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

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

(Stock code: 2333)

ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS
ENDED 30 JUNE 2021

The board of directors (the “**Board**”) of Great Wall Motor Company Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2021. This announcement, containing the full text of the 2021 Interim Report of the Company, is prepared with reference to the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to preliminary announcements of interim results. Printed version of the Company’s 2021 Interim Report will be delivered to the Company’s shareholders and will also be available for viewing on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and of the Company at www.gwm.com.cn.

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

* *For identification purpose only*

IMPORTANT NOTICE

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

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

- IV. **Wei Jian Jun, person-in-charge of the Company, Li Hong Shuan, person-in-charge of the accounting affairs and Wang Hai Ping, person-in-charge of the accounting department (head of the accounting department), declare that they warrant the truthfulness, accuracy and completeness of the financial report in this interim report.**
- V. **Proposal of profit distribution or capitalisation of capital reserve during the Reporting Period considered by the Board**

From January to June 2021, the Company achieved net profit attributable to shareholders of the parent of RMB3,528,617,024.84. As at 30 June 2021, undistributed profits of the Company were RMB41,954,304,884.87. The Company proposed to distribute interim cash dividends as of 30 June 2021 to the shareholders of the Company of RMB2,760,863,663.70 based on the total share capital on the record date for profit distribution, being RMB0.30 per share (tax inclusive).

If the total share capital of the Company changes during the period from the date of disclosure of this plan to the record date for the implementation of the profit distribution, the Company will maintain the amount of distribution per share and adjust the total amount of distribution accordingly.

The above proposal has been approved at the 24th meeting of the seventh session of the Board and is subject to consideration and approval at the shareholders' general meeting.

VI. Risks relating to forward-looking statements

Applicable Not applicable

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

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

No

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

No

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

No

X. Reminder of material risks

During the Reporting Period, there were no material risks resulting in any material impact on the production and operation of the Company. Risks that the Company may encounter in the course of its production and operation and its corresponding measures have been detailed in "Other Disclosures" under Item V of Section 3 headed "Management Discussion and Analysis" of this report.

XI. Others

Applicable Not applicable

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Index of Documents
Available for Inspection

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

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



Section 1 Definitions

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

Definitions for commonly used terms

“A Shares”	domestic shares with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Shanghai Stock Exchange and traded in Renminbi (Stock Code: 601633);
“A Shareholder(s)”	holder(s) of A Share(s);
“Articles”	articles of association of the Company, as amended, modified or otherwise supplemented from time to time;
“Board”	the board of directors of the Company;
“Company” or “Great Wall Motor”	Great Wall Motor Company Limited (長城汽車股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively;
“Company Law”	Company Law of the People’s Republic of China;
“Competing Business”	a business that is identical with or similar to the principal business and other businesses of Great Wall Motor Company Limited;
“CSRC”	China Securities Regulatory Commission;
“Great Wall Binyin”	Tianjin Great Wall Binyin Automotive Finance Company Limited (天津長城濱銀汽車金融有限公司);
“Great Wall Holdings”	Baoding Great Wall Holdings Co., Ltd. (保定市長城控股集團有限公司);
“Group”	Great Wall Motor Company Limited and its subsidiaries;
“H Shares”	the overseas-listed foreign shares with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Main Board of the Hong Kong Stock Exchange and traded in Hong Kong dollars (Stock Code: 2333);
“H Shareholder(s)”	holder(s) of H Share(s);
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;

Section 1 Definitions

“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules;
“PRC”	the People’s Republic of China;
“Reporting Period” or “Current Period”	six months ended 30 June 2021;
“SFC”	The Securities and Futures Commission in Hong Kong;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time;
“Shanghai Stock Exchange”	Shanghai Stock Exchange; and
“Spotlight Automotive”	Spotlight Automotive Limited (光束汽車有限公司).

Section 2 Corporate Profile and Key Financial Indicators

I. CORPORATE INFORMATION

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

II. CONTACT PERSONS AND CONTACT METHODS

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

III. CHANGE IN BASIC INFORMATION

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

IV. INFORMATION DISCLOSURE AND CHANGE IN PLACE OF DOCUMENT INSPECTION

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

Section 2 Corporate Profile and Key Financial Indicators

V. INFORMATION ON THE COMPANY'S SHARES

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

Stock classes	Stock exchanges for the listing of the Company's shares	Listing date	Number of issued shares	Board lot
A Shares	Shanghai Stock Exchange	28 September 2011	6,099,620,569 A Shares (Total shares: 9,199,160,569 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: 9,199,160,569 shares, A Shares: 6,099,620,569 shares)	500 shares

VI. OTHER RELEVANT INFORMATION

√ Applicable Not applicable

Accounting firm appointed by the Company	Deloitte Touche Tohmatsu Certified Public Accountants LLP (auditor of the Company)
Office address of the accounting firm appointed by the Company	30/F, 222 Yan An Road East, Huangpu District, Shanghai
Legal adviser to the Company (as to Hong Kong law)	Fangda Partners
Legal adviser to the Company (as to PRC law)	Jincheng Tongda & Neal Law Firm, Beijing (ceased to serve as the A share legal adviser of the Company since 1 July 2021) Zhong Lun Law Firm (commencing to serve as the A share legal adviser of the Company since 1 July 2021)
H Share registrar and transfer office in Hong Kong	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
A Share registrar and transfer office	Shanghai Branch of China Securities Depository and Clearing Corporation Limited 14/F, East Tower, China Settlement Building, No. 188 South Yanggao Road, Pudong New Area, Shanghai
Investor and media relations consultant (H Shares)	Corporate Link Limited 5th Floor, Chung Nam Building, 1 Lockhart Road, Wanchai, Hong Kong.

Section 2 Corporate Profile and Key Financial Indicators

Principal bankers	Bank of China Limited (Baoding Yuhua sub-branch) Industrial and Commercial Bank of China Limited (Baoding Yonghua sub-branch) China Construction Bank Corporation (Baoding Hengxiang South Street sub-branch) China Everbright Bank Co., Ltd. (Shijiazhuang branch) China CITIC Bank Co., Ltd. (Baoding branch) Bank of Communications Co., Ltd. (Baoding branch) Ping An Bank Co., Ltd. (Guangzhou branch)
Authorised representatives	Ms. Wang Feng Ying Mr. Xu Hui
Financial year-end date	31 December
Executive Directors	Mr. Wei Jian Jun (Chairman) Ms. Wang Feng Ying (Vice Chairman) Ms. Yang Zhi Juan
Non-Executive Director	Mr. He Ping
Independent Non-Executive Directors	Ms. Yue Ying Mr. Li Wan Jun Mr. Ng Chi Kit
Employee Representative Supervisor	Mr. Chen Biao (resigned on 12 May 2021) Ms. Lu Cai Juan (appointed on 12 May 2021)
Independent Supervisors	Ms. Zong Yi Xiang Ms. Liu Qian
Audit Committee	Mr. He Ping Ms. Yue Ying Mr. Li Wan Jun Mr. Ng Chi Kit
Remuneration Committee	Mr. Wei Jian Jun Ms. Yue Ying Mr. Li Wan Jun
Nomination Committee	Mr. Wei Jian Jun Ms. Yue Ying Mr. Ng Chi Kit
Strategy Committee	Mr. Wei Jian Jun Ms. Wang Feng Ying Mr. He Ping Ms. Yue Ying Mr. Li Wan Jun

Section 2 Corporate Profile and Key Financial Indicators

VII. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(I) Key accounting data

Unit: RMB Currency: RMB

Key accounting data	Reporting Period (January-June)	Corresponding period of last year	Increase/ decrease for the Reporting Period over the corresponding period of last year (%)
Total operating revenue	61,928,368,916.17	35,929,193,647.85	72.36
Operating revenue	61,928,368,916.17	35,929,193,647.85	72.36
Net profit attributable to shareholders of the Company	3,528,617,024.84	1,146,142,722.90	207.87
Net profit attributable to shareholders of the Company after extraordinary gains/losses	2,841,990,421.17	802,452,263.90	254.16
Net cash flow from operating activities	15,109,778,752.15	9,516,544,165.59	58.77

Key accounting data	As at the end of the Reporting Period	As at the end of last year	Increase/ decrease as at the end of the Reporting Period over the end of last year (%)
Net assets attributable to shareholders of the Company	59,431,834,963.53	57,341,847,584.19	3.64
Total assets	157,177,839,908.30	154,011,490,632.24	2.06

(II) Key financial indicators

Key financial indicators	Reporting Period (January-June)	Corresponding period of last year	Increase/ decrease for the Reporting Period over the corresponding period of last year (%)
Basic earnings per share (RMB/share)	0.39	0.12	225.00
Diluted earnings per share (RMB/share)	0.38	0.12	216.67
Basic earnings per share after extraordinary gains/losses (RMB/share)	0.31	0.09	244.44
Weighted average return on net assets (%)	6.10	2.06	Increased by 4.04 percentage points
Weighted average return on net assets after extraordinary gains/losses (%)	4.91	1.44	Increased by 3.47 percentage points

Section 2 Corporate Profile and Key Financial Indicators

Description of key accounting data and financial indicators of the Company

Applicable Not applicable

During the Reporting Period, the Company continued to focus on product offerings, reinforced exploration of the international market, and proactively promoted the new energy and intellectualization-driven development, thereby further optimizing its product mix, improving the profitability and contributing to an increase in sales volume of automobiles and gross profit.

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

Applicable Not applicable

IX. ITEMS AND AMOUNT OF EXTRAORDINARY GAINS/LOSSES

Applicable Not applicable

Unit: RMB Currency: RMB

Item of extraordinary gains/losses	Amount
Profit or loss from disposal of non-current assets	-24,025,980.42
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	539,868,173.86
Gains from disposal of long-term equity investments and investment income from disposal of wealth management products (losses stated with "-")	77,456,578.42
Gains from fair value change (losses stated with "-")	91,730,731.96
Non-operating gains and losses other than the above items	47,661,718.92
Effect of income tax	-46,064,619.07
Total	686,626,603.67

X. OTHERS

Applicable Not applicable

Section 3 Management Discussion and Analysis

I. DESCRIPTION OF THE INDUSTRY IN WHICH THE COMPANY OPERATES AND ITS PRINCIPAL BUSINESS 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 five brands, namely Haval, WEY, Great Wall Pick-up, ORA and Tank. The Company, in cooperation with BMW, has established and put into operation a joint venture named Spotlight Automotive Limited which is engaged in providing three product categories-SUVs, sedans and pick-up trucks, as well as manufacturing and supply of related main auto parts.

2. Operating Model

The Company promotes “user-centric” self-reform and innovates in product categories and technologies to create a leading edge in niche markets. The Company is committed to establishing a global network integrating R&D, production, supply and sales.

In respect of R&D, the Company always insists on “making targeted investments and pursuing industry leadership, with a view to accelerating its transformation into a “global technology-driven mobility company”. The Group has built up a global R&D network spanning “ten 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, namely, “Ningmeng”, “TANK” and “COFFEE Intelligence”, forming a technology ecosystem integrating “automatic driving, smart cockpit, efficient fuel and new energy”. The Ningmeng 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, intelligentization 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 P2 9-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 Management Discussion and Analysis

In respect of production, the Company has built “13+5” production facilities across the world, including 13 full-process vehicle production bases and 5 KD plants. In China, its production bases in Baoding, Xushui, Tianjin, Yongchuan of Chongqing, Taizhou of Jiangsu and Pinghu of Zhejiang have been completed and put into operation; its production base projects in Zhangjiagang of Jiangsu and Rizhao of Shandong are progressing smoothly; and its projects in Jingmen of Hubei and Shangrao of Jiangxi have been formally signed. Overseas, the plant in Tula, Russia is operating smoothly; the plant in Rayong Province, Thailand has commenced official operation with the first Haval H6 HEV produced; 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, TANK 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 5 large 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) A significant year-on-year increase in automobile production and sales

From January to June, the production and sales volume of automobiles reached 12,569,000 units and 12,891,000 units, respectively, representing a year-on-year increase of 24.2% and 25.6%, and an increase of 3.4% and 4.4%, respectively, from the corresponding period of 2019.

(2) Above-industry-average increase in passenger vehicles with the sales volume of SUVs exceeding that of sedans

From January to June, the production and sales volume of passenger vehicles amounted to 9,840,000 units and 10,007,000 units, a year-on-year increase of 26.8% and 27.0%, respectively, and a decrease of 1.6% and 1.4%, respectively, from the corresponding period of 2019. By vehicle model, sales volume of SUVs reached 4,731,000 units, exceeding that of sedans by 87,000 units. From January to June, sales of China-made passenger vehicles amounted to 4,198,000 units in aggregate, representing a year-on-year increase of 46.8% and accounting for 42.0% of total sales of passenger vehicles, up 5.7 percentage points compared with that for the corresponding period last year.

Section 3 Management Discussion and Analysis

(3) New energy vehicles witnessing a rapid growth in production and sales volume

From January to June, the production and sales volume of new energy vehicles reached 1,215,000 units and 1,206,000 units, both representing a twofold growth rate and an increase of 94.4% and 92.3% year-on-year compared with that for the corresponding period of 2019, respectively.

(4) A noticeable increase in the production and sales volume of pick-up trucks

From January to June, the production and sales volume of pick-up trucks reached 280,000 units and 283,000 units, a year-on-year increase of 32.3% and 33.9%, respectively, and exceeding those of freight vehicles by 18.6 and 14.5 percentage points, respectively.

(5) Surge in automobile exports

From January to June, exports of automobile companies surged 114.7% year-on-year to 828,000 units. By vehicle model, exports of passenger vehicles amounted to 631,000 units, up 118.6% year-on-year; exports of commercial vehicles amounted to 197,000 units, up 103.2% year-on-year.

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

II. ANALYSIS OF THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

√ Applicable Not applicable

1. Forging a clean business environment with integrity

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

2. Creating value for users

Driven by the “user-centred” core concept, the Company has created and advanced the user operation model from B2B to C2B with users, established a brand-new business model featuring “product + software + service”, facilitated the shift of focus in value chain to the back end, opened up the value chain of the whole life cycle of automobile consumption, and continued to create value for users to achieve mutual creation, co-sharing and win-win with users.

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

Over the years, the Company has been upholding the development strategy of having a thorough understanding of the market and consumer needs, innovating product categories, establishing new brands leveraging the influence of product categories, sharing quality resources, and forging “street fashion” and “vogue style” of the new era with the launch of new categories, such as Haval Da Gou, ORA Hao Mao and TANK 300, which were popular car models for cyber celebrities.

Section 3 Management Discussion and Analysis

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 research and development to accelerate the transformation to a global technology-driven mobility company

Dedicated to the research and development philosophy of “making targeted investment to pursue industry leadership”, the Company continuously improved the hard core strength of “Tech-driven Great Wall”, and drew upon the three technology brands of “GWM Ningmeng”, “TANK WEY” and “GWM COFFEE Intelligence”, to continuously introduce new technologies and products with a focus on the technological ecosystem of autonomous driving, smart cabin, efficient fuel combustion and new energy, thereby accelerating the transformation to a global technology-driven mobility company.

7. Talent cultivation

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

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

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

Operating Environment

According to data from China Association of Automobile Manufacturers, the production and sales volume of automobiles in the first half of 2021 amounted to 12,569,000 units and 12,891,000 units respectively, representing increases of 24.2% and 25.6% year-on-year respectively. However, due to the worsening impact of chip shortage, the monthly sales growth of the automobile industry declined since the second quarter. The China Passenger Car Association forecasted that the chip shortage problem is likely to ease in the third quarter. However, car companies will still face various challenges in the second half of the year as market uncertainties and rising raw material prices persist.

Section 3 Management Discussion and Analysis

Financial Review

Unit: RMB Currency: RMB

	From 1 January 2021 to 30 June 2021 (Unaudited)	From 1 January 2020 to 30 June 2020 (Unaudited)	Changes %
Total operating revenue	61,928,368,916.17	35,929,193,647.85	72.36
Operating revenue	61,928,368,916.17	35,929,193,647.85	72.36
Revenue generated from the sale of automobiles (Note 1)	55,210,171,798.89	31,972,487,262.95	72.68
Revenue generated from the sale of automotive parts and components and others (Note 2)	6,718,197,117.28	3,956,706,384.90	69.79
Selling expenses (Note 3)	2,444,423,361.03	1,077,470,060.82	126.87
Administrative expenses (Note 4)	1,341,218,155.72	941,176,287.60	42.50
Research and development expenses (Note 5)	1,857,755,050.88	1,220,056,896.97	52.27
Financial expenses (Note 6)	-306,464,724.90	155,399,109.54	-297.21
Gross profit (Note 7)	10,063,935,619.16	5,287,554,148.28	90.33
Income tax expenses (Note 8)	407,126,668.90	172,221,427.35	136.40
Net profit attributable to shareholders of the Company (Note 9)	3,528,617,024.84	1,146,142,722.90	207.87
Basic earnings per share	0.39	0.12	225.00
Diluted earnings per share	0.38	0.12	216.67
Gross profit margin (%)	16.25	14.72	Increased by 1.53 percentage points
Percentage of selling expenses to operating revenue (%)	3.95	3.00	Increased by 0.95 percentage point
Percentage of administrative expenses to operating revenue (%)	2.17	2.62	Decreased by 0.45 percentage point

(Note 1) The increase in revenue generated from the sale of automobiles was mainly due to the increase in the sales volume of automobiles during the Reporting Period.

(Note 2) The increase in revenue generated from the sale of automotive parts and components and others was mainly due to: 1) the increase in the revenue from external sale of automotive parts and components during the Reporting Period; 2) the increase in revenue from transportation of automobiles as a result of increased sales volume during the Reporting Period.

(Note 3) The increase in selling expenses was mainly due to comparatively lower expenses for the corresponding period of last year under the impact of COVID-19 in 2020; increase in advertising expenses in line with the launch of new cars and participation in exhibitions, as well as increases in after-sales service expenses, fees and charges for loans, transportation expenses, etc. during the Reporting Period.

(Note 4) The increase in administrative expenses was mainly due to the increases in the salaries of management and consulting service fee during the Reporting Period.

(Note 5) The increase in research and development expenses was mainly due to the increase in research and development investment during the Reporting Period.

(Note 6) The decrease in financial expenses was mainly due to an increase in exchange gain during the Reporting Period.

(Note 7) The increase in gross profit was mainly due to the increase in the sales volume of automobiles during the Reporting Period.

(Note 8) The increase in income tax expenses was mainly due to an increase in taxable income as a result of increased profits during the Reporting Period.

(Note 9) The increase in net profit attributable to shareholders of the Company was mainly due to the increase in the sales volume of automobiles and gross profit.

Section 3 Management Discussion and Analysis

Current assets and current liabilities

Unit: RMB Currency: RMB

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Current Assets	100,910,986,148.22	99,398,966,749.91
Including:		
Cash and bank balances	22,271,791,978.24	14,588,464,389.52
Held-for-trading financial assets	8,636,895,869.20	4,826,193,896.30
Accounts Receivable	3,220,009,213.01	3,936,156,908.98
Receivables financing	42,952,911,403.78	52,984,556,339.76
Prepayments	933,523,244.22	570,917,965.02
Other receivables	1,007,333,315.46	1,032,243,323.43
Inventories	9,631,035,565.35	7,497,635,549.94
Non-current assets due within one year	2,059,291,193.60	1,884,739,784.73
Other current assets	9,381,307,993.20	11,580,488,006.85
Current Liabilities	76,608,530,529.61	81,165,712,444.73
Including:		
Short-term borrowings	3,189,958,455.48	7,901,303,207.55
Accounts payable	25,343,634,653.01	33,185,058,889.00
Notes payable	30,474,722,213.60	16,656,076,418.02
Contract liabilities	7,123,732,734.45	8,027,932,832.07
Employee benefits payable	716,386,926.71	2,530,652,915.21
Taxes payable	1,144,627,020.59	2,785,790,936.60
Other payable	4,042,722,799.20	4,116,969,285.61
Other current liabilities	3,105,034,637.33	5,065,113,514.41

Gearing ratio

Unit: RMB Currency: RMB

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Total liabilities	97,746,004,944.77	96,669,643,048.05
Total equity	59,431,834,963.53	57,341,847,584.19
Gearing ratio	164.47%	168.58%

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

Section 3 Management Discussion and Analysis

Acquisition and disposal of assets

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

Capital structure

The Group generally finances its day-to-day operations with its own cash and bank borrowings. As at 30 June 2021, the Company secured short-term borrowings of RMB3,189,958,455.48, mainly used to replenish daily working capital. The Company secured long-term borrowings of RMB13,656,389,269.93 (including long-term borrowings due within one year), mainly used for the construction of domestic and overseas plants and replenishment of daily working capital. For details of interest rates of the borrowings, please refer to the relevant descriptions of Note (VI) to the financial statements in this interim report.

The proceeds of RMB3,500,000,000 from the Company's issue of convertible bonds will be used for the research and development of new models.

Exposure to foreign exchange risk

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

Unit: RMB Currency: RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Cash and bank balances	2,327,816,148.42	1,371,070,081.90
Held-for-trading financial assets	197,023,680.00	244,394,136.00
Accounts receivable	764,613,025.34	484,028,321.56
Other receivables	1,931,688,103.58	2,453,592,863.34
Accounts payable	-2,763,220,666.11	-2,029,321,176.53
Other payables	-64,062,474.06	-91,950,695.75
Short-term borrowings	-355,305,500.00	-358,869,500.00
Long-term borrowings	-3,911,516,630.71	-4,992,239,449.46

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

Employment, training and development

As at 30 June 2021, the Group employed a total of 66,574 employees (30 June 2020: 60,297 employees). Employees were remunerated by the Group based on their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed on a regular basis. As an incentive for employees, bonuses and cash awards may also be given to employees based on individual performance evaluation. Total staff cost accounted for 8.08% of the Group's total operating revenue as at 30 June 2021 (30 June 2020: 8.91%).

Section 3 Management Discussion and Analysis

Segment information

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

Revenue from external customers by location of revenue sources:

	For the six months ended 30 June	
	2021 RMB (Unaudited)	2020 RMB (Unaudited)
China	55,295,426,727.95	33,399,911,514.62
Russia	2,006,752,169.62	866,794,619.16
Australia	1,124,337,980.42	193,054,118.09
South Africa	1,109,381,034.60	419,261,155.54
Saudi Arabia	560,875,928.87	279,256,523.66
Chile	407,194,333.86	137,792,821.86
Other overseas countries	1,424,400,740.85	633,122,894.92
Total	61,928,368,916.17	35,929,193,647.85

The Group's non-current assets located in other countries are not significant.

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

Section 3 Management Discussion and Analysis

Business Review

Product sales

Unit: unit

Car classification	Item	Sales volume (unit)			Production volume (unit)		
		Total for the Reporting Period	Total for corresponding period of last year	Cumulative year-on-year increase/decrease (%)	Total for the Reporting Period	Total for corresponding period of last year	Cumulative year-on-year increase/decrease (%)
Pick-up truck	Domestic sales	92,903	95,225	-2.44			
	Export	21,451	6,600	225.02			
	Sub-total	114,354	101,825	12.30	119,674	97,350	22.93
SUV	Domestic sales	407,295	268,210	51.86			
	Export	39,898	18,579	114.75			
	Sub-total	447,193	286,789	55.93	442,568	271,344	63.10
Sedan (mainly NEV)	Domestic sales	52,632	9,949	429.02			
	Export	210	1,214	-82.70			
	Sub-total	52,842	11,163	373.37	52,796	10,296	412.78
Total	Domestic sales	552,830	373,384	48.06			
	Export	61,559	26,393	133.24			
	Sub-total	614,389	399,777	53.68	615,038	378,990	62.28

The Group has five major brands, namely Haval, WEY, ORA, Great Wall Pickup and TANK, and three main product categories including SUVs, sedans and pick-up trucks. With respect to product by power type, it offers traditional energy vehicles and new energy vehicles. The Group boasts leading positions in the SUV and pick-up truck markets in China. In the first half of the year, the Group, with “user-orientation” as its focus, continued to transform itself into a “global technology-driven mobility company”.

In the first half of the year, affected by the international chip supply chain, the supply of chips in the global automobile market tightened. In light of the unstable automobile market situation, the Group actively responded by taking various measures to reduce the impact of tight chip supply, including purchasing chips worldwide, accelerating its plan for chip business development, and strengthening the chip purchase management system. Despite the severe market environment, the Group reported satisfactory sales performance in the first half of the year, realising a sales volume of 614,389 units, representing a year-on-year increase of 53.68%; its overseas sales volume continued to reach record high, amounting to 61,559 units in the first half of the year, representing a significant increase of 133.24% year-on-year.

Section 3 Management Discussion and Analysis

(1) Haval brand

The “Haval” brand wins the market by category positioning. Its product portfolio has now covered all SUV sub-markets. In the first half of the year, the Group launched Haval JOLION, Haval Chitu, Haval Da Gou 2.0T, 3rd Gen Haval H6 2.0T and other models. At the 2021 Shanghai International Automobile Industry Exhibition (“Auto Shanghai”), the Group debuted the light off-road X Dog concept car and the high-tech flagship SUV – Haval Shenshou, the latter of which will be launched in the second half of the year. The Haval Chitu HEV model, equipped with the “Ningmeng Hybrid DHT” technology, will be launched in the second half of the year. As of July 2021, Haval has accumulated global sales volume of more than 6.5 million vehicles, making it the best-selling brand for economical SUVs in the world. From January to June, the total sales volume of Haval reached 389,918 units, up by 48.58% year-on-year. Haval H6, the “national legendary car”, ranked first in monthly sales volume in the SUV market for 97 months. Haval will continue to compete in the global SUV market with products’ excellent performance and brand leadership.

(2) WEY brand

The “WEY” brand is a luxury SUV brand under the Group. In 2021, WEY spearheaded the era of smart technology revolution and established a new brand position as a “new-generation intelligent vehicle”. During the Period, the WEY brand released WEY Mocha, a brand-new flagship model and the first product based on the “GWM COFFEE Intelligence” platform. This model, which applies world-leading technologies, is the first mass-produced vehicle to achieve advanced autonomous driving among its peers, providing an ideal vehicle for users who are interested in intelligent technology. Meanwhile, the WEY brand’s innovative use of intelligent hybrid DHT energy technological solutions breaks down the technical barriers of international brands, by enabling the vehicle to achieve efficient operation at all speeds. The high-efficient hybrid engine and dual motor system together make multi-drive mode possible, especially for city driving and highway driving, thus offering users comfortable and safe driving experience. The intelligent hybrid DHT technology has been installed in WEY Macchiato and Latte models, which will be launched in the second half of the year. The “WEY” brand will continue to develop itself as a user-centric, technology-driven and innovative brand.

(3) Great Wall Pickup

As the leader of pick-up truck, Great Wall Motor saw its cumulative global sales volume of pick-up trucks reach nearly 2 million since its launch in 1996. The Group’s pick-up trucks have been exported to Europe, Australia, South America, Southeast Asia, the Middle East, Africa and other parts of the world. In the first half of 2021, the cumulative sales volume reached 114,354 units, representing a year-on-year increase of 12.30%; among which the overseas sales amounted to 21,451 units, representing a significant increase of 225.02% year-on-year. The Group’s market share in China has grown rapidly, reaching nearly 50%. At the same time, it took up the top three spots in the ranking of sales volume of single model. “Great Wall POER” had accumulated sales of more than 10,000 units in 13 months, and continued to rank first in sales volume of pick-up trucks. Great Wall Pickup continued to rank first in domestic and export sales volume for 23 consecutive years.

Section 3 Management Discussion and Analysis

(4) ORA brand

“ORA” is the first independent new energy vehicle brand among Chinese self-owned auto brand. As a stylish car brand for the new era of mobility, ORA constantly pursues innovation and high-quality design, using the most advanced technology to provide the latest and best driving experience to young consumers. In the first half of 2021, ORA announced its positioning as “a car brand that cares women most in the world”. At Auto Shanghai, ORA emerged with a new brand image, introducing various new car models including Shandian Mao, Pengke Mao and the first A+ class SUV. The line-up covered the entire range of sedans and SUVs in the A00-B class market and attracted wide attention from the market and consumers. In the first half of the year, the cumulative sales volume of the ORA brand amounted to 52,639 units, representing a significant year-on-year growth of 428.72%, continuing to rank first in the new energy vehicle segment. A total of 11,170 units of ORA Hao Mao were sold from January to June, and the number of orders exceeded 10,000. During the Period, the ORA brand ranked “No. 1 in the automobile industry on the 2021 China’s Brand and Quality Competitiveness Index”.

(5) TANK brand

The TANK brand is a stylish off-road SUV brand created by Great Wall Motor to cater to the personalised and diverse mobility needs of the new generation of consumers. It is also Great Wall Motor’s major achievement in product innovation. The TANK brand successfully breaks down the barrier between off-road SUV and urban SUV with respect to user experience, by combining the luxury and smart features of an urban SUV with toughness and performance of an off-road SUV. It therefore sets the consumption trend in the SUV market and becomes a new growth driver of the existing market. Adhering to the service principle of “customer-centricity”, TANK precisely seizes the fashion trend and user’s preference. It establishes a brand new user operation model, switching from B2B to C2B, by collaborating and sharing benefits with customers to jointly creating premium brand eco-system experience. During the Period, TANK 300 model continued to record robust sales, with a total of 34,331 units sold between January and June, leading in the high-end off-road vehicle market in China.

Digital transformation

Leveraging the Internet and big data technologies as well as livestream e-commerce, Great Wall Motor explores the new retail model; by delivering seamless online/offline shopping experience and enhancing and modifying its product circulation and sales process, the Group reshapes the automotive sales structure and ecosystem. The Group achieves closed-loop marketing and effectively turns marketing efforts into sales volume, as well as further increases brand loyalty. The Group continues to enhance customer experience. Each brand offers customers better and faster services through APP, thereby improving customer stickiness.

Section 3 Management Discussion and Analysis

R&D strategy

1. Enhanced autonomous driving technology and intelligent driving strategy

In 2009, the Group began its R&D in intelligent driving technology; in 2015, the Group showcased its Level 3 autonomous driving technology for the first time. Now, it has realised mass production of Level 2+ vehicles. At the end of December 2020, the Group officially announced a brand new COFFEE Intelligent Driving's "331 Strategy", with the aim to become the leader in autonomous driving in the era of intelligence. 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. This year, the Group will become the first in China to achieve Level 3 autonomous driving in vehicles with redundant systems. It is expected that the Group will achieve industry-leading Level 4 autonomous driving technology in 2023, which will increase its competitive advantage in intelligent driving. In the first half of 2021, Great Wall Motor closely followed the trend of reform in the industry: focused on new energy and intelligent technology innovation, and accelerated the application of cutting-edge technologies such as high fuel efficiency, intelligent driving, and smart cabins in new products. At present, 90% of Great Wall Motor's vehicles have been installed with Level 2 intelligent driving assistance functions, while newly launched vehicles are all equipped with connected vehicle technology. At the end of June, Great Wall Motor COFFEE Intelligence was officially upgraded to version 2.0, with an important introduction of a whole new electronic and electrical architecture, intelligent wire-controlled chassis, third-generation autonomous driving computing platform ICU3.0, and the first smart cabin GC-OS, which will be featured in COFFEE Intelligent Driving and autonomous driving products to be launched in 2022.

2. Strategic investment in car smart chip company

Early this year, the Group officially ventured into the chip industry with the completion of its strategic investment in Beijing Horizon Robotics Technology R&D Co., Ltd. ("Horizon Robotics"), a leading automotive smart chip company in the industry. The said investment combines the Group's 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 exploration of the chip industry.

3. 6Z30 3.0T engine developed entirely by Great Wall Motor

The Group's self-developed super powertrain comprises 6Z30 3.0T engine and the first domestic longitudinal 9-speed hydraulic automatic transmission/the first domestic P2 hybrid longitudinal 9-speed hydraulic automatic transmission as its core components. It not only boasts the three major characteristics of powerful, high-efficient and reliable performance, but also signifies a technological breakthrough made by a Chinese automobile brand in the field of high-end powertrain. Great Wall Motor's 6Z30 3.0T engine also significantly increases transient response through the use of dual VGT superchargers, dual electronic throttles, integrated water-cooled intercooling design, etc. to reduce turbo lag. As a result, it achieves excellent power performance in off-road scenarios. Apart from this, the Group's 9AT/9HAT transmission boasts a hydraulic torque converter, which uses fluid to transfer power, and thus improves fuel efficiency while offering better ride comfort. In-car dual redundant system and intelligent control software will focus on product's maneuverability and safety performance in future.

Section 3 Management Discussion and Analysis

4. *Smart cabin software development capability reaching world-class level*

In July, the Group's product digital centre officially obtained ASPICE CL2 (Automotive Spice Capability Level 2) evaluation certification, signifying that Great Wall Motor became the first domestic automobile company to receive ASPICE CL2 certification for its smart cabin software project. The Group's smart cabin software product development process and quality management ability have reached world-class level and are leading among mainstream car companies in China. The Group's product digital centre not only further enhances cabin software development and management capability, but also receives international recognition for its comprehensive software capability, which will provide strong support for COFFEE Intelligence to develop cabin software with more dimensional capabilities and to incubate more humanised driving scenarios in the future.

Sales strategy

Introduce new concept store offering extraordinary experience, creating multi-dimensional experience

On 28 May, Great Wall Motor opened its world's first new retail concept store that offers "new customer experience" in Central Plaza Bangna, Bangkok of Thailand. With user's demand and satisfaction at its core, Great Wall Motor's new retail concept store not only offers product display and experience and showcases the Company's brand, but also features various function areas including coffee bar, reading area, lounge area and working area. Such design makes the concept store more than a showroom but a space (User Lifestyle Space) where customers can not only buy cars and enjoy after-sales service but also engage in leisure and entertainment activities. Leveraging the Internet and big data technologies, Great Wall Motor's new retail concept store improves its sales and after-sales services of automobile products as well as delivers both online and offline shopping experience. The store reshapes the automotive sales structure and ecosystem of Thailand, while continuing to enhance Great Wall Motor's brand value in the global market. It virtually provides customers with "premium services within reach".

Management strategies

Establish 3.0 version organisational structure to reconstruct business model

In order to achieve user-orientation, Great Wall Motor is currently building a brand new value system that engages both enterprises and users.

In the past three years, the Company reconstructed its organisation, system, process and corporate ecosystem, forming a 3.0 version organisational structure characterised by "strong back-end platform, large middle platform and small front-end platform". By accumulating the best and cutting-edge technologies, as well as making massive investment in research preparation, the back-end platform enables the Group to lead in technology. The "large middle platform" provides timely business support to "front-end" platform, which is user-centric. A "one car, one brand, one company" organisational mechanism has thus been formed. The new organisation has reconstructed the traditional business model of the automobile industry, building a new C2B model that can make precise and agile connection with users through digital technology.

Section 3 Management Discussion and Analysis

Creating “common interests” to facilitate the Company’s sustainable development

On 25 May 2021, the Group formally announced “2021 Share Option Incentive Scheme of Great Wall Motor Company Limited” and “2021 Restricted Share Incentive Scheme of Great Wall Motor Company Limited”, intending to grant 397,101,000 share options to 8,784 participants and 43,184,000 restricted shares to no more than 586 participants respectively. As of the date of this report, 10,669 participants, representing 16.89% of the total number of employees of the Company, had been granted under Great Wall Motor’s equity incentive schemes for 2020 and 2021. Through building an innovative long-term incentive mechanism, new “common interests” have been formed. Great Wall Motor is effectively turning employees from “workers doing work” to “partners doing business”, thereby facilitating the Company’s long-term healthy development. Meanwhile, large-scale equity incentives, stage-by-stage exercise approach, as well as 20% reserved share options and restricted shares will help Great Wall Motor attract global talents in various sectors, further satisfying the Group’s enormous needs for core technology talents and management personnel, as well as fuelling the Company’s sustainable and rapid development.

Embrace Generation Z

With the rising of the Generation Z consumers, esports, animation and comics, video games, etc, are setting the direction of the popular culture. Great Wall Motor well understands the preference of the new generation. At the 19th ChinaJoy held at the end of July 2021, the Group once again bridged the generation gap of the industry, by introducing a selection of products dedicated to Generation Z. At the 2021 ChinaJoy, the Haval brand officially launched the Creator Program, providing Generation Z with a great opportunity to participate in the design of the exterior of all future Haval car models and modification kits, as well as Haval tie-in cultural and creative products; in return, the creators will receive a corresponding payment. At ChinaJoy, the WEY brand officially released the virtual image of the “AI Autobot”, which bridges the emotional distance between WEY and consumers. The ORA brand unleashed euphoria at ChinaJoy through the establishment of a Cat Planet City and bringing the young generation’s beloved Ali the fox, Miao Lingdang, Muzen Radio (partner brands) onto the stage. In the star-studded line up was the new cool Haomao GT. The Group also announced the price list of Haomao GT for the first time.

