PARTIES AND PROGRESS OF FUND REPAYMENT DURING THE REPORTING PERIOD**

Applicable  Not applicable

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

Applicable  Not applicable

## Section 8 Significant Events

### 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 “30. Changes in significant accounting policies” of “(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

### VI. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRM

Unit: RMB Currency: RMB

Name of local accounting firm	<b>Current appointment</b> Deloitte Touche Tohmatsu Certified Public Accountants LLP
Remuneration for local accounting firm	2,358,490.57
Audit years of local accounting firm	11 years

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

## Section 8 Significant Events

### 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 SUSPENSION OF LISTING

### (I) Reasons for suspension of listing

Applicable  Not applicable

### (II) Measures to be adopted by the Company

Applicable  Not applicable

## VIII. DELISTING AND ITS REASONS

Applicable  Not applicable

## IX. BANKRUPTCY AND RESTRUCTURING

Applicable  Not applicable

## X. 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

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

Applicable  Not applicable

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

Applicable  Not applicable

## Section 8 Significant Events

### XIII. 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 Summary of 2020 Restricted Share and Share Option Incentive Scheme (Draft) of Great Wall Motor Company Limited	For details, please refer to the announcements dated 30 January 2020 on the websites of the Shanghai Stock Exchange ( <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> ) (announcement No.: 2020-004) and the Hong Kong Stock Exchange ( <a href="https://www.hkex.com.hk">https://www.hkex.com.hk</a> ) and the official website of the Company ( <a href="https://www.gwm.com.cn">https://www.gwm.com.cn</a> )
Announcement on Summary of 2020 Restricted Share and Share Option Incentive Scheme (First Amended Draft) of Great Wall Motor Company Limited	For details, please refer to the announcements dated 13 March 2020 on the websites of the Shanghai Stock Exchange ( <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> ) (announcement No.: 2020-015) and the Hong Kong Stock Exchange ( <a href="https://www.hkex.com.hk">https://www.hkex.com.hk</a> ) and the official website of the Company ( <a href="https://www.gwm.com.cn">https://www.gwm.com.cn</a> )
Announcement on the Resolutions of the First Extraordinary General Meeting in 2020, the First H Shareholders' Class Meeting in 2020, and the First A Shareholders' Class Meeting in 2020 of Great Wall Motor Company Limited	For details, please refer to the announcements dated 15 April 2020 on the websites of the Shanghai Stock Exchange ( <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> ) (announcement No.: 2020-025) and the Hong Kong Stock Exchange ( <a href="https://www.hkex.com.hk">https://www.hkex.com.hk</a> ) and the official website of the Company ( <a href="https://www.gwm.com.cn">https://www.gwm.com.cn</a> )
Self-inspection Report on Trading of Shares of the Company by Persons in Possession of Inside Information of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcements dated 15 April 2020 on the websites of the Shanghai Stock Exchange ( <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> ) (announcement No.: 2020-026) and the Hong Kong Stock Exchange ( <a href="https://www.hkex.com.hk">https://www.hkex.com.hk</a> ) and the official website of the Company ( <a href="https://www.gwm.com.cn">https://www.gwm.com.cn</a> )

## Section 8 Significant Events

Event summary	Inquiry index
Announcement on Adjustment of the List of Participants and the Number of Restricted Shares and Share Options to be Granted under the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcements dated 27 April 2020 on the websites of the Shanghai Stock Exchange ( <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> ) (announcement No.: 2020-037) and the Hong Kong Stock Exchange ( <a href="https://www.hkex.com.hk">https://www.hkex.com.hk</a> ) and the official website of the Company ( <a href="https://www.gwm.com.cn">https://www.gwm.com.cn</a> )
Announcement on the Grant of Restricted Shares or Share Options to Participants of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcements dated 27 April 2020 on the websites of the Shanghai Stock Exchange ( <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> ) (announcement No.: 2020-038) and the Hong Kong Stock Exchange ( <a href="https://www.hkex.com.hk">https://www.hkex.com.hk</a> ) and the official website of the Company ( <a href="https://www.gwm.com.cn">https://www.gwm.com.cn</a> )
Announcement on Adjustment of the Repurchase Price of Certain Restricted Shares and the Exercise Price of Share Options and Repurchase and Cancellation of Certain Restricted Shares and Cancellation of Certain Share Options for the 2020 Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcements dated 24 July 2020 on the websites of the Shanghai Stock Exchange ( <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> ) (announcement No.: 2020-074) and the Hong Kong Stock Exchange ( <a href="https://www.hkex.com.hk">https://www.hkex.com.hk</a> ) and the official website of the Company ( <a href="https://www.gwm.com.cn">https://www.gwm.com.cn</a> )
First Announcement on Notice to Creditors on Repurchase and Cancellation of Certain Restricted Shares of Great Wall Motor Company Limited	For details, please refer to the announcements dated 24 July 2020 on the websites of the Shanghai Stock Exchange ( <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> ) (announcement No.: 2020-075) and the Hong Kong Stock Exchange ( <a href="https://www.hkex.com.hk">https://www.hkex.com.hk</a> ) and the official website of the Company ( <a href="https://www.gwm.com.cn">https://www.gwm.com.cn</a> )
Second Announcement on Notice to Creditors on Repurchase and Cancellation of Certain Restricted Shares of Great Wall Motor Company Limited	For details, please refer to the announcements dated 8 August 2020 on the websites of the Shanghai Stock Exchange ( <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> ) (announcement No.: 2020-079) and the Hong Kong Stock Exchange ( <a href="https://www.hkex.com.hk">https://www.hkex.com.hk</a> ) and the official website of the Company ( <a href="https://www.gwm.com.cn">https://www.gwm.com.cn</a> )
Third Announcement on Notice to Creditors on Repurchase and Cancellation of Certain Restricted Shares of Great Wall Motor Company Limited	For details, please refer to the announcements dated 14 August 2020 on the websites of the Shanghai Stock Exchange ( <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> ) (announcement No.: 2020-081) and the Hong Kong Stock Exchange ( <a href="https://www.hkex.com.hk">https://www.hkex.com.hk</a> ) and the official website of the Company ( <a href="https://www.gwm.com.cn">https://www.gwm.com.cn</a> )

## Section 8 Significant Events

Event summary	Inquiry index
Announcement on Implementation of Repurchase and Cancellation of Certain Restricted Shares under the First Grant and Completion of Cancellation of Certain Share Options under the First Grant for the 2020 Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcements dated 8 September 2020 on the websites of the Shanghai Stock Exchange ( <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> ) (announcement No.: 2020-089) and the Hong Kong Stock Exchange ( <a href="https://www.hkex.com.hk">https://www.hkex.com.hk</a> ) and the official website of the Company ( <a href="https://www.gwm.com.cn">https://www.gwm.com.cn</a> )
Announcement on Completion of Repurchase and Cancellation of Certain Restricted Shares under the First Grant for the 2020 Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcements dated 14 September 2020 on the websites of the Shanghai Stock Exchange ( <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> ) (announcement No.: 2020-091) and the Hong Kong Stock Exchange ( <a href="https://www.hkex.com.hk">https://www.hkex.com.hk</a> ) and the official website of the Company ( <a href="https://www.gwm.com.cn">https://www.gwm.com.cn</a> )
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 ( <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> ) (announcement No.: 2021-018) and the Hong Kong Stock Exchange ( <a href="https://www.hkex.com.hk">https://www.hkex.com.hk</a> ) and the official website of the Company ( <a href="https://www.gwm.com.cn">https://www.gwm.com.cn</a> )
Announcement on 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 ( <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> ) (announcement No.: 2021-022) and the Hong Kong Stock Exchange ( <a href="https://www.hkex.com.hk">https://www.hkex.com.hk</a> ) and the official website of the Company ( <a href="https://www.gwm.com.cn">https://www.gwm.com.cn</a> )
First Announcement on Notice to Creditors on 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 ( <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> ) (announcement No.: 2021-021) and the Hong Kong Stock Exchange ( <a href="https://www.hkex.com.hk">https://www.hkex.com.hk</a> ) and the official website of the Company ( <a href="https://www.gwm.com.cn">https://www.gwm.com.cn</a> )
Second Announcement on Notice to Creditors on 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 ( <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> ) (announcement No.: 2021-023) and the Hong Kong Stock Exchange ( <a href="https://www.hkex.com.hk">https://www.hkex.com.hk</a> ) and the official website of the Company ( <a href="https://www.gwm.com.cn">https://www.gwm.com.cn</a> )

## Section 8 Significant Events

Event summary	Inquiry index
Third Announcement on Notice to Creditors on 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 ( <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> ) (announcement No.: 2021-024) and the Hong Kong Stock Exchange ( <a href="https://www.hkex.com.hk">https://www.hkex.com.hk</a> ) and the official website of the Company ( <a href="https://www.gwm.com.cn">https://www.gwm.com.cn</a> )
Announcement on the Adjustments to the Repurchase Price of Restricted Shares under the First Grand and the Exercise Price of Share Options under the First Grand 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 ( <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> ) (announcement No.: 2021-033) and the Hong Kong Stock Exchange ( <a href="https://www.hkex.com.hk">https://www.hkex.com.hk</a> ) and the official website of the Company ( <a href="https://www.gwm.com.cn">https://www.gwm.com.cn</a> )
Announcement on Adjustments to the Grant Price of 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 ( <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> ) (announcement No.: 2021-034) and the Hong Kong Stock Exchange ( <a href="https://www.hkex.com.hk">https://www.hkex.com.hk</a> ) and the official website of the Company ( <a href="https://www.gwm.com.cn">https://www.gwm.com.cn</a> )

**(II) Incentives undisclosed in preliminary announcements or followed with subsequent development*****Share Incentive Scheme***

Applicable     Not applicable

***Other descriptions***

Applicable     Not applicable

***Employee Incentive Scheme***

Applicable     Not applicable

***Other incentives***

Applicable     Not applicable

## Section 8 Significant Events

### XIV. 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 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.

## Section 8 Significant Events

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.

Set out below are the ordinary related party transactions conducted in 2020 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 2020	Actual amount for 2020	Reasons for the relatively large difference between the estimated amount and the actual amount
Purchase of products	1,373,200.00	175,433.75	Mainly due to the relatively small number of battery packs purchased from related parties as a result of the small sale scale of new energy vehicles of the Company
Sales of products	649,904.00	24,438.41	Mainly due to the small purchase scale of new energy vehicles to the Company by related parties
Purchase of services	5,000.00	4,257.70	–
Provision of services	8,100.00	3,482.66	–
Leasing	14,200.00	6,336.88	–
Provision of leases	3,100.00	1,122.53	–
<b>Total</b>	<b>2,053,504.00</b>	<b>215,071.93</b>	<b>–</b>

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 2020 did not exceed the estimated cap for 2020. 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 8 Significant Events

(2) *The Group and Tianjin Great Wall Binyin Automotive Finance Company Limited (“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.

## Section 8 Significant Events

In 2020, the related party transactions for deposits between the Group and Great Wall Binyin in 2020 are as follows:

*Currency: RMB Unit: 0'000*

Type	Estimated daily cap of deposit balance for 2020	Maximum amount of single-day deposit balance in 2020	Reasons for the relatively large difference between the estimated amount and the actual amount
Deposit	1,170,000	1,170,000	–

In 2020, other ordinary related party transactions between the Group and Great Wall Binyin are as follows:

*Currency: RMB Unit: 0'000*

Type	Estimated cap for 2020	Actual amount in 2020	Reasons for the relatively large difference between the estimated amount and the actual amount
Sales of products	11.00	1.57	–
Purchase of services	75,000.00	20,903.29	Mainly due to significant decrease in the number of actual contracts as a result of tightened bank regulation
Provision of services	7,000.00	4,974.71	–
Provision of leases	100.00	44.83	–
Total	82,111.00	25,924.40	–

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 8 Significant Events

In 2020, the related party transactions between the Group and Spotlight Automotive are as follows:

1. The Group sold fixed assets to Spotlight Automotive. The actual amount of related party transactions was RMB1,155,000.
2. The Group provided labour to Spotlight Automotive. The actual amount of related party transactions was RMB227,782,000.
3. The Group provided lease income and other things to Spotlight Automotive. The actual amount of related party transactions was RMB1,397,000.

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

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

For 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

For details of related party transactions not disclosure in preliminary announcements of the Company, please refer to Related Parties and Transactions in Note 11 to the financial statement.

## (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

## Section 8 Significant Events

Related parties	Transaction date	Relationship	Type of related party transactions	Description of the related party transactions	Basis of pricing for the related party transactions	Valuation approach	Assessed	Carrying	Amount of	Subsequent development	Index of related announcements
							value (RMB0'000)	Value (RMB0'000)	related party transactions (RMB0'000)		
Chongqing Lingkan Enterprise Management Co., Ltd. (重慶領瞰企業管理有限公司)	19 June 2020	A company controlled by the indirect controlling shareholder of the Company	Disposal of equity interest	Transferring the 100% equity interest in Chongqing Chuangban Enterprise Management Co., Ltd. (重慶創伴企業管理有限公司), a wholly-owned subsidiary, to Chongqing Lingkan Enterprise Management Co., Ltd. (重慶領瞰企業管理有限公司)	Mainly based on the assessed value as at the Valuation Benchmark Date	Asset-based approach	65,664.86	65,559.94	65,664.86	The procedures for changing industrial and commercial registration were completed on 24 June 2020	For details, please refer to the Related Party Transaction Announcement of Great Wall Motor Company Limited (announcement No.: 2020-057) published by the Company on 19 June 2020

### 3. *Matters undisclosed in preliminary announcements*

Applicable     Not applicable

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

Applicable     Not applicable

## (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

## Section 8 Significant Events

### (IV) Amounts due to or from related parties

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

Applicable  Not applicable

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

Applicable  Not applicable

**3. Matters undisclosed in preliminary announcements**

Applicable  Not applicable

### (V) Others

Applicable  Not applicable

On 23 October 2020, the Company held the third extraordinary general meeting in 2020 to consider and approve the Resolution on the Capital Increase in Tianjin Great Wall Binyin Automotive Finance Company Limited and Related Party Transactions, pursuant to which the Company will increase capital in Great Wall Binyin by RMB4.5 billion. The registered capital of Great Wall Binyin will increase from RMB2.1 billion to RMB6.6 billion, of which the Company will contribute RMB6.48 billion. The Company's shareholding percentage in Great Wall Binyin will be changed from 94.29% to 98.18%. For details, please refer to the announcements published by the Company on 28 September 2020 and 23 October 2020 in designated information disclosure media.

Note: Ms. Wang Feng Ying, the vice chairwoman and general manager of the Company, serves as a director of Great Wall Binyin, which constitutes a related party relationship under Rule 10.1.3 (3) of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange. As such, Great Wall Binyin is a related party of the Company, and the Company's capital increase in Great Wall Binyin constitutes a related party transaction.

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 the Chapter 14A of the Hong Kong Listing Rules, relevant approval and disclosure procedures, or have 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 8 Significant Events

**XV. 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

## Section 8 Significant Events

### (II) Guarantee

Applicable  Not applicable

Unit: RMB Currency: RMB

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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	3,159,983,877.57
Total guaranteed balance to subsidiaries as at the end of the Reporting Period (B)	10,222,708,529.37
Total guarantees (including guarantees to subsidiaries) provided by the Company	
Total guaranteed amount (A+B)	10,222,708,529.37
Total guaranteed amount as a percentage of the net asset value of the Company (%)	17.83
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)	450,000,000.00
Total guaranteed amount in excess of 50% of net asset value (E)	0
Total guaranteed amount of the above three items (C+D+E)	450,000,000.00
Statement on the contingent joint liability in connection with unexpired guarantees	Nil

## Section 8 Significant Events

- Details of guarantee
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 2017, the Board of the Company considered and approved the provision of guarantee equivalent to USD350 million to Billion Sunny Development Limited (億新發展有限公司), an indirect wholly-owned subsidiary of the Company. As at 31 December 2020, the guarantee balance was RMB0.  
  
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 2020, the guarantee balance was RMB4,696,431,900.
  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 2020, the guarantee balance was RMB2,942,192,600.
  5. In December 2019, the Board of the Company considered and approved the provision of guarantee of RMB975,224,000 to Honeycomb Power System (Jiangsu) Co., Ltd. (蜂巢動力系統(江蘇)有限公司), an indirect wholly-owned subsidiary of the Company. 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. As at 31 December 2020, the guarantee balance was RMB1,225,224,000.
  6. In January 2020, the Company held a Board meeting to consider and approve the provision of a guarantee of RMB158.86 million to Honeycomb Drive System (Jiangsu) Co., Ltd., an indirect wholly-owned subsidiary of the Company. In April 2020, the Company held a general meeting of shareholders to consider and approve the plan for increasing guarantee of RMB1 billion to Honeycomb Drive System (Jiangsu) Co., Ltd. As at 31 December 2020, the total guarantee balance was RMB658.86 million.
  7. In March 2020, the Company held a Board meeting to consider and approve the provision of a guarantee of USD700 million to HWA Ding International Limited (華鼎國際有限公司), a wholly-owned subsidiary of the Company. As at 31 December 2020, the guarantee balance amounted to RMB0.
  8. In April 2020, the Company held a general meeting of shareholders to consider and approve the Resolution on the Estimated Guarantee Amount Provided by the Company to Controlled Subsidiaries, pursuant to which the estimated total additional guarantee amount to its controlled subsidiaries will not exceed RMB12,503.30 million. As at 31 December 2020, the utilised guaranteed amount was RMB8,346,431,900.

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Note: The exchange rate of US dollar against Renminbi was based on the Renminbi central parity rate (USD1=RMB6.5249) as announced by the People's Bank of China on 31 December 2020; the exchange rate of Euro against Renminbi was based on the Renminbi central parity rate (EUR1=RMB8.025) as announced by the People's Bank of China on 31 December 2020.

## Section 8 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 undue	Amount due and not yet recovered
Principal-guaranteed with floating	Propriety funds	11,199,000,000.00	4,564,000,000.00	
Profit-guaranteed	Propriety funds	1,975,000,000.00		

Other matters

Applicable  Not applicable

##### (2) Single item entrusted wealth management

Applicable  Not applicable

Unit: RMB Currency: RMB

Trustee	Type of entrusted wealth 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	1,000,000,000.00	20200821	20210115	Propriety funds			3.00%	11,316,226.42			Yes		
Ping An Bank Guangzhou Branch	Principal-guaranteed with floating	1,000,000,000.00	20201030	20210120	Propriety funds			2.95%	6,207,245.28			Yes		
Ping An Bank Guangzhou Branch	Principal-guaranteed with floating	100,000,000.00	20201201	20210111	Propriety funds			2.92%	307,206.04			Yes		
Pudong Development Bank Baoding Branch	Principal-guaranteed with floating	89,000,000.00	20201216	20210115	Propriety funds			3.00%	205,539.62			Yes		
Ping An Bank Guangzhou Branch	Principal-guaranteed with floating	100,000,000.00	20201221	20210122	Propriety funds			3.05%	250,445.28			Yes		
Ping An Bank Guangzhou Branch	Principal-guaranteed with floating	1,000,000,000.00	20201221	20210322	Propriety funds			3.50%	8,172,830.19			Yes		
China CITIC Bank Baoding Branch	Principal-guaranteed with floating	30,000,000.00	20201223	20210125	Propriety funds			2.80%	71,130.57			Yes		
Ping An Bank Guangzhou Branch	Principal-guaranteed with floating	1,000,000,000.00	20201228	20210203	Propriety funds			3.11%	2,952,739.62			Yes		
Pudong Development Bank Baoding Branch	Principal-guaranteed with floating	145,000,000.00	20201230	20210129	Propriety funds			3.05%	340,449.06			Yes		
Industrial Bank Yangzhong Sub-branch	Principal-guaranteed with floating	100,000,000.00	20201230	20210301	Propriety funds			3.08%	482,107.17			Yes		

## Section 8 Significant Events

Other matters

Applicable  Not applicable

(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

## Section 8 Significant Events

### XVI. DESCRIPTIONS OF OTHER SIGNIFICANT EVENTS

√ Applicable     Not applicable

#### (I) Short-term commercial papers of the Company in 2020

The Company considered and approved the Resolution on Issuance of Short-term Commercial Papers at the 2019 First Extraordinary General Meeting of the Company held on 3 January 2019, approving the Company's application to the National Association of Financial Market Institutional Investors for registration and issuance of the short-term commercial papers with an amount of not more than RMB5 billion (inclusive).

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

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

On 13 July 2020, the Company completed the payment of the third tranche of short-term commercial papers of 2019. The total payment for principal and interest was RMB2,048,688,524.59, and was transferred by the Interbank Market Clearing House Co., Ltd. to bond holders on behalf of the Company.

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

On 21 August 2020, the Company issued the third tranche of short-term commercial papers in 2020 on the national interbank market with a total issued amount of RMB1 billion and an issue rate of 1.4%.

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

On 21 September 2020, the Company issued the fourth tranche of short-term commercial papers in 2020 on the national interbank market with a total issued amount of RMB1 billion and an issue rate of 1.4%.

On 25 September 2020, the Company completed the payment of the third tranche of short-term commercial papers of 2020. The total payment for principal and interest was RMB1,001,227,397.26, and was transferred by the Interbank Market Clearing House Co., Ltd. to bond holders on behalf of the Company.

## Section 8 Significant Events

On 19 October 2020, the Company issued the fifth tranche of short-term commercial papers in 2020 on the national interbank market with a total issued amount of RMB1 billion and an issue rate of 1.48%.

On 22 October 2020, the Company completed the payment of the fourth tranche of short-term commercial papers of 2020. The total payment for principal and interest was RMB1,001,150,684.93, and was transferred by the Interbank Market Clearing House Co., Ltd. to bond holders on behalf of the Company.

On 24 November 2020, the Company completed the payment of the fifth tranche of short-term commercial papers of 2020. The total payment for principal and interest was RMB1,001,419,178.08, and was transferred by the Interbank Market Clearing House Co., Ltd. to bond holders on behalf of the Company.

On 18 February 2021, the Company completed the payment of the first tranche of short-term commercial papers of 2020. The total payment for principal and interest was RMB2,029,589,041.10, and was transferred by the Interbank Market Clearing House Co., Ltd. to bond holders on behalf of the Company.

For details, please refer to the announcements published by the Company on 22 May 2020, 13 July 2020, 23 July 2020, 24 August 2020, 26 August 2020, 22 September 2020, 25 September 2020, 20 October 2020, 25 October 2020 and 24 November 2020.

### **(II) Registration of short-term commercial papers**

The Company held the 10th meeting of the seventh session of the Board and the first extraordinary general meeting for 2021 on 18 December 2020, at which the Resolution on Registration and Issuance of Short-term Commercial Papers was considered and approved, approving the Company's application to the National Association of Financial Market Institutional Investors for the registration and issuance of the short-term commercial papers with an amount of not more than RMB6 billion (including RMB6 billion, and such quota may be applied on a revolving basis).

### **(III) Issuance of RMB ordinary share (A Share) convertible corporate bonds**

The Company held the 9th meeting of the seventh session of the Board on 6 November 2020, and the fourth extraordinary general meeting, the third H Shareholders' class meeting in 2020 and the third A Shareholders' class meeting in 2020 on 18 December 2020 to consider and approve relevant matters relating to the proposed public issuance of RMB ordinary share (A Share) convertible corporate bonds by the Company in the PRC (the "Convertible Bond Issuance"). The total amount of proceeds proposed to be raised from the Convertible Bond Issuance will not exceed RMB8 billion (RMB8 billion inclusive), which is proposed to be used for the new models R&D project and the GDC project after deduction of issuance expenses.

Pursuant to relevant laws and regulations, the Convertible Bond Issuance is subject to the consideration and approval of the shareholders' general meeting of the Company as well as the approval of the China Securities Regulatory Commission.

On 30 December 2020, the Company received the China Securities Regulatory Commission's Acceptance Notice of the Application for Administrative Permission issued by the China Securities Regulatory Commission ("CSRC"). The CSRC reviewed the materials submitted by the Company regarding the Approval on the Issuance of Corporate Bonds which are Convertible into Shares by Listed Companies in compliance with laws and considered that the application materials are complete and in compliance with the statutory form, thus it decided to accept the application for administrative permission for further processing.

## Section 8 Significant Events

On 11 January 2021, the Company received “Notice regarding China Securities Regulatory Commission’s First Feedback on the Review of Administrative Permission Items” (the “Feedback”) issued by the CSRC on 8 January 2021. The CSRC reviewed the application documents for administrative permission submitted by the Company relating to the “Approval on the Issuance of Corporate Bonds which are Convertible into Shares by Listed Companies of Great Wall Motor Company Limited” in compliance with laws. The Company and the relevant intermediary institutions are thereby required to make written statements and explanations on the relevant issues and submit their written responses and comments to the corresponding department for administrative permission of the CSRC within 30 days.

On 24 January 2021, the Company and the relevant intermediate agencies carefully studied and responded to each of the issues raised in the Feedback, and published relevant announcement.

On 4 February 2021, the Company received the “Notice regarding China Securities Regulatory Commission’s Second Feedback on the Review of Administrative Permission Items” issued by the CSRC on 3 February 2021. The CSRC reviewed the application documents for administrative permission submitted by the Company relating to the “Approval on the Issuance of Corporate Bonds which are Convertible into Shares by Listed Companies of Great Wall Motor Company Limited” in compliance with laws. The Company and the relevant intermediary institutions are thereby required to make written statements and explanations on the relevant issues and submit their written responses and comments to the corresponding department for administrative permission of the CSRC within 30 business days.

On 12 March 2021, the Company and the relevant intermediate agencies carefully studied and responded to each of the issues raised in the Second Feedback, and published relevant announcements. The Company convened the fourteenth meeting of the seventh session of the Board on the same day to consider and approve the Resolution on Adjustments to the Plan for the Public Issuance of A Share Convertible Corporate Bonds of the Company, pursuant to which the Board decided to reduce the amount of the proceeds from the public issuance of A share convertible corporate bonds of the Company from “not exceeding RMB8 billion (RMB8 billion inclusive)” to “not exceeding RMB3.5 billion (RMB3.5 billion inclusive)”, and adjust the specific use of the proceeds accordingly.

On 29 March 2021, the 35th working conference in 2021 of the 18th session of the Issuance Examination Committee of the CSRC reviewed the application of the Company for the public issuance of convertible corporate bonds. Pursuant to the review results of the conference, the application of the Company for the public issuance of convertible corporate bonds was approved.

For details, please refer to the announcements published by the Company on 6 November 2020, 18 December 2020, 30 December 2020, 24 January 2021, 5 February 2021, 12 March 2021 and 29 March 2021, respectively, in designated information disclosure media.

## Section 8 Significant Events

### XVII. FULFILMENT OF SOCIAL RESPONSIBILITIES

#### (I) Poverty alleviation of listed companies

Applicable  Not applicable

##### 1. *The accurate poverty alleviation plan*

Applicable  Not applicable

In addition to rapidly developing itself, Great Wall Motor constantly puts into practice its core values of “integrity, innovation, and sharing”, making positive contributions in such areas as anti-pandemic, poverty alleviation, education, and relief, fully demonstrating the responsibility and commitment of the Company.

##### 2. *Summary of the accurate poverty alleviation for the Year*

Applicable  Not applicable

In 2020, right after the pandemic broke out in China, Great Wall Motor launched a series of anti-pandemic measures to contribute to the battle against the pandemic with concrete actions. As the pandemic spread across the world, Great Wall Motor also proactively fulfilled its corporate social responsibilities abroad. It continued to implement its poverty alleviation system combining employment and education initiatives to help poverty-stricken regions eliminate poverty; carried out vocational skill training to help people improve their skills; and provided an employment platform for the disabled to help them solve living and employment issues.

## Section 8 Significant Events

### 3. Effect of the accurate poverty alleviation

√ Applicable     Not applicable

Unit: 0'000    Currency: RMB

Items	Number and implementation
I. General information	
Of which:	
1. Funds	4,653.82
2. Supplies converted to cash	173.54
3. Number of registered poor people lifted out of poverty (person)	548
II. Capital injection by project	
Of which:	
1. Poverty alleviation through transferring the form of employment	
1.1 Amount of investment for vocational training	225.79
1.2 Number of people participating in vocational training (person/time)	15,680
1.3 Number of registered impoverished people obtaining jobs (person)	0
2. Basic protection	
2.1 Amount of investment for helping left-behind children, elderly and women	0
2.2 Number of left-behind children, elderly and women funded (person)	0
2.3 Amount of investment for helping the poor people with disabilities	3,607.67
2.4 Number of poor people with disabilities funded (person)	548
3. Poverty alleviation through society	
3.1 Amount of investment in coordinated eastern-western poverty alleviation	30.36
3.2 Amount of investment in precision poverty alleviation	0
3.3 Public social charitable fund for poverty alleviation	20
4. Other projects	
4.1 Number of projects (item)	11
4.2 Amount of investment	943.54
4.3 Number of registered impoverished people relieved from poverty under the help offered (person)	0
4.4 Description about other projects	Nil
III. Awards (details and class)	Nil

## Section 8 Significant Events

### 4. *Subsequent accurate poverty alleviation programmes*

Applicable  Not applicable

1. Education poverty alleviation: carrying out a variety of measures to improve the basic education of poverty-stricken regions and provided funding for students from poor families;
2. Employment poverty alleviation: attracting people from poverty-stricken regions at home and abroad to come to the Company for skill training and employment opportunities, thereby solving the employment issue for impoverished people;
3. Other means of poverty alleviation: providing an employment platform for the disabled to help them solve living and employment issues.

Going forward, in addition to transforming into a global technology-driven mobility company at an accelerated pace, Great Wall Motor will continue to create shared social value in all aspects and give back to society.

### (II) Social responsibilities

Applicable  Not applicable

For details, please refer to Corporate Social Responsibility Report for 2020 of Great Wall Motor Company Limited (《長城汽車股份有限公司2020年度社會責任報告》) published on the websites of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) and the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

### (III) Information on environmental protection

#### 1. *Environmental protection measures taken by the Company and its major subsidiaries in respect of key pollutant discharging units announced by the environmental protection departments*

Applicable  Not applicable

##### (1) *Pollutant discharge*

Applicable  Not applicable

## Section 8 Significant Events

Name of company or subsidiary	Name of major pollutants or specific pollutants	Way of emission	Number of discharge outlet	Location of discharge outlet	Emission concentration	Adopted emission standards for pollutants	Total Emissions	Verified total emissions	Excessive emission				
Great Wall Motor Company Limited	Sewage	pH value COD Ammoniacal nitrogen SS BOD5 Petroleum fractions Anionic surface active agent Phosphate Total chromium Chromium Total nickel	Intermittent emission	2	The discharge outlet on the factory site of Great Wall Motor Company Limited located at Chaoyang South Avenue	7.33 47mg/L 5.05mg/L 32mg/L 24.8mg/L 0.48mg/L 0.232mg/L 0.89mg/L 0.028mg/L 0.028mg/L 0.37mg/L	Table 4 Tertiary Standard in Integrated Wastewater Discharge Standards (GB 8978-1996); import water quality requirements for Yindingzhuang Sewage Station	-	-	Nil			
											22.96 tons	38.61 tons/per year	Nil
											1.09 tons	2.53 tons/per year	Nil
											4.15 tons	-	Nil
											4.85 tons	-	Nil
											0.11 ton	-	Nil
											0.06 ton	-	Nil
											0.19 ton	-	Nil
											0.01 ton	-	Nil
											0.004 ton	-	Nil
											0.06 ton	-	Nil
												Soil	During the Reporting Period, Great Wall Motor Company Limited was on the list of 2020 key pollutant emission entities in Hebei. During the period, a total of 2,236.51 tons of hazardous waste was produced, which was disposed of by qualified hazardous waste operators in accordance with the law.
Xushui Branch of Great Wall Motor Company Limited	Sewage	PH Suspended solids Petroleum fractions COD Phosphate	Intermittent emission	2	Main discharge outlets of phase 1 and phase 3 of sewage station of Xushui Branch	7.38 22mg/L 3.8mg/L 48mg/L 0.577mg/L	Table 4 Tertiary Standard in Integrated Wastewater Discharge Standards (GB 8978-1996); import water quality requirements for Dawangdian Treatment Sewage Station	-	-	Nil			
											5.150 tons	-	Nil
											0.151 ton	-	Nil
											14.322 tons	37.03 tons/per year	Nil
											0.012 ton	-	Nil
Baoding Xushui Chassis Branch of Jingcheng Engineering Automotive Systems Co., Ltd.	Sewage	PH COD Ammoniacal nitrogen Total phosphorus SS BOD5 Petroleum Fluoride Anionic surface active agent	Intermittent emission	2	Main discharge outlet of phase 1 of sewage station, main discharge outlet of phase 3 of auto parts sewage station	7.2 42mg/L 4.973mg/L 2.85mg/L 18mg/L 21mg/L 0.54mg/L 0.653mg/L ND	Table 4 Tertiary Standard in Integrated Wastewater Discharge Standards (GB 8978-1996); import water quality requirements for Dawangdian Treatment Sewage Station	-	-	Nil			
											3.83 tons	4.534 tons	Nil
											0.56 ton	1.814 tons	Nil
											0.42 ton	0.503 ton	Nil
											1.76 tons	-	Nil
											2.90 tons	-	Nil
											0.04 ton	-	Nil
0.09 ton	-	Nil											
-	-	Nil											

## Section 8 Significant Events

Name of company or subsidiary	Name of major pollutants or specific pollutants	Way of emission	Number of discharge outlet	Location of discharge outlet	Emission concentration	Adopted	Total Emissions	Verified	Excessive emission	
						emission standards for pollutants		total emissions		
Jingcheng Engineering Automotive Systems Co., Ltd.	Sewage	PH Suspended solids COD Ammoniacal nitrogen Petroleum fractions Phosphate Total phosphorus BOD5 Anionic surface active agent Nickel Total chromium	Intermittent emission	1	Main discharge outlet of sewage station	7.8	Table 4 Tertiary	-	-	Nil
						35mg/L	Standard in Integrated	0.656 ton	-	Nil
						96.4mg/L	Wastewater Discharge	2.27 tons	4.06 tons	Nil
						1.1mg/L	Standards	0.02 ton	0.675 ton	Nil
						0.48mg/L	(GB 8978-1996)	0.01 ton	-	Nil
						1.07mg/L		0.024 ton	-	Nil
						2.13mg/L		0.024 ton	0.0813 ton	Nil
						17.4mg/L		0.256 ton	-	Nil
						0.148mg/L		0.001 ton	-	Nil
						0.18mg/L		0.003 ton	0.0085 ton	Nil
0.016mg/L		0.0002 ton	0.013 ton	Nil						
Baoding Nuobo Rubber Production Co., Ltd.	Sewage	PH Suspended solids BOD5 COD Petroleum fractions Ammoniacal nitrogen Total phosphorus Total nitrogen	Intermittent emission	1	Main discharge outlet of the Company	7.48	Table 4 Tertiary	-	-	Nil
						15mg/L	Standard in Integrated	0.3582 ton	-	Nil
						28.6mg/L	Wastewater Discharge	0.748 ton	-	Nil
						108mg/L	Standards	2.761 tons	-	Nil
						0.39mg/L	(GB 8978-1996);	0.021 ton	-	Nil
						31mg/L	import water quality	0.847 ton	-	Nil
						2.74mg/L	requirements for	0.073 ton	-	Nil
						41mg/L	Yindingzhuang	1.117 tons	-	Nil
							Sewage Station			
						3.90mg/m <sup>3</sup>	Emission	2E-06tons	-	Nil
Exhaust gas	Particulates Sulfurated hydrogen Non-methane hydrocarbons	Regular emission	3	Around the factory	0.160mg/m <sup>3</sup>	Control Standards of Volatile Organic	0.002 ton	-	Nil	
					3.21mg/m <sup>3</sup>	Compounds for	0.963 ton	-	Nil	
						Industrial Enterprises (DB13/2322-2016), Emission Standard of Odor Pollutants (GB 14554-93), Emission Standards for Industrial Pollutants of Rubber Products (GB 27632-2011) and Integrated Emission Standards of Air Pollutants (GB16297-1996)				

## Section 8 Significant Events

Name of company or subsidiary	Name of major pollutants or specific pollutants	Way of emission	Number of discharge outlet	Location of discharge outlet	Emission concentration	Adopted emission standards for pollutants	Total Emissions	Verified total emissions	Excessive emission
Baoding Nuobo Auto Decorations Company Limited	Sewage COD Ammoniacal nitrogen Total phosphorus SS Petroleum fractions Fluoride Total nitrogen	Intermittent emission	1	Main discharge outlet of sewage station	33mg/L 0.693mg/L 0.78mg/L 46mg/L 0.48mg/L 1.1mg/L 4.39mg/L	Table 2 standard in Emission Standards for Electroplating Pollutants GB 21900-2008; Import water quality requirements for Dawangdian Industrial Park Sewage Treatment Station	0.081 ton 0.044 ton 0.002 ton 0.097 ton 0.002 ton 0.002 ton 0.017 ton	4.245 tons 0.15 ton 0.036 ton - - - -	Nil Nil Nil Nil Nil Nil Nil
	Exhaust gas Particulates Sulphur dioxide Nitrogen oxides Sulfuric acid mist	Regular emission	6	Around the factory	2.7mg/m <sup>3</sup> ND 47mg/m <sup>3</sup> 0.26mg/m <sup>3</sup>	Emission Standards for Electroplating Pollutants GB 21900-2008; Emission Standards of Industrial Furnace Kiln Air Pollutants (DB13 1640-2012) in Heilbei Province; Integrated Emission Standards of Air Pollutants (GB16297-1996)	0.538 ton - 0.014 ton 0.125 ton	1.068 tons 0.352 ton 3.25 tons -	Nil Nil Nil Nil

## Section 8 Significant Events

Name of company or subsidiary	Name of major pollutants or specific pollutants		Way of emission	Number of discharge outlet	Location of discharge outlet	Emission concentration	Adopted	Total Emissions	Verified	Excessive emission
							emission standards for pollutants		total emissions	
Dingxing Branch of Great Wall Motor Company Limited	Exhaust gas	Particulates	Regular emission	22	Around the factory	35mg/m <sup>3</sup>	Table 2 Secondary	8.852 tons	-	Nil
		Phenolic compound				0.3mg/m <sup>3</sup>	Standard in Integrated	0.078 ton	-	Nil
		Formaldehyde				17.8mg/m <sup>3</sup>	Emission Standards of Air Pollutants (GB16297-1996)	0.3693 ton	-	Nil
		Nitrogen oxides				43mg/m <sup>3</sup>	Table 2 in Emission Standards of Industrial Furnace Kiln Air Pollutants (DB13/1640-201)	0.579 ton	0.702 ton/per year	Nil
		Sulphur dioxide				3mg/m <sup>3</sup>	Standards of Industrial Furnace Kiln Air Pollutants (DB13/1640-201)	0.0159 ton	-	Nil
		Non-methane hydrocarbons				10.2mg/m <sup>3</sup>	Table 1 in Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB13/2322-2016);	0.763 ton	-	Nil
		Ammonia				2mg/m <sup>3</sup>	Table 1 and Table 2 Standard in Emission Standard of Odor Pollutants (GB14554-93)	0.116 ton	-	Nil
		Carbon monoxide				9mg/m <sup>3</sup>	Table 2 Secondary Standard in Emission Standards of Carbon Monoxide as Stationary Source (GB16297-1996)	0.046 ton	-	Nil

## Section 8 Significant Events

Name of company or subsidiary	Name of major pollutants or specific pollutants	Way of emission	Number of discharge outlet	Location of discharge outlet	Emission concentration	Adopted emission standards for pollutants	Total Emissions	Verified total emissions	Excessive emission
Baoding Xushui Optoelectronics Branch of Mind Electronics Company Limited	Sewage PH COD Ammoniacal nitrogen Total phosphorus SS Total nitrogen	Intermittent emission	1	Main discharge outlet of phase 3 of auto parts sewage station	7.85 69mg/L 14.6mg/L 0.38mg/L 33mg/L 24.8mg/L	Table 4 Tertiary Standard in Integrated Wastewater Discharge Standards (GB 8978-1996); import water quality requirements for Dawangdian Industrial Park Sewage Treatment Station	- 2.206 tons 0.053 ton 0.011 ton 0.556 ton 0.205 ton	- - - - -	Nil Nil Nil Nil Nil
	Exhaust gas Non-methane hydrocarbons Particulates	Regular emission	6	Around the factory	7.21mg/m <sup>3</sup> 2.2mg/m <sup>3</sup>	Table 1 in Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB13/2322-2016) Table 2 Secondary Standard in Integrated Emission Standards of Air Pollutants (GB 16297-1996)	0.557 ton 0.228 ton	- 1.444tons/per year	Nil Nil
Xushui Branch of Honeycomb Transmission Technology Hebei Co., Ltd.,	Sewage PH COD Suspended solids Ammoniacal nitrogen Total phosphorus Total nitrogen	Intermittent emission	1	Main discharge outlet of phase 3 of auto parts sewage station	7.28 35mg/L 17mg/L 2.42mg/L 0.36mg/L 8.43mg/L	Table 4 Tertiary Standard in Integrated Wastewater Discharge Standards (GB8978-1996); import water quality requirements for Dawangdian Industrial Park Sewage Treatment Station	- 2.191 tons 1.002 tons 0.159 ton 0.024 ton 0.560 ton	- - - - -	Nil Nil Nil Nil Nil

## Section 8 Significant Events

Name of company or subsidiary	Name of major pollutants or specific pollutants		Way of emission	Number of discharge outlet	Location of discharge outlet	Emission concentration	Adopted	Total Emissions	Verified	Excessive emission
							emission standards for pollutants		total emissions	
Nuobo Rubber Production Company Limited	Sewage	PH	Intermittent emission	1	Main discharge outlet of phase 1 of sewage station of Xushui Chassis	7.58	Table 4 Tertiary	-	-	Nil
		COD				42mg/L	Standard in Integrated	2.85 tons	11.15tons/per year	Nil
		Ammoniacal nitrogen				8.93mg/L	Wastewater Discharge	0.30 ton	0.37ton/per year	Nil
		Suspended solids				21mg/L	Standards	1.45 tons	-	Nil
		Total nitrogen				21.6mg/L	(GB 8978-1996);	1.77 tons	-	Nil
		BOD5				12mg/L	import water quality	0.87 ton	-	Nil
		Total phosphorus				0.95mg/L	requirements for	0.08 ton	-	Nil
	Petroleum fractions	0.46mg/L	Dawangdian Industrial Park Sewage Treatment Station	0.04 ton	-	Nil				
	Exhaust gas	Non-methane hydrocarbons	Intermittent emission	12	Around the factory	3.32mg/m <sup>3</sup>	Table 1 in Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB13/2322-2016)	2.076 tons	6.785tons/per year	Nil
						Sulphur dioxide	32mg/m <sup>3</sup>	Notice on printing and distributing	0.028 ton	0.074ton/per year
Nitrogen oxides		20mg/m <sup>3</sup>				The Plan for Comprehensive Control of Air Pollution in Industrial Furnaces and Kilns (Huang Da Qi [2019] No.56)	0.025 ton	0.459ton/per year	Nil	
	Particulates				3.3mg/m <sup>3</sup>	Emission Standards for Industrial Pollutants of Rubber Products GB 27632-2011	1.351 tons	0.678ton/per year	Nil	