Globalisation strategy

1. Global R&D and production systems

Great Wall Motor continued to optimize its implementation of globalization strategy. It has built a global R&D network spanning “10 places in seven countries” covering Asia, Europe and North America, with headquarters in China; with respect to production, the Group has established 10 car production bases in China, 3 fully integrated automobile manufacturing plants and 5 KD (knock-down) factories in overseas markets. At the same time, the Group was also pushing ahead with automobile projects in South America, Europe and other places; it has established market presence in over 60 countries and regions, with cumulative overseas sales of more than 700,000 units. In June, Great Wall Motor’s fully integrated automobile manufacturing plants in Rayong, Thailand, commenced production. It not only signified Great Wall Motor’s intensified development of the ASEAN markets, but also formed an integral part of the Group’s globalisation strategy.

Section 3 Management Discussion and Analysis

2. *Global sales network*

In the first half of 2021, with the process of globalisation accelerating, Great Wall Motor achieved outstanding performance in overseas markets such as Russia, Australia, Chile and South Africa. In the first half of 2021, Great Wall Motor's total sales volume in Russia amounted to 16,754 units, representing 141.24% year-on-year growth. At present, Great Wall Motor's product portfolio for the Russian market comprised 6 types, with over 100 distributors providing comprehensive premium services to local customers. In future, with the Group's marketing strategies in ASEAN, Europe, Australia, Middle East and South America starting to create synergies, more overseas markets will provide strong support to the stable growth of Great Wall Motor's operating revenue.

3. *Global talent system*

Great Wall Motor insists on "not setting any universal standard for people, and basing its workforce planning on skills and capabilities" when it comes to talent selection. The Group broke down boundaries within the organisation, flattened management hierarchy, eliminated age and seniority discrimination by executing "rotating president system" and implementing the "removal of job titles within the organization". With respect to innovative talent management, in addition to "Ten Thousand Talents Plan" and "Global Talents Plan", the Group implemented the latest equity incentive scheme, encouraging employees to transit from "workers doing work" to "partners doing business". As at the date of this report, participants under the two tranches of share incentive scheme have exceeded 10,000 on a cumulative basis, covering 50% of core employees and helping to attract a large number of excellent talents from all over the world. Great Wall Motor has regarded the fostering and establishment of professional talents as an important mission. It has a formidable research team, currently comprising domestic and international specialists and staff with master's or doctoral degrees. Effective management and deployment of research talent as well as respect for top-notch technology talent ensure the continued enhancement of the technological research and development capabilities of Great Wall Motor.

4. *Global business partnership*

In Thailand, Great Wall Motor entered into agreements with its first batch of business partners at the 42nd Bangkok International Motor Show in March on setting up partner stores across the country. These partner stores will feature similar overall design concept and functions as those of GWM retail concept store in Thailand. The Thai business partners are not just dealers, but service providers like Great Wall Motor, who aim to bring new experience to customers. The aforesaid collaboration will enable the Group to constantly deliver satisfactory products and services to the Thai market, thus accelerating the Company's transformation into a global technology-driven mobility company.

Section 3 Management Discussion and Analysis

Major New Models Launched in the First Half of 2021



WEY Mocha

WEY Mocha, the “New-generation Smart Car”

As a smart flagship car based on the COFFEE Intelligence platform, it is the only fossil fuel vehicle equipped with smart driving features like HWA and NOH and the first car equipped with Qualcomm 8155 chip. With a brand-new 2.0T+48V engine and 9DCT transmission, it integrates smart driving, smart cabin and smart services, and has a body meeting global safety standards and an electronically controlled suspension, which can deliver an interesting, comfortable and secure driving experience. These features make it the best travel partner for smart, enterprising elites who are willing to try new things.



Haval Chitu

Haval Chitu, positioned as a powerful car for the new generation, is equipped with a new 4B15C engine which has a maximum power of 135kW, a maximum torque of 275N•m. and an acceleration time of only 7.7 seconds from 0 to 100km/h. In the second half of the year, a hybrid DHT version with the advantages of being “fast, smooth, quiet, and energy-efficient” will be introduced to offer more travel options. The new version will have a comprehensive fuel consumption of 4.6L/100km. In terms of styling, the design language of “Tidal Awakening Aesthetics” is adopted, and its sporty and fashionable appearance and interiors are well received by young people; it has a leading 2,700mm wheelbase in its class, and a wealth of smart functions such as L2 autonomous driving and emotion recognition.

Section 3 Management Discussion and Analysis



Haval JOLION

Haval JOLION, born on GWM Ningmeng platform, a new intelligent modular platform, is a key strategic model targeting the entry-level compact SUV market. Positioned as “the first car for young people”, it adopts the design language of “Burning Love” to embody the passionate pursuit of love by the younger generation. It treats users like its first love and gives what young people want in one go through four industry forward-looking technologies plus four luxury smart functions. Haval JOLION meets the driving needs of young first-time buyers and delivers driving experience beyond their expectations, thus giving young first-time car owners the feeling of “first love”.



3rd Gen Haval H6 2.0T

The 2.0T version is equipped with the first mass-produced GW4N20 2.0TGDI engine with a Miller cycle, a high compression ratio of 12:1, a maximum power output of 155kW, a maximum torque of 325N·m, a thermal efficiency of 38% and 8% fuel consumption savings, and the second-generation 7DCT transmission with a comprehensive transmission efficiency of up to 95.6% which enables hassle-free gear shifting. It also has a smart electronic 4WD system and six drive modes. These features improve the obstacle crossing ability, driving stability and maneuverability of the 3rd Gen Haval H6 2.0T 4WD version, thus bringing more driving pleasure.

Outlook

In the second half of the year, Great Wall Motor will persist with product innovation and introduce more competitive new models. In the face of the challenges and opportunities brought forth by the transforming automobile industry, Great Wall Motor organized the “2025 Strategy Global Launch” in June. With brand new strategic development goals and plans, the Group begins its advancement of a new development stage. In future, basing on the new positioning of “Global Strategic Planning”, “Massive R&D Investment”, “Corporate Reform” and “Customer Management”, Great Wall Motor will insist on its four major strategic directions, namely environmental protection and carbon neutrality, cognitive AI development, global popular brand and product development, and cooperation, collaboration, and co-creation, to accelerate its low-carbon and intelligent technology enhancement and lead in the fields of new energy and AI. By setting the goal to achieve complete carbon neutrality in 2045, the Group becomes the first automobile company in China to announce its target for achieving carbon neutrality.

Section 3 Management Discussion and Analysis

The Group will continue to introduce more competitive models



WEY Macchiato

As the first model equipped with smart hybrid DHT technology, WEY Macchiato, a new generation of smart hybrid SUV, has the best performance in the full speed range and all scenarios, and boasts an ultra-long range of 1,100km and a fuel consumption as low as 4.7L per 100km, bringing users a fast, smooth, quiet, and energy-efficient driving experience. Macchiato's smart cabin is equipped with Qualcomm 8155 chip (which is best-in-class) and 27 smart driving assistance functions such as transparent chassis, remote parking, and tracking & reversing, making it a perfect car for young users in the new travel era.



New version of the 3rd Gen Haval H6

The new version of the 3rd Gen Haval H6 will have the full-vehicle FOTA upgrade function, which is rare for fossil fuel vehicles. In addition, the in-vehicle information system of the new model will also be upgraded and equipped with a face recognition system. In terms of power, the new model is expected to stick with the power configuration of the existing model. It will be equipped with a 1.5T/2.0T engine with a maximum power of 169/211 horsepower, and a 7-speed wet dual-clutch gearbox.

Section 3 Management Discussion and Analysis



Brand new Haval sport sedan

The brand new Haval sport sedan draws inspiration from shark bionics, adopts the design language of “Black Shark Aesthetics”, and combines the king of the deep sea with racing genes. It abounds with visual aesthetic features of a sport sedan and inherits the practical functions of SUV. It is a new-generation Haval sedan targeting fashionable young people and suitable for family travel and sports.



Haval Shenshou

Haval Shenshou, positioned as a leading new-generation smart driving model, is an SUV that meets the needs of consumers for younger, personalized, exquisite and smart vehicles. As the strongest Haval model combining GMW Ningmeng and COFFEE platforms, it inherits Haval’s high-quality genes and is packed with tech-driven, futuristic features, making it a dream car for Generation Z.

Haval Shenshou is expected to hit the market in the second half of 2021. As a high-end flagship product of Haval, Haval Shenshou is the core driver of Haval brand to go high-end, and undertakes the important task of increasing its brand value.

In addition, the Group will also launch various upgraded and modified models in the second half of the year. At the Auto Shanghai, Great Wall Motor showcased its five major brands, namely Haval, Great Wall Pickup, WEY, ORA and TANK (which made its world’s debut as a standalone brand at Auto Shanghai), as well as the Group’s five major auto parts subsidiaries also participated in the event. The car models, including HAVAL Da Gou 2.0T full version, ORA Shandian Cat, ORA Yingtao Cat, TANK 700 and TANK 800, which were built on the Group’s new technology platforms, as well as new platforms and new products will help the Group further increase its market share.

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.

MAJOR CHANGES IN THE COMPANY’S BUSINESS CONDITIONS DURING THE REPORTING PERIOD, AND EVENTS OCCURRING DURING THE REPORTING PERIOD THAT HAVE A MAJOR IMPACT ON THE COMPANY’S BUSINESS CONDITIONS AND ARE EXPECTED TO HAVE A MAJOR IMPACT IN THE FUTURE

Applicable Not applicable

Section 3 Management Discussion and Analysis

IV. PRINCIPAL OPERATION DURING THE REPORTING PERIOD

(I) Analysis of principal business

1 Analysis of changes of relevant items in the financial statements

Unit: RMB Currency: RMB

Item	Amount for the Period	Amount for the corresponding period of last year	Changes (%)
Total operating revenue	61,928,368,916.17	35,929,193,647.85	72.36
Operating revenue	61,928,368,916.17	35,929,193,647.85	72.36
Operating costs	51,864,433,297.01	30,641,639,499.57	69.26
Selling expenses	2,444,423,361.02	1,077,470,060.82	126.87
Administrative expenses	1,341,218,155.72	941,176,287.60	42.50
Financial expenses	-306,464,724.90	155,399,109.54	-297.21
Research and Development expenses	1,857,755,050.88	1,220,056,896.97	52.27
Net cash flows from operating activities	15,109,778,752.15	9,516,544,165.59	58.77
Net cash flows from investing activities	-4,945,518,474.86	-7,491,540,954.58	-
Net cash flows from financing activities	-2,640,623,661.44	7,023,606,278.65	-137.60

Reasons for changes in operating revenue: mainly due to increase in sales volume during the Reporting Period.

Reasons for changes in operating costs: mainly due to increase in sales volume during the Reporting Period.

Reasons for changes in selling expenses: mainly due to lower selling expenses incurred during the corresponding period of 2020 as a result of the COVID-19 pandemic, an increase in marketing expenses resulting from promotion of new vehicles launched during the Reporting Period, and an increase in after-sales services and transportation expenses due to increase in sales volume.

Reasons for changes in administrative expenses: mainly due to an increase in management remunerations and consultation services fees during the Reporting Period.

Reasons for changes in financial expenses: mainly due to an increase in foreign exchange gains during the Reporting Period.

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

Reasons for changes in net cash flows from operating activities: mainly due to an increase in cash received from sales of goods as a result of increase in sales volume during the Reporting Period.

Reasons for changes in net cash flows from investing activities: mainly due to an increase in recovery of principal of wealth management products during the Reporting Period.

Reasons for changes in net cash flows from financing activities: mainly due to an increase in cash paid for debt repayment during the Reporting Period.

Section 3 Management Discussion and Analysis

2 Detailed description of any significant change in business type, profit composition or source of profit of the Company during the Current Period

Applicable Not applicable

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

Applicable Not applicable

(III) Analysis of assets and liabilities

Applicable Not applicable

1. Assets and liabilities

Unit: RMB Currency: RMB

Item	Amount as at the end of the Current Period	Amount as at the end of the Current Period as a percentage of total assets (%)	Amount as at the end of the corresponding period of last year	Amount as at the end of the corresponding period of last year as a percentage of total assets (%)	Changes in the amount as at the end of the Current Period over the end of the corresponding period of last year (%)	Description
Cash and bank balances	22,271,791,978.24	14.17	14,588,464,389.52	9.47	52.67	The change in cash and bank balances was mainly due to the increase in the sales of products and the receipt of proceeds from convertible corporate bonds issued during the Reporting Period.
Held-for-trading financial assets	8,636,895,869.20	5.49	4,826,193,896.30	3.13	78.96	The change in held-for-trading financial assets was mainly due to increase in principal guaranteed wealth management products with floating rate.
Derivative financial assets	5,911,320.14	0.00	2,271,973.16	0.00	160.18	The change in derivative financial assets was due to the change in the fair value of the forward foreign exchange contracts signed by the Group at the end of the Reporting Period.
Prepayments	933,523,244.22	0.59	570,917,965.02	0.37	63.51	The change in prepayments was mainly due to increase in prepaid material expense at the end of the Reporting Period.
Receivables	3,220,009,213.01	2.05	3,936,156,908.98	2.56	-18.19	
Inventories	9,631,035,565.35	6.13	7,497,635,549.94	4.87	28.45	

Section 3 Management Discussion and Analysis

Item	Amount as at the end of the Current Period	Amount as at the end of the Current Period as a percentage of total assets (%)	Amount as at the end of the corresponding period of last year	Amount as at the end of the corresponding period of last year as a percentage of total assets (%)	Changes in the amount as at the end of the Current Period over the end of the corresponding period of last year (%)	Description
Contract assets	810,975,052.02	0.52	495,298,612.22	0.32	63.73	The change in contract assets was due to increase in new energy subsidy receivable by the Company pending approval of the government department during the Reporting Period and expected to be collected within one year.
Long-term equity investments	9,123,005,428.33	5.80	8,415,182,722.15	5.46	8.41	
Other equity instruments investments	188,582,800.00	0.12	7,700,000.00	0.00	2,349.13	The change in other equity instruments investments was due to increase in investment during the Reporting Period.
Other non-current financial assets	51,820,372.83	0.03	24,500,000.00	0.02	111.51	The change in other non-current financial assets was mainly due to additional investment made by the Company in fund enterprises during the Reporting Period.
Investment properties	316,087,019.11	0.20	325,631,402.08	0.21	-2.93	
Fixed assets	27,221,676,708.72	17.32	28,609,221,999.83	18.58	-4.85	
Construction in progress	2,868,140,569.17	1.82	2,936,380,757.60	1.91	-2.32	
Right-of-use assets	275,341,920.99	0.18	238,889,308.01	0.16	15.26	
Deferred income tax assets	1,986,317,701.70	1.26	1,183,302,566.37	0.77	67.86	The change in deferred income tax assets was mainly due to increase in deductible tax bases, such as share incentive scheme.
Other non-current assets	1,499,489,183.20	0.95	981,595,216.15	0.64	52.76	The change in other non-current assets was mainly due to increase in new energy subsidy receivable by the Company pending approval of the government department and expected to be collected after one year.

Section 3 Management Discussion and Analysis

Item	Amount as at the end of the Current Period	Amount as at the end of the Current Period as a percentage of total assets (%)	Amount as at the end of the corresponding period of last year	Amount as at the end of the corresponding period of last year as a percentage of total assets (%)	Changes in the amount as at the end of the Current Period over the end of the corresponding period of last year (%)	Description
Short-term borrowings	3,189,958,455.48	2.03	7,901,303,207.55	5.13	-59.63	The change in short-term borrowings was due to decrease in short-term borrowings secured from banks during the Reporting Period.
Derivative financial liabilities	1,049,929.88	0.00	4,879,853.91	0.00	-78.48	The change in derivative financial liabilities was due to the change in the fair value of the forward foreign exchange contracts signed by the Group at the end of the Reporting Period.
Notes payable	30,474,722,213.60	19.39	16,656,076,418.02	10.81	82.96	The change in notes payable was mainly due to the increase material procurement and increase in payment methods for pledged invoicing during the Reporting Period.
Contract liabilities	7,123,732,734.45	4.53	8,027,932,832.07	5.21	-11.26	
Employee benefits payable	716,386,926.71	0.46	2,530,652,915.21	1.64	-71.69	The change in employee benefits payable was mainly due to payment of employee bonuses provided in December 2020 during the Reporting Period.
Taxes payable	1,144,627,020.59	0.73	2,785,790,936.60	1.81	-58.91	The change in taxes payable was mainly due to decrease in taxes payable as a result of decrease in sales in June during the Reporting Period as compared to December 2020.
Non-current liabilities due within one year	1,466,661,159.36	0.93	891,934,592.35	0.58	64.44	The change in non-current liabilities due within one year was mainly due to issuance of senior asset-backed securities by Tianjin Oula Financial Leasing Co., Ltd. (天津歐拉融資租賃有限公司), a subsidiary of the Company, during the Reporting Period.
Other current liabilities	3,105,034,637.33	1.98	5,065,113,514.41	3.29	-38.70	The change in other current liabilities was mainly due to repayment of short-term bonds payable issued in the previous year by the Company during the Reporting Period.
Long-term borrowings	13,112,452,936.71	8.34	10,777,205,207.80	7.00	21.67	

Section 3 Management Discussion and Analysis

Item	Amount as at the end of the Current Period	Amount as at the end of the Current Period as a percentage of total assets (%)	Amount as at the end of the corresponding period of last year	Amount as at the end of the corresponding period of last year as a percentage of total assets (%)	Changes in the amount as at the end of the Current Period over the end of the corresponding period of last year (%)	Description
Bonds payable	3,517,225,631.22	2.24	-	-	100.00	The figures of bonds payable as at the end of the Reporting Period represented the amount recognized for the debt portion of the convertible corporate bonds issued by the Company and the senior asset-backed securities issued by Tianjin Oula Financial Leasing Co., Ltd. (天津歐拉融資租賃有限公司), a subsidiary of the Company.
Lease liabilities	473,066,860.95	0.30	495,284,830.49	0.32	-4.49	
Capital reserve	2,479,093,630.78	1.58	1,779,310,235.25	1.16	39.33	The change in capital reserve was mainly due to the increase in capital reserve as a result of deductible income tax relating to share incentive scheme exceeding costs pending recognition during the Reporting Period
Other equity instruments	336,012,380.39	0.21	-	-	100.00	The figures of other equity instruments as at the end of the Reporting Period represented the amount recognized for the equity portion of the convertible corporate bonds issued by the Company
Less: treasury shares	116,380,271.00	0.07	200,773,416.00	0.13	-42.03	The change in treasury shares was mainly due to unlocking of the Group's restricted incentive shares during the Reporting Period.

2. Overseas assets

Applicable Not applicable

(1) Asset scale

Of which: overseas assets 162.41 (Unit: 100,000,000 Currency: RMB), accounting for 10.33% of total assets.

(2) Explanation of overseas assets

Applicable Not applicable

Section 3 Management Discussion and Analysis

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

Applicable Not applicable

Item	Carrying amount at the end of the period	Reasons for the restrictions
Cash and bank balances	1,207,646,808.76	Security and margin deposits for bank acceptances, L/C, letter of guarantee deposits and others
Notes receivable	31,440,208,731.69	Used for issuance of notes payable and security for short-term borrowings
Intangible assets	82,233,067.75	Used for security over long-term borrowings
Long-term receivables	3,080,601,143.55	Used for security over short-term borrowings, long-term borrowings and bonds payable
Total	35,810,689,751.75	

4. Description of other matters

Applicable Not applicable

(IV) Analysis of investments

1. Overall analysis of external equity investment

Applicable Not applicable

During the Reporting Period, the total equity investment of the Group was RMB1,215,638,700, representing an increase of 34.55% as compared with RMB903,502,600 in the corresponding period of last year.

Section 3 Management Discussion and Analysis

(1) Major equity investment

√ Applicable □ Not applicable

Name of Investee	Principal business	Investment amount (RMB10,000)	Percentage of shareholding
Honeycomb Yichuang Technology Co., Ltd. (蜂巢易創科技有限公司)	Research and development, manufacture, examination, testing, trial production, design and technical services, consulting services, transfer of technology, sale and after-sales services of automotive parts, components and accessories, engines and relevant components, transmissions and relevant components, decelerators and relevant components, new energy generators and relevant components, new energy controllers and relevant components, smart steering systems and relevant components, automated driving systems and relevant components; manufacture of electrical and mechanical equipment; repair of automotive parts and components; transportation of ordinary goods; warehousing (excluding flammable and explosive hazardous chemicals) services; leasing of self-owned properties and equipment; proprietary and agency businesses of import and export of commodities other than the export businesses centrally and jointly monopolized by the State authorities and the import businesses traded by the State-approved companies; enterprise management consulting services; corporate image planning services; public relations services; conference services. (Business activities subject to approval according to law may be carried out only after being approved by the competent authorities)	89,979	100.00%
Hebei Xiong'an Great Wall Motor Technology Co., Ltd. (河北雄安長城汽車科技有限公司)	Research and development of smart vehicles and driverless technologies; research and development of automotive electronic control system; research and development and design of electric vehicle charging facilities, technical development, technical consultation and technical services; computer-aided software development and service; research and development of a new generation of artificial intelligence technology; computer internet information service (excluding online news); information system integration services; automobile sales and maintenance. (Business activities subject to approval according to law may be carried out only after being approved by the competent authorities)	4,100	100.00%

Section 3 Management Discussion and Analysis

Name of Investee	Principal business	Investment amount (RMB10,000)	Percentage of shareholding
Mind Electronics Company Limited (曼德電子電器有限公司)	Research and development, design, manufacturing, sales and after-sales service of auto parts and accessories, refrigeration and air-conditioning equipment, power electronic components, lighting fixtures, wires and cables, transportation equipment and counting instruments for production, molds, industrial automatic control system devices and mechanical parts; road transport of general goods and special transport (van); import and export of goods or technologies (except those prohibited by the state or subject to administrative examination and approval); technical advisory services; enterprise management consulting services; lease of self-owned buildings, venues and equipment (Business activities subject to approval according to law may be carried out only after being approved by the competent authorities)	20,000	100.00%
Chongqing Great Wall Motor Sales Service Co., Ltd. (重慶長城汽車銷售服務有限公司)	Licensed services: car rental; catering services; import and export agency; technology import and export; import and export of goods. (Business activities subject to approval according to law may be carried out only after being approved by the competent authorities, and the specific business projects shall be subject to the approval documents or permits of relevant departments). General services: auto parts wholesale; auto parts retail; sales of daily necessities; sales of new energy vehicles; sales of new cars; sales of metal products; sales of metal materials; sales of machinery and equipment; sales of automobile decoration products; sales of instruments; wholesale of electronic components; sales of used cars; technical services, technical development, technical consultation, technical exchange, technology transfer and technology promotion; advertising (non-radio stations, television stations, newspapers and periodicals publishing units); advertising design and agency; advertising production; marketing planning; information consulting services (excluding licensing information consulting services); conference and exhibition services; car wash service; charging pile sales; sales of motor vehicle charging; motor vehicle repair and maintenance; used car brokerage; business agent service; ticketing agency service; internet sales (except for the sale of goods subject to licensing). (except for services that are subject to approval in accordance with the laws, business activities should be conducted independently with the business license(s) in accordance with the laws)	1,100	100.00%
Tide Technology and Trade Company Limited (泰德科貿有限公司)	International trade, equity investment, investment and financing services	3,159.07	100.00%
HWA Ding International Co., Ltd (華鼎國際有限公司)	International trade, equity investment, investment and financing services	3,225.80	100.00%

Section 3 Management Discussion and Analysis

(2) Major investment in non-equity interest

Applicable Not applicable

(3) Financial assets measured at fair value

Applicable Not applicable

Unit: RMB Currency: RMB

Item	30 June 2021
Financial assets at fair value through profit or loss	
Including: Debt instrument investment	8,439,872,189.20
Equity instrument investments	197,023,680.00
Derivative financial assets	5,911,320.14
Other non-current financial assets	51,820,372.83
Financial assets classified as at fair value through other comprehensive income	
Including: Financing with receivables – notes receivable	42,952,911,403.78
Financial assets designated as at fair value through other comprehensive income	
Including: Other equity instrument investments	188,582,800.00

(V) Disposal of major assets and equity interest

Applicable Not applicable

(VI) Analysis of major subsidiaries and investees

Applicable Not applicable

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

Unit: RMB Currency: RMB

Full name of subsidiaries	Business nature	Registered capital	Proportion of shareholding (%)	Proportion of voting rights (%)	Total assets as at the end of the Reporting Period	Total net assets as at the end of the Reporting Period	Operating revenue for the Reporting Period	Operating profit for the Reporting Period	Net profit for the Reporting Period
Chongqing Yongchuan Great Wall Auto Parts Co., Ltd. (重慶市永川區長城汽車零部件有限公司)	Sale of auto parts	30,000,000	100	100	29,710,137,932.87	1,038,371,047.77	24,510,118,414.91	1,178,342,900.98	1,016,370,127.70

Section 3 Management Discussion and Analysis

Full name of subsidiaries	Business nature	Registered capital	Proportion of shareholding (%)	Proportion of voting rights (%)	Total assets as at the end of the Reporting Period	Total net assets as at the end of the Reporting Period	Operating revenue for the Reporting Period	Operating profit for the Reporting Period	Net profit for the Reporting Period
Chongqing Haval Automobile Co., Ltd. (重慶哈弗汽車有限公司)	Auto selling	5,000,000	100	100	5,944,909,112.83	1,024,331,429.49	19,943,565,976.97	1,116,955,082.86	956,034,192.44
Tianjin Great Wall Binyin Automotive Finance Co., Ltd. (天津長城濱銀汽車金融有限公司)	Automotive Finance	6,600,000,000	98.18	50	41,035,511,131.30	9,449,932,144.90	1,848,056,005.38	989,778,392.67	742,395,557.31
Nuobo Automotive Systems Co., Ltd. (諾博汽車系統有限公司)	R & D, manufacturing and sales of auto parts	2,283,000,000	100	100	10,189,063,251.50	4,257,835,822.61	4,704,771,713.47	660,159,411.47	586,086,387.68
Jingcheng Engineering Automotive Systems Co., Ltd. (精誠工科汽車系統有限公司)	R & D, manufacturing and sales of auto parts	1,000,000,000	100	100	8,507,842,869.66	2,626,713,940.84	5,181,138,226.74	663,977,178.52	581,417,841.53
Honeycomb Yichuang Technology Co., Ltd. (蜂巢易創科技有限公司)	R & D, manufacturing and sales of auto parts	3,200,000,000	100	100	3,508,391,297.00	3,251,843,391.27	108,586,455.27	523,071,089.20	522,768,495.59
Baoding Great Wall Ants Logistics Co., Ltd. (保定長城螞蟻物流有限公司)	Logistics and ordinary goods transportation	250,000,000	100	100	151,468,464.36	129,885,558.33	32,835,416.52	378,941,339.68	385,382,358.44

(VII) Structured entities under the control of the Company

Applicable Not applicable

Section 3 Management Discussion and Analysis

V. OTHER DISCLOSURES

(I) Exposure to potential risks

Applicable Not applicable

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

1. Global economic recovery and control over COVID-19 is still subject to instabilities and uncertainties, and on-going efforts are required to cement the foundation for continuous business reopening in the PRC;
2. Chip short supply still has pronounced impact on business production, and the surge in raw material price further intensifies cost pressure for business operations;
3. 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;
4. The automobile industry is shifting from boosting production to de-stocking. With intensified market competition, the period for effortless business success is over and elimination has been triggered, which leads to a sharp shrink in the error-tolerance potential for businesses, and a slight carelessness may result in performance slump.

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

1. Actively promoting globalization: the Company will consolidate the global production layout, launch a number of global vehicle models in the overseas markets, continue to extend presence in key strategic markets such as Thailand, Russia, Australia, South America and the Middle East, and gradually broaden the global layout to contribute to a continuous rise in sales in the overseas market;
2. Accelerating layout in the chip industry: the Company will accelerate layout in the chip industry, strengthen the system construction in the chip field, and at the same time continuously deepen the potential of the brand matrix, open up and cover more blue ocean markets, and promote the continuous improvement of business performance in full swing;
3. Focusing on new energy and intelligence: Great Wall Motor will deepen layout in new energy core technologies and industrial chains, seize the vantage point of new energy technologies, enhance the application of "green energy", expand the IOT ecosystem based on intelligent network connection to create user-specific automobiles ecosystem, and provide users with a considerate cognitive intelligence experience capable of thinking and judgment;
4. Launching continuous reform: Great Wall Motor has established a new strategic positioning of "global layout", "R&D investment", "Group reform" and "user operation" to carry out comprehensive and thorough innovation and reform, and sharpen its competitiveness.

Section 3 Management Discussion and Analysis

(II) Other Disclosures

√ Applicable Not applicable

Interim Dividend

For details, please refer to the relevant descriptions of “Profit Distribution Plan for Ordinary Shares or Plan for Capitalisation of Capital Reserves” in item III of section 4 “Corporate Governance” in this report.

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

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

Corporate Governance

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

Audit Committee

The Company has set up the Audit Committee for the purposes of reviewing and supervising the financial reporting process and internal control of the Group. The Audit Committee comprises three independent non-executive directors and one non-executive director of the Company. At the meeting held on 26 August 2021, the Audit Committee reviewed the 2021 interim results announcement, interim report and interim financial report of the Group and gave their opinions and recommendations to the Board. The Audit Committee is of the opinion that the 2021 interim results announcement, interim report and interim financial report of the Company comply with the applicable accounting standards and the Company has made appropriate disclosure thereof.

Remuneration Committee

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

Nomination Committee

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

Section 3 Management Discussion and Analysis

Strategy Committee

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

Compliance with the Model Code

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

Save as disclosed in this report, information with respect to the Group's other matters as set out in paragraph 32 of Appendix 16 to the Hong Kong Listing Rules has not changed materially from that included in the Company's 2020 annual report.

Section 4 Corporate Governance

I. SUMMARY OF THE GENERAL MEETINGS

Session	Convening date	Designated website on which the resolution was published	Publication date of the resolution	Resolution approved
2021 first extraordinary general meeting	15 January 2021	Shanghai Stock Exchange www.sse.com.cn ; Hong Kong Stock Exchange www.hkexnews.hk	15 January 2021	The Resolution in Relation to Registration and Issuance of Super Short-term Commercial Papers was considered and approved
2021 second extraordinary general meeting	24 February 2021	Shanghai Stock Exchange www.sse.com.cn ; Hong Kong Stock Exchange www.hkexnews.hk	24 February 2021	The Resolution in Relation to Profit Distribution Proposal for the First Three Quarters of 2020 was considered and approved
2021 third extraordinary general meeting	18 March 2021	Shanghai Stock Exchange www.sse.com.cn ; Hong Kong Stock Exchange www.hkexnews.hk	18 March 2021	The Resolution in Relation to Grant of Reserved Restricted Shares to the Directors of the Company's Significant Subsidiaries and the connected transaction was considered and approved
2020 annual general meeting	23 April 2021	Shanghai Stock Exchange www.sse.com.cn ; Hong Kong Stock Exchange www.hkexnews.hk	23 April 2021	The Resolution in Relation to the Audited Financial Report for the Year 2020, the Resolution in Relation to the Report of the Board for the Year 2020, the Resolution in Relation to the Profit Distribution Proposal for the Year 2020, the Resolution in Relation to the Annual Report of the Company for the Year 2020 and its Summary, the Resolution in Relation to the Report of the Independent Directors for the Year 2020, the Resolution in Relation to the Report of the Supervisory Committee for the Year 2020, the Resolution in Relation to the Operating Strategies of the Company for the Year 2021, the Resolution in Relation to the Re-appointment of Auditors, the Resolution in Relation to the Plan of Guarantees to be Provided by the Company for the Year 2021, the Resolution in Relation to General Mandate to the Board to Issue A Shares and H Shares and the Resolution in Relation to General Mandate to the Board to Repurchase A Shares and H Shares were considered and approved

Section 4 Corporate Governance

Session	Convening date	Designated website on which the resolution was published	Publication date of the resolution	Resolution approved
2021 first H shareholders' class meeting	23 April 2021	Shanghai Stock Exchange www.sse.com.cn ; Hong Kong Stock Exchange www.hkexnews.hk	23 April 2021	The Resolution in Relation to General Mandate to the Board to Repurchase A Shares and H Shares was considered and approved
2021 first A shareholders' class meeting	23 April 2021	Shanghai Stock Exchange www.sse.com.cn ; Hong Kong Stock Exchange www.hkexnews.hk	23 April 2021	The Resolution in Relation to General Mandate to the Board to Repurchase A Shares and H Shares was considered and approved
2021 fourth extraordinary general meeting	22 July 2021	Shanghai Stock Exchange www.sse.com.cn ; Hong Kong Stock Exchange www.hkexnews.hk	22 July 2021	The Resolution in Relation to the 2021 Restricted Share Incentive Scheme (Draft) of Great Wall Motor Company Limited and its Summary, the Resolution in Relation to the 2021 Share Option Incentive Scheme (draft) of Great Wall Motor Company Limited and its summary, the Resolution in Relation to the Appraisal Management Measures for Implementation of the 2021 Restricted Share Incentive Scheme of Great Wall Motor Company Limited, the Resolution in Relation to the Appraisal Management Measures for Implementation of the 2021 Share Option Incentive Scheme of Great Wall Motor Company Limited, the Resolution in Relation to the Proposal to the General Meeting to Grant Authority to the Board and Such Persons as Delegated by the Board to Handle in Full Discretion All Matters in Connection with the 2021 Restricted Share Incentive Scheme of the Company, the Resolution in Relation to the Proposal to the General Meeting to Grant Authority to the Board and Such Persons as Delegated by the Board to Handle in Full Discretion All Matters in Connection with the 2021 Share Option Incentive Scheme of the Company, the Resolution in Relation to the Amendments to the Articles of Association of the Company and the Resolution in Relation to the Participation of the Connected Persons of the Company in the 2021 Restricted Share Incentive Scheme of the Company under the Terms and Conditions of Such Scheme Constituting a Connected Transaction under Hong Kong Listing Rules were considered and approved

Section 4 Corporate Governance

Session	Convening date	Designated website on which the resolution was published	Publication date of the resolution	Resolution approved
2021 second H shareholders' class meeting	22 July 2021	Shanghai Stock Exchange www.sse.com.cn ; Hong Kong Stock Exchange www.hkexnews.hk	22 July 2021	The Resolution in Relation to the 2021 Restricted Share Incentive Scheme (Draft) of Great Wall Motor Company Limited and its Summary, the Resolution in Relation to the 2021 Share Option Incentive Scheme (draft) of Great Wall Motor Company Limited and its summary, the Resolution in Relation to the Appraisal Management Measures for Implementation of the 2021 Restricted Share Incentive Scheme of Great Wall Motor Company Limited, the Resolution in Relation to the Appraisal Management Measures for Implementation of the 2021 Share Option Incentive Scheme of Great Wall Motor Company Limited, the Resolution in Relation to the Proposal to the General Meeting to Grant Authority to the Board and Such Persons as Delegated by the Board to Handle in Full Discretion All Matters in Connection with the 2021 Restricted Share Incentive Scheme of the Company and the Resolution in Relation to the Proposal to the General Meeting to Grant Authority to the Board and Such Persons as Delegated by the Board to Handle in Full Discretion All Matters in Connection with the 2021 Share Option Incentive Scheme of the Company were considered and approved
2021 second A shareholders' class meeting	22 July 2021	Shanghai Stock Exchange www.sse.com.cn ; Hong Kong Stock Exchange www.hkexnews.hk	22 July 2021	The Resolution in Relation to the 2021 Restricted Share Incentive Scheme (Draft) of Great Wall Motor Company Limited and its Summary, the Resolution in Relation to the 2021 Share Option Incentive Scheme (draft) of Great Wall Motor Company Limited and its summary, the Resolution in Relation to the Appraisal Management Measures for Implementation of the 2021 Restricted Share Incentive Scheme of Great Wall Motor Company Limited, the Resolution in Relation to the Appraisal Management Measures for Implementation of the 2021 Share Option Incentive Scheme of Great Wall Motor Company Limited, the Resolution in Relation to the Proposal to the General Meeting to Grant Authority to the Board and Such Persons as Delegated by the Board to Handle in Full Discretion All Matters in Connection with the 2021 Restricted Share Incentive Scheme of the Company and the Resolution in Relation to the Proposal to the General Meeting to Grant Authority to the Board and Such Persons as Delegated by the Board to Handle in Full Discretion All Matters in Connection with the 2021 Share Option Incentive Scheme of the Company were considered and approved

Description of the Convening of Extraordinary General Meetings Requested by the Shareholders Holding Preference Shares with Restored Voting Rights

Applicable Not applicable

Description of General Meetings

Applicable Not applicable

Section 4 Corporate Governance

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

Applicable Not applicable

Name	Position	Change
Chen Biao	Supervisor	Resigned
Lu Cai Juan	Supervisor	Appointed

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

Applicable Not applicable

- Mr. Chen Biao ceased to perform his duties as an employee representative Supervisor and chairman of the Supervisory Committee of the Company due to changes in personal work arrangements and applied to resign from the positions of chairman of the Supervisory Committee and employee representative Supervisor of the Company, with effect from 12 May 2021. Mr. Chen Biao will continue to assume other positions within the Company upon resignation. At the 16th meeting of the seventh session of the Supervisory Committee of the Company held on 12 May 2021, Ms. Lu Cai Juan was elected as the chairman of the seventh session of the Supervisory Committee with a term commencing from the date on which such election results were considered and approved by the Supervisory Committee until the expiry of the seventh session of the Supervisory Committee.
- Mr. Hu Shu Jie applied to resign as the deputy general manager of the Company due to personal reasons. Meanwhile, Mr. Hu Shu Jie will not assume other positions in the Company upon resignation. Mr. Hu Shu Jie has finished hand-over of corresponding tasks and documents as required by the Company, and therefore his resignation will not affect the normal business operation of the Company and is in line with relevant requirements of laws, regulations and internal policies of the Company. His resignation takes effect upon consideration and approval at the 24th meeting of the seventh session of the Board to be held on 27 August 2021.

III. PROPOSAL OF PROFIT DISTRIBUTION OR CAPITALISATION OF CAPITAL RESERVE

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

Any distribution or capital increase	Yes
Number of bonus shares	
for every 10 shares (share)	0
Dividends for every 10 shares	
(RMB) (tax inclusive)	3.00
Number of capitalisation shares	
for every 10 shares (share)	0
Details of proposal of profit distribution or capitalisation of capital reserve	From January to June 2021, the Company achieved net profit attributable to shareholders of the parent of RMB3,528,617,024.84. As at 30 June 2021, undistributed profits of the Company were RMB41,954,304,884.87. The Company proposed to distribute interim cash dividends as of 30 June 2021 to the shareholders of the Company of RMB2,760,863,663.70 based on the total share capital on the record date for profit distribution, being RMB0.30 per share (tax inclusive).

If there is any change in the total share capital of the Company between the date of disclosure of this plan and the record date for the implementation of the profit distribution, the Company will maintain the amount of distribution per share and adjust the total amount of distribution accordingly.

The above proposal has been approved at the 24th meeting of the seventh session of the Board and is subject to consideration and approval at the shareholders' general meeting.

Section 4 Corporate Governance

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

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

√ Applicable Not applicable

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

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

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Description	Inspection index
Third Announcement to Creditors of Great Wall Motor Company Limited in Relation to Repurchase and Cancellation of Partial Restricted Shares	For details, please refer to the announcement dated 9 April 2021 on the websites of Shanghai Stock Exchange (http://www.sse.com.cn) (Ann No. 2021-058), Hong Kong Stock Exchange (https://www.hkex.com.hk) and the Company (https://www.gwm.com.cn)
Announcement on Completion of Repurchase and Cancellation of Certain Restricted Shares under the First Grant Pursuant to the 2020 Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcement dated 9 April 2021 on the websites of Shanghai Stock Exchange (http://www.sse.com.cn) (Ann No. 2021-059), Hong Kong Stock Exchange (https://www.hkex.com.hk) and the Company (https://www.gwm.com.cn)
Announcement on Unlocking and Listing of the First Tranche of Restricted Shares under the First Grant of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcement dated 21 April 2021 on the websites of Shanghai Stock Exchange (http://www.sse.com.cn) (Ann No. 2021-063), Hong Kong Stock Exchange (https://www.hkex.com.hk) and the Company (https://www.gwm.com.cn)
Announcement on Fulfillment of Exercise Conditions of the First Exercise Period of Share Options under the First Grant of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcement dated 28 April 2021 on the websites of Shanghai Stock Exchange (http://www.sse.com.cn) (Ann No. 2021-069), Hong Kong Stock Exchange (https://www.hkex.com.hk) and the Company (https://www.gwm.com.cn)
Indicative Announcement on Exercise Restriction Period of the First Exercise Period of Share Options under the First Grant of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcement dated 7 May 2021 on the websites of Shanghai Stock Exchange (http://www.sse.com.cn) (Ann No. 2021-070), Hong Kong Stock Exchange (https://www.hkex.com.hk) and the Company (https://www.gwm.com.cn)
Indicative Announcement on Exercise Restriction Period of the First Exercise Period of Share Options under the First Grant of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcement dated 12 May 2021 on the websites of Shanghai Stock Exchange (http://www.sse.com.cn) (Ann No. 2021-074), Hong Kong Stock Exchange (https://www.hkex.com.hk) and the Company (https://www.gwm.com.cn)

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Description	Inspection index
Announcement on Results of the Reserved Grant of the 2020 Restricted Share and Share Option Incentive Scheme	For details, please refer to the announcement dated 13 May 2021 on the websites of Shanghai Stock Exchange (http://www.sse.com.cn) (Ann No. 2021-075), Hong Kong Stock Exchange (https://www.hkex.com.hk) and the Company (https://www.gwm.com.cn)
Announcement on Summary of 2021 Restricted Share Incentive Scheme (Draft) of Great Wall Motor Company Limited	For details, please refer to the announcement dated 25 May 2021 on the websites of Shanghai Stock Exchange (http://www.sse.com.cn) (Ann No. 2021-081), Hong Kong Stock Exchange (https://www.hkex.com.hk) and the Company (https://www.gwm.com.cn)
Announcement on Independent Exercise Results and Share Changes of the First Exercise Period of Share Options under the First Grant of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcement dated 1 June 2021 on the websites of Shanghai Stock Exchange (http://www.sse.com.cn) (Ann No. 2021-083), Hong Kong Stock Exchange (https://www.hkex.com.hk) and the Company (https://www.gwm.com.cn)
Announcement on Independent Exercise Results and Share Changes of the First Exercise Period of Share Options under the First Grant of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcement dated 2 July 2021 on the websites of Shanghai Stock Exchange (http://www.sse.com.cn) (Ann No. 2021-099), Hong Kong Stock Exchange (https://www.hkex.com.hk) and the Company (https://www.gwm.com.cn)
Indicative Announcement on Exercise Restriction Period of the First Exercise Period of Share Options under the First Grant of the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcement dated 2 July 2021 on the websites of Shanghai Stock Exchange (http://www.sse.com.cn) (Ann No. 2021-100), Hong Kong Stock Exchange (https://www.hkex.com.hk) and the Company (https://www.gwm.com.cn)
Self-inspection Report of Great Wall Motor Company Limited on the 2021 Restricted Share Incentive Scheme and 2021 Share Options	For details, please refer to the announcement dated 22 July 2021 on the websites of Shanghai Stock Exchange (http://www.sse.com.cn) (Ann No. 2021-111), Hong Kong Stock Exchange (https://www.hkex.com.hk) and the Company (https://www.gwm.com.cn)

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Description	Inspection index
Announcement on Adjustments to the List of Participants and the Number of Grant of the 2021 Restricted Share Incentive Scheme and the 2021 Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcement dated 22 July 2021 on the websites of Shanghai Stock Exchange (http://www.sse.com.cn) (Ann No. 2021-114), Hong Kong Stock Exchange (https://www.hkex.com.hk) and the Company (https://www.gwm.com.cn)
Announcement on Granting of Restricted Shares to Participants of the 2021 Restricted Share Incentive Scheme and Granting of Share Options to Participants of the 2021 Share Option Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcement dated 22 July 2021 on the websites of Shanghai Stock Exchange (http://www.sse.com.cn) (Ann No. 2021-115), Hong Kong Stock Exchange (https://www.hkex.com.hk) and the Company (https://www.gwm.com.cn)
The 2021 Restricted Share and Share Option Incentive Scheme List of the Participants under the First Grant of the Incentive Scheme of Great Wall Motor Company Limited	For details, please refer to the announcement dated 22 July 2021 on the websites of Shanghai Stock Exchange (http://www.sse.com.cn), Hong Kong Stock Exchange (https://www.hkex.com.hk) and the Company (https://www.gwm.com.cn)

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

Applicable Not applicable

Other descriptions

Applicable Not applicable

Employee Share Ownership Scheme

Applicable Not applicable

Section 4 Corporate Governance

Other incentives

Applicable Not applicable

Information of the 2020 share option incentive scheme during the Reporting Period is as follows:

(1) at the beginning of the Reporting Period, 87,065,300 share options remained outstanding, which were granted on 27 April 2020, for a maximum term of not more than 48 months, with an exercise period from 27 April 2021 to 26 April 2024 and exercise price of RMB8.73 each. As at the end of the Reporting Period, 62,501,498 share options remained outstanding, which were granted on 27 April 2020, for a maximum term of not more than 48 months, with an exercise period from 1 July 2021 to 26 April 2024 and exercise price of RMB8.20 each; (2) during the Reporting Period, 15,721,000 reserved options under the share incentive scheme were granted on 28 January 2021, for a maximum term of not more than 36 months, with an exercise period from 28 January 2022 to 27 January 2024 and exercise price of RMB42.15 each. The closing price of the Company's A shares immediately prior to the date of such grant was RMB42.15 per share; (3) during the Reporting Period, 22,671,119 share options were exercised at an exercise price of RMB8.20 each; (4) during the Reporting Period, 1,583,583 share options were cancelled with an exercise price of RMB8.20 each; and (5) during the Reporting Period, 0 share options lapsed.

No share options were granted, exercised, outstanding, cancelled or lapsed under the Company's 2021 share option incentive scheme during the Reporting Period. On 22 July 2021, the 2021 share option incentive scheme was approved at the general meeting by way of a special resolution. Subsequently, the Board considered and approved the Resolution on Granting of Restricted Shares to Participants of the 2021 Restricted Share Incentive Scheme and Granting of Share Options to Participants of the 2021 Share Option Incentive Scheme of Great Wall Motor Company Limited. For further details regarding the first grant of options after the Reporting Period, please refer to the announcement of the Company dated 22 July 2021.

In addition, during the Reporting Period, the Company granted the reserved options under the 2020 share option incentive scheme. Pursuant to relevant requirements of the Accounting Standards for Enterprises No.11 – Share-based Payment and the Accounting Standards for Enterprises No.22 – Recognition and Measurement of Financial Instruments, no accounting treatment will be made by the Company to the share options on the grant date. The Company used the "Black-Scholes" option pricing model to determine the fair value of the share options under the reserved grant. Based on the data as at 28 January 2021, the theoretical value of 18,388,000 Share Options under reserved grant of the Company is RMB195,061,800. Specific parameters are as follows: current price of subject shares: RMB40.98 per share (the closing price as at the date of reserved grant, i.e., 28 January 2021); exercise Price of the Share Options: RMB42.15 per share as determined under the Management Measures for Share Incentives; valid period: one and two years, respectively (based on the period commencing from the Grant Date and ending on the first Exercise Date for each respective period); historical volatility: 58.49%, 52.58%, respectively (the volatility of the Company for the latest one and two years, respectively); risk-free rate: 2.6957%, 2.7859%, respectively (the yield of PRC treasury bond for one and two years); dividend yield: 0.61% (the average dividend yield of the Company for the latest 12 months). The calculation results of the value of the Share Options are subject to the option pricing model adopted and a number of assumptions on the parameters used herein. Therefore, the estimated value of the Share Options may be subjective and uncertain. For further details of the value of options granted during the Reporting Period, please refer to the announcement of the Company dated 28 January 2021.

Section 5 Environmental and Social Responsibility

I. ENVIRONMENTAL INFORMATION

(I) Description of environmental protection of companies which are defined as key pollutant discharging units by environmental protection authorities and their subsidiaries

√ Applicable Not applicable

1. Pollutant discharge

√ Applicable Not applicable

Name of company or subsidiary	Name of major pollutants or specific pollutants	Way of emission	Number of discharge outlet	Location of discharge outlet	Emission concentration	Adopted emission standards for pollutants	Total Emissions	Verified total emissions	Excessive emission	
Great Wall Motor Company Limited	Sewage	Intermittent emission	2	The discharge outlet on the factory site of Great Wall Motor Company Limited located at Chaoyang South Avenue	7.51	Table 4 Tertiary Standard in Integrated Wastewater Discharge Standards (GB8978-1996); import water quality requirements for Yindingzhuang Sewage Station	-	-	Nil	
					Chemical oxygen demand		67.36mg/L	15.57 tons	39.14 tons	Nil
					Ammonia nitrogen		13.94mg/L	3.22 tons	-	Nil
					Total phosphorus		1.92mg/L	0.45 ton	-	Nil
					Particulate matter		25.38mg/L	3.26 tons	-	Nil
					Five-day BOD		23.64mg/L	3.65 tons	-	Nil
	Soil	During the Reporting Period, Great Wall Motor Company Limited was on the list of 2021 key pollutant emission entities in Hebei. During the period, a total of 1,230.01 tons of hazardous waste was produced, which was disposed of by qualified hazardous waste operators in accordance with the law.								
Chongqing Branch of Great Wall Motor Company Limited	Exhaust gas	Regular emission	23	Around the factory	11.2mg/m ³	Integrated Emission Standards of Air Pollutants (DB50/418-2016);Emission Standards of Air Pollutants from Boilers in Chongqing (DB50/658-2016) Emission Standard of Air Pollutants for Surface Coating of Automobile Manufacturing Industry (DB50/577-2015)	1.34 tons	19.51 tons	Nil	
					Sulfur dioxide		ND	-	8.63 tons	Nil
					Nitrogen oxides		112mg/m ³	2.90 tons	74.08 tons	Nil
					Non-methane hydrocarbons		6.16mg/m ³	0.34 ton	-	Nil
					TVOCs		21mg/m ³	0.48 ton	35.85 tons	Nil
	Soil	During the Reporting Period, Chongqing Branch of Great Wall Motor Company Limited was on the list of 2021 key pollutant emission entities in Chongqing. During the period, a total of 1,099.02 tons of hazardous waste was produced, which was disposed of by qualified hazardous waste operators in accordance with the law.								
Rizhao Weipai Automobile Co., Ltd. (日照魏牌汽車有限公司)	Sewage	Intermittent emission	1	Main discharge outlet of the Company	7.59	Integrated Wastewater Discharge Standards (GB8978-1996); Quality Standards for Sewage Discharged into Urban Sewers (GB/T 31962-2015);	-	-	Nil	
					Chemical oxygen demand		35.9mg/L	2.05 tons	10.18 tons	Nil
					Ammonia nitrogen		1.54mg/L	0.08 ton	1.02 tons	Nil
					Total phosphorus		2.01mg/L	0.06 ton	-	Nil
	Exhaust gas	Regular emission	16	Around the factory	4.56mg/m ³	Emission Standards of Volatile Organic Compounds in Shandong Province Part 1: Automobile manufacturing	0.58 ton	18.33 tons	Nil	
Soil	During the Reporting Period, Rizhao Weipai Automobile Co., Ltd. was on the list of 2021 key pollutant emission entities in Shandong. During the period, a total of 22.4 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	Intermittent emission	2	Main discharge outlets of No. 1 plant and No. 2 plant of Xushui Branch	7.74	Table 4 Tertiary Standard in Integrated Wastewater Discharge Standards (GB 8978-1996); import water quality requirements for Dawangdian Treatment Sewage Station	-	-	Nil	
					Chemical oxygen demand		64.55mg/L	27.20 tons	37.03 tons	Nil
					Total phosphorus		0.54mg/L	0.29 ton	1.427 tons	Nil
					Suspended solids		18mg/L	4.46 tons	-	Nil
					Five-day BOD		26.9mg/L	7.13 tons	-	Nil

Section 5 Environmental and Social Responsibility

Name of company or subsidiary	Name of major pollutants or specific pollutants	Way of emission	Number of discharge outlet	Location of discharge outlet	Emission concentration	Adopted emission standards for pollutants	Total Emissions	Verified total emissions	Excessive emission
Dingxing Branch of Great Wall Motor Company Limited	Exhaust gas	Regular emission	17	Around the factory	16.2mg/m ³	Integrated Emission Standards of Air Pollutants (DB50/418-2016)	9.83 tons	-	Nil
					62mg/m ³	Emission Standards of Industrial Furnace Kiln Air Pollutants (DB13/1640 – 2012)	0.15 ton	0.702 ton	Nil
					ND		-	-	Nil
					9.1mg/m ³	Table 1 in Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB13/2322 – 2016)	0.38 ton	-	Nil
Baoding Great Machinery Company Limited (保定市格瑞機械有限公司)	Sewage	Intermittent emission	1	Main discharge outlets of the plant	7.75	Table 4 Tertiary Standard in Integrated Wastewater Discharge Standards (GB 8978-1996)	-	-	Nil
					42mg/L		0.17 ton	3.563 tons	Nil
					0.40mg/L		0.003 ton	0.2 ton	Nil
					18mg/L		0.06 ton	-	Nil
					34.4mg/L		0.06 ton	-	Nil
					1.48mg/L		0.003 ton	-	Nil
Jingcheng Engineering Automotive Systems Co., Ltd.	Sewage	Intermittent emission	1	Main discharge outlets of the plant	7.52	Table 4 Tertiary Standard in Integrated Wastewater Discharge Standards (GB 8978-1996)	-	-	Nil
					97.57mg/L		0.96 ton	4.066 tons	Nil
					1.20mg/L		0.01 ton	0.675 ton	Nil
					25.25mg/L		0.17 ton	-	Nil
					23.85mg/L		0.16 ton	-	Nil
					0.49mg/L		0.004 ton	-	Nil
Baoding Xushui Optoelectronics Branch of Mind Electronics Company Limited	Sewage	Intermittent emission	1	Main discharge outlets in the sewage station of the plant	7.71	Table 4 Tertiary Standard in Integrated Wastewater Discharge Standards (GB 8978-1996); import water quality requirements for Dawangdian Industrial Park Sewage Treatment Station	-	-	Nil
					14.6mg/L		1.579 tons	-	Nil
					14mg/L		0.263 ton	-	Nil
					69mg/L		0.523 ton	-	Nil
					33mg/L		0.0004 ton	-	Nil
Electronics Company Limited	Exhaust gas	Regular emission	6	Around the factory	3.90mg/m ³	Table 2 Secondary Standard in Integrated Emission Standards of Air Pollutants (GB 16297-1996)	0.344 ton	1.444 tons/per year	Nil
					2.83mg/m ³	Table 1 in Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB13/2322-2016)	0.104 ton	-	Nil

Section 5 Environmental and Social Responsibility

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 Rubber Production Company Limited	Sewage	Intermittent emission	1	Main discharge outlet of the sewage station	7.82mg/L	Emission Standards for Industrial Pollutants of Rubber Products GB 27632-2011; Integrated Wastewater Discharge Standards (GB8978-1996)	-	-	Nil
					40.25mg/L		0.70 ton	11.15 tons	Nil
					11.05mg/L		0.23 ton	0.37 ton	Nil
					15.25mg/L		0.34 ton	-	Nil
					12.00mg/L		0.22 ton	-	Nil
					0.82mg/L		0.02 ton	-	Nil
	Exhaust gas	Regular emission	16	Around the factory	3.00mg/m ³	Emission Standards for Industrial Pollutants of Rubber Products GB 27632-2011	0.21 ton	0.678 ton	Nil
					3.33mg/m ³	Table 1 in Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB13/2322 – 2016)	0.24 ton	6.785 tons	Nil
					5.00mg/m ³	Notice on printing and distributing The Plan for Comprehensive Control of Air Pollution in Industrial Furnaces and Kilns (Huan Da Qi [2019] No.56)	0.004 ton	0.074 ton	Nil
					16mg/m ³		0.01 ton	0.459 ton	Nil
Baoding Nuobo Auto Decorations Company Limited	Sewage	Intermittent emission	1	Main discharge outlet of the sewage station in the plant	38mg/L	Integrated Wastewater Discharge Standards GB8978-1996; Table 2 standard in Emission Standards for Electroplating Pollutants GB 21900 – 2008; Import water quality requirements for Dawangdian Industrial Park Sewage Treatment Station	0.05 ton	4.245 tons	Nil
					1.66mg/L		0.002 ton	0.15 ton	Nil
					0.99mg/L		0.002 ton	-	Nil
					18mg/L		0.03 ton	-	Nil
	Exhaust gas	Regular emission	6	Around the factory	2.40mg/m ³	Table 2 Secondary Standard in Integrated Emission Standards of Air Pollutants (GB16297-1996);	0.152 ton	1.068 tons	Nil
					ND		-	0.352 ton	Nil
					9.00mg/m ³		0.01 ton	3.25 tons	Nil
Shunping Precision Casting Branch of Great Wall Motor Company Limited	Sewage	Intermittent emission	1	Main discharge outlet of the sewage station in the plant	7.85	Table 4 Tertiary Standard in Integrated Wastewater Discharge Standards(GB 8978-1996);import water quality requirements for Shunping Qingyuan Sewage Treatment Co., Ltd.	-	-	Nil
					1.36mg/L		0.01 ton	-	Nil
					78mg/L		0.58 ton	-	Nil
					13mg/L		0.09 ton	-	Nil
					25.4mg/L		0.18 ton	-	Nil
					0.19mg/L		0.001 ton	-	Nil

Section 5 Environmental and Social Responsibility

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 Die Casting Branch of Jingcheng Engineering Automotive Systems Co., Ltd.	Sewage	PH	Intermittent emission	1	Main discharge outlet of the sewage station in the plant	7.85	Table 4 Tertiary Standard in Integrated Wastewater Discharge Standards (GB 8978-1996); import water quality requirements for Shunping Qingyuan Sewage Treatment Co., Ltd.	-	-	Nil
		Ammonia nitrogen				1.36mg/L		0.09 ton	-	Nil
		Chemical oxygen demand				78mg/L		4.93 tons	-	Nil
		Suspended solids				13mg/L		0.80 ton	-	Nil
		Five-day BOD				25.4mg/L		1.53 tons	-	Nil
		Phosphate				0.19mg/L		0.01 ton	-	Nil
	Exhaust gas	Non-methane hydrocarbons	Regular emission	6	Around the factory	2.04mg/m ³	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)	0.46 ton	-	Nil
		Particulates				3.53mg/m ³		0.21 ton	-	Nil
		Sulfur dioxide				ND		-	-	Nil
		Nitrogen oxides				11.7mg/m ³		0.24 ton	-	Nil
Shunping Precision Casting Branch of Jingcheng Engineering Automotive Systems Co., Ltd.	Sewage	PH	Intermittent emission	1	Main discharge outlet of the sewage station in the plant	7.85	Table 4 Tertiary Standard in Integrated Wastewater Discharge Standards (GB 8978-1996); import water quality requirements for Shunping Qingyuan Sewage Treatment Co., Ltd.	-	-	Nil
		Ammonia nitrogen				1.36mg/L		0.01 ton	0.188 ton	Nil
		Chemical oxygen demand				78mg/L		0.58 ton	1.88 tons	Nil
		Suspended solids				13mg/L		0.09 ton	-	Nil
		Five-day BOD				25.4mg/L		0.18 ton	-	Nil
		Phosphate				0.19mg/L		0.001 ton	-	Nil
Baoding Exquisite Automotive Mould Technology Co., Ltd.	Sewage	PH	Intermittent emission	2	The discharge outlet at the Chaoyang South Avenue, the discharge outlet of Jiaozhuang Sewage Station	7.30	Table 4 Tertiary Standard in Integrated Wastewater Discharge Standards (GB 8978-1996)	-	-	Nil
		Suspended solids				20mg/L		0.05 ton	-	Nil
		Chemical oxygen demand				95mg/L		0.40 ton	-	Nil
		Petroleum fractions				0.80mg/L		0.003 ton	-	Nil
Baoding Yixin Automotive Parts Company Limited	Sewage	PH	Intermittent emission	1	Domestic sewage outlet	6.8	Table 4 Tertiary Standard in Integrated Wastewater Discharge Standards (GB 8978-1996); import water quality requirements for Yindingzhuang Sewage Station	-	-	Nil
		Suspended solids				35mg/L		0.27 ton	-	Nil
		Ammonia nitrogen				4.16mg/L		0.03 ton	-	Nil
		Chemical oxygen demand				423mg/L		3.50 tons	-	Nil
	Exhaust gas	Non-methane hydrocarbons	Intermittent emission	4	Around the factory	3.16mg/m ³	Table 1 in Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB13/2322 - 2016)	0.45 ton	-	Nil

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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	Intermittent emission	1	Production wastewater discharge outlet	7.46	Table 4 Tertiary Standard in Integrated Wastewater Discharge Standards (GB 8978-1996); import water quality requirements for Yindingzhuang Sewage Station	-	-	Nil	
					Suspended solids		37mg/L	0.0004 ton	-	Nil
					Five-day BOD		55.4mg/L	0.0006 ton	-	Nil
					Chemical oxygen demand		238mg/L	0.0004 ton	1.629 tons	Nil
					Ammonia nitrogen		6.46mg/L	0.0002 ton	-	Nil
					Total phosphorus		0.38mg/L	0.00002 ton	-	Nil
	Exhaust gas	Intermittent emission	3	Around the factory	2.52mg/m ³	Table 2 Secondary Standard in Integrated Emission Standards of Air Pollutants (GB16297-1996)	0.43 ton	-	Nil	
					Sulfur dioxide		3.67mg/m ³	0.01 ton	-	Nil
					Nitrogen oxides		12mg/m ³	0.43 ton	-	Nil
					Non-methane hydrocarbons	2.46mg/m ³	Table 1 in Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB13/2322 - 2016)	0.91 ton	-	Nil
Baoding Nuobo Rubber Production Co., Ltd.	Exhaust gas	Regular emission	3	Around the factory	2.80mg/m ³	Control Standards of Volatile Organic Compounds for 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)	0.52 ton	-	Nil	
					Non-methane hydrocarbons		2.81mg/m ³	0.54 ton	-	Nil
Xushui Branch of Honeycomb Transmission Technology Hebei Co., Ltd.,	Sewage	Intermittent emission	1	Main discharge outlet of the sewage station	7.42	Table 4 Tertiary Standard in Integrated Wastewater Discharge Standards (GB8978-1996); import water quality requirements for Dawangdian Treatment Sewage Station	-	-	Nil	
					Chemical oxygen demand		42mg/L	1.238 tons	-	Nil
					Ammonia nitrogen		0.97mg/L	0.030 ton	-	Nil
					Total phosphorus		0.2mg/L	0.005 ton	-	Nil
					Suspended solids		19mg/L	0.541 ton	-	Nil
Baoding Xushui Chassis Branch of Jingcheng Engineering Automotive Systems Co., Ltd.	Sewage	Intermittent emission	2	Main discharge outlet of phase 1, Main discharge outlet of No. 2 plant	7.51	Table 4 Tertiary Standard in Integrated Wastewater Discharge Standards (GB 8978-1996); import water quality requirements for Dawangdian Treatment Sewage Station	-	-	Nil	
					Suspended solids		18mg/L	1.11 tons	-	Nil
					Five-day BOD		13.80mg/L	0.71 ton	-	Nil
					Ammonia nitrogen		14.60mg/L	0.73 ton	1.81 tons	Nil
					Chemical oxygen demand		46mg/L	2.61 tons	4.53 tons	Nil
					Total phosphorus		1.85mg/L	0.10 ton	0.5 ton	Nil
					Total nitrogen		22.20mg/L	1.22 tons	3.02 tons	Nil

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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 Great Wall Scrap Car Recycling & Dismantling Co., Ltd.	Sewage	Intermittent emission	1	Main discharge outlet of sewage station	104mg/L	Table 4 Tertiary Standard in Integrated Wastewater Discharge Standards (GB 8978-1996); import water quality requirements for Qingyuan County Sewage Treatment Station	0.03 ton	0.207 ton	Nil	
					Suspended solids		105mg/L	0.30 ton	-	Nil
					Ammonia nitrogen		2.09mg/L	0.0006 ton	0.012 ton	Nil
					Five-day BOD		26mg/L	0.008 ton	-	Nil
					Total phosphorus		0.61mg/L	0.0002 ton	0.002 ton	Nil
					Total nitrogen		4.6mg/L	0.001 ton	0.017 ton	Nil
	Exhaust gas	Intermittent emission	1	Around the factory	10.9mg/m ³	Table 1 in Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB13/2322-2016); Table 2 in Integrated Emission Standards for Air Pollutants (GB16297-1996)	0.03 ton	0.376 ton	Nil	
					Particulates		4.6mg/m ³	0.03 ton	0.2 ton	Nil
Tianjin Haval Branch of Great Wall Motor Company Limited	Sewage	Intermittent emission	2	West side of the factory site	7.8	Table 2 Tertiary Standard in Integrated Wastewater Discharge Standards (DB 12/356-2018)	-	-	Nil	
					Suspended solids		26.5mg/L	0.82 ton	-	Nil
					Chemical oxygen demand		176mg/L	10.596 tons	96.313 tons	Nil
					Five-day BOD		57.1mg/L	4.908 tons	-	Nil
					Ammonia nitrogen		15.1mg/L	0.88 ton	5.85 tons	Nil
					Total phosphorus		0.84mg/L	0.043 ton	1.541 tons	Nil
	Exhaust gas	Regular emission	55	Around the factory	9.21mg/m ³	Table 1 in Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB12/524 - 2020): Automobile manufacturing	15.655 tons	398.29 tons	Nil	
					Sulfur dioxide		ND	0.132 ton	-	Nil
					Nitrogen oxides		96mg/m ³	6.472 tons	-	Nil
					Particulates		3.9mg/m ³	0.521 ton	-	Nil
Solid and hazardous waste	During the Reporting Period, Tianjin Haval Branch of Great Wall Motor Company Limited was included in the list of 2021 key environmental pollutant emission entities of solid and hazardous waste in Tianjin. During the Current Period, a total of 741.37 tons of hazardous waste was generated, which was legally disposed of by the manufacturer with the qualification of hazardous waste management. 68 boxes of ordinary solid waste (length*width*height: 3.45m*2.2m*1m) were generated, which was disposed of by qualified manufacturers.							Nil		

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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	Intermittent emission	1	West side of the factory site	7.81	Table 2 Tertiary Standard in Integrated Wastewater Discharge Standards (DB 12/356-2018)	-	-	Nil	
					118mg/L		2.943 tons	-	Nil	
					78mg/L		0.117 ton	-	Nil	
					35.2mg/L		0.803 ton	-	Nil	
					1.1mg/L		0.032 ton	-	Nil	
					1.32mg/L		0.035 ton	-	Nil	
	Exhaust gas	VOCs	Regular emission	10	Around the factory	23.4mg/m ³	Table 1 Surface Painting in Emission Control Standards of Volatile Organic Compounds for Industrial Enterprises (DB12/524-2020)	3.964 tons	-	Nil
						3.1mg/m ³		0.701 ton	-	Nil
						ND		-	-	Nil
						ND		-	-	Nil
Solid and hazardous waste	During the Reporting Period, Tianjin Branch of Nuobo Rubber Production Company Limited was included in the list of 2021 key environmental pollutant emission entities of solid and hazardous waste in Tianjin. During the Current Period, a total of 368.19 tons of hazardous waste was generated, which was legally disposed of by the manufacturer with the qualification of hazardous waste management. 225 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 2021 key environmental pollutant emission entities of solid and hazardous waste in Tianjin. During the Current Period, a total of 75.19 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 2021 key environmental pollutant emission entities of solid and hazardous waste in Tianjin. During the Current Period, a total of 52.02 tons of hazardous waste was generated, which was legally disposed of by the manufacturer with the qualification of hazardous waste management. 61 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).

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In the first half of 2021, a total of 7,484 tons of hazardous waste consisting mainly of sludge, paint waste and contaminated waste was produced, representing a unit production of 0.012 ton per vehicle. Such waste was transferred in accordance with the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), Notice on the Application of Dynamic Solid Waste Information Management Platform (《固體廢物動態信息管理平台應用有關工作的通知》), the Notice on the Relevant Procedures of Launching Tianjin's Hazardous Waste Online Transfer Supervision Platform for the Transfer of Hazardous Wastes in the City of Tianjin (《關於啟動天津市危險廢物在線轉移監管平台辦理危險廢物市內轉移相關手續的通知》), Notice of Chongqing Ecological Environment Bureau on Strengthening Information Management of Solid Waste (《重慶市生態環境局關於強化固體廢物信息化管理有關工作的通知》) and the procedures for obtaining approval of transfer established by the competent authorities in Tianjin, Baoding, Chongqing and Rizhao. Hazardous waste in Tianjin was transferred to Tianjin Hejia Veolia Environmental Services Co., Ltd. (天津合佳威立雅環境服務有限公司), Tianjin Binhai Hejia Veolia Environmental Services Co., Ltd. (天津濱海合佳威立雅環境服務有限公司), Tianjin Dong Bang Lead Resources Recycling Co., Ltd. (天津東邦鉛資源再生有限公司), Tianjin Sanyi Langzhong Environmental Protection Technology Co., Ltd. (天津三一朗眾環保科技有限公司), Hengshui Ruitao Environmental Protection Technology Co., Ltd. (衡水睿韜環保技術有限公司), and Leping County Haichang Environmental Protection Technology Co., Ltd. (樂亭縣海暢環保科技有限公司) for disposal. Hazardous waste of Baoding was transferred to Cangzhou Jihuan Veolia Environmental Services Co., Ltd. (滄州冀環威立雅環境服務有限公司), Hebei Fenghua Environmental Protection Technology Co., Ltd. (河北風華環保科技股份有限公司), Baoding Kelin Heating Co., Ltd. (保定科林供熱有限公司), Tangshan Youyi Shengxing Renewable Resources Co., Ltd. (唐山優藝勝星再生資源有限公司), Laishui BBMG Environmental Protection Technology Co., Ltd. (涑水金隅冀東環保科技有限公司), Hebei Songhe Renewable Resources Co., Ltd. (河北松赫再生資源股份有限公司) and other companies for disposal. Hazardous waste in Shandong was transferred to Shandong CROC Environmental Technology Co., Ltd. (山東中再生環境科技有限公司) and Shandong Keneng Environmental Resources Technology Co., Ltd. (山東科能環保資源科技有限公司) for disposal. Hazardous waste in Chongqing was transferred to Chongqing Buyuan Environmental Protection Technology Co., Ltd. (重慶埠源環保科技有限公司), Chongqing Lite Juxin Resource Recycling Technology Co., Ltd. (重慶利特聚欣資源循環科技有限責任公司), Chongqing Yunxin Environmental Protection Industry Development Co., Ltd. (重慶雲鑫環保產業發展有限公司) and Chongqing Herun Zhongtian Environmental Protection Technology Co., Ltd. (重慶市禾潤中天環保科技有限公司) for disposal. General solid waste produced by the Company is comprised mainly of domestic waste. In the first half of 2021, a total of 5,623 tons of general solid waste was produced, representing a unit production of 0.01 ton per vehicle, which was disposed of by the qualified waste recycling service providers engaged by the Company.

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

Applicable Not applicable

In compliance with national laws and regulations as well as emissions standards, the waste emissions indicators of the Company and its major subsidiaries adhered to the most stringent domestic requirements currently in force. Emissions levels of sewage, exhaust gas, noise and solid waste complied with requirements.①Sewage: 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.②Exhaust gas: VOCs and RTO produced by stoving were treated by combustion, exhaust gas from spraying and coating was treated by zeolite rotor and combustion facilities on top of the existing Giovanni treatment facilities based on their characteristics, undergoing adsorption, desorption and combustion procedures so as to achieve the treatment of VOCs in exhaust gas from spraying and coating. Treated exhaust gas was discharged through exhaust vents at height after meeting the required standards. A real time monitoring system for organic exhaust gas was installed and the discharge situation of VOCs was transmitted to environmental authorities in real time, with supervision by environmental authorities.③Noise: 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.④Waste 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.

Section 5 Environmental and Social Responsibility

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

Applicable Not applicable

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

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

4. Emergency plan for environmental contingency

Applicable Not applicable

In order to lower and prevent potential environmental risks effectively, the Company established emergency preparation and response procedures, formulated an environmental contingency plan (File No. 130603-2021-025-L), and completed the filings with the local environmental protection bureau. To ensure the feasibility and effectiveness of the contingency plan, the Company developed measures that should be adopted to control incidents and emergencies with previous occurrences or potential ones that might occur, and drills on the internal environmental contingency plan would be conducted on an annual basis.

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5. *Voluntary environmental monitoring plan*

Applicable Not applicable

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

- ① Regularly monitoring the discharge of sewage, keeping monitoring records, installing automatic PH, flow, COD, ammoniacal nitrogen, total nitrogen and total phosphorus monitoring equipment, and transmitting data in real-time;
- ② Regularly monitoring the discharge of VOCs, and installing online VOC monitoring equipment;
- ③ Regularly monitoring noise on a voluntary basis and appointing external parties to monitor noise, ensuring that the monitoring results meet the requirements of the relevant standards.