## Section 8 Significant Events

Name of company or subsidiary	Name of major pollutants or specific pollutants	Way of emission	Number of discharge outlet	Location of discharge outlet	Emission concentration	Adopted emission standards for pollutants	Total Emissions	Verified total emissions	Excessive emission	
Nuobo Automotive System Co., Ltd.	Sewage	PH COD Ammoniacal nitrogen Phosphate Suspended solids BOD5 Petroleum fractions Anionic surface active agent	Intermittent emission	1	Production wastewater discharge outlet of the company	7.73	Table 4 Tertiary	-	-	Nil
						73mg/L	Standard in Integrated Wastewater	0.1124 ton	1.629tons	Nil
						0.366mg/L	Discharge Standards (GB 8978-1996);	0.0138 ton	-	Nil
						0.11mg/L	import water quality requirements for	0.002 ton	-	Nil
						22mg/L	Yindingzhuang Sewage Station	0.0469 ton	-	Nil
						21.2mg/L		0.0307 ton	-	Nil
						0.41mg/L		0.0003 ton	-	Nil
	Exhaust gas	Particulates Sulphur dioxide Nitrogen oxides  Non-methane hydrocarbons Benzene Toluene Xylene	Intermittent emission	3	Around the factory	2.5mg/m <sup>3</sup>	Table 2 Secondary	1.137 tons	-	Nil
						4mg/m <sup>3</sup>	Standard in Integrated Emission Standards of Air Pollutants (GB16297-1996);	0.018 ton	-	Nil
						13mg/m <sup>3</sup>	Table 1 in Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB13/2322-2016)	0.165 ton	-	Nil
						3.2mg/m <sup>3</sup>		1.64 tons	-	Nil
						ND		-	-	Nil
						ND		-	-	Nil
Baoding Yixin Automotive Parts Company Limited	Sewage	PH SS COD Ammoniacal nitrogen	Intermittent emission	2	Yixin sewage discharge outlet	6.74	Table 4 Tertiary	-	-	Nil
						30mg/L	Standard in Integrated Wastewater Discharge Standards (GB 8978-1996);	0.531 ton	-	Nil
						416mg/L	import water quality requirements for Yindingzhuang Sewage Station	6.795 tons	-	Nil
						3.99mg/L		0.066 ton	-	Nil
	Exhaust gas	Non-methane hydrocarbons Benzene Total toluene and xylene	Intermittent emission	4	Around the factory	1.11mg/m <sup>3</sup>	Table 1 in Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB13/2322-2016)	0.312 ton	-	Nil
						0.010mg/m <sup>3</sup>		0.003 ton	-	Nil
						0.323mg/m <sup>3</sup>		0.019 ton	-	Nil
Baoding Exquisite Automotive Mould Technology Co., Ltd.	Sewage	COD Ammoniacal nitrogen Total phosphorus SS	Intermittent emission	2	The discharge outlet at the Chaoyang South Avenue, the discharge outlet of Jiaozhuang Sewage Station	120mg/L	Table 4 Tertiary	1.002 tons	-	Nil
						5.05mg/L	Standard in Integrated Wastewater Discharge Standards (GB 8978-1996)	0.038 ton	-	Nil
						0.88mg/L		0.027 ton	-	Nil
						35mg/L		0.299 ton	-	Nil

## Section 8 Significant Events

Name of company or subsidiary	Name of major pollutants or specific pollutants		Way of emission	Number of discharge outlet	Location of discharge outlet	Emission concentration	Adopted	Total Emissions	Verified total emissions	Excessive emission
							emission standards for pollutants			
Baoding Great Wall Scrap Car Recycling & Dismantling Co., Ltd.	Sewage	COD	Intermittent emission	1	Main discharge outlet of sewage station	205mg/L	Table 4 Tertiary Standard in Integrated Wastewater Discharge Standards	0.176 ton	0.207 ton	Nil
		Suspended solids				75mg/L	(GB 8978-1996); import water quality requirements for Qingyuan County Sewage Treatment Station	0.0818 ton	-	Nil
	Exhaust gas	Petroleum	Intermittent emission	1	Around the factory	1.25mg/L	Table 1 in Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB13/2322-2016)	0.0006 ton	0.003 ton	Nil
		Total phosphorus				2.6mg/L		0.0012 ton	0.002 ton	Nil
	Sewage	Total nitrogen	Intermittent emission	1	Main discharge outlet of sewage station	19.3mg/L	Table 4 Tertiary Standard in Integrated Wastewater Discharge Standards (GB 8978-1996); import water quality requirements for Shunping Qingyuan Sewage Treatment Co., Ltd.	0.0157 ton	0.017 ton	Nil
		PH				8.04		-	-	Nil
Shunping Precision Casting Branch of Great Wall Motor Company Limited	Sewage	SS	Intermittent emission	1	Main discharge outlet of sewage station	19mg/L	Table 4 Tertiary Standard in Integrated Wastewater Discharge Standards (GB 8978-1996); import water quality requirements for Shunping Qingyuan Sewage Treatment Co., Ltd.	2.447 tons	-	Nil
		Petroleum				0.49mg/L		0.067 ton	-	Nil
	Exhaust gas	Animal fats and vegetable oils	Regular emission	16	Around the factory	0.51mg/L	Table 2 Secondary Standard in Integrated Emission Standards of Air Pollutants (GB16297-1996); New Furnace Standard in Table 1 and Table 2 in Emission Standards of Industrial Furnace Kiln Air Pollutants (DB13/1640-2012)	0.057 ton	-	Nil
		COD				58mg/L		8.794 tons	-	Nil
	Sewage	Ammoniacal nitrogen	Regular emission	16	Around the factory	1.56mg/L	Table 2 Secondary Standard in Integrated Emission Standards of Air Pollutants (GB16297-1996); New Furnace Standard in Table 1 and Table 2 in Emission Standards of Industrial Furnace Kiln Air Pollutants (DB13/1640-2012)	0.220 ton	-	Nil
		Non-methane hydrocarbons				3.54mg/m <sup>3</sup>		2.8415 tons	-	Nil
	Exhaust gas	Particulates	Regular emission	16	Around the factory	5mg/m <sup>3</sup>	Table 2 Secondary Standard in Integrated Emission Standards of Air Pollutants (GB16297-1996); New Furnace Standard in Table 1 and Table 2 in Emission Standards of Industrial Furnace Kiln Air Pollutants (DB13/1640-2012)	6.1452 tons	-	Nil
		Toluene				0.0283mg/m <sup>3</sup>		0.0003 ton	-	Nil
	Exhaust gas	Xylene	Regular emission	16	Around the factory	0.136mg/m <sup>3</sup>	Table 2 Secondary Standard in Integrated Emission Standards of Air Pollutants (GB16297-1996); New Furnace Standard in Table 1 and Table 2 in Emission Standards of Industrial Furnace Kiln Air Pollutants (DB13/1640-2012)	0.0016 ton	-	Nil
		Sulphur dioxide				7mg/m <sup>3</sup>		0.1964 ton	-	Nil
	Exhaust gas	Nitrogen oxides	Regular emission	16	Around the factory	75mg/m <sup>3</sup>	Table 2 Secondary Standard in Integrated Emission Standards of Air Pollutants (GB16297-1996); New Furnace Standard in Table 1 and Table 2 in Emission Standards of Industrial Furnace Kiln Air Pollutants (DB13/1640-2012)	2.9176 tons	-	Nil
		Formaldehyde				0.9mg/m <sup>3</sup>		0.071 ton	-	Nil
	Exhaust gas	Phenolic compound	Regular emission	16	Around the factory	ND	Table 2 Secondary Standard in Integrated Emission Standards of Air Pollutants (GB16297-1996); New Furnace Standard in Table 1 and Table 2 in Emission Standards of Industrial Furnace Kiln Air Pollutants (DB13/1640-2012)	-	-	Nil

## Section 8 Significant Events

Name of company or subsidiary	Name of major pollutants or specific pollutants	Way of emission	Number of discharge outlet	Location of discharge outlet	Emission concentration	Adopted emission standards for pollutants	Total Emissions	Verified total emissions	Excessive emission	
Shunping Precision Casting Branch of Jingcheng Engineering Automotive Systems Co., Ltd.	Sewage	PH SS Petroleum fractions Animal fats and vegetable oils COD Ammoniacal nitrogen	Intermittent emission	1	Main discharge outlet of sewage station	8.04	Table 4 Tertiary	-	-	Nil
						19mg/L	Standard in Integrated Wastewater Discharge Standards	0.289 ton	-	Nil
						0.49mg/L		0.007 ton	-	Nil
						0.51mg/L	(GB 8978-1996);	0.007 ton	-	Nil
						58mg/L	import water quality requirements for	0.822 ton	1.88 tons/per year	Nil
						1.56mg/L	Shunping Qingyuan Sewage Treatment Co., Ltd.	0.025 ton	0.188 ton/per year	Nil
Shunping Precision Die Casting Branch of Jingcheng Engineering Automotive Systems Co., Ltd.	Sewage	PH SS Petroleum fractions Animal fats and vegetable oils COD Ammoniacal nitrogen	Intermittent emission	1	Main discharge outlet of sewage station	7.98	Table 4 Tertiary	-	-	Nil
						19mg/L	Standard in Integrated Wastewater Discharge Standards	2.158 tons	-	Nil
						0.48mg/L		0.059 ton	-	Nil
						0.44mg/L	(GB 8978-1996);	0.050 ton	-	Nil
						72mg/L	import water quality requirements for	7.972 tons	41.79 tons/per year	Nil
						1.56mg/L	Shunping Qingyuan Sewage Treatment Co., Ltd.	0.196 ton	4.18 tons/per year	Nil
Exhaust gas	Non-methane hydrocarbons Particulates Sulphur dioxide Nitrogen oxides Formaldehyde Phenolic compound	Regular emission	6	Around the factory	3.54mg/m <sup>3</sup>	Table 2 Secondary Standard in Integrated Emission Standards of Air Pollutants (GB16297-1996);	2.287 tons	-	Nil	
					4.1mg/m <sup>3</sup>	New Furnace	0.802 ton	-	Nil	
					6mg/m <sup>3</sup>	Standard in Table 1 and Table 2 in Emission Standards of Industrial Furnace Kiln Air Pollutants (DB13/1640-2012)	0.037 ton	0.353 ton/per year	Nil	
					65mg/m <sup>3</sup>		1.071 tons	1.649 tons/per year	Nil	
					0.9mg/m <sup>3</sup>		0.071 ton	-	Nil	
					ND		-	-	Nil	

## Section 8 Significant Events

Name of company or subsidiary	Name of major pollutants or specific pollutants		Way of emission	Number of discharge outlet	Location of discharge outlet	Emission concentration	Adopted emission standards for pollutants	Total Emissions	Verified total emissions	Excessive emission			
Tianjin Haval Branch of Great Wall Motor Company Limited	Sewage	PH value	Intermittent emission	2	West side of the factory site	7.85	Table 2 Tertiary Standard in Integrated Wastewater Discharge Standards (DB 12/356-2018)	-	-	Nil			
		Petroleum fractions									12mg/L	0.113 ton	-
		Animal fats and vegetable oils	59.2mg/L				0.629 ton	-	Nil				
		Suspended solids	185mg/L				2.735 tons	-	Nil				
		COD	202mg/L				32.425 tons	96.313 tons/per year	Nil				
		BOD5	46.7mg/L				8.311 tons	-	Nil				
		Ammoniacal nitrogen	22.1mg/L				2.508 tons	5.85 tons/per year	Nil				
		Total phosphorus	1.2mg/L				0.100 ton	1.541 tons/per year	Nil				
		Anionic surface active agent	0.17mg/L				0.011 ton	-	Nil				
		Zinc	1.2mg/L				0.134 ton	-	Nil				
		Manganese	0.3mg/L				0.039 ton	-	Nil				
		Nickel	0.272mg/L				0.007 ton	0.126 ton/per year	Nil				
	Exhaust gas	VOCs	Regular emission	55	Around the painting workshop, general assembly workshop	32.2mg/m <sup>3</sup>	Table 2 Secondary Standard in Integrated Emission Standards of Air Pollutants (GB16297-1996); Table 2 in Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB12/524-2014)	44.860 tons	398.29 tons	Nil			
		Sulphur dioxide									27mg/m <sup>3</sup>	6.826 tons	-
Nitrogen oxides		116mg/m <sup>3</sup>									27.989 tons	-	Nil
Particulates		20mg/m <sup>3</sup>									12.954 tons	-	Nil
Solid and hazardous waste	During the Reporting Period, Tianjin Haval Branch of Great Wall Motor Company Limited was included in the list of 2020 key environmental pollutant emission entities of solid and hazardous waste in Tianjin. During the Current Period, a total of 1,156.79 tons of hazardous waste was generated, which was legally disposed of by the manufacturer with the qualification of hazardous waste management. 151 boxes of ordinary solid waste (length*width*height: 3.45m*2.2m*1m) were generated, which was disposed of by qualified manufacturers.												

## Section 8 Significant Events

Name of company or subsidiary	Name of major pollutants or specific pollutants	Way of emission	Number of discharge outlet	Location of discharge outlet	Emission concentration	Adopted emission standards for pollutants	Total Emissions	Verified total emissions	Excessive emission	
Tianjin Branch of Nuobo Automotive System Co., Ltd.	Sewage	PH	Intermittent	1	West side of the factory site	7.76	Table 2 Tertiary Standard in Integrated Wastewater Discharge Standards	-	-	Nil
		COD	emission			3.13mg/L	(DB 12/356-2018)	1.983 tons	-	Nil
		Suspended solids				81mg/L		0.406 ton	-	Nil
		BOD5				11.6mg/L		0.459 ton	-	Nil
		Ammoniacal nitrogen				8.32mg/L		0.036 ton	-	Nil
		Total phosphorus				0.78mg/L		0.013 ton	-	Nil
	Exhaust gas	Benzene	Regular	10	Around the factory	0.004mg/m <sup>3</sup>	Table 2 in Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB12/524-2014)	0.004 ton	-	Nil
		Toluene	emission			1.61mg/m <sup>3</sup>		1.50 tons	-	Nil
		Xylene				4.34mg/m <sup>3</sup>		3.27 tons	-	Nil
		VOCs				5.26mg/m <sup>3</sup>		13.50 tons	-	Nil
		Non-methane hydrocarbons				17.4mg/m <sup>3</sup>	Table 2 Secondary Standard in Integrated Emission Standards of Air Pollutants (GB16297-1996)	1.85 tons	-	Nil
		Particulates				7.3mg/m <sup>3</sup>		3.39 tons	-	Nil
		Sulphur dioxide				ND		1.74 tons	-	Nil
		Nitrogen oxides				5mg/m <sup>3</sup>		2.59 tons	-	Nil
	Solid and hazardous waste	During the Reporting Period, Tianjin Branch of Nuobo Rubber Production Company Limited was included in the list of 2020 key environmental pollutant emission entities of solid and hazardous waste in Tianjin. During the Current Period, a total of 679.70tons of hazardous waste was generated, which was legally disposed of by the manufacturer with the qualification of hazardous waste management. 590 boxes of ordinary solid waste (length*width*height: 3.45m*2.2m*1m) were generated, and disposed of by qualified manufacturers.								
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 2020 key environmental pollutant emission entities of solid and hazardous waste in Tianjin. During the Current Period, a total of 265.80 tons of hazardous waste was generated, which was legally disposed of by the manufacturer with the qualification of hazardous waste management.								
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 2020 key environmental pollutant emission entities of solid and hazardous waste in Tianjin. During the Current Period, a total of 147.89 tons of hazardous waste was generated, which was legally disposed of by the manufacturer with the qualification of hazardous waste management. 106 boxes of ordinary solid waste (length*width*height: 3.45m*2.2m*1m) were generated, and disposed of by qualified manufacturers.								

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

## Section 8 Significant Events

In 2020, a total of 11,120 tons of hazardous waste consisting mainly of sludge, paint waste and contaminated waste was produced, representing a unit production of 0.010 ton per vehicle. Such waste was transferred in accordance with the Notice on the Application of Dynamic Solid Waste Information Management Platform (《固體廢物動態信息管理平台應用有關工作的通知》), the Notice on the Relevant Procedures of Launching Tianjin's Hazardous Waste Online Transfer Supervision Platform for the Transfer of Hazardous Wastes in the City of Tianjin (《關於啟動天津市危險廢物在線轉移監管平台辦理危險廢物市內轉移相關手續的通知》) and the procedures for obtaining approval of transfer established by the competent authorities in Tianjin and Baoding. Hazardous waste of Tianjin was transferred to Tianjin Hejia Veolia Environmental Services Co., Ltd. (天津合佳威立雅環境服務有限公司), Tianjin Binhai Hejia Veolia Environmental Services Co., Ltd. (天津濱海合佳威立雅環境服務有限公司), Tangshan Haochangjie Environmental Protection Technology Development Co., Ltd. (唐山浩昌傑環保科技發展有限公司), Hengshui Ruitao Environmental Protection Technology Co., Ltd. (衡水睿韜環保技術有限公司), Leting County Haichang Environmental Protection Technology Co., Ltd. (樂亭縣海暢環保科技有限公司) and other companies for disposal. Hazardous waste of Baoding was transferred to Cangzhou Jihuan Veolia Environmental Services Co., Ltd. (滄州冀環威立雅環境服務有限公司), Qinhuangdao Xushankou Hazardous Waste Treatment Co., Ltd. (秦皇島市徐山口危險廢物處理有限公司), Baoding Colin Heating Co., Ltd. (保定科林供熱有限公司), Hebei Fenghua Environmental Protection Service Co., Ltd. (河北風華環保服務有限公司), Tangshan Youyi Shengxing Renewable Resources Co., Ltd. (唐山優藝勝星再生資源有限公司), Shijiazhuang Xiangyu Environmental Protection Technology Service Center (石家莊翔宇環保技術服務中心) and other companies for disposal. General solid waste produced by the Company is comprised mainly of domestic waste. In 2020, a total of 15,723 tons of general solid waste was produced, representing a unit production of 0.014 ton per vehicle, which was disposed of by the qualified waste recycling service providers engaged by the Company.

### (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 bylaws 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

## Section 8 Significant Events

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.

The Company has proactively established sound environmental management systems, and received the Environmental Management Systems Audit Certification (ISO14001:2004) since 2008. It passed the revised audit certification (ISO14001:2015) in 2020, ensuring the suitability, adequacy and effectiveness of the environmental management system in the Company.

(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.

## Section 8 Significant Events

All projects of the Company and its major subsidiaries obtained approval in environmental impact assessment in accordance with the laws while relevant auxiliary environmental facilities passed the respective environmental protection acceptance check and obtained a pollutant discharge permit (permit 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, and completed the filings with 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;

## Section 8 Significant Events

### (6) *Other environmental information which shall be disclosed*

Applicable  Not applicable

According to the relevant requirements under the Environmental Protection Law of the People's Republic of China 《中華人民共和國環境保護法》 and the Measures for the Disclosure of Environmental Information by Enterprises and Institutions (Order No. 31 of the Ministry of Environmental Protection) 《企業事業單位環境信息公開辦法》(環保部第31號令), the key pollutant discharge work units announced by the local environmental protection departments in the places where the Company and its major subsidiaries are located are Great Wall Motor Company Limited, Xushui Branch of Great Wall Motor Company Limited, Dingxing Branch of Great Wall Motor Company Limited, Jingcheng Engineering Automotive Systems Co., Ltd., Baoding Exquisite Automotive Mould Technology Co., Ltd., Nuobo Automotive Systems Co., Ltd., Baoding Nuobo Rubber Production Co., Ltd., Baoding Yixin Automotive Parts Company Limited, Baoding Great Wall Scrap Car Recycling & Dismantling Co., Ltd., Xushui Branch of Honeycomb Transmission Technology Hebei Co., Ltd., Baoding Xushui Jingong Chassis Branch of Jingcheng Engineering Automotive Systems Co., Ltd. (精誠工科汽車系統有限公司保定徐水精工底盤分公司), Nuobo Rubber Production Company Limited, Baoding Xushui Optoelectronics Branch of Mind Electronics Company Limited (曼德電子電器有限公司保定徐水光電分公司), Baoding Nuobo Auto Decorations Company Limited (保定諾博汽車裝飾件有限公司), Shunping Precision Casting Branch of Great Wall Motor Company Limited (長城汽車股份有限公司順平精工鑄造分公司), Shunping Precision Casting Branch of Jingcheng Engineering Automotive Systems Co., Ltd. (精誠工科汽車系統有限公司順平精工鑄造分公司), Shunping Precision Die Casting Branch of Jingcheng Engineering Automotive Systems Co., Ltd. (精誠工科汽車系統有限公司順平精工壓鑄分公司), Tianjin Haval Branch of Great Wall Motor Company Limited, Tianjin Haval Branch of Great Wall Motor Company Limited - Chassis Business Department, Tianjin Haval Branch of Great Wall Motor Company Limited - Dynamics Business Department, and Tianjin Branch of Nuobo Automotive System Co., Ltd. A relevant column/section on environmental information has been created on the Company's official website to publish the Company's environmental-related information.

### 2. ***Description of environmental protection of companies other than key pollutant discharging units***

Applicable  Not applicable

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

## Section 8 Significant Events

1. Stepped up the establishment of management offices and systems to further raise basic management standards. All subsidiaries of the Company had their environmental management offices and management staff, which formed an environmental management network across the Company. Environmental management rules and regulations were formulated and enforced stringently so that environmental work was under management;
2. In compliance with national laws and regulations as well as emissions standards, the waste emissions indicators of the Company and its major subsidiaries adhered to the most stringent domestic requirements currently in force. Emissions levels of sewage, exhaust gas, noise and solid waste complied with requirements, and sewage from plant sites was fully treated at sewage treatment plants of the Company, undergoing pre-treatment, biochemical treatment, filtering and disinfection procedures, with the treated grey water used for flushing and greening. Licensed discharge of the remaining grey water was made through the municipal sewage network, and the levels of sewage pollutants discharged were much lower than the emissions limits required by laws and regulations. VOCs and RTO produced by stoving were treated by combustion, exhaust gas from spraying and coating was treated by zeolite rotor and combustion facilities on top of the existing Giovanni treatment facilities based on their characteristics, undergoing adsorption, desorption and combustion procedures so as to achieve the treatment of VOCs in exhaust gas from spraying and coating. Treated exhaust gas was discharged through exhaust vents at height after meeting the required standards. In order to reduce noise, the Company proactively adopted various noise prevention and mitigation measures to reduce the impact on the environment. Installation of anti-vibration bases for noise-generating equipment, constructing green belts in the vicinity of noise sources and provision of acoustic shields (sound proof rooms) were the main measures undertaken for preventing and controlling noise. Effectively keeping off and lowering noise ensured eliminating noise efficiently for meeting the required emissions standards. The Company tackled the process of waste management at source by storing waste by type and setting up temporary storage sites for solid waste. It also placed emphasis on recycling of resources, with all useful waste of value sold to external parties or re-used and worthless waste handled by dedicated waste disposal companies for compliant disposal. Dedicated storage sites meeting requirements, equipped with smart monitoring systems and connected with environmental authorities through the Internet, were set up for all hazardous waste. Real time supervision by government authorities round the clock during the year helped ensure that waste storage and disposal could meet the required standards.
3. They improved the construction of various pollution control facilities by increasing financial commitment to environmental protection on an ongoing basis. All enterprises of the Company had built comprehensive pollution prevention and control facilities for the comprehensive treatment of various types of pollution such as sewage, exhaust gas and noise pollution, and for the lawful and compliant disposal of hazardous waste. In recent years, the Company kept increasing financial commitment to environmental protection, especially the prevention and control of air pollution, thus having made due contributions to improving air quality.

## Section 8 Significant Events

4. They gained access to environmental laws and regulations in a timely manner to conduct compliance evaluation. The regulations governing environmental impact assessment on construction projects were enforced stringently for the new, renovation and expansion projects of all enterprises to make sure the “Three Simultaneities” system for environmental protection was enforced. The application for pollutant discharge permit was completed and self- and third-party monitoring was carried out.
5. They participated in more environmental exhibitions at home and abroad so as to learn and bring in new, state-of-the-art environmental technologies, and carried out whole-process control over pollutant emissions to achieve the management philosophy of waste reduction at source and treatment at the end simultaneously to raise pollution treatment standards and reduce the generation of pollutants.
6. The Company had established a sound environmental risk emergency response mechanism. All enterprises had formulated an Emergency Plan for Unexpected Environmental Pollution Incidents. Environmental training and emergency drills for unexpected environmental incidents would be conducted every year to make sure that environmental management staff are familiar with environmental-related skills and that they can handle emergency quickly, orderly and efficiently when these incidents occur.

**3. *Explanation for not disclosing environmental protection information by companies other than key pollutant discharging units***

Applicable     Not applicable

**4. *Description of subsequent development of or changes in disclosed environmental information during the Reporting Period***

Applicable     Not applicable

**(IV) Other information**

Applicable     Not applicable

**XVIII.CONVERTIBLE CORPORATE BONDS**

Applicable     Not applicable

## Section 9 Changes in Ordinary Shares and Shareholders

### I. CHANGES IN ORDINARY SHARE CAPITAL

#### (I) Table of changes in ordinary shares

##### 1. Table of changes in ordinary shares

*Unit: share*

	Before		New issue	Changes (+,-) Shares transfer			Subtotal	After	
	Number of shares	Percentage (%)		Bonus shares	from reserve	Others		Number of shares	Percentage (%)
I. Shares with selling restrictions	0	0	49,303,500	0	0	-619,200	48,684,300	48,684,300	0.53
1. State-owned shares	0	0	0	0	0	0	0	0	0
2. State-owned legal person shares	0	0	0	0	0	0	0	0	0
3. Other domestic shares	0	0	49,303,500	0	0	-619,200	48,684,300	48,684,300	0.53
Including: Domestic non- state- owned legal person shares	0	0	0	0	0	0	0	0	0
Domestic natural person shares	0	0	49,303,500	0	0	-619,200	48,684,300	48,684,300	0.53
4. Foreign shares	0	0	0	0	0	0	0	0	0
Including: Overseas legal person shares	0	0	0	0	0	0	0	0	0
Overseas natural person shares	0	0	0	0	0	0	0	0	0
II. Tradable shares without selling restrictions	9,127,269,000	100	0	0	0	0	0	9,127,269,000	99.47
1. Ordinary shares denominated in RMB	6,027,729,000	66.04	0	0	0	0	0	6,027,729,000	65.69
2. Domestic listed foreign shares	0	0	0	0	0	0	0	0	0
3. Overseas listed foreign shares	3,099,540,000	33.96	0	0	0	0	0	3,099,540,000	33.78
4. Others	0	0	0	0	0	0	0	0	0
III. Total number of ordinary shares	9,127,269,000	100	49,303,500	0	0	-619,200	48,684,300	9,175,953,300	100

##### 2. Explanation for changes in ordinary shares

√ Applicable     Not applicable

## Section 9 Changes in Ordinary Shares and Shareholders

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

On 27 April 2020, the Company held the 34th meeting of the sixth session of the Board and the 23rd meeting of the sixth session of the Supervisory Committee, at which the Resolution on Adjustment of the List of Participants and the Number of Restricted Shares and Share Options to be Granted under the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited, and the Resolution on the Grant of Restricted Shares and Share Options to Participants of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited were considered and approved. The Company granted a total of 49,303,500 restricted shares. The Company completed the registration for the initial grant of the 2020 Restricted Shares and Share Option Incentive Scheme on 3 June 2020. The total share capital of the Company was changed from 9,127,269,000 Shares (including 6,027,729,000 A Shares and 3,099,540,000 H Shares) to 9,176,572,500 Shares (including 6,077,032,500 A Shares and 3,099,540,000 H Shares).

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

On 24 July 2020, the Company convened the 5th meeting of the seventh session of the Board and the 3rd meeting of the seventh session of the Supervisory Committee, at which the Resolution on Adjustment of the Repurchase Price of Certain Restricted Shares under the First Grant and the Exercise Price of the Share Options under the First Grant of the 2020 Restricted Share and Share Option Incentive Scheme of the Company and 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 were considered and approved. As two participants resigned or were reassigned prior to the expiration of the lock-up period, the above participants no longer met the conditions for incentive in relation to the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited. The Company repurchased and cancelled all of the 619,200 restricted shares held by the above two participants that had not been unlocked. The cancellation of the above certain restricted shares was completed on 11 September 2020. The total share capital of the Company has been reduced from 9,176,572,500 shares (including 6,077,032,500 A Shares and 3,099,540,000 H Shares) to 9,175,953,300 shares (including 6,076,413,300 A Shares and 3,099,540,000 H Shares).

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

Applicable     Not applicable

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

Applicable     Not applicable

## Section 9 Changes in Ordinary Shares and Shareholders

### (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	0	0	24,342,150	24,342,150	Share incentive	27 April 2021 – 26 April 2022
Restricted shares for employees	0	0	14,605,290	14,605,290	Share incentive	27 April 2022 – 26 April 2023
Restricted shares for employees	0	0	9,736,860	9,736,860	Share incentive	27 April 2023 – 26 April 2024
Total	0	0	48,684,300	48,684,300	/	/

## II. ISSUE AND LISTING OF SECURITIES

### (I) Issue of securities as at the Reporting Period

Applicable  Not applicable

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
<b>Ordinary shares</b>						
Restricted shares of 2020 Share Incentive Scheme (A Shares)	2020-06-03	RMB4.37/share	49,303,500	2020-06-03	49,303,500	/

Note: 619,200 restricted A Shares were cancelled on 11 September 2020.

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

## Section 9 Changes in Ordinary Shares and Shareholders

### (II) Changes in the total number of ordinary 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, changes in the total number of ordinary shares and shareholding structure of the Company are detailed in Section 9. I. (I) 2. "Explanation for changes in ordinary shares".

At the beginning of the Reporting Period, total assets and total liabilities amounted to RMB113,096,409,468.96 and RMB58,697,179,552.06, respectively, with a gearing ratio of 51.90%. At the end of the Reporting Period, total assets and total liabilities amounted to RMB154,011,490,632.24 and RMB96,669,643,048.05, respectively, with a gearing ratio of 62.77%.

### (III) Existing employee shares

Applicable  Not applicable

## 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)	92,916
Total number of ordinary shareholders as at the end of the last month prior to the date of this annual report (person)	178,901

## Section 9 Changes in Ordinary Shares and Shareholders

## (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(s)

Name of shareholder (full name)	Increase/decrease during the Reporting Period	Shareholding of the top 10 shareholders		Number of shares held with selling restrictions	Shares pledged or frozen Condition of shares	Number	Type of shareholder
		Number of shares held at the end of the Reporting Period	Percentage (%)				
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)	55.74	0 (A Shares)	Pledged	1,760,190,000 (A Shares)	Domestic non-state-owned legal person
HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司)	818,750 (H Shares)	3,084,692,449 (H Shares)	33.62	–	Unknown	–	Overseas legal person
China Securities Finance Corporation Limited	0 (A Shares)	196,889,089 (A Shares)	2.15	–	Unknown	–	Other
National Social Security Fund Portfolio 103	53,840,668 (A Shares)	53,840,668 (A Shares)	0.59	–	Unknown	–	Other
Hong Kong Securities Clearing Company Limited	-8,973,201 (A Shares)	29,254,723 (A Shares)	0.32	–	Unknown	–	Other
Central Huijin Asset Management Co., Ltd	0 (A Shares)	22,308,300 (A Shares)	0.24	–	Unknown	–	Other
Bank of Communications Limited – Wanjia Industry Preferred Mixed Securities Investment Fun (LOF) (交通銀行股份有限公司—萬家行業優選混合型證券投資基金(LOF))	20,000,068 (A Shares)	20,000,068 (A Shares)	0.22	–	Unknown	–	Other
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)	16,536,522 (A Shares)	16,536,522 (A Shares)	0.18	–	Unknown	–	Other
Taikang Life Insurance Co., Ltd. – Investment Link – Positive Growth (泰康人壽保險有限責任公司—投連—積極成長)	10,848,902 (A Shares)	10,848,902 (A Shares)	0.12	–	Unknown	–	Other
Tianjin Liren Investment Management Partnership Enterprise (Limited Partnership) – Excellence Long-Term Private Placement Securities Investment Fund (天津禮仁投資管理合夥企業(有限合夥)—卓越長青私募證券投資基金)	9,999,990 (A Shares)	9,999,990 (A Shares)	0.11	–	Unknown	–	Other

## Section 9 Changes in Ordinary 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
Baoding Innovation Great Wall Asset Management Company Limited	5,115,000,000 (A Shares)	RMB-denominated ordinary shares	5,115,000,000 (A Shares)
HKSCC NOMINEES LIMITED	3,084,692,449 (H Shares)	Overseas listed foreign shares	3,084,692,449 (H Shares)
China Securities Finance Corporation Limited	196,889,089 (A Shares)	RMB-denominated ordinary shares	196,889,089 (A Shares)
National Social Security Fund Portfolio 103	53,840,668 (A Shares)	RMB-denominated ordinary shares	53,840,668 (A Shares)
Hong Kong Securities Clearing Company Limited	29,254,723 (A Shares)	RMB-denominated ordinary shares	29,254,723 (A Shares)
Central Huijin Asset Management Co., Ltd.	22,308,300 (A Shares)	RMB-denominated ordinary shares	22,308,300 (A Shares)
Bank of Communications Limited – Wanjia Industry Preferred Mixed Securities Investment Fun (LOF)	20,000,068 (A Shares)	RMB-denominated ordinary shares	20,000,068 (A Shares)
China Construction Bank Corporation – Huaxia Energy Reform Equity Securities Investment Fund	16,536,522 (A Shares)	RMB-denominated ordinary shares	16,536,522 (A Shares)
Taikang Life Insurance Co., Ltd. – Investment Link – Positive Growth	10,848,902 (A Shares)	RMB-denominated ordinary shares	10,848,902 (A Shares)
Tianjin Liren Investment Management Partnership Enterprise (Limited Partnership) – Excellence Long-Term Private Placement Securities Investment Fund	9,999,990 (A Shares)	RMB-denominated ordinary shares	9,999,990 (A Shares)
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 2020, 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 1,760,190,000 A Shares. On 26 January 2021, Innovation Great Wall released the pledge on 78 million shares of the Company originally pledged to CITIC Securities Co., Ltd. and pledged 31.8 million unrestricted tradable A Shares of the Company held by it in favour of Yunnan International Trust Co., Ltd. for equity income right transfer. After such release of pledge and pledge of shares, the accumulative number of shares of the Company pledged by Innovation Great Wall was 1,713,990,000 A Shares as at 26 January 2021. For details, please refer to the announcement published by the Company on 26 January 2021 in the designated information disclosure media.

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

Applicable  Not applicable

## Section 9 Changes in Ordinary Shares and Shareholders

### Shares Held by Substantial Shareholders (SFO Requirements)

As at 31 December 2020, 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)	84.18	–	55.74
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)	–	–	56.15
Citigroup Inc.	210,605,708 (L) (H Shares) 61,863,058 (S) (H Shares) 146,368,264 (P) (H Shares)	–	6.79 (L) 1.99 (S) 4.72 (P)	2.30 (L) 0.67 (S) 1.60 (P)
Han Xue Juan (Note 3)	5,152,998,500 (L) (A Shares and H Shares)	–	–	56.15
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	–	55.74

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

## Section 9 Changes in Ordinary Shares and Shareholders

Notes:

- (1) Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) (formerly known as Baoding Woerte Management Consultant Company Limited (保定市沃爾特管理諮詢有限公司)) was established on 1 December 2005. Its place of incorporation is Baoding, Hebei Province, the PRC and its registered address is 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 2020, 62.854%, 0.125%, 0.001% and 37.02% equity interest in Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) were held by Baoding Great Wall Holdings Company Limited (保定市長城控股集團有限公司), Mr. Wei Jian Jun, Ms. Han Xue Juan and Management Centre of Collective Assets of Nandayuan Town, Lianchi District, Baoding (保定市蓮池區南大園鄉集體資產經管中心) respectively. 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.
- (2) As at 31 December 2020, Baoding Great Wall Holdings Company Limited (保定市長城控股集團有限公司) held 62.854% equity interest in Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) and is deemed to be interested in all the shares of the Company held by Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) 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.
- (3) As at 31 December 2020, 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 2020, Management Centre of Collective Assets of Nandayuan Town, Lianchi District, Baoding (保定市蓮池區南大園鄉集體資產經管中心) 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 2020, so far as the directors, supervisors and chief executives of the Company are aware, no other person (excluding the directors, supervisors and chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

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

Applicable  Not applicable

## Section 9 Changes in Ordinary Shares and Shareholders

### 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

##### 3. Specific descriptions of no controlling shareholder in the Company

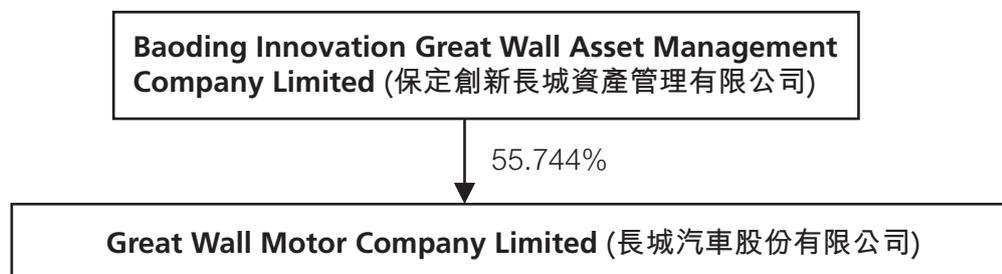
Applicable  Not applicable

##### 4. Change in controlling shareholders during the Reporting Period and the relevant date of change

Applicable  Not applicable

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

Applicable  Not applicable



## Section 9 Changes in Ordinary Shares and Shareholders

### (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 ten years	Mr. Wei Jian Jun did not hold any shares in any listed companies other than Great Wall Motor in the last ten years.

#### 3. Specific descriptions of no de facto controller in the Company

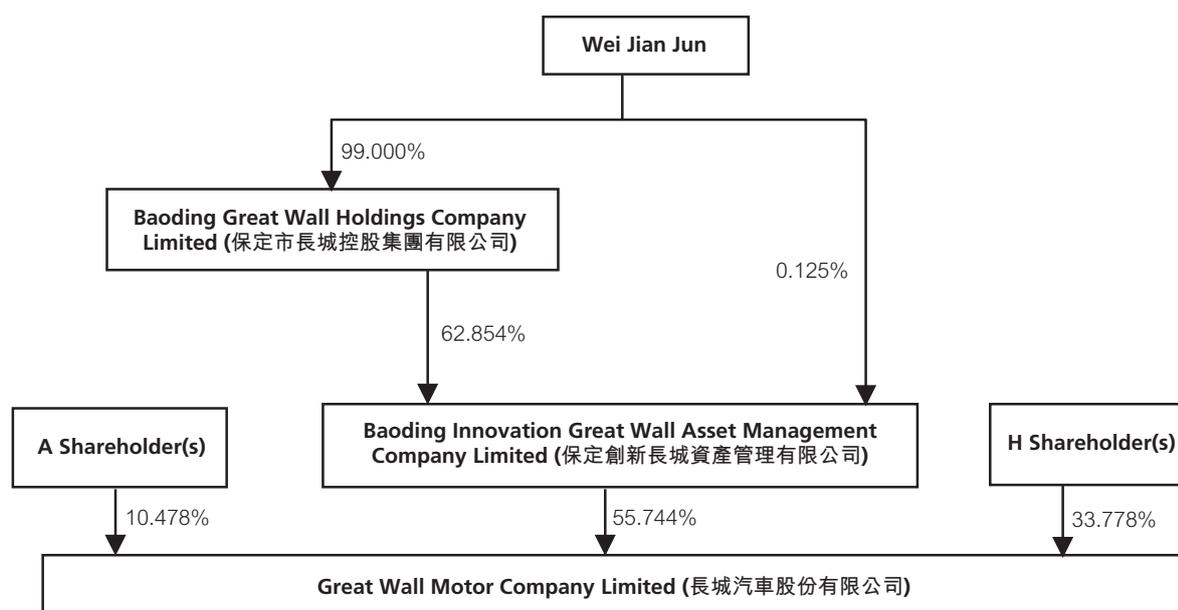
Applicable  Not applicable

#### 4. Change in the de facto controller during the Reporting Period and the date of change

Applicable  Not applicable

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

Applicable  Not applicable



Note: Baoding Great Wall Holdings Company Limited (保定市長城控股集團有限公司) holds 37,998,500 H Shares, representing 1.23% of total number of H Shares.