6. *Administrative punishment imposed due to environmental issues during the Reporting Period*

Applicable Not applicable

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7. *Other environmental information which require disclosure*

Applicable Not applicable

According to the relevant requirements under the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and the Measures for the Disclosure of Environmental Information by Enterprises and Institutions (Order No. 31 of the Ministry of Environmental Protection) (《企業事業單位環境信息公開辦法》(環保部第31號令)), the key pollutant discharge units announced by the local environmental protection departments in the places where the Company and its major subsidiaries are located are Great Wall Motor Company Limited, Xushui Branch of Great Wall Motor Company Limited, Dingxing Branch of Great Wall Motor Company Limited, Jingcheng Engineering Automotive Systems Co., Ltd., Baoding Exquisite Automotive Mould Technology Co., Ltd., Nuobo Automotive Systems Co., Ltd., Baoding Nuobo Rubber Production Co., Ltd., Baoding Yixin Automotive Parts Company Limited, Baoding Great Wall Scrap Car Recycling & Dismantling Co., Ltd., Xushui Branch of Honeycomb Transmission Technology Hebei Co., Ltd., Baoding Xushui 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), Baoding Great Machinery Company Limited (保定市格瑞機械有限公司), Tianjin Haval Branch of Great Wall Motor Company Limited, Tianjin Haval Branch of Great Wall Motor Company Limited – Chassis Business Department, Tianjin Haval Branch of Great Wall Motor Company Limited – Dynamics Business Department, Tianjin Branch of Nuobo Automotive System Co., Ltd, Chongqing Branch of Great Wall Motor Company Limited and Rizhao Weipai Automobile Co., Ltd. Relevant topics and sections on environmental information have been created on the Company's official website to publish the Company's environmental-related information.

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

Applicable Not applicable

1. Administrative punishment imposed due to environmental issues

Applicable Not applicable

2. Reference to other environmental information disclosed by key pollutant discharging companies

Applicable Not applicable

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

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

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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.
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. Reasons for not disclosing other environmental information

Applicable Not applicable

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(III) Description of subsequent development of or changes in disclosed environmental information during the Reporting Period

Applicable Not applicable

(IV) Information on efforts conducive to promoting ecological protection, pollution prevention and control and undertaking environmental responsibility

Applicable Not applicable

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.

(V) Measures adopted for reducing carbon emissions during the Reporting Period and their effects

Applicable Not applicable

During the Reporting Period, Great Wall Motor proactively promoted renewable clean energy and further strengthened the implementation of energy conservation and emission reduction targets, and continuously reduced its own energy consumption and carbon dioxide emissions through technical means such as technological transformation and equipment upgrading, optimizing management and control and shifting to green energy from traditional energy.

II. DETAILED INFORMATION ON INITIATIVES INCLUDING CONSOLIDATION AND EXPANSION OF POVERTY ALLEVIATION ACHIEVEMENTS AND RURAL REVIVAL

Applicable Not applicable

1. On 10 January 2021, Great Wall Motor donated RMB5 million to the Red Cross Society of Hebei Province for purchasing anti-COVID-19 materials and other medical consumables, in support of the pandemic control efforts in Shijiazhuang and Xingtai, and guaranteeing the safety of frontline medical personnel and volunteers.
2. On 15 March 2021, accompanied by the Education Director of Jianzha County, the feet comprising Haval H9 riders and editors from Jinche Channel, Free Riders and SUV Encyclopedia, as well as the staff of Qinghai Qingcheng Automobile Sales and Service Co., Ltd. (青海青誠汽車銷售服務有限公司), a distributor of Haval, Tsinghua alumni and Hailan Adventure Travel Agency, delivered the donated school uniforms, supplies, toys and other materials to the students of two primary schools in Jianzha County, Qinghai Province, to help accomplish their dreams through deeds

Section 6 Significant Events

I. PERFORMANCE OF UNDERTAKINGS

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

√ Applicable Not applicable

Background of undertakings	Type of undertakings	Undertaking party	Description of undertakings	Date and duration of undertakings	Any time frame for performance (yes/no)	Strict and timely performance (yes/no)	Reasons for failure of performance (if undertakings cannot be performed timely)	Next step plan (if undertakings cannot be performed in a timely manner)
Undertakings relating to the initial public offering of the shares of the Company	Resolving related party transaction	Great Wall Motor Company Limited (長城汽車股份有限公司)	From 1 January 2012, Great Wall Motor Company Limited (長城汽車股份有限公司) would not enter into any transactions relating to automotive parts and components with Hebei Baoding Tai Hang Group Company Limited (河北保定太行集團有限責任公司) and Baoding Tai Hang Pump Manufacturing Company Limited (保定市太行製泵有限公司).	From January 2012, permanent	No	Yes	-	-

Section 6 Significant Events

Background of undertakings	Type of undertakings	Undertaking party	Description of undertakings	Date and duration of undertakings	Any time frame for performance (yes/no)	Strict and timely performance (yes/no)	Reasons for failure of performance (if undertakings cannot be performed timely)	Next step plan (if undertakings cannot be performed in a timely manner)
Undertakings relating to the initial public offering of the shares of the Company	Resolving business competition of the same industry	Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)	<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 currently neither directly nor 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 as a related party that has control over Great Wall Motor Company Limited (長城汽車股份有限公司), its directly or indirectly controlled subsidiaries would not in any way, directly or indirectly, engage in any existing or potential competing business.</p> <p>3. Subject to the same conditions, Great Wall Motor Company Limited (長城汽車股份有限公司) shall have the right of first refusal over the investment or other business opportunities relating to competing business that Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) will pursue or may get in the future.</p>	From 10 December 2010, permanent	No	Yes	-	-

Section 6 Significant Events

Background of undertakings	Type of undertakings	Undertaking party	Description of undertakings	Date and duration of undertakings	Any time frame for performance (yes/no)	Strict and timely performance (yes/no)	Reasons for failure of performance (if undertakings cannot be performed timely)	Next step plan (if undertakings cannot be performed in a timely manner)
Undertakings relating to the initial public offering of the shares of the Company	Resolving business competition of the same industry	Wei Jian Jun	<ol style="list-style-type: none"> The subsidiaries directly or indirectly controlled by Mr. Wei Jian Jun are neither directly nor indirectly engaged in any competing business. As long as Mr. Wei Jian Jun remains as a related party who has control over Great Wall Motor Company Limited (長城汽車股份有限公司), the subsidiaries directly or indirectly controlled by him would not in any way, directly or indirectly, engage in any existing or potential competing business. Subject to the same conditions, Great Wall Motor Company Limited (長城汽車股份有限公司) shall have the right of first refusal over the investment or other business opportunities relating to the competing business that the subsidiaries directly or indirectly controlled by Mr. Wei Jian Jun will pursue or may get in the future. 	From 10 December 2010, permanent	No	Yes	-	-

Section 6 Significant Events

Background of undertakings	Type of undertakings	Undertaking party	Description of undertakings	Date and duration of undertakings	Any time frame for performance (yes/no)	Strict and timely performance (yes/no)	Reasons for failure of performance (if undertakings cannot be performed timely)	Next step plan (if undertakings cannot be performed in a timely manner)
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	<ol style="list-style-type: none"> 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. 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. 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. 	From 6 November 2020, permanent	No	Yes	-	-

Section 6 Significant Events

Background of undertakings	Type of undertakings	Undertaking party	Description of undertakings	Date and duration of undertakings	Any time frame for performance (yes/no)	Strict and timely performance (yes/no)	Reasons for failure of performance (if undertakings cannot be performed timely)	Next step plan (if undertakings cannot be performed in a timely manner)
	Other	All Directors and senior management	<p>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.</p> <p>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.</p> <p>3. I undertake to limit my spending when performing my duties as a Director and/or a senior management.</p> <p>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.</p> <p>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).</p>	From 6 November 2020, permanent	No	Yes	-	-

Section 6 Significant Events

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

Section 6 Significant Events

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

Applicable Not applicable

III. ILLEGAL GUARANTEES

Applicable Not applicable

IV. AUDIT FOR THE INTERIM REPORT

Applicable Not applicable

(I) APPOINTMENT OR DISMISSAL OF ACCOUNTING FIRM

Description of appointment or dismissal of accounting firm

Applicable Not applicable

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

Change of the accounting firm during the audit period

Applicable Not applicable

(II) Explanation of the Company on "non-standard auditor's report" issued by the accounting firm

Applicable Not applicable

V. CHANGES AND REMEDIES FOR MATTERS SUBJECT TO NON-STANDARD AUDIT OPINIONS IN LAST YEAR'S ANNUAL REPORT

Applicable Not applicable

VI. BANKRUPTCY AND RESTRUCTURING

Applicable Not applicable

VII. MATERIAL LITIGATIONS AND ARBITRATIONS

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

VIII. PUNISHMENT AND CORRECTION OF THE LISTING COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER

Applicable Not applicable

Section 6 Significant Events

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

Applicable Not applicable

X. MATERIAL RELATED PARTY TRANSACTIONS

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

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

Applicable Not applicable

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

Applicable Not applicable

(1) *The Group and Great Wall Holdings Company Limited (hereinafter referred to as "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.

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

Section 6 Significant Events

On 15 January 2021, the Company held the 11th meeting of the seventh session of the Board, at which the Resolution on Revision of the Annual Cap of the Ordinary Related Parties Transactions in 2021 was considered and approved to adjust the annual cap of ordinary related party transactions of the Group's purchase of services from Great Wall Holdings in 2021. For details, please refer to the announcement published by the Company on 15 January 2021.

Set out below are the ordinary related party transactions conducted as of 30 June 2021 between the Group and Great Wall Holdings (including companies directly or indirectly controlled by Great Wall Holdings and companies in which the de facto controllers of Great Wall Holdings serve as directors):

Currency: RMB Unit: 0'000

Type	Estimated cap for 2021	Actual amount for January to June 2021	Reasons for the relatively large difference between the estimated amount and the actual amount
Purchase of products	1,799,100.00	146,367.51	Mainly due to the relatively small number of battery packs purchased from related parties as a result of the small sale scale of new energy vehicles of the Company
Sales of products	1,038,920.00	27,906.93	Mainly due to the small purchase scale of new energy vehicles of the Company by related parties
Purchase of services	38,500.00	16,609.25	–
Provision of services	8,900.00	2,233.49	–
Leasing	98,400.00	17,255.07	Mainly due to the relatively small number of plants and equipment leased from related parties by the Company in the first half of 2021
Provision of leases	3,400.00	667.86	–
Total	2,987,220.00	211,040.11	–

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 January to June 2021 did not exceed the estimated cap for 2021. Transactions in relation to the provision of leases are exempt from all requirements of reporting, annual review, announcement, and independent shareholders' approval under Chapter 14A of the Hong Kong Listing Rules.

Section 6 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 6 Significant Events

As of 30 June 2021, ordinary related party transactions between the Group and Great Wall Binyin are as follows:

Deposits between the Group and Great Wall Binyin in January to June 2021

Currency: RMB Unit: 0'000

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

Other daily related party transactions between the Group and Great Wall Binyin

Currency: RMB Unit: 0'000

Type	Estimated cap for 2021	Actual amount in 2021 (January to June)	Reasons for the relatively large difference between the estimated amount and the actual amount
Sales of products	12.10	1.94	-
Purchase of services	150,000.00	20,490.72	Mainly due to the decrease in the number of contracts as the Company brought in bank discount channels through which the discount business was diverted to the bank
Provision of services	7,796.00	2,094.79	-
Provision of leases	120.00	28.67	-
Total	157,928.10	22,616.12	-

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.

Section 6 Significant Events

(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.

As of 30 June 2021, the related party transactions between the Group and Spotlight Automotive are as follows:

1. The Group sold products to Spotlight Automotive. The actual amount of related party transactions was RMB1.41 million.
2. The Group provided services to Spotlight Automotive. The actual amount of related party transactions was RMB54,321,000.
3. The Group provided lease income to Spotlight Automotive. The actual amount of related party transactions was RMB14,000.

The ordinary related party transactions between the Group and Spotlight Automotive for the year from January to June 2021 did not exceed the corresponding estimated caps.

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

For details of development of ordinary related party transactions of the Company, please refer to Note (XI) Related Parties and Related Party Transactions to the financial report.

3. *Matters undisclosed in preliminary announcements*

Applicable Not applicable

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

Section 6 Significant Events

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

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

Applicable Not applicable

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

Applicable Not applicable

3. Matters undisclosed in preliminary announcements

Applicable Not applicable

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

Applicable Not applicable

Section 6 Significant Events

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

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

Applicable Not applicable

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

Applicable Not applicable

3. Matters undisclosed in preliminary announcements

Applicable Not applicable

(IV) Amounts due to or from related parties

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

Applicable Not applicable

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

Applicable Not applicable

3. Matters undisclosed in preliminary announcements

Applicable Not applicable

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

Applicable Not applicable

(VI) Other material related party transactions

Applicable Not applicable

(VII) Others

Applicable Not applicable

Except for the related party transactions between the Group and Hebei Baocang Expressway Co. Ltd., between the Group and Great Wall Binyin as well as between the Group and Spotlight Automotive, the related party transactions set out in Note (XI) to the financial statements all constitute connected transactions and continuing connected transactions in accordance with Hong Kong Listing Rules. The Company has complied with relevant requirements under the Chapter 14A of the Hong Kong Listing Rules, completed relevant approval, disclosure procedures or has been exempted from complying with the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Section 6 Significant Events

XI. MATERIAL CONTRACTS AND PERFORMANCE THEREOF

1. Trust, contracting and leasing

Applicable Not applicable

2. Material guarantees performed during or outstanding as at the end of the Reporting Period

Applicable Not applicable

Unit: RMB Currency: RMB

Guarantees provided by the Company for external parties (excluding those for subsidiaries)	
Total amount of guarantees during the Reporting Period (excluding guarantees provided for subsidiaries)	0
Total amount of guarantees outstanding as at the end of the Reporting Period (A) (excluding guarantees provided for subsidiaries)	0
Guarantees provided by the Company for subsidiaries	
Total amount of guarantees for subsidiaries during the Reporting Period	1,898,899,803.02
Total amount of guarantees for subsidiaries outstanding as at the end of the Reporting Period (B)	9,751,736,467.40
Total amount of guarantees (including guarantees provided for subsidiaries) provided by the Company	
Total amount of guarantees (A+B)	9,751,736,467.40
Total amount of guarantees as a percentage of the net asset value of the Company (%)	16.41
Of which:	
Amount of guarantees provided for shareholders, parties which have de facto control and their related parties (C)	0
Amount of guarantees directly or indirectly provided for parties with a gearing ratio exceeding 70% (D)	850,000,000.00
Total amount of guarantees in excess of 50% of net asset value (E)	0
Total amount of guarantees of the above three items (C+D+E)	850,000,000.00
Statement on the contingent joint liability in connection with unexpired guarantees	None

Section 6 Significant Events

Details of guarantee	<ol style="list-style-type: none"> 1. The above incurred guarantee amount to subsidiaries during the Reporting Period refers to the utilized amount within the approved guarantee amount during the Reporting Period. 2. The above guarantee balance to subsidiaries as at the end of the Reporting Period refers to the sum of the amount un-withdrawn and the amount withdrawn and not repaid among utilized amount within the approved guarantee amount. 3. In April 2020, the Company held a general meeting of shareholders to consider and approve the provision of guarantee equivalent to US\$1 billion to Billion Sunny Development. As at 30 June 2021, the guarantee balance was RMB4,547,138,100. 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 30 June 2021, the guarantee balance was RMB2,396,406,500. In April 2021, the Company provided RMB0.4 billion of guarantee for Jingcheng Engineering Auto Parts (Yangzhong) Co., Ltd (精誠工科汽車零部件(揚中)有限公司). As at 30 June 2021, the guarantee balance was RMB400 million. 5. In December 2019, the Board of the Company considered and approved the provision of guarantee of RMB975,224,000 to Honeycomb Power System (Jiangsu) Co., Ltd. (蜂巢動力系統(江蘇)有限公司), an indirect wholly-owned subsidiary of the Company. 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 30 June 2021, the guarantee balance was RMB943,328,000. 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. On 23 April 2021, the Company held a shareholders' general meeting to consider and approve the plan for increasing guarantee of RMB800 million to Honeycomb Drive System (Jiangsu) Co., Ltd. As at 30 June 2021, the total guarantee balance was RMB700 million. 7. In April 2020, the Company held a shareholders' general meeting to consider and approve the plan for increasing guarantee of RMB900 million to Honeycomb Drive System (Jiangsu) Co., Ltd. As at 30 June 2021, the total guarantee balance was RMB764,864,000. 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 23 April 2021, the utilised guaranteed amount was RMB8,697,138,100. In April 2021, the Company held a shareholders' general meeting to consider and approve the plan for increasing guarantee of RMB6,200 million to controlled subsidiaries in 2021. As at 30 June 2021, the utilised guarantee balance was RMB200 million.
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Note: The exchange rate of US dollar against Renminbi was based on the Renminbi central parity rate (USD1=RMB6.4601) as announced by the People's Bank of China on 30 June 2021; the exchange rate of Euro against Renminbi was based on the Renminbi central parity rate (EUR1=RMB7.6862) as announced by the People's Bank of China on 30 June 2021.

Section 6 Significant Events

3. Other material contracts

Applicable Not applicable

XII. OTHER SIGNIFICANT EVENTS

Applicable Not applicable

Section 7 Changes in Shares and Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Table of changes in shares

1. Explanation for changes in shares

Unit: share

	Before		New issue	Changes (+,-)				After	
	Number of shares	Percentage (%)		Bonus shares	Shares transfer from reserve	Others	Subtotal	Number of shares	Percentage (%)
I. Shares with selling restrictions	48,684,300	0.53	1,149,150	0	0	-24,611,700	-23,462,550	25,221,750	0.27
1. State-owned shares	0	0	0	0	0	0	0	0	0
2. State-owned legal person shares	0	0	0	0	0	0	0	0	0
3. Other domestic shares	48,684,300	0.53	1,149,150	0	0	-24,611,700	-23,462,550	25,221,750	0.27
Including: Domestic non-state-owned legal person shares	0	0	0	0	0	0	0	0	0
Domestic natural person shares	48,684,300	0.53	1,149,150	0	0	-24,611,700	-23,462,550	25,221,750	0.27
4. Foreign shares	0	0	0	0	0	0	0	0	0
Including: Overseas legal person shares	0	0	0	0	0	0	0	0	0
Overseas natural person shares	0	0	0	0	0	0	0	0	0
II. Tradable shares without selling restrictions	9,127,269,000	99.47	22,671,119	0	0	23,998,700	46,669,819	9,173,938,819	99.73
1. Ordinary shares denominated in RMB	6,027,729,000	65.69	22,671,119	0	0	23,998,700	46,669,819	6,074,398,819	66.03
2. Domestic listed foreign shares	0	0	0	0	0	0	0	0	0
3. Overseas listed foreign shares	3,099,540,000	33.78	0	0	0	0	0	3,099,540,000	33.69
4. Others	0	0	0	0	0	0	0	0	0
III. Total number of shares	9,175,953,300	100	23,820,269	0	0	-613,000	23,207,269	9,199,160,569	100.00

2. Explanation for changes in shares

√ Applicable Not applicable

(I) Repurchase and cancellation of certain restricted shares granted under the 2020 incentive scheme

On 28 January 2021, the Company held the thirteenth meeting of the seventh session of the board of directors, at which the Resolution on the Repurchase and Cancellation of Certain Restricted Shares under the First Grant and Cancellation of Certain Share Options under the First Grant of the 2020 Restricted Shares and Share Options Incentive Scheme of the Company was considered and approved, permitting the Company to repurchase and cancel the restricted shares of resigned participants. The aggregate number of restricted shares under the first grant repurchased and cancelled was 613,000 shares. Cancellation of the abovementioned certain restricted shares was completed on 9 April 2021, and the Company's total share capital was reduced from 9,175,953,300 shares (including 6,076,413,300 A shares and 3,099,540,000 H shares) to 9,175,340,300 shares (including 6,075,800,300 A shares and 3,099,540,000 H shares).

Section 7 Changes in Shares and Shareholders

(II) Reserved grant under the 2020 restricted share and share option incentive scheme

On 28 January 2021, the Company held the 13th meeting of the seventh session of the Board, at which the Resolution on Grant of Reserved Restricted Shares or Share Options to Participants was considered and approved and a total of 149 participants contributed capital for subscription, pursuant to which the Company granted a total of 1.14915 million restricted shares to 149 participants. The Company completed share registration with China Securities Depository and Clearing Corporation Shanghai Branch on 12 May 2021, and the Company's total share capital was increased from 9,175,340,300 shares (including 6,075,800,300 A shares and 3,099,540,000 H shares) to 9,176,489,450 shares (including 6,076,949,450 A shares and 3,099,540,000 H shares).

(III) Unlocking of the First Tranche of Restricted Shares under the First Grant and the Fulfilment of the Exercise Conditions of First Exercise Period of Share Options under the First Grant of the 2020 Restricted Share and Share Option Incentive Scheme

On 14 April 2021, the Company held the seventeenth meeting of the seventh session of the board of directors, at which the Resolution on the Achievement of the Unlocking Conditions of the First Tranche of Restricted Shares under the First Grant and the Fulfilment of the Exercise Conditions of First Exercise Period of Share Options under the First Grant of the 2020 Restricted Share and Share Option Incentive Scheme of the Company was considered and approved. Pursuant to the above resolution, the Board is of the view that the unlocking conditions of the first exercise period of share options under the first grant of the 2020 Incentive Scheme of the Company have been fulfilled. The number of participants entitled to the unlocking is 276, and the number of restricted shares under the first grant eligible for unlocking is 23,998,700. The 28,239,034 share options of 1,598 participants under the first grant of 2020 Incentive Scheme of the Company within the first exercise period were exercised in accordance with relevant requirements. During the exercise period from 7 May 2021 to 30 June 2021, 22,671,119 shares under the share option incentive scheme have been registered with China Securities Depository and Clearing Corporation Shanghai Branch through independent exercise, and the Company's total share capital was increased from 9,176,489,450 shares (including 6,076,949,450 A shares and 3,099,540,000 H shares) to 9,199,160,569 shares (including 6,099,620,569 A shares and 3,099,540,000 H shares).

Section 7 Changes in Shares and Shareholders

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

Applicable Not applicable

There is no significant impact of changes in shares on financial indicators such as earnings per share and net assets per share after the Reporting Period until the date of the interim report.

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

Applicable Not applicable

(II) Changes in shares with selling restrictions

Applicable Not applicable

Unit: share

Name of shareholder	Number of shares with selling restriction at the beginning of the period	Number of shares with selling restrictions unlocked during the Reporting Period	Increase in the number of shares with selling restrictions during the Reporting Period	Number of shares with selling restriction cancelled during the Reporting Period	Number of shares with selling restriction at the end of the Reporting Period	Reason for the selling restriction	Date of unlocking of the selling restriction
Restricted shares for employees (first grant)	24,342,150	23,998,700	0	306,500	36,950	Share incentive	27 April 2021 – 26 April 2022
Restricted shares for employees (first grant)	14,605,290	0	0	183,900	14,421,390	Share incentive	27 April 2022 – 26 April 2023
Restricted shares for employees (first grant)	9,736,860	0	0	122,600	9,614,260	Share incentive	27 April 2023 – 26 April 2024
Restricted shares for employees (reserved grant)	0	0	574,575	0	574,575	Share incentive	28 January 2021 – 27 January 2022
Restricted shares for employees (reserved grant)	0	0	574,575	0	574,575	Share incentive	28 January 2022 – 27 January 2023
Total	48,684,300	23,998,700	1,149,150	613,000	25,221,750	/	/

Section 7 Changes in Shares and Shareholders

II. SHAREHOLDERS

(I) Total number of shareholders:

Total number of shareholders as at the end of Reporting Period (person) 135,402

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

Unit: share(s)

Name of shareholder (full name)	Increase/ decrease during the Reporting Period	Shareholding of the top 10 shareholders			Pledged, earmarked or frozen Condition of shares	Number	Type of shareholder
		Number of shares held at the end of the period	Percentage (%)	Number of shares held with selling restrictions			
Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產 管理有限公司)	0 (A Shares)	5,115,000,000 (A Shares)	55.60	0 (A Shares)	Pledged	1,823,990,000 (A Shares)	Domestic non- state-owned legal person
HKSCC NOMINEES LIMITED	496,552 (H Shares)	3,085,189,001 (H Shares)	33.54	-	Unknown	-	Overseas legal person
China Securities Finance Corporation Limited	0 (A Shares)	196,889,089 (A Shares)	2.14	-	Unknown	-	Others
National Social Security Fund Portfolio 103	-3,840,668 (A Shares)	50,000,000 (A Shares)	0.54	-	Unknown	-	Others
Hong Kong Securities Clearing Company Limited	19,298,108 (A Shares)	48,552,831 (A Shares)	0.53	-	Unknown	-	Others
China Construction Bank Corporation – Huaxia Energy Reform Equity Securities Investment Fund	13,299,678 (A Shares)	29,836,200 (A Shares)	0.32	-	Unknown	-	Others
CITIC Securities – CITIC Bank – CITIC – Dividend Value One-year Mixed Collective Asset Management Plan (中信証券–中信銀行 –中信証券紅利價值一年持有 混合型集合資產管理計劃)	12,396,560 (A Shares)	12,396,560 (A Shares)	0.13	-	Unknown	-	Others

Section 7 Changes in Shares and Shareholders

Name of shareholder (full name)	Shareholding of the top 10 shareholders						
	Increase/ decrease during the Reporting Period	Number of shares held at the end of the period	Percentage (%)	Number of shares held with selling restrictions	Pledged, earmarked or frozen		Type of shareholder
					Condition of shares	Number	
Taikang Life Insurance Co., Ltd. – Investment Link – Positive Growth	642,531 (A Shares)	11,491,433 (A Shares)	0.12	–	Unknown	–	Others
China Life Insurance Company Limited – Dividend – Personal Dividend- – 005L – FH002 Shanghai (中國人壽保險股份有限公司 – 分紅 – 個人分紅 – 005L – FH002 滬)	2,988,300 (A Shares)	8,615,900 (A Shares)	0.09	–	Unknown	–	Others
KB Asset Utilization-KB China Mainland Fund (KB 資產運用 – KB 中國大陸基金)	–1,005,079 (A Shares)	8,000,021 (A Shares)	0.09	–	Unknown	–	Others

Name of shareholder	Shareholding of the top 10 shareholders holding shares without selling restrictions		
	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	3,085,189,001 (H Shares)	Overseas listed foreign shares	3,085,189,001 (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	50,000,000 (A Shares)	RMB-denominated ordinary shares	50,000,000 (A Shares)
Hong Kong Securities Clearing Company Limited	48,552,831 (A Shares)	RMB-denominated ordinary shares	48,552,831 (A Shares)
China Construction Bank Corporation – Huaxia Energy Reform Equity Securities Investment Fund	29,836,200 (A Shares)	RMB-denominated ordinary shares	29,836,200 (A Shares)
CITIC Securities – CITIC Bank – CITIC – Dividend Value One-year Mixed Collective Asset Management Plan	12,396,560 (A Shares)	RMB-denominated ordinary shares	12,396,560 (A Shares)
Taikang Life Insurance Co., Ltd. – Investment Link – Positive Growth	11,491,433 (A Shares)	RMB-denominated ordinary shares	11,491,433 (A Shares)
China Life Insurance Company Limited – Dividend – Personal Dividend – 005L – FH002 Shanghai	8,615,900 (A Shares)	RMB-denominated ordinary shares	8,615,900 (A Shares)
KB Asset Utilization-KB China Mainland Fund	8,000,021 (A Shares)	RMB-denominated ordinary shares	8,000,021 (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	–		

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

Applicable Not applicable

Section 7 Changes in Shares and Shareholders

Shares Held by Substantial Shareholders (SFO Requirements)

As at 30 June 2021, the following shareholders (excluding the directors, supervisors and chief executives of the Company) had interests or short positions in shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name	Number of shares	Approximate percentage of A Shares (%)	Approximate percentage of H Shares (%)	Approximate percentage of total number of shares (%)
Baoding Innovation Great Wall Asset Management Company Limited (Note 1)	5,115,000,000 (L) (A Shares)	83.86	–	55.60
Baoding Great Wall Holdings Company Limited (保定市長城控股集團有限公司) (Note 2)	5,115,000,000 (L) (A Shares)	83.86	–	55.60
Schroders Plc	302,095,000(L) (H Shares)	–	9.75(L)	3.28
BlackRock, Inc.	167,666,844(L) (H Shares)	–	5.41(L)	1.82
	15,849,000(S) (H Shares)	–	0.51(S)	0.17
Citigroup Inc.	165,229,478(L) (H Shares)	–	5.33(L)	1.80
	25,096,631(S) (H Shares)	–	0.80(S)	0.27
	137,300,019(P) (H Shares)	–	4.42(P)	1.49
Han Xue Juan (Note 3)	5,115,000,000 (L) (A Shares)	83.86	–	55.60
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)	83.86	–	55.60

- (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 7 Changes in Shares and Shareholders

Notes:

- (1) Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) (formerly known as Baoding Woerte Management Consultant Company Limited (保定市沃爾特管理諮詢有限公司)) was established on 1 December 2005. Its place of incorporation is Baoding, Hebei Province, the PRC and its registered address is 2066 Chaoyang South Street, Lianchi District, Baoding. Its business scope covers investments in manufacturing, real estate and horticulture industries, as well as corporate planning and management consultancies (operations that require pre-approvals according to laws and administrative regulations or as prescribed by the State Council can only be conducted after obtaining approvals). As at 30 June 2021, 62.854%, 0.125%, 0.001% and 37.02% equity interest in Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) were held by Baoding Great Wall Holdings Company Limited (保定市長城控股集團有限公司), Mr. Wei Jian Jun, Ms. Han Xue Juan and Management Centre of Collective Assets of Nandayuan Town, Lianchi District, Baoding (保定市蓮池區南大園鄉集體資產經管中心) respectively, while 99% and 1% equity interest in Baoding Great Wall Holdings Company Limited (保定市長城控股集團有限公司) were held by Mr. Wei Jian Jun and Ms. Han Xue Juan respectively. Therefore, Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) is a company controlled by Baoding Great Wall Holdings Company Limited (保定市長城控股集團有限公司) which is in turn controlled by Mr. Wei Jian Jun, and Mr. Wei Jian Jun is deemed to be interested in all the shares of the Company held by Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) pursuant to the SFO.
- (2) As at 30 June 2021, Baoding Great Wall Holdings Company Limited (保定市長城控股集團有限公司) held 62.854% equity interest in Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) and is deemed to be interested in all the shares of the Company held by Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) pursuant to the SFO.
- (3) As at 30 June 2021, Ms. Han Xue Juan, the spouse of Mr. Wei Jian Jun, held 0.001% equity interest in Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) and 1% equity interest in Baoding Great Wall Holdings Company Limited (保定市長城控股集團有限公司). Ms. Han Xue Juan is deemed to be interested in all the shares of the Company in which Mr. Wei Jian Jun is interested pursuant to the SFO.
- (4) As at 30 June 2021, Management Centre of Collective Assets of Nandayuan Town, Lianchi District, Baoding (保定市蓮池區南大園鄉集體資產經管中心) (formerly known as Management Centre of Collective Assets of Nandayuan Town, Nanshi District, Baoding (保定市南市區南大園鄉集體資產經管中心)) held 37.02% equity interest in Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) and is deemed to be interested in all the shares of the Company held by Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) pursuant to the SFO.

Save as disclosed above, as at 30 June 2021, so far as the directors, supervisors and chief executives of the Company are aware, no other person (excluding the directors, supervisors and chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Section 7 Changes in Shares and Shareholders

Directors' and supervisors' interests in securities

As at 30 June 2021, the interests and short positions of each of the directors, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning as defined in Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept as referred to in section 352 of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Hong Kong Listing Rules, are set out as follows:

Name of director/supervisor	Capacity/nature of interest	Number of shares	Approximate percentage of A Shares (%)	Approximate percentage of H Shares (%)	Approximate percentage of total number of shares (%)
Mr. Wei Jian Jun	Interests in controlled companies	5,115,000,000 (L) (A Shares)	83.86	–	55.60
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 + H Shares)	–	–	56.01

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

Note:

As at 30 June 2021, Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) was controlled by Baoding Great Wall Holdings Company Limited (保定市長城控股集團有限公司) which was in turn controlled by Mr. Wei Jian Jun. Accordingly, pursuant to the SFO, Mr. Wei Jian Jun is deemed to be interested in the 5,115,000,000 A Shares held by Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) and 37,998,500 H Shares held by Baoding Great Wall Holdings Company Limited (保定市長城控股集團有限公司).

Save as disclosed above, so far as the directors of the Company are aware, as at 30 June 2021, none of the directors, supervisors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept as referred to in section 352 of the SFO or were otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code. For this purpose, the relevant provisions of the SFO shall be construed as if they were applicable to the supervisors.

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

Applicable Not applicable

Section 7 Changes in Shares and Shareholders

III. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

√ Applicable Not applicable

Unit: share(s)

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

Other explanation√ Applicable Not applicable

Note: Mr. Hu Shu Jie disposed of 200,000 A Shares held by him through centralized bidding on 23 July 2021, upon which his shareholding in the A Shares of the Company was reduced to 1,800,000, and disposed of 20,000 A Shares through centralized bidding on 27 July 2021, upon which his shareholding in the A Shares of the Company was further reduced to 1,780,000. For details of such share disposal, please refer to the Announcement on the Plan of Centralized Bidding and Share Disposal by Senior Management Members of Great Wall Motor Company Limited (Ann No. 2021-092) dated 15 June 2021 published by the Company on the website of the Shanghai Stock Exchange. The Company has reported the change in shares in the business system of Shanghai Stock Exchange as required.

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

 Applicable √ Not applicable

(III) Other Explanations

 Applicable √ Not applicable

IV. CHANGES IN CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS

 Applicable √ Not applicable

Section 8 Description of Preference Shares

Applicable Not applicable

Section 9 Description of Corporate Bonds

I. CORPORATE BONDS, COMPANY BONDS AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES

Applicable Not applicable

II. CONVERTIBLE CORPORATE BONDS

Applicable Not applicable

(I) Issuance of convertible bonds

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

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

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

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

Unit: RMB0'000

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

Section 9 Description of Corporate Bonds

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

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

Total proceeds and details of utilisation:

Total proceeds from the issuance of A share convertible corporate bonds (RMB0'000)	Planned use of proceeds previously disclosed	Proceeds utilized as of 30 June 2021 (RMB0'000)	Proceeds unutilized as of 30 June 2021 (RMB0'000)	Expected timeline for utilisation of unutilised proceeds
350,000.00	New models R&D project	0	350,000.00	On or before 31 December 2023
	GDC project	0	0	On or before 31 December 2025

Note: Proceeds from the public issuance of A share convertible corporate bonds were received on 17 June 2021. As of the date hereof, the previously invested funds have not been replaced with the proceeds raised. Therefore, proceeds utilized as of 30 June 2021 was 0.

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

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

Name of convertible corporate bonds	Great Wall Motor Convertible Bonds
Number of holders of convertible bonds at the end of period	487,344
Guarantors of convertible bonds of the Company	Nil
Significant changes in the profitability, assets and credit status of the guarantors	Nil

Section 9 Description of Corporate Bonds

The top ten convertible bond holders are as follows:

Name of holders of convertible corporate bonds	Convertible bonds held as at the end of the period (RMB)	Proportion (%)
Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)	2,760,000,000	78.86
National Social Security Fund Portfolio 103	31,745,000	0.91
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)	17,096,000	0.49
Taikang Life Insurance Co., Ltd. – Investment Link – Positive Growth (泰康人壽保險有限公司 – 投連 – 積極成長)	6,585,000	0.19
Guotai Junan Securities Co., Ltd.	5,203,000	0.15
China Life Insurance Company Limited – Dividends – Personal Dividends-005L – FH002 Shanghai (中國人壽保險股份有限公司 – 分紅 – 個人分紅 – 005L – FH002 滬)	4,723,000	0.13
Taikang Life Insurance Co., Ltd. – Universal – Personal Universal Products (D) (泰康人壽保險有限公司 – 萬能 – 個人萬能產品(D))	3,440,000	0.10
Shanghai Gaoyi Asset Management Partnership (Limited Partnership) - Gaoyi Xiaofeng No.2 Letter Fund (上海高毅資產管理合夥企業(有限合夥) – 高毅曉峰2號致信基金)	3,381,000	0.10
The Industrial and Commercial Bank of China – China Universal Mobile Internet Stock Securities Investment Fund (中國工商銀行股份有限公司 – 匯添富移動互聯股票型證券投資基金)	3,213,000	0.09
Taikang Life Insurance Co., Ltd. - Dividends – Personal Dividends – 019L – FH002 (泰康人壽保險有限公司 – 分紅 – 個人分紅 – 019L – FH002 滬)	3,125,000	0.09

(III) Changes in convertible bonds during the Reporting Period

Applicable Not applicable

(IV) Cumulative conversion of convertible bonds to shares during the Reporting Period

Applicable Not applicable

Section 9 Description of Corporate Bonds

(V) Previous adjustments to conversion price

Applicable Not applicable

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

According to the Credit Rating Report of Great Wall Motor Company Limited for Public Issuance of A-Share Convertible Corporate Bonds in 2020 issued by China Chengxin International Credit Rating Co., Ltd. (中誠信國際信用評級有限責任公司) on 17 May 2021, the Company's issuer credit rating is AAA with stable rating outlook, and the credit rating of the bonds is also AAA. As of the end of 2020, the total liabilities of the Company were RMB96.67 billion, and the gearing ratio was 62.77%. The Company maintains an excellent issuer credit rating and sound solvency indicators. Meanwhile, the Company generates stable profitability and has desirable development prospects with strong solvency and risk aversion to ensure the capital requirements for repaying the principal and interest of the current tranche of convertible corporate bonds.

(VII) Other information of convertible bonds

Nil

Section 10 Financial Report (Unaudited) Review Report

De Shi Bao (Yue) Zi (21) No. R00056

(Page 1 of 1)

TO THE SHAREHOLDERS OF GREAT WALL MOTOR COMPANY LIMITED:

We have reviewed the accompanying financial statements of Great Wall Motor Company Limited (hereinafter "Great Wall Motor"), which comprise of the consolidated and the Company's balance sheets as at 30 June 2021, and the consolidated and the Company's income statements, the consolidated and the Company's statements of changes in shareholders' equity and the consolidated and the Company's cash flow statements for the six months then ended, and the notes to the financial statements. The directors are responsible for the preparation and presentation of these interim consolidated financial statements. Our responsibility is to issue a review report on these interim consolidated financial statements based on our review.

We conducted our review in accordance with "Chinese Certified Public Accountants Review Standards No. 2101-Review of Financial Statements". This standard requires us to plan and conduct the review procedures, accordingly provide limited assurance that whether there is no significant misstatement of the Great Wall Motor 's financial statement. A review is limited to procedures as enquiry of entity's relevant staff and analytical review of financial data, providing lower level of assurance than for an audit. Since we have not conducted audit, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the above interim financial statements of the Company which comprised the consolidated and the Company's financial position as at 30 June 2021, and the consolidated and the Company's operating results and cash flows for the six months then ended are not prepared, in all material aspects, in accordance with the Accounting Standards for Business Enterprises.

Deloitte Touche Tohmatsu CPA LLP.

Shanghai, China

Chinese Certified Public Accountants:

(Engagement Partner)

Tong Chuan Jiang

Yang Ning

27 August 2021

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

Consolidated Balance Sheet

At 30 June 2021

RMB

Item	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Current Assets:			
Cash and bank balances	VI.1	22,271,791,978.24	14,588,464,389.52
Held-for-trading financial assets	VI.2	8,636,895,869.20	4,826,193,896.30
Derivative financial assets		5,911,320.14	2,271,973.16
Accounts receivable	VI.3	3,220,009,213.01	3,936,156,908.98
Financing with receivables	VI.4	42,952,911,403.78	52,984,556,339.76
Prepayments	VI.5	933,523,244.22	570,917,965.02
Other receivables	VI.6	1,007,333,315.46	1,032,243,323.43
Inventories	VI.7	9,631,035,565.35	7,497,635,549.94
Contract Assets	VI.8	810,975,052.02	495,298,612.22
Non-current assets due within one year	VI.10	2,059,291,193.60	1,884,739,784.73
Other current assets	VI.9	9,381,307,993.20	11,580,488,006.85
Total Current Assets		100,910,986,148.22	99,398,966,749.91
Non-Current Assets:			
Long-term receivables	VI.10	2,242,136,437.17	2,445,172,072.69
Long-term equity investments	VI.11	9,123,005,428.33	8,415,182,722.15
Other equity instrument investments		188,582,800.00	7,700,000.00
Other non-current financial assets		51,820,372.83	24,500,000.00
Investment properties	VI.12	316,087,019.11	325,631,402.08
Fixed assets	VI.13	27,221,676,708.72	28,609,221,999.83
Construction in progress	VI.14	2,868,140,569.17	2,936,380,757.60
Right-of-use assets	VI.15	275,341,920.99	238,889,308.01
Intangible assets	VI.16	5,923,280,028.16	5,543,378,486.80
Development expenditure	VI.17	4,399,941,770.52	3,723,471,858.34
Long-term prepaid expenses		171,033,820.18	178,097,492.31
Deferred tax assets	VI.18	1,986,317,701.70	1,183,302,566.37
Other non-current assets		1,499,489,183.20	981,595,216.15
Total Non-current Assets		56,266,853,760.08	54,612,523,882.33
TOTAL ASSETS		157,177,839,908.30	154,011,490,632.24

Consolidated Balance Sheet

At 30 June 2021

Item	Notes	<i>RMB</i>	
		30 June 2021 (Unaudited)	31 December 2020 (Audited)
Current Liabilities:			
Short-term borrowings	VI.19	3,189,958,455.48	7,901,303,207.55
Derivative financial liabilities		1,049,929.88	4,879,853.91
Notes payable	VI.20	30,474,722,213.60	16,656,076,418.02
Accounts payable	VI.21	25,343,634,653.01	33,185,058,889.00
Contract liabilities	VI.22	7,123,732,734.45	8,027,932,832.07
Employee benefits payable	VI.23	716,386,926.71	2,530,652,915.21
Taxes payable	VI.24	1,144,627,020.59	2,785,790,936.60
Other payables	VI.25	4,042,722,799.20	4,116,969,285.61
Non-current liabilities due within one year	VI.26	1,466,661,159.36	891,934,592.35
Other current liabilities	VI.27	3,105,034,637.33	5,065,113,514.41
Total Current Liabilities		76,608,530,529.61	81,165,712,444.73
Non-current Liabilities:			
Long-term borrowings	VI.19	13,112,452,936.71	10,777,205,207.80
Bonds payable	VI.28	3,517,225,631.22	—
Lease liabilities	VI.29	473,066,860.95	495,284,830.49
Deferred income	VI.30	3,208,415,493.49	3,461,818,011.07
Deferred tax liabilities	VI.18	608,158,968.37	543,719,984.62
Long-term employee benefits payable		70,420,985.42	71,927,409.33
Other non-current liabilities		147,733,539.00	153,975,160.01
Total Non-current Liabilities		21,137,474,415.16	15,503,930,603.32
TOTAL LIABILITIES		97,746,004,944.77	96,669,643,048.05
SHAREHOLDERS' EQUITY:			
Share capital	VI.31	9,199,160,569.00	9,175,953,300.00
Other equity instruments	VI.32	336,012,380.39	—
Capital reserve	VI.33	2,479,093,630.78	1,779,310,235.25
Less: Treasury shares	VI.34	116,380,271.00	200,773,416.00
Other comprehensive income	VI.53	(595,790,978.39)	(582,862,109.97)
Surplus reserve	VI.35	6,175,434,747.88	6,175,434,747.88
Undistributed profits	VI.36	41,954,304,884.87	40,994,784,827.03
Total Equity Attributable to Shareholders of the Company		59,431,834,963.53	57,341,847,584.19
Minority Interests		—	—
TOTAL SHAREHOLDERS' EQUITY		59,431,834,963.53	57,341,847,584.19
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		157,177,839,908.30	154,011,490,632.24

The accompanying notes form part of the financial statements.

The financial statements on pages 104 to 262 were signed by:

Wei Jian Jun
Legal Representative

Li Hong Shuan
Chief Financial Officer

Wang Hai Ping
Head of Finance Section

Balance Sheet of the Company

At 30 June 2021

RMB

Item	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Current Assets:			
Cash and bank balances	XV.1	14,437,405,392.23	8,756,050,336.15
Held-for-trading financial assets		8,325,872,189.20	4,016,432,928.41
Derivative financial assets		1,384,540.03	—
Accounts receivable	XV.2	11,942,494,458.18	9,278,226,610.26
Financing with receivables		20,628,688,971.42	37,159,982,957.50
Prepayments		297,287,820.73	657,535,961.33
Other receivables	XV.3	4,714,878,872.69	4,391,458,493.12
Inventories		4,948,133,489.22	4,075,258,224.43
Contract Assets		810,975,052.02	495,298,612.22
Non-current assets due within one year		268,480,951.53	264,492,224.27
Other current assets		8,595,895,348.07	10,787,263,182.60
Total Current Assets		74,971,497,085.32	79,881,999,530.29
Non-current Assets:			
Long-term receivables		640,843,455.92	630,885,424.04
Long-term equity investments	XV.4	20,074,668,556.70	18,144,163,194.40
Other equity instrument investments		7,700,000.00	7,700,000.00
Other non-current financial assets		51,820,372.83	24,500,000.00
Investment properties		2,412,322,650.03	2,455,536,361.29
Fixed assets		15,562,781,249.79	16,852,363,213.04
Construction in progress		1,456,102,861.19	1,049,647,367.59
Right-of-use assets		184,548,476.13	158,651,281.83
Intangible assets		4,592,311,544.35	4,533,032,149.12
Development expenditure		3,075,419,616.72	2,455,351,941.05
Long-term prepaid expenses		45,775,046.97	51,750,050.97
Deferred tax assets		1,554,236,290.34	686,850,172.69
Other non-current assets		1,396,772,805.98	884,747,717.05
Total Non-Current Assets		51,055,302,926.95	47,935,178,873.07
TOTAL ASSETS		126,026,800,012.27	127,817,178,403.36

Balance Sheet of the Company

At 30 June 2021

RMB

Item	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Current Liabilities:			
Short-term borrowings		2,562,338,600.52	6,261,242,481.54
Notes payable		12,776,864,008.77	3,746,210,934.89
Accounts payable		27,340,397,325.59	39,366,003,020.54
Contract liabilities		9,564,465,566.24	8,742,706,895.39
Employee benefits payable		362,572,851.80	1,556,145,949.54
Taxes payable		423,571,273.52	1,547,533,730.50
Other payables		3,566,183,156.13	3,656,737,043.47
Non-current liabilities due within one year		262,487,888.23	259,759,032.70
Other current liabilities		2,036,960,853.07	4,108,961,593.27
Total Current Liabilities		58,895,841,523.87	69,245,300,681.84
Non-current Liabilities:			
Long-term borrowings		7,860,000,000.00	5,505,000,000.00
Bonds payable		3,159,523,314.04	—
Lease liabilities		404,952,857.09	431,282,148.98
Deferred income		2,438,678,491.56	2,334,887,049.14
Other non-current liabilities		131,792,828.77	136,620,018.20
Total Non-current Liabilities		13,994,947,491.46	8,407,789,216.32
TOTAL LIABILITIES		72,890,789,015.33	77,653,089,898.16
SHAREHOLDERS' EQUITY:			
Share capital		9,199,160,569.00	9,175,953,300.00
Other equity instruments		336,012,380.39	—
Capital reserve		2,494,596,099.00	1,826,846,471.39
Less: Treasury shares		116,380,271.00	200,773,416.00
Other comprehensive income		(126,820,610.55)	(213,330,570.55)
Surplus reserve		4,890,446,242.43	4,890,446,242.43
Undistributed profits		36,458,996,587.67	34,684,946,477.93
TOTAL SHAREHOLDERS' EQUITY		53,136,010,996.94	50,164,088,505.20
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		126,026,800,012.27	127,817,178,403.36

Consolidated Income Statement

For the period from 1 January to 30 June 2021

RMB

Item	Notes	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
I. Total operating income		61,928,368,916.17	35,929,193,647.85
Including: Operating income	VI.37	61,928,368,916.17	35,929,193,647.85
Less: Total operating costs		58,998,921,517.40	35,061,611,555.84
Including: Operating costs	VI.37	51,864,433,297.01	30,641,639,499.57
Taxes and levies	VI.38	1,797,556,377.67	1,025,869,701.34
Selling expenses	VI.39	2,444,423,361.02	1,077,470,060.82
Administrative expenses	VI.40	1,341,218,155.72	941,176,287.60
Research and development expenses		1,857,755,050.88	1,220,056,896.97
Financial expenses	VI.41	(306,464,724.90)	155,399,109.54
Including: Interest expenses		231,611,304.18	122,272,851.94
Interest income		350,511,691.45	323,015,932.34
Add: Other income	VI.42	496,946,952.72	208,119,036.81
Investment income	VI.43	650,630,133.59	430,962,648.75
Including: Investment income from joint ventures and associates		644,272,899.77	496,255,875.90
Gains from changes in fair value	VI.44	91,730,731.96	25,556,189.78
Impairment losses on credit	VI.45	(26,228,429.92)	(45,134,797.18)
Impairment losses on assets	VI.46	(259,759,418.15)	(310,947,319.89)
Gains (losses) from disposal of assets	VI.47	(24,025,980.42)	(15,655,663.23)
II. Operating profit		3,858,741,388.55	1,160,482,187.05
Add: Non-operating income	VI.48	92,698,807.84	169,479,190.92
Less: Non-operating expenses	VI.49	15,696,502.65	11,597,227.72
III. Total profit		3,935,743,693.74	1,318,364,150.25
Less: Income tax expenses	VI.50	407,126,668.90	172,221,427.35

Consolidated Income Statement

For the period from 1 January to 30 June 2021

Item	Notes	RMB	
		For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
IV. Net profit	VI.51	3,528,617,024.84	1,146,142,722.90
(I) Classification by going concern: Net profit under going concern		3,528,617,024.84	1,146,142,722.90
(II) Classification by attribution of ownership: 1. Net profit attributable to shareholders of the Company		3,528,617,024.84	1,146,142,722.90
2. Profit or loss attributable to minority interests		—	—
V. Net other comprehensive income after taxes	VI.53	(12,928,868.42)	(106,423,968.65)
Net other comprehensive income attributable to shareholders of the Company after taxes		(12,928,868.42)	(106,423,968.65)
Other comprehensive income that will be reclassified to profit or loss		(12,928,868.42)	(106,423,968.65)
Translation difference of financial statements denominated in foreign currency		(56,673,665.08)	(134,303,845.99)
Changes in fair value of financial assets classified as at fair value through other comprehensive income		43,744,796.66	27,879,877.34
Net other comprehensive income attributable to minority interests		—	—
VI. Total comprehensive income		3,515,688,156.42	1,039,718,754.25
Total comprehensive income attributable to shareholders of the Company		3,515,688,156.42	1,039,718,754.25
Total comprehensive income attributable to minority interests		—	—
VII. Earnings per share:			
(I) Basic earnings per share	VI.52	0.39	0.12
(II) Diluted earnings per share	VI.52	0.38	0.12

Income Statement of the Company

For the period from 1 January to 30 June 2021

RMB

Item	Notes	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
I. Operating income	XV.5	58,047,822,739.69	34,208,397,883.25
Less: Operating costs	XV.5	54,480,342,291.66	31,665,205,763.84
Taxes and levies		1,662,831,239.17	932,932,016.36
Selling expenses		2,098,918,468.36	889,955,662.99
Administrative expenses		809,235,632.48	640,079,574.66
Research and development expenses		1,249,376,201.08	911,041,055.49
Financial expenses		(103,332,708.22)	(193,664,675.20)
Including: Interest expenses		192,613,051.88	70,409,771.16
Interest income		301,146,521.70	268,166,130.13
Add: Other income		206,693,313.80	177,813,647.66
Investment income	XV.6	6,027,940,884.69	3,663,424,964.14
Including: Investment income from joint ventures		668,096,166.49	496,255,875.90
Gains from changes in fair values		11,588,100.82	31,532,584.94
Gains (losses) on credit impairment		3,133,763.47	(29,455,439.15)
Impairment losses on assets		(225,571,518.94)	(65,722,081.15)
Losses from disposal of assets		(19,886,795.32)	(4,460,830.25)
II. Operating profit		3,854,349,363.68	3,135,981,331.30
Add: Non-operating income		33,938,526.49	47,896,693.48
Less: Non-operating expenses		10,901,863.08	9,299,947.34
III. Total profit		3,877,386,027.09	3,174,578,077.44
Less: Income tax expenses		(465,761,049.65)	(130,709,768.97)
IV. Net profit		4,343,147,076.74	3,305,287,846.41
Net profit under going concern		4,343,147,076.74	3,305,287,846.41
V. Net other comprehensive income after taxes		86,509,960.00	52,853,523.50
Other comprehensive income that will be reclassified into profit or loss		86,509,960.00	52,853,523.50
Changes in fair value of financial assets classified as at fair value through other comprehensive income		86,509,960.00	52,853,523.50
VI. Total comprehensive income		4,429,657,036.74	3,358,141,369.91

Consolidated Cash Flow Statement

For the period from 1 January to 30 June 2021

Item	Notes	<i>RMB</i>	
		For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
I. Cash Flows from Operating Activities:			
Cash receipts from the sales of goods and rendering of services		77,721,927,397.39	56,493,574,576.29
Receipts of tax rebate		844,700,599.62	404,589,231.38
Other cash receipts related to operating activities	VI.54(1)	1,589,361,073.91	1,873,757,462.97
Sub-total of cash inflows from operating activities		80,155,989,070.92	58,771,921,270.64
Cash payments for goods purchased and services received		50,852,873,973.21	39,409,669,781.99
Cash payments to and on behalf of employees		5,928,962,340.27	4,396,305,218.52
Payments of various types of taxes		5,416,525,028.46	2,590,236,412.39
Other cash payments related to operating activities	VI.54(2)	2,847,848,976.83	2,859,165,692.15
Sub-total of cash outflows from operating activities		65,046,210,318.77	49,255,377,105.05
Net Cash Flow from Operating Activities	VI.55(1)	15,109,778,752.15	9,516,544,165.59
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		17,309,096,321.53	14,880,350,000.00
Cash receipts from investment income		292,347,968.24	210,377,471.63
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		121,675,840.48	131,674,338.19
Net cash receipts from disposal of subsidiaries and other business units	VI.55(2)	—	328,500,000.00
Other cash receipts relating to investing activities	VI.54(3)	53,000,000.00	—
Sub-total of cash inflows from investing activities		17,776,120,130.25	15,550,901,809.82
Cash paid to purchase and construct fixed assets, intangible assets and other long-term assets		3,832,385,765.11	2,561,771,947.28
Cash paid for investments		18,889,252,840.00	20,391,595,817.12
Other cash payments related to investing activities	VI.54(4)	—	89,075,000.00
Sub-total of cash outflows from investing activities		22,721,638,605.11	23,042,442,764.40
Net Cash Flow from Investing Activities		(4,945,518,474.86)	(7,491,540,954.58)

Consolidated Cash Flow Statement

For the period from 1 January to 30 June 2021

Item	Notes	<i>RMB</i>	
		For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		209,805,495.80	215,456,295.00
Cash receipts from borrowings		5,468,446,455.11	8,936,178,831.57
Cash receipts from bond issues		4,837,000,000.00	2,000,000,000.00
Other cash receipts related to financing activities	VI.54(5)	—	264,777,223.55
Sub-total of cash inflows from financing activities		10,515,251,950.91	11,416,412,350.12
Cash repayments of borrowings		7,875,803,898.01	2,781,874,595.80
Cash payments for distribution of dividends or profits or settlement of interest expenses		2,796,042,954.49	1,602,234,929.70
Cash repayments of bonds		2,257,671,700.00	—
Other cash payments related to financing activities	VI.54(6)	226,357,059.85	8,696,545.97
Sub-total of cash outflows from financing activities		13,155,875,612.35	4,392,806,071.47
Net Cash Flow from Financing Activities		(2,640,623,661.44)	7,023,606,278.65
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
		(50,982,451.60)	125,011,597.32
V. Cash Flows from Operating Activities:			
Add: Opening balance of cash and cash equivalents		7,472,654,164.25	9,173,621,086.98
		13,591,491,005.23	8,777,231,585.64
VI. Closing balance of cash and cash equivalents			
	VI.55(3)	21,064,145,169.48	17,950,852,672.62

Cash Flow Statement of the Company

For the period from 1 January to 30 June 2021

Item	Notes	<i>RMB</i>	
		For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
I. Cash Flows from Operating Activities:			
Cash receipts from the sales of goods and rendering of services		73,513,230,044.37	49,366,556,803.16
Receipts of tax rebate		825,906,213.06	233,770,494.88
Other cash receipts related to operating activities		795,284,229.56	1,047,786,251.55
Sub-total of cash inflows from operating activities		75,134,420,486.99	50,648,113,549.59
Cash payments for goods purchased and services received		58,141,383,347.24	37,181,734,862.35
Cash payments to and on behalf of employees		3,196,632,706.69	2,736,192,469.19
Payments of various types of taxes		2,957,860,243.62	1,818,564,737.71
Other cash payments related to operating activities		2,326,119,775.70	1,837,314,841.39
Sub-total of cash outflows from operating activities		66,621,996,073.25	43,573,806,910.64
Net Cash Flows from Operating Activities	XV.7(1)	8,512,424,413.74	7,074,306,638.95
II. Cash Flows from Investing Activities:			
Cash receipts from disposal of investments		14,441,543,927.17	6,610,000,000.00
Cash receipts from investment income		3,818,604,867.91	1,260,431,123.13
Cash receipts from disposal of subsidiaries and other business units		1,500,000.00	329,000,000.00
Net Cash receipts from disposal of fixed assets, intangible assets and other long-term assets		150,406,456.87	847,484,469.94
Other cash receipts relating to investing activities		514,670,970.15	—
Sub-total of cash inflows from investing activities		18,926,726,222.10	9,046,915,593.07
Cash paid to purchase and construct fixed assets, intangible assets and other long-term assets		1,869,126,914.08	1,399,293,959.29
Cash paid for investments		17,531,688,608.71	12,330,002,627.74
Other cash payments related to investing activities		—	103,000,000.00
Sub-total of cash outflows from investing activities		19,400,815,522.79	13,832,296,587.03
Net Cash Flow from Investing Activities		(474,089,300.69)	(4,785,380,993.96)

Cash Flow Statement of the Company

For the period from 1 January to 30 June 2021

Item	Notes	<i>RMB</i>	
		For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
III. Cash Flows from Financing Activities:			
Cash receipts from capital contribution		209,805,495.80	215,456,295.00
Cash receipts from borrowings		4,805,148,000.00	5,500,000,000.00
Cash receipts from bond issues		3,500,000,000.00	2,000,000,000.00
Other cash receipts related to financing activities		7,336,222.63	29,886,569.52
Sub-total of cash inflows from financing activities		8,522,289,718.43	7,745,342,864.52
Cash repayments of borrowings		6,145,000,000.00	1,650,000,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		2,722,021,676.53	1,549,895,770.84
Cash repayments of bonds		2,000,000,000.00	—
Other cash payments related to financing activities		153,206,310.63	1,203,952.03
Sub-total of cash outflows from financing activities		11,020,227,987.16	3,201,099,722.87
Net Cash Flow from Financing Activities		(2,497,938,268.73)	4,544,243,141.65
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		(3,376,535.76)	2,809,700.05
V. Net Increase in Cash and Cash Equivalents		5,537,020,308.56	6,835,978,486.69
Add: Opening balance of cash and cash equivalents		8,728,034,521.63	4,876,599,293.72
VI. Closing balance of cash and cash equivalents	XV.7(2)	14,265,054,830.19	11,712,577,780.41

Consolidated Statement of Changes in Shareholders' Equity

For the period from 1 January to 30 June 2021

RMB

Item	For the period from 1 January to 30 June 2021 (Unaudited)								
	Attributable to the shareholders of the Company								
	Share capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interests	Total shareholders' equity
I. Balance at the beginning of the period	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
II. Changes in the current period	23,207,269.00	336,012,380.39	699,783,395.53	(84,393,145.00)	(12,928,868.42)	—	959,520,057.84	—	2,089,987,379.34
(i) Total comprehensive income	—	—	—	—	(12,928,868.42)	—	3,528,617,024.84	—	3,515,688,156.42
(ii) Owners' contributions and reduction in capital	23,207,269.00	336,012,380.39	288,145,587.82	(70,931,498.00)	—	—	—	—	718,296,735.21
1. Capital contributions from owners	23,820,269.00	—	185,985,226.80	23,902,320.00	—	—	—	—	185,903,175.80
2. Conversion options of convertible bonds classified as equity instruments	—	336,012,380.39	—	—	—	—	—	—	336,012,380.39
3. Amount of share-based payments included in owners' equity	—	—	104,226,171.02	—	—	—	—	—	104,226,171.02
4. Cancellation of restricted stock and unlocking of restricted shares	(613,000.00)	—	(2,065,810.00)	(94,833,818.00)	—	—	—	—	92,155,008.00
(iii) Profit distribution	—	—	—	(13,461,647.00)	—	—	(2,569,096,967.00)	—	(2,555,635,320.00)
1. Distribution to shareholders	—	—	—	(13,461,647.00)	—	—	(2,569,096,967.00)	—	(2,555,635,320.00)
(iv) Transfers within owners' equity	—	—	—	—	—	—	—	—	—
(v) Special reserve	—	—	—	—	—	—	—	—	—
(vi) Others	—	—	411,637,807.71	—	—	—	—	—	411,637,807.71
III. Balance at the end of the period	9,199,160,569.00	336,012,380.39	2,479,093,630.78	116,380,271.00	(595,790,978.39)	6,175,434,747.88	41,954,304,884.87	—	59,431,834,963.53

Consolidated Statement of Changes in Shareholders' Equity

For the period from 1 January to 30 June 2021

RMB

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

Statement of Changes in Shareholders' Equity of the Company

For the period from 1 January to 30 June 2021

RMB

Item	For the period from 1 January to 30 June 2021 (Unaudited)							
	Share capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Balance at the beginning of the period	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
II. Changes in the current period	23,207,269.00	336,012,380.39	667,749,627.61	(84,393,145.00)	86,509,960.00	—	1,774,050,109.74	2,971,922,491.74
(I) Total comprehensive income	—	—	—	—	86,509,960.00	—	4,343,147,076.74	4,429,657,036.74
(II) Owners' contributions and reduction in capital	23,207,269.00	336,012,380.39	288,145,587.82	(70,931,498.00)	—	—	—	718,296,735.21
1. Capital contributions from owners	23,820,269.00	—	185,985,226.80	23,902,320.00	—	—	—	185,903,175.80
2. Conversion options of convertible bonds classified as equity instruments	—	336,012,380.39	—	—	—	—	—	336,012,380.39
3. Amount of share-based payments included in owners' equity	—	—	104,226,171.02	—	—	—	—	104,226,171.02
4. Cancellation of restricted stock shares and unlocking of restricted shares	(613,000.00)	—	(2,065,810.00)	(94,833,818.00)	—	—	—	92,155,008.00
(III) Profit distribution	—	—	—	(13,461,647.00)	—	—	(2,569,096,967.00)	(2,555,635,320.00)
1. Distributions to shareholders	—	—	—	(13,461,647.00)	—	—	(2,569,096,967.00)	(2,555,635,320.00)
(IV) Transfers within owners' equity	—	—	—	—	—	—	—	—
(V) Special reserve	—	—	—	—	—	—	—	—
(VI) Others	—	—	379,604,039.79	—	—	—	—	379,604,039.79
III. Balance at the end of the period	9,199,160,569.00	336,012,380.39	2,494,596,099.00	116,380,271.00	(126,820,610.55)	4,890,446,242.43	36,458,996,587.67	53,136,010,996.94

Statement of Changes in Shareholders' Equity of the Company

For the period from 1 January to 30 June 2021

RMB

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

I. BASIC CORPORATE INFORMATION

1. Company Overview

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

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

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

2. The scope of consolidated financial statements

The Company’s and consolidated financial statements have been approved by the Board of Directors on 27 August 2021.

The scope of consolidated financial statements of this period refers to Note VIII “interest in other entities”. Changes in the scope of consolidated financial statements of this period mainly refer to Note VII “changes in consolidation scope.”

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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 in accordance with the relevant regulations.

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

Fair value is the price that willing parties receive from the sale of an asset or pay for the transfer of a liability in an orderly transaction on the measurement date. Whether the fair value is observable or measured by valuation techniques, the measurement and disclosure in this financial statement were all based on it.

Fair value measurements are recognized at three levels, based on the observability of the input value of fair value and the importance of such input value to the overall fair value measurement, which are described as follows:

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

Going concern

The Group has evaluated its ability of going concern for the next 12 months since 30 June 2021. No events or matters are found to have significant doubts about the ability. Thus, the financial statements have been prepared under the assumption of going concern.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance with the ASBEs

The financial statements have been prepared in compliance with the Accounting Standard for Business Enterprises to truly and completely reflect the Company's and consolidated financial position of the Company as at 30 June 2021, the Company's and consolidated statement of changes in shareholders' equity and the Company's and consolidated operating results and cash flows for the period from 1 January to 30 June 2021.

2. Accounting year

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

3. Operating cycle

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

4. Functional currency

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

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

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

5.1 Business combinations involving enterprises under common control

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

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

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

5.2 Business combinations not involving enterprises under common control and goodwill

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

The combination costs of the purchaser shall be the fair value of the assets paid, the liabilities incurred or assumed and the equity instruments issued in exchange for the control over the acquire on the acquisition date. The combining party records overheads during the business combination, including the expenses for audit, legal services, assessment, and other administrative expenses, in profit or loss for the current period when incurred.

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

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

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

5.3 Acquire assets through the acquisition of subsidiaries

For the acquisition of subsidiaries not constituting a business, the acquisition cost is allocated to each single identifiable asset and liability at fair value, and no goodwill or purchase gain will be recognized.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

6. Preparation of consolidated financial statements

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

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

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

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

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

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

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

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

Even if the loss of a subsidiary shared by minority shareholders exceeds its share of the initial shareholders' equity, the balance will still be offset against the minority interests.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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 interests should be adjusted to reflect the change in the Company's interest in the subsidiaries. Differences between the adjustment amount of minority shareholders' equity and the fair value of the consideration paid should be adjusted to capital reserve. If the differences exceed capital reserve, retained earnings shall be adjusted.

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

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

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

The Group accounts for investments in joint ventures using equity method. Refer to Note III, 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 period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

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

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

8. Recognition criterion of cash and cash equivalents

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

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

9.1 Transactions denominated in foreign currencies

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

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

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

9.2 Translation of financial statements denominated in foreign currency

To prepare consolidated financial statements, the financial statements denominated in foreign currency of a foreign operation are translated to RMB in compliance with the following requirement: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; all equity (except undistributed profits) items are translated at the spot exchange rates at the dates on which such items arose; income and expenses and profit appropriation items in the income statement are translated at the spot exchange rate at the date of transaction; the retained earnings at the beginning of the year/period is the translated undistributed profits at the end of prior year; the retained earnings at the end of the year/period 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. The balance at the beginning of the year/period and the amount actually incurred in the prior year/period are presented at the translated amount 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, and only when, the Group becomes party to the contractual provisions of the instrument.

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

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

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

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

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

10.1 Classification, recognition and measurement of financial assets

After initial recognition, the Group measures different financial assets at amortized costs, fair value through other comprehensive income or fair value through profit or loss.

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

If 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 to hold financial assets in order to collect contractual cash flows and sell the financial assets, such asset is classified into financial assets measured at FVTOCI. Financial assets classified as at FVTOCI are presented by the Group as financing with receivables in financial statements.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

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

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

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

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

Other than derivative financial assets, the financial assets at FVTPL are presented as held-for-trading financial assets. 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 period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

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

10.1.1 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.

Interest income from financial assets at amortized cost is recognized based on the effective interest method. The Group calculates interest income by applying the effective interest rate to the gross carrying amount of the financial asset except the financial asset subsequently becoming credit-impaired, and the Group subsequently recognizes their interest income based on amortized costs and effective interest rate of such financial assets. If the credit impairment no longer exists due to an improvement in credit risk of the financial instruments subsequently, the Group recognizes interest income based on applying effective interest rate to gross carrying amount of the financial assets.

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 period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

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

10.1.3 Financial assets at FVTPL

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

10.2 Impairment of financial instruments and other items

The Group accounts for impairment and recognizes loss allowance for financial assets measured at amortized cost, financial assets classified as at FVTOCI and other items (lease receivables and contract assets) based on expected credit losses ("ECL").

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

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

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.2 Impairment of financial instruments and other items (continued)

10.2.1 Significant increase in credit risk

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

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

- (1) Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations.
- (2) An actual or expected significant change in the operating results of the borrower.
- (3) Significant increases in credit risk on other financial instruments of the same borrower.
- (4) A significant adverse change in the regulatory, economic, or technological environment of the borrower.
- (5) Significant changes in the expected performance and 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 period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.2 Impairment of financial instruments and other items (continued)

10.2.2 Credit-impaired financial assets

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

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

10.2.3 Recognition of expected credit losses

The Group recognizes credit losses for the relevant financial instruments and other items on an individual basis or a collective basis. Where the provision matrix is used to assess credit losses on a collective basis, the Group classifies financial instruments into different groups based on similar credit risk characteristics. Similar credit risk characteristics include type of financial instruments, credit risk rating, initial recognition date, remaining contract period, industry of debtor, geographical location of debtor, value of collaterals relative to the financial assets, etc.

ECL of relevant financial instruments is recognized based on the following methods:

- For a financial asset, credit loss is the present value of difference between the contractual cash flows and the cash flows that the Group expects to receive.
- For a lease receivable, credit loss is the present value of difference between the contractual cash flows and the cash flows that the Group expects to receive.
- For credit-impaired financial assets at the balance sheet date, credit loss is the difference between the gross carrying amount of financial assets and the present value of expected future cash flows discounted at original effective interest rate.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.2 Impairment of financial instruments and other items (continued)

10.2.3 Recognition of expected credit losses (continued)

The Group's measurement of ECL of financial instruments reflects factors including unbiased probability weighted average amount recognized by assessing a series of possible results, time value of money, reasonable and supportable information related to historical events, current condition and forecast of future economic position that is available without undue cost or effort at the balance sheet date.

10.2.4 Written-off of financial assets

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

10.3 Transfer of financial assets

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

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

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.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.4 Classification of financial liabilities and equity instruments

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

10.4.1 Classification, recognition and measurement of financial liabilities

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

10.4.1.1 Financial liabilities at fair value through profit or loss

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

A financial liability is classified as held-for-trading if one of the following conditions is satisfied:

- It has been assumed principally for the purpose of repurchasing in the near term.
- On initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking.
- It is a derivative that is not designated as a financial guarantee contract and effective as a hedging instrument.

Financial liabilities at FVTPL are subsequently measured at fair value, and any gains or losses arising from changes in fair value and any dividend or interest expenses on the financial liabilities are recognized in profit or loss.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.4 Classification of financial liabilities and equity instruments (continued)

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

10.4.1.2 Other financial liabilities

Other financial liabilities of the Group are subsequently measured at amortized cost, and any gains or losses arising from derecognition and amortization are included in profit or loss. Other financial liabilities include short-term borrowings, notes payable, accounts payable, other payables, other current liabilities, long-term borrowings, bonds payable, etc.

10.4.2 Derecognition of financial liabilities

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

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

10.4.3 Equity instruments

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

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial instruments (continued)

10.5 Derivatives

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

10.6 Offsetting a financial asset and a financial liability

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

10.7 Convertible bonds

Convertible bonds issued by the Group that contain liability and conversion option are classified separately into respective items on initial recognition. Conversion option that is settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is accounted for as equity.

At the initial recognition, the fair value of liability component of the convertible bonds is determined based on the market value of similar bonds which have no conversion option. The balance of issue price and the fair value of liability is the value of conversion option and is recognized in other equity instruments.

In subsequent periods, the liability component of the convertible bonds is carried at amortized cost using the effective interest method. The conversion option classified as equity remains in equity. No gain or loss is recognized in profit or loss upon conversion or expiration of the option.

The transaction costs incurred for issue of convertible bonds are allocated between the components of liabilities and the components of equity instruments, using the distribution method consistent with the overall issue cost. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and amortized over the period of the convertible bonds using the effective interest method.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financing with receivables

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

12. Inventories

12.1 Classification of inventories

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

12.2 Valuation method of inventories upon delivery

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

12.3 Recognition of net realizable value of inventories

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

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

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

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

12. Inventories (continued)

12.4 Inventory count system

The inventory count system shall be on a perpetual basis.

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

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

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

13. Contract assets

13.1 Method and criteria of recognition of contract assets

Contract assets refer 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 Determination and accounting treatment of ECL of contract assets

Refer to Note (III) 10.2 for recognition method and accounting treatment of ECL of the relevant contract assets.

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.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

14. Long-term equity investments (continued)

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.

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

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

14.3 Method for subsequent measurement and profit or loss recognition

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

The Company's separate financial statements adopted cost method to account for the long-term equity investments of subsidiaries. A subsidiary is an investee that is controlled by the Group.

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

14. Long-term equity investments (continued)

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

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

The Group accounts for investments in associates and joint ventures, using the equity method. The associate refers to the investee which can be greatly influenced by the Group. Joint venture refers to a joint venture arrangement in which the Group only has rights to the net assets of the arrangement.