## Section 9 Changes in Ordinary Shares and Shareholders

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

Applicable  Not applicable

### VI. LIMIT ON THE SHAREHOLDING REDUCTION

Applicable  Not applicable

## Section 10 Description of Preference Shares

Applicable  Not applicable

## Section 11 Directors, Supervisors, Senior Management and Employees

### I. CHANGE IN SHAREHOLDINGS AND REMUNERATION

#### (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	Changes (+/-) 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	57	12 June 2020	11 June 2023	0	0	0	-	573.94	No
Wang Feng Ying	Vice Chairman, Executive Director and General Manager	Female	50	12 June 2020	11 June 2023	0	0	0	-	550.58	No
Yang Zhi Juan	Executive Director	Female	54	12 June 2020	11 June 2023	0	0	0	-	73.35	No
He Ping	Non-executive Director	Male	44	12 June 2020	11 June 2023	0	0	0	-	6	No
Ma Li Hui	Independent Non-executive Director	Male	53	11 May 2017	12 June 2020	0	0	0	-	2.68	No
Yue Ying	Independent Non-executive Director	Female	49	12 June 2020	11 June 2023	0	0	0	-	3.32	No
Li Wan Jun	Independent Non-executive Director	Male	57	12 June 2020	11 June 2023	0	0	0	-	6	No
Ng Chi Kit	Independent Non-executive Director	Male	47	12 June 2020	11 June 2023	0	0	0	-	13.64	No
Chen Biao	Chairman of Supervisory Committee	Male	36	12 June 2020	11 June 2023	0	0	0	-	77.51	No
Liu Qian	Supervisor	Female	39	12 June 2020	11 June 2023	0	0	0	-	2.05	No
Zong Yi Xiang	Supervisor	Female	50	12 June 2020	11 June 2023	0	0	0	-	2.05	No
Hu Shu Jie	Deputy General Manager	Male	49	12 June 2020	11 June 2023	0	0	2,000,000	Share incentive	433.71	No
Zhao Guo Qing	Deputy General Manager	Male	43	12 June 2020	11 June 2023	0	0	1,380,000	Share incentive	300.74	No
Liu Yu Xin	Chief Financial Controller	Female	43	29 April 2019	29 June 2020	0	0	250,000	Share incentive	14.85	No
Li Hong Shuan	Chief Financial Controller	Female	37	29 June 2020	11 June 2023	0	0	0	-	48.55	No
Xu Hui	Secretary to the Board	Male	42	12 June 2020	11 June 2023	0	0	430,000	Share incentive	121.07	No
Total	/	/	/	/	/	0	0	4,060,000	/	2,230.04	/

## Section 11 Directors, Supervisors, Senior Management and Employees

Name	Major working experience
Wei Jian Jun	<p><b>Mr. Wei Jian Jun (魏建軍先生) (“Mr. Wei”)</b>, aged 57, 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>
Wang Feng Ying	<p><b>Ms. Wang Feng Ying (王鳳英女士) (“Ms. Wang”)</b>, aged 50, 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 been acting as an executive director of the Company since June 2001. In addition, Ms. Wang was a representative to the Eleventh, Twelfth and Thirteenth National People’s Congress.</p>
Yang Zhi Juan	<p><b>Ms. Yang Zhi Juan (楊志娟女士) (“Ms. Yang”)</b>, aged 54, 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 been acting as an executive director of the Company since August 2001.</p>

## Section 11 Directors, Supervisors, Senior Management and Employees

Name	Major working experience
He Ping	<p><b>Mr. He Ping (何平先生) (“Mr. He”)</b>, aged 44, 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. (長春長生生物科技有限責任公司) in October 2015; an independent director of Beijing Capital Retailing Group Co., Ltd. (北京首商集團股份有限公司) in June 2017; 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>
Ma Li Hui	<p><b>Mr. Ma Li Hui (馬力輝先生) (“Mr. Ma”)</b>, aged 53, is a professor in mechanical engineering and an independent non-executive director of the Company. Mr. Ma graduated from Hebei Institute of Technology (河北工學院) with a major in machine manufacturing technology and equipment in 1989. He taught in Hebei Institute of Technology (河北工學院) after obtaining a master’s degree in engineering from the same institute in 1992. He obtained a doctoral degree in mechanic design and theory from Hebei University of Technology (河北工業大學) in June 2007. He is currently a professor of School of Quality and Technology Supervision (質量技術監督學院) in Hebei University (河北大學), and a member of the technological innovation committee of China Innovation Method Society (中國創新方法研究會). His research focuses include innovative design of mechanical and electrical products. Mr. Ma acted as an independent non-executive director of the Company from May 2014 to June 2020. On 11 June 2020, Mr. Ma resigned as a non-executive director of the Company, a member of the Audit Committee of the Board, the chairman of the Remuneration Committee of the Board, the chairman of the Nomination Committee of the Board, and a member of the Strategy Committee of the Board due to expiration of the term of office.</p>

## Section 11 Directors, Supervisors, Senior Management and Employees

Name	Major working experience
Yue Ying	<p><b>Ms. Yue Ying (樂英女士) (“Ms. Yue”)</b>, aged 49, 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><b>Mr. Li Wan Jun (李萬軍) (“Mr. Li”)</b>, aged 57, 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 Beijing Centergate Technologies (Holding) Co., Ltd. (北京中關村科技發展(控股)股份有限公司) since August 2018 and 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><b>Mr. Ng Chi Kit (吳智傑) (“Mr. Ng”)</b>, aged 47, 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 &amp; Young and was a senior manager of Ernst &amp; 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 11 Directors, Supervisors, Senior Management and Employees

Name	Major working experience
Chen Biao	<p><b>Mr. Chen Biao (陳彪先生) (“Mr. Chen”)</b>, aged 36, 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. Since December 2015, Mr. Chen has been acting as the Company’s supervisor.</p>
Zong Yi Xiang	<p><b>Ms. Zong Yi Xiang (宗義湘女士) (“Ms. Zong”)</b>, aged 50, 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 has been acting as the Company’s supervisor since May 2014.</p>
Liu Qian	<p><b>Ms. Liu Qian (劉倩女士) (“Ms. Liu”)</b>, aged 39, 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>
Hu Shu Jie	<p><b>Mr. Hu Shu Jie (胡樹傑先生) (“Mr. Hu”)</b>, aged 49, 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 currently responsible for the general management of Company’s WEY brand. Mr. Hu has been acting as a deputy general manager of the Company since December 2005.</p>

## Section 11 Directors, Supervisors, Senior Management and Employees

Name	Major working experience
Zhao Guo Qing	<b>Mr. Zhao Guo Qing (趙國慶先生) (“Mr. Zhao”)</b> , aged 43, is 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 Company’s deputy general manager since June 2010.
Liu Yu Xin	<b>Ms. Liu Yu Xin (劉玉新女士) (“Ms. Liu”)</b> , aged 43, joined the Company in 2000 and has engaged in financial management for 19 years. Ms. Liu was the financial director of Baoding Great Wall Automobile After-sales Services Company Limited, head of finance department of Baoding Great Wall Huabei Automobile Co., Ltd. (保定長城華北汽車有限責任公司) and head of the Company’s financial management centre, leading financial management, financial organization reform, and establishment of the financial sharing model of the Group. She acted as the chief financial officer of the Company from April 2019 to June 2020. She ceased to act as the deputy general manager of the Company from 29 June 2020.
Li Hong Shuan	<b>Ms. Li Hong Shuan (李紅栓女士) (“Ms. Li”)</b> , aged 37, is 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.
Xu Hui	<b>Mr. Xu Hui (徐輝先生) (“Mr. Xu”)</b> , aged 42, 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.

## Section 11 Directors, Supervisors, Senior Management and Employees

### **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 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 2020 or at the end of 2020 which was significant to the business of the Company or any of its subsidiaries.

## Section 11 Directors, Supervisors, Senior Management and Employees

**(II) Stock options 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)
Hu Shu Jie	Deputy general manager	0	2,000,000	4.37	0	2,000,000	2,000,000	75,620,000
Zhao Guo Qing	Deputy general manager	0	1,380,000	4.37	0	1,380,000	1,380,000	52,177,800
Xu Hui	Secretary to the Board	0	430,000	4.37	0	430,000	430,000	16,258,300
Liu Yu Xin (resigned from the position of chief financial officer on 29 June 2020)	Chief financial officer	0	250,000	4.37	0	250,000	250,000	9,452,500
Total	/	0	4,060,000	/	0	4,060,000	4,060,000	/

## Section 11 Directors, Supervisors, Senior Management and Employees

### II. POSITIONS OF EXISTING AND RESIGNED/RETIRED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

#### (I) 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	
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	
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.			

## Section 11 Directors, Supervisors, Senior Management and Employees

## (II) 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	Baoding Taihang Steel Structure Engineering Co., Ltd. (保定太行鋼結構工程有限公司)	Director	20 September 2000	
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	
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/ Legal representative	22 October 2014	
He Ping	Changchun Changsheng Bio-Technology Co., Ltd. (長春長生生物科技有限责任公司)	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	
He Ping	Shenzhen Zhuorui Investment Company Limited (深圳卓瑞投資有限公司)	Executive director, general manager	13 August 2019	
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	Wuhu Zhuohui Rongrui Investment Management Center (Limited Partnership) (蕪湖卓輝榮瑞投資管理中心(有限合夥))	Executive partner	23 December 2016	
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	Wuhu Zhuohui Guanrui Investment Management Center (Limited Partnership) (蕪湖卓輝冠瑞投資管理中心(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	

## Section 11 Directors, Supervisors, Senior Management and Employees

Name	Name of other entities	Positions held in other entities	Term commencement date	Term expiration date
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	December 2014	
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	Chief financial officer/ company secretary	December 2013	
Ng Chi Kit	Chaowei Power Holdings Limited	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	
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	
Zhao Guo Qing	Spotlight Automotive Ltd. (光束汽車有限公司)	Chairman	27 December 2019	
Xu Hui	Spotlight Automotive Ltd.	Supervisor	27 December 2019	
Xu Hui	Tianjin Yihe Information Technology Co., Ltd. (天津易和信息科技有限公司)	Director	8 May 2020	
Description of positions in other entities	–			

## Section 11 Directors, Supervisors, Senior Management and Employees

### 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 (I) "Change in Shareholdings and Remuneration" 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 RMB22,300,400.

## Section 11 Directors, Supervisors, Senior Management and Employees

### IV. CHANGE IN THE COMPANY'S DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

√ Applicable     Not applicable

Name	Position	Change	Reason for change
Wei Jian Jun	Chairman and Executive Director	Elected	Re-appointed for new board session
Wang Feng Ying	Vice Chairman, Executive Director and General Manager	Elected	Re-appointed for new board session
Yang Zhi Juan	Executive Director	Elected	Re-appointed for new board session
He Ping	Non-executive Director	Elected	Re-appointed for new board session
Ma Li Hui	Independent Non-executive Director	Retired	Term expired without being re-appointed
Yue Ying	Independent Non-executive Director	Elected	Appointed for new board session
Li Wan Jun	Independent Non-executive Director	Elected	Re-appointed for new board session
Ng Chi Kit	Independent Non-executive Director	Elected	Re-appointed for new board session
Chen Biao	Chairman of Supervisory Committee	Elected	Re-appointed for new board session
Liu Qian	Supervisor	Elected	Re-appointed for new board session
Zong Yi Xiang	Supervisor	Elected	Re-appointed for new board session
Hu Shu Jie	Deputy General Manager	Appointed	Re-appointed for new board session
Zhao Guo Qing	Deputy General Manager	Appointed	Re-appointed for new board session
Liu Yu Xin	Chief Financial Officer	Dismissed	Change of work
Li Hong Shuan	Chief Financial Officer	Appointed	Operational demand
Xu Hui	Secretary to the Board	Appointed	Re-appointed for new board session

### V. PENALTIES IMPOSED BY SECURITIES REGULATORY AUTHORITIES IN THE LAST THREE YEARS

Applicable     Not applicable

### VI. EMPLOYEES OF THE PARENT AND MAJOR SUBSIDIARIES

#### (I) Employees

Number of serving employees of the Parent	32,460
Number of serving employees of major subsidiaries	30,714
Total number of serving employees	63,174
Number of disengaged and retired employees for whom the Parent and its major subsidiaries shall be liable to expenses	52

## Section 11 Directors, Supervisors, Senior Management and Employees

***Composition of employees by profession***

<b>Profession</b>	<b>Number</b>
Manufacturing personnel	26,008
Sales personnel	2,157
Technicians	19,347
Financial personnel	1,014
Administrative officers	3,396
Others	11,252
<b>Total</b>	<b>63,174</b>

***Education level***

<b>Education level</b>	<b>Number (person)</b>
Doctor's degree	64
Master's degree	2,234
Bachelor's degree	19,185
University diploma	14,537
Secondary schools and below	27,154
<b>Total</b>	<b>63,174</b>

**(II) Remuneration policy**

Applicable    Not applicable

To effectively invigorate the workforce and provide driving force for the sustainable development of the Company, the Company has established an incentive system oriented towards accountable results and value creation. Based on the market, the Company has designed a remuneration structure comprising position salary and performance-based salary, which is complemented by an incentive mechanism combining long-term and short-term incentives, ensuring that remuneration incentives are tilted towards employees at high-value positions, possessing excellent capabilities, and with great contribution to the performance. This helps to invigorate the organization and drive the achievement of operating goals.

## Section 11 Directors, Supervisors, Senior Management and Employees

### (III) Training Program

Applicable  Not applicable

The Company proactively innovates its talent cultivation model focusing on the strategy of “growing stronger through talents” and upholding the philosophy of “cultivating personnel before making cars”. It always aligns talent cultivation with business needs, fosters capability improvement of employees, and helps employees grow rapidly.

### (IV) Outsourcing of labour

Applicable  Not applicable

## VII. OTHERS

Applicable  Not applicable

## Section 12 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 in China (《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 Administrative Measures for Strategic Management Plan of Strategy Committee (《戰略委員會戰略規劃管理制度》).

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 discrepancies between the corporate governance of the Company and the relevant requirements of the CSRC

Applicable  Not applicable

At present, the Company has a sound corporate governance structure and there are no discrepancies between its corporate governance and the relevant requirements of the CSRC.

## Section 12 Corporate Governance

## II. SUMMARY OF THE GENERAL MEETINGS

<b>Session</b>	<b>Date of general meeting</b>	<b>Designated website on which the resolution was published</b>	<b>Publication date of the resolution</b>
The first extraordinary general meeting in 2020	15 April 2020	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	15 April 2020
The first H Shareholders' class meeting in 2020	15 April 2020	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	15 April 2020
The first A Shareholders' class meeting in 2020	15 April 2020	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	15 April 2020
2019 annual general meeting	12 June 2020	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	12 June 2020
The second H Shareholders' class meeting in 2020	12 June 2020	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	12 June 2020
The second A Shareholders' class meeting in 2020	12 June 2020	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	12 June 2020
The second extraordinary general meeting in 2020	10 July 2020	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	10 July 2020
The third extraordinary general meeting in 2020	23 October 2020	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	23 October 2020
The fourth extraordinary general meeting in 2020	18 December 2020	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	18 December 2020
The third H Shareholders' class meeting in 2020	18 December 2020	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	18 December 2020
The third A Shareholders' class meeting in 2020	18 December 2020	Shanghai Stock Exchange www.sse.com.cn; Hong Kong Stock Exchange www.hkexnews.hk	18 December 2020

## Section 12 Corporate Governance

### Description of General Meetings

Applicable  Not applicable

### III. PERFORMANCE OF DUTIES BY DIRECTORS

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

Name of director	Independent director	No. of meetings during the Year	Attendance at Board meetings				Attendance at general meetings	
			Attendance in person	Attendance by means of communication	Attendance by proxy	Absence	Absent from meetings for two consecutive times	Attendance at general meetings
Wei Jian Jun	No	17	17	13	0	0	No	6
Wang Feng Ying	No	17	17	13	0	0	No	6
Yang Zhi Juan	No	17	17	13	0	0	No	8
He Ping	No	17	17	13	0	0	No	0
Ma Li Hui	Yes	7	7	5	0	0	No	0
Yue Ying	Yes	10	10	8	0	0	No	3
Li Wan Jun	Yes	17	17	13	0	0	No	0
Ng Chi Kit	Yes	17	17	13	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	17
Including: no. of on-site Board meetings	0
No. of Board meetings convened by means of communication	13
No. of Board meetings held both on-site and by communication	4

## Section 12 Corporate Governance

The Company held 11 general meetings in 2020. Specifically, two executive directors, one non-executive director and three independent non-executive directors were absent from the first extraordinary general meeting in 2020 and relevant class meetings; one executive director, one non-executive director and two independent non-executive directors were absent from the 2019 annual general meeting and relevant class meetings, two executive directors, one non-executive director and three independent non-executive directors were absent from the second extraordinary general meeting in 2020; two executive directors, one non-executive director and three independent non-executive directors were absent from the third extraordinary general meeting in 2020; one non-executive director and three independent non-executive directors were absent from the fourth extraordinary general meeting in 2020 and relevant class meetings. 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.

Note: The means of communication mentioned above include electronic means of communication and circulation of written proposals. During the Year, all the directors of the Company attended 17 regular Board meetings either in person or through electronic means of communication.

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

Applicable  Not applicable

### (III) Others

Applicable  Not applicable

## IV. MAJOR OPINIONS AND RECOMMENDATIONS MADE BY SPECIAL COMMITTEES UNDER THE BOARD WHEN PERFORMING THEIR DUTIES DURING THE REPORTING PERIOD AND DETAILS OF ANY DISAGREEMENTS

Applicable  Not applicable

The duties performed by the special committees under the Board during the Reporting Period are summarized as follows: the Audit Committee under the Board played an important role in the auditing of the 2020 annual report. During the auditing, the Audit Committee under the Board enhanced the communication with the accountant and solved the relevant problems in a timely manner to ensure the completion of the auditor's report as scheduled. The Audit Committee under the Board also reviewed the auditor's report of the Company and submitted the same to the 15th meeting of the 7th session of the Board for voting. During the Reporting Period, the Audit Committee under the Board reviewed and provided valuable opinions on the relevant financial reports including the quarterly and interim reports. The Company convened a meeting of the Strategy Committee under the Board to consider and approve the operational strategies of the Company for the year of 2020.

## Section 12 Corporate Governance

### V. RISKS OF THE COMPANY IDENTIFIED BY THE SUPERVISORY COMMITTEE

Applicable  Not applicable

### VI. DESCRIPTION OF THE LACK OF INDEPENDENCY AND OPERATIONAL AUTONOMY OF THE COMPANY FROM ITS CONTROLLING SHAREHOLDER IN RESPECT OF BUSINESS, EMPLOYEES, ASSETS, ORGANISATION AND FINANCE

Applicable  Not applicable

Corresponding solutions, work progress and follow-up plans of the Company in response to competition among peers in the industry

Applicable  Not applicable

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, was independent from the Company in terms of business operation and production. During the Reporting Period, the controlling shareholder did not, directly or indirectly, interfere with the decision-making or operation of the Company by overriding the power of the general meetings of the Company;

The Company is independent from the controlling shareholder in respect of employees, assets, finance, organisation and business, and none of its procurement or product sales was conducted via the controlling shareholder. The Company has its own independent business and autonomous operation capability, and the Board, the Supervisory Committee and other internal organisations of the Company can operate independently.

In short, the Company is independent from the controlling shareholder and has independence and operational autonomy in respect of business, employees, assets, organisation and finance.

### VII. 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, based on its operation and the achievement of relevant targets, conducted performance appraisals on the senior management and gave awards to or imposed punishments on them accordingly. In addition, the Company continued to develop an effective incentive mechanism to motivate the senior management.

## Section 12 Corporate Governance

### VIII. HAS THE INTERNAL CONTROL SELF-EVALUATION REPORT BEEN DISCLOSED

Applicable  Not applicable

For details of the internal control self-evaluation report, please refer to the Evaluation Report on Internal Control for the Year of 2020 of Great Wall Motor Company Limited published by the Company on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) (this report was also published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) in the form of overseas regulatory announcement).

#### Description of material defect of internal control during the Reporting Period

Applicable  Not applicable

### IX. RELEVANT MATTERS OF AUDIT REPORT ON INTERNAL CONTROL

Applicable  Not applicable

For details of the audit report on internal control, please refer to the Audit Report on Internal Control for the Year of 2020 published by the Company on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) (this report was also published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) in the form of overseas regulatory announcement).

Has the audit report on internal control been disclosed: Yes

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

### X. INVESTOR RELATIONS

During the Year, the Company enhanced the two-way communication between the Company and its investors so as to enable the general investors to keep abreast of the operation condition of the Company, promote a better relationship between the Company and its investors and help its investors to have a timely and accurate understanding of the operation condition of the Company. During the Year, the Company enabled its investors to have a timely understanding of the Company's operation condition through inviting them to participate in the Company's activities, such as general meetings and exhibitions. The Company had comprehensive communication with its investors by organising domestic and overseas roadshows, receiving survey and research delegations from investors, organising teleconferences and attending summit meetings organised by investment banks. During the Year, the Company participated in 65 online and offline strategy conferences organised by investment banks, received 20 survey and research delegations, and held 113 teleconferences.

## Section 12 Corporate Governance

### XI. 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*)

Ms. Wang Feng Ying (*Vice-chairman and General Manager*)

Ms. Yang Zhi Juan

##### **Non-Executive Director:**

Mr. He Ping

##### **Independent Non-Executive Directors:**

Ms. Yue Ying

Mr. Li Wan Jun

Mr. Ng Chi Kit

## Section 12 Corporate Governance

- 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.
- There is no financial, business, family or other material relationship among members of the Board.
- The biographies of directors are set out in Section 11.

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

*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 for a term of three years.

Deviation: NIL

## Section 12 Corporate Governance

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

- 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
  - (12) other authorisations from the general meetings.

Deviation: NIL

## Section 12 Corporate Governance

*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 17 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.
- 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.

## Section 12 Corporate Governance

### **Attendance of individual directors at Board meetings and general meetings in 2020**

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.

Deviation: NIL

## Section 12 Corporate Governance

Strategy Committee	Remuneration Committee	Nomination Committee	Audit Committee
Mr. Wei Jian Jun ( <i>Chairman</i> )	Mr. Wei Jian Jun	Mr. Wei Jian Jun	Mr. He Ping
Ms. Wang Feng Ying	Ms. Yue Ying ( <i>Chairman</i> )	Ms. Yue Ying ( <i>Chairman</i> )	Ms. Yue Ying
Mr. He Ping	Mr. Li Wan Jun	Mr. Ng Chi Kit	Mr. Li Wan Jun ( <i>Chairman</i> )
Ms. Yue Ying			Mr. Ng Chi Kit
Mr. Li Wan Jun			Ms. Yue Ying

Deviation: NIL

### B. The Strategy Committee

The Company has set up the Strategy 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 Wang Feng Ying).

#### Attendance of committee members at meetings of the Strategy Committee in 2020

No. of meetings 1

#### Date and Business

24 April 2020

To consider the proposal on  
the operational strategies of the  
Company for the year of 2020

No. of attendance/

No. of meeting

Attendance rate

Wei Jian Jun	1/1	100%
Wang Feng Ying	1/1	100%
He Ping	1/1	100%
Ma Li Hui	1/1	100%
Li Wan Jun	1/1	100%
<b>Average attendance rate</b>	–	100%

During the Reporting Period, the Company held a meeting of the Strategy Committee to consider and approve the operational strategies of the Company for the year of 2020.

Deviation: NIL

## Section 12 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, 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 I. (I) "The change in shareholdings and remuneration of existing and resigned/retired directors, supervisors and senior management during the Reporting Period" in Section 11 and note (XI) to the financial statements.

## Section 12 Corporate Governance

### Attendance of committee members at meetings of the Remuneration Committee in 2020

**No. of meetings**

5

**Date and Business**

30 January 2020

To consider the Resolution on the 2020 Restricted Share and Share Option Incentive Scheme (draft) of Great Wall Motor Company Limited and its Summary, the Resolution on the Appraisal Measures for Implementation of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited, the Resolution on the Administrative Measures for Long-term Incentive Mechanism of Great Wall Motor Company Limited

13 March 2020

To consider the Resolution on the 2020 Restricted Share and Share Option Incentive Scheme (the First Amended Draft) of Great Wall Motor Company Limited and its Summary, the Resolution on the Appraisal Measures for Implementation of the 2020 Restricted Share and Share Option Incentive Scheme (Amended) of Great Wall Motor Company Limited, the Resolution on the Administrative Measures for Long-term Incentive Mechanism (Amended) of Great Wall Motor Company Limited

24 April 2020

To consider the Resolution on Directors' Remuneration of the Company

12 June 2020

To consider the Resolution on the Election of the Chairman of the Remuneration Committee

24 July 2020

To consider the Resolution on Adjustment of the Repurchase Price of Certain Restricted Shares under the First Grant for the 2020 Restricted Share and Share Option Incentive Scheme of the Company and the Exercise Price of Share Options Granted under the Same Scheme, and the Resolution on Cancellation of Certain Restricted Shares and Share Options Granted for the First Time under the 2020 Restricted Share and Share Option Incentive Scheme of the Company

## Section 12 Corporate Governance

	<b>No. of attendance/ No. of meetings</b>	<b>Attendance rate</b>
Wei Jian Jun	5/5	100%
Ma Li Hui	3/3	100%
Yue Ying	2/2	100%
Li Wan Jun	5/5	100%
<b>Average attendance rate</b>	–	100%

During the Reporting Period, the Company considered the Resolution on the 2020 Restricted Share and Share Option Incentive Scheme (draft) of Great Wall Motor Company Limited and its Summary, the Resolution on the Appraisal Measures for Implementation of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited, the Resolution on the Administrative Measures for Long-term Incentive Mechanism of Great Wall Motor Company Limited on 30 January 2020.

The Company considered the Resolution on the 2020 Restricted Share and Share Option Incentive Scheme (the First Amended Draft) of Great Wall Motor Company Limited and its Summary, the Resolution on the Appraisal Measures for Implementation of the 2020 Restricted Share and Share Option Incentive Scheme (Amended) of Great Wall Motor Company Limited, the Resolution on the Administrative Measures for Long-term Incentive Mechanism (Amended) of Great Wall Motor Company Limited on 13 March.

The Company considered the Resolution on Operating Strategies of the Company for 2020 on 24 April 2020.

The Company considered the resolution on the Election of the Chairman of the Remuneration Committee on 12 June 2020.

The Company considered the Resolution on Adjustment of the Repurchase Price of Certain Restricted Shares under the First Grant for the 2020 Restricted Share and Share Option Incentive Scheme of the Company and the Exercise Price of Share Options Granted under the Same Scheme, and the Resolution on Cancellation of Certain Restricted Shares and Share Options under the First Grant for the 2020 Restricted Share and Share Option Incentive Scheme of the Company on 24 July 2020.

Deviation: NIL



## Section 12 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 three 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 2020, 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 12 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 2020. 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 2020, Deloitte Touche Tohmatsu Certified Public Accountants LLP charged the Company RMB1,462,300, RMB330,200, RMB200,300 and RMB3,753,200 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 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 2020.
- 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 14 "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 12 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:
  - (1) monitoring and evaluating the external auditors;
  - (2) providing guidance on internal audit work;
  - (3) reviewing financial statements, annual reports, interim reports and quarterly reports of the Company and making comments thereon;
  - (4) assessing the effectiveness of internal control and risk management;
  - (5) reviewing and confirming the list of related parties;
  - (6) coordinating communication between the management, internal audit departments and relevant departments with the external auditors;
  - (7) other matters as authorized by the Board 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.
- In 2020, the Audit Committee considered and approved at its meetings the Resolution on the 2020 Restricted Share and Share Option Incentive Scheme (Draft) of Great Wall Motor Company Limited and its Summary, the Resolution on the Contemplated Ordinary Related Party Transactions with Spotlight Automotive, 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 2020, the Resolution on Reviewing the Interim Report and Its Summary for 2020 of the Company, Resolution on Reviewing of A-Share Related Party (Connected) Transactions and H-Share Related Party (Connected) Transactions of the Company for the Interim Period of 2020, the Resolution on Reviewing the List of Related Parties (Connected Persons) of the Company for the Interim Period of 2020, the Resolution on the Adjustment of Ordinary Related Party Transaction with Tianjin Great Wall Binyin Automotive Finance Co., Ltd., the Resolution on Reviewing the Internal Audit Report of the Company for the Interim Period of 2020, the Resolution on the Capital Increase in Tianjin Great Wall Binyin Automotive Finance Company Limited and Related Party Transactions, and the Resolution on Possible Subscription for A Share Convertible Corporate Bonds under the Public Issuance by the Controlling Shareholder of the Company and Directors or General Managers of Certain Material Subsidiaries of the Company and Related Party Transactions.

## Section 12 Corporate Governance

### Attendance of committee members in meetings of the Audit Committee in 2020

<b>No. of meetings</b>	9
<b>Date and Main Business</b>	<p>30 January 2020 To Consider the 2020 Restricted Share and Share Option Incentive Scheme (Draft) and Its Summary</p> <p>13 March 2020 To review the Resolution on the Annual Results Announcement of the Company for 2019</p> <p>23 April 2020 To review the Resolution on the Annual Report of the Company for 2019 and its Summary, etc.</p> <p>12 June 2020 To consider the Resolution on the Contemplated Ordinary Related Party Transactions with Spotlight Automotive and the Resolution on the Election of the Chairman of the Audit Committee</p> <p>19 June 2020 To consider the Company's Resolution on Equity Transfer and Related Party (Connected) Transaction, Resolution on the Lease Agreement with Chongqing Chuangban and Adjustment of Ordinary Related Party Transactions for 2020-2021, Resolution on Adjustment of the Proposed Annual Caps of Connected Transactions for Purchase of Services for 2020-2021, Resolution on the Proposed Annual Caps of Connected Transactions for Provision of Services for 2020-2021, Resolution on Lease Agreement with Chongqing Chuangban and the Proposed Annual Caps of Connected Transactions for Leases for 2020-2021</p> <p>27 August 2020 To review the Independence and Objectivity of External Auditors and Effectiveness of Review Procedures of the Company, the Interim Financial Report for 2020, the Interim Report and Its Summary for 2020, A-Share Related Party (Connected) Transactions and H-Share Related Party (Connected) Transactions for the Interim Period of 2020, the List of Related Parties (Connected Persons) of the Company for the Interim Period of 2020, Adjustment of Ordinary Related Party Transaction with Tianjin Great Wall Binyin Automotive Finance Co., Ltd., the Internal Audit Report for the Interim Period of 2020</p> <p>28 September 2020 Capital Increase in Tianjin Great Wall Binyin Automotive Finance Company Limited and Related Party Transactions</p> <p>22 October 2020 To consider the Resolution on Reviewing the Third Quarterly Financial Report of the Company for 2020 and the Resolution on the Increase in Deposits with Tianjin Great Wall Binyin Automotive Finance Company Limited by the Company and Related Party Transactions</p> <p>6 November 2020 To consider the Resolution on Possible Subscription for the Public Issuance of A Share Convertible Corporate Bonds by the Controlling Shareholder of the Company and Directors or General Managers of Certain Material Subsidiaries of the Company and Related Party Transactions</p>

## Section 12 Corporate Governance

	<b>No. of attendance/ No. of meetings</b>	<b>Attendance rate</b>
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%
<b>Average attendance rate</b>	–	100%

- The Audit Committee held a meeting on 29 March 2021 and reviewed the audited annual results announcement, annual report and annual financial statements of the Group for the year ended 31 December 2020.
- 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 2020.
- 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 2019, the first quarterly financial report for 2020, the interim financial report for the year of 2020, the third quarterly financial report for the year of 2020.
- The Audit Committee reviewed the related party transactions of the Company for 2019 and for the interim period of 2020.
- The Audit Committee reviewed the internal control system of the Company and its subsidiaries for 2019.
- The Audit Committee reviewed the ordinary related party transactions estimate of the Company for 2019-2021 and the related party transactions on the disposal and acquisition of equity.
- 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 2020. In the last three years, the Company had not changed its auditor.

Deviation: NIL

## Section 12 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 2020, 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 12 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.

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.

## Section 12 Corporate Governance

### 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.

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.

### 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.

## Section 12 Corporate Governance

### **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 2020.

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.
- 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

## Section 12 Corporate Governance

### **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**

- At the 2019 annual general meeting convened on 12 June 2020 by the Company, the proposed amendments to the Articles of Association of the Company concerning the time limit for issuing notice on convening a general meeting and the scope of business of the Company were considered and approved, and came into effect on 12 June 2020.

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

Deviation: NIL

## Section 13 Description of Corporate Bonds

Applicable  Not applicable

# Section 14 Financial Report (Auditor's Report)

De Shi Bao (Shen) Zi (21) No. P02047  
(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 2020, 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 present fairly, in all material respects, the consolidated and the company's financial position as at 31 December 2020, 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 14 Financial Report (Auditor's Report)

De Shi Bao (Shen) Zi (21) No. P02047  
(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 RMB3,723,471,858.34as at 31 December 2020. 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 14 Financial Report (Auditor's Report)

De Shi Bao (Shen) Zi (21) No. P02047  
(Page 3 of 6)

### III. KEY AUDIT MATTERS (continued)

#### (II). Provision for after-sales service expenses

##### 1. Description

As disclosed in Note (VI) 27 to the financial statements, the provision for guaranteed after-sales service expenses made by Great Wall Motor was RMB922,892,133.49as at 31 December 2020. 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 14 Financial Report (Auditor's Report)

De Shi Bao (Shen) Zi (21) No. P02047  
(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 2020 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 the preparation of financial statements that are 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 14 Financial Report (Auditor's Report)

De Shi Bao (Shen) Zi (21) No. P02047  
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### 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 14 Financial Report (Auditor's Report)

De Shi Bao (Shen) Zi (21) No. P02047

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### 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:*

**Yang Ning**

30 March 2021

*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 2020

RMB

Item	Notes	31/12/2020	31/12/2019
<b>Current Assets:</b>			
Cash and bank balances	(VI)1	14,588,464,389.52	9,723,312,735.05
Held-for-trading financial assets	(VI)2	4,826,193,896.30	4,362,692,217.12
Derivative financial assets		2,271,973.16	380,777.69
Accounts receivable	(VI)3	3,936,156,908.98	3,193,188,485.27
Financing with receivables	(VI)4	52,984,556,339.76	31,445,748,809.31
Prepayments	(VI)5	570,917,965.02	441,162,238.54
Other receivables	(VI)6	1,032,243,323.43	946,974,372.15
Inventories	(VI)7	7,497,635,549.94	6,237,193,915.62
Contract assets	(VI)8	495,298,612.22	—
Non-current assets due within one year	(VI)10	1,884,739,784.73	807,562,885.35
Other current assets	(VI)9	11,580,488,006.85	11,343,946,670.26
<b>Total Current Assets</b>		<b>99,398,966,749.91</b>	68,502,163,106.36
<b>Non-Current Assets:</b>			
Debt investments		—	70,000,000.00
Long-term receivables	(VI)10	2,445,172,072.69	1,295,037,499.26
Long-term equity investments	(VI)11	8,415,182,722.15	3,112,651,355.60
Other equity instrument investments		7,700,000.00	7,700,000.00
Other non-current financial assets		24,500,000.00	—
Investment properties	(VI)12	325,631,402.08	322,196,530.21
Fixed assets	(VI)13	28,609,221,999.83	29,743,309,551.28
Construction in progress	(VI)14	2,936,380,757.60	2,247,372,266.06
Right-of-use asset	(VI)15	238,889,308.01	100,421,181.38
Intangible assets	(VI)16	5,543,378,486.80	4,710,234,725.81
Development expenditure	(VI)17	3,723,471,858.34	2,188,699,764.12
Long-term prepaid expenses		178,097,492.31	112,345,772.69
Deferred tax assets	(VI)18	1,183,302,566.37	684,277,716.19
Other non-current assets		981,595,216.15	—
<b>Total Non-current Assets</b>		<b>54,612,523,882.33</b>	44,594,246,362.60
<b>TOTAL ASSETS</b>		<b>154,011,490,632.24</b>	113,096,409,468.96

## Consolidated Balance Sheet

At 31 December 2020

Item	Notes	RMB	
		31/12/2020	31/12/2019
<b>Current Liabilities:</b>			
Short-term borrowings	(VI)19	7,901,303,207.55	1,180,470,655.50
Derivative financial liabilities		4,879,853.91	—
Notes payable	(VI)20	16,656,076,418.02	10,020,895,844.52
Accounts payable	(VI)21	33,185,058,889.00	25,439,536,613.98
Contract liabilities	(VI)22	8,027,932,832.07	4,603,831,957.67
Employee benefits payable	(VI)23	2,530,652,915.21	2,094,259,980.68
Taxes payable	(VI)24	2,785,790,936.60	1,511,983,833.95
Other payables	(VI)25	4,116,969,285.61	2,481,286,817.71
Non-current liabilities due within one year	(VI)26	891,934,592.35	3,179,995,453.40
Other current liabilities	(VI)27	5,065,113,514.41	4,087,539,918.81
<b>Total Current Liabilities</b>		<b>81,165,712,444.73</b>	54,599,801,076.22
<b>Non-current Liabilities:</b>			
Long-term borrowings	(VI)19	10,777,205,207.80	1,205,655,653.71
Lease liabilities	(VI)28	495,284,830.49	59,180,216.30
Deferred income	(VI)29	3,461,818,011.07	2,192,963,937.85
Deferred tax liabilities	(VI)18	543,719,984.62	489,414,659.97
Long-term employee benefits payable		71,927,409.33	—
Other non-current liabilities		153,975,160.01	150,164,008.01
<b>Total Non-current Liabilities</b>		<b>15,503,930,603.32</b>	4,097,378,475.84
<b>TOTAL LIABILITIES</b>		<b>96,669,643,048.05</b>	58,697,179,552.06
<b>SHAREHOLDERS' EQUITY:</b>			
Share capital	(VI)30	9,175,953,300.00	9,127,269,000.00
Capital reserve	(VI)31	1,779,310,235.25	1,411,251,654.42
Less: Treasury shares	(VI)32	200,773,416.00	—
Other comprehensive income	(VI)51	(582,862,109.97)	(240,814,343.11)
Surplus reserve	(VI)33	6,175,434,747.88	5,755,670,511.31
Undistributed profits	(VI)34	40,994,784,827.03	38,345,853,094.28
<b>Total Equity Attributable to Shareholders of the Company</b>		<b>57,341,847,584.19</b>	54,399,229,916.90
<b>Minority Interests</b>		—	—
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>57,341,847,584.19</b>	54,399,229,916.90
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>154,011,490,632.24</b>	113,096,409,468.96

The accompanying notes form part of the financial statements.