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

Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income of the investee for the period as investment income and other comprehensive income for the period. Meanwhile, carrying amount of long-term equity investment is adjusted; the carrying amount of long-term equity investment is decreased in accordance with its share of the investee's declared profit or cash dividends; other changes in owners' equity of the investee other than net profit or loss and other comprehensive income are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized in the capital reserve. The Group recognizes its share of the investee's net profit or loss based on the fair value of the investee's individual identifiable assets, etc. at the acquisition date after making appropriate adjustments. If the accounting policies and accounting periods adopted by the investee are inconsistent with those of the Company, the financial statements of the investee will be adjusted by the accounting policies and accounting periods of the Company, based on which the investment income and other comprehensive income will be recognized. For transactions entered into between the Group and its associates and joint ventures, if the assets invested or sold do not constitute the business, the portion of the profit or loss from the unrealized internal transactions attributable to the Group calculated at the attributable proportion will be offset, based on which the investment income or loss is recognized. However, for the loss arising from the unrealized internal transactions between the Group and its investees, the impairment losses on the transferred assets will not be offset.

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

14. Long-term equity investments (continued)

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

14.3.3 Disposal of long-term equity investments

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

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

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, leased constructions, etc.

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

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

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

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

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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.

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.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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.

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 period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

19. Intangible assets (continued)

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

Except the 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 period. A change in the useful life or amortization method used shall be accounted for as a change in accounting estimate.

Details of impairment test for intangible assets are set out in Note III "20. Impairment of long-term assets".

19.2 Research and development expenditure

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

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

19. Intangible assets (continued)

19.2 Research and development expenditure (continued)

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

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

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

20. Impairment of long-term assets

The Group reviews the long-term equity investments, investment property measured at cost method, fixed assets, construction in progress and intangible assets and right-of-use assets with definite useful lives at the balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated.

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

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

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

The Group's post-employment benefits include 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 period from 1 January to 30 June 2021

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 puts welfare obligation generated from defined benefit plans according to formula defined by anticipated accumulative welfare method to period of employees' rendering service, and recognizes it in profit or loss or related costs of assets. Costs of employee benefits generated from defined benefit plans are classified into following parts:

- (1) Costs of service(including costs of service of current period, costs of service of prior period and gains or losses on settlement);
- (2) Net interest on net liabilities of defined benefit plans(including interest income of scheme assets, interest expenses of obligation of defined benefit plans and interest influenced by asset limit); and
- (3) Change arising from remeasurement of net liabilities of defined benefit plans.

Service costs and net interest of net liabilities of defined benefit plans are recognized in profit or loss of current period or related costs of assets. Changes from recalculation of net liabilities of defined benefit plans (including actuary gains or losses, amount of return of scheme assets less net interest of net liabilities of defined benefit plans, change influenced by asset limit less net interest of net liabilities included in defined benefit plans) are recognized 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 period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

25. Share-based payment

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

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

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

26. Revenue

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

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

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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 period from 1 January to 30 June 2021

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 period in which the related costs are recognized. If the grant is a compensation for related expenses and losses already incurred, the grant is recognized immediately in profit or loss for the current period.

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

28. Income tax

28.1 Current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods shall be measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

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 period from 1 January to 30 June 2021

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

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

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

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 period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Lease

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

At inception/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 assets

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

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received (if any);
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, exclusive of the cost incurred for production of inventories.

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Lease (continued)

29.1 The Group as lessee (continued)

29.1.2 Right-of-use assets (continued)

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

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 period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Lease (continued)

29.1 The Group as lessee (continued)

29.1.3 Lease liabilities (continued)

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

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

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

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

29.1.5 Lease modifications

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the scope of increase which is adjusted based on circumstances of such contract.

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Lease (continued)

29.1 The Group as lessee (continued)

29.1.5 Lease modifications (continued)

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

29.2 The Group as lessor

29.2.1 Separation of a lease

For a contract that contains lease and non-lease components simultaneously, the Group applies the standards of 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 period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Lease (continued)

29.2 The Group as lessor (continued)

29.2.2 Classification of lease (continued)

29.2.2.2 The Group as lessor under finance leases

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

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

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

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

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Lease (continued)

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

30. Accounting treatment of asset securitization business

The Group securitizes certain financial lease receivables (“trust property”) and trusts assets to specific-purpose entities, which will issue senior asset-backed securities to the investors. The Group holds subordinated asset-backed securities, which will not be transferred until the principal and interest of the senior asset-backed securities are paid off. As an asset service provider, the Group renders services such as asset maintenance and daily management, formulation of annual asset disposal plans, formulation and implementation of asset disposal plans, signing relevant asset disposal agreements and regular preparation of asset service reports. At the same time, as a liquidity support institution, the Group provides liquidity support before the principal of senior asset-backed securities is fully paid in order to make up the difference in interest or principal. Subsequent to the payment of the trust taxes and relevant expenses, the trust property is preferentially used to repay the principal and interest on the senior asset-backed securities. The remaining trust property after repaying all the principal and interest will be accounted for as the income from subordinated asset-backed securities which are attributable to the Group. As the Group has retained substantially all the risks and rewards relating to the trust property, the trust property is not derecognized. At the same time, the Group has effective control over specific-purpose entities and has included them in the scope of consolidated financial statements.

In applying the accounting policies for securitized financial assets, the Group has considered the extent to which the risks and rewards of assets transferred to other entities and the extent to which the Group exercises its control over such entities:

- The Group derecognizes the financial asset when it has transferred substantially all the risks and rewards of the ownership of the financial asset;
- The Group continues to recognize the financial asset when it retains substantially all the risks and rewards of the ownership of the financial asset.
- The Group will consider whether it has control over the financial asset when it neither transfers nor retains substantially all the risks and rewards of the ownership of the financial asset. If the Group retains no control, the Group will derecognize the financial asset and recognize the rights and obligations generated or retained during transfer as assets or liabilities respectively. If the Group retains the control, the Group will recognize the financial asset based on the extent of its continuing involvement in the financial asset.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

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

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

Significant judgements made in the application of accounting policies

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

Capitalization of development expenditure

If the expenditure in the development stage meets the conditions as described in Note III 19.2, it shall be capitalized, or included in the current profit and loss if not. Whether the expenditure in the development stage is capitalized or expensed requires significant judgment and estimates.

Determination of the lease term of lease contract with renewal option

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

Key assumptions and uncertainties in accounting estimates

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

Provision for decline in value of inventories

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

Useful life of fixed assets

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

Recognition of deferred tax assets

The realization of deferred tax assets is mainly determined by future actual earnings and actual tax rate of temporary difference in future utilization year. If the actual future earning is less than estimates, or the actual tax rate is lower than estimates, the recognized deferred income tax asset shall be reversed, and be recognized in the income statement in the year in which the reversal is incurred. If the actual earnings accrued in the future is more than estimates, or the actual tax rate is higher than estimates, such deferred tax asset shall be recognized in the consolidated income statement in the year in which they are incurred.

After-sales service expenses

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

V. TAXATION

1. Major tax types and rates

Tax type	Basis	Tax rate
Value-added tax	Purchase/Sales (<i>Note</i>)	3%, 5%, 6%, 9%, 13%
Consumption tax	Sales	3%, 5%
Urban maintenance and construction tax	Value-added tax and consumption tax	5%, 7%
Education surcharge	Value-added tax and consumption tax	3%
Enterprise income tax	Taxable income (<i>Note</i>)	20%, 21%, 22%, 25%, 28%, 30%, 30.04%
Real estate tax	Original cost/rental income of the real estate	The property tax on the Group's owner-occupied properties is calculated and paid at 70% of the properties' original value, subject to the tax rate of 1.2%; and the property tax on the leased properties is calculated and paid based on 12% of the rental income.
Land use tax	Usable area of the land	Corresponding tax rate

Note: Except for the tax concessions described in Note (V) 2, the above table lists the applicable tax rates or the comprehensive tax rates for the Group's related subsidiaries for 2020 and for the period from 1 January 2021 to 30 June 2021.

2. Tax incentives and approvals

2.1 Income tax incentives

2.1.1 Income tax incentive policy for recruitment of disabled

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

V. TAXATION (continued)

2. Tax incentives and approvals (continued)

2.1 Income tax incentives (continued)

2.1.2 Income tax exemption for new and high-tech enterprise

In accordance with the Enterprise Income Tax Law of the People's Republic of China and other relevant regulations, the Company and its subsidiaries, Baoding Great and Mind Electronics Appliance Company Limited ("Mind Electronics"), were re-identified as new high-tech enterprises in 2019 with the validity term of three years; and the Company's subsidiaries, Jinggong Motor, Nobo Automotive and Nobo Rubber, were identified as new high-tech enterprises in 2019 with the validity term of three years, subject to the applicable income tax rate of 15% from 2019 to 2021. The Company's subsidiaries, HYCET Transmission Technology Hebei Co., Ltd. ("HYCET Transmission Technology") and HYCET Engine System (Jiangsu) Co., Ltd. ("HYCET Engine System"), were identified as new high-tech enterprises in 2020 with the validity term of three years, subject to the applicable income tax rate of 15% from 2020 to 2022.

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

In accordance with Cai Shui [2011] No. 58 Circular regarding the Tax Policies of the Strategy of Further Development of Western Region issued by the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation, the Company and its subsidiaries, including Chongqing Haval Motors Co., Ltd. ("Chongqing Haval"), Chongqing Yongchuan Great Wall Automotive Parts Co., Ltd. ("Chongqing Parts"), Chongqing Great Wall Automobile After-sales Service Co., Ltd. ("Chongqing Great Wall After-sales"), Chongqing Weipai Auto Sales Co., Ltd. ("Chongqing Weipai"), Chongqing Haval Logistics Co., Ltd. ("Chongqing Haval Logistics"), Jingcheng Engineering Automotive Components (Chongqing) Co., Ltd. ("Chongqing Jinggong Motor"), Nobo Automotive Parts (Chongqing) Co., Ltd. ("Chongqing Nobo Parts"), Mind Automotive Parts (Chongqing) Co., Ltd. ("Chongqing Mind"), HYCET Transmission Technology (Chongqing) Co., Ltd. ("HYCET Transmission Chongqing") and HYCET Engine System (Chongqing) Co., Ltd. ("HYCET Engine Chongqing"), comply with the provisions of the above circular and are therefore subject to the reduced rate of 15% of the enterprise income tax from 2018 to 2020. In accordance with the No. 23 Announcement of 2020 of the Ministry of Finance regarding the Continuation of Enterprise Income Tax Policies for Western Development issued by the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission, the above companies comply with the provisions of the circular and therefore continue to be subject to the reduced rate of 15% of the enterprise income tax from 2021 to 2030.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

V. TAXATION (continued)

2. Tax incentives and approvals (continued)

2.1 Income tax incentives (continued)

2.1.4 Income tax credit for small-scaled minimal profit enterprise

In accordance with Cai Shui [2019] No. 13 Circular regarding Implementation of General and Preferential Tax Reduction and Exemption Policies for Small Profit-making Enterprises issued by the Ministry of Finance and the State Taxation Administration, for the Group's small profit-making enterprises in 2020, the portion of income tax for the year of less than RMB1 million shall be recognized in taxable income at a reduced rate of 25% and the enterprise income tax shall be levied at the rate of 20%; the portion of income tax for the year of more than RMB1 million but less than RMB3 million shall be recognized in taxable income at a reduced rate of 50% and the enterprise income tax shall be levied at the rate of 20%.

In accordance with the Announcement 2021 No. 12 Announcement regarding Implementation of Preferential Income Tax Policies for Small Profit-making Enterprises and Individual Industrial and Commercial Households issued by the Ministry of Finance and the State Taxation Administration for the period from 1 January 2021 to 31 December 2022, in respect of the portion of taxable income for the year of less than RMB1 million derived by the Group's small profit-making enterprises, the enterprise income tax shall be levied at a further reduced rate of 50% on the basis of preferential policies stipulated in Article Two of the above Cai Shui [2019] No. 13 Document.

2.2 Value-added tax incentives

Value-added tax concessionary policies on fostering disabled people

According to the requirements under the *Circular on Preferential Tax Policy for Promoting Disabled Employment* (關於促進殘疾人就業增值稅優惠政策的通知) (Cai Shui [2016] No. 52) issued by the MoF and State Administration of Taxation, Baoding Great and Baoding Yixin, subsidiaries of the Company, were entitled to immediate refund of value-added tax as they satisfied the requirements of: 1) the number of disabled staff bears 25% of the total headcount of the subsidiaries on a monthly basis (including 25%); 2) and the number of recruited disabled staff is more than 10 persons (including 10). Namely, these subsidiaries are subject to "the income from production and sales of commodities or the provision of processing, repair and maintenance services accounted for 50% of the taxation income for the purposes of value added tax and business tax" as approved by relevant authorities. The cap of VAT refund is subject to specific standard set out by the local tax authorities (above county-level) calculated on the basis of 4 times of the applicable minimum wages approved by the Provincial People's government of where the taxpayer located for each actually employed disabled employee.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Item	<i>RMB</i>	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Cash:		
RMB	603,403.11	123,868.02
EUR	27,041.89	25,258.93
GBP	14,423.80	14,342.01
HKD	6,544.64	6,619.84
JPY	3,253.27	4,785.71
USD	4,295.07	4,338.15
THB	53.59	1,664.19
SGD	1,493.64	1,533.67
AUD	218.87	1,068.97
ZAR	692.18	352.25
RUB	50.87	50.23
KRW	40.60	42.66
Bank balances:		
RMB	17,976,614,835.21	17,991,613,257.53
USD	1,613,505,313.47	1,611,156,442.23
RUB	331,803,202.94	331,803,202.94
ZAR	390,061,005.14	390,061,005.14
AUD	499,107,040.59	499,107,040.59
EUR	66,557,965.98	66,557,965.98
NZD	121,477,533.30	121,477,533.30
JPY	27,089,880.73	27,089,880.73
INR	19,103,809.12	19,103,809.12
THB	17,519,724.43	16,799,004.15
HKD	29,450.13	29,450.13
GBP	97,311.07	97,311.07
KRW	516,585.84	516,585.84
Other cash and bank balances:		
RMB	1,203,619,676.51	993,533,222.52
EUR	3,282,204.72	3,440,129.15
USD	32.30	32.62
THB	744,895.23	—
Total	22,271,791,978.24	14,588,464,389.52
Including: Overseas cash and bank balances	2,450,095,594.72	1,495,805,297.44

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

1. Cash and bank balances (continued)

As at 30 June 2021, the Group had restricted cash and bank balances of RMB1,207,646,808.76, in which guarantee on bank acceptances amounted to RMB959,981,496.57, guarantee on letter of credit amounted to RMB7,167,672.43, guarantee on bank guarantee amounted to RMB83,199,537.36, car deposits amounted to RMB151,670,970.15, and other guarantees amounted to RMB5,627,132.25.

As at 31 December 2020, the Group had restricted cash and bank balances of RMB996,973,384.29, in which guarantee on bank acceptances amounted to RMB971,399,925.80, guarantee on letter of credit amounted to RMB18,579,697.88, guarantee on letter of guarantee amounted to RMB5,559,848.84 and other guarantees amounted to RMB1,433,911.77.

2. Held-for-trading financial assets

Item	RMB	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Financial assets classified as at fair value through profit or loss	8,636,895,869.20	4,826,193,896.30
Including: Equity instrument investments	197,023,680.00	244,394,136.00
Debt instrument investment – wealth management products	8,439,872,189.20	4,581,799,760.30
Total	8,636,895,869.20	4,826,193,896.30

3. Accounts receivable

(1) Disclosed by aging:

Aging	30 June 2021 (Unaudited)			31 December 2020 (Audited)		
	Amount	Credit loss provision	Ratio (%)	Amount	Credit loss provision	Ratio (%)
Within 1 year	3,230,539,644.36	(34,522,804.97)	1.07	3,946,193,292.36	(25,263,566.23)	0.64
1 to 2 years	51,529,604.25	(34,065,221.15)	66.11	45,453,666.97	(30,275,484.12)	66.61
2 to 3 years	6,816,243.35	(288,252.83)	4.23	49,000.00	—	—
Over 3 years	320,211,461.21	(320,211,461.21)	100.00	323,423,439.77	(323,423,439.77)	100.00
Total	3,609,096,953.17	(389,087,740.16)	10.78	4,315,119,399.10	(378,962,490.12)	8.78

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

3. Accounts receivable (continued)

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

RMB

Category	30 June 2021 (Unaudited)					31 December 2020 (Audited)				
	Carrying amount		Credit loss provision		Book value	Credit loss provision		Credit loss provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)		Amount	Ratio (%)	Amount	Ratio (%)	
Credit loss provision by individuals	320,211,461.21	8.87	(320,211,461.21)	100.00	-	320,211,461.21	7.42	(320,211,461.21)	100.00	-
Credit loss provision assessed by portfolios	3,288,885,491.96	91.13	(68,876,278.95)	2.09	3,220,009,213.01	3,994,907,937.89	92.58	(58,751,028.91)	1.47	3,936,156,908.98
Total	3,609,096,953.17	100.00	(389,087,740.16)	10.78	3,220,009,213.01	4,315,119,399.10	100.00	(378,962,490.12)	8.78	3,936,156,908.98

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

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

Credit risk on the accounts receivable with credit loss provision assessed by portfolios and their expected credit losses are as follows:

RMB

Aging	30 June 2021 (Unaudited)				31 December 2020 (Audited)			
	Expected loss rate	Carrying amount	Credit loss provision	Book value	Expected average loss rate	Carrying amount	Credit loss provision	Book value
Within credit period	0.00%-4.00%	3,197,498,752.63	(15,330,492.89)	3,182,168,259.74	0.00%-8.00%	3,919,489,150.75	(13,132,949.42)	3,906,356,201.33
1-180 days overdue	10.00%-50.00%	51,642,528.16	(13,801,574.89)	37,840,953.27	10.00%-50.00%	33,652,855.49	(3,852,147.84)	29,800,707.65
Overdue more than 180 days	100.00%	39,744,211.17	(39,744,211.17)	-	100.00%	41,765,931.65	(41,765,931.65)	-
Total		3,288,885,491.96	(68,876,278.95)	3,220,009,213.01		3,994,907,937.89	(58,751,028.91)	3,936,156,908.98

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

3. Accounts receivable (continued)

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

RMB

Credit loss provision	30 June 2021 (Unaudited)		Total
	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
Balance at 1 January 2021	(16,985,097.26)	(361,977,392.86)	(378,962,490.12)
– Transfer to credit impairment occurred	2,078,153.94	(2,078,153.94)	—
Provision	(29,132,067.78)	(3,836,903.41)	(32,968,971.19)
Reversals	14,906,943.32	7,936,777.83	22,843,721.15
Written-off	—	—	—
Balance at 30 June 2021	(29,132,067.78)	(359,955,672.38)	(389,087,740.16)

(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
Entity I	603,998,409.00	16.74	—
Entity II	320,211,461.21	8.87	(320,211,461.21)
Entity III	216,877,720.44	6.01	—
Entity IV	186,963,140.61	5.18	—
Entity V	185,045,685.37	5.13	—
Total	1,513,096,416.63	41.93	(320,211,461.21)

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

4. Financing with receivables

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

Classifications	RMB	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Bank acceptances	42,944,243,771.81	52,984,327,499.38
Commercial acceptances	8,667,631.97	228,840.38
Total	42,952,911,403.78	52,984,556,339.76

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

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

Classifications	RMB	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Bank acceptances	31,440,208,731.69	15,720,649,546.68
Total	31,440,208,731.69	15,720,649,546.68

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

4. Financing with receivables (continued)

Notes receivable (continued)

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

Classifications	RMB	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Bank acceptances	11,929,244,920.89	11,721,122,482.09
Total	11,929,244,920.89	11,721,122,482.09

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 period from 1 January to 30 June 2021

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

5. Prepayments

(1) Prepayments by aging:

Aging	30 June 2021 (Unaudited)		31 December 2020 (Audited)	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	881,738,773.46	94.45	547,830,643.42	95.95
1 to 2 years	36,963,608.71	3.96	18,497,017.19	3.24
2 to 3 years	13,334,881.52	1.43	3,350,849.71	0.59
Over 3 years	1,485,980.53	0.16	1,239,454.70	0.22
Total	933,523,244.22	100.00	570,917,965.02	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	71,499,762.16	7.66
Supplier 2	63,000,379.72	6.75
Supplier 3	30,000,000.00	3.21
Supplier 4	29,312,198.65	3.14
Supplier 5	21,479,848.44	2.30
Total	215,292,188.97	23.06

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

6. Other receivables

6.1 Summary of other receivables

Category	RMB	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Interest receivable	4,049,093.78	4,918,260.87
Other receivables	1,003,284,221.68	1,027,325,062.56
Total	1,007,333,315.46	1,032,243,323.43

6.2 Interest receivable

Item	RMB	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Interest of bank deposits	4,049,093.78	4,918,260.87
Total	4,049,093.78	4,918,260.87

6.3 Other receivables

(1) Disclosed by aging:

Aging	30 June 2021 (Unaudited)			31 December 2020 (Audited)		
	Amount	Credit loss provision	Ratio (%)	Amount	Credit loss provision	Ratio (%)
Within 1 year	712,643,314.73	(27,500.00)	—	587,097,781.01	(1,568,892.00)	0.27
1 to 2 years	33,525,780.93	(2,009,962.54)	6.00	421,573,388.10	(441,070.54)	0.10
2 to 3 years	249,462,063.13	—	—	11,240,685.50	(169,838.00)	1.51
Over 3 years	9,860,363.43	(169,838.00)	1.72	9,593,008.49	—	—
Total	1,005,491,522.22	(2,207,300.54)	0.22	1,029,504,863.10	(2,179,800.54)	0.21

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

6. Other receivables (continued)

6.3 Other receivables (continued)

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

Nature	RMB	
	Carrying amount at 30 June 2021 (Unaudited)	Carrying amount at 31 December 2020 (Audited)
Proceeds from land transfer	305,601,261.00	305,601,261.00
Taxes refunds	254,369,937.10	208,189,608.83
Current amounts	180,490,479.17	263,857,876.83
Security and margin deposits	65,233,104.42	45,407,775.33
Petty cash	20,960,772.41	19,421,424.35
Others	178,835,968.12	187,026,916.76
Total	1,005,491,522.22	1,029,504,863.10

(3) Analysis of credit loss provision

Aging	30 June 2021 (Unaudited)				31 December 2020 (Audited)			
	Expected average loss rate	Carrying amount	Credit loss provision	Book value	Expected average loss rate	Carrying amount	Credit loss provision	Book value
Indefinite/within the contractual repayment period	—	1,003,284,221.68	—	1,003,284,221.68	—	1,027,325,062.56	—	1,027,325,062.56
Overdue more than 1-180 days	100.00%	2,207,300.54	(2,207,300.54)	—	100.00%	2,179,800.54	(2,179,800.54)	—
Total		1,005,491,522.22	(2,207,300.54)	1,003,284,221.68		1,029,504,863.10	(2,179,800.54)	1,027,325,062.56

The Group determines the expected credit losses for other receivables based on historical experience data and forward-looking information. For the period from 1 January to 30 June 2021 and the year of 2020, the Group's assessment methods and major assumptions have not changed.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

6. Other receivables (continued)

6.3 Other receivables (continued)

(4) Credit loss provision

	RMB			
Credit loss provision	Phase 1 12-month ECL	Phase 2 Lifetime ECL (not credit- impaired)	Phase 3 Lifetime ECL (credit- impaired)	Total
Balance at 1 January 2021	—	—	(2,179,800.54)	(2,179,800.54)
Provision	—	—	(27,500.00)	(27,500.00)
Reversals	—	—	—	—
Written-off	—	—	—	—
Transferred to Phase 2	—	—	—	—
Balance at 30 June 2021	—	—	(2,207,300.54)	(2,207,300.54)

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

		RMB		
Name of entity	Nature	Carrying amount	Aging	Proportion of the amount to the total other receivables (%)
Entity 1	Proceeds from transfer of land	305,601,261.00	Within 3 year	30.39
Entity 2	Current amounts	176,442,379.06	Within 1 year	17.55
Entity 3	Export taxes refunds	186,940,178.48	Within 1 year	18.59
Entity 4	VAT refunds	49,899,871.95	Within 1 year	4.96
Entity 5	Security deposits	21,443,442.40	Within 1 year	2.13
Total		740,327,132.89		73.62

The Group has no other receivables related to government grant.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

7. Inventories

(1) Inventories by category

RMB

Item	30 June 2021 (Unaudited)		Book value
	Carrying amount	Provision for decline in value of inventories	
Raw materials	3,894,192,624.08	(82,172,373.55)	3,812,020,250.53
Work-in-progress	1,555,150,983.73	(6,450,111.02)	1,548,700,872.71
Finished goods	3,900,307,495.40	(85,886,048.92)	3,814,421,446.48
Low-valued and short-lived consumables	457,658,312.11	(1,765,316.48)	455,892,995.63
Total	9,807,309,415.32	(176,273,849.97)	9,631,035,565.35

RMB

Item	31 December 2020 (Audited)		Book value
	Carrying amount	Provision for decline in value of inventories	
Raw materials	2,137,316,444.20	(75,239,433.33)	2,062,077,010.87
Work-in-progress	1,034,892,022.64	(2,356,527.12)	1,032,535,495.52
Finished goods	4,148,465,163.79	(127,368,004.77)	4,021,097,159.02
Low-valued and short-lived consumables	383,746,011.91	(1,820,127.38)	381,925,884.53
Total	7,704,419,642.54	(206,784,092.60)	7,497,635,549.94

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

7. Inventories (continued)

(2) Provision for decline in value of inventories

Inventories by category	31 December 2020 (Audited)	Provision	Decrease		Translation differences of financial statements denominated in foreign currencies	30 June 2021 (Unaudited)
			Reversals	Written-off		
Raw materials	75,239,433.33	80,082,450.35	(1,601,164.29)	(71,495,155.35)	(53,190.49)	82,172,373.55
Work-in-progress	2,356,527.12	6,702,752.62	—	(2,609,168.72)	—	6,450,111.02
Finished goods	127,368,004.77	69,428,101.20	(2,373,145.79)	(108,545,307.54)	8,396.28	85,886,048.92
Low-valued and short-lived consumables	1,820,127.38	—	—	(54,810.90)	—	1,765,316.48
Total	206,784,092.60	156,213,304.17	(3,974,310.08)	(182,704,442.51)	(44,794.21)	176,273,849.97

(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	0.04
Work-in-progress	Note 1	Note 2	—
Finished goods	Note 1	Note 2	0.06
Low-valued and short-lived consumables		Note 2	—

Descriptions of inventories:

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

Note 2: As the estimated net realizable value of certain inventories was higher than the inventory cost as at the end of the period, the provision for decline in value of inventories for the previous year has been reversed. In addition, as the inventories for which provision for decline in value has been made in the previous year was sold during the year, the provision for decline in value of inventories has been written off.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

8. Contract assets

RMB

Item	30 June 2021 (Unaudited)			31 December 2020 (Audited)		
	Carrying amount	Provision for credit losses	Book value	Carrying amount	Provision for credit losses	Book value
Receivables from state subsidies	2,207,747,858.00	—	2,207,747,858.00	1,369,375,238.82	—	1,369,375,238.82
Less: Reclassified as other non-current assets	1,396,772,805.98	—	1,396,772,805.98	874,076,626.60	—	874,076,626.60
Total	810,975,052.02	—	810,975,052.02	495,298,612.22	—	495,298,612.22

9. Other current assets

Other current assets are set out as follows:

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Deposits in non-bank financial institutions (Note 1)	7,930,219,562.52	10,372,657,928.59
Taxes to be deducted	1,209,470,404.57	983,865,528.03
Mould (Note 2)	178,360,928.55	160,634,603.11
Prepayment of enterprise income tax	10,145,367.76	12,812,308.70
Paint for vehicles	4,114,067.49	4,152,853.69
Others	48,997,662.31	46,364,784.73
Total	9,381,307,993.20	11,580,488,006.85

Note 1: The deposits in non-bank financial institutions are stored in Tianjin Great Wall Binyin Automotive Finance Co., Ltd. (天津長城濱銀汽車金融有限公司) ("Automotive Finance").

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

10. Long-term receivables

(1) Long-term receivables

RMB

Item	30 June 2021 (Unaudited)			31 December 2020 (Audited)			Discount rate range
	Carrying amount	Credit loss provision	Book value	Carrying amount	Credit loss provision	Book value	
Performance bond	544,961,156.54	—	544,961,156.54	536,237,810.75	—	536,237,810.75	3.28%
Land advances	364,363,250.91	—	364,363,250.91	359,139,837.56	—	359,139,837.56	2.93%
Finance lease receivables	3,453,285,011.81	(61,181,788.49)	3,392,103,223.32	3,479,640,317.72	(45,106,108.61)	3,434,534,209.11	0 to 19.51%
Including: Unearned finance income	(382,262,752.61)	—	(382,262,752.61)	(412,896,793.31)	—	(412,896,793.31)	
Sub-total	4,362,609,419.26	(61,181,788.49)	4,301,427,630.77	4,375,017,966.03	(45,106,108.61)	4,329,911,857.42	
Less: Long-term receivables due within one year	2,059,291,193.60	—	2,059,291,193.60	1,884,739,784.73	—	1,884,739,784.73	
Total	2,303,318,225.66	(61,181,788.49)	2,242,136,437.17	2,490,278,181.30	(45,106,108.61)	2,445,172,072.69	

(2) Credit loss provision

RMB

Category	30 June 2021 (Unaudited)					31 December 2020 (Audited)				
	Carrying amount		Credit loss provision		Book value	Carrying amount		Credit loss provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)		Amount	Ratio (%)	Amount	Ratio (%)	
Credit loss provision by portfolios	4,362,609,419.26	100.00	(61,181,788.49)	1.40	4,301,427,630.77	4,375,017,966.03	100.00	(45,106,108.61)	1.03	4,329,911,857.42
Total	4,362,609,419.26	100.00	(61,181,788.49)		4,301,427,630.77	4,375,017,966.03	100.00	(45,106,108.61)		4,329,911,857.42

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

10. Long-term receivables (continued)

(2) Credit loss provision (continued)

Finance lease receivables

In order to mitigate the risk on finance lease receivables, the Group classifies the finance lease receivables into five risk levels as normal, special mention, sub-standard, doubtful and loss based on the transaction records and information obtained from external resources, using the credit risk rating system. During the period from 1 January to 30 June 2021 and the year of 2020, the Group's assessment methods and major assumptions have not changed.

RMB

Credit loss provision	For the period from 1 January to 30 June 2021 (Unaudited)		
	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit-impaired)	Total
Balance at 1 January 2021	(29,475,547.50)	(15,630,561.11)	(45,106,108.61)
Provision	(25,881,297.72)	(35,300,490.77)	(61,181,788.49)
Reversal	15,313,198.14	29,792,910.47	45,106,108.61
Written-off	—	—	—
— Transfer to credit impairment occurred	14,162,349.36	(14,162,349.36)	—
Balance at 30 June 2021	(25,881,297.72)	(35,300,490.77)	(61,181,788.49)

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

11. Long-term equity investment

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

RMB

Investee	31 December 2020 (Audited)	Changes for the period								30 June 2021 (Unaudited)	Closing balance of impairment provision
		Increase	Decrease in investment	Investment income or loss recognized under the equity method	Adjustment to other comprehensive income	Other equity changes	Cash dividends or profits declared	Provision for impairment losses	Others		
Joint venture											
Automotive Finance	8,394,182,722.15	—	—	668,156,001.58	—	—	—	—	—	9,062,338,723.73	—
Shanghai Junying Enterprise Management Partnership (Limited Partnership) ("Shanghai Junying")	21,000,000.00	—	—	(59,835.09)	—	—	—	—	—	20,940,164.91	—
Associates											
Jiangsu Baojie Electromechanical Co., Ltd.	—	5,000,000.00	—	—	—	—	—	—	—	5,000,000.00	—
Haomo.AI Technology Co., Ltd.	—	40,370,040.00	—	(5,643,500.31)	—	—	—	—	—	34,726,539.69	—
Total	8,415,182,722.15	45,370,040.00	—	662,452,666.18	—	—	—	—	—	9,123,005,428.33	—

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

12. Investment properties

The investment properties measured at cost:

Item			<i>RMB</i>
	Buildings	Land use right	Total
I. Original carrying amount			
31 December 2020 (Audited)	435,470,231.68	17,642,880.27	453,113,111.95
Additions for the year	21,361,759.21	4,556,941.37	25,918,700.58
1. Acquisition	10,195,741.24	—	10,195,741.24
2. Transfer from intangible assets	—	4,556,941.37	4,556,941.37
3. Transfer from construction in progress	6,000,000.00	—	6,000,000.00
4. Transfer from fixed assets	5,166,017.97	—	5,166,017.97
Decrease for the year	(25,930,691.34)	—	(25,930,691.34)
1. Transfer to fixed assets	(23,665,271.16)	—	(23,665,271.16)
2. Transfer to construction in progress	(2,265,420.18)	—	(2,265,420.18)
Foreign currency translation differences	(2,883,349.42)	—	(2,883,349.42)
30 June 2021 (Unaudited)	428,017,950.13	22,199,821.64	450,217,771.77
II. Accumulated amortization and depreciation			
31 December 2020 (Audited)	124,866,540.66	2,615,169.21	127,481,709.87
Additions for the year	10,259,428.91	806,046.79	11,065,475.70
1. Provision or amortization	8,739,167.03	190,859.70	8,930,026.73
2. Transfer from intangible assets	—	615,187.09	615,187.09
3. Transfer from fixed assets	1,520,261.88	—	1,520,261.88
Decrease for the year	(4,088,028.12)	—	(4,088,028.12)
1. Transfer to fixed assets	(4,088,028.12)	—	(4,088,028.12)
Foreign currency translation differences	(328,404.79)	—	(328,404.79)
30 June 2021 (Unaudited)	130,709,536.66	3,421,216.00	134,130,752.66
III. Book value			
30 June 2021 (Unaudited)	297,308,413.47	18,778,605.64	316,087,019.11
31 December 2020 (Audited)	310,603,691.02	15,027,711.06	325,631,402.08

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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	Other equipment	Total
I. Original carrying amount					
31 December 2020 (Audited)	16,726,259,821.46	25,403,612,858.24	457,125,499.86	9,180,096,606.03	51,767,094,785.59
Additions for the year	1,037,321,624.71	724,495,728.77	56,099,328.08	608,626,890.85	2,426,543,572.41
1. Acquisitions	11,591,021.92	138,816,978.09	49,850,581.68	389,989,495.77	590,248,077.46
2. Transfer from construction in progress	1,002,065,331.63	585,259,263.49	1,557,397.53	218,331,970.30	1,807,213,962.95
3. Transfer from inventories	—	419,487.19	4,609,658.87	305,424.78	5,334,570.84
4. Additions due to acquisition of subsidiaries	—	—	81,690.00	—	81,690.00
5. Transfer from investment properties	23,665,271.16	—	—	—	23,665,271.16
Decrease for the year	(728,724,076.63)	(1,022,635,571.48)	(55,774,180.75)	(280,409,854.55)	(2,087,543,683.41)
1. Disposals or retirement	(537,074.04)	(155,995,176.16)	(55,019,519.22)	(102,119,891.19)	(313,671,660.61)
2. Decrease in transfer to construction in progress	—	(605,791,796.45)	(47,134.81)	(91,382,141.16)	(697,221,072.42)
3. Transfer to investment properties	(5,166,017.97)	—	—	—	(5,166,017.97)
4. Others	(723,020,984.62)	(260,848,598.87)	(707,526.72)	(86,907,822.20)	(1,071,484,932.41)
Exchange differences	(28,889,101.13)	27,248,869.64	(9,406,287.11)	(12,232,151.37)	(23,278,669.97)
30 June 2021 (Unaudited)	17,005,968,268.41	25,132,721,885.17	448,044,360.08	9,496,081,490.96	52,082,816,004.62
II. Accumulated depreciation					
31 December 2020 (Audited)	3,315,328,707.13	12,787,138,493.47	265,839,846.17	6,153,815,109.66	22,522,122,156.43
Additions for the year	311,316,452.56	1,133,746,762.89	28,248,499.09	500,758,042.82	1,974,069,757.36
1. Provision	307,228,424.44	1,133,746,762.89	28,248,499.09	500,758,042.82	1,969,981,729.24
2. Transfer from investment properties	4,088,028.12	—	—	—	4,088,028.12
Decrease for the year	(1,683,289.10)	(253,861,926.56)	(20,033,128.99)	(79,376,841.00)	(354,955,185.65)
1. Disposals or retirement	(163,027.22)	(111,666,073.59)	(20,015,673.17)	(71,568,301.17)	(203,413,075.15)
2. Decrease in transfer to construction in progress	—	(141,859,590.36)	—	(7,555,584.76)	(149,415,175.12)
3. Transfer to investment properties	(1,520,261.88)	—	—	—	(1,520,261.88)
4. Others	—	(336,262.61)	(17,455.82)	(252,955.07)	(606,673.50)
Exchange differences	108,899.37	28,273,453.07	(4,959,778.41)	(22,890,639.12)	531,934.91
30 June 2021 (Unaudited)	3,625,070,769.96	13,695,296,782.87	269,095,437.86	6,552,305,672.36	24,141,768,663.05

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

13. Fixed assets (continued)

	<i>RMB</i>				
Item	Buildings	Machinery and equipment	Transportation vehicles	Other equipment	Total
III. Provision for impairment					
31 December 2020 (Audited)	204,878.87	169,248,091.98	7,065,315.29	459,232,343.19	635,750,629.33
Additions for the year	—	8,515,675.43	293,830.53	98,180,801.73	106,990,307.69
1. Provision for the year (<i>Note</i>)	—	8,515,675.43	293,830.53	98,180,801.73	106,990,307.69
Decrease for the year	—	(5,872,476.62)	(1,419,493.22)	(16,078,334.33)	(23,370,304.17)
1. Disposals or retirement	—	(5,239,227.50)	(1,419,493.22)	(15,690,641.10)	(22,349,361.82)
2. Decrease in transfer to construction in progress	—	(633,249.12)	—	(387,693.23)	(1,020,942.35)
30 June 2021 (Unaudited)	204,878.87	171,891,290.79	5,939,652.60	541,334,810.59	719,370,632.85
IV. Net book value					
30 June 2021 (Unaudited)	13,380,692,619.58	11,265,533,811.51	173,009,269.62	2,402,441,008.01	27,221,676,708.72
31 December 2020 (Audited)	13,410,726,235.46	12,447,226,272.79	184,220,338.40	2,567,049,153.18	28,609,221,999.83

As at 30 June 2021, among the fixed assets, the net book value of properties without property ownership certificates amounted to RMB1,944,536,077.81 and the application of relevant title certificates is in progress.