The financial statements on pages 199 to 385 were signed by:

Wei Jian Jun

Legal Representative

Wang Feng Ying

General Manager

Li Hong Shuan

Chief Financial Officer

Lu Cai Juan

Head of the Finance Section

# Balance Sheet of the Company

At 31 December 2020

RMB

Item	Notes	31/12/2020	31/12/2019
<b>Current Assets:</b>			
Cash and bank balances	(XV)1	8,756,050,336.15	4,920,861,492.76
Held-for-trading financial assets		4,016,432,928.41	2,927,556,676.14
Derivative financial assets		—	380,777.69
Accounts receivable	(XV)2	9,278,226,610.26	8,728,902,722.86
Financing with receivables	(XV)3	37,159,982,957.50	22,693,583,567.35
Prepayments		657,535,961.33	313,246,241.16
Other receivables	(XV)4	4,391,458,493.12	3,585,584,186.33
Inventories	(XV)5	4,075,258,224.43	3,638,348,784.35
Contract assets		495,298,612.22	—
Non-current assets due within one year		264,492,224.27	313,655,673.35
Other current assets	(XV)6	10,787,263,182.60	10,517,501,718.61
<b>Total Current Assets</b>		<b>79,881,999,530.29</b>	57,639,621,840.60
<b>Non-Current Assets:</b>			
Other non-current financial assets		24,500,000.00	—
Long-term receivables		630,885,424.04	654,398,596.31
Long-term equity investments	(XV)7	18,144,163,194.40	11,907,777,927.38
Other equity instrument investments		7,700,000.00	7,700,000.00
Investment properties	(XV)8	2,455,536,361.29	2,223,073,338.54
Fixed assets	(XV)9	16,852,363,213.04	18,305,040,845.05
Construction in progress	(XV)10	1,049,647,367.59	672,134,768.76
Right-of-use asset	(XV)11	158,651,281.83	48,826,780.79
Intangible assets	(XV)12	4,533,032,149.12	4,167,758,479.35
Development expenditure	(XV)13	2,455,351,941.05	1,730,992,533.56
Long-term prepaid expenses		51,750,050.97	44,255,825.70
Deferred tax assets		686,850,172.69	374,182,142.64
Other non-current assets		884,747,717.05	—
<b>Total Non-Current Assets</b>		<b>47,935,178,873.07</b>	40,136,141,238.08
<b>TOTAL ASSETS</b>		<b>127,817,178,403.36</b>	97,775,763,078.68

## Balance Sheet of the Company

At 31 December 2020

RMB

Item	Notes	31/12/2020	31/12/2019
<b>Current Liabilities:</b>			
Short-term borrowings	(XV)14	6,261,242,481.54	500,564,895.84
Notes payable	(XV)15	3,746,210,934.89	3,175,427,026.22
Accounts payable	(XV)16	39,366,003,020.54	26,854,869,119.84
Contract liabilities	(XV)17	8,742,706,895.39	6,245,197,854.93
Employee benefits payable		1,556,145,949.54	1,435,079,093.25
Taxes payable		1,547,533,730.50	1,160,600,875.97
Other payables		3,656,737,043.47	2,391,920,236.15
Non-current liabilities due within one year		259,759,032.70	558,232,453.24
Other current liabilities		4,108,961,593.27	3,562,899,767.61
<b>Total Current Liabilities</b>		<b>69,245,300,681.84</b>	45,884,791,323.05
<b>Non-current Liabilities:</b>			
Long-term borrowings	(XV)14	5,505,000,000.00	1,130,000,000.00
Lease liabilities	(XV)18	431,282,148.98	36,384,538.74
Deferred income		2,334,887,049.14	1,184,219,191.77
Other non-current liabilities		136,620,018.20	146,405,723.03
<b>Total Non-current Liabilities</b>		<b>8,407,789,216.32</b>	2,497,009,453.54
<b>TOTAL LIABILITIES</b>		<b>77,653,089,898.16</b>	48,381,800,776.59
<b>SHAREHOLDERS' EQUITY:</b>			
Share capital		9,175,953,300.00	9,127,269,000.00
Capital reserve	(XV)19	1,826,846,471.39	1,458,787,890.56
Less: Treasury shares		200,773,416.00	—
Other comprehensive income		(213,330,570.55)	(148,477,708.08)
Surplus reserve		4,890,446,242.43	4,890,446,242.43
Undistributed profits	(XV)20	34,684,946,477.93	34,065,936,877.18
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>50,164,088,505.20</b>	49,393,962,302.09
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>127,817,178,403.36</b>	97,775,763,078.68

# Consolidated Income Statement

For the year ended 31 December 2020

Item	Notes	RMB	
		2020	2019
<b>I. Total operating income</b>		<b>103,307,607,209.70</b>	96,210,688,818.80
Including: Operating income	(VI)35	<b>103,307,607,209.70</b>	95,108,078,639.52
Interest income		—	1,031,247,017.36
Fee and commission income		—	71,363,161.92
Less: Total operating costs		<b>98,843,343,071.83</b>	91,408,986,015.92
Including: Operating costs	(VI)35	<b>85,530,963,755.03</b>	79,684,487,295.85
Interest expenses		—	321,440,421.44
Fee and commission expenses		—	17,140,754.86
Taxes and levies	(VI)36	<b>3,191,876,087.50</b>	3,168,603,013.96
Selling expenses	(VI)37	<b>4,103,386,826.19</b>	3,896,669,879.09
Administrative expenses	(VI)38	<b>2,552,674,590.65</b>	1,955,453,366.52
Research and development expenses		<b>3,067,479,582.21</b>	2,716,220,367.89
Financial expenses	(VI)39	<b>396,962,230.25</b>	(351,029,083.69)
Including: Interest expenses		<b>263,150,856.10</b>	173,711,422.47
Interest income		<b>666,060,792.21</b>	350,419,202.56
Add: Other income	(VI)40	<b>886,632,430.18</b>	542,696,952.66
Investment income	(VI)41	<b>956,385,050.56</b>	15,505,068.58
Including: Investment income from joint ventures		<b>911,946,308.20</b>	303,706,938.37
Gains (losses) from changes in fair values	(VI)42	<b>165,208,627.09</b>	(73,302,005.19)
Impairment losses on credit	(VI)43	<b>(35,286,928.05)</b>	(49,348,660.18)
Impairment losses on assets	(VI)44	<b>(676,396,829.72)</b>	(503,617,643.58)
Gains (losses) from disposal of assets	(VI)45	<b>(9,199,220.02)</b>	43,207,041.88
<b>II. Operating profit</b>		<b>5,751,607,267.91</b>	4,776,843,557.05
Add: Non-operating income	(VI)46	<b>493,871,760.52</b>	342,124,331.71
Less: Non-operating expenses	(VI)47	<b>18,191,671.08</b>	18,411,507.67
<b>III. Total profit</b>		<b>6,227,287,357.35</b>	5,100,556,381.09
Less: Income tax expenses	(VI)48	<b>864,797,163.03</b>	569,823,510.79

# Consolidated Income Statement

For the year ended 31 December 2020

Item	Notes	RMB	
		2020	2019
<b>IV. Net profit</b>	(VI)49	<b>5,362,490,194.32</b>	4,530,732,870.30
(I) Classification by going concern: Net profit under going concern		<b>5,362,490,194.32</b>	4,530,732,870.30
(II) Classification by attribution of ownership:			
1. Net profit attributable to shareholders of the Company		<b>5,362,490,194.32</b>	4,496,874,893.92
2. Profit or loss attributable to minority interests		—	33,857,976.38
<b>V. Other comprehensive income, net of taxes</b>	(VI)51	<b>(342,047,766.86)</b>	21,506,769.96
Other comprehensive income attributable to shareholders of the Company, net of taxes		<b>(342,047,766.86)</b>	21,506,769.96
Other comprehensive income that will not be reclassified to profit or loss		<b>(5,496,728.08)</b>	—
Changes in net liabilities or net assets of the defined benefit plan		<b>(5,496,728.08)</b>	—
Other comprehensive income that will be reclassified to profit or loss		<b>(336,551,038.78)</b>	21,506,769.96
Translation difference of financial statements denominated in foreign currency		<b>(230,155,017.40)</b>	226,165,075.97
Changes in fair value of financial assets classified as at fair value through other comprehensive income		<b>(106,396,021.38)</b>	(204,658,306.01)
Other comprehensive income attributable to minority interests, net of taxes		—	—
<b>VI. Total comprehensive income</b>		<b>5,020,442,427.46</b>	4,552,239,640.26
Total comprehensive income attributable to shareholders of the Company		<b>5,020,442,427.46</b>	4,518,381,663.88
Total comprehensive income attributable to minority interests		—	33,857,976.38
<b>VII. Earnings per share:</b>			
(I) Basic earnings per share	(VI)50	<b>0.59</b>	0.49
(II) Diluted earnings per share	(VI)50	<b>0.58</b>	N/A

# Income Statement of the Company

For the year ended 31 December 2020

Item	Notes	RMB	
		2020	2019
<b>I. Operating income</b>	(XV)21	<b>99,660,523,458.13</b>	94,470,846,527.59
Less: Operating costs	(XV)21	<b>91,784,394,979.67</b>	85,832,863,609.19
Taxes and levies	(XV)22	<b>2,892,773,611.44</b>	2,966,199,531.33
Selling expenses	(XV)23	<b>3,556,685,677.40</b>	2,755,636,205.68
Administrative expenses	(XV)24	<b>1,704,113,393.93</b>	1,438,436,270.40
Research and development expenses		<b>2,138,970,135.49</b>	2,240,243,662.87
Financial expenses	(XV)25	<b>(313,776,328.78)</b>	(201,225,318.13)
Including: Interest expenses		<b>190,749,825.52</b>	120,909,583.53
Interest income		<b>575,031,900.74</b>	428,959,731.45
Add: Other income		<b>662,708,046.72</b>	478,937,628.35
Investment income	(XV)26	<b>4,169,280,763.60</b>	1,303,008,944.57
Including: Investment income from joint ventures		<b>911,946,308.20</b>	608,428,725.83
Gains (losses) from changes in fair values		<b>(916,032.27)</b>	17,937,453.83
Impairment gains (losses) on credit		<b>(4,114,042.23)</b>	29,534,900.59
Impairment losses on assets	(XV)27	<b>(244,067,550.31)</b>	(293,675,308.61)
Gains from disposal of assets		<b>40,539,118.42</b>	267,159,559.17
<b>II. Operating profit</b>		<b>2,520,792,292.91</b>	1,241,595,744.15
Add: Non-operating income		<b>93,876,908.74</b>	127,133,592.72
Less: Non-operating expenses		<b>12,601,350.95</b>	17,295,285.16
<b>III. Total profit</b>		<b>2,602,067,850.70</b>	1,351,434,051.71
Less: Income tax expenses	(XV)28	<b>(310,735,975.05)</b>	(108,425,405.90)
<b>IV. Net profit</b>		<b>2,912,803,825.75</b>	1,459,859,457.61
Net profit under going concern		<b>2,912,803,825.75</b>	1,459,859,457.61
<b>V. Other comprehensive income, net of taxes</b>		<b>(64,852,862.47)</b>	(148,477,708.08)
Other comprehensive income that will be reclassified to profit or loss		<b>(64,852,862.47)</b>	(148,477,708.08)
Changes in fair value of financial assets classified as at fair value through other comprehensive income		<b>(64,852,862.47)</b>	(148,477,708.08)
<b>VI. Total comprehensive income</b>		<b>2,847,950,963.28</b>	1,311,381,749.53

# Consolidated Cash Flow Statement

For the year ended 31 December 2020

RMB

Items	Notes	2020	2019
<b>I. Cash Flows from Operating Activities:</b>			
Cash receipts from the sales of goods and rendering of services		<b>111,704,660,705.85</b>	112,601,955,628.25
Cash receipts from interest, fee and commissions		–	1,504,262,185.51
Net increase in taking from banks and other financial institutions		–	1,984,748,024.37
Receipts of tax refunds		<b>738,923,027.81</b>	815,386,595.91
Other cash receipts relating to operating activities	(VI)52(1)	<b>3,949,099,429.32</b>	1,931,969,970.23
Sub-total of cash inflow from operating activities		<b>116,392,683,162.98</b>	118,838,322,404.27
Cash payments for goods purchased and services received		<b>90,570,524,249.90</b>	81,601,873,859.18
Net increase in customers' loans and advance		–	3,309,244,378.77
Cash payments for interest, fees and commissions		–	332,187,874.18
Cash payments to and on behalf of employees		<b>7,295,200,267.04</b>	7,118,346,473.73
Payments of various types of taxes		<b>6,545,616,369.62</b>	7,320,797,789.21
Other cash payments relating to operating activities	(VI)52(2)	<b>6,800,109,350.58</b>	5,183,569,594.41
Sub-total of cash outflow from operating activities		<b>111,211,450,237.14</b>	104,866,019,969.48
Net Cash Flows from Operating Activities	(VI)53(1)	<b>5,181,232,925.84</b>	13,972,302,434.79
<b>II. Cash Flows from Investing Activities:</b>			
Cash receipts from disposal of investments		<b>43,455,050,000.00</b>	22,084,000,000.00
Cash receipts from investment income		<b>665,715,173.36</b>	104,210,402.85
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		<b>281,693,557.79</b>	155,270,499.10
Net cash receipts from disposal of subsidiaries and other business units	(VI)53(2)	<b>704,979,619.68</b>	175,449,788.51
Other cash receipts relating to investing activities	(VI)52(3)	<b>85,030,000.00</b>	640,000,000.00
Sub-total of cash inflow from investing activities		<b>45,192,468,350.83</b>	23,158,930,690.46
Cash payments to purchase and construct fixed assets, intangible assets and other long-term assets		<b>8,061,586,173.02</b>	6,940,322,371.02
Net cash payments for disposal of subsidiaries and other business units	(VI)53(3)	–	4,993,792,624.63
Other cash payments related to investing activities	(VI)52(4)	<b>89,075,000.00</b>	1,175,000,000.00
Cash payments to acquire investments		<b>48,630,127,933.82</b>	25,851,500,000.00
Sub-total of cash outflow from investing activities		<b>56,780,789,106.84</b>	38,960,614,995.65
Net Cash Flow from Investing Activities		<b>(11,588,320,756.01)</b>	(15,801,684,305.19)

## Consolidated Cash Flow Statement

For the year ended 31 December 2020

Items	Notes	2020	2019
<i>RMB</i>			
<b>III. Cash Flows from Financing Activities:</b>			
Cash receipts from capital contributions		<b>215,456,295.00</b>	20,000,000.00
Cash receipts from borrowings		<b>20,105,328,772.04</b>	4,819,026,600.00
Cash receipts from issue of bonds		<b>6,000,000,000.00</b>	10,517,321,973.25
Other cash receipts relating to financing activities	(VI)52(5)	–	121,390,982.17
Sub-total of cash inflow from financing activities		<b>26,320,785,067.04</b>	15,477,739,555.42
Cash repayments of borrowings		<b>6,288,598,665.68</b>	8,650,462,354.63
Cash payments for distribution of dividends or profits or settlement of interest expenses		<b>2,538,335,238.75</b>	2,830,052,136.50
Cash repayments of bonds		<b>6,000,000,000.00</b>	–
Other cash payments relating to financing activities	(VI)52(6)	<b>126,326,189.86</b>	53,277,393.27
Sub-total of cash outflow from financing activities		<b>14,953,260,094.29</b>	11,533,791,884.40
Net Cash Flow from Financing Activities		<b>11,367,524,972.75</b>	3,943,947,671.02
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>		<b>(146,177,722.99)</b>	48,054,347.59
<b>V. Net Increase in Cash and Cash Equivalents</b>		<b>4,814,259,419.59</b>	2,162,620,148.21
Add: Opening balance of cash and cash equivalents		<b>8,777,231,585.64</b>	6,614,611,437.43
<b>VI. Closing balance of cash and cash equivalents</b>	(VI)53(1)	<b>13,591,491,005.23</b>	8,777,231,585.64

# Cash Flow Statement of the Company

For the year ended 31 December 2020

RMB

Items	Notes	2020	2019
<b>I. Cash Flows from Operating Activities:</b>			
Cash receipts from the sales of goods and rendering of services		<b>95,668,776,787.24</b>	113,936,467,222.79
Receipts of tax refunds		<b>532,544,802.57</b>	364,597,324.58
Other cash receipts relating to operating activities		<b>2,447,568,913.14</b>	443,071,226.07
Sub-total of cash inflow from operating activities		<b>98,648,890,502.95</b>	114,744,135,773.44
Cash payments for goods purchased and services received		<b>82,948,632,456.69</b>	89,276,863,768.49
Cash payments to and on behalf of employees		<b>4,339,125,765.89</b>	4,719,568,831.33
Payments of various types of taxes		<b>3,966,471,939.80</b>	5,292,947,846.71
Other cash payments relating to operating activities		<b>3,486,956,901.45</b>	4,293,217,030.53
Sub-total of cash outflow from operating activities		<b>94,741,187,063.83</b>	103,582,597,477.06
Net Cash Flows from Operating Activities	(XV)29(1)	<b>3,907,703,439.12</b>	11,161,538,296.38
<b>II. Cash Flows from Investing Activities:</b>			
Cash receipts from disposal of investments		<b>30,166,900,000.00</b>	19,489,370,000.00
Cash receipts from investment income		<b>3,216,019,950.72</b>	749,891,508.33
Cash receipts from merging subsidiaries by absorbing		–	70,510,670.15
Cash receipts from disposal of subsidiaries and other business units	(VII)3(1)	<b>706,648,600.00</b>	–
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		<b>1,270,244,219.54</b>	2,016,574,825.83
Other cash receipts relating to investing activities		<b>135,030,000.00</b>	900,000,000.00
Sub-total of cash inflow from investing activities		<b>35,494,842,770.26</b>	23,226,347,004.31
Cash payments to purchase and construct fixed assets, intangible assets and other long-term assets		<b>5,004,872,499.15</b>	3,653,982,970.08
Cash payments to acquire investments		<b>37,010,570,559.54</b>	33,044,602,949.64
Other cash payments relating to investing activities		<b>916,690,000.00</b>	1,435,000,000.00
Sub-total of cash outflow from investing activities		<b>42,932,133,058.69</b>	38,133,585,919.72
Net Cash Flow from Investing Activities		<b>(7,437,290,288.43)</b>	(14,907,238,915.41)

## Cash Flow Statement of the Company

For the year ended 31 December 2020

Items	Notes	2020	2019
<i>RMB</i>			
<b>III. Cash Flows from Financing Activities:</b>			
Cash receipts from capital contributions		<b>215,456,295.00</b>	–
Cash receipts from borrowings		<b>11,358,869,500.00</b>	3,439,987,600.00
Cash receipts from issue of bonds		<b>6,000,000,000.00</b>	4,000,000,000.00
Other cash receipts relating to financing activities		<b>16,246,384.52</b>	334,788,516.21
Sub-total of cash inflow from financing activities		<b>17,590,572,179.52</b>	7,774,776,116.21
Cash payments for repayments of borrowings		<b>1,685,000,000.00</b>	7,299,987,600.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		<b>2,453,619,836.32</b>	2,773,738,349.29
Cash repayments of bonds		<b>6,000,000,000.00</b>	–
Other cash payments relating to financing activities		<b>47,697,568.88</b>	310,407,106.65
Sub-total of cash outflow from financing activities		<b>10,186,317,405.20</b>	10,384,133,055.94
Net Cash Flow from Financing Activities		<b>7,404,254,774.32</b>	(2,609,356,939.73)
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>		<b>(23,232,697.10)</b>	(4,236,942.58)
<b>V. Net Increase in Cash and Cash Equivalents</b>		<b>3,851,435,227.91</b>	(6,359,294,501.34)
Add: Opening balance of cash and cash equivalents		<b>4,876,599,293.72</b>	11,235,893,795.06
<b>VI. Closing balance of cash and cash equivalents</b>	(XV)29(2)	<b>8,728,034,521.63</b>	4,876,599,293.72

# Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2020

RMB

Items	2020							
	Attributable to shareholders of the Company							
	Share capital	Capital reserve	Treasury shares	Less: comprehensive income	Other surplus 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 recognised 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 (Note VI.33)	—	—	—	—	(77,788.75)	77,788.75	—	—
(V) Others (Note VI.31)	—	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

## Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2020

RMB

Item	2019							Total equity
	Attributable to shareholders of the Company							
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profits	Minority interests	
I. Balance at the beginning of the year	9,127,269,000.00	1,411,231,014.42	(262,321,113.07)	5,628,946,670.54	—	36,619,705,509.19	163,756,409.79	52,688,587,490.87
II. Changes in the current year	—	20,640.00	21,506,769.96	126,723,840.77	—	1,726,147,585.09	(163,756,409.79)	1,710,642,426.03
(I) Total comprehensive income	—	—	21,506,769.96	—	—	4,496,874,893.92	33,857,976.38	4,552,239,640.26
(II) Owners' contributions and reduction in capital	—	—	—	—	—	—	—	—
1. Capital contributions from owners	—	—	—	—	—	—	—	—
2. Acquisition of subsidiaries	—	—	—	—	—	—	—	—
3. Acquisition of minority interests of subsidiaries	—	—	—	—	—	—	—	—
(III) Profit distribution	—	—	—	240,973,318.39	—	(2,887,921,749.82)	—	(2,646,948,431.43)
1. Transfer to statutory reserve	—	—	—	240,594,651.26	—	(240,594,651.26)	—	—
2. Transfer to discretionary reserve	—	—	—	—	—	—	—	—
3. Transfer to enterprise expansion fund	—	—	—	—	—	—	—	—
4. Transfer to reserve fund	—	—	—	378,667.13	—	(378,667.13)	—	—
5. Distributions to shareholders	—	—	—	—	—	(2,646,948,431.43)	—	(2,646,948,431.43)
6. Transfer to employee bonus and welfare fund	—	—	—	—	—	—	—	—
7. Tax refund for welfare enterprises	—	—	—	—	—	—	—	—
(IV) Transfer of shareholders' equity	—	—	—	(114,249,477.62)	—	114,249,477.62	—	—
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	—	—	—	(114,249,477.62)	—	114,249,477.62	—	—
(V) Others	—	20,640.00	—	—	—	2,944,963.37	(197,614,386.17)	(194,648,782.80)
1. Original shareholder's input of subsidiary obtained from business combination involving enterprise under common control	—	20,000,000.00	—	—	—	—	—	20,000,000.00
2. Consideration for business combination involving enterprise under common control	—	(19,979,360.00)	—	—	—	—	—	(19,979,360.00)
3. Disposal of subsidiaries	—	—	—	—	—	—	(197,614,386.17)	(197,614,386.17)
4. Others (Note (VI. 34))	—	—	—	—	—	2,944,963.37	—	2,944,963.37
III. Balance at the end 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

# Statement of Changes in Shareholders' Equity of the Company

For the year ended 31 December 2020

RMB

Item	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 recognised 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. Transfer to general risk reserve	—	—	—	—	—	—	—
3. 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 ((Note XV. 19)	—	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

## Statement of Changes in Shareholders' Equity of the Company

For the year ended 31 December 2020

RMB

Item	2019					
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	Total equity
I. Balance at the beginning of the year	9,127,269,000.00	1,458,753,185.58	—	4,890,446,242.43	34,792,640,840.00	50,269,109,268.01
II. Changes in the current year	—	34,704.98	(148,477,708.08)	—	(726,703,962.82)	(875,146,965.92)
(I) Total comprehensive income	—	—	(148,477,708.08)	—	1,459,859,457.61	1,311,381,749.53
(II) Owners' contributions and reduction in capital	—	—	—	—	—	—
1. Capital contributions from owners	—	—	—	—	—	—
2. Share-based payments recognised in shareholders' equity	—	—	—	—	—	—
3. Others	—	—	—	—	—	—
(III) Profit distribution	—	—	—	—	(2,646,908,010.00)	(2,646,908,010.00)
1. Transfer to surplus reserve	—	—	—	—	—	—
2. Transfer to general risk reserve	—	—	—	—	—	—
3. Distributions to shareholders	—	—	—	—	(2,646,908,010.00)	(2,646,908,010.00)
(IV) Transfer of shareholders' equity	—	—	—	—	—	—
1. Transfer of capital 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	—	34,704.98	—	—	460,344,589.57	460,379,294.55
1. Business combination involving enterprise under common control	—	34,704.98	—	—	—	34,704.98
2. Others	—	—	—	—	460,344,589.57	460,344,589.57
III. Balance at the end 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

# Notes to the Financial Statements

For the year ended 31 December 2020

## 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 30 March 2021.

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 2020

## II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

### Basis of preparation

The Group has applied the *Accounting Standards for Business Enterprises* ("ASBE") and guidelines, interpretations and other related provisions promulgated by the Ministry of Finance ("MoF"). In addition, the Group also discloses relevant financial information according to the requirements of *Rules on Compiling the Information Disclosure of the Company that Issue Stocks Publicly No.15-General Provision on Financial Report* (revised in 2014) by China's Securities Regulatory Commission, the "Companies Ordinance" of Hong Kong and the "Listing Rules of The Stock Exchange of Hong Kong Limited".

### 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 2020. 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 2020

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

### 1. Statement of compliance with the Accounting Standard for Business Enterprises (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 2020, the Company's and consolidated statement of changes in shareholders' equity and the Company's and consolidated operating results and cash flows for the year ended 31 December 2020.

### 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 2020

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

#### 5.2 *Business combinations not involving enterprises under common control and goodwill*

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

The combination costs of the 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 acquire 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 2020

## 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 2020

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 6. 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 2020

## 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 2020

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

#### 9.2 Translation of financial statements denominated in foreign currency

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

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

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

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

### 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 2020

## 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 years.

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, other receivables, other current assets – deposits in non-bank financial institutions, long-term receivables – performance bond and land advances and debt investments.

If the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows and selling such financial assets, the Group shall classify the financial asset into the financial asset at fair value through other comprehensive income ("FVTOCI"). Notes receivable classified as at FVTOCI upon acquisition are presented as financing with receivables.

# Notes to the Financial Statements

For the year ended 31 December 2020

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial instruments (continued)

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

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.

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.

# Notes to the Financial Statements

For the year ended 31 December 2020

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial instruments (continued)

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

##### 10.1.1 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.

Financial assets that subsequently have become credit-impaired financial assets. For those financial assets, the Group shall apply the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods. If the financial assets no longer has credit impairment during the follow-up period as a result of an improvement in its credit risk, the Group calculates interest income based on the carrying amount of financial assets multiplied by the actual interest rate.

##### 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.

# Notes to the Financial Statements

For the year ended 31 December 2020

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial instruments (continued)

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

##### 10.1.3 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.

#### 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 Standard, and lease receivables arising from transactions adopting *ASBEs No. 21 – Leases*.

For other financial instrument, other than purchased or originated credit-impaired financial assets, the Group assesses changes in credit risks of the relevant financial asset since initial recognition at each balance sheet date. If the credit risks of the financial instrument has been significantly increased since initial recognition, the Group will make a loss allowance at an amount of lifetime expected credit loss; if not, the Group will make a loss allowance for the financial instrument at an amount in the future 12-month expected credit losses. Increase in or reversal of credit loss provision is included in profit or loss as loss 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 gain or loss.

# Notes to the Financial Statements

For the year ended 31 December 2020

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial instruments (continued)

#### **10.2 Impairment of financial instruments and other items** (continued)

##### *10.2.1 Significant increase in credit risk*

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 2020

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial instruments (continued)

#### 10.2 Impairment of financial instruments and other items (continued)

##### 10.2.2 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;
- (6) The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

##### 10.2.3 Recognition of expected credit losses

The Group adopts individual or portfolio evaluation methods to recognise the credit losses of related financial instruments and other items. For those financial instruments whose credit losses are recognised 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;

# Notes to the Financial Statements

For the year ended 31 December 2020

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial instruments (continued)

#### 10.2 Impairment of financial instruments and other items (continued)

##### 10.2.3 Recognition of expected credit losses (continued)

- (d) Date of initial recognition;
- (e) Remaining term to maturity;
- (f) Industry of the borrower;
- (g) Geographical location of the borrower; and
- (h) The value of collateral relative to the financial asset.

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

- For financial assets, a credit loss is the present value of the difference between: (a) The contractual cash flows that are due to the Group under the contract; and (b) the cash flows that the Group expects to receive.
- For lease receivables, a credit loss is the present value of the difference between: (a) The contractual cash flows that are due to the Group under the contract; and (b) the cash flows that the Group expects to receive.
- For a financial asset that is credit-impaired at the reporting date, 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 2020

## 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 2020

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial instruments (continued)

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

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

###### 10.4.1.1 Financial liabilities at FVTPL

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

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 instrument portfolio, and the objective evidence indicates that short-term profit model exists in the near future.
- The relevant 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 2020

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial instruments (continued)

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

##### 10.4.1 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 and long-term borrowings.

##### 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 Group should not recognize changes in the fair value of the equity instruments. The related transaction costs are deducted from equity.

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

# Notes to the Financial Statements

For the year ended 31 December 2020

## 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 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.

### 11. Financing with receivables

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

### 12. Inventories

#### *12.1 Classification of inventories*

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

#### *12.2 Valuation method of inventories upon delivery*

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

# Notes to the Financial Statements

For the year ended 31 December 2020

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 12. Inventories (continued)

#### **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 2020

## 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 Group 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***

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 2020

## 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 expense 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 joint ventures using equity method. Joint venture refers to a joint venture arrangement in which the Group only has rights to the net assets of the arrangement.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment cost. Where the initial investment cost is less than the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, the difference shall be charged to profit or loss for the current year, and the cost of the long-term equity investment shall be adjusted accordingly.

# Notes to the Financial Statements

For the year ended 31 December 2020

## 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 after making appropriate adjustments for the net profit of the investee.

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 2020

## 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 houses and buildings are converted to leasing, the carrying amount of such fixed assets, before the conversion are transferred to investment properties.

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

### 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 2020

## 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 2020

## 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 taking 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 2020

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 19. Intangible assets (continued)

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

Except for land assets with ownership, 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 stage expenditure and development stage expenditure.

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

# Notes to the Financial Statements

For the year ended 31 December 2020

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 19. Intangible assets (continued)

#### 19.2 Research and development expenditure (continued)

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

The 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.

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

# Notes to the Financial Statements

For the year ended 31 December 2020

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 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.

#### *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.

# Notes to the Financial Statements

For the year ended 31 December 2020

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 23. Employee benefits (continued)

#### *23.2 Accounting treatment of post-employment benefits (continued)*

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 or net assets 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 or net assets of the defined benefit plan.

Service costs and the net interest of the net liabilities or net assets 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 or net assets (including actuarial gains or losses, return on plan assets deducted from the amount included in the net liabilities or net interest 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 net assets) 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 2020

## 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.

### 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.

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

# Notes to the Financial Statements

For the year ended 31 December 2020

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 26. Revenue (continued)

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

#### *Variable consideration*

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

#### *Warranties*

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

### 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.

# Notes to the Financial Statements

For the year ended 31 December 2020

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 27. Government grants (continued)

#### ***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.

### 28. 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.

# Notes to the Financial Statements

For the year ended 31 December 2020

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 28. Income tax (continued)

#### **28.2 Deferred tax assets and deferred tax liabilities (continued)**

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

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

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

#### **28.3 Income tax expenses**

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

Current and deferred tax expenses or income are recognized in profit or loss for the 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.

#### **28.4 Offsetting of income tax**

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

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

# Notes to the Financial Statements

For the year ended 31 December 2020

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

#### 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 2020

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 29. Lease (continued)

#### 29.1 The Group as lessee (continued)

##### 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 2020

## 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 2020

## 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 Accounting Standard for Business Enterprises No. 14 – Revenue to allocate consideration in a contract to lease and non-lease components. The basis of the allocation is the separately stand-alone price of the lease component and the non-lease component.

##### 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 2020

## 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 2020

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 29. Lease (continued)

#### **29.3 Sales and leaseback transaction**

##### *29.3.1 The Group acts as a seller-lessee*

The Group assesses whether the transfer of the asset in the sales and leaseback transaction constitutes a sale in accordance with the 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 Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments. If the transfer of an asset constitutes a sale, the Group shall measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use and recognize only the amount of any gain or loss that relates to the rights transferred to the lessor.

### 30. Changes in important accounting policies

#### **ASBEs Interpretation No. 13**

On December 10, 2019, the Ministry of Finance issued ASBEs Interpretation No. 13 (“Interpretation No. 13”) with Caikuai [2019] No. 21 documentation. Interpretation No. 13 will be effective from 1 January 2020, and implementation does not require retrospective adjustment.

Interpretation No. 13 further supplements the ASBEs No. 36-Disclosure of Related Parties, clarifying the judgment of related parties related to company and subsidiaries of the group. Meanwhile, Interpretation No. 13 revised the definitions of processing process and output in the three elements of business composition in ASBEs No. 20-Business Combinations and its application guidelines, and defined processing process as the system, standards, agreements, conventions or rules that have certain management capabilities, operating processes and can organize inputs to form output capabilities, and deleted the expressions that reduce the outflow of economic benefits on the original definition of output. Such as reducing the overall operating cost of the enterprise and lower cost.

When the merging party acquire portfolio from the merged party, the Interpretation No. 13 stipulate the conditions of constitute businesses are that the merged party have one input and one substantive processing process at least, and the combination of that two has a significant contribution to the production capacity, and present the judgment conditions for the substantive processing process.

Interpretation No. 13 introduces the concentration test provisions, which can simplify the assessment of whether the production and operation activities or the assets portfolio purchased by the company is a business. The concentration test is only applicable to the judgment of the purchase of operation activities or assets portfolio by companies not involving enterprises under common control.

# Notes to the Financial Statements

For the year ended 31 December 2020

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 30. Changes in important accounting policies (continued)

#### *ASBEs Interpretation No. 13 (continued)*

For business combinations not involving enterprises under the common control that occurred in the current year, the Group did not choose to use the concentration test, but based on the above-mentioned revised definition of business to perform three-element assessment, refer to Note VII 1.

## 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 2020

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

### **Key assumptions and uncertainties in accounting estimates**

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

#### ***Provision for decline in value of inventories***

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

## Notes to the Financial Statements

For the year ended 31 December 2020

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

#### Key assumptions and uncertainties in accounting estimates (continued)

##### *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.

### V. TAXATION

#### 1. Major tax types and rates

Tax type	Basis	Tax rate
Value-added tax	Sales/Purchase (Note 1 and 2)	1 January 2019 to 31 March 2019: 3%, 5%, 6%, 10%, 16% From 1 April 2019: 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 (Note 2)	20%, 21%, 22%, 25%, 28%, 30%, 32.44%
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 1:* Pursuant to the Announcement of Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on Relevant Policies for Deepening the Value-added Tax Reform (Announcement No. 39 [2019]), VAT taxable sales or imported goods subject to 16% and 10% shall be adjusted to 13% and 9% since 1 April 2019.

*Note 2:* Excluding the tax incentives set out in Note (V). 2, the applicable tax rates or comprehensive tax rate of the relevant companies of the Group for 2019 and 2020 are listed on the above table.

# Notes to the Financial Statements

For the year ended 31 December 2020

## 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”), 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

The Company and its subsidiaries Baoding Great, Mind Electronics Company Limited (曼德電子電器有限公司) (“Mind Electronics”) were re-approved as new high-tech enterprises in 2019, and the Company’s subsidiaries Jinggong Motor, Nuobo Automotive and Nuobo Rubber, were approved as new high-tech enterprises in 2019. The applicable tax rate from 2019 to 2021 is 15%. Honeycomb Transmission Technology Hebei Co., Ltd. (蜂巢傳動科技河北有限公司) (“Honeycomb Transmission Technology”), a subsidiary of the Company were approved as new high-tech enterprises in 2020. The applicable tax rate from 2020 to 2022 is 15%. All of the above companies have obtained the New and High-Tech Enterprise Certificate jointly issued by Hebei Provincial Department of Science and Technology, Department of Finance of Hebei Province and Hebei Provincial Office of the State Administration of Taxation with a term of three years.

Honeycomb Power System (Jiangsu) Co., Ltd. (蜂巢動力系統(江蘇)有限公司) (“Honeycomb Power”), a subsidiary of the Company were approved as new high-tech enterprises in 2020 and have obtained the New and High-Tech Enterprise Certificate jointly issued by Jiangsu Provincial Department of Science and Technology, Department of Finance of Jiangsu Province and Jiangsu Provincial Office of the State Administration of Taxation with a term of three years. The applicable tax rate from 2020 to 2022 is 15%.

# Notes to the Financial Statements

For the year ended 31 December 2020

## V. TAXATION (continued)

### 2. Tax incentives and approvals (continued)

#### 2.1 Income tax incentives (continued)

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

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

##### 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 2019 and 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%.

# Notes to the Financial Statements

For the year ended 31 December 2020

## V. TAXATION (continued)

### 2. Tax incentives and approvals (continued)

#### 2.2 Value-added tax incentives

##### *Value-added tax concessionary policies on fostering disabled people*

According to the requirements under the *Circular on Preferential 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 Ministry of Finance 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, provision of modern services that replace business tax with VAT and services under the tax category related to life accounted for 50% of the VAT income” 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 2020

## VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. Cash and bank balances

Item	<i>RMB</i>	
	31/12/2020	31/12/2019
<b>Cash:</b>		
RMB	123,868.02	208,369.19
EUR	25,258.93	—
GBP	14,342.01	14,761.12
HKD	6,619.84	7,045.67
JPY	4,785.71	5,059.07
USD	4,338.15	4,638.20
THB	1,664.19	30.26
SGD	1,533.67	1,609.08
AUD	1,068.97	1,040.89
ZAR	352.25	3,040.38
RUB	50.23	64.49
KRW	42.66	42.87
<b>Bank balances:</b>		
RMB	11,008,349,098.19	7,796,458,278.11
USD	1,398,928,950.34	353,062,364.34
RUB	342,551,204.01	274,800,763.64
ZAR	327,448,680.24	176,996,167.53
AUD	280,640,726.13	42,182,302.70
EUR	106,050,317.79	84,093,334.68
NZD	79,143,777.24	13,907,199.78
JPY	29,538,227.14	18,864,316.38
INR	8,592,648.75	16,311,722.60
THB	7,554,495.06	—
HKD	1,242,187.45	840.47
GBP	745,464.72	146,977.32
KRW	521,303.54	125,403.06
CHF	—	36,213.81
<b>Other cash and bank balances:</b>		
RMB	993,533,222.52	880,175,243.32
EUR	3,440,129.15	—
USD	32.62	64,872,500.09
NZD	—	1,033,406.00
<b>Total</b>	<b>14,588,464,389.52</b>	<b>9,723,312,735.05</b>
Including: Overseas cash and bank balances	1,495,805,297.44	942,035,026.01

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 1. Cash and bank balances (continued)

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.

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

## 2. Held-for-trading financial assets

Item	RMB	
	31/12/2020	31/12/2019
Financial assets classified as at fair value through profit or loss	<b>4,826,193,896.30</b>	4,362,692,217.12
Including: Equity instrument investments	<b>244,394,136.00</b>	76,585,824.00
Debt instrument investment – wealth management products	<b>4,581,799,760.30</b>	4,286,106,393.12
Total	<b>4,826,193,896.30</b>	4,362,692,217.12

## 3. Accounts receivable

## (1) Disclosed by aging:

Aging	31/12/2020			31/12/2019		
	Amount	Credit loss provision	Ratio (%)	Amount	Credit loss provision	Ratio (%)
Within 1 year	<b>3,946,193,292.36</b>	<b>(25,263,566.23)</b>	<b>0.64</b>	2,919,653,678.07	(46,169,165.87)	1.58
1 to 2 years	<b>45,453,666.97</b>	<b>(30,275,484.12)</b>	<b>66.61</b>	320,000,964.57	(296,991.50)	0.09
2 to 3 years	<b>49,000.00</b>	—	—	—	—	—
Over 3 years	<b>323,423,439.77</b>	<b>(323,423,439.77)</b>	<b>100.00</b>	345,793,284.28	(345,793,284.28)	100.00
Total	<b>4,315,119,399.10</b>	<b>(378,962,490.12)</b>	<b>8.78</b>	3,585,447,926.92	(392,259,441.65)	10.94

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

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 3. Accounts receivable (continued)

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

RMB

Classifications	31/12/2020					31/12/2019				
	Carrying amount		Credit loss provision		Book value	Carrying amount		Credit loss provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)		Amount	Ratio (%)	Amount	Ratio (%)	
Credit loss provision assessed by portfolios	4,315,119,399.10	100.00	(378,962,490.12)	8.78	3,936,156,908.98	3,585,447,926.92	100.00	(392,259,441.65)	10.94	3,193,188,485.27
Total	4,315,119,399.10	100.00	(378,962,490.12)	8.78	3,936,156,908.98	3,585,447,926.92	100.00	(392,259,441.65)	10.94	3,193,188,485.27

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

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

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

RMB

Aging	Expected average loss rate	31/12/2020			Expected average loss rate	31/12/2019		
		Carrying amount	Credit loss provision	Book value		Carrying amount	Credit loss provision	Book value
Within credit period	0.00%-8.00%	3,919,489,150.75	(13,132,949.42)	3,906,356,201.33	0.35%	3,188,118,517.86	(11,294,550.78)	3,176,823,967.08
1-180 days overdue	10.00%-50.00%	33,652,855.49	(3,852,147.84)	29,800,707.65	50.00%	32,727,236.44	(16,362,718.25)	16,364,518.19
Overdue more than 180 days	100.00%	361,977,392.86	(361,977,392.86)	—	100.00%	364,602,172.62	(364,602,172.62)	—
Total		4,315,119,399.10	(378,962,490.12)	3,936,156,908.98		3,585,447,926.92	(392,259,441.65)	3,193,188,485.27

## Notes to the Financial Statements

For the year ended 31 December 2020

## 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:

RMB

Credit loss provision	2020		Total
	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
Balance at 31 December 2019	(27,657,269.01)	(364,602,172.64)	(392,259,441.65)
– Transfer to credit impairment incurred	419,253.22	(419,253.22)	—
Provision for the year	(82,205,377.64)	(44,864,919.22)	(127,070,296.86)
Reversal for the year	92,458,296.17	43,625,930.52	136,084,226.69
Write-off for the year	—	4,283,021.70	4,283,021.70
Balance at 31 December 2020	(16,985,097.26)	(361,977,392.86)	(378,962,490.12)

## (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	739,545,974.00	17.14	—
Customer 2	323,423,439.77	7.50	(323,423,439.77)
Customer 3	265,538,538.66	6.15	—
Customer 4	221,854,951.01	5.14	—
Customer 5	145,369,654.64	3.37	—
Total	1,695,732,558.08	39.30	(323,423,439.77)

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 4. Financing with receivables

*Notes receivable*(1) *Classification of notes receivables:*

Classifications	RMB	
	31/12/2020	31/12/2019
Bank acceptances	52,984,327,499.38	31,444,425,191.57
Commercial acceptances	228,840.38	1,323,617.74
Total	52,984,556,339.76	31,445,748,809.31

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) *Pledged notes receivable as at the end of the year:*

Classifications	RMB	
	31/12/2020	31/12/2019
Bank acceptances	15,720,649,546.68	9,287,029,931.21
Total	15,720,649,546.68	9,287,029,931.21

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

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 4. Financing with receivables (continued)

*Notes receivable (continued)*

(3) Notes endorsed and discounted by the Group to other parties but yet undue by the end of the year are as follows:

Classifications	RMB	
	31/12/2020	31/12/2019
Bank acceptances	11,721,122,482.09	20,094,547,980.28
Total	11,721,122,482.09	20,094,547,980.28

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

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

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

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 5. Prepayments

## (1) Prepayments by aging:

Aging	31/12/2020		31/12/2019	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	547,830,643.42	95.95	407,284,189.24	92.32
1 to 2 years	18,497,017.19	3.24	29,557,378.86	6.70
2 to 3 years	3,350,849.71	0.59	3,082,205.13	0.70
Over 3 years	1,239,454.70	0.22	1,238,465.31	0.28
Total	570,917,965.02	100.00	441,162,238.54	100.00

Description of aging of prepayments:

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

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

Name of entity	Amount	Proportion of the amount to the total prepayments (%)
Supplier 1	91,150,062.10	15.97
Supplier 2	39,203,600.80	6.87
Supplier 3	36,254,634.50	6.35
Supplier 4	34,217,437.53	5.99
Supplier 5	21,000,000.00	3.68
Total	221,825,734.93	38.86

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 6. Other receivables

## 6.1 Summary of other receivables

Category	RMB	
	31/12/2020	31/12/2019
Interest receivable	4,918,260.87	228,748.88
Other receivables	1,027,325,062.56	946,745,623.27
Total	1,032,243,323.43	946,974,372.15

## 6.2 Interest receivable

Item	RMB	
	31/12/2020	31/12/2019
Interest of bank deposits	4,918,260.87	228,748.88
Total	4,918,260.87	228,748.88

## 6.3 Other receivables

(1) Disclosed by aging:

Aging	31/12/2020			31/12/2019		
	Amount	Credit loss provision	Ratio (%)	Amount	Credit loss provision	Ratio (%)
Within 1 year	587,097,781.01	(1,568,892.00)	0.27	914,746,410.35	(441,070.54)	0.05
1 to 2 years	421,573,388.10	(441,070.54)	0.10	18,284,251.13	(169,838.00)	0.93
2 to 3 years	11,240,685.50	(169,838.00)	1.51	1,237,054.66	—	—
Over 3 years	9,593,008.49	—	—	13,088,815.67	—	—
Total	1,029,504,863.10	(2,179,800.54)	0.21	947,356,531.81	(610,908.54)	0.06

## Notes to the Financial Statements

For the year ended 31 December 2020

## 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 31/12/2020	Carrying amount at 31/12/2019
Proceeds from land transfer	305,601,261.00	351,079,822.38
Taxes refunds	208,189,608.83	223,042,001.92
Current amounts	263,857,876.83	180,572,327.04
Security and margin deposits	45,407,775.33	40,887,736.43
Pretty cash	19,421,424.35	24,210,195.29
Others	187,026,916.76	127,564,448.75
Total	1,029,504,863.10	947,356,531.81

(3) Analysis of credit loss provision

Aging	31/12/2020				31/12/2019			
	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	—	1,027,325,062.56	—	1,027,325,062.56	—	946,745,623.27	—	946,745,623.27
1-180 days overdue	—	—	—	—	—	—	—	—
Overdue more than 180 days	100.00%	2,179,800.54	(2,179,800.54)	—	100.00%	610,908.54	(610,908.54)	—
Total		1,029,504,863.10	(2,179,800.54)	1,027,325,062.56		947,356,531.81	(610,908.54)	946,745,623.27

The Group determines the expected credit losses for other receivables based on historical experience data and forward-looking information. In 2020 and 2019, the Group's assessment methods and major assumptions have not changed.

## Notes to the Financial Statements

For the year ended 31 December 2020

## 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 31 December 2019	—	—	(610,908.54)	(610,908.54)
Provision for the year	—	—	(1,568,892.00)	(1,568,892.00)
Reversal for the year	—	—	—	—
Write-off for the year	—	—	—	—
Transfer to phase 3	—	—	—	—
Balance at 31 December 2020	—	—	<b>(2,179,800.54)</b>	<b>(2,179,800.54)</b>

## (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	Proceeds from transfer of land	305,601,261.00	Within 2 years	29.68	—
Entity 2	Current amounts	226,783,481.62	Within 1 year	22.03	—
Entity 3	Export taxes refunds	189,382,955.39	Within 1 year	18.40	—
Entity 4	Current amounts	37,074,395.21	Within 1 year	3.60	—
Entity 5	VAT refunds	18,806,653.44	Within 1 year	1.83	—
Total		777,648,746.66		75.54	

The Group has no other receivables related to government grant.

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 7. Inventories

## (1) Inventories by category

RMB

Item	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
<b>Total</b>	<b>7,704,419,642.54</b>	<b>(206,784,092.60)</b>	<b>7,497,635,549.94</b>

RMB

Item	Carrying amount	31/12/2019 Provision for decline in value of inventories	Book value
Raw materials	1,290,302,186.89	(59,676,557.70)	1,230,625,629.19
Work-in-progress	857,826,804.91	(1,033,121.26)	856,793,683.65
Finished goods	3,959,123,183.64	(167,130,666.01)	3,791,992,517.63
Low-valued and short-lived consumables	360,405,525.69	(2,623,440.54)	357,782,085.15
<b>Total</b>	<b>6,467,657,701.13</b>	<b>(230,463,785.51)</b>	<b>6,237,193,915.62</b>

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 7. Inventories (continued)

## (2) Provision for decline in value of inventories

Inventories by category	31/12/2019	Provision for the year	Decrease for the year		RMB
			Reversals	Written-off	31/12/2020
Raw materials	59,676,557.70	200,252,651.14	(9,708,497.97)	(174,981,277.54)	75,239,433.33
Work-in-progress	1,033,121.26	5,392,812.90	(331,473.91)	(3,737,933.13)	2,356,527.12
Finished goods	167,130,666.01	279,934,409.65	(1,851,641.29)	(317,845,429.60)	127,368,004.77
Low-valued and short-lived consumables	2,623,440.54	1,224,232.60	(698,479.55)	(1,329,066.21)	1,820,127.38
Total	230,463,785.51	486,804,106.29	(12,590,092.72)	(497,893,706.48)	206,784,092.60

## (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	0.45
Work-in-progress	Note 1	Note 2	0.03
Finished goods	Note 1	Note 2	0.04
Low-valued and short-lived consumables	Note 1	Note 2	0.18

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

*Note 2:* As the estimated net realizable value of part of the raw materials, work-in-progress, finished goods and 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 2020

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

## 8. Contract assets

Item	31/12/2020		Book value
	Carrying amount	Credit loss provision	
State subsidies receivable	495,298,612.22	—	495,298,612.22

RMB

## 9. Other current assets

Details of other current assets:

Item	31/12/2020	31/12/2019
	Paint for vehicles	4,152,853.69
Taxes to be deducted	983,865,528.03	1,028,062,190.91
Mould (Note 1)	160,634,603.11	139,741,656.05
Structured deposit	—	1,700,000,000.00
Prepaid enterprise income tax	12,812,308.70	9,074,895.35
Deposits in non-bank financial institutions (Note 2)	10,372,657,928.59	8,436,276,381.57
Others	46,364,784.73	26,712,139.90
Total	11,580,488,006.85	11,343,946,670.26

RMB

Note 1: The estimated useful life is less than one year.

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

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 10. Long-term receivables

## (1) Long-term receivables

*RMB*

Item	31/12/2020			31/12/2019			Discount rate range
	Carrying amount	Credit loss provision	Book value	Carrying amount	Credit loss provision	Book value	
Performance bond	536,237,810.75	—	536,237,810.75	614,411,518.18	—	614,411,518.18	3.28%
Land advances	359,139,837.56	—	359,139,837.56	353,642,751.48	—	353,642,751.48	2.93%
Finance lease receivables	3,479,640,317.72	(45,106,108.61)	3,434,534,209.11	1,136,925,302.12	(2,379,187.17)	1,134,546,114.95	0% to 19.51%
Including: Unearned finance income	(412,896,793.31)	—	(412,896,793.31)	(242,226,062.65)	—	(242,226,062.65)	
Subtotal	4,375,017,966.03	(45,106,108.61)	4,329,911,857.42	2,104,979,571.78	(2,379,187.17)	2,102,600,384.61	
Less: Long-term receivables due within one year	1,884,739,784.73	—	1,884,739,784.73	807,562,885.35	—	807,562,885.35	
Total	2,490,278,181.30	(45,106,108.61)	2,445,172,072.69	1,297,416,686.43	(2,379,187.17)	1,295,037,499.26	

## (2) Credit loss provision

*RMB*

Category	31/12/2020			31/12/2019			Book value			
	Carrying amount	Credit loss provision		Carrying amount	Credit loss provision					
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Book value			
Credit loss provision by portfolios	4,375,017,966.03	100.00	(45,106,108.61)	1.03	4,329,911,857.42	2,104,979,571.78	100.00	(2,379,187.17)	0.11	2,102,600,384.61
Total	4,375,017,966.03	100.00	(45,106,108.61)		4,329,911,857.42	2,104,979,571.78	100.00	(2,379,187.17)		2,102,600,384.61

## Notes to the Financial Statements

For the year ended 31 December 2020

## 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 2020 and 2019, the Group's assessment methods and major assumptions have not changed.

Credit loss provision	2020		Total
	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
Balance at 31 December 2019	(1,974,064.43)	(405,122.74)	(2,379,187.17)
Provision for the year	(39,681,833.77)	(3,050,132.11)	(42,731,965.88)
Reversal for the year	—	—	—
Write-off for the year	—	5,044.44	5,044.44
– Transfer to credit impairment occurred	12,180,350.70	(12,180,350.70)	—
Balance at 31 December 2020	(29,475,547.50)	(15,630,561.11)	(45,106,108.61)

RMB

## 11. Long-term equity investments

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

Investee	31/12/2019	Changes in the current year								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	Others		
Joint ventures											
Auto finance	3,112,651,355.60	4,500,000,000.00	—	911,946,308.20	—	—	(130,414,941.65)	—	—	8,394,182,722.15	—
Shanghai Junying Enterprise Management Partnership (Limited Partnership)	—	21,000,000.00	—	—	—	—	—	—	—	21,000,000.00	—
Total	3,112,651,355.60	4,521,000,000.00	—	911,946,308.20	—	—	(130,414,941.65)	—	—	8,415,182,722.15	—

RMB

## Notes to the Financial Statements

For the year ended 31 December 2020

## 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 2019	341,954,096.11	17,619,408.20	359,573,504.31
Additions for the year	99,110,461.97	23,472.07	99,133,934.04
1. Acquisition	3,342,452.31	—	3,342,452.31
2. Transfer from intangible assets	—	23,472.07	23,472.07
3. Transfer from construction in progress	18,502,599.96	—	18,502,599.96
4. Transfer from fixed assets	77,265,409.70	—	77,265,409.70
Decrease for the year	(5,211,367.96)	—	(5,211,367.96)
1. Transfer to fixed assets	(5,211,367.96)	—	(5,211,367.96)
Foreign currency translation differences	(382,958.44)	—	(382,958.44)
31 December 2020	<b>435,470,231.68</b>	<b>17,642,880.27</b>	<b>453,113,111.95</b>
II. Accumulated amortization and depreciation			
31 December 2019	35,116,782.69	2,260,191.41	37,376,974.10
Additions for the year	90,713,046.09	354,977.80	91,068,023.89
1. Provision or amortization	73,899,277.95	351,339.63	74,250,617.58
2. Transfer from intangible assets	—	3,638.17	3,638.17
3. Transfer from fixed assets	16,813,768.14	—	16,813,768.14
Decrease for the year	(951,543.38)	—	(951,543.38)
1. Transfer to fixed assets	(951,543.38)	—	(951,543.38)
Foreign currency translation differences	(11,744.74)	—	(11,744.74)
31 December 2020	<b>124,866,540.66</b>	<b>2,615,169.21</b>	<b>127,481,709.87</b>
III. Book value			
31 December 2019	306,837,313.42	15,359,216.79	322,196,530.21
31 December 2020	<b>310,603,691.02</b>	<b>15,027,711.06</b>	<b>325,631,402.08</b>

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 13. Fixed assets

Information of fixed assets:

Item	RMB				
	Buildings	Machinery and equipment	Transportation vehicles	Electronic equipment and others	Total
I. Original carrying amount					
31 December 2019	15,962,404,017.61	24,713,807,082.63	340,699,392.45	8,332,364,869.42	49,349,275,362.11
Additions for the year	1,337,370,166.05	1,559,995,033.12	146,968,695.96	990,841,531.83	4,035,175,426.96
1. Acquisition	56,375,110.89	74,584,658.24	58,233,404.28	549,701,382.75	738,894,556.16
2. Transfer from construction in progress	867,392,366.71	1,202,676,726.16	18,167,060.69	400,451,854.31	2,488,688,007.87
3. Transfer from inventories	-	2,951,713.29	70,568,230.99	11,130,907.09	84,650,851.37
4. Increase for acquisitions of subsidiaries	408,391,320.49	279,781,935.43	-	29,557,387.68	717,730,643.60
5. Transfer from investment properties	5,211,367.96	-	-	-	5,211,367.96
Decrease for the year	(100,822,260.95)	(540,591,484.87)	(25,203,497.20)	(244,564,882.05)	(911,182,125.07)
1. Disposal or retired	(2,115,652.28)	(115,953,082.73)	(24,409,005.90)	(104,972,916.25)	(247,450,657.16)
2. Decrease for transferring to construction in progress	-	(238,441,504.14)	-	(3,156,776.74)	(241,598,280.88)
3. Transfer to investment properties	(77,265,409.70)	-	-	-	(77,265,409.70)
4. Other transfer-out	(21,441,198.97)	(186,196,898.00)	(794,491.30)	(136,435,189.06)	(344,867,777.33)
Reclassification	(3,023,128.49)	(102,640,037.20)	-	105,663,165.69	-
Foreign currency translation differences	(469,668,972.76)	(226,957,735.44)	(5,339,091.35)	(4,208,078.86)	(706,173,878.41)
31 December 2020	<b>16,726,259,821.46</b>	<b>25,403,612,858.24</b>	<b>457,125,499.86</b>	<b>9,180,096,606.03</b>	<b>51,767,094,785.59</b>
II. Accumulated depreciation					
31 December 2019	2,896,909,028.74	10,796,405,450.46	236,241,798.03	5,210,001,867.61	19,139,558,144.84
Additions for the year	510,554,708.22	2,200,042,154.04	46,344,901.25	1,029,295,313.22	3,786,237,076.73
1. Provision for the year	509,603,164.84	2,200,042,154.04	46,344,901.25	1,029,295,313.22	3,785,285,533.35
2. Transfer from investment properties	951,543.38	-	-	-	951,543.38
Decrease for the year	(17,248,352.38)	(167,823,432.56)	(16,897,434.62)	(77,572,109.84)	(279,541,329.40)
1. Disposal or retired	(426,299.75)	(75,151,258.66)	(16,664,438.52)	(61,798,239.34)	(154,040,236.27)
2. Decrease for transferring to construction in progress	-	(78,484,705.86)	-	(1,920,756.97)	(80,405,462.83)
3. Transfer to investment properties	(16,813,768.14)	-	-	-	(16,813,768.14)
4. Other transfer-out	(8,284.49)	(14,187,468.04)	(232,996.10)	(13,853,113.53)	(28,281,862.16)
Reclassification	(164,352.90)	5,107,927.14	-	(4,943,574.24)	-
Foreign currency translation differences	(74,722,324.55)	(46,593,605.61)	150,581.51	(2,966,387.09)	(124,131,735.74)
31 December 2020	<b>3,315,328,707.13</b>	<b>12,787,138,493.47</b>	<b>265,839,846.17</b>	<b>6,153,815,109.66</b>	<b>22,522,122,156.43</b>

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 13. Fixed assets (continued)

RMB

Item	Buildings	Machinery and equipment	Transportation vehicles	Electronic equipment and others	Total
III. Provision for impairment					
31 December 2019	136,268.33	156,237,367.70	340,060.27	309,693,969.69	466,407,665.99
Additions for the year	68,610.54	15,961,369.82	6,959,130.15	174,256,993.19	197,246,103.70
1. Provision for the year (Note)	68,610.54	15,961,369.82	6,959,130.15	174,256,993.19	197,246,103.70
Decrease for the year	-	(2,949,875.66)	(233,875.13)	(24,719,389.57)	(27,903,140.36)
1. Disposal or retired	-	(1,593,993.27)	(233,875.13)	(20,588,008.09)	(22,415,876.49)
2. Decrease for transferring to construction in progress	-	(896,596.80)	-	-	(896,596.80)
3. Other transfer-out	-	(459,285.59)	-	(4,131,381.48)	(4,590,667.07)
Reclassification	-	(769.88)	-	769.88	-
31 December 2020	<b>204,878.87</b>	<b>169,248,091.98</b>	<b>7,065,315.29</b>	<b>459,232,343.19</b>	<b>635,750,629.33</b>
IV. Book value					
31 December 2019	13,065,358,720.54	13,761,164,264.47	104,117,534.15	2,812,669,032.12	29,743,309,551.28
31 December 2020	<b>13,410,726,235.46</b>	<b>12,447,226,272.79</b>	<b>184,220,338.40</b>	<b>2,567,049,153.18</b>	<b>28,609,221,999.83</b>

As at 31 December 2020, among the fixed assets, the net book value of properties without title certificates amounted to RMB1,971,331,608.14 and the application of relevant title certificates is in progress.

Note: Due to the suspension of production of some models and changes in craftsmanship, the provision for impairment of fixed assets was RMB197,246,103.70 for the year.

## Notes to the Financial Statements

For the year ended 31 December 2020

## 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	31/12/2020			31/12/2019		
	Carrying amount	Impairment provision	Net book value	Carrying amount	Impairment provision	Net book value
Parts and Components						
Department reconstruction project	1,355,780,197.32	(1,579,912.08)	1,354,200,285.24	1,257,267,559.40	(860,242.75)	1,256,407,316.65
Rizhao automotive project	384,673,289.13	–	384,673,289.13	147,538,508.99	–	147,538,508.99
Xushui automotive project	226,772,455.83	(270,205.02)	226,502,250.81	257,781,764.81	–	257,781,764.81
Xushui parts and components project	171,129,474.74	(771,640.79)	170,357,833.95	151,727,477.03	(5,033,843.73)	146,693,633.30
Chongqing Great Wall automotive project	160,348,604.22	–	160,348,604.22	25,667,346.61	–	25,667,346.61
Other automotive project	150,876,984.62	–	150,876,984.62	–	–	–
Industrial Park Phase I, II and III expansion	144,940,439.04	(3,500,468.05)	141,439,970.99	59,742,608.73	–	59,742,608.73
Xushui supporting infrastructure project	136,427,954.42	–	136,427,954.42	136,453,590.40	–	136,453,590.40
Russia 80,000 sets of vehicle plant and residential area supporting project	67,505,194.25	–	67,505,194.25	82,134,271.85	–	82,134,271.85
Other projects in progress	64,160,487.98	–	64,160,487.98	56,184,819.01	–	56,184,819.01
Tianjin automotive project	33,752,549.44	(65,763.73)	33,686,785.71	44,405,598.96	(65,763.73)	44,339,835.23
New technology center	28,184,966.18	–	28,184,966.18	32,617,824.81	–	32,617,824.81
Tianjin parts and components project	19,491,172.77	(1,475,022.67)	18,016,150.10	6,599,880.83	(4,789,135.16)	1,810,745.67
<b>Total</b>	<b>2,944,043,769.94</b>	<b>(7,663,012.34)</b>	<b>2,936,380,757.60</b>	<b>2,258,121,251.43</b>	<b>(10,748,985.37)</b>	<b>2,247,372,266.06</b>

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 14. Construction in progress (continued)

## (2) Changes in major construction in progress

Project	Budget amount	31/12/2019	Additions for the year	Increase for acquisitions of subsidiaries	Transferred to fixed assets	Other Deductions	Proportion of investment to budget (%)	Accumulated capitalized interest amount	Including: Capitalized interest for the year	Ratio of capitalized interest amount for the year (%)	Sources of fund	RMB
												31/12/2020
Parts and Components												
Department reconstruction project	6,771,845,359.60	1,257,267,559.40	1,485,697,446.55	22,944,877.14	(849,285,316.80)	(560,844,368.97)	76.74	—	—	—	Internal funds	1,355,780,197.32
Rizhao automotive project	831,203,900.00	147,538,508.99	278,075,552.63		—	(40,940,772.49)	46.28	—	—	—	Internal funds	384,673,289.13
Xushui automotive project	11,609,133,044.00	257,781,764.81	189,407,678.15		(214,214,457.66)	(6,202,529.47)	88.80	—	—	—	Internal funds	226,772,455.83
Xushui parts and components project	9,730,356,945.38	151,727,477.03	216,908,986.88		(172,801,692.12)	(24,705,297.05)	76.02	—	—	—	Internal funds	171,129,474.74
Chongqing Great Wall automotive project	2,483,507,657.00	25,667,346.61	301,727,884.59		(163,277,856.10)	(3,768,770.88)	83.52	—	—	—	Internal funds	160,348,604.22
Other automotive project	2,921,128,746.75	—	1,047,444,372.92		(896,567,388.30)	—	35.86	—	—	—	Internal funds	150,876,984.62
Industrial Park Phase I, II and III expansion	2,101,930,234.48	59,742,608.73	687,389,261.05		(4,770,786.20)	(597,420,644.54)	64.28	—	—	—	Internal funds	144,940,439.04
Xushui supporting infrastructure project	193,250,000.00	136,453,590.40	—		—	(25,635.98)	70.60	—	—	—	Internal funds	136,427,954.42
Russia 80,000 sets of vehicle plant and residential area supporting project	3,457,127,700.00	82,134,271.85	131,788,767.96		(143,693,544.26)	(2,724,301.30)	94.71	—	—	—	Internal funds	67,505,194.25
Other projects in progress	424,762,067.00	56,184,819.01	29,200,536.65		(18,176,471.42)	(3,048,396.26)	87.17	—	—	—	Internal funds	64,160,487.98
New technology center	5,575,064,691.00	44,405,598.96	9,186,827.79		(19,774,381.06)	(65,496.25)	96.26	—	—	—	Internal funds	33,752,549.44
New technology center	1,727,202,349.00	32,617,824.81	4,195,044.71		(4,195,044.71)	(4,432,858.63)	94.94	—	—	—	Internal funds	28,184,966.18
Tianjin parts and components project	4,352,782,735.00	6,599,880.83	18,501,649.82		(1,931,069.24)	(3,679,288.64)	90.29	—	—	—	Internal funds	19,491,172.77
<b>Total</b>	<b>52,179,295,429.21</b>	<b>2,258,121,251.43</b>	<b>4,399,524,009.70</b>	<b>22,944,877.14</b>	<b>(2,488,688,007.87)</b>	<b>(1,247,858,360.46)</b>						<b>2,944,043,769.94</b>

Note: The decrease of RMB380,827,031.78 in construction in progress is transferred into intangible assets, the decrease of RMB18,502,599.96 in construction in progress is transferred into investment property.

# Notes to the Financial Statements

For the year ended 31 December 2020

## 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 Parts and Components Department reconstruction project	3,500,468.05	Vehicle model discontinued
Xushui parts and components project	841,840.71	Vehicle model discontinued
Xushui automotive project	298,380.76	Vehicle model discontinued
Tianjin parts and components project	270,205.02	Production process changed
	25,817.91	Vehicle model discontinued
Total	4,936,712.45	

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 15. Right-of-use asset

*RMB*

Item	Land use right	Buildings	Machine equipment	Transportation vehicle	Total
I. Original carrying amount:					
31 December 2019	3,795,632.49	109,947,231.16	4,298,161.83	12,458,667.18	130,499,692.66
Additions for the year	21,327.33	91,714,422.30	122,370,435.49	645,714.76	214,751,899.88
Deductions for the year	(40,897.36)	(26,958,748.43)	(746,156.44)	(5,458.98)	(27,751,261.21)
Foreign currency translation differences	—	(3,485,905.37)	—	—	(3,485,905.37)
31 December 2020	<b>3,776,062.46</b>	<b>171,216,999.66</b>	<b>125,922,440.88</b>	<b>13,098,922.96</b>	<b>314,014,425.96</b>
II. Accumulated depreciation					
31 December 2019	1,781,379.34	25,675,819.14	886,632.17	1,734,680.63	30,078,511.28
Additions for the year	1,782,258.00	29,102,749.71	17,248,032.52	3,973,467.97	52,106,508.20
1. Provision	1,782,258.00	29,102,749.71	17,248,032.52	3,973,467.97	52,106,508.20
Deductions for the year	(20,448.69)	(5,703,003.68)	(246,696.67)	(104.03)	(5,970,253.07)
Foreign currency translation differences	—	(1,089,648.46)	—	—	(1,089,648.46)
31 December 2020	<b>3,543,188.65</b>	<b>47,985,916.71</b>	<b>17,887,968.02</b>	<b>5,708,044.57</b>	<b>75,125,117.95</b>
III. Provision for impairment					
31 December 2019	—	—	—	—	—
31 December 2020	—	—	—	—	—
IV. Book value					
31 December 2020	<b>232,873.81</b>	<b>123,231,082.95</b>	<b>108,034,472.86</b>	<b>7,390,878.39</b>	<b>238,889,308.01</b>
31 December 2019	2,014,253.15	84,271,412.02	3,411,529.66	10,723,986.55	100,421,181.38

*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 RMB102,950,033.22. The total cash outflow related to leases for the year was RMB158,179,573.34.

## Notes to the Financial Statements

For the year ended 31 December 2020

## 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 2019	3,493,388,256.96	471,235,520.06	2,061,968,101.76	6,026,591,878.78
Additions for the year	493,798,415.49	407,882,448.45	1,386,843,045.28	2,288,523,909.22
1. Acquisition	157,264,100.49	127,960,580.03	46,607,834.63	331,832,515.15
2. Internal research and development	—	—	1,340,235,210.65	1,340,235,210.65
3. Transfer-in arising from acquisitions of subsidiaries	—	235,629,151.64	—	235,629,151.64
4. Transferred from construction in progress	336,534,315.00	44,292,716.78	—	380,827,031.78
Deductions for the year	(527,179,681.75)	(3,124,406.59)	(2,296,637.30)	(532,600,725.64)
1. Other transfer-out	(468,496,564.07)	(300,000.00)	—	(468,796,564.07)
2. Disposal	(58,659,645.61)	(808,499.64)	(2,296,637.30)	(61,764,782.55)
3. Transferred to construction in progress	—	(2,015,906.95)	—	(2,015,906.95)
4. Transferred to investment properties	(23,472.07)	—	—	(23,472.07)
Foreign currency translation differences	—	(3,429,807.24)	—	(3,429,807.24)
31 December 2020	<b>3,460,006,990.70</b>	<b>872,563,754.68</b>	<b>3,446,514,509.74</b>	<b>7,779,085,255.12</b>
II. Accumulated amortization				
31 December 2019	545,772,513.48	133,156,154.08	637,428,485.41	1,316,357,152.97
Additions for the year	70,385,402.62	46,102,236.60	806,068,946.69	922,556,585.91
1. Provision	70,385,402.62	46,102,236.60	806,068,946.69	922,556,585.91
Deductions for the year	(4,252,477.40)	(397,232.72)	(114,831.86)	(4,764,541.98)
1. Disposal	(3,341,890.82)	(387,232.72)	(114,831.86)	(3,843,955.40)
2. Transferred to investment properties	(3,638.17)	—	—	(3,638.17)
3. Other transfer-out	(906,948.41)	(10,000.00)	—	(916,948.41)
Foreign currency translation differences	—	1,557,571.42	—	1,557,571.42
31 December 2020	<b>611,905,438.70</b>	<b>180,418,729.38</b>	<b>1,443,382,600.24</b>	<b>2,235,706,768.32</b>
III. Book value				
31 December 2019	2,947,615,743.48	338,079,365.98	1,424,539,616.35	4,710,234,725.81
31 December 2020	<b>2,848,101,552.00</b>	<b>692,145,025.30</b>	<b>2,003,131,909.50</b>	<b>5,543,378,486.80</b>

The proportion of intangible assets arising from internal research and development at the end of the year to balance of total intangible assets is 36.14% (31 December 2019: 30.24%).

As at 31 December 2020, among the intangible assets, the net book value of land use right without land use right certificates amounted to RMB22,052,160.00 (31 December 2019: RMB22,585,680.00), and the application of relevant land use right certificates is in progress.

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 17. Development expenditure

RMB

Item	31/12/2019	Increase for acquisitions of subsidiaries	Increase for the year	Decrease for the year		31/12/2020
				Recognized as intangible assets	Transferred to profit or loss for the year	
Automobile development project	2,188,699,764.12	3,844,554.09	3,171,838,207.56	(1,340,235,210.65)	(300,675,456.78)	<b>3,723,471,858.34</b>

## 18. Deferred tax assets and deferred tax liabilities

## (1) Deferred tax assets before offsetting

RMB

Item	31/12/2020		31/12/2019	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Credit loss provision	427,025,488.11	69,251,630.05	394,808,466.82	60,193,503.09
Provision for decline in value of inventories	205,686,239.07	39,498,348.55	229,625,386.26	47,767,381.38
Impairment of fixed assets	535,333,656.11	81,293,065.06	380,555,491.20	57,560,783.19
Impairment of construction in progress	7,663,012.34	1,149,451.84	10,748,985.37	1,612,347.81
Amortisation of intangible assets	1,046,406,237.32	157,024,747.07	490,767,851.01	73,615,177.65
Accrued expenses which are deductible upon payment	797,672,942.98	132,205,493.79	749,711,924.12	121,255,250.59
Contract liabilities	3,903,264,967.12	585,484,144.84	2,196,686,451.80	329,625,786.70
Deductible loss	1,995,931,166.34	356,759,669.24	1,617,283,801.49	258,172,605.78
Deferred income	640,425,397.60	109,161,228.78	1,274,786,160.50	206,108,085.77
Share-based payments	113,877,914.34	17,458,610.98	—	—
Right-of-use asset and lease liabilities	440,684,751.78	66,134,044.49	—	—
Unrealized profit arising from internal transactions	1,114,213,712.65	230,825,282.22	844,838,805.64	170,894,378.41
Others	384,559,164.61	70,870,478.28	176,156,357.27	29,983,050.28
Total	<b>11,612,744,650.37</b>	<b>1,917,116,195.19</b>	8,365,969,681.48	1,356,788,350.65

## Notes to the Financial Statements

For the year ended 31 December 2020

## 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	31/12/2020		31/12/2019	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
The impact of accelerated depreciation of fixed assets under tax law	8,332,742,298.65	1,272,442,794.79	7,655,468,811.40	1,158,426,944.84
Change in fair value of held-for-trading financial assets	17,342,098.73	2,601,314.81	17,937,453.83	2,690,618.07
Temporary difference of interest receivable	9,958,015.38	2,489,503.84	3,230,926.09	807,731.52
Total	8,360,042,412.76	1,277,533,613.44	7,676,637,191.32	1,161,925,294.43

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

RMB

Item	31/12/2020		31/12/2019	
	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	(733,813,628.82)	1,183,302,566.37	(672,510,634.46)	684,277,716.19
Deferred tax liabilities	733,813,628.82	(543,719,984.62)	672,510,634.46	(489,414,659.97)

## (4) Details of unrecognized deferred tax assets

RMB

Item	31/12/2020
Deductible loss	1,725,836,479.63
Total	1,725,836,479.63

## (5) The above unrecognized deductible losses will expire in 2024 and subsequent years.

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 19. Short-term borrowings and long-term borrowings

## (1) Short-term borrowings

Item	RMB	
	31/12/2020	31/12/2019
Guaranteed loans (Note)	518,892,759.31	628,624,044.66
Credit loans	7,382,410,448.24	551,846,610.84
Total	7,901,303,207.55	1,180,470,655.50

Note: Guaranteed loans include the loans made by the Company, with the Company's parent company Innovation Great as the guarantor and the loans made by Honeycomb Power, a subsidiary of the Company, with the Company as the guarantor.

## (2) Long-term borrowings

Item	RMB	
	31/12/2020	31/12/2019
Credit loans	4,468,984,902.75	—
Secured loans (Note 1)	530,000,000.00	1,930,000,000.00
Guaranteed loans (Note 2)	5,583,035,130.25	2,253,013,663.75
Pledged loan (Note 3)	902,641,018.28	170,479,104.66
Less: Long-term loans due within one year	(707,455,843.48)	(3,147,837,114.70)
Total	10,777,205,207.80	1,205,655,653.71

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

Note 2: Guaranteed loans of RMB5,583,035,130.25 include the loans obtained by Billion Sunny Development Limited Company (億新發展有限公司) ("Billion Sunny Development"), Honeycomb Drive System (Jiangsu) Co., Ltd. (蜂巢傳動系統(江蘇)有限公司) ("Honeycomb Drive"), Honeycomb Electric Drive System (Jiangsu) Co., Ltd. (蜂巢電驅動系統(江蘇)有限公司) ("Honeycomb Electric Drive") and Honeycomb Power, subsidiaries of the Company, with the Company as the guarantor and the loans 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") as the guarantor. Such guaranteed loans bear an annual interest rate ranging from 1.1000% to 4.18% and shall be repaid within 1-5 years.

Note 3: Pledged loans at the end of the year of RMB902,641,018.28 are loans obtained by Tianjin Oula Financial Leasing Co., Ltd. (天津歐拉融資租賃有限公司) ("Tianjin Oula"), the subsidiary of the Company, with the financial lease receivables as the collateral, including RMB734,035,608.69 is guaranteed by the Company as the guarantor.

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 20. Notes payable

Category	RMB	
	31/12/2020	31/12/2019
Bank acceptances	16,527,845,466.47	9,891,237,320.25
Commercial acceptances	128,230,951.55	129,658,524.27
Total	16,656,076,418.02	10,020,895,844.52

## 21. Accounts payable

## (1) Accounts payable disclosed as follows:

Item	RMB	
	31/12/2020	31/12/2019
Within 1 year	33,054,604,779.30	25,327,660,278.01
1 to 2 years	79,431,200.20	84,024,793.79
2 to 3 years	34,840,072.32	14,409,946.00
Over 3 years	16,182,837.18	13,441,596.18
Total	33,185,058,889.00	25,439,536,613.98

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

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

Item	RMB	
	31/12/2020	Reason for outstanding or transfer
Supplier 1	7,450,000.00	Payment terms have not been reached
Supplier 2	6,965,393.00	Payment terms have not been reached
Supplier 3	6,673,845.74	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	31,214,238.74	

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 22. Contract liabilities

Item	RMB	
	31/12/2020	31/12/2019
Receipts in advance	7,457,906,810.59	4,132,917,857.08
Maintenance service	438,583,123.01	426,680,941.15
Warranty service	79,333,040.71	—
Transportation service	52,109,857.76	44,233,159.44
Total	8,027,932,832.07	4,603,831,957.67

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 RMB4,472,805,464.62 has been recognized as revenue during the year. The closing book value of contract liabilities will be recognized as revenue in 2021.

## 23. Employee benefits payable

## (1) Employee benefits payable disclosed as follows:

Item	RMB			
	31/12/2019	Increase	Decrease	31/12/2020
1. Short-term employee benefits	2,088,777,847.57	9,073,372,709.79	(8,634,411,868.89)	2,527,738,688.47
2. Post-employment benefits-defined contribution plan	5,482,133.11	418,946,816.59	(421,514,722.96)	2,914,226.74
Total	2,094,259,980.68	9,492,319,526.38	(9,055,926,591.85)	2,530,652,915.21

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 23. Employee benefits payable (continued)

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

Item	31/12/2019	Increase	Decrease	RMB
				31/12/2020
I. Salaries, bonuses, allowances and subsidies	1,818,667,453.58	7,280,995,568.69	(6,875,046,044.33)	<b>2,224,616,977.94</b>
II. Staff welfare	169,900,673.00	587,082,937.87	(592,727,937.70)	<b>164,255,673.17</b>
III. Staff bonuses and welfare fund	280,505.14	—	—	<b>280,505.14</b>
IV. Social insurance premiums	2,727,419.35	268,942,085.04	(268,670,570.25)	<b>2,998,934.14</b>
Including: Medical insurance	2,504,187.40	246,204,586.53	(246,076,615.57)	<b>2,632,158.36</b>
Work-related injury insurance	96,728.36	19,119,466.42	(19,183,603.88)	<b>32,590.90</b>
Maternity insurance	126,503.59	3,618,032.09	(3,410,350.80)	<b>334,184.88</b>
V. Housing provident funds	1,023,047.24	182,447,164.22	(182,105,464.44)	<b>1,364,747.02</b>
VI. Labor union expenditures	13,216,928.82	25,885,494.99	(26,289,068.89)	<b>12,813,354.92</b>
VII. Employees' education expenses	2,501,055.51	5,608,657.74	(6,432,115.31)	<b>1,677,597.94</b>
VIII. Service charge	80,460,764.93	722,410,801.24	(683,140,667.97)	<b>119,730,898.20</b>
Total	2,088,777,847.57	9,073,372,709.79	(8,634,411,868.89)	<b>2,527,738,688.47</b>

## (3) Defined contribution plan

Item	31/12/2019	Increase	Decrease	RMB
				31/12/2020
1. Basic endowment insurance	5,454,059.06	400,486,235.19	(402,404,695.25)	<b>3,535,599.00</b>
2. Unemployment insurance	28,074.05	18,460,581.40	(19,110,027.71)	<b>(621,372.26)</b>
Total	5,482,133.11	418,946,816.59	(421,514,722.96)	<b>2,914,226.74</b>

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 2020, basic endowment insurance payable of the Group amounted to RMB400,486,235.19; the unemployment insurance payable amounted to RMB18,460,581.40.

As of December 31, 2020, basic endowment insurance payable of 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 2020

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

## 24. Taxes payable

Item	RMB	
	31/12/2020	31/12/2019
Value added tax	<b>732,429,081.95</b>	426,791,998.56
Consumption tax	<b>1,071,983,685.43</b>	760,844,830.17
Enterprise income tax	<b>777,547,545.22</b>	223,531,874.01
Individual income tax	<b>17,933,613.64</b>	18,511,284.50
City maintenance and construction tax	<b>59,119,440.12</b>	30,360,072.15
Education surcharges	<b>50,351,545.44</b>	25,159,688.26
Stamp duty	<b>25,422,843.56</b>	15,924,279.60
Real estate tax	<b>2,442,800.18</b>	2,472,607.39
Others	<b>48,560,381.06</b>	8,387,199.31
Total	<b>2,785,790,936.60</b>	1,511,983,833.95

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 25. Other payables

Other payables disclosed by nature are as follows:

Item	RMB	
	31/12/2020	31/12/2019
Project payment	1,008,473,684.74	263,132,001.36
Equipment payment	1,062,552,430.27	978,602,233.36
Deposits	696,242,630.93	584,126,870.84
Restricted share under repurchase obligations	200,579,316.00	–
Output tax related to advance receivables	951,189,559.38	540,269,223.07
Others	197,931,664.29	115,156,489.08
Total	4,116,969,285.61	2,481,286,817.71

## 26. Non-current liabilities due within one year

Item	Notes	RMB	
		31/12/2020	31/12/2019
Long-term loans due within one year	(VI)19	707,455,843.48	3,147,837,114.70
Lease liabilities due within one year	(VI)28	184,478,748.87	32,158,338.70
Total		891,934,592.35	3,179,995,453.40

## 27. Other current liabilities

Item	RMB	
	31/12/2020	31/12/2019
Accrued after-sales service expenses	922,892,133.49	694,933,978.06
Accrued advertising and media service expenses	1,107,100,281.68	771,095,010.61
Accrued transportation costs	140,383,987.95	80,839,996.57
Accrued technology development expenditure	141,619,378.21	68,742,434.97
Accrued utilities fees	39,141,648.17	27,497,652.57
Accrued port charges	6,303,757.66	5,152,472.44
Short-term bonds payable	2,024,547,945.20	2,014,116,666.66
Others	683,124,382.05	425,161,706.93
Total	5,065,113,514.41	4,087,539,918.81

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 27. Other current liabilities (continued)

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	<i>RMB</i>
									Closing balance
19 Great Wall Motor SCP003	100.00	14 October 2019	270 days	2,000,000,000.00	2,014,116,666.66	—	34,571,857.93	(2,048,688,524.59)	—
20 Great Wall Motor SCP001	100.00	20 May 2020	270 days	2,000,000,000.00	—	2,000,000,000.00	24,547,945.20	—	2,024,547,945.20
20 Great Wall Motor SCP002	100.00	22 July 2020	34 days	1,000,000,000.00	—	1,000,000,000.00	1,304,109.59	(1,001,304,109.59)	—
20 Great Wall Motor SCP003	100.00	21 August 2020	32 days	1,000,000,000.00	—	1,000,000,000.00	1,227,397.26	(1,001,227,397.26)	—
20 Great Wall Motor SCP004	100.00	21 September 2020	30 days	1,000,000,000.00	—	1,000,000,000.00	1,150,684.93	(1,001,150,684.93)	—
20 Great Wall Motor SCP005	100.00	19 October 2020	35 days	1,000,000,000.00	—	1,000,000,000.00	1,419,178.08	(1,001,419,178.08)	—
Total				8,000,000,000.00	2,014,116,666.66	6,000,000,000.00	64,221,172.99	(6,053,789,894.45)	2,024,547,945.20

## 28. Lease liabilities

Item	<i>RMB</i>	
	31/12/2020	31/12/2019
Lease liabilities	<b>679,763,579.36</b>	91,338,555.00
Sub-total	<b>679,763,579.36</b>	91,338,555.00
Less: Leased liabilities recognized in non-current liabilities due within one year ( <i>Note VI.26</i> )	<b>(184,478,748.87)</b>	(32,158,338.70)
Total	<b>495,284,830.49</b>	59,180,216.30

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 29. Deferred income

Item				RMB
	31/12/2019	Increase	Decrease	31/12/2020
Government grants	2,192,963,937.85	2,744,547,019.72	(1,475,692,946.50)	<b>3,461,818,011.07</b>
Total	2,192,963,937.85	2,744,547,019.72	(1,475,692,946.50)	<b>3,461,818,011.07</b>

Projects related to government grants:

Type					RMB	Related to an asset/related to income
	31/12/2019	Increase in grants for the year	Amount recognized in other income for the year	Other transfer-out	31/12/2020	
Infrastructure supporting fund	639,675,123.81	—	(24,140,175.88)	—	<b>615,534,947.93</b>	Related to an asset
Government industrial policy supporting fund	1,020,413,950.65	2,487,161,769.72	(371,410,704.10)	(983,169,674.26)	<b>2,152,995,342.01</b>	Related to an asset/income
Soft soil foundation subsidy	222,141,994.48	—	(5,533,460.32)	—	<b>216,608,534.16</b>	Related to an asset
New technical center infrastructure construction project	37,694,493.24	—	(13,859,756.28)	—	<b>23,834,736.96</b>	Related to an asset
Urban construction fund	146,789,117.51	235,000,000.00	(2,595,592.56)	(40,266,446.60)	<b>338,927,078.35</b>	Related to an asset
Energy-saving gasoline direct injection engine project	60,833,333.33	—	(10,000,000.00)	—	<b>50,833,333.33</b>	Related to an asset
110KV transformer substation project	25,691,655.80	—	(1,176,717.12)	—	<b>24,514,938.68</b>	Related to an asset
Renovation and expansion of expert apartment project	10,000,000.00	—	—	—	<b>10,000,000.00</b>	Related to an asset
Others	29,724,269.03	22,385,250.00	(19,633,388.47)	(3,907,030.91)	<b>28,569,099.65</b>	Related to an asset/income
Total	2,192,963,937.85	2,744,547,019.72	(448,349,794.73)	(1,027,343,151.77)	<b>3,461,818,011.07</b>	

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 30. Share capital

RMB

Item	Opening balance	Changes for the year				Sub-total	Closing balance
		New issue (Note XIII)	Bonus shares	Shares transfer from reserve	Others		
Share capital	9,127,269,000.00	49,303,500.00	—	—	(619,200.00)	48,684,300.00	9,175,953,300.00

## 31. Capital reserve

RMB

Item	Opening balance	Increase (Note)	Decrease	Closing balance
<b>2020:</b>				
Capital premiums (Note 1)	1,466,607,789.89	166,152,795.00	(2,086,704.00)	1,630,673,880.89
Other capital reserves (Note 2)	(55,356,135.47)	203,992,489.83	—	148,636,354.36
<b>Total</b>	<b>1,411,251,654.42</b>	<b>370,145,284.83</b>	<b>(2,086,704.00)</b>	<b>1,779,310,235.25</b>
<b>2019:</b>				
Capital premiums	1,466,587,149.89	20,000,000.00	(19,979,360.00)	1,466,607,789.89
Other capital reserves	(55,356,135.47)	—	—	(55,356,135.47)
<b>Total</b>	<b>1,411,231,014.42</b>	<b>20,000,000.00</b>	<b>(19,979,360.00)</b>	<b>1,411,251,654.42</b>

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

Note 2: The increase in other capital reserves this year includes: the Group increased other capital reserves by RMB113,877,914.34 due to the share-based payments recognized based on the expected number of exercisable equity instruments. See Note XII for details; the gains recognised for the transfer of rights to the related party (as a lessor) due to leaseback transaction of fixed assets are deemed as capital contributions from shareholders and included in other capital reserves, amounting to RMB90,114,575.49.

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 32. Treasury shares

Item	Opening balance	Increase	Decrease	Closing balance
Treasury shares related to restricted stock repurchase obligations	—	215,456,295.00	(14,682,879.00)	200,773,416.00
Total	—	215,456,295.00	(14,682,879.00)	200,773,416.00

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

## 33. Surplus reserve

Item	Opening balance	Increase	Decrease (Note)	Reclassification	Closing balance
<b>2020:</b>					
Statutory surplus reserve	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
Enterprise expansion fund	—	—	—	—	—
Reserve fund	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
Total	5,755,670,511.31	419,842,025.32	(77,788.75)	—	6,175,434,747.88
<b>2019:</b>					
Statutory surplus reserve	5,285,247,377.17	240,594,651.26	(114,249,477.62)	—	5,411,592,550.81
Discretionary surplus reserve	2,855,650.48	—	—	—	2,855,650.48
Enterprise expansion fund	—	—	—	—	—
Reserve fund	89,005,618.14	378,667.13	—	—	89,384,285.27
Tax credit for social welfare enterprises	251,838,024.75	—	—	—	251,838,024.75
Total	5,628,946,670.54	240,973,318.39	(114,249,477.62)	—	5,755,670,511.31

Note: This year, the Company disposed its subsidiary and transferred the surplus reserve accrued in the preceding years to undistributed profits, amounted to RMB77,788.75.