Note: In the current period, a provision for impairment of fixed assets of RMB106,990,307.69 was made due to the cessation of production in some vehicle models, changes in production process, damage and equipment aging.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

14. Construction in progress

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

RMB

Item	30 June 2021 (Unaudited)			31 December 2020 (Audited)		
	Carrying amount	Impairment provision	Net book value	Carrying amount	Impairment provision	Net book value
Renovation and expansion of the parts project	1,326,915,820.62	(1,579,912.08)	1,325,335,908.54	1,355,780,197.32	(1,579,912.08)	1,354,200,285.24
Rizhao OEM project	14,348,267.74	—	14,348,267.74	384,673,289.13	—	384,673,289.13
Xushui vehicle project	266,896,184.72	(270,205.02)	266,625,979.70	226,772,455.83	(270,205.02)	226,502,250.81
Xushui parts project	301,279,363.91	(960,417.23)	300,318,946.68	171,129,474.74	(771,640.79)	170,357,833.95
Vehicle project of Chongqing Great Wall	67,657,389.24	—	67,657,389.24	160,348,604.22	—	160,348,604.22
Phase I, II and III reconstruction and extension of the industrial park	212,010,521.01	(3,602,004.61)	208,408,516.40	144,940,439.04	(3,500,468.05)	141,439,970.99
Xushui supporting facilities project	136,427,954.42	—	136,427,954.42	136,427,954.42	—	136,427,954.42
Russia 80000 OEM and living area project	70,855,292.89	—	70,855,292.89	67,505,194.25	—	67,505,194.25
Other projects under construction	66,410,596.56	—	66,410,596.56	64,160,487.98	—	64,160,487.98
Tianjin vehicle project	40,240,330.72	(65,763.73)	40,174,566.99	33,752,549.44	(65,763.73)	33,686,785.71
New technology centre	17,440,400.72	—	17,440,400.72	28,184,966.18	—	28,184,966.18
Tianjin parts project	28,433,010.76	(391,347.30)	28,041,663.46	19,491,172.77	(1,475,022.67)	18,016,150.10
Other vehicle projects	326,095,085.83	—	326,095,085.83	150,876,984.62	—	150,876,984.62
Total	2,875,010,219.14	(6,869,649.97)	2,868,140,569.17	2,944,043,769.94	(7,663,012.34)	2,936,380,757.60

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

14. Construction in progress (continued)

(2) Changes in major construction in progress

RMB

Item	Budget amount	31 December 2019 (Audited)	Additions for the period	Transferred to fixed assets	Other deductions (Note)	Proportion of investment to budget (%)	Accumulated capitalized interest amount	Sources of fund	30 June 2021 (Unaudited)
Renovation and expansion of the parts project	10,140,453,769.45	1,355,780,197.32	1,102,419,335.98	(1,084,541,985.18)	(46,741,727.50)	52.14	—	internal funds	1,326,915,820.62
Xushui parts project	9,732,490,629.01	171,129,474.74	168,089,159.35	(36,924,376.73)	(1,014,893.45)	77.76	—	internal funds	301,279,363.91
Xushui vehicle project	12,040,105,346.38	226,772,455.83	54,318,346.22	(10,487,495.50)	(3,707,121.83)	86.04	—	internal funds	266,896,184.72
Phase I, II and III reconstruction and extension of the industrial park	2,101,930,234.48	144,940,439.04	99,787,618.78	(8,689,662.08)	(24,027,874.73)	67.87	—	internal funds	212,010,521.01
Xushui supporting facilities project	193,250,000.00	136,427,954.42	—	—	—	70.60	—	internal funds	136,427,954.42
Russia 80000 OEM and living area project	3,457,127,700.00	67,505,194.25	33,808,963.38	(20,081,794.74)	(10,377,070.00)	94.81	—	internal funds	70,855,292.89
Vehicle project of Chongqing Great Wall	2,774,545,157.00	160,348,604.22	29,040,650.55	(121,717,305.53)	(14,560.00)	77.44	—	internal funds	67,657,389.24
Other research and development projects	424,762,067.00	64,160,487.98	15,258,384.03	(13,008,275.45)	—	88.34	—	internal funds	66,410,596.56
Tianjin vehicle project	5,590,810,931.00	33,752,549.44	13,705,067.36	(933,691.16)	(6,283,594.92)	96.13	—	internal funds	40,240,330.72
Tianjin parts project	4,366,736,757.00	19,491,172.77	13,452,209.86	(514,436.44)	(3,995,935.43)	90.21	—	internal funds	28,433,010.76
New technology centre	1,727,202,349.00	28,184,966.18	2,265,420.18	(7,768,689.34)	(5,241,296.30)	94.77	—	internal funds	17,440,400.72
Rizhao OEM project	831,203,900.00	384,673,289.13	128,352,582.01	(498,677,603.40)	—	61.91	—	internal funds	14,348,267.74
Other vehicle projects	350,889,258.45	150,876,984.62	186,604,585.04	(3,868,647.40)	(7,517,836.43)	96.25	—	—	326,095,085.83
Total	53,731,508,098.77	2,944,043,769.94	1,847,102,322.74	(1,807,213,962.95)	(108,921,910.59)	—	—	—	2,875,010,219.14

Note: Included in other decreases is the decrease of RMB38,980,155.18 due to transfer of intangible assets.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

14. Construction in progress (continued)

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

RMB

Item	Provision for the period	Reason for provision
Phase I, II and III reconstruction and extension of the industrial park	101,536.56	Vehicle model discontinued
Xushui parts and components project	428,579.81	Vehicle model discontinued
Total	530,116.37	

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

15. Right-of-use assets

RMB

Item	Land use rights	Buildings and structures	Machinery and equipment	Transportation equipment	Total
I. Original carrying amount					
31 December 2020					
(Audited)	3,776,062.46	171,216,999.66	125,922,440.88	13,098,922.96	314,014,425.96
Additions for the period	14,652,447.85	49,680,687.93	62,407,351.69	7,646,256.14	134,386,743.61
Deductions for the period	—	(22,207,986.85)	(275,448.07)	—	(22,483,434.92)
Exchange differences	—	(3,286,328.27)	(302,439.24)	(129,389.68)	(3,718,157.19)
30 June 2021 (Unaudited)	18,428,510.31	195,403,372.47	187,751,905.26	20,615,789.42	422,199,577.46
II. Accumulated depreciation					
31 December 2020					
(Audited)	3,543,188.65	47,985,916.71	17,887,968.02	5,708,044.57	75,125,117.95
Additions for the period	2,706,046.79	25,261,537.55	58,967,979.39	3,084,887.22	90,020,450.95
1. Provision	2,706,046.79	25,261,537.55	58,967,979.39	3,084,887.22	90,020,450.95
Deductions for the period	—	(16,877,555.90)	—	—	(16,877,555.90)
Exchange differences	—	(1,087,908.15)	(182,577.09)	(139,871.29)	(1,410,356.53)
30 June 2021 (Unaudited)	6,249,235.44	55,281,990.21	76,673,370.32	8,653,060.50	146,857,656.47
III. Provision for impairment					
31 December 2020					
(Audited)	—	—	—	—	—
30 June 2021 (Unaudited)	—	—	—	—	—
IV. Net book value					
31 December 2020					
(Audited)	232,873.81	123,231,082.95	108,034,472.86	7,390,878.39	238,889,308.01
30 June 2021 (Unaudited)	12,179,274.87	140,121,382.26	111,078,534.94	11,962,728.92	275,341,920.99

Other explanations:

The Group leased a number of assets, including land use rights, buildings, machinery and equipment, and transportation equipment with a lease term of 2–10 years. The simplified treatment of short-term lease expenses and low-value asset lease expenses included in profit or loss for the period is RMB83,967,831.10. The total cash outflow related to the lease in the period was RMB244,063,668.20.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

16. Intangible assets

(1) Intangible assets are set out as follows

	RMB			
Item	Land use rights	Software and others	Non-patent technology	Total
I. Original carrying amount				
31 December 2020 (Audited)	3,460,006,990.70	872,563,754.68	3,446,514,509.74	7,779,085,255.12
Additions for the period	18,915,980.66	115,089,907.58	910,536,220.29	1,044,542,108.53
1. Acquisition	18,879,900.00	51,430,980.37	22,808,743.65	93,119,624.02
2. Internal research and development	—	—	887,727,476.64	887,727,476.64
3. Acquisition of subsidiaries	—	24,714,852.69	—	24,714,852.69
4. Transferred from construction in progress	36,080.66	38,944,074.52	—	38,980,155.18
Deductions for the period	(4,556,941.37)	(8,295,412.77)	(31,004,270.39)	(43,856,624.53)
1. Other transfer-out	—	(6,625,296.49)	(9,197.00)	(6,634,493.49)
2. Disposal	—	(1,670,116.28)	(30,995,073.39)	(32,665,189.67)
3. Transfer to investment properties	(4,556,941.37)	—	—	(4,556,941.37)
Exchange differences	—	(21,844,533.07)	—	(21,844,533.07)
30 June 2021 (Unaudited)	3,474,366,029.99	957,513,716.42	4,326,046,459.64	8,757,926,206.05
2. Accumulated amortization				
31 December 2020 (Audited)	611,905,438.70	180,418,729.38	1,443,382,600.24	2,235,706,768.32
Additions for the period	34,687,566.08	35,293,912.13	533,171,169.87	603,152,648.08
1. Provision	34,687,566.08	35,293,912.13	533,171,169.87	603,152,648.08
Deductions for the period	(615,187.09)	(1,390,037.44)	(1,702,096.64)	(3,707,321.17)
1. Disposal	—	(1,390,037.44)	(1,700,080.86)	(3,090,118.30)
2. Transfer to investment properties	(615,187.09)	—	—	(615,187.09)
3. Other transfers-out	—	—	(2,015.78)	(2,015.78)
Exchange differences	—	(505,917.34)	—	(505,917.34)
30 June 2021 (Unaudited)	645,977,817.69	213,816,686.73	1,974,851,673.47	2,834,646,177.89
III. Net book value				
31 December 2020 (Audited)	2,848,101,552.00	692,145,025.30	2,003,131,909.50	5,543,378,486.80
30 June 2021 (Unaudited)	2,828,388,212.30	743,697,029.69	2,351,194,786.17	5,923,280,028.16

The proportion of intangible assets arising from internal research and development at the end of the period to balance of total intangible assets is 39.69%(31 December 2020: 36.14%).

As at 30 June 2021, among the intangible assets, the net book value of land use rights without land use rights certificates amounted to RMB21,785,400.00 (31 December 2020: RMB22,052,160.00), and the application of relevant land use rights certificates is in progress.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

17. Development expenditure

Item	31 December 2020 (Audited)	Increase for the period	Recognized as intangible assets	Decrease for the period		30 June 2021 (Unaudited)
				Transferred to profit or loss for the period		
Automobile development project	3,723,471,858.34	1,704,561,056.73	(887,727,476.64)	(140,363,667.91)		4,399,941,770.52

RMB

18. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets before offsetting

Item	30 June 2021 (Unaudited)		31 December 2020 (Audited)	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Impairment provision for credit Provision for decline	452,476,829.19	75,138,674.08	427,025,488.11	69,251,630.05
in value of inventories	173,590,742.66	10,902,430.48	205,686,239.07	39,498,348.55
Impairment of fixed assets	611,054,982.17	92,864,501.47	535,333,656.11	81,293,065.06
Impairment of construction in progress	6,869,649.97	1,056,979.75	7,663,012.34	1,149,451.84
Amortization of intangible assets	1,309,657,574.64	196,576,068.26	1,046,406,237.32	157,024,747.07
Accrued expenses which are deductible upon payment	843,440,534.32	138,968,750.42	797,672,942.98	132,205,493.79
Contract liabilities	2,701,116,302.86	405,160,085.09	3,903,264,967.12	585,484,144.84
Deductible loss	6,840,278,336.93	1,120,629,956.88	1,995,931,166.34	356,759,669.24
Deferred income	673,225,182.47	113,184,825.37	640,425,397.60	109,161,228.78
Share-based payment	1,773,747,991.08	258,260,940.41	113,877,914.34	17,458,610.98
Right-of-use assets and lease liabilities	435,820,018.35	65,411,762.56	440,684,751.78	66,134,044.49
Unrealized profit arising from internal transactions	1,027,227,936.07	202,513,977.88	1,114,213,712.65	230,825,282.22
Others	424,415,574.41	43,451,677.88	384,559,164.61	70,870,478.28
Total	17,272,921,655.12	2,724,120,630.53	11,612,744,650.37	1,917,116,195.19

RMB

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

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

(2) Deferred tax liabilities before offsetting

Item	30 June 2021 (Unaudited)		31 December 2020 (Audited)	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Effect of accelerated depreciation of fixed assets under tax law	8,577,700,690.61	1,339,900,698.65	8,332,742,298.65	1,272,442,794.79
Changes in fair value of held-for-trading financial assets	25,324,886.38	3,798,732.95	17,342,098.73	2,601,314.81
Interest receivable	9,049,862.40	2,262,465.60	9,958,015.38	2,489,503.84
Total	8,612,075,439.39	1,345,961,897.20	8,360,042,412.76	1,277,533,613.44

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

Item	30 June 2021 (Unaudited)		31 December 2020 (Audited)	
	Offset amount of deferred tax assets and liabilities	Deferred tax assets (liabilities) after offsetting	Offset amount of deferred tax assets and liabilities	Deferred tax assets (liabilities) after offsetting
Deferred tax assets	(737,802,928.83)	1,986,317,701.70	(733,813,628.82)	1,183,302,566.37
Deferred tax liabilities	737,802,928.83	(608,158,968.37)	733,813,628.82	(543,719,984.62)

(4) Details of unrecognized deferred tax assets

Item	30 June 2021 (Unaudited)
	Deductible losses
Total	1,827,830,134.09

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

19. Short-term borrowings and long-term borrowings

(1) Short-term borrowings

Item	RMB	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Pledged loans (Note 1)	300,459,347.73	—
Guaranteed loans (Note 2)	659,403,811.64	518,892,759.31
Credit loans	2,230,095,296.11	7,382,410,448.24
Total	3,189,958,455.48	7,901,303,207.55

Note 1: The pledged loans represent the borrowings obtained in the manner of notes receivable pledged by the Company, the long-term receivables pledged by the Company's subsidiary, Tianjin ORA Financial Leasing Co., Ltd. ("Tianjin ORA"), and the accounts receivable pledged by the Company's subsidiary, HYCET Engine.

Note 2: The guaranteed loans represent (1) the borrowings obtained by the Company, for which, Innovation Great Wall, the Company's parent company, acts as the guarantor and (2) the borrowings obtained by the Company's subsidiaries, HYCET Engine and HYCET Transmission System (Jiangsu) Co., Ltd. ("HYCET Transmission"), for which the Company acts as the guarantor.

(2) Long-term borrowings

Item	RMB	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Credit loans	6,825,415,277.74	4,468,984,902.75
Secured loans (Note 1)	543,093,182.23	530,000,000.00
Guaranteed loans (Note 2)	5,642,902,628.59	5,583,035,130.25
Pledged loans (Note 3)	644,978,181.37	902,641,018.28
Less: Long-term borrowings due within one year	(543,936,333.22)	(707,455,843.48)
Total	13,112,452,936.71	10,777,205,207.80

Note 1: The secured loans at the end of the period represent the borrowings obtained by the Company in the manner of the land use rights pledged as collateral and the land use rights pledged as collateral by HYCET Transmission, the Company's subsidiary.

Note 2: At the end of the current period, the guaranteed loans represent the amounts borrowed by the Company's subsidiary, for which the Company acts as the guarantor and the amounts borrowed by the Company, for which Baoding Great Wall Venture and Investment Co., Ltd. ("Great Wall Venture and Investment") acts as the guarantor. Such loans carry interest at the rate of 1.10% to 4.18% per annum, and will be repaid within one to five years.

Note 3: The guaranteed loans at the end of the period represent the borrowings obtained by Tianjin ORA, the Company's subsidiary, among which the borrowings of RMB179,302,629.37 are also guaranteed by the Company which acts as the guarantor.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

20. Notes payable

Category	RMB	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Bank acceptances	30,421,931,574.43	16,527,845,466.47
Commercial acceptances	52,790,639.17	128,230,951.55
Total	30,474,722,213.60	16,656,076,418.02

21. Accounts payable

(1) Accounts payable disclosed as follows:

Item	RMB	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Within 1 year	25,187,055,654.25	33,054,604,779.30
1-2 years	93,314,861.10	79,431,200.20
2-3 years	32,622,330.65	34,840,072.32
Over 3 years	30,641,807.01	16,182,837.18
Total	25,343,634,653.01	33,185,058,889.00

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

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

Item	RMB	
	30 June 2021 (Unaudited)	Reason for outstanding or transfer
Supplier 1	19,977,880.20	Payment terms have not been reached
Supplier 2	13,070,035.42	Payment terms have not been reached
Supplier 3	12,472,000.00	Payment terms have not been reached
Supplier 4	7,243,015.24	Payment terms have not been reached
Supplier 5	4,825,000.00	Payment terms have not been reached
Total	57,587,930.86	

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

22. Contract liabilities

Item	RMB	
	30 June 2021 (Unaudited)	31 January 2020 (Audited)
Receipts in advance	6,418,221,905.77	7,457,906,810.59
Maintenance service charges	512,145,752.81	438,583,123.01
Maintenance service	163,789,387.61	79,333,040.71
Transportation service	29,575,688.26	52,109,857.76
Total	7,123,732,734.45	8,027,932,832.07

Note:

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

The amount of RMB7,691,037,210.34 in the book value of contract liabilities at the beginning of the period has been recognized as income in the current period. The book value of contract liabilities at the end of the period is expected to be recognized as income within one year.

23. Employee benefits payable

(1) Employee benefits payable disclosed as follows:

Item	RMB			30 June 2021 (Unaudited)
	31 December 2020 (Audited)	Increase	Decrease	
1. Short-term employee benefits	2,527,738,688.47	4,653,836,465.74	(6,473,818,847.84)	707,756,306.37
2. Post-employment benefits-defined contribution plan	2,914,226.74	348,365,733.79	(342,649,340.19)	8,630,620.34
Total	2,530,652,915.21	5,002,202,199.53	-6,816,468,188.03	716,386,926.71

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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				RMB
	31 December 2020 (Audited)	Increase	Decrease	30 June 2021 (Unaudited)
I. Salaries, bonuses, allowances and subsidies	2,224,616,977.93	3,498,755,029.18	(5,136,610,496.24)	586,761,510.87
II. Staff welfare	164,255,673.17	309,526,363.79	(468,696,877.78)	5,085,159.18
III. Staff bonuses and welfare fund	280,505.14	—	—	280,505.14
IV. Social insurance premiums	2,998,934.15	174,838,821.21	(149,954,011.21)	27,883,744.15
Including: Medical insurance	2,632,158.37	156,769,520.53	(132,032,183.66)	27,369,495.24
Work-related injury insurance	32,590.90	15,914,814.07	(15,730,909.50)	216,495.47
Maternity insurance	334,184.88	2,154,486.61	(2,190,918.05)	297,753.44
V. Housing provident funds	1,364,747.02	104,769,252.10	(104,516,249.84)	1,617,749.28
VI. Labor union expenditures	12,813,354.92	10,420,701.03	(15,455,043.46)	7,779,012.49
VII. Employees' education expenses	1,677,597.94	4,346,535.12	(4,450,488.47)	1,573,644.59
VIII. Service charge	119,730,898.20	551,179,763.31	(594,135,680.84)	76,774,980.67
Total	2,527,738,688.47	4,653,836,465.74	(6,473,818,847.84)	707,756,306.37

(3) Defined contribution plan

Item				RMB
	31 December 2020 (Audited)	Increase	Decrease	30 June 2021 (Unaudited)
1. Basic endowment insurance	3,535,599.00	333,564,754.13	(327,980,268.92)	9,120,084.21
2. Unemployment insurance	(621,372.26)	14,800,979.66	(14,669,071.27)	(489,463.87)
Total	2,914,226.74	348,365,733.79	(342,649,340.19)	8,630,620.34

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.

For the period from 1 January to 30 June 2021, basic endowment insurance payable of the Group amounted to RMB333,564,754.13; the unemployment insurance payable amounted to RMB14,800,979.66.

As at 30 June 2021, basic endowment insurance payable of RMB9,120,084.21 of the Group has not yet been paid and have been paid after the reporting period.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

24. Taxes payable

Item	RMB	
	30 June 2021 (Unaudited)	31 January 2020 (Audited)
Value added tax	249,782,647.86	732,429,081.95
Consumption tax	240,283,874.14	1,071,983,685.43
Enterprise income tax	405,802,405.29	777,547,545.22
Individual income tax	23,459,034.04	17,933,613.64
Urban maintenance and construction tax	32,114,546.99	59,119,440.12
Education surcharges	23,036,898.68	50,351,545.44
Stamp duty	18,753,991.18	25,422,843.56
Real estate tax	3,852,997.89	2,442,800.18
Others	147,540,624.52	48,560,381.06
Total	1,144,627,020.59	2,785,790,936.60

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

25. Other payables

Other payables disclosed by nature are as follows:

Item	<i>RMB</i>	
	30 June 2021 (Unaudited)	31 January 2020 (Audited)
Project payment	1,130,335,077.56	1,008,473,684.74
Equipment payment	880,950,455.01	1,062,552,430.27
Deposits	647,637,616.81	696,242,630.93
Restricted share under repurchase obligations	116,057,328.00	200,579,316.00
Output VAT relating to advance receipts for goods	841,582,495.44	951,189,559.38
Others	426,159,826.38	197,931,664.29
Total	4,042,722,799.20	4,116,969,285.61

26. Non-current liabilities due within one year

Item	Notes	<i>RMB</i>	
		30 June 2021 (Unaudited)	31 December 2020 (Audited)
Long-term borrowings due within one year	VI.19	543,936,333.22	707,455,843.48
Bonds payable due within one year	VI.28	730,286,400.48	—
Leased liability due within one year	VI.29	192,438,425.66	184,478,748.87
Total		1,466,661,159.36	891,934,592.35

27. Other current liabilities

Item	<i>RMB</i>	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Short-term bonds payable	—	2,024,547,945.20
Accrued advertising and media service expenses	1,048,840,021.06	1,107,100,281.68
Accrued after-sale warranty expenses	889,049,762.84	922,892,133.49
Accrued transportation costs	214,396,453.78	140,383,987.95
Accrued technology development expenditure	189,690,654.38	141,619,378.21
Accrued utilities fees	37,369,543.62	39,141,648.17
Others	725,688,201.65	689,428,139.71
Total	3,105,034,637.33	5,065,113,514.41

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

27. Other current liabilities (continued)

Additions and deductions of short-term bonds payable:

Title of bonds	Par value	Issue date	Term	Issue amount	Opening balance	Issued in the current period	Accrued interests	Repaid in the current period	RMB
									Closing balance
20 Great Wall Motor SCP001	100.00	20 May 2020	270 days	2,000,000,000.00	2,024,547,945.20	—	5,948,911.98	(2,030,496,857.18)	—
Total				2,000,000,000.00	2,024,547,945.20	—	5,948,911.98	(2,030,496,857.18)	—

28. Bonds payable

(1) Bonds payable

Item	30 June 2021 (Unaudited)	RMB
		31 December 2020 (Audited)
Asset-backed securities	1,087,988,717.66	—
Convertible corporate bonds	3,159,523,314.04	—
Less: Bonds payable due within one year	(730,286,400.48)	—
Total	3,517,225,631.22	—

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

28. Bonds payable (continued)

(2) Changes in bonds payable

RMB

Name of bonds	Par value	Issue date	Bond period	Issue amount	Opening balance	Issue for the period	Interest accrued at par value	Premium amortization and others	Repayments for the period	Less: Bonds payable due within one year	30 June 2021 (Unaudited)
21 ORA 1A (Note 1)	100.00	27/01/2021	454 days	407,000,000.00	—	407,000,000.00	5,263,507.66	—	(261,810,890.00)	(150,452,617.66)	—
21 ORA 2A (Note 1)	100.00	13/04/2021	834 days	930,000,000.00	—	930,000,000.00	7,536,100.00	—	—	(579,833,782.82)	357,702,317.18
Bonds converted by Great Wall Motor (Note 2)	100.00	17/06/2021	6 years	3,500,000,000.00	—	3,500,000,000.00	402,739.73	(340,879,425.69)	—	—	3,159,523,314.04
Total	—	—	—	4,837,000,000.00	—	4,837,000,000.00	13,202,347.39	(340,879,425.69)	(261,810,890.00)	(730,286,400.48)	3,517,225,631.22

Note 1: As the initiator, Tianjin ORA, the Company's subsidiary, issued fixed-rate senior asset-backed securities of RMB407 million on 21 January 2021, which will have been fully repaid before April 2022; as the initiator, Tianjin ORA issued fixed-rate senior asset-backed securities of RMB930 million on 13 April 2021. The Group holds all the subordinated asset-backed securities, and the senior asset-backed securities will have been repaid before July 2023. The Group does not derecognize the financial assets relating to asset securitization and accounts for the financing amount of issuance of senior asset-backed securities as the bonds payable

Note 2: As approved by Zheng Jian Xu Ke [2021] No. 1353, the Company issued six-year A-share convertible corporate bonds with the face value of RMB100 and the aggregate par value of RMB3.5 billion on 10 June 2021. The coupon rate of the convertible corporate bonds per annum is 0.2% in the first year, 0.4% in the second year, 0.6% in the third year, 0.8% in the fourth year, 1.5% in the fifth year and 2.0% in the sixth year. The interest is paid annually, and the principal will be repaid upon maturity with the payment of the interest for the last year. The conversion period of A-share convertible corporate bonds issued this time starts from the first trading day after six months upon expiration of the issue end date of convertible bonds (17 June 2021) to the maturity date of convertible bonds, i.e. from 17 December 2021 to 9 June 2027. At the date of issue, the components of liabilities in the convertible corporate bonds are initially recognized at fair value, and the portion of issue cost in excess of the portion of initially recognized components of liabilities is accounted for as the components of equity.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

29. Leased liabilities

Item	RMB	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Leased liabilities	665,505,286.61	679,763,579.36
Subtotal	665,505,286.61	679,763,579.36
Less: Leased liabilities recognized in non-current liabilities due within one year (Note VI 26)	(192,438,425.66)	(184,478,748.87)
Total	473,066,860.95	495,284,830.49

30. Deferred income

Item	RMB			
	31 December 2020 (Audited)	Increase for the period	Decrease for the period	30 June 2021 (Unaudited)
Government grants	3,461,818,011.07	1,024,810,280.65	(1,278,212,798.23)	3,208,415,493.49
Total	3,461,818,011.07	1,024,810,280.65	(1,278,212,798.23)	3,208,415,493.49

Projects related to government grants:

Type	RMB					Related to an asset/ related to income
	31 December 2020 (Audited)	Increase in grant for the period	Amount recognized in other income for the period	Other transfer-out	30 June 2021 (Unaudited)	
Infrastructure supporting fund	615,534,947.93	—	(12,070,087.94)	—	603,464,859.99	Related to an asset
Government industrial policy supporting fund	2,152,995,342.01	911,470,280.65	(161,181,451.45)	(746,939,779.71)	2,156,344,391.50	Related to an asset/income
Soft soil foundation subsidy	216,608,534.16	—	(2,766,730.18)	—	213,841,803.98	Related to an asset
New technical center infrastructure construction project	23,834,736.96	—	(7,103,630.29)	—	16,731,106.67	Related to an asset
Urban construction fund	338,927,078.35	35,000,000.00	(1,308,795.46)	(327,878,850.68)	44,739,432.21	Related to an asset
Energy-saving gasoline direct injection engine project	50,833,333.33	—	(5,000,000.00)	—	45,833,333.33	Related to an asset
110KV transformer substation project	24,514,938.68	—	(588,358.56)	—	23,926,580.12	Related to an asset
Renovation and expansion of expert apartment project	10,000,000.00	—	—	—	10,000,000.00	Related to an asset
New energy vehicle testing platform	—	60,000,000.00	(1,867,575.02)	—	58,132,424.98	Related to an asset
Automobile proving ground construction project	—	10,000,000.00	—	—	10,000,000.00	Related to an asset
Others	28,569,099.65	8,340,000.00	(6,940,556.19)	(4,566,982.75)	25,401,560.71	Related to an asset/income
Total	3,461,818,011.07	1,024,810,280.65	(198,827,185.09)	(1,079,385,613.14)	3,208,415,493.49	

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

31. Share capital

RMB

Item	Opening balance	Changes for the period				Closing balance
		New issue	Bonus shares	Shares transfer from reserve	Others	
Share capital	9,175,953,300.00	23,820,269.00	—	—	(613,000.00)	9,199,160,569.00

Note: As described in Note (XII), in accordance with the Group's 2020 equity incentive plan, the Group cancelled 613,000 restricted shares repurchased, granted 1,149,150 and issued 22,671,119 shares due to exercise of share options.

32. Other equity instruments

RMB

Financial instruments outstanding	Opening balance	Increase	Decrease	Closing balance
Portion of equity instruments convertible into corporate bonds ((VI 28)	—	336,012,380.39	—	336,012,380.39
Total	—	336,012,380.39	—	336,012,380.39

33. Capital reserve

RMB

Item	Opening balance	Additions	Deductions	Closing balance
For the period from 1 January to 30 June 2021 (Unaudited):				
Capital premiums (Note 1)	1,630,673,880.89	185,985,226.80	(2,065,810.00)	1,814,593,297.69
Other capital reserves (Note 2)	148,636,354.36	515,863,978.73	—	664,500,333.09
Total	1,779,310,235.25	701,849,205.53	(2,065,810.00)	2,479,093,630.78
For the period from 1 January to 30 June 2020 (Unaudited):				
Capital premiums	1,466,607,789.89	166,152,795.00	—	1,632,760,584.89
Other capital reserves	(55,356,135.47)	119,254,718.19	—	63,898,582.72
Total	1,411,251,654.42	285,407,513.19	—	1,696,659,167.61

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

33. Capital reserve (continued)

Note 1: The increase in capital premium for the period is due to the exercise of the restricted shares and stock options upon expiration, which are granted by the Group to incentive targets. The deductions for the period are due to the Company's cancellation of the restricted shares repurchased. Details are set out in Note (XII).

Note 2: The increase in other capital reserves for the period mainly represents the equity-settled share-based payment expenses (details are set out in Note (XII)) and the effect of income tax relating to equity incentive plan to be included in the owners' equity.

34. Treasury shares

RMB

Item	Opening balance	Additions	Deductions	Closing balance
Treasury shares related to restricted stock repurchase obligations	200,773,416.00	23,902,320.00	(108,295,465.00)	116,380,271.00
Total	200,773,416.00	23,902,320.00	(108,295,465.00)	116,380,271.00

Note: The additions in treasury shares for the period are due to the Group's granting of restricted shares to incentive objects during the period and the reductions in treasury shares for the period are due to the Group's distribution of cash dividends to holders of restricted shares which are expected to be unlocked in the future and the unlocking or repurchase cancellation of restricted shares repurchased. Details are set out in Note (XII).

35. Surplus reserve

RMB

Item	Opening balance	Increase	Decrease	Closing balance
For the period from 1 January to 30 June 2021 (Unaudited) :				
Statutory surplus reserve	5,827,386,126.02	—	—	5,827,386,126.02
Discretionary surplus reserve	2,855,650.48	—	—	2,855,650.48
Reserve fund	93,354,946.63	—	—	93,354,946.63
Tax credit for social welfare enterprises	251,838,024.75	—	—	251,838,024.75
Total	6,175,434,747.88	—	—	6,175,434,747.88
For the period from 1 January to 30 June 2020 (Unaudited) :				
Statutory surplus reserve	5,411,592,550.81	—	—	5,411,592,550.81
Discretionary surplus reserve	2,855,650.48	—	—	2,855,650.48
Reserve fund	89,384,285.27	—	—	89,384,285.27
Tax credit for social welfare enterprises	251,838,024.75	—	—	251,838,024.75
Total	5,755,670,511.31	—	—	5,755,670,511.31

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

36. Undistributed profits

Item	Amount	RMB Proportion of appropriation or allocation
For the period from 1 January to 30 June 2021 (Unaudited) :		
Undistributed profits at the beginning of the period	40,994,784,827.03	
Add: Net profits attributable to the shareholders of the parent company of the period	3,528,617,024.84	
Less: Distribution of cash dividends	(2,569,096,967.00)	(1)
Undistributed profits at the end of the period	41,954,304,884.87	
For the period from 1 January to 30 June 2020(Unaudited) :		
Undistributed profits at the beginning of the period	38,345,853,094.28	
Add: Net profits attributable to the shareholders of the parent company of the period	1,146,142,722.90	
Less: Distribution of cash dividends	(2,294,143,125.00)	
Undistributed profits at the end of the period	38,345,853,094.28	

(1) Cash dividends approved at the shareholders' meeting held in the current period

The Proposal on Profit Distribution Plan for the First Three Quarters of 2020 was deliberated and passed at the Company's second extraordinary shareholders' meeting in 2021 on 24 February 2021 to distribute cash dividends of RMB0.28 (tax inclusive) per share to all shareholders with a total cash dividend of RMB2,569,096,967.00.