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 34. Undistributed profits

Item	Amount	RMB Proportion of appropriation or allocation
<b>2020:</b>		
Undistributed profits at the beginning of the year	<b>38,345,853,094.28</b>	
Add: Net profit attributable to the shareholders of the parent company for the year	<b>5,362,490,194.32</b>	
Transfer from surplus reserve (Note VI.33)	<b>77,788.75</b>	
Other transfers-in	—	
Less: Appropriation of statutory surplus reserve	<b>(415,871,363.96)</b>	<b>(1)</b>
Appropriation of discretionary surplus reserve	—	
Appropriation of reserve fund	<b>(3,970,661.36)</b>	<b>(2)</b>
Distribution of cash dividends	<b>(2,293,794,225.00)</b>	<b>(3)</b>
Conversion of ordinary shares' dividends into share capital	—	
Undistributed profits at the end of the year	<b>40,994,784,827.03</b>	
<b>2019:</b>		
Undistributed profits at the beginning of the year	36,619,705,509.19	
Add: Net profit attributable to the shareholders of the parent company	4,496,874,893.92	
Transfer from surplus reserve	114,249,477.62	
Other transfers-in	2,944,963.37	(4)
Less: Appropriation of statutory surplus reserve	(240,594,651.26)	(1)
Appropriation of discretionary surplus reserve	—	
Appropriation of enterprise expansion fund	—	
Appropriation of reserve fund	(378,667.13)	(2)
Distribution of cash dividends	(2,646,948,431.43)	
Appropriation of staff incentive bonus and welfare fund	—	
Conversion of ordinary shares' dividends into share capital	—	
Undistributed profits at the end of the year	38,345,853,094.28	

# Notes to the Financial Statements

For the year ended 31 December 2020

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

### 34. 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 12 June 2020, the 2019 shareholders' meeting approved the Proposal on Adjustment to Profit Distribution of 2019, which allows the Company to distribute cash dividends of RMB0.25 (tax included) per share based on the total share capital on the equity registration date when the Company implements profit distribution in 2019. The total shares on 29 June 2020 (equity registration date) are 9,176,572,500 shares with par value of RMB1 per share, and the total declared cash dividends are RMB2,294,143,125.00. The cash dividends included in the profit distribution of the Group this year have been excluded from the impact on cash dividends distributed by holders of restricted stocks that are not expected to be unlocked in the future.

#### (4) Pursuant to the shareholders' decision of Baoding Yixin, a subsidiary of the Company, made on 27 December 2019, the appropriated employee incentives and welfare fund of previous years are transferred to undistributed profits which amounted to RMB2,944,963.37.

#### (5) Distribution of profits determined subsequent the balance sheet date

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 when the Company implements profit distribution in 2020. The total shares on 3 March 2021 (equity registration date) are 9,175,953,300 shares with par value of RMB1 per share, and the total declared cash dividends are RMB2,569,266,924.00.

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 35. Operating income and operating costs

## (1) Operating income and operating costs

Item	2020		2019	
	Income	Costs	Income	Costs
Principal operating activities	101,450,975,532.31	84,019,133,283.77	93,781,063,199.92	78,539,622,949.05
Other operating activities	1,856,631,677.39	1,511,830,471.26	1,327,015,439.60	1,144,864,346.80
Total	103,307,607,209.70	85,530,963,755.03	95,108,078,639.52	79,684,487,295.85

RMB

## (2) Revenue arising from contracts with customers

Categories of contracts	2020	2019
	Income from the sales of automobiles	92,385,913,305.90
Income from the sales of automotive parts and components	5,141,001,641.80	4,292,562,401.39
Income from rendering of services	2,691,394,442.62	2,584,885,543.49
Income from the sales of moulds and others	1,232,666,141.99	652,205,754.59
Other operating income	1,772,405,262.59	1,250,346,359.46
Income generated from contracts with customers	103,223,380,794.90	95,031,409,559.38
Rental income	84,226,414.80	76,669,080.14
Total	103,307,607,209.70	95,108,078,639.52

RMB

## (3) Description of allocation to remaining performance obligations

At the end of the reporting year, 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 RMB11,811,082,385.25, most of which is expected to be recognized as revenue in 2021.

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 36. Taxes and levies

Item	RMB	
	2020	2019
Consumption tax	2,307,456,825.38	2,355,165,620.27
City maintenances and construction tax	307,939,176.77	297,052,150.90
Educational surcharges	265,396,752.45	246,210,575.25
Stamp duty	151,243,681.16	127,834,410.84
Land use tax	63,952,662.93	55,041,354.18
Real estate tax	85,813,022.73	74,752,089.74
Water resource tax	2,092,965.00	2,166,610.96
Vehicle and vessel use tax	524,026.59	462,450.63
Others	7,456,974.49	9,917,751.19
Total	3,191,876,087.50	3,168,603,013.96

## 37. Selling expenses

Item	RMB	
	2020	2019
Transportation expenses	397,471,477.39	275,177,359.61
After-sales service expenses	561,424,005.45	863,516,076.99
Wages and salaries	416,659,827.89	291,106,030.83
Consulting service fee	138,153,205.53	212,012,409.36
Advertising and media services fees	2,170,435,293.67	2,034,222,706.55
Port charges	34,246,469.57	39,533,691.53
Travelling expenses	27,514,343.22	39,159,092.28
Share-based payments	10,683,654.91	—
Others	346,798,548.56	141,942,511.94
Total	4,103,386,826.19	3,896,669,879.09

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 38. Administrative expenses

Item	RMB	
	2020	2019
Wages and salaries	1,304,333,045.87	979,320,561.40
Depreciation and Amortization	269,617,658.51	258,492,836.20
Business reception fees	15,827,384.18	15,238,479.20
Office expenses	113,552,619.05	104,890,148.20
Repair and maintenance fees	319,081,630.90	319,411,718.00
Auditor's remuneration (Note)	2,933,389.93	3,078,139.64
Consulting service fee	215,632,479.19	118,595,930.55
Share-based payments	41,169,241.26	—
Others	270,527,141.76	156,425,553.33
Total	2,552,674,590.65	1,955,453,366.52

Note: Among them, the interim review and annual audit service fees paid to Deloitte Touche Tohmatsu Certified Public Accountants LLP by the Group this year amounted to RMB2,358,500.00.

## 39. Financial expenses

Item	RMB	
	2020	2019
Interest expense on borrowings	263,150,856.10	173,711,422.47
Including: Interest expenses on lease liabilities	20,019,400.50	5,083,641.02
Interest income from bank deposits	(666,060,792.21)	(350,419,202.56)
Foreign currency translation differences	715,517,727.10	(295,717,344.95)
Long-term receivables discount	—	102,255,689.09
Others	84,354,439.26	19,140,352.26
Total	396,962,230.25	(351,029,083.69)

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 40. Other income

Item	<i>RMB</i>	
	2020	2019
Government grants	876,997,375.67	542,696,952.66
Individual income tax rebate	6,969,350.56	—
Weighted deduction of input tax	2,665,703.95	—
Total	886,632,430.18	542,696,952.66

Government grants recognized in other income:

Items	<i>RMB</i>		
	2020	2019	Related to an asset/related to income
Automobile retirement subsidy	135,772,779.68	—	Related to income
Subsidies for development of enterprises' stable production and promotion	63,020,000.00	—	Related to income
Immediate refund of VAT of welfare enterprises	44,202,504.52	46,790,425.69	Related to income
Subsidies for job stabilization rebate in unemployment insurance institute	34,790,701.90	13,198,641.97	Related to income
Special subsidies for enterprise restructuring award	34,502,300.00	—	Related to income
Utilities differential subsidy	30,000,000.00	—	Related to income
New energy vehicle subsidy	26,713,263.16	166,452,337.45	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	577,700.00	Related to income
Special funds for technological upgrading	5,600,000.00	4,000,000.00	Related to income
Subsidies for national high-skilled talent training base	5,000,000.00	—	Related to income
Technology innovation subsidy from Development and Reform Bureau of Lianchi District	5,000,000.00	—	Related to income
Beidou front mounted vehicle information service platform funds	—	12,000,000.00	Related to income
Others	24,947,396.68	6,681,451.57	Related to income
Amortization of deferred income	448,349,794.73	292,996,395.98	Related to an asset/ income
Total government grants	876,997,375.67	542,696,952.66	

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 41. Investment income

Breakdown:

Item	RMB	
	2020	2019
Income from long-term equity investments under equity method	911,946,308.20	303,706,938.37
Income from wealth management products	189,505,530.64	89,573,561.60
Losses on derecognition of discounted bills	(148,830,557.58)	(198,893,780.02)
Net profit or loss on disposal of subsidiaries	3,469,769.30	(178,881,651.37)
Dividend income from holding other equity instrument investments	294,000.00	—
Total	956,385,050.56	15,505,068.58

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

The Group has no gains on investments from listed companies.

## 42. Gains (losses) from changes in fair values

Source of gains (losses) from changes in fair values	RMB	
	2020	2019
Held-for-trading financial assets		
Including: Investments in equity instruments	167,808,312.00	(92,289,176.00)
Wealth management products	1,923,778.14	18,606,393.12
Derivative financial assets (liabilities)	(3,023,463.05)	380,777.69
Other non-current financial assets	(1,500,000.00)	—
Total	165,208,627.09	(73,302,005.19)

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 43. Gains (losses) on credit impairment

Item	RMB	
	2020	2019
Accounts receivable	9,013,929.83	(11,130,697.95)
Other receivables	(1,568,892.00)	(441,070.54)
Loans and advances to customers	—	(35,397,704.52)
Long-term receivables	(42,731,965.88)	(2,379,187.17)
Total	(35,286,928.05)	(49,348,660.18)

## 44. Impairment losses on assets

Item	RMB	
	2020	2019
I. Losses on decline in value of inventories	(474,214,013.57)	(268,518,605.44)
II. Impairment losses of fixed assets	(197,246,103.70)	(225,264,669.19)
II. Impairment losses of construction in progress	(4,936,712.45)	(9,834,368.95)
Total	(676,396,829.72)	(503,617,643.58)

## 45. Gains (losses) from disposal of assets

Item	RMB	
	2020	2019
Gains (losses) from disposal of asset	(9,199,220.02)	43,207,041.88
Including: Losses on disposals of fixed assets	(51,462,921.52)	(17,411,013.66)
Gains (losses) on disposals of construction in progress	26,188,767.09	(17,885,970.38)
Gains on disposals of intangible assets	15,453,172.18	78,504,025.92
Gains on disposals of right-of-use asset	621,762.23	—

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 46. Non-operating income

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

Item	RMB		
	2020	2019	Amount included in non-recurring gains and losses for the year
Government grants	389,980,260.35	232,943,226.74	389,980,260.35
Gains from compensation	56,434,452.49	66,123,698.43	56,434,452.49
Unpayable amounts	5,853,064.64	8,976,526.76	5,853,064.64
Others	41,603,983.04	34,080,879.78	41,603,983.04
Total	493,871,760.52	342,124,331.71	493,871,760.52

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

Item	RMB		
	2020	2019	Related to an asset/Related to income
Industrial development funds	335,603,806.19	177,825,293.63	Related to income
Financial subsidy funds	30,974,122.56	50,480,648.32	Related to income
Automotive city subsidies	—	1,333,000.00	Related to income
Subsidy income	15,366,780.99	—	Related to income
Others	8,035,550.61	3,304,284.79	Related to income
Total	389,980,260.35	232,943,226.74	

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 47. Non-operating expenses

Item	2020	2019	RMB
			Amount included in non-recurring gains and losses for the year
Expenditures for donations	11,031,532.55	13,793,861.11	11,031,532.55
Expenses for compensations and fines	1,012,791.72	2,113,068.45	1,012,791.72
Others	6,147,346.81	2,504,578.11	6,147,346.81
Total	18,191,671.08	18,411,507.67	18,191,671.08

## 48. Income tax expenses

Item	2020	2019	RMB
Current tax expenses	1,307,986,392.30	704,599,279.88	
Deferred tax expenses	(443,189,229.27)	(134,775,769.09)	
Total	864,797,163.03	569,823,510.79	

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 48. Income tax expenses (continued)

Reconciliation of income tax expenses to the accounting profit is as follows:

Item	RMB	
	2020	2019
Total profit	<b>6,227,287,357.35</b>	5,100,556,381.09
Income tax rate	<b>25%</b>	25%
Income tax expenses calculated at 25%	<b>1,556,821,839.34</b>	1,275,139,095.27
Changes in opening balances of deferred tax assets/liabilities due to tax rate adjustment	<b>68,032,505.12</b>	(68,873,415.24)
Effects arising from some companies subject to concessionary rates	<b>(578,009,310.99)</b>	(390,906,673.66)
Additional deduction for research and development costs	<b>(235,935,592.76)</b>	(223,086,338.76)
Tax effect of non-taxable income	<b>(228,059,799.58)</b>	(100,310,887.62)
Additional deduction for the wages of disabled staff	<b>(9,595,844.27)</b>	(10,067,344.14)
Tax effect of non-deductible expenses	<b>23,481,928.59</b>	48,438,436.57
Effect of deductible loss not recognized for deferred tax assets for the year	<b>268,061,437.58</b>	39,490,638.37
Total	<b>864,797,163.03</b>	569,823,510.79

## 49. Net profit

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

Item	Note	RMB	
		2020	2019
Depreciation for fixed assets		<b>3,785,222,881.52</b>	3,899,795,072.89
Depreciation and amortization for investment properties	(VI)12	<b>74,250,617.58</b>	10,501,479.49
Amortization of intangible assets		<b>922,044,084.08</b>	646,310,424.91
Depreciation for right-of-use assets	(VI)15	<b>52,106,508.20</b>	30,394,545.87
Total amount of depreciation and amortization		<b>4,833,624,091.38</b>	4,587,001,523.16
Gains (losses) from disposal of assets	(VI)45	<b>9,199,220.02</b>	(43,207,041.88)
Rental income from investment properties		<b>(43,262,521.96)</b>	(30,451,306.45)
Employee benefits expense		<b>7,732,919,454.06</b>	7,155,321,551.29
Research and development expenses		<b>3,067,479,582.21</b>	2,716,220,367.89
Losses on decline in value of inventories	(VI)7	<b>474,214,013.57</b>	268,518,605.44

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 50. 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	2020	2019
Basic earnings per share (RMB/share)	0.59	0.49

## (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	2020	2019
Diluted earnings per share (RMB/share)	0.58	N/A

## 51. Other comprehensive income

RMB

Item	31/12/2019	Amount recognized in the current year					31/12/2020
		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)	—	(5,496,728.08)
Other comprehensive income that will be reclassified to profit or loss							
Including: Changes in fair value of financial assets classified as at FVTOCI	(204,658,306.01)	(125,171,789.86)	—	18,775,768.48	(106,396,021.38)	—	(311,054,327.39)
Translation difference of financial statements denominated in foreign currency	(36,156,037.10)	(230,155,017.40)	—	—	(230,155,017.40)	—	(266,311,054.50)
Total other comprehensive income	(240,814,343.11)	(360,823,535.34)	—	18,775,768.48	(342,047,766.86)	—	(582,862,109.97)

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 52. Notes to the Items in the cash flow statement

## (1) Other cash receipts relating to operating activities

Items	RMB	
	2020	2019
Interest income	305,118,746.63	350,190,453.68
Government grants	3,546,635,720.59	1,519,963,887.81
Reparations (penalty) income	55,287,592.74	34,719,736.33
Others	42,057,369.36	27,095,892.41
Total	3,949,099,429.32	1,931,969,970.23

## (2) Other cash payments relating to operating activities

Items	RMB	
	2020	2019
Advertising and media services fee	1,853,833,884.36	1,687,424,310.99
Transportation costs and port charges	222,010,335.05	295,093,082.11
Technology development expenditures	1,009,464,085.30	752,367,975.50
After-sale services expenses and repair costs	482,481,717.90	898,386,040.10
Business reception fees and office expenses	144,571,124.50	151,041,899.13
Travelling expenses	27,514,343.22	81,889,118.47
Consulting service fees	353,785,684.72	385,180,920.34
Finance lease expenses	2,342,720,060.03	899,863,831.52
Financial service fee	138,993,678.95	–
Others	224,734,436.55	32,322,416.25
Total	6,800,109,350.58	5,183,569,594.41

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 52. Notes to the items in the cash flow statement (continued)

## (3) Other cash receipts relating to investing activities

Item	RMB	
	2020	2019
Collection of current amounts	—	640,000,000.00
Collection of performance bond	85,030,000.00	—
Total	85,030,000.00	640,000,000.00

## (4) Other cash payments relating to investing activities

Item	RMB	
	2020	2019
Current amounts	89,075,000.00	800,000,000.00
Advance payments	—	375,000,000.00
Total	89,075,000.00	1,175,000,000.00

## (5) Other cash receipts relating to financing activities

Item	RMB	
	2020	2019
Decrease in restricted bank deposits	—	121,390,982.17
Total	—	121,390,982.17

## (6) Other cash payments relating to financing activities

Item	RMB	
	2020	2019
Decrease in lease liabilities	72,882,850.98	33,298,033.27
Costs incurred for business combinations involving enterprises under common control	—	19,979,360.00
Increase in restricted bank deposits	50,892,234.88	—
Repurchase treasury stocks	2,551,104.00	—
Total	126,326,189.86	53,277,393.27

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 53. Supplementary information to the cash flow statement

## (1) Supplementary information to the cash flow statement

Supplementary information	2020	2019
<i>RMB</i>		
<b>1. Reconciliation of net profit to cash flows from operating activities:</b>		
Net profit	5,362,490,194.32	4,530,732,870.30
Add: Provision for impairment of assets	676,396,829.72	503,617,643.58
Impairment losses on credit	35,286,928.05	49,348,660.18
Depreciation of fixed assets	3,785,222,881.52	3,899,795,072.89
Depreciation of right-of-use assets	52,106,508.20	30,394,545.87
Amortization of intangible assets	922,044,084.08	646,310,424.91
Amortization of long-term prepaid expenses	44,497,209.84	37,292,854.33
Depreciation and amortization of investment properties	74,250,617.58	10,501,479.49
Losses on changes in fair values	(165,208,627.09)	73,302,005.19
Gains from disposal of assets	9,199,220.02	(43,207,041.88)
Amortization of deferred income	(448,349,794.73)	(292,996,395.98)
Financial expenses	405,637,503.85	335,058,687.08
Investment losses (Less: gains)	(1,105,215,608.14)	(214,398,848.60)
Decrease in deferred tax assets (Less: increase)	(497,494,553.92)	(371,241,161.99)
Increase in deferred tax liabilities (Less: decrease)	54,305,324.65	236,465,392.90
Decrease in inventories (Less: increase)	(1,818,874,499.26)	(2,332,770,428.79)
Decrease in operating receivables (Less: increase)	(23,807,060,559.48)	(3,537,601,746.27)
Increase in operating payables (Less: decrease)	21,488,121,352.29	10,411,698,421.58
Share-based payments expenses	113,877,914.34	–
Net cash flows from operating activities	5,181,232,925.84	13,972,302,434.79
<b>2. Significant investing and financing activities which do not involve cash receipts and payments:</b>		
Leased fixed assets recognized as right-of-use assets	214,751,899.88	72,544,838.66
<b>3. Net changes in cash and cash equivalents:</b>		
Closing balance of cash and cash equivalents	13,591,491,005.23	8,777,231,585.64
Less: Opening balance of cash and cash equivalents	8,777,231,585.64	6,614,611,437.43
Net increase in cash and cash equivalents	4,814,259,419.59	2,162,620,148.21

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 53. Supplementary information to the cash flow statement (continued)

## (2) Net cash receipt from disposal of subsidiaries for the current year

Item	RMB	
	2020	2019
Cash or cash equivalents received in current year for disposal of subsidiaries	<b>706,648,600.00</b>	471,750,000.00
Including: Tianjin Great Wall Sharing Car Service Co., Ltd. (天津長城共享汽車服務有限公司) ("Tianjin Sharing Car") and its subsidiaries	—	464,180,000.00
Beijing Forever Peace Information Consulting Company Limited (北京萬里友好信息諮詢有限公司) ("Forever Peace")	—	7,500,000.00
Hebei Xiong'an Oula Sharing Technology Co., Ltd. (河北雄安歐拉共享科技有限公司) ("Xiong'an Oula")	—	70,000.00
Chongqing Chuangban Enterprise Management Co., Ltd. (重慶創伴企業管理有限公司) ("Chongqing Chuangban")	<b>656,648,600.00</b>	—
Shenzhen Haval Auto Sales Company Limited (深圳長城汽車銷售有限公司) ("Shenzhen Haval Sales")	<b>50,000,000.00</b>	—
Less: Cash and cash equivalents held by subsidiaries at the date of losing control	<b>1,668,980.32</b>	296,300,211.49
Including: Tianjin Sharing Car	—	295,656,236.15
Forever Peace	—	630,670.64
Xiong'an Oula	—	13,304.70
Chongqing Chuangban	<b>500,000.00</b>	—
Shenzhen Haval Sales	<b>1,168,980.32</b>	—
Net cash receipts from disposal of subsidiaries	<b>704,979,619.68</b>	175,449,788.51

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 53. Supplementary information to the cash flow statement (continued)

## (3) Net cash payments for disposal of subsidiaries in the current year

Item	RMB	
	2020	2019
Cash and cash equivalents received from disposal of subsidiaries in the current year	—	—
Less: Cash and cash equivalents held by subsidiaries at the date of losing control	—	4,993,792,624.63
Including: Automotive Finance	—	4,993,792,624.63
Net cash payments for disposal of subsidiaries	—	4,993,792,624.63

## (4) Components of cash and cash equivalents

Item	RMB	
	31/12/2020	31/12/2019
I. Cash	<b>13,591,491,005.23</b>	8,777,231,585.64
Including: Cash on hand	<b>183,924.63</b>	245,701.22
Bank deposits ready to be withdrawn on demand	<b>13,591,307,080.60</b>	8,776,985,884.42
Other monetary funds ready to be withdrawn on demand	—	—
II. Closing balance of cash and cash equivalents	<b>13,591,491,005.23</b>	8,777,231,585.64

## 54. 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	996,973,384.29	Security and margin deposits for bank acceptances, L/C, letter of guarantee deposits and others
Notes receivable	15,720,649,546.68	Used for issuance of notes payable
Intangible assets	83,101,819.13	Used for long-term borrowings
Long-term receivables	1,494,547,087.96	Used for long-term borrowings
Total	18,295,271,838.06	

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 55. Monetary items denominated in foreign currencies

Item	Closing balance of foreign currencies	Exchange rate	Closing balance of RMB
<i>RMB</i>			
<b>Cash and bank balances</b>			
Including: USD	202,324,698.32	6.5249	1,320,148,424.09
RMB	35,262,635.17	1.0000	35,262,635.17
EUR	1,186,521.18	8.0250	9,521,832.47
JPY	65,293,253.16	0.0632	4,126,533.60
HKD	1,483,848.97	0.8416	1,248,807.29
GBP	85,464.69	8.8903	759,806.73
SGD	311.00	4.9314	1,533.67
AUD	77.28	5.0163	387.67
RUB	572.75	0.0877	50.23
KRW	7,110.00	0.0060	42.66
THB	129.97	0.2179	28.32
<b>Accounts receivable</b>			
Including: USD	66,914,954.82	6.5249	436,613,388.72
EUR	3,283,104.22	8.0250	26,346,911.34
RMB	1,153,056.92	1.0000	1,153,056.92
<b>Other receivables</b>			
Including: USD	1,359,832.00	6.5249	8,872,767.81
JPY	4,002,278.48	0.0632	252,944.00
EUR	10,527,678.78	8.0250	84,484,622.21
CHF	6,262.00	7.4006	46,342.56
HKD	36,001.71	0.8416	30,299.04
<b>Accounts payable</b>			
Including: EUR	3,607,974.69	8.0250	28,953,996.88
USD	1,077,115.47	6.5249	7,028,070.70
JPY	1,920,076,861.71	0.0632	121,348,857.66
RMB	1,781,907.35	1.0000	1,781,907.35

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 55. Monetary items denominated in foreign currencies (continued)

Item	Closing balance of foreign currencies	Exchange rate	Closing balance of RMB
<i>RMB</i>			
<b>Other payables</b>			
Including: EUR	4,982,459.05	8.0250	39,984,233.86
USD	3,062,701.37	6.5249	19,983,820.19
JPY	122,363,060.76	0.0632	7,733,345.44
THB	84,341,419.96	0.2179	18,377,995.41
HKD	250.00	0.8416	210.40
<b>Short-term borrowings</b>			
Including: USD	55,000,000.00	6.5249	358,869,500.00
<b>Long-term borrowings</b>			
Including: EUR	340,805,161.29	8.0250	2,734,961,419.35
USD	200,000,000.00	6.5249	1,304,980,000.00

## 56. Net current assets

Item	31/12/2020	31/12/2019
<i>RMB</i>		
Current assets	<b>99,398,966,749.91</b>	68,502,163,106.36
Less: Current liabilities	<b>81,165,712,444.73</b>	54,599,801,076.22
Net current assets	<b>18,233,254,305.18</b>	13,902,362,030.14

## 57. Total assets less current liabilities

Item	31/12/2020	31/12/2019
<i>RMB</i>		
Total assets	<b>154,011,490,632.24</b>	113,096,409,468.96
Less: Current liabilities	<b>81,165,712,444.73</b>	54,599,801,076.22
Total assets less current liabilities	<b>72,845,778,187.51</b>	58,496,608,392.74

## Notes to the Financial Statements

For the year ended 31 December 2020

## 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	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
Nobo Automotive Germany Holding Company (諾博汽車德國控股公司) ("Nobo Automotive Netherlands")							
Nobo Automotive Systems GmbH Überherrn (于伯黑恩諾博汽車系統有限公司(德國))("Nobo Überherrn") (Note 1)	82,015,422.75	100.00	Cash	10 September 2020	Note 2	143,258,578.55	(11,177,440.10)
Nobo Automotive Germany GmbH (諾博汽車德國有限責任公司) ("Nobo Automotive Germany") (Note 1)							
Nobo Automotive Holdings & Co., Ltd. (諾博汽車控股兩合公司) ("Nobo Automotive Holdings") (Note 1)							
Great Wall Motor Manufacturing (Thailand) Company Limited (長城汽車製造(泰國)有限公司) ("Great Wall Motor Thailand")	809,167,698.91	100.00	Cash	2 November 2020	Note 3	—	(22,319,375.32)
Hycet Engine System (Thailand) Company Limited (蜂巢動力系統(泰國)有限公司) ("Hycet Engine Thailand")	152,214,729.38	100.00	Cash	2 November 2020	Note 3	—	(5,209,783.72)

Note 1: These companies are subsidiaries directly or indirectly controlled by Nobo Automotive Netherlands.

Note 2: The acquisition cost is the date on which the acquirer obtain the control of the acquiree, i.e., the date on which the control over net assets and decisions for production and operations is transferred to the acquirer.

Note 3: According to the revised definition of business in Interpretation No. 13, the Group concluded that Great Wall Motor Thailand and Hycet Engine Thailand do not constitute a business after performing a three-element assessment. The purchase date is defined as the date purchaser actually obtains control of the relevant asset portfolio from the purchase.

## Notes to the Financial Statements

For the year ended 31 December 2020

## VII. CHANGES IN CONSOLIDATION SCOPE (continued)

## 1. Business combination not involving enterprises under common control (continued)

## (2) Combination cost and goodwill

RMB

Combination cost	Nobo Automotive Netherlands and its subsidiaries	Great Wall Motor Thailand	Hycet Engine Thailand
Cash	82,015,422.75	809,167,698.91	152,214,729.38
Total of combination cost	82,015,422.75	809,167,698.91	152,214,729.38
Less: The portion of fair value of net identifiable assets of acquiree acquired	83,207,168.14	809,167,698.91	152,214,729.38
The amount of the combination cost less than the portion of fair value of net identifiable assets of acquiree acquired	(1,191,745.39)	—	—

## (3) Identifiable assets and liabilities of the acquiree at the acquisition date

RMB

Item	Nobo Automotive Netherlands and its subsidiaries		Great Wall Motor Thailand		Hycet Engine Thailand	
	Fair value at the acquisition date	Carrying amount at the acquisition date	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	143,048,433.88	143,290,834.03	—	—	—	—
Non-current assets	127,607,884.82	144,609,758.46	809,167,698.91	809,167,698.91	152,214,729.38	152,214,729.38
Current liabilities	76,754,441.10	77,087,761.06	—	—	—	—
Non-current liabilities	110,694,709.46	110,826,824.93	—	—	—	—
Net assets	83,207,168.14	99,986,006.50	809,167,698.91	809,167,698.91	152,214,729.38	152,214,729.38
Less: Minority interests	—	—	—	—	—	—
Net assets acquired	83,207,168.14	99,986,006.50	809,167,698.91	809,167,698.91	152,214,729.38	152,214,729.38

Note: The fair value of identifiable assets and liabilities is determined by using the asset-based approach.

# Notes to the Financial Statements

For the year ended 31 December 2020

## VII. CHANGES IN CONSOLIDATION SCOPE (continued)

### 2. Business combination involving enterprises under common control

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

### 3. Disposal of subsidiaries

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

Name of subsidiaries	Equity disposal consideration	Equity disposal proportion (%)	Equity disposal approach	Time point of losing control	Determination basis for time point of losing control	RMB
						Difference amount of disposal consideration and shares of corresponding net assets of the subsidiary at consolidated level
Chongqing Chuangban	656,648,600.00	100.00	Sold in cash	June 2020	Note 1	1,049,232.64
Shenzhen Great Wall Sales (Note 2)	50,000,000.00	100.00	Sold in cash	July 2020	Note 1 and Note 2	2,420,536.66

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

*Note 2:* Shenzhen Great Wall Sales was established as a wholly-owned subsidiary of the Company. In July 2020, the Company transferred 100% equity interest in Shenzhen Great Wall Sales to Baoding Duoxiao Enterprise Management Consulting Co., Ltd. (保定市鐸瀟企業管理諮詢有限公司).

## Notes to the Financial Statements

For the year ended 31 December 2020

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

# Notes to the Financial Statements

For the year ended 31 December 2020

## 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
Jingcheng Engineering Automotive Parts (Zhangjiagang) Co., Ltd. (精誠工科汽車零部件(張家港)有限公司) (“Jinggong Motor Zhangjiagang”)	August 2020
Weipai Europe Investment Holdings Co., Ltd. (魏派歐洲投資控股有限責任公司) (“Weipai Europe Holdings”)	September 2020
Xiangyun Technology Logistics (Taizhou) Co., Ltd. (享運科技物流(泰州)有限公司) (“Xiangyun Logistics Taizhou”)	October 2020
Xiangyun Technology Logistics (Pinghu) Co., Ltd. (享運物流科技(平湖)有限公司) (“Xiangyun Logistics Pinghu”)	October 2020
Weipai Automotive Germany Co., Ltd. (魏派汽車德國有限責任公司) (“Weipai Germany”)	October 2020
Mind Automotive Parts (Thailand) Co., Ltd. (曼德汽車零部件(泰國)有限公司) (“Mind Thailand”)	November 2020
Nobo Automotive Systems (Thailand) Co., Ltd. (諾博汽車系統(泰國)有限公司) (“Nobo Thailand”)	November 2020
Xiangyun Technology Logistics (Rizhao) Co., Ltd. (享運物流科技(日照)有限公司) (“Xiangyun Logistics Rizhao”)	November 2020
Jingcheng Engineering Automotive Parts (Thailand) Co., Ltd. (精誠工科汽車零部件(泰國)有限公司) (“Jinggong Motor Thailand”)	November 2020
Shanghai Great Wall Motor Technology Co., Ltd. (上海長城汽車科技有限公司) (“Shanghai Motor Technology”)	December 2020
Tianjin Zhixin Financing Guarantee Co. Ltd. (天津智信融資擔保有限公司) (“Tianjin Zhixin”)	December 2020
Nobo Automotive Parts (Jingmen) Co., Ltd. (諾博汽車零部件(荊門)有限公司) (“Jingmen Nobo Parts”)	December 2020
Feige Intelligent Technology Co., Ltd. (菲格智能科技有限公司) (“Feige Intelligent”)	December 2020

Subsidiaries deregistered in the current year:

Name	Deregistration date
Guizhou Yijian Start Automobile Sales Service Co., Ltd. (貴州一見啟動汽車銷售服務有限公司)	June 2020
Yijian Start (Haikou) Automobile Sales Service Co., Ltd. (一見啟動(海口)汽車銷售服務有限公司)	March 2020

## Notes to the Financial Statements

For the year ended 31 December 2020

## VIII. INTERESTS IN OTHER ENTITIES

## 1. Interests in subsidiaries

## (1) Structure of the Group

Subsidiaries invested by the Group:

Full name of subsidiaries	Legal form	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%)	
					Direct	Indirect
Great Wall Baoding Huabei Automotive Company Limited (保定長城華北汽車有限責任公司) ("Great Wall Huabei")	Limited liability company	Gaobeidian	Gaobeidian	Manufacture of automotive parts and components	100.00	—
Baoding Great	Limited liability company	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—
Baoding Nuobo Rubber Production Co.,Ltd (保定市諾博橡膠製品有限公司) ("Baoding Nuobo")	Limited liability company	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—
Beijing Great Automotive Components Co., Ltd. (北京格瑞特汽車零部件有限公司) ("Beijing Great")	Limited liability company	Beijing	Beijing	Manufacture of automotive parts and components	100.00	—
Baoding Great Wall Auto Sales Co., Ltd. (保定長城汽車銷售有限公司) ("Great Wall Sales")	Limited liability company	Baoding	Baoding	Marketing and sale of automobiles	20.18	79.82
Tide Technology and Trade Company Limited (泰德科貿有限公司) ("Tide Technology and Trade")	—	Hong Kong	Hong Kong	Investment and financing services	100.00	—
Mind Electronics	Limited liability company	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—
Tianjin Great Wall Lean Automotive Parts Company Limited (天津長城精益汽車零部件有限公司) ("Tianjin Lean")	Limited liability company	Tianjin Development Zone	Tianjin Development Zone	Manufacture of automotive parts and components	100.00	—
Baoding Great Wall Ants Logistics Co., Ltd (保定長城螞蟻物流有限公司) ("Great Wall Ants")	Limited liability company	Baoding	Baoding	Logistics and daily cargo transportation services	100.00	—
Great Wall Ningxia Rental Company Limited (寧夏長城汽車租賃有限公司) ("Ningxia Rental")	Limited liability company	Yinchuan Economic and Technological Development Zone	Yinchuan Economic and Technological Development Zone	Buildings rental	100.00	—
Baoding Great Wall Resources 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 Weiyi Motor Company Limited (日照威奕汽車有限公司) ("Rizhao Weiyi")	Limited liability company	Rizhao	Rizhao	Manufacture of automotive parts and components	—	—
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 Shalong Zhixing Industrial Co., Ltd. (former Shanghai Haval Automotive Technology Limited Company) (上海沙龍智行實業有限公司) (原上海哈弗汽車科技有限公司) ("Shanghai Shalong Zhixing")	Limited liability company	Shanghai	Shanghai	Automotive technology research, development and technical consultation	—	100.00

## Notes to the Financial Statements

For the year ended 31 December 2020

## VIII. INTERESTS IN OTHER ENTITIES (continued)

## 1. Interests in subsidiaries (continued)

## (1) Structure of the Group (continued)

Subsidiaries invested by the Group: (continued)

Full name of subsidiaries	Legal form	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%)	
					Proportion of voting rights (%) Direct	Indirect
Haval Motors Australia Pty Ltd (哈弗汽車澳大利亞有限公司) ("Haval Australia")	—	Australia	Australia	Auto selling	38.50	61.50
Haval Russia	—	Russia	Russia	Auto selling	—	100.00
Australia Sinyos Technology And Trade Pty Ltd. (澳大利亞森友斯科貿易有限公司)	—	Australia	Australia	Auto selling	—	100.00
Russia Manufacturing	—	Russia	Russia	Auto manufacture	70.58	29.42
Haval South Africa	—	South Africa	South Africa	Auto selling	100.00	—
Baoding Great Wall Scrap Car Recycling & Dismantling Co., Ltd. (保定長城報廢汽車回收拆解有限公司) ("Scrap Car Recycling and Dismantling")	Limited liability company	Baoding	Baoding	Scrap car recycling and dismantling	100.00	—
Great Wall Japan Motor Co., Ltd. (長城日本技研株式會社)	—	Yokohama, Japan	Yokohama, Japan	Research and design of automobile and auto parts	—	100.00
Great Wall Motor Europe Technical Center GmbH (長城汽車歐洲技術中心有限公司) ("Europe Technical Center")	—	Germany	Germany	Research and design of automobile and auto parts	100.00	—
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 Limited (肇啟融資租賃有限公司) ("Zaoqi Financial Leasing")	Limited liability company	Baoding	Baoding	Financing 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.	R&D of automotive technology	—	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.	Real estate	—	100.00
Billion Sunny Technical Energy Limited (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 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 2020

## VIII. INTERESTS IN OTHER ENTITIES (continued)

## 1. Interests in subsidiaries (continued)

## (1) Structure of the Group (continued)

Subsidiaries invested by the Group: (continued)

Full name of subsidiaries	Legal form	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%)	
					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
Baoding Nuobo Automotive Decoration Co., Ltd. (保定諾博汽車裝飾件有限公司)	Limited liability company	Baoding	Baoding	Manufacture of automotive parts and components	—	100.00
Chongqing Jinggong Motor	Limited liability company	Chongqing	Chongqing	Manufacture of automotive parts and components	—	100.00
Chongqing Nuobo Parts and Components	Limited liability company	Chongqing	Chongqing	Manufacture of automotive parts and components	—	100.00
Hebei Xiong'an Great Wall Motor Technology Co., Ltd. (河北雄安長城汽車科技有限公司)	Limited liability company	Baoding	Baoding	Automobile and R&D of unmanned vehicles	100.00	—
Honeycomb Power	Limited liability company	Zhenjiang	Zhenjiang	R&D of automobile dynamic system	—	100.00
Honeycomb Drive	Limited liability company	Zhenjiang	Zhenjiang	R&D of new energy vehicle transmission system	—	100.00
Honeycomb Electric Drive	Limited liability company	Zhenjiang	Zhenjiang	R&D of new energy vehicle electric drive system	—	100.00
Honeycomb Intelligent Steering System (Jiangsu) Co. Ltd (蜂巢智能轉向系統(江蘇)有限公司)	Limited liability company	Zhenjiang	Zhenjiang	R&D of auto intelligent steering system and its components	—	100.00
Jingcheng Engineering Auto Parts (Yangzhong) Co., Ltd (精誠工科汽車零部件(揚中)有限公司)	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 warehousing services	—	100.00
Chongqing Great Wall After-sales	Limited liability company	Chongqing	Chongqing	Customer Service	100.00	—

## Notes to the Financial Statements

For the year ended 31 December 2020

## VIII. INTERESTS IN OTHER ENTITIES (continued)

## 1. Interests in subsidiaries (continued)

## (1) Structure of the Group (continued)

Subsidiaries invested by the Group: (continued)

Full name of subsidiaries	Legal form	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%)	
					Proportion of voting rights (%)	Direct
Chongqing Weipai	Limited liability company	Chongqing	Chongqing	Sales of automobile and auto parts	100.00	—
Nortron Automotive Technology (Shanghai) Co., Ltd (諾創汽車科技(上海)有限公司)	Limited liability company	Shanghai	Shanghai	Development of automotive parts technology	—	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 Drive Technology	Limited liability company	Baoding	Baoding	R&D of new energy vehicle transmission system	—	100.00
Yijian Start (Chongqing) Car 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 (Jinan) Car Sales Service Co., Ltd (一見啟動(濟南)汽車銷售服務有限公司)	Limited liability company	Jinan	Jinan	Auto-selling: Wholesale and retail of car accessories	—	100.00
Qingdao Yijian Start Car 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 Car 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) Car 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) Car 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
Lanzhou Yijian Start Car Sales Service Co., Ltd (蘭州一見啟動汽車銷售服務有限公司) (Lanzhou Yijian Start)	Limited liability company	Lanzhou	Lanzhou	Auto-selling: Wholesale and retail of car accessories	—	100.00
Zaoqi Wenzhou Car 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 Yijian Start Car 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 Car 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 Car Sales Service Co., Ltd (昆明米邦汽車銷售服務有限公司)	Limited liability company	Kunming	Kunming	Auto-selling: Wholesale and retail of car accessories	—	100.00
Zhengzhou Yijian Start Car 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 2020

## VIII. INTERESTS IN OTHER ENTITIES (continued)

## 1. Interests in subsidiaries (continued)

## (1) Structure of the Group (continued)

Subsidiaries invested by the Group: (continued)

Full name of subsidiaries	Legal form	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%)	
					Direct	Indirect
Taiyuan Yijian Start Car 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 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 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) Car 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 Automotive Pte 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 Car 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) Car 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
Nuobo Auto 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 Auto 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 trade and Investment & Financing	100.00	—
Nuobo Auto Parts (Rizhao) Co., Ltd (諾博汽車零部件(日照)有限公司)	Limited liability company	Rizhao	Rizhao	Manufacture of automotive parts and components	—	100.00
Rizhao Jinggong Motor	Limited liability company	Rizhao	Rizhao	Manufacture of automotive parts and components	—	100.00
Thailand Sales	Limited liability company	Thailand	Thailand	Auto selling	—	100.00
Honeycomb Zhixing	Limited liability company	Taizhou	Taizhou	R&D of new energy vehicle transmission system	—	100.00
Honeycomb Weiling	Limited liability company	Taizhou	Taizhou	R&D of automobile dynamic system	—	100.00
Ningyang Nuobo Parts	Limited liability company	Tai'an	Tai'an	Manufacture of automotive parts and components	—	100.00

## Notes to the Financial Statements

For the year ended 31 December 2020

## VIII. INTERESTS IN OTHER ENTITIES (continued)

## 1. Interests in subsidiaries (continued)

## (1) Structure of the Group (continued)

Subsidiaries invested by the Group: (continued)

Full name of subsidiaries	Legal form	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%)	
					Proportion of voting rights (%) Direct	Indirect
Shanghai Yuefan	Limited liability company	Shanghai	Shanghai	Investment platform	100.00	—
Rizhao Mind	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
Chongqing Transmission	Limited liability company	Chongqing	Chongqing	R&D of new energy vehicle transmission system	—	100.00
Qichuang Global	Limited liability company	Hong Kong	Hong Kong	International trade, equity investment, investment and financing services	—	100.00
Xunqi International	Limited liability company	Hong Kong	Hong Kong	International trade, equity investment, investment and financing services	100.00	—
Yuefan International	Limited liability company	Hong Kong	Hong Kong	International trade, equity investment, investment and financing services	—	100.00
Yixintong	Limited liability company	Tianjin	Tianjin	Sales of lubricants	—	100.00
Chongqing Power	Limited liability company	Chongqing	Chongqing	R&D of automobile dynamic system	—	100.00
Taizhou Mind	Limited liability company	Taizhou	Taizhou	Manufacture of automotive parts and components	—	100.00
Mind Optoelectronics	Limited liability company	Taizhou	Taizhou	Manufacture of automotive parts and components	—	100.00
Nuobo Automotive Technology	Limited liability company	Suzhou	Suzhou	Consulting services on automotive R&D	—	100.00
Zhangjiagang Nuobo Parts	Limited liability company	Suzhou	Suzhou	Manufacture of automotive parts and components	—	100.00
Shenyang Nuobo Parts	Limited liability company	Shenyang	Shenyang	Manufacture of automotive parts and components	—	100.00
Pinghu Jinggong Parts	Limited liability company	Jiaxing	Jiaxing	Manufacture of automotive parts and components	—	100.00
Jinggong Motor Zhangjiagang	Limited liability company	Suzhou	Suzhou	Manufacture of automotive parts and components	—	100.00

## Notes to the Financial Statements

For the year ended 31 December 2020

## VIII. INTERESTS IN OTHER ENTITIES (continued)

## 1. Interests in subsidiaries (continued)

## (1) Structure of the Group (continued)

Subsidiaries invested by the Group: (continued)

Full name of subsidiaries	Legal form	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%)	
					Proportion of voting rights (%)	Direct
Weipai Europe Holdings	Limited liability company	Netherlands	Netherlands	Investment platform	—	100.00
Xiangyun Logistics Taizhou	Limited liability company	Taizhou	Taizhou	Logistics and ordinary goods transportation	—	100.00
Xiangyun Logistics Pinghu	Limited liability company	Jiaxing	Jiaxing	Logistics and ordinary goods transportation	—	100.00
Weipai Germany	Limited liability company	Germany	Germany	Sales of automobiles and automotive parts	—	100.00
Mind Thailand	Limited liability company	Thailand	Thailand	Manufacture of automotive parts and components	—	100.00
Nuobo Thailand	Limited liability company	Thailand	Thailand	Manufacture of automotive parts and components	—	100.00
Xiangyun Logistics Rizhao	Limited liability company	Rizhao	Rizhao	Logistics and ordinary goods transportation	—	100.00
Shanghai Motor Technology	Limited liability company	Shanghai	Shanghai	Technology development and consulting services	100.00	—
Tianjin Zhixin	Limited liability company	Tianjin	Tianjin	Financial guarantee business	—	100.00
Jingmen Nobo Parts	Limited liability company	Jingmen	Jingmen	R&D of automotive parts	—	100.00
Jinggong Motor Thailand	—	Thailand	Thailand	R&D of automotive parts	—	100.00
Feige Intelligent	Limited liability company	Zhangjiagang	Zhangjiagang	R&D and consulting on automotive technology	—	100.00

# Notes to the Financial Statements

For the year ended 31 December 2020

## 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 and asset acquisition in the form of subsidiary acquisition:

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

Subsidiaries acquired through business combination under common control:

Full name of subsidiaries	Legal form	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%)	
					Proportion of voting rights (%)	
					Direct	Indirect
Baoding Yixin	Limited liability company	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—
Changyou Haoche (Tianjin) Automobile Import and Export Co., Ltd (常有好車(天津)汽車進出口有限公司) ("Changyou Haoche")	Limited liability company	Tianjin	Tianjin	Sales of automotive parts and components	100.00	—

## Notes to the Financial Statements

For the year ended 31 December 2020

**VIII. INTERESTS IN OTHER ENTITIES** (continued)

2. There is no transaction incurred which gives rise to changes in proportion of equity in subsidiaries while the subsidiaries are still held by the Company in this 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 relevant activities of Auto Finance shall be decided upon unanimous approval by the board of directors. Therefore, the Company implements joint control over Auto Finance.

## Notes to the Financial Statements

For the year ended 31 December 2020

**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	RMB Opening balance/ Amount incurred in the prior year
Cash and deposits with the central bank	706,932,065.23	464,498,432.05
Deposits with other banks	3,112,092,387.88	183,979,599.16
Total assets	38,796,627,108.88	27,289,699,781.51
Total liabilities	30,085,110,792.73	23,961,042,199.49
Minority interests	—	—
Equity attributable to the shareholders of the Company	8,711,516,316.15	3,328,657,582.02
Share of net assets calculated based on the proportion of ownership interest	8,552,966,719.20	3,138,591,234.09
Adjustments		
– Others	(158,783,997.05)	(25,939,878.49)
Carrying amount of investments in equity of joint ventures	8,394,182,722.15	3,112,651,355.60
Operating income	2,920,527,314.25	1,134,309,014.21
Income tax expenses	332,683,346.36	106,837,922.10
Net profit	1,013,273,675.78	322,098,778.63
Other comprehensive income	—	—
Total comprehensive income	1,013,273,675.78	322,098,778.63

# Notes to the Financial Statements

For the year ended 31 December 2020

## IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments of the Group mainly include cash and bank balances, held-trading financial assets, accounts receivable, financing with receivables, other receivables, long-term receivables, other equity instruments investments, other non-current financial assets, borrowings, accounts payable, notes payable, other payables, short-term bonds payable etc. Detailed descriptions of these financial instruments are set out in Note VI. The risks associated with these financial instruments and the risk management policies adopted by the Group to mitigate such risks are set out below. The management of the Group manages and monitors such risk exposures to ensure such risks are limited to a prescribed level.

The Group applied sensitive analysis technic to analyze the reasonableness of risk variables, possible changes that may affect profit and loss or shareholders' equity. Risk variables are less likely to change isolated, whereas the correlation between variables have major effect on the changes of single risk. Thus, contents below are under the assumption that the changes of single variable are isolated.

### 1. Objective and policies of risk management

The objective of the risk management of the Group is to maintain an appropriate balance between risks and return so to minimize the negative effects of risks against the Group's operating results in order to maximize the benefits of shareholders. Based on such objective, the principle strategy of the Group's risk management is to identify and analyze all types of risks of the Group, establish appropriate risk tolerance thresholds, carry out risk management procedures and perform risk monitoring on all kinds of risks in a timely and reliable manner, thus controlling the risk exposures within a prescribed level.

# Notes to the Financial Statements

For the year ended 31 December 2020

## IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

### 1. Objective and policies of risk management (continued)

#### 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. In addition, there are balances denominated foreign currency among the internal companies of the Group, which also exposes the Group to foreign currency risks. 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>	
	31/12/2020	31/12/2019
Cash and bank balances	<b>1,371,070,081.90</b>	578,788,984.45
Held-for-trading financial assets	<b>244,394,136.00</b>	76,585,824.00
Accounts receivable	<b>484,028,321.56</b>	523,220,468.89
Other receivables	<b>2,453,592,863.34</b>	—
Accounts payable	<b>(2,029,321,176.53)</b>	(41,582,710.36)
Other payables	<b>(91,950,695.75)</b>	(40,607,988.48)
Short-term borrowings	<b>(358,869,500.00)</b>	—
Long-term borrowings	<b>(4,992,239,449.46)</b>	(2,253,013,663.75)

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

## Notes to the Financial Statements

For the year ended 31 December 2020

**IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** (continued)**1. Objective and policies of risk management** (continued)**1.1 Market risk** (continued)**1.1.1 Currency risk** (continued)

Sensitivity analysis on currency risk

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

*RMB*

Items	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. The effect of exchange rate changes mentioned above has taken into account the effect of forward foreign exchange contracts the Group held.

# Notes to the Financial Statements

For the year ended 31 December 2020

## IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

### 1. Objective and policies of risk management (continued)

#### 1.1 Market risk (continued)

##### 1.1.1 Currency risk (continued)

Sensitivity analysis on currency risk (continued)

Item	Change in exchange rate	2019	
		Effect on total profit	RMB Effect on shareholders' equity
USD	5% increase against RMB	17,543,238.93	17,543,238.93
USD	5% decrease against RMB	(17,543,238.93)	(17,543,238.93)
EUR	5% increase against RMB	(86,632,130.21)	(86,632,130.21)
EUR	5% decrease against RMB	86,632,130.21	86,632,130.21
AUD	5% increase against RMB	3,829,310.07	3,829,310.07
AUD	5% decrease against RMB	(3,829,310.07)	(3,829,310.07)

*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.

##### 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.

## Notes to the Financial Statements

For the year ended 31 December 2020

**IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** (continued)**1. Objective and policies of risk management** (continued)**1.1 Market risk** (continued)*1.1.2 Interest rate risk (continued)*

Sensitivity analysis on interest rate risk

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

On the basis of the above assumption, where all other variables are held constant, the effects of potential reasonable changes in interest rates on the profit and loss and equity interests before tax for the period are set out below:

*RMB*

Item	Interest rate changes	2020	
		Effect on profit	Effect on shareholders' equity
Long-term borrowings	Increase of 100 basis points	<b>(53,092,714.34)</b>	<b>(53,092,714.34)</b>
Long-term borrowings	Decrease of 100 basis points	<b>53,092,714.34</b>	<b>53,092,714.34</b>
Short-term borrowings	Increase of 100 basis points	<b>(9,801,354.07)</b>	<b>(9,801,354.07)</b>
Short-term borrowings	Decrease of 100 basis points	<b>9,801,354.07</b>	<b>9,801,354.07</b>

# Notes to the Financial Statements

For the year ended 31 December 2020

## IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

### 1. Objective and policies of risk management (continued)

#### 1.1 Market risk (continued)

##### 1.1.2 Interest rate risk (continued)

Sensitivity analysis on interest rate risk (continued)

Items	Interest rate changes	2019	
		Effect on profit	Effect on shareholders' equity
Long-term borrowings	Increase of 100 basis points	(11,255,090.00)	(11,255,090.00)
Long-term borrowings	Decrease of 100 basis points	11,255,090.00	11,255,090.00
Short-term borrowings	Increase of 100 basis points	(3,139,290.00)	(3,139,290.00)
Short-term borrowings	Decrease of 100 basis points	3,139,290.00	3,139,290.00

##### 1.1.3 Other price risks

The Group's price risks mainly arise from investments in held-for-trading equity instruments, investments in other equity instruments and other non-current financial assets. For the investments in held-for-trading equity instruments, the Group is exposed to the risks of changes in the security prices. In addition, the Group has invested in certain unlisted equity and industrial funds for long-term strategic purposes. The Group closely monitors market changes in order to reduce the price risks of equity security investments.

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 RMB 24,439,413.60.

# Notes to the Financial Statements

For the year ended 31 December 2020

## IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

### 1. Objective and policies of risk management (continued)

#### 1.2 Credit risk

As at 31 December 2020, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, including the carrying amounts of the respective recognized financial assets as stated in the consolidated balance sheets. For debt instruments measured at fair value, book value reflects its risk exposure but not the maximum risk exposure, and the maximum risk exposure will change with future changes in fair value.

The Group only transacts with the third parties having good credit records, and most of the sales transactions are settled by receipts in advance or bank acceptances. In order to minimize the credit risk, the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of the financial assets 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 financing with receivables — bank acceptances receivable are deposited with bank of relatively high credit ratings, thus cash and bank balances and financing with receivables have limited credit risk.

The Group's amounts due from joint venture are mainly deposited in non-bank financial institutions, and the Group regularly monitors the business performance of the joint venture. The Group's credit risks in these balances are mitigated through the value of the assets held by these entities and the power to jointly control the relevant activities of these entities. For other receivables, the management makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. For the year ended 31 December 2020 and 2019, the Group assessed the ECL for amounts due from joint ventures receivables and other receivables are insignificant and thus no loss allowance is recognized.

As of December 31 2020, 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 2020, details of credit risk on the Group's accounts receivable, other receivables and financing lease receivables and their expected credit losses are set out in Note VI 3, 6 and 10.

# Notes to the Financial Statements

For the year ended 31 December 2020

## IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

### 1. Objective and policies of risk management (continued)

#### 1.3 Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

At the end of each 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:

*RMB*

	31 December 2020			Total
	Within 6 months	6 – 12 months	Over 1 year	
Short-term borrowings	(7,305,567,559.35)	(637,321,092.64)	—	(7,942,888,651.99)
Notes payable	(16,639,288,241.17)	(16,788,176.85)	—	(16,656,076,418.02)
Accounts payable	(32,973,905,145.00)	(211,153,744.00)	—	(33,185,058,889.00)
Other payables	(2,982,580,461.29)	(1,134,388,824.32)	—	(4,116,969,285.61)
Other current liabilities	(2,029,589,041.10)	—	—	(2,029,589,041.10)
Long-term borrowings				
(due within 1 year inclusive)	(399,957,900.30)	(405,116,626.53)	(11,272,618,446.70)	(12,077,692,973.53)
Lease liabilities				
(due within 1 year inclusive)	(121,726,588.16)	(100,442,829.65)	(517,314,499.74)	(739,483,917.55)

## Notes to the Financial Statements

For the year ended 31 December 2020

**IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** (continued)**1. Objective and policies of risk management** (continued)**1.3 Liquidity risk** (continued)

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

**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 and shareholders' equity. Net debt refers to borrowings deducted with cash and bank deposit, detailed disclosure in Note (VI) 1 and 19.

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.

# Notes to the Financial Statements

For the year ended 31 December 2020

## 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).

*RMB*

Item	Fair value at the end of the period			Total
	Level 1	Level 2	Level 3	
<b>I. Continuous fair value measurement</b>				
(I) Financial assets at fair value through profit or loss				
1. Held-for-trading financial assets	244,394,136.00	4,581,799,760.30	—	4,826,193,896.30
(1) Debt instrument investment	—	4,581,799,760.30	—	4,581,799,760.30
(2) Equity instrument investment	244,394,136.00	—	—	244,394,136.00
2. Derivative financial assets	—	2,271,973.16	—	2,271,973.16
3. Other non-current financial assets	—	—	24,500,000.00	24,500,000.00
(II) Financial assets at fair value through other comprehensive income				
1. Financing with receivables — notes receivable	—	52,984,556,339.76	—	52,984,556,339.76
(III) Designated as financial assets at fair value through other comprehensive income				
1. Other Equity instrument investment	—	—	7,700,000.00	7,700,000.00
<b>Total assets continuously measured at fair value</b>	<b>244,394,136.00</b>	<b>57,568,628,073.22</b>	<b>32,200,000.00</b>	<b>57,845,222,209.22</b>
(I) Financial liabilities at fair value through profit or loss				
1. Derivative financial liabilities	—	4,879,853.91	—	4,879,853.91
<b>Total liabilities continuously measured at fair value</b>	<b>—</b>	<b>4,879,853.91</b>	<b>—</b>	<b>4,879,853.91</b>

## Notes to the Financial Statements

For the year ended 31 December 2020

**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 mainly referred 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 2020 approximate their fair values.

**XI. RELATED PARTIES AND TRANSACTIONS****1. Parent company of the Company**

Name of company	Place of registration	Nature of business	Registered capital	<i>RMB</i>	
				Shareholding in the Company (%)	Voting rights in the Company (%)
Innovation Great Wall	Baoding	Investment	5,000,000,000.00	55.74	55.74

The ultimate controlling shareholder of the Company is Wei Jian Jun.

**2. Subsidiaries of the Company**

Details of the subsidiaries of the Company are set out in Note (VIII).

**3. Joint ventures of the Company**

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

# Notes to the Financial Statements

For the year ended 31 December 2020

## XI. RELATED PARTIES AND TRANSACTIONS (continued)

### 4. Other related parties of the Company

Name	Relationship with the Group
Baoding Great Wall Holding Group Co., Ltd. and its subsidiaries (保定市長城控股集團有限公司及其子公司) ("Great Wall Holding and its subsidiaries")	Company directly controlled by ultimate controlling shareholder
Spotlight Automotive Limited (光束汽車有限公司)	Joint party of the Company's joint venture
Lingtu Auto Co., Ltd. (領途汽車有限公司) (Note 1)	25% equity held by the Company
Yu Weina (Note 2)	Key management personnel
Hebei Baocang Expressway Co. Ltd. (河北保滄高速公路有限公司)	Other related parties (Ultimate controlling shareholder serving as director of the company)
Hebei Baoding Tai Hang Group Co., Ltd. (河北保定太行集團有限責任公司)	Other related parties (Company directly controlled by family members closely related with ultimate controlling shareholder)
Baoding Taihang Plastic Steel Door And Window Co., Ltd. (保定市太行塑鋼門窗有限公司)	Company directly controlled by family members closely related with ultimate controlling shareholder
Great Wall Venture and Investment	Other related parties (Ultimate controlling shareholder serving as director of the company)
Baoding Xushui Haval City Medical Service Co., Ltd. (保定市徐水區哈弗城醫療服務有限公司)	Other related parties (Subsidiary of a company over 30% indirectly controlled by ultimate controlling shareholder)
Baoding Aihecheng Senior High School Co., Ltd. (保定市愛和城高級中學有限公司)	Company over 30% indirectly controlled by ultimate controlling shareholder with close family members serving as directors
Baoding Great Wall School in Lianchi District (保定市蓮池區長城學校)	Other related parties (Private non-enterprise units indirectly controlled by ultimate controlling shareholder)
Baoding Great Wall School Dawangdian Branch (保定市長城學校大王店分校)	Other related parties (Private non-enterprise units indirectly controlled by ultimate controlling shareholder)
Hebei Olive Real Estate Development Co., Ltd. (Hebei Olive Real Estate Development Co., Ltd. (河北橄欖房地產開發有限公司))	Company directly controlled by family members closely related with ultimate controlling shareholder

Note 1: The equity interest in Lingtu Auto Co., Ltd. held by the Group has been transferred in July 2020.

Note 2: Yu Weina has been no longer be a related party of the Company since 1 January 2020.

## Notes to the Financial Statements

For the year ended 31 December 2020

**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	
		2020	2019
Great Wall Holding and its subsidiaries	Purchase of goods, fixed assets, other materials, acceptance of services, rental income and others	1,806,374,665.17	1,091,010,148.08
Baoding Taihang Plastic Steel Door And Window Co., Ltd.	Engineering service	1,082,939.92	—
Automotive Finance	Acceptance of services	209,032,851.83	—

*Sales of goods/rendering of services*

Related parties	Related party transaction	RMB	
		2020	2019
Great Wall Holding and its subsidiaries	Purchase of goods, fixed assets, other materials, acceptance of services, rental income and others	290,022,458.17	338,420,301.57
Spotlight Automotive Limited	Sales of fixed assets, Rendering of services, rental income and others	230,332,971.39	—
Automotive Finance	Rendering of services, rental income and deposit interest income	394,110,226.74	190,090,478.81
Lingtu Auto Co., Ltd.	Sales of other materials and rendering of services	—	80,343.85
Other related parties	Sales of other materials, rendering of services, rental income and others	413,611.58	1,270,397.65

# Notes to the Financial Statements

For the year ended 31 December 2020

## XI. RELATED PARTIES AND TRANSACTIONS (continued)

### 5. Related party transactions (continued)

#### (2) Emolument for key management

Item	RMB	
	2020	2019
Emolument for key management	21,167,926.90	23,256,727.94

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	
	2020	2019
Ma Lihui (Note 1)	27	60
Li Wanjun	60	60
Wu Zhijie	136	136
Le Ying (Note 2)	33	0
Total	256	256

Note 1: Ma Lihui resigned as an independent non-executive director of the company in July 2020.

Note 2: Leying 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 (2019: Nil).

## Notes to the Financial Statements

For the year ended 31 December 2020

**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

2020	Emolument	Salaries, bonus, subsidies and welfare in kind	Retirement benefit contributions	Total remunerations
Executive directors:				
Wei Jianjun	—	5,717	23	5,740
Wang Fengying	—	5,483	23	5,506
Yang Zhijuan	—	733	—	733
Non-executive directors:				
He Ping	60	—	—	60
Supervisors:				
Chen Biao	—	755	20	775
Zong Yixiang	20	—	—	20
Liu Qian	20	—	—	20
<b>Total</b>	<b>100</b>	<b>12,688</b>	<b>66</b>	<b>12,854</b>

RMB'000

2019	Emolument	Salaries, bonus, subsidies and welfare in kind	Retirement benefit contributions	Total remunerations
Executive directors:				
Wei Jianjun	—	5,716	29	5,745
Wang Fengying	—	5,482	29	5,511
Yang Zhijuan	—	595	—	595
Non-executive directors:				
He Ping	60	—	—	60
Supervisors:				
Luo Jinli (Note 1)	8	—	—	8
Zong Yixiang	21	—	—	21
Chen Biao	—	584	26	610
Liu Qian (Note 2)	13	—	—	13
<b>Total</b>	<b>102</b>	<b>12,377</b>	<b>84</b>	<b>12,563</b>

Note 1: Luo Jinli resigned as the Company's supervisor in May 2019.

Note 2: Liu Qian was appointed as the Company's supervisor in May 2019.

# Notes to the Financial Statements

For the year ended 31 December 2020

## 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.

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 (2019: two) highest paid employees are shown in the above table and remunerations for the other three (2019: three) highest paid employees are analyzed below:

	2020	2019
		<i>RMB'000</i>
Salaries, bonus, subsidies and welfare in kind	<b>8,487</b>	9,529
Retirement benefit contributions	<b>68</b>	88
<b>Total</b>	<b>8,555</b>	9,617

The number of employees whose remunerations are ranged as follows:

	2020	2019
HK\$1,000,001 to HK\$1,500,000 (equivalent to RMB841,641 to RMB1,262,460)	<b>1</b>	—
HK\$2,500,001 to HK\$3,000,000 (equivalent to RMB2,104,101 to RMB2,524,920)	—	1
HK\$3,500,001 to HK\$4,000,000 (equivalent to RMB2,945,741 to RMB3,366,560)	<b>1</b>	1
HK\$5,000,001 to HK\$5,500,000 (equivalent to RMB4,208,201 to RMB4,629,020)	<b>1</b>	1

## Notes to the Financial Statements

For the year ended 31 December 2020

**XI. RELATED PARTIES AND TRANSACTIONS** (continued)**5. Related party transactions** (continued)**(3) Other related party transactions***(a) Equity transaction and sales and leaseback transaction*

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

*(b) Deposits with related parties*

Changes in deposits with related parties:

Related party	31 December 2019	Recovery in the period	Deposits for the year	RMB
				31 December 2020
Automotive Finance	8,290,000,000.00	9,011,000,000.00	(7,086,900,000.00)	<b>10,214,100,000.00</b>

*(c) Guarantees provided by related parties*

Guarantee company	Currency	Guaranteed amount	Guaranteed start date	Guaranteed end date	Whether the guarantee has been fulfilled
Innovation Great Wall	USD	55,000,000.00	30 December 2021	29 December 2024	No
Great Wall Venture and Investment	RMB	600,000,000.00	16 September 2022	15 September 2024	No

*(d) Right-of-use assets and lease liabilities*

During the year, the Group signed several new lease agreements with related parties. Except for short-term leases and low-value assets, the Group's recognised right-of-use assets are RMB124,634,623.22.

At the end of the year, the balance of lease liabilities between the Group and related parties is RMB573,131,597.95.

## Notes to the Financial Statements

For the year ended 31 December 2020

**XI. RELATED PARTIES AND TRANSACTIONS** (continued)**6. Amounts due from/due to related parties**

Related party	Related party transactions	RMB	
		2020	2019
Accounts receivable	Great Wall Holding and its subsidiaries	<b>70,948,135.28</b>	58,067,004.26
Accounts receivable	Automotive Finance	<b>15,022,359.57</b>	—
Accounts receivable	Spotlight Automotive Limited	<b>145,369,654.64</b>	—
Accounts receivable	Lingtu Auto Co., Ltd.	—	10,400.00
Accounts receivable	Other related parties	<b>1,352.76</b>	—
Subtotal of accounts receivable:		<b>231,341,502.25</b>	58,077,404.26
Other receivables	Great Wall Holding and its subsidiaries	<b>2,671,208.90</b>	2,132,627.09
Other receivables	Automotive Finance	—	12,112,875.13
Other receivables	Hebei Olive Real Estate Development Co., Ltd.	—	23,615,026.38
Subtotal of other receivables:		<b>2,671,208.90</b>	37,860,528.60
Prepayments	Great Wall Holding and its subsidiaries	<b>1,374,175.75</b>	267,133.08
Subtotal of prepayments:		<b>1,374,175.75</b>	267,133.08
Financing with receivables	Great Wall Holding and its subsidiaries	<b>26,039,295.96</b>	44,005.18
Subtotal of financing with receivables:		<b>26,039,295.96</b>	44,005.18
Other current assets	Automotive Finance	<b>10,372,657,928.59</b>	8,436,276,381.57
Subtotal of other current assets:		<b>10,372,657,928.59</b>	8,436,276,381.57
Long-term receivables	Hebei Olive Real Estate Development Co., Ltd.	—	783,830.80
Subtotal of long-term receivables:		—	783,830.80

## Notes to the Financial Statements

For the year ended 31 December 2020

**XI. RELATED PARTIES AND TRANSACTIONS** (continued)**6. Amounts due from/due to related parties** (continued)

Related party	Related party transactions	RMB	
		2020	2019
Accounts payable	Great Wall Holding and its subsidiaries	477,902,762.45	116,081,677.37
Accounts payable	Automotive Finance	69,582,569.11	—
Accounts payable	Other related parties	132,007.80	132,007.80
Subtotal of accounts payable:		547,617,339.36	116,213,685.17
Other payables	Great Wall Holding and its subsidiaries	20,549,123.28	1,678,813.90
Other payables	Automotive Finance	26,681.50	—
Other payables	Other related parties	431,058.60	—
Other payables	Yu Weina	—	200
Subtotal of other payables:		21,010,118.12	1,679,013.90
Contract liabilities	Great Wall Holding and its subsidiaries	88,812,963.71	8,544,851.47
Contract liabilities	Automotive Finance	39,823.01	—
Subtotal of contract liabilities:		88,852,786.72	8,544,851.47

**XII. SHARE-BASED PAYMENTS****1. General information of share-based payments**

	Unit: share	
	Restricted Share	Share Option
31 December 2019	—	—
Total equity instruments granted by the Company in the current year	49,303,500.00	87,065,300.00
Total equity instruments exercised by the Company in the current year	—	—
Total equity instruments expired in the current year	619,200.00	309,100.00
<b>31 December 2020</b>	<b>48,684,300.00</b>	<b>86,756,200.00</b>
The range of exercise price of stock options issued by the Company at the end of the year 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 year and the remaining contract period	See other explanations	See other explanations

# Notes to the Financial Statements

For the year ended 31 December 2020

## XII. SHARE-BASED PAYMENTS (continued)

### 1. General information of share-based payments (continued)

#### ***Other explanations:***

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

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

## Notes to the Financial Statements

For the year ended 31 December 2020

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

RMB

<b>Method for determining the fair value of equity instruments on the grant date</b>	<b>See other explanations</b>
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	113,877,914.34
The total amount of expenses recognised for equity-settled share-based payments in the current year	113,877,914.34

**Other explanations:**

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

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

# Notes to the Financial Statements

For the year ended 31 December 2020

## XIII. COMMITMENTS

### 1. Significant commitments

#### Capital commitments

	31 December 2020	31 December 2019
		<i>RMB'000</i>
Contracted for but not provided		
— Purchase of long-term asset commitment	3,113,367	3,643,298
— Investment commitment	—	550,000
Total	3,113,367	4,193,298

## XIV. OTHER SIGNIFICANT EVENTS

### 1. Segment reporting

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

Revenue from external customers by location of revenue sources:

Item	2020	2019
Revenue from external customers in China	96,635,666,027.81	90,688,477,677.13
Revenue from external customers in other countries	6,671,941,181.89	5,522,211,141.67
Total	103,307,607,209.70	96,210,688,818.80

The Group's non-current assets located in other countries are not significant.

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

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 1. Cash and bank balances

Item	31 December 2020	31 December 2019
<i>RMB</i>		
<b>Cash:</b>		
RMB	102,779.57	127,940.51
GBP	14,342.01	14,761.12
HKD	6,619.84	7,045.67
USD	3,359.41	3,591.77
JPY	1,910.30	1,935.97
SGD	1,533.67	1,609.08
RUB	50.23	64.49
KRW	42.66	42.87
THB	28.32	30.26
<b>Bank balances:</b>		
RMB	7,611,642,662.68	4,665,969,398.13
USD	1,112,235,938.68	202,607,108.96
EUR	2,571,378.85	6,418,357.14
GBP	745,464.72	146,977.32
JPY	674,710.16	1,263,376.15
HKD	33,700.53	840.47
CHF	—	36,213.81
<b>Other cash and bank balances:</b>		
RMB	28,015,814.52	44,262,199.04
<b>Total</b>	<b>8,756,050,336.15</b>	<b>4,920,861,492.76</b>
Including: overseas cash and bank balances	—	—

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.

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

## Notes to the Financial Statements

For the year ended 31 December 2020

**XV. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY** (continued)**2. Accounts receivable****(1) Disclosed by aging:**

RMB

Aging	31 December 2020			31 December 2019		
	Amount	Credit loss provision	Proportion (%)	Amount	Credit loss provision	Proportion (%)
Within 1 year	7,403,477,944.66	(69,666.30)	0.00	7,643,812,566.08	(5,559,821.23)	0.07
1 to 2 years	1,640,412,294.16	(29,089,310.53)	1.77	1,064,433,524.15	(130,000.00)	0.01
2 to 3 years	260,279,546.33	—	—	26,346,453.86	—	—
Over 3 years	320,910,491.35	(317,694,689.41)	99.00	339,668,300.25	(339,668,300.25)	100.00
Total	9,625,080,276.50	(346,853,666.24)	3.60	9,074,260,844.34	(345,358,121.48)	3.81

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

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

RMB

Category	31 December 2020					31 December 2019				
	Carrying amount		Credit loss provision		Book value	Carrying amount		Credit loss provision		Book value
Amount	Ratio (%)	Amount	Ratio (%)	Amount		Ratio (%)	Amount	Ratio (%)		
Credit loss provision assessed by portfolios	9,625,080,276.50	100.00	(346,853,666.24)	3.60	9,278,226,610.26	9,074,260,844.34	100.00	(345,358,121.48)	3.81	8,728,902,722.86
Total	9,625,080,276.50	100.00	(346,853,666.24)	3.60	9,278,226,610.26	9,074,260,844.34	100.00	(345,358,121.48)	3.81	8,728,902,722.86

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

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

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 2. Accounts receivable (continued)

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

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

RMB

Aging	31 December 2020				31 December 2019			
	Expected average loss rate	Carrying amount	Credit loss provision	Book value	Expected average loss rate	Carrying amount	Credit loss provision	Book value
Within the credit period	0.00%-8.00%	9,278,225,493.96	(860.74)	9,278,224,633.22	—	8,726,586,246.12	—	8,726,586,246.12
Overdue for 1-180 days	21.00%-50.00%	2,232.60	(255.56)	1,977.04	50.00%	4,633,153.45	(2,316,676.71)	2,316,476.74
Overdue for over 180 days	100.00%	346,852,549.94	(346,852,549.94)	—	100.00%	343,041,444.77	(343,041,444.77)	—
Total		9,625,080,276.50	(346,853,666.24)	9,278,226,610.26		9,074,260,844.34	(345,358,121.48)	8,728,902,722.86

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

RMB

Credit loss provision	2020		
	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
Balance at 31 December 2019	(2,316,676.71)	(343,041,444.77)	(345,358,121.48)
— Transfer to credit impairment occurred	280,240.00	(280,240.00)	—
Provision	(1,047,759.30)	(34,618,838.09)	(35,666,597.39)
Reversals	3,083,079.71	28,469,475.44	31,552,555.15
Written-off	—	2,618,497.48	2,618,497.48
Balance at 31 December 2020	(1,116.30)	(346,852,549.94)	(346,853,666.24)

## Notes to the Financial Statements

For the year ended 31 December 2020

## XV. 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	1,950,115,976.48	20.26	—
Customer 2	1,612,288,929.00	16.75	—
Customer 3	739,545,974.00	7.68	—
Customer 4	628,993,663.90	6.53	—
Customer 5	420,529,655.96	4.37	—
Total	5,351,474,199.34	55.59	—

## 3. Financing with receivables

## Notes receivable

## (1) Classification of notes receivable:

RMB

Classification	31 December 2020	31 December 2019
Bank acceptances	37,159,982,957.50	22,693,259,949.61
Commercial acceptances	—	323,617.74
Total	37,159,982,957.50	22,693,583,567.35

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

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

RMB

Classification	31 December 2020	31 December 2019
Bank acceptances	2,914,423,255.56	2,866,198,741.85
Total	2,914,423,255.56	2,866,198,741.85

Note: The Company pledged notes receivable for the issuance of notes payable at the end of the reporting year.

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 3. Financing with receivables (continued)

*Notes receivable (continued)*

(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	RMB	
	31 December 2020	31 December 2019
Bank acceptances	26,162,161,512.37	28,861,727,872.99
Total	26,162,161,512.37	28,861,727,872.99

The above notes endorsed and discounted to other parties but not yet due have been derecognized by the Company.

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

## 4. Other receivables

## 4.1 Summary of other receivables

Category	RMB	
	31 December 2020	31 December 2019
Interest receivable	4,742,577.11	133,647.80
Dividends receivable	5,333,938.44	40,909,496.69
Other receivables	4,381,381,977.57	3,544,541,041.84
Total	4,391,458,493.12	3,585,584,186.33

## Notes to the Financial Statements

For the year ended 31 December 2020

**XV. 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 2020			31 December 2019		
	Amount	Credit loss provision	Ratio (%)	Amount	Credit loss provision	Ratio (%)
Within 1 year	2,221,591,104.88	—	—	3,422,338,474.65	—	—
1 to 2 years	2,141,471,593.34	—	—	83,994,921.25	(169,838.00)	0.20
2 to 3 years	10,618,969.35	(169,838.00)	1.60	26,241,981.11	—	—
Over 3 years	7,870,148.00	—	—	12,135,502.83	—	—
Total	4,381,551,815.57	(169,838.00)	—	3,544,710,879.84	(169,838.00)	—

(2) Disclosed by nature are as follows:

*RMB*

Nature of other receivables	Carrying amount at 31 December 2020	Carrying amount at 31 December 2019
Proceeds from land transfer	305,601,261.00	351,079,822.38
Receivables	226,857,876.83	160,572,327.04
Tax refunds	171,353,176.26	22,420,633.40
Security and margin deposits	31,446,658.15	32,599,173.61
Deposits	15,432,303.62	20,880,187.49
Others	3,630,860,539.71	2,957,158,735.92
Total	4,381,551,815.57	3,544,710,879.84

## Notes to the Financial Statements

For the year ended 31 December 2020

**XV. 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 2020				31 December 2019			
	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	—	4,381,381,977.57	—	4,381,381,977.57	—	3,544,541,041.84	—	3,544,541,041.84
Overdue for 1-180 days	—	—	—	—	—	—	—	—
Overdue for over 180 days	100.00%	169,838.00	(169,838.00)	—	100.00%	169,838.00	(169,838.00)	—
Total		4,381,551,815.57	(169,838.00)	4,381,381,977.57		3,544,710,879.84	(169,838.00)	3,544,541,041.84

The Company determines the expected credit losses of the other receivables based on the historical experience data and forward-looking information. In 2020 and 2019, 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 2019	—	—	(169,838.00)	(169,838.00)
Provision	—	—	—	—
Reversals	—	—	—	—
Written-off	—	—	—	—
Balance at 31 December 2020	—	—	(169,838.00)	(169,838.00)

## Notes to the Financial Statements

For the year ended 31 December 2020

**XV. 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	Receivables within the Group	1,931,873,311.40	Within 2 years	44.09	—
Entity 2	Receivables within the Group	814,689,856.34	Within 1 year	18.59	—
Entity 3	Receivables within the Group	417,676,396.44	Within 2 years	9.53	—
Entity 4	Proceeds from transfer of land	305,601,261.00	Within 2 years	6.97	—
Entity 5	Receivables	226,783,481.62	Within 1 year	5.18	—
Total		3,696,624,306.80		84.36	—

The Company has no other receivables related to government grants.

**5. Inventories****(1) Inventories by category**

Item	<i>RMB</i>		
	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

## Notes to the Financial Statements

For the year ended 31 December 2020

**XV. 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 2019	
		Provision for decline in value of inventories	Book value
Raw materials	552,019,989.22	(6,077,911.79)	545,942,077.43
Work-in-progress	495,837,371.90	(1,033,121.26)	494,804,250.64
Finished goods	2,452,239,371.64	(31,951,796.07)	2,420,287,575.57
Low-valued and short-lived consumables	179,938,321.25	(2,623,440.54)	177,314,880.71
<b>Total</b>	<b>3,680,035,054.01</b>	<b>(41,686,269.66)</b>	<b>3,638,348,784.35</b>

**(2) Provision for decline in value of inventories**

RMB

Inventories by category	31 December	Provision for the year	Decrease for the year		31 December
	2019		Reversals	Written-off	2020
Raw materials	6,077,911.79	28,037,660.33	(1,530,562.95)	(17,877,365.01)	<b>14,707,644.16</b>
Work-in-progress	1,033,121.26	5,392,812.90	(331,473.91)	(3,737,933.13)	<b>2,356,527.12</b>
Finished goods	31,951,796.07	111,128,875.89	(89,379.57)	(68,401,103.71)	<b>74,590,188.68</b>
Low-valued and short lived consumables	2,623,440.54	1,224,232.60	(698,479.55)	(1,329,066.21)	<b>1,820,127.38</b>
<b>Total</b>	<b>41,686,269.66</b>	<b>145,783,581.72</b>	<b>(2,649,895.98)</b>	<b>(91,345,468.06)</b>	<b>93,474,487.34</b>

# Notes to the Financial Statements

For the year ended 31 December 2020

## XV. 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	0.19
Work-in-progress	Note 1	Note 2	0.07
Finished goods	Note 1	Note 2	0.00
Low-valued and short-lived consumables	Note 1	Note 2	0.41

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

*Note 2:* As the estimated net realizable value of 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 2020

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

## 6. Other current assets

Details of other current assets:

Item	RMB	
	31 December 2020	31 December 2019
Paint for vehicles	4,152,853.69	4,079,406.48
Taxes to be deducted	364,239,599.83	333,626,230.95
Mould (Note 1)	33,078,360.98	35,391,984.65
Prepaid enterprise income tax	—	576,740.99
Structured deposits	—	1,700,000,000.00
Deposits in non-bank financial institutions (Note 2)	10,372,657,928.59	8,436,276,381.57
Others	13,134,439.51	7,550,973.97
<b>Total</b>	<b>10,787,263,182.60</b>	<b>10,517,501,718.61</b>

Note 1: The estimated useful life is less than one year.

Note 2: The deposits in non-bank financial institutions are deposits in Automotive Finance.

## 7. Long-term equity investments

Breakdown of long-term equity investments:

Item	31 December 2020			31 December 2019		
	Carrying amount	Impairment provision	Book value	Carrying amount	Impairment provision	Book value
Investments in subsidiaries	9,728,980,472.25	—	9,728,980,472.25	8,795,126,571.78	—	8,795,126,571.78
Investments in joint ventures	8,415,182,722.15	—	8,415,182,722.15	3,112,651,355.60	—	3,112,651,355.60
<b>Total</b>	<b>18,144,163,194.40</b>	<b>—</b>	<b>18,144,163,194.40</b>	<b>11,907,777,927.38</b>	<b>—</b>	<b>11,907,777,927.38</b>

## Notes to the Financial Statements

For the year ended 31 December 2020

## XV. 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 2019	Increase for the year	Decrease for the year	Others (Note (XII))	31 December 2020	RMB	
						Provision for impairment	Closing balance of impairment provision
Great Wall Huabei	268,092,310.00	—	—	—	268,092,310.00	—	—
Baoding Nuobo	72,240,000.00	—	—	—	72,240,000.00	—	—
Beijing Great	12,539,100.00	—	—	—	12,539,100.00	—	—
Baoding Great	23,000,000.00	—	—	—	23,000,000.00	—	—
Tide Technology and Trad	257,353,665.00	—	—	—	257,353,665.00	—	—
Mind Electronics	334,317,800.00	—	—	635,444.45	334,953,244.45	—	—
Baoding Yixin	28,503,900.00	—	—	—	28,503,900.00	—	—
Great Wall Ants	86,000,000.00	—	—	1,123,001.18	87,123,001.18	—	—
Ningxia Rental	20,000,000.00	—	—	—	20,000,000.00	—	—
Great Wall Resource							
Recycling	10,000,000.00	—	—	—	10,000,000.00	—	—
Exquisite Mould	5,000,000.00	—	—	—	5,000,000.00	—	—
Great Wall Sales	8,000,000.00	—	—	—	8,000,000.00	—	—
Shanghai shalong zhixing	1,500,000.00	—	—	253,399.68	1,753,399.68	—	—
Rizhao Weiyi (Note 1)	255,000,000.00	120,000,000.00	—	998,513.27	375,998,513.27	—	—
Haval South Africa	25,912,080.00	—	—	—	25,912,080.00	—	—
Russia Manufacturing (Note 2)	847,239,835.57	230,000,000.00	—	—	1,077,239,835.57	—	—
Scrap Car Recycling & Dismantling	5,000,000.00	—	—	—	5,000,000.00	—	—
Haval Australia	43,773,250.00	—	—	—	43,773,250.00	—	—
Europe Technical Center	33,428,802.00	—	—	—	33,428,802.00	—	—
India R&D	28,082,810.70	—	—	—	28,082,810.70	—	—
Shenzhen Great Wall Sales (Note 3)	50,000,000.00	—	(50,000,000.00)	—	—	—	—
American HAVAL	169,620,600.00	—	—	—	169,620,600.00	—	—

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 7. Long-term equity investments (continued)

Breakdown of long-term equity investments: (continued)

Investee	31 December 2019	Increase for the year	Decrease for the year	Others (Note (XII))	31 December 2020	RMB	
						Provision for impairment	Closing balance of impairment provision
Tianjin Lean (Note 4)	112,500,000.00	73,863,431.80	—	—	186,363,431.80	—	—
Guangzhou Great Wall Sales	34,500.00	—	—	—	34,500.00	—	—
Tianjin Euler	562,500,000.00	—	—	—	562,500,000.00	—	—
Xiamen Great Wall Sales	33,000.00	—	—	—	33,000.00	—	—
Zaoqi Financial Leasing	127,500,000.00	—	—	17,638.71	127,517,638.71	—	—
Jinggong Motor	1,000,000,000.00	—	—	883,929.21	1,000,883,929.21	—	—
Nuobo Automotive	2,191,992,472.39	—	—	668,888.89	2,192,661,361.28	—	—
Honeycomb Yichuang (Note 5)	1,978,030,000.00	193,000,000.00	—	—	2,171,030,000.00	—	—
Chongqing Auto Parts	6,370,000.00	—	—	113,037.05	6,483,037.05	—	—
Baoding Yijian Start	200,000,000.00	—	—	14,527.04	200,014,527.04	—	—
Chongqing Weipai	270,000.00	—	—	—	270,000.00	—	—
Chongqing Great Wall Customer Service	270,000.00	—	—	13,938.11	283,938.11	—	—
Changyou Haoche	20,014,064.98	—	—	13,604.49	20,027,669.47	—	—
India Haval (Note 6)	11,008,381.14	9,722,627.74	—	—	20,731,008.88	—	—
HWA Ding International (Note 7)	—	60,684,500.00	—	—	60,684,500.00	—	—
Chongqing Chuangban (Note 8)	—	655,797,329.33	(655,797,329.33)	—	—	—	—
Tianjin Zhixin (Note 9)	—	100,000,000.00	—	—	100,000,000.00	—	—
Shanghai Yuefan (Note 10)	—	190,000,000.00	—	—	190,000,000.00	—	—
Chongqing Haval	—	—	—	52,847.22	52,847.22	—	—
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	—	—
<b>Total</b>	<b>8,795,126,571.78</b>	<b>1,633,067,888.87</b>	<b>(705,797,329.33)</b>	<b>6,583,340.93</b>	<b>9,728,980,472.25</b>	<b>—</b>	<b>—</b>

## Notes to the Financial Statements

For the year ended 31 December 2020

## XV. 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:

RMB

Investee	31 December 2019	Increase	Reduced investment	Changes for the year				Others	31 December 2020	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			
Automotive Finance (Note 11)	3,112,651,355.60	4,500,000,000.00	—	911,946,308.20	—	—	(130,414,941.65)	—	8,394,182,722.15	—
Shanghai Junying Management Partnership (Limited Partnership) ("上海鈞瀛企業管理合夥 企業(有限合夥)") ("Shanghai Junying") (Note 12)	—	21,000,000.00	—	—	—	—	—	—	21,000,000.00	—
Total	3,112,651,355.60	4,521,000,000.00	—	911,946,308.20	—	—	(130,414,941.65)	—	8,415,182,722.15	—

Note 1 In July, August and October 2020, the Company contributed additional capital of total RMB120,000,000 to Rizhao Weiyi.