(2) Distribution of profits determined subsequent the balance sheet date

According to the proposal of the board of directors, the Company intends to pay a cash dividend of RMB2,760,863,663.70 to shareholders based on Total share capital on the equity registration date, that is, RMB0.30 (tax included) of cash dividend per share. The above dividend distribution plan has yet to be approved by the meeting of shareholders.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

37. Operating income and operating costs

(1) Operating income and operating costs

Item	For the period from 1 January to 30 June 2021 (Unaudited)		For the period from 1 January to 30 June 2020 (Unaudited)	
	Income	Costs	Income	Costs
Principal operating activities	60,749,754,157.14	50,719,505,695.42	35,214,125,518.90	30,071,731,977.04
Other operating activities	1,178,614,759.03	1,144,927,601.59	715,068,128.95	569,907,522.53
Total	61,928,368,916.17	51,864,433,297.01	35,929,193,647.85	30,641,639,499.57

(2) Revenue arising from contracts

Category of contracts	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
	Income from the sales of automobiles	55,210,171,798.89
Income from the sales of automotive parts and components	3,106,872,713.71	1,654,605,080.26
Revenue from rendering of services	1,576,232,782.74	1,045,388,345.05
Income from the sales of moulds and others	856,476,861.80	541,644,830.64
Other income	1,116,695,410.12	677,982,776.80
Revenue from contracts with customers	61,866,449,567.26	35,892,108,295.70
Rental income	61,919,348.91	37,085,352.15
Total	61,928,368,916.17	35,929,193,647.85

(3) Description of amortization to remaining performance obligations

At the end of the reporting period, the income corresponding to the performance obligations for which a contract has been signed but not yet been fulfilled or not been fully fulfilled amounted to RMB8,877,342,106.27, which is expected to be recognized in one year.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

38. Taxes and levies

Item	<i>RMB</i>	
	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
Consumption tax	1,320,075,389.83	733,632,424.57
City maintenances and construction tax	162,542,984.55	84,911,624.94
Educational surcharges	116,931,143.64	73,268,922.20
Stamp duty	92,855,555.19	51,535,323.77
Land use tax	32,678,714.40	31,367,525.22
Real estate tax	68,028,489.71	44,748,103.50
Others	4,444,100.35	6,405,777.14
Total	1,797,556,377.67	1,025,869,701.34

39. Selling expenses

Item	<i>RMB</i>	
	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
Transportation expenses	319,187,637.10	144,193,509.85
After-sale services expenses	426,546,422.27	11,005,395.80
Wages and salaries	205,879,212.07	152,606,290.46
Advertising and media services fees	1,191,033,252.59	635,030,715.42
Consulting service fee	84,261,287.16	54,471,367.76
Port charges	47,830,182.25	14,309,827.21
Travelling expenses	16,930,321.87	10,239,296.16
Share-based payments	11,597,337.43	3,128,065.44
Others	141,157,708.28	52,485,592.72
Total	2,444,423,361.02	1,077,470,060.82

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

40. Administrative expenses

Item	<i>RMB</i>	
	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
Wages and salaries	654,074,392.27	444,074,156.46
Depreciation and Amortization	135,330,046.29	140,042,384.22
Business reception fees	8,562,531.72	4,221,671.96
Office expenses	85,992,378.13	46,635,498.68
Repair and maintenance fees	172,701,243.86	123,736,467.38
Auditors' remuneration	769,105.19	821,554.36
Consulting service fee	149,010,890.33	75,473,055.91
Share-based payments	34,950,102.57	9,798,066.69
Others	99,827,465.36	96,373,431.94
Total	1,341,218,155.72	941,176,287.60

41. Financial expenses

Item	<i>RMB</i>	
	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
Interest expense	231,611,304.18	122,272,851.94
Including: Interest expense from lease liabilities	14,087,093.69	1,482,188.22
Interest income	(350,511,691.45)	(303,031,858.89)
Foreign currency translation differences	(192,828,278.95)	338,847,219.33
Discounted long-term receivables	—	(19,984,073.45)
Others	5,263,941.32	17,294,970.61
Total	(306,464,724.90)	155,399,109.54

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

42. Other income

Item	<i>RMB</i>	
	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
Government grants	486,133,764.53	200,379,099.65
Individual income tax rebate	7,006,510.27	6,852,304.25
Weighted deduction of input tax	3,806,677.92	887,632.91
Total	496,946,952.72	208,119,036.81

Government grants recognized in other income:

Item	<i>RMB</i>		
	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)	Related to an asset/related to income
Automobile retirement subsidy	207,353,322.91	—	Related to income
Research and development subsidy for talent technology	36,468,919.00	—	Related to income
Immediate refund of VAT of welfare enterprises	18,617,289.03	16,998,875.82	Related to income
Special funds for technological upgrading	6,950,000.00	—	Related to income
Subsidy for replacing training with work	4,507,700.00	—	Related to income
Grants from Economic Development Commission	2,500,000.00	—	Related to income
Special grants for attraction of investment and the wisdom	2,000,000.00	—	Related to income
Comprehensive subsidy for Jiangyan plan	1,900,000.00	—	Related to income
New energy vehicle subsidy	1,637,712.84	3,379,953.82	Related to income
Special funds for intelligent manufacturing	1,500,000.00	1,500,000.00	Related to income
Tax preferences for retired soldiers	1,052,836.14	—	Related to income
Subsidies for job stabilization rebate in unemployment insurance institute	578,514.72	17,511,053.08	Related to income
Import discount subsidy	511,860.00	3,237,571.00	Related to income
Others	1,728,424.80	5,333,991.92	Related to income
Amortization of deferred income	198,827,185.09	152,417,654.01	Related to an asset/ income
Total	486,133,764.53	200,379,099.65	

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

43. Investment income

Breakdown:

Item	<i>RMB</i>	
	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
Long-term equity investment income under equity method	644,272,899.77	496,255,875.90
Investment income from disposal of held-for-trading financial assets	75,004,234.08	51,623,507.81
Losses on derecognition of discounted bills	(71,099,344.60)	(117,965,967.60)
Investment income from disposal of derivative financial assets/liabilities	2,452,344.34	—
Net profit or loss on disposal of subsidiaries	—	1,049,232.64
Total	650,630,133.59	430,962,648.75

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

The Group has no gains on investments from listed companies.

44. Gains or losses from changes in fair values

Source of gains (losses) from changes in fair values	<i>RMB</i>	
	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
Held-for-trading financial assets		
Including: Equity instrument investment	80,215,641.62	(8,466,024.00)
Wealth management products	9,118,583.62	35,102,991.47
Derivate financial assets/liabilities	1,632,206.72	(380,777.69)
Other non-current financial assets	764,300.00	(700,000.00)
Total	91,730,731.96	25,556,189.78

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

45. Impairment losses on credit

Item	<i>RMB</i>	
	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
Accounts receivable	(10,125,250.04)	(36,513,249.35)
Other receivables	(27,500.00)	(784,446.00)
Long-term receivables	(16,075,679.88)	(7,837,101.83)
Total	(26,228,429.92)	(45,134,797.18)

46. Impairment losses on assets

Item	<i>RMB</i>	
	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
I. Loss on decline in value of inventories	(152,238,994.09)	(289,122,943.68)
II. Loss on impairment of fixed assets	(106,990,307.69)	(21,655,007.26)
III. Loss on impairment of construction in progress	(530,116.37)	(169,368.95)
Total	(259,759,418.15)	(310,947,319.89)

47. Losses from disposal of assets

Item	<i>RMB</i>	
	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
Losses from disposal of assets	(24,025,980.42)	(15,655,663.23)
Including : Losses from disposal of fixed assets	(13,595,145.13)	(19,741,004.20)
Gains (losses) from disposal of construction in progress	(10,618,042.72)	4,125,647.79
Gains (losses) from disposal of intangible assets	20,544.78	(61,543.50)
Gains from disposal of right-of-use assets	166,662.65	21,236.68

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

48. Non-operating income

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

RMB

Item	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)	Amount included in non-recurring gains and losses for the period
Government grants	29,340,586.27	134,064,435.71	29,340,586.27
Gains from compensation	38,388,143.10	21,415,132.36	38,388,143.10
Unpayable amount	1,195,814.98	682,428.88	1,195,814.98
Others	23,774,263.49	13,317,193.97	23,774,263.49
Total	92,698,807.84	169,479,190.92	92,698,807.84

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

RMB

Item	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)	Related to an asset/related to income
Industrial development funds	18,874,007.47	105,987,054.40	Related to income
Financial subsidy	—	27,786,081.31	Related to income
Others	10,466,578.80	291,300.00	Related to income
Total	29,340,586.27	134,064,435.71	

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

49. Non-operating expenses

Item	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)	<i>RMB</i>
			Amount included in non-recurring gains and losses for the period
Expenditures for donations	7,516,558.71	9,518,294.26	7,516,558.71
Expenses for compensations and fines	973,278.67	1,723,799.62	973,278.67
Others	7,206,665.27	355,133.84	7,206,665.27
Total	15,696,502.65	11,597,227.72	15,696,502.65

50. Income tax expenses

Item	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)	<i>RMB</i>
Current tax expenses	755,025,813.23	311,703,227.57	
Deferred tax expenses	(347,899,144.33)	(139,481,800.22)	
Total	407,126,668.90	172,221,427.35	

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

50. Income tax expenses (continued)

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

Item	RMB	
	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
Total profit	3,935,743,693.74	1,318,364,150.25
Income tax rate	25%	25%
Income tax calculated at tax rate of 25%	983,935,923.44	329,591,037.56
Changes in opening balances of deferred tax assets/liabilities due to the change in tax rate	340,593.38	—
Effect of special tax exemption	(201,154,555.29)	(124,498,687.25)
Effect of additional deduction for research and development expenses	(253,862,770.97)	(111,477,436.81)
Tax effect of non-taxable income	(164,210,605.93)	(127,364,882.15)
Effect of weighted deduction for the disabled	(4,932,459.79)	(3,743,765.97)
Tax effect of non-deductible expenses	21,512,130.44	23,016,059.81
Effect of deductible loss not recognized for deferred tax assets for the period	25,498,413.62	186,699,102.16
Total	407,126,668.90	172,221,427.35

51. Net profit

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

Item	Notes	RMB	
		For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
Depreciation and amortization for investment properties	VI.12	8,930,026.73	6,925,507.71
Depreciation for fixed assets		1,969,520,550.96	1,918,303,923.71
Depreciation for right-of-use assets	VI.15	90,020,450.95	14,478,164.97
Amortization of intangible assets		602,896,190.53	335,339,694.58
Total amount of depreciation and amortization		2,671,367,219.17	2,275,047,290.97
Gains (losses) from disposal of assets	VI.47	(24,025,980.42)	(15,655,663.23)
Rental income from investment properties		33,625,811.86	22,669,257.09
Employee benefits expense		4,120,221,772.17	2,798,470,218.57
Research and development expenses		1,857,755,050.88	1,220,056,896.97
Losses on decline in value of inventories	VI.7	152,238,994.09	289,122,943.68

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

52. Basic earnings per share and diluted earnings per share

(1) Calculation of basic earnings per share

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

Item	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
Basic earnings per share (RMB/share)	0.39	0.12

(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	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
Diluted earnings per share (RMB/share)	0.38	0.12

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

53. Other comprehensive income

RMB

Item	31 December 2020 (Audited)	Amount incurred for current period before tax	Amount incurred in the current period		Attributable to owners of the parent company after tax	Attributable to minority interests after tax	30 June 2021 (Unaudited)
			Less: Amount previously included in other comprehensive income and transferred to profit or loss for the period	Less: Income tax expenses			
Other comprehensive income that will not be reclassified to profit or loss	—	—	—	—	—	—	—
Including: Remeasurement of changes in net liabilities of defined benefit plans	(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 at FVTOCI	(311,054,327.39)	51,464,466.66	—	(7,719,670.00)	43,744,796.66	—	(267,309,530.73)
Translation differences of financial statements denominated in foreign currencies	(266,311,054.50)	(56,673,665.08)	—	—	(56,673,665.08)	—	(322,984,719.58)
Total other comprehensive income	(582,862,109.97)	(5,209,198.42)	—	(7,719,670.00)	(12,928,868.42)	—	(595,790,978.39)

54. Notes to cash flow statements

(1) Other cash received relating to operating activities

RMB

Item	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
Interest income	184,943,452.95	133,025,403.19
Government grants	1,321,787,321.19	1,510,169,715.41
Finance lease expenses	12,408,546.77	—
Reparations (penalty) income	38,388,143.10	19,764,572.51
Others	31,833,609.90	210,797,771.86
Total	1,589,361,073.91	1,873,757,462.97

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

54. Notes to cash flow statements (continued)

(2) Other cash payments relating to operating activities

Item	RMB	
	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
Advertising and media services fee	558,269,285.67	482,838,234.14
Transportation costs and port charges	298,927,852.08	129,984,063.40
Technology development expenditures	650,212,850.63	531,463,517.57
Finance leases	—	552,286,005.81
After-sale services expenses and repair costs	633,090,036.79	279,972,101.70
Business reception fees and office expenses	84,330,248.18	28,242,843.12
Travelling expenses	30,272,327.74	22,592,801.87
Consultation fees	237,577,384.15	103,798,430.51
Payment of software usage fees on behalf of others	163,196,740.78	151,601,933.00
Others	191,972,250.81	576,385,761.03
Total	2,847,848,976.83	2,859,165,692.15

(3) Other cash received relating to investing activities

Item	RMB	
	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
Collection of current amounts	53,000,000.00	—
Total	53,000,000.00	—

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

54. Notes to cash flow statements (continued)

(4) Other cash payments relating to investing activities

Item	RMB	
	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
Receivables	—	89,075,000.00
Total	—	89,075,000.00

(5) Other cash received relating to financing activities

	RMB	
	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
Decrease in restricted bank deposits	—	264,777,223.55
Total	—	264,777,223.55

(6) Other cash payments relating to financing activities

	RMB	
	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
Decrease in lease liabilities	153,057,909.53	8,696,545.97
Expenses on issue of convertible bonds	11,659,000.00	—
Increase in restricted bank deposits	59,002,454.32	—
Repurchase of treasury shares	2,637,696.00	—
Total	226,357,059.85	8,696,545.97

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

55. Supplementary information of cash flow statements

(1) Supplementary information of cash flow statements

Supplementary information	For the period from 1 January to 30 June 2021 (Unaudited)	RMB For the period from 1 January to 30 June 2020 (Unaudited)
1. Reconciliation of net profits to cash flow from operating activities:		
Net profits	3,528,617,024.84	1,146,142,722.90
Add: Impairment losses on assets	259,759,418.15	310,947,319.89
Impairment losses on credit	26,228,429.92	45,134,797.18
Depreciation of fixed assets	1,969,520,550.96	1,918,303,923.71
Depreciation of right-of-use assets	90,020,450.95	14,478,164.97
Amortization of intangible assets	602,896,190.53	335,339,694.58
Amortization of long-term prepaid expenses	29,284,832.33	11,187,486.49
Depreciation and amortization of investment properties	8,930,026.73	6,925,507.71
Losses(Gains) from fair value changes	(91,730,731.96)	(25,556,189.78)
Losses(Gains) on disposal of assets	24,025,980.42	15,655,663.23
Amortization of deferred income	(198,827,185.09)	(152,417,654.01)
Financial expense	(24,674,770.37)	(20,509,238.11)
Investment losses (income)	(721,729,478.19)	(548,928,616.35)
Decrease in deferred tax assets (Less: increase)	(412,338,128.08)	(222,664,608.59)
Increase in deferred tax liabilities (Less: decrease)	64,438,983.75	83,182,808.37
Decrease in inventories (Less: increase)	(2,290,842,606.88)	1,495,839,815.49
Decrease in operating receivables (Less: increase)	10,273,042,748.30	7,977,523,853.52
Increase in operating payables (Less: decrease)	1,868,930,844.82	(2,903,181,428.31)
Others	104,226,171.02	29,140,142.70
Net cash flows from operating activities	15,109,778,752.15	9,516,544,165.59
2. Major investing and financing activities that do not involve cash receipts and payments:		
Right-of-use assets recognized for leased fixed assets	134,386,743.61	25,131,504.52
3. Net changes in cash and cash equivalents:		
Cash balance at the end of the period	21,064,145,169.48	17,950,852,672.62
Less: Cash balance at the beginning of the period	13,591,491,005.23	8,777,231,585.64
Net increase in cash and cash equivalents	7,472,654,164.25	9,173,621,086.98

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

55. Supplementary information of cash flow statements (continued)

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

Item	RMB	
	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
Cash or cash equivalents received in current period for disposal of subsidiaries	—	329,000,000.00
Less: Cash and cash equivalents held by subsidiaries at the date of losing control	—	500,000.00
Net cash received from disposal of subsidiaries	—	328,500,000.00

(3) Components of cash and cash equivalents

Item	RMB	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
I. Cash	21,064,145,169.48	13,591,491,005.23
Including: Cash on hand	661,511.53	183,924.63
Bank deposits ready to be withdrawn on demand	21,063,483,657.95	13,591,307,080.60
II. Cash and cash equivalent balance at the end of the period	21,064,145,169.48	13,591,491,005.23

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

56. Assets with limited ownership or use right

RMB

Item	Carrying amount at the end of the period	Reasons for the restrictions
Cash and bank balances	1,207,646,808.76	Bank acceptance deposits, L/C Guarantee deposits, guarantee deposits and others
Notes receivable	31,440,208,731.69	Used for issuance of notes payable and pledge on short-term borrowings
Intangible assets	82,233,067.75	Mortgage of long-term borrowings
Long-term receivables	3,080,601,143.55	Pledge on short-term borrowings, long-term borrowings and bonds payable
Total	35,810,689,751.75	

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

57. Monetary items denominated in foreign currency

(1) Monetary items denominated in foreign currency

Item	Closing balance of foreign currency	Exchange rate	Closing balance of RMB
<i>RMB</i>			
Cash and bank balances			
Include: USD	235,694,020.09	6.4601	1,522,606,939.20
RMB	786,154,783.25	1.0000	786,154,783.25
EUR	1,882,991.74	7.6862	14,473,051.11
JPY	75,887,412.84	0.0584	4,431,824.91
HKD	43,057.76	0.8321	35,828.36
GBP	12,496.91	8.9410	111,734.87
SGD	311.00	4.8027	1,493.64
AUD	77.36	4.8528	375.42
RUB	572.86	0.0888	50.87
KRW	7,122.81	0.0057	40.60
THB	129.98	0.2015	26.19
Accounts receivable			
Include: USD	112,199,531.64	6.4601	724,820,194.37
EUR	3,756,820.64	7.6862	28,875,674.80
RMB	1,277,066.02	1.0000	1,277,066.02
Other receivables			
Include: EUR	1,605,234.00	7.6862	12,338,149.57
Accounts payable			
Include: EUR	1,561,764.39	7.6862	12,004,033.46
JPY	723,471,703.77	0.0584	42,250,747.50
USD	1,603,995.58	6.4601	10,361,971.85
HKD	1,411.40	0.8321	1,174.43
RMB	46,919,488.87	1.0000	46,919,488.87

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

57. Monetary items denominated in foreign currency (continued)

(1) Monetary items denominated in foreign currency (continued)

Item	Closing balance of foreign currency	Exchange rate	Closing balance of RMB
<i>RMB</i>			
Other payables			
Include: EUR	1,787,960.84	7.6862	13,742,624.59
USD	3,695,487.63	6.4601	23,873,219.66
JPY	77,741,255.31	0.0584	4,540,089.31
HKD	10,427,457.07	0.8321	8,676,687.03
Short-term borrowings			
Include: USD	55,000,000.00	6.4601	355,305,500.00
Long-term borrowings			
Include: EUR	340,805,161.29	7.6862	2,619,496,630.71
USD	200,000,000.00	6.4601	1,292,020,000.00

58. Net current assets

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
<i>RMB</i>		
Current assets	100,910,986,148.22	99,398,966,749.91
Less: Current liabilities	76,608,530,529.61	81,165,712,444.73
Net current assets	24,302,455,618.61	18,233,254,305.18

59. Total assets less current liabilities

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
<i>RMB</i>		
Total assets	157,177,839,908.30	154,011,490,632.24
Less: Current liabilities	76,608,530,529.61	81,165,712,444.73
Total assets less current liabilities	80,569,309,378.69	72,845,778,187.51

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

VII. CHANGES IN CONSOLIDATION SCOPE

1. Business combination not involving enterprises under common control

(1) Acquisition of assets in the form of acquisition of subsidiaries in the current period

Name of acquiree	Time point of equity acquired	Cost of equity acquired	Proportion of equity acquired (%)	Method of equity acquired	Acquisition date	RMB
						Basis for determination of acquisition date
Zhongtai International Insurance Brokerage (Beijing) Co., Ltd. ("Zhongtai International Insurance")	2 June 2021	36,481,877.24	100.00	Cash	2 June 2021	Note 1

Note 1: In accordance with the Interpretation No. 13 Revised Business Definition, the Group concluded that Zhongtai International Insurance does not constitute the business, and the acquisition date is the date on which the acquirer obtains the effective control over the related asset portfolios of the acquiree.

(2) Combination cost

Combination cost	RMB Amount
Cash	36,481,877.24
Total combination cost	36,481,877.24
Less: The portion of fair value of net identifiable assets acquired	36,481,877.24
Difference between the combination cost and the fair value of the identifiable net assets obtained	—

(3) Identifiable assets and liabilities of the acquiree at the acquisition date

Item	Zhongtai International Insurance	
	Acquisition date Fair value	Acquisition date Carrying amount
Current assets	11,781,877.24	11,781,877.24
Non-current assets	24,796,542.69	81,535.10
Current liabilities	96,542.69	96,542.69
Net assets	36,481,877.24	11,766,869.65
Less: Minority interests	—	—
Net assets acquired	36,481,877.24	11,766,869.65

Note: The fair value of identifiable assets and liabilities is assessed and determined using the market approach.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

VII. CHANGES IN CONSOLIDATION SCOPE (continued)

1. Business combination not involving enterprises under common control (continued)

(4) *Operating results and cash flows of the acquiree from the beginning of the period in which the acquisition took place to the acquisition date:*

Item	RMB From the acquisition date to the end of the period in which the acquisition took place
Operating income	—
Operating costs and expenses	20,191.63
Total loss	(20,191.63)
Net loss	(19,182.05)
Net cash flow from operating activities	(99,199.92)
Net decrease in cash and cash equivalents	(99,199.92)

2. Business combination involving enterprises under common control

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

3. Disposal of subsidiaries

No subsidiary was disposed of in the current period.

4. Changes in consolidation scope for other reasons

Newly established subsidiaries during the current period:

Title	Establishment time
Sanya Jiashang Management Service Co., Ltd. ("Sanya Jiashang")	January 2021
Mind Automotive Parts (Jingmen) Co., Ltd. ("Jingmen Mind")	February 2021
Tianjin Great Wall Investment Co., Ltd. ("Tianjin Great Wall Investment")	February 2021
Chongqing Great Wall Auto Sales Service Co., Ltd. ("Chongqing Great Wall Sales")	April 2021
Jingcheng Engineering Automotive Parts (Jingmen) Co., Ltd. ("Jingong Jingmen")	May 2021
Zhangjiagang Automobile Research and Development Co., Ltd. ("Zhangjiagang Research and Development")	May 2021

No subsidiary was deregistered in the current period.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

VIII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Structure of the Group

Subsidiaries invested by the Group:

Full name of subsidiaries	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")	Gaobeidian	Gaobeidian	Manufacture of automotive parts and components	100.00	—
Baoding Great	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—
Baoding Nobo Rubber Production Co.,Ltd (保定市諾博橡膠製品有限公司) ("Baoding Nobo")	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")	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")	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	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")	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")	Baoding	Baoding	Logistics and ordinary goods transportation	100.00	—
Ningxia Great Wall Automobile Rental Co., Ltd. (寧夏長城汽車租賃有限公司) ("Ningxia Rental")	Yinchuan Economic and Technological	Yinchuan Economic and Technological	Buildings rental	100.00	—
Baoding Great Wall Resource Recycling Co., Ltd (保定長城再生資源利用有限公司) ("Great Wall Resource Recycling")	Baoding	Baoding	Processing, recycling and sale of waste and used material	100.00	—

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Structure of the Group (continued)

Subsidiaries invested by the Group: (continued)

Full name of subsidiaries	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%)	
				Proportion of voting rights (%)	Direct
Baoding Exquisite Automotive Mould Technology Co., Ltd. (保定市精工汽車模具技術有限公司) ("Exquisite Mould")	Baoding	Baoding	Research, development and manufacture of auto moulds	100.00	—
Rizhao Weiyi Automobile Co., Ltd. (日照威奕汽車有限公司) ("Rizhao Weiyi")	Rizhao	Rizhao	Manufacture of automotive parts and components	100.00	—
Beijing Great Wall Dongsheng Business Consulting Co., Ltd. (北京長城東晟商務諮詢有限公司) ("Great Wall Dongsheng")	Beijing	Beijing	Business information consultation	—	100.00
Shanghai Salon Zhixing Industrial Co., Ltd. ("Shanghai Salon")	Shanghai	Shanghai	Research and development of auto technology and technical consultation	—	100.00
Haval Motors Australia Pty Ltd (哈弗汽車澳大利亞有限公司) ("Haval Australia")	Australia	Australia	Auto selling	38.50	61.50
Russian Haval Automobile Co., Ltd	Russia	Russia	Auto selling	—	100.00
Australia Sinyos Technology And Trade Pty Ltd (澳大利亞森友斯科貿易有限公司)	Australia	Australia	Auto selling	—	100.00
Russia Haval Automobile Manufacturing Co., Ltd. ("Russia Manufacturing")	Russia	Russia	Auto manufacture	70.58	29.42
Haval Motors South Africa Limited ("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")	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, design and sales of automobile and auto parts	99.90	0.10

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Structure of the Group (continued)

Subsidiaries invested by the Group: (continued)

Full name of subsidiaries	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%)	
				Proportion of voting rights (%)	Direct
Zaoqi Financial Leasing Company Limited (棗啟融資租賃有限公司) ("Zaoqi Financial Leasing")	Baoding	Baoding	Finance Lease business	75.00	25.00
American HAVAL Motor Company (美國哈弗汽車有限公司)("American HAVAL")	USA	USA	Technology research and development of automobile	100.00	—
American HAVAL Motor technology, LLC (美國哈弗汽車科技 Limited liability company)	USA	USA	Technology research and development of automobile	—	100.00
American HAVAL Asset Management, LLC (美國哈弗資產管理 Limited liability company)	USA	USA	Real estate	—	100.00
Billion Sunny Technical Energy (億新科技能源有限公司)	Korea	Korea	Research and design of automobile and auto parts	—	100.00
Great Wall Motor Austria Research & Development Co., Ltd. (長城汽車奧地利研發有限公司)	Austria	Austria	Research and design of automobile and auto parts	—	100.00
Baoding Billion Sunny Consulting Service Co., Ltd.	Baoding	Baoding	Technology information consultation service, and trade consultation service	—	100.00
Guangzhou Great Wall Auto Sales Company Limited (廣州長城汽車銷售有限公司) ("Guangzhou Great Wall Sales")	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")	Xiamen	Xiamen	Auto selling	100.00	—
Chongqing Auto Parts	Chongqing	Chongqing	Sales of automotive parts	100.00	—
Chongqing Haval	Chongqing	Chongqing	Auto selling	100.00	—
Tianjin Euler	Tianjin	Tianjin	Finance leasing	75.00	25.00

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Structure of the Group (continued)

Subsidiaries invested by the Group: (continued)

Full name of subsidiaries	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%)	
				Proportion of voting rights (%)	Direct
Honeycomb Yichuang Technology Co., Ltd. (蜂巢易創科技有限公司) ("Honeycomb Yichuang")	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—
Jinggong Motor	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—
Nobo Automotive	Baoding	Baoding	Manufacture of automotive parts and components	100.00	—
Nobo Rubber	Baoding	Baoding	Manufacture of automotive parts and components	—	100.00
Baoding Nobo Automotive Decoration Co., Ltd. (保定諾博汽車裝飾件有限公司)	Baoding	Baoding	Manufacture of automotive parts and components	—	100.00
Chongqing Jinggong Motor	Chongqing	Chongqing	Manufacture of automotive parts and components	—	100.00
Chongqing Nobo Parts and Components	Chongqing	Chongqing	Manufacture of automotive parts and components	—	100.00
Hebei Xiong'an Great Wall Motor Technology Co., Ltd. (河北雄安長城汽車科技有限公司) ("Xiong'an Great Wall")	Baoding	Baoding	Automobile and R&D of unmanned vehicles	100.00	—
Honeycomb Power System (Jiangsu) Co., Ltd. (蜂巢動力系統(江蘇)有限公司) ("Honeycomb Power")	Zhenjiang	Zhenjiang	R&D of automobile dynamic system	—	100.00
Honeycomb Drive System (Jiangsu) Co., Ltd. (蜂巢傳動系統(江蘇)有限公司) ("Honeycomb Drive")	Zhenjiang	Zhenjiang	R&D of new energy vehicle transmission system	—	100.00
Honeycomb Electric Drive System (Jiangsu) Co., Ltd. (蜂巢電驅動系統(江蘇)有限公司)	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)	Zhenjiang	Zhenjiang	R&D of auto intelligent steering system and its components	—	100.00

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Structure of the Group (continued)

Subsidiaries invested by the Group: (continued)

Full name of subsidiaries	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%)	
				Direct	Indirect
Jingcheng Gongke Automotive Parts and Components (Yangzhong) Co., Ltd. (精誠工科汽車零部件(揚中)有限公司)	Zhenjiang	Zhenjiang	Manufacture of automotive parts	—	100.00
Chongqing Mind	Chongqing	Chongqing	Manufacture of automotive parts and components	—	100.00
Chongqing Haval Logistics	Chongqing	Chongqing	Logistics and ordinary goods transportation	—	100.00
Chongqing Great Wall After-sales	Chongqing	Chongqing	Customer Service	100.00	—
Chongqing Weipai	Chongqing	Chongqing	Sales of automobile and auto parts	100.00	—
Nuochuang Automotive Technology (Shanghai) Co., Ltd. (諾創汽車科技(上海)有限公司)	Shanghai	Shanghai	Development of technologies of automotive parts	—	100.00
Baoding Yijian Start Automobile Sales Service Co., Ltd. (保定一見啟動汽車銷售服務有限公司) ("Baoding Yijian Start")	Baoding	Baoding	Auto-selling: Wholesale and retail of car accessories	100.00	—
Honeycomb Transmission Technology	Baoding	Baoding	R&D of new energy vehicle transmission system	—	100.00
Yijian Start (Chongqing) Automobile Sales Service Co., Ltd.	Chongqing	Chongqing	Auto-selling: Wholesale and retail of car accessories	—	100.00
Yijian Start (Ji'nan) Automobile Sales Service Co., Ltd. (一見啟動(濟南)汽車銷售服務有限公司)	Ji'nan	Ji'nan	Auto-selling: Wholesale and retail of car accessories	—	100.00
Qingdao Yijian Start Automobile Sales Service Co., Ltd. (青島一見啟動汽車銷售服務有限公司)	Qingdao	Qingdao	Auto-selling: Wholesale and retail of car accessories	—	100.00
Zaoqi (Xi'an) Automobile Sales Service Co., Ltd. (棗啟(西安)汽車銷售服務有限公司)	Xi'an	Xi'an	Auto-selling: Wholesale and retail of car accessories	—	100.00

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Structure of the Group (continued)

Subsidiaries invested by the Group: (continued)

Full name of subsidiaries	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%)	
				Direct	Indirect
Yijian Start (Nanjing) Automobile Sales Service Co., Ltd. (一見啟動(南京)汽車銷售服務有限公司)	Nanjing	Nanjing	Auto-selling: Wholesale and retail of car accessories	—	100.00
Yijian Start (Dongguan) Automobile Sales Service Co., Ltd.	Dongguan	Dongguan	Auto-selling: Wholesale and retail of car accessories	—	100.00
Yijian Start (Lanzhou) Automobile Sales Service Co., Ltd.	Lanzhou	Lanzhou	Auto-selling: Wholesale and retail of car accessories	—	100.00
Zaoqi (Wenzhou) Automobile Sales Service Co., Ltd. (聚啟(溫州)汽車銷售服務有限公司)	Wenzhou	Wenzhou	Auto-selling: Wholesale and retail of car accessories	—	100.00
Chengdu Zaoqi Automobile Sales Service Co., Ltd. (成都聚啟汽車銷售服務有限公司)	Chengdu	Chengdu	Auto-selling: Wholesale and retail of car accessories	—	100.00
Hefei Yijian Start Automobile Sales Service Co., Ltd. (合肥一見啟動汽車銷售服務有限公司)	Hefei	Hefei	Auto-selling: Wholesale and retail of car accessories	—	100.00
Kunming Mibang Automobile Sales Service Co., Ltd. (昆明米邦汽車銷售服務有限公司)	Kunming	Kunming	Auto-selling: Wholesale and retail of car accessories	—	100.00
Yijian Start (Zhengzhou) Automobile Sales Service Co., Ltd.	Zhengzhou	Zhengzhou	Auto-selling: Wholesale and retail of car accessories	—	100.00
Yijian Start (Taiyuan) Automobile Sales Service Co., Ltd.	Taiyuan	Taiyuan	Auto-selling: Wholesale and retail of car accessories	—	100.00
Honeycomb Electric Drive Technology Hebei Co., Ltd. (蜂巢電驅動科技河北有限公司)	Baoding	Baoding	R&D of new energy vehicle electric drive system	—	100.00
Honeycomb Intelligent Steering Technology Hebei Co., Ltd. (蜂巢智能轉向科技河北有限公司)	Baoding	Baoding	R&D of auto intelligent steering system and its components	—	100.00
Yijian Start (Wuhan) Automobile Sales Service Co., Ltd.	Wuhan	Wuhan	Auto-selling: Wholesale and retail of car accessories	—	100.00

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For the period from 1 January to 30 June 2021

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Structure of the Group (continued)

Subsidiaries invested by the Group: (continued)

Full name of subsidiaries	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%)	
				Direct	Indirect
India Haval Automobile Private Co., Ltd. (印度哈弗汽車私人有限公司)("India Haval")	India	India	Auto manufacturing and selling	99.90	0.10
Nanning Yijian Start Automobile Sales Service Co., Ltd. (南寧一見啟動汽車銷售服務有限公司)	Nanning	Nanning	Auto-selling: Wholesale and retail of car accessories	—	100.00
Yijian Start (Beijing) Automobile Sales Service Co., Ltd.	Beijing	Beijing	Auto-selling: Wholesale and retail of car accessories	—	100.00
Nobo Automotive Parts (Taizhou) Co., Ltd. (諾博汽車零部件(泰州)有限公司)	Taizhou	Taizhou	Manufacture of automotive parts and components	—	100.00
Jingcheng Engineering Automotive Parts (Taizhou) Co., Ltd. (精誠工科汽車零部件(泰州)有限公司)	Taizhou	Taizhou	Manufacture of automotive parts and components	—	100.00
HWA Ding International Co., Ltd. (“HWA Ding International”)	Hong Kong	Hong Kong	International trading & investment and financing	100.00	—
Nobo Automotive Parts (Rizhao) Co., Ltd. (諾博汽車零部件(日照)有限公司)	Rizhao	Rizhao	Manufacture of automotive parts and components	—	100.00
Jingcheng engineering auto parts (Rizhao) Co., Ltd	Rizhao	Rizhao	Manufacture of automotive parts and components	—	100.00
Great Wall Motor Sales (Thailand Sales) Co., Ltd.	Thailand	Thailand	Sales of automobile and auto parts	—	100.00
Honeycomb Zhixing transmission system (Jiangsu) Co., Ltd	Taizhou	Taizhou	Manufacture of automotive parts and components	—	100.00
Honeycomb Weiling Power Technology (Jiangsu) Co., Ltd	Taizhou	Taizhou	Manufacture of automotive parts and components	—	100.00
Nobo auto parts (Ningyang) Co., Ltd	Ningyang	Ningyang	Manufacture of automotive parts and components	—	100.00

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For the period from 1 January to 30 June 2021

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Structure of the Group (continued)

Subsidiaries invested by the Group: (continued)

Full name of subsidiaries	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%)	
				Proportion of voting rights (%)	Direct
Shanghai Yuefan Information Technology Co., Ltd. (上海玥泛信息科技有限公司) ("Shanghai Yuefan")	Shanghai	Shanghai	Technology development, consulting and services	100.00	—
Mande auto parts (Rizhao) Co., Ltd	Rizhao	Rizhao	Manufacture of automotive parts and components	—	100.00
Nobo auto parts (Pinghu) Co., Ltd	Pinghu	Pinghu	Manufacture of automotive parts and components	—	100.00
Chongqing Transmission	Chongqing	Chongqing	Manufacture of automotive parts and components	—	100.00
Qichuang International Co., Ltd	Hong Kong	Hong Kong	International trade, equity investment, investment and financing services	—	100.00
Xunqi International Co., Ltd	Hong Kong	Hong Kong	International trade, equity investment, investment and financing services	100.00	—
Yuefan International Co., Ltd	Hong Kong	Hong Kong	International trade, equity investment, investment and financing services	—	100.00
Yixintong Technology (Tianjin) Co., Ltd. ("Yixintong Technology")	Tianjin	Tianjin	Technology development, consulting and services	—	100.00
Chongqing Power	Chongqing	Chongqing	Manufacture of automotive parts and components	—	100.00
Mande auto parts (Taizhou) Co., Ltd	Taizhou	Taizhou	Manufacture of automotive parts and components	—	100.00

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For the period from 1 January to 30 June 2021

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Structure of the Group (continued)

Subsidiaries invested by the Group: (continued)

Full name of subsidiaries	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%)	
				Direct	Indirect
Mande Optoelectronics (Taizhou) Co.,Ltd	Taizhou	Taizhou	Manufacture of automotive parts and components	—	100.00
Nobo auto parts (Shenyang) Co., Ltd	Shenyang	Shenyang	Manufacture of automotive parts and components	—	100.00
Nobo Automotive Technology Co., Ltd.	Suzhou	Suzhou	Automotive technology research and development consulting services	—	100.00
Nobo Automotive Parts (Zhangjiagang) Co., Ltd.	Suzhou	Suzhou	Manufacture of automotive parts	—	100.00
Jingcheng Engineering Automotive Systems (Pinghu) Co., Ltd.	Jiaxing	Jiaxing	Manufacture of automotive parts	—	100.00
Jingcheng Engineering Automotive Parts (Zhangjiagang) Co., Ltd.	Suzhou	Suzhou	Manufacture of automotive parts	—	100.00
Great Wall Motor Investment Holding Co., Ltd.	Netherlands	Netherlands	Investment platform	—	100.00
Xiangyun Technology Logistics (Taizhou) Co., Ltd. ("Xiangyun Logistics Taizhou")	Taizhou	Taizhou	Logistics and daily cargo transportation services	—	100.00
Xiangyun Technology Logistics (Pinghu) Co., Ltd.	Jiaxing	Jiaxing	Logistics