Note 2 In June 2020, the Company contributed additional capital of RMB230,000,000 to Russia Manufacturing.

Note 3 In July 2020, the Company disposed of its wholly-owned subsidiary Shenzhen Great Wall Sales to Baoding Duoxiao Enterprise Management Consulting Co., Ltd..

Note 4 In 2020, the Company acquired 25% equity interest in Tianjin Lean held by the Company's subsidiary Billion Sunny Development at the cash consideration of RMB73,860,000. After the acquisition, the Company hold 100% equity interest in Tianjin Lean.

Note 5 In 2020, the Company contributed additional capital of RMB193,000,000 to Honeycomb Yichuang.

Note 6 In January 2020, the Company injected capital of RMB9,720,000 to India Haval.

Note 7 In January and November 2020, the Company injected capital of RMB60,680,000 to HWA Ding International.

Note 8 The Company contributed RMB655,300,000 to Chongqing Chuangban in asset and injected capital of RMB500,000 in cash. In June 2020, the Company disposed of its wholly-owned subsidiary Chongqing Chuangban to Chongqing Lingkan Enterprise Management Co., Ltd. (重慶領瞰企業管理有限公司).

Note 9 In July 2020, the Company injected capital of RMB100,000,000 to Tianjin Zhixin.

Note 10 In December 2020, the Company injected capital of RMB190,000,000 to Shanghai Yuefan.

Note 11 In December 2020, the Company contributed additional capital of RMB4,500,000,000 to Automotive Finance.

Note 12 In December 2020, the Company injected capital of RMB21,000,000 to Shanghai Junying.

## Notes to the Financial Statements

For the year ended 31 December 2020

## XV. 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 2019	2,655,079,536.07	48,135,968.51	2,703,215,504.58
Additions for the year	561,444,526.05	53,460,216.56	614,904,742.61
1. Purchases	5,642,054.64	—	5,642,054.64
2. Transfer from intangible assets	—	53,460,216.56	53,460,216.56
3. Transfer from construction in progress	18,502,599.96	—	18,502,599.96
4. Transfer from fixed assets	537,299,871.45	—	537,299,871.45
Reductions for the year	(106,726,005.32)	—	(106,726,005.32)
1. Transfer to fixed assets	(106,726,005.32)	—	(106,726,005.32)
31 December 2020	<b>3,109,798,056.80</b>	<b>101,596,185.07</b>	<b>3,211,394,241.87</b>
II. Accumulated amortization and depreciation			
31 December 2019	472,772,433.00	7,369,733.04	480,142,166.04
Additions for the year	279,856,946.48	12,908,898.96	292,765,845.44
1. Provision or amortization	113,621,649.83	1,712,497.50	115,334,147.33
2. Transfer from intangible assets	—	11,196,401.46	11,196,401.46
3. Transfer from fixed assets	166,235,296.65	—	166,235,296.65
Reductions for the year	(17,050,130.90)	—	(17,050,130.90)
1. Transfer to fixed assets	(17,050,130.90)	—	(17,050,130.90)
31 December 2020	<b>735,579,248.58</b>	<b>20,278,632.00</b>	<b>755,857,880.58</b>
III. Net book value			
31 December 2019	2,182,307,103.07	40,766,235.47	2,223,073,338.54
31 December 2020	<b>2,374,218,808.22</b>	<b>81,317,553.07</b>	<b>2,455,536,361.29</b>

## Notes to the Financial Statements

For the year ended 31 December 2020

## XV. 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 2019	11,005,545,912.18	15,364,367,370.30	139,744,926.58	4,656,283,227.74	31,165,941,436.80
Additions for the year	1,027,503,578.66	321,749,661.02	25,006,075.67	579,682,438.97	1,953,941,754.32
1. Purchases	53,475,296.12	66,194,599.19	19,847,151.21	334,732,837.53	474,249,884.05
2. Transfer from construction in progress	867,302,277.22	252,603,348.54	5,158,924.46	233,818,694.35	1,358,883,244.57
3. Transfer from inventories	—	2,951,713.29	—	11,130,907.09	14,082,620.38
4. Transfer from investment properties	106,726,005.32	—	—	—	106,726,005.32
Reductions for the year	(561,101,203.00)	(794,340,207.03)	(7,423,760.03)	(220,145,349.72)	(1,583,010,519.78)
1. Disposal and scrap	(2,360,132.58)	(540,140,171.01)	(7,265,640.37)	(93,928,708.00)	(643,694,651.96)
2. Decrease for transfer to construction in progress	—	(140,910,154.16)	—	(1,620,354.45)	(142,530,508.61)
3. Transfer to investment properties	(537,299,871.45)	—	—	—	(537,299,871.45)
4. Other transfers-out	(21,441,198.97)	(113,289,881.86)	(158,119.66)	(124,596,287.27)	(259,485,487.76)
Reclassification	—	(114,038,318.64)	—	114,038,318.64	—
31 December 2020	<b>11,471,948,287.84</b>	<b>14,777,738,505.65</b>	<b>157,327,242.22</b>	<b>5,129,858,635.63</b>	<b>31,536,872,671.34</b>
II. Accumulated depreciation					
31 December 2019	2,222,849,550.63	7,196,378,462.28	99,480,074.95	3,011,467,526.24	12,530,175,614.10
Additions for the year	394,248,624.77	1,314,497,576.11	17,296,921.11	533,349,107.16	2,259,392,229.15
1. Provision	377,198,493.87	1,314,497,576.11	17,296,921.11	533,349,107.16	2,242,342,098.25
2. Transfer from investment properties	17,050,130.90	—	—	—	17,050,130.90
Reductions for the year	(166,697,627.87)	(260,990,359.87)	(5,893,038.27)	(77,445,731.41)	(511,026,757.42)
1. Disposal and scrap	(454,046.73)	(175,852,503.92)	(5,742,824.59)	(66,830,634.84)	(248,880,010.08)
2. Decrease for transfer to construction in progress	—	(74,468,499.18)	—	(1,197,272.47)	(75,665,771.65)
3. Transfer to investment properties	(166,235,296.65)	—	—	—	(166,235,296.65)
4. Other transfers-out	(8,284.49)	(10,669,356.77)	(150,213.68)	(9,417,824.10)	(20,245,679.04)
Reclassification	—	(5,720,440.23)	—	5,720,440.23	—
31 December 2020	<b>2,450,400,547.53</b>	<b>8,244,165,238.29</b>	<b>110,883,957.79</b>	<b>3,473,091,342.22</b>	<b>14,278,541,085.83</b>

## Notes to the Financial Statements

For the year ended 31 December 2020

**XV. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY** (continued)**9. Fixed assets** (continued)

Description of fixed assets: (continued)

*RMB*

Item	Buildings	Machinery and equipment	Transportation vehicles	Electronic equipment and others	Total
III. Impairment provision					
31 December 2019	136,268.33	127,890,661.34	92,565.96	202,605,482.02	330,724,977.65
Additions for the year	68,610.54	6,283,391.08	210,609.04	90,475,262.93	97,037,873.59
1. Provision (Note)	68,610.54	6,283,391.08	210,609.04	90,475,262.93	97,037,873.59
Reductions for the year	—	(2,778,371.86)	(233,875.13)	(18,782,231.78)	(21,794,478.77)
1. Disposal and scrap	—	(1,422,489.47)	(233,875.13)	(14,650,850.30)	(16,307,214.90)
2. Decrease for transfer to construction in progress	—	(896,596.80)	—	—	(896,596.80)
3. Other transfers-out	—	(459,285.59)	—	(4,131,381.48)	(4,590,667.07)
Reclassification	—	(769.88)	—	769.88	—
31 December 2020	<b>204,878.87</b>	<b>131,394,910.68</b>	<b>69,299.87</b>	<b>274,299,283.05</b>	<b>405,968,372.47</b>
IV. Net book value					
31 December 2019	8,782,560,093.22	8,040,098,246.68	40,172,285.67	1,442,210,219.48	18,305,040,845.05
31 December 2020	<b>9,021,342,861.44</b>	<b>6,402,178,356.68</b>	<b>46,373,984.56</b>	<b>1,382,468,010.36</b>	<b>16,852,363,213.04</b>

Note: Due to suspended production of some vehicle models and changes in craftsmanship, impairment losses of assets of RMB97,037,873.59 (2019: RMB177,574,876.13) has been provided for the current year.

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 10. Construction in progress

(1) Breakdown of construction in progress is as follows:

Items	31 December 2020			31 December 2019		
	Carrying amount	Impairment provision	Net book value	Carrying amount	Impairment provision	Net book value
Xushui automotive project	226,772,455.83	(270,205.02)	226,502,250.81	257,781,764.81	—	257,781,764.81
Parts and components project reconstruction and expansion	61,496,999.96	(837,571.37)	60,659,428.59	41,260,494.26	(860,242.75)	40,400,251.51
Chongqing Great Wall vehicle project	160,348,604.22	—	160,348,604.22	25,667,346.61	—	25,667,346.61
Other vehicle projects	150,876,984.62	—	150,876,984.62	—	—	—
Xushui supporting infrastructure project	144,940,439.04	(3,500,468.05)	141,439,970.99	59,742,608.73	—	59,742,608.73
Industrial park phase I, II, III reconstruction and expansion	136,427,954.42	—	136,427,954.42	136,453,590.40	—	136,453,590.40
Other projects under construction	64,160,487.98	—	64,160,487.98	56,184,819.01	—	56,184,819.01
Tianjin automobile project	33,752,549.44	(65,763.73)	33,686,785.71	44,405,598.96	(65,763.73)	44,339,835.23
Xushui parts and components project	29,343,783.97	—	29,343,783.97	17,612,491.80	(476,509.82)	17,135,981.98
New technology center	28,184,966.18	—	28,184,966.18	32,617,824.81	—	32,617,824.81
Tianjin parts and components project	19,491,172.77	(1,475,022.67)	18,016,150.10	6,599,880.83	(4,789,135.16)	1,810,745.67
Total	1,055,796,398.43	(6,149,030.84)	1,049,647,367.59	678,326,420.22	(6,191,651.46)	672,134,768.76

RMB

## Notes to the Financial Statements

For the year ended 31 December 2020

## XV. 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 2019	Additions	Transfer to fixed assets	Other reductions (Note)	Investment to budget (%)	Accumulated capitalized interest amount	Including: capitalized interest amount	Ratio of capitalized interest amount (%)	Sources of fund	RMB
											31 December 2020
Xushui automotive project	11,609,133,044.00	257,781,764.81	189,407,678.15	(214,214,457.66)	(6,202,529.47)	88.80	—	—	—	Internal fund	226,772,455.83
Parts and components project reconstruction and expansion	1,981,776,404.92	41,260,494.26	51,447,720.64	(10,178,771.12)	(21,032,443.82)	80.86	—	—	—	Internal fund	61,496,999.96
Chongqing Great Wall vehicle project	2,483,507,657.00	25,667,346.61	301,727,884.59	(163,277,856.10)	(3,768,770.88)	83.52	—	—	—	Internal fund	160,348,604.22
Other vehicle projects	2,921,128,746.75	—	1,047,444,372.92	(896,567,388.30)	—	35.86	—	—	—	Internal fund	150,876,984.62
Xushui supporting infrastructure project	193,250,000.00	136,453,590.40	—	—	(25,635.98)	70.60	—	—	—	Internal fund	136,427,954.42
Industrial park phase I, II, III reconstruction and expansion	2,101,930,234.48	59,742,608.73	687,389,261.05	(4,770,786.20)	(597,420,644.54)	64.28	—	—	—	Internal fund	144,940,439.04
Other projects under construction	424,762,067.00	56,184,819.01	29,200,536.65	(18,176,471.42)	(3,048,396.26)	87.17	—	—	—	Internal fund	64,160,487.98
Tianjin automobile project	5,575,064,691.00	44,405,598.96	9,186,827.79	(19,774,381.06)	(65,496.25)	96.26	—	—	—	Internal fund	33,752,549.44
Xushui parts and components project	5,903,114,630.00	17,612,491.80	64,759,033.83	(25,797,018.76)	(27,230,722.90)	82.75	—	—	—	Internal fund	29,343,783.97
New technology center	1,727,202,349.00	32,617,824.81	4,195,044.71	(4,195,044.71)	(4,432,858.63)	94.94	—	—	—	Internal fund	28,184,966.18
Tianjin parts and components project	4,352,782,735.00	6,599,880.83	64,344,907.62	(1,931,069.24)	(49,522,546.44)	90.29	—	—	—	Internal fund	19,491,172.77
<b>Total</b>	<b>39,273,652,559.15</b>	<b>678,326,420.22</b>	<b>2,449,103,267.95</b>	<b>(1,358,883,244.57)</b>	<b>(712,750,045.17)</b>		—	—	—	Internal fund	<b>1,055,796,398.43</b>

Note: Other reductions mainly represent the decrease of RMB31,279,599.03 due to the transfer from construction in progress to intangible assets and the decrease of RMB18,502,599.96 due to the transfer from construction in progress to investment properties.

## Notes to the Financial Statements

For the year ended 31 December 2020

**XV. 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
Tianjin parts and components project Industrial park phase I, II, III reconstruction and expansion	25,817.91 3,500,468.05	Vehicle model discontinued Vehicle model discontinued
Xushui automotive project Parts and components project reconstruction and expansion	270,205.02 99,500.00	Production process changed Vehicle model discontinued
Total	3,895,990.98	

**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 2019	3,697,358.96	52,898,625.24	2,598,744.49	364,542.51	59,559,271.20
Additions for the year	—	35,451,518.66	116,436,489.00	445,019.76	152,333,027.42
Reductions for the year	(40,897.36)	(15,283,436.88)	(746,156.44)	(5,458.98)	(16,075,949.66)
31 December 2020	<b>3,656,461.60</b>	<b>73,066,707.02</b>	<b>118,289,077.05</b>	<b>804,103.29</b>	<b>195,816,348.96</b>
II. Accumulated depreciation					
31 December 2019	1,732,242.58	8,349,905.11	599,519.18	50,823.54	10,732,490.41
Additions for the year	1,711,793.90	11,698,172.54	16,073,436.05	274,580.18	29,757,982.67
1. Provision	1,711,793.90	11,698,172.54	16,073,436.05	274,580.18	29,757,982.67
Reductions for the year	(20,448.69)	(3,058,156.56)	(246,696.67)	(104.03)	(3,325,405.95)
31 December 2020	<b>3,423,587.79</b>	<b>16,989,921.09</b>	<b>16,426,258.56</b>	<b>325,299.69</b>	<b>37,165,067.13</b>
III. Impairment provision					
31 December 2019	—	—	—	—	—
31 December 2020	—	—	—	—	—
IV. Net book value					
31 December 2020	<b>232,873.81</b>	<b>56,076,785.93</b>	<b>101,862,818.49</b>	<b>478,803.60</b>	<b>158,651,281.83</b>
31 December 2019	1,965,116.38	44,548,720.13	1,999,225.31	313,718.97	48,826,780.79

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 12. Intangible assets

Description of intangible assets:

	<i>RMB</i>			
Item	Land use rights	Software and others	Non-patent technology	Total
I. Original carrying amount				
31 December 2019	3,369,187,733.77	302,310,789.28	1,712,023,802.77	5,383,522,325.82
Additions for the year	157,245,653.89	73,819,805.71	1,184,340,945.66	1,415,406,405.26
1. Purchases	157,245,653.89	42,540,206.68	—	199,785,860.57
2. Internal research and development	—	—	1,184,340,945.66	1,184,340,945.66
3. Transfer from construction in progress	—	31,279,599.03	—	31,279,599.03
Reductions for the year	(244,063,664.64)	(3,295,232.90)	(13,024,518.39)	(260,383,415.93)
1. Disposals	(58,659,645.61)	(2,995,232.90)	(13,024,518.39)	(74,679,396.90)
2. Transfer to investment properties	(53,460,216.56)	—	—	(53,460,216.56)
3. Other transfers-out	(131,943,802.47)	(300,000.00)	—	(132,243,802.47)
31 December 2020	<b>3,282,369,723.02</b>	<b>372,835,362.09</b>	<b>2,883,340,230.04</b>	<b>6,538,545,315.15</b>
II. Accumulated amortization				
31 December 2019	505,485,443.15	110,179,948.27	600,098,455.05	1,215,763,846.47
Additions for the year	68,441,859.84	31,592,962.37	706,146,640.56	806,181,462.77
1. Provision	68,441,859.84	31,592,962.37	706,146,640.56	806,181,462.77
Reductions for the year	(15,445,240.69)	(872,070.66)	(114,831.86)	(16,432,143.21)
1. Disposals	(3,341,890.82)	(862,070.66)	(114,831.86)	(4,318,793.34)
2. Transfer to investment properties	(11,196,401.46)	—	—	(11,196,401.46)
3. Other transfers-out	(906,948.41)	(10,000.00)	—	(916,948.41)
31 December 2020	<b>558,482,062.30</b>	<b>140,900,839.98</b>	<b>1,306,130,263.75</b>	<b>2,005,513,166.03</b>
IV. Net book value				
31 December 2019	2,863,702,290.62	192,130,841.01	1,111,925,347.72	4,167,758,479.35
31 December 2020	<b>2,723,887,660.72</b>	<b>231,934,522.11</b>	<b>1,577,209,966.29</b>	<b>4,533,032,149.12</b>

The proportion of intangible assets arising from internal research and development at the end of the year to balance of total intangible assets is 34.79%.

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 13. Development expenditure

RMB

Item	31 December 2019	Additions	Reductions		31 December 2020
			Recognized as intangible assets	Transfer into profit or loss	
Auto development project	1,730,992,533.56	2,173,837,222.15	(1,184,340,945.66)	(265,136,869.00)	<b>2,455,351,941.05</b>

## 14. Short-term borrowings and long-term borrowings

## (1) Short-term borrowings

RMB

Item	31 December 2020	31 December 2019
Guaranteed loans	<b>358,892,759.31</b>	—
Credit loans	<b>5,902,349,722.23</b>	500,564,895.84
Total	<b>6,261,242,481.54</b>	500,564,895.84

## (2) Long-term borrowings

RMB

Item	31 December 2020	31 December 2019
Secured loans	<b>4,468,984,902.75</b>	—
Pledged loans (Note 1)	<b>530,000,000.00</b>	1,680,000,000.00
Guaranteed loans (Note 2)	<b>600,485,833.33</b>	—
Less: Long-term borrowings due within one year	<b>(94,470,736.08)</b>	(550,000,000.00)
Total	<b>5,505,000,000.00</b>	1,130,000,000.00

Note 1: At the end of the year, the Pledged loan of RMB530,000,000.00 was the loan obtained by the Company with the land use right as the collateral.

Note 2: Guaranteed loans of RMB600,485,833.33 at the end of the year represented the loan obtained by the Company with Great Wall Venture and Investment as guarantor at an annual interest rate of 2.65%, which will be repaid within one to two years.

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 15. Notes payable

Category	RMB	
	31 December 2020	31 December 2019
Bank acceptances	3,746,210,934.89	3,045,768,501.95
Commercial acceptances	—	129,658,524.27
Total	3,746,210,934.89	3,175,427,026.22

## 16. Accounts payable

## (1) Accounts payable is shown as follows:

Item	RMB	
	31 December 2020	31 December 2019
Within 1 year	39,213,698,670.38	26,716,587,547.60
1 to 2 years	75,260,041.56	112,303,340.70
2 to 3 years	62,383,649.38	14,255,571.48
Over 3 years	14,660,659.22	11,722,660.06
Total	39,366,003,020.54	26,854,869,119.84

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 2020	Reason for outstanding or transfer
Supplier 1	28,105,213.80	Payment terms have not been reached
Supplier 2	7,450,000.00	Payment terms have not been reached
Supplier 3	7,273,284.15	Payment terms have not been reached
Supplier 4	6,965,393.00	Payment terms have not been reached
Supplier 5	6,673,845.74	Payment terms have not been reached
Total	56,467,736.69	

## Notes to the Financial Statements

For the year ended 31 December 2020

**XV. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY** (continued)**17. Contract liabilities**

Item	<i>RMB</i>	
	31 December 2020	31 December 2019
Receipts in advance	<b>8,196,904,278.45</b>	5,774,283,754.34
Maintenance service	<b>414,359,718.47</b>	426,680,941.15
Warranty service	<b>79,333,040.71</b>	—
Transportation service	<b>52,109,857.76</b>	44,233,159.44
Total	<b>8,742,706,895.39</b>	6,245,197,854.93

**18. Lease liabilities**

Item	<i>RMB</i>	
	31 December 2020	31 December 2019
Lease liabilities	<b>596,570,445.60</b>	44,616,991.98
Sub-total	<b>596,570,445.60</b>	44,616,991.98
Less: Lease liabilities recognized in non-current liabilities due within one year	<b>(165,288,296.62)</b>	(8,232,453.24)
Total	<b>431,282,148.98</b>	36,384,538.74

## Notes to the Financial Statements

For the year ended 31 December 2020

**XV. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY** (continued)**19. Capital reserve**

<i>RMB</i>				
Item	Opening balance	Additions	Reductions	Closing balance
<b>2020:</b>				
Capital premiums ( <i>Note 1</i> )	1,462,505,554.87	166,152,795.00	(2,086,704.00)	1,626,571,645.87
Other capital reserve ( <i>Note 2</i> )	(3,717,664.31)	203,992,489.83	—	200,274,825.52
<b>Total</b>	<b>1,458,787,890.56</b>	<b>370,145,284.83</b>	<b>(2,086,704.00)</b>	<b>1,826,846,471.39</b>
<b>2019:</b>				
Capital premiums	1,462,470,849.89	34,704.98	—	1,462,505,554.87
Other capital reserve	(3,717,664.31)	—	—	(3,717,664.31)
<b>Total</b>	<b>1,458,753,185.58</b>	<b>34,704.98</b>	<b>—</b>	<b>1,458,787,890.56</b>

*Note 1:* The increase in capital premium for this year was due to the granting of restricted shares by the Group during this year, please refer to Note (XII) for details.

*Note 2:* The increase in other capital reserve for the this was due to the recognition of equity-settled share-based payments of RMB113,877,914.34, 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 RMB90,114,575.49, which was deemed as capital contribution from shareholders.

**20. Undistributed profits**

<i>RMB</i>	
Item	Amount
<b>2020:</b>	
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	<b>34,684,946,477.93</b>
<b>2019:</b>	
Undistributed profits at the beginning of the year	34,792,640,840.00
Add: Net profit	1,459,859,457.61
Others	524,222,629.77
Less: Appropriation of statutory surplus reserve	—
Distribution of cash dividends	(2,646,908,010.00)
Transfer from merger	(63,878,040.20)
Undistributed profits at the end of the year	34,065,936,877.18

## Notes to the Financial Statements

For the year ended 31 December 2020

**XV. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY** (continued)**21. Operating income and operating costs****(1) Operating income and operating costs**

Item	2020		2019	
	Income	Costs	Income	Costs
Principal operating activities	97,068,222,004.30	89,748,771,880.59	92,611,457,430.42	84,183,139,654.49
Other operating activities	2,592,301,453.83	2,035,623,099.08	1,859,389,097.17	1,649,723,954.70
Total	99,660,523,458.13	91,784,394,979.67	94,470,846,527.59	85,832,863,609.19

**(2) Revenue from contracts**

Category of contracts	2020	2019
	Income from the sales of automobiles	91,517,632,951.00
Income from the sales of automotive parts and components	4,903,915,731.13	5,470,393,345.00
Income from the rendering of services	646,673,322.17	2,367,938,929.76
Income from the sales of moulds and others	—	10,353,986.21
Other income	2,337,708,437.36	1,668,739,149.85
Income generated from contracts with customers	99,405,930,441.66	94,280,196,580.27
Rent income	254,593,016.47	190,649,947.32
Total	99,660,523,458.13	94,470,846,527.59

**22. Taxes and levies**

Item	2020	2019
	Consumption tax	2,307,456,825.38
City maintenances and construction tax	204,829,511.96	228,424,442.75
Educational surcharges	185,335,737.86	195,443,092.74
Stamp duty	78,842,462.18	69,379,503.90
Land use tax	49,884,299.22	45,987,905.92
House property tax	63,573,617.48	68,486,365.57
Water resource tax	1,683,327.20	1,733,526.16
Vehicle and vessel use tax	184,686.85	228,030.30
Others	983,143.31	1,351,043.72
Total	2,892,773,611.44	2,966,199,531.33

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 23. Selling expenses

Item	RMB	
	2020	2019
Transportation expenses	981,617,087.48	212,432,293.77
After-sales service expenses	395,907,651.92	735,506,949.75
Wages and salaries	314,214,144.82	220,676,128.42
Consulting service fees	111,719,008.88	146,082,053.32
Advertising and media services fees	1,440,107,536.38	1,311,931,947.78
Port charges	30,452,072.20	23,405,301.34
Travelling expenses	19,430,908.43	27,541,770.72
Share-based payments	10,377,957.67	—
Others	252,859,309.62	78,059,760.58
Total	3,556,685,677.40	2,755,636,205.68

## 24. Administrative expenses

Item	RMB	
	2020	2019
Wages and salaries	814,491,979.93	650,985,772.49
Depreciation and amortization	231,309,519.53	214,278,040.64
Business reception fees	12,081,314.77	11,778,515.80
Office expenses	68,390,142.12	70,440,165.54
Repair and maintenance fees	192,161,295.22	217,269,112.27
Auditors' remuneration	2,584,419.94	2,760,054.47
Consulting service fee	194,758,343.62	88,428,141.55
Share-based payments	36,926,170.34	—
Others	151,410,208.46	182,496,467.64
Total	1,704,113,393.93	1,438,436,270.40

## Notes to the Financial Statements

For the year ended 31 December 2020

**XV. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY** (continued)**25. Financial expense**

Item	<i>RMB</i>	
	2020	2019
Interest expenses on borrowings	<b>190,749,825.52</b>	120,909,583.53
Including: Interest expenses on leases	<b>14,563,013.88</b>	2,590,303.24
Interest income from bank deposits	<b>(575,031,900.74)</b>	(428,959,731.45)
Foreign currency translation differences	<b>58,260,318.58</b>	(3,187,064.01)
Long-term receivables discount	—	102,255,689.09
Others	<b>12,245,427.86</b>	7,756,204.71
Total	<b>(313,776,328.78)</b>	(201,225,318.13)

**26. Investment income**

Breakdown:

Item	<i>RMB</i>	
	2020	2019
Income from long-term equity investments under cost method	<b>3,256,573,486.20</b>	802,243,232.60
Income from long-term equity investments under equity method	<b>911,946,308.20</b>	608,428,725.83
Losses on deregistration of discounted bills	<b>(146,747,132.24)</b>	(195,927,852.04)
Investment income from wealth management products	<b>146,362,830.77</b>	79,435,112.39
Net gains on disposal or deregistration of subsidiaries	<b>851,270.67</b>	8,829,725.79
Dividend income from holding other equity instrument investments	<b>294,000.00</b>	—
Total	<b>4,169,280,763.60</b>	1,303,008,944.57

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

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 27. Impairment losses of assets

Item	RMB	
	2020	2019
I. Losses from decline in value of inventories	(143,133,685.74)	(110,823,397.44)
II. Impairment losses of fixed assets	(97,037,873.59)	(177,574,876.13)
III. Impairment losses of construction in progress	(3,895,990.98)	(5,277,035.04)
Total	(244,067,550.31)	(293,675,308.61)

## 28. Income tax expenses

Item	RMB	
	2020	2019
Current tax expenses	6,390,004.35	—
Deferred tax expenses	(317,125,979.40)	(108,425,405.90)
Total	(310,735,975.05)	(108,425,405.90)

Reconciliation of income tax expenses to the accounting profit is as follows:

Item	RMB	
	2020	2019
Total profit	2,602,067,850.70	1,351,434,051.71
Income tax rate	15%	15%
Income tax expenses calculated at 15%	390,310,177.61	202,715,107.76
Effect of additional deduction for research and development costs	(95,330,323.65)	(115,131,462.15)
Effect of additional deduction for the wages of disabled staff	(417,447.67)	(424,623.07)
Tax effect of non-taxable income	(625,331,544.00)	(211,892,956.95)
Tax effect of non-deductible expenses	17,639,342.50	16,308,528.51
Others	2,393,820.16	—
Total	(310,735,975.05)	(108,425,405.90)

## Notes to the Financial Statements

For the year ended 31 December 2020

**XV. 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	2020	2019
<i>RMB</i>		
<b>1. Reconciliation of net profit to cash flow from operating activities:</b>		
Net profit	2,912,803,825.75	1,459,859,457.61
Add: Impairment losses on assets	244,067,550.31	293,675,308.61
Impairment (gains) losses on credit	4,114,042.23	(29,534,900.59)
Depreciation of fixed assets	2,242,342,098.25	2,600,689,581.54
Depreciation of right-of-use assets	29,757,982.67	10,732,490.41
Amortization of intangible assets	806,181,462.77	601,049,294.45
Amortization of long-term prepaid expenses	10,630,226.45	80,947,956.89
Depreciation and amortization of investment properties	115,334,147.33	73,816,618.80
Losses (gains) on disposals of assets	(40,539,118.42)	(267,159,559.17)
Amortization of deferred income	(430,050,003.95)	(285,311,489.92)
Financial expense	142,270,010.96	125,146,526.11
Gains from changes in fair value	916,032.27	(17,937,453.83)
Investment income	(4,316,027,895.84)	(1,498,936,796.61)
Decrease in deferred tax assets (Less: increase)	(317,125,979.40)	(108,425,405.90)
Decrease in inventories(Less: increase)	(594,125,746.20)	(570,116,647.38)
Decrease in operating receivables (Less: increase)	(14,492,483,965.60)	8,867,376,123.25
Increase in operating payables (Less: decrease)	17,874,178,791.46	(174,332,807.89)
Net cash flows from operating activities	3,907,703,439.12	11,161,538,296.38
<b>2. Significant investing and financing activities which do not involve cash receipts and payments:</b>		
Right-of-use assets recognized by leased fixed assets	152,333,027.42	24,746,428.63
Repay dividends receivable with notes receivable	864,459,447.83	403,676,282.41
<b>3. Net changes in cash and cash equivalents:</b>		
Closing balance of cash and cash equivalents	8,728,034,521.63	4,876,599,293.72
Less: Opening balance of cash and cash equivalents	4,876,599,293.72	11,235,893,795.06
Net increase in cash and cash equivalents	3,851,435,227.91	(6,359,294,501.34)

## Notes to the Financial Statements

For the year ended 31 December 2020

## XV. 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	RMB	
	31 December 2020	31 December 2019
<b>I. Cash</b>	<b>8,728,034,521.63</b>	4,876,599,293.72
Including: Cash on hand	<b>130,666.01</b>	157,021.74
Bank deposits ready to be withdrawn on demand	<b>8,727,903,855.62</b>	4,876,442,271.98
<b>II. Closing balance of cash and cash equivalents</b>	<b>8,728,034,521.63</b>	4,876,599,293.72

## 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	RMB	
		2020	2019
Subsidiary of the Company	Purchase of goods, fixed assets and other materials	<b>72,682,620,352.74</b>	46,429,574,952.45
Other related party of the Company	Purchase of goods, fixed assets and other materials	<b>1,733,214,531.72</b>	920,882,877.90
Subsidiary of the Company	Receipts of services	<b>1,440,622,460.20</b>	652,928,374.78
Joint venture of the Company	Receipts of services	<b>197,169,317.18</b>	—
Other related party of the Company	Receipts of services	<b>37,566,330.67</b>	22,321,977.21
Subsidiary of the Company	Rental payment and others	<b>103,169,891.97</b>	—
Other related party of the Company	Rental payment and others	<b>11,820,920.76</b>	184,992.36

## Notes to the Financial Statements

For the year ended 31 December 2020

## XV. 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	
		2020	2019
Subsidiary of the Company	Sales of goods, fixed assets and other materials	41,710,174,631.07	50,299,884,170.20
Other related party of the Company	Sales of goods, fixed assets and other materials	3,632,828.11	190,286,983.74
Subsidiary of the Company	Rendering of services	752,109,913.06	1,209,353,048.23
Joint venture of the Company	Rendering of services	49,269,044.66	27,696,072.93
Other related party of the Company	Rendering of services	238,131,740.33	5,317,416.96
Subsidiary of the Company	Rental income and others	241,222,603.03	211,280,138.87
Joint venture of the Company	Rental income and others	602,616.57	224,155.58
Other related party of the Company	Rental income and others	21,925,768.57	12,963,447.62
Joint venture of the Company	Interest income from deposits	343,899,154.93	162,170,250.30

## (2) Guarantee

Warrantee	Relationship with the Company	Type of guarantee	Currency	Maximum guaranteed amount	Actual balance of loan borrowed by warrantee
Billion Sunny Development	Subsidiary of the Company	Maximum guarantee	USD	232,500,000.00	200,000,000.00
Billion Sunny Development	Subsidiary of the Company	Maximum guarantee	EUR	396,186,000.00	340,805,161.29
Tianjin Oula	Subsidiary of the Company	Maximum guarantee	RMB	1,000,000,000.00	733,092,629.37
Honeycomb Power	Subsidiary of the Company	Maximum guarantee	RMB	250,000,000.00	160,000,000.00
Honeycomb Power	Subsidiary of the Company	Maximum guarantee	RMB	975,224,000.00	493,251,600.00
Honeycomb Drive	Subsidiary of the Company	Maximum guarantee	RMB	500,000,000.00	427,839,697.95
Honeycomb Electric Drive	Subsidiary of the Company	Maximum guarantee	RMB	300,000,000.00	21,516,579.62
Honeycomb Drive	Subsidiary of the Company	Letter of Credit Guarantee	RMB	158,860,000.00	N/A

## Notes to the Financial Statements

For the year ended 31 December 2020

**XV. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY** (continued)**30. Related party transactions** (continued)**(3) Emolument for key management**

Item	2020	2019
Emolument for key management	<b>21,167,926.90</b>	20,995,450.74

RMB

**(4) Equity transaction and sales and leaseback transaction**

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

**(5) 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 recognised RMB445,019.76 and RMB124,634,623.22 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 RMB573,131,597.95 respectively.

## Notes to the Financial Statements

For the year ended 31 December 2020

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

## 31. Amounts due from/due to related parties

Item	Related party	<i>RMB</i>	
		31 December 2020	31 December 2019
Accounts receivable	Subsidiary of the Company	7,043,762,229.50	6,487,754,425.46
Accounts receivable	Joint venture of the Company	15,022,359.57	—
Accounts receivable	Other related party of the Company	147,052,470.41	4,435,579.00
Subtotal of accounts receivable:		7,205,837,059.48	6,492,190,004.46
Other receivables	Subsidiary of the Company	3,572,727,564.01	2,893,373,708.29
Other receivables	Joint venture of the Company	—	12,112,875.13
Other receivables	Other related party of the Company	2,075,800.00	25,729,720.47
Subtotal of other receivables:		3,574,803,364.01	2,931,216,303.89
Prepayments	Subsidiary of the Company	456,970,794.67	56,075,375.53
Prepayments	Other related party of the Company	1,070,839.42	94,705.91
Subtotal of prepayments:		458,041,634.09	56,170,081.44
Financing with receivables	Subsidiary of the Company	269,535,538.15	83,916,505.81
Financing with receivables	Other related party of the Company	928,128.31	2,510.86
Subtotal of financing with receivables:		270,463,666.46	83,919,016.67
Dividends receivable	Subsidiary of the Company	5,333,938.44	40,909,496.69
Subtotal of dividends receivable:		5,333,938.44	40,909,496.69
Other current assets	Joint venture of the Company	10,372,657,928.59	8,436,276,381.57
Subtotal of other current assets:		10,372,657,928.59	8,436,276,381.57
Accounts payable	Subsidiary of the Company	33,819,177,682.82	20,370,832,818.65
Accounts payable	Joint venture of the Company	60,421,413.12	—
Accounts payable	Other related party of the Company	470,238,860.82	111,895,309.53
Subtotal of accounts payable:		34,349,837,956.76	20,482,728,128.18

## Notes to the Financial Statements

For the year ended 31 December 2020

**XV. 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 2020	31 December 2019
Other payables	Subsidiary of the Company	<b>315,415,160.32</b>	192,327,743.73
Other payables	Joint venture of the Company	<b>9,681.50</b>	—
Other payables	Other related party of the Company	<b>11,425,099.53</b>	1,648,293.90
Subtotal of other payables:		<b>326,849,941.35</b>	193,976,037.63
Contract liabilities	Subsidiary of the Company	<b>4,019,136,160.86</b>	3,493,945,441.08
Contract liabilities	Other related party of the Company	<b>10,029,283.88</b>	179,761.14
Subtotal of contract liabilities:		<b>4,029,165,444.74</b>	3,494,125,202.22
Notes payable	Subsidiary of the Company	<b>1,464,265,656.00</b>	136,172,455.95
Subtotal of notes receivable:		<b>1,464,265,656.00</b>	136,172,455.95
Interests receivable	Subsidiary of the Company	—	133,647.80
Subtotal of interests receivable:		—	133,647.80

# Supplementary information

For the year ended 31 December 2020

## 1. BREAKDOWN OF NON-RECURRING GAINS AND LOSSES

Item	2020	<i>RMB</i> 2019
Profit or loss from disposal of non-current assets	<b>(9,199,220.02)</b>	43,207,041.88
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)	<b>1,266,977,636.02</b>	609,187,841.95
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	—	54,486.41
Gains (losses) from the disposal of long-term equity investments and disposal of wealth management products	<b>193,269,299.94</b>	(89,308,089.77)
Losses on changes in fair values	<b>165,208,627.09</b>	(73,302,005.19)
Non-operating income and expenses except for the above items	<b>85,699,829.09</b>	90,769,597.30
Effect of income tax	<b>(175,785,379.10)</b>	(70,482,054.37)
Effect of minority interests (net of tax)	—	(2,959.70)
Total	<b>1,526,170,793.02</b>	510,123,858.51

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 2020

**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.

<b>2020</b>	<b>Weighted average return on net assets (%)</b>	<b>Earnings per share</b>	
		<b>Basic</b>	<b>Diluted</b>
Net profit attributable to shareholders of ordinary shares of the Company	<b>9.58</b>	<b>0.59</b>	<b>0.58</b>
Net profit attributable to shareholders of ordinary shares of the Company, after deducting non-recurring gains and losses	<b>6.85</b>	<b>0.42</b>	<b>0.42</b>
<b>2019</b>	<b>Weighted average return on net assets (%)</b>	<b>Earnings per share</b>	
		<b>Basic</b>	<b>Diluted</b>
Net profit attributable to shareholders of ordinary shares of the Company	8.45	0.49	N/A
Net profit attributable to shareholders of ordinary shares of the Company, after deducting non-recurring gains and losses	7.49	0.44	N/A

The supplementary information provided by the management of Great Wall Motor Company Limited was endorsed by the followings on 30 March 2021:

Legal Representative: Wei Jian Jun

General Manager: Wang Feng Ying

Chief Financial Officer: Li Hong Shuan

Head of the Finance Section: Lu Cai Juan

30 March 2021

## Section 15 Index of Documents Available for Inspection

Index of Documents  
Available for Inspection

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

Index of Documents  
Available for Inspection

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

**Chairman: Wei Jian Jun**

**Submission date approved by the Board: 30 March 2021**

### AMENDMENTS

Applicable     Not applicable



長城汽車股份有限公司

GREAT WALL MOTOR COMPANY LIMITED\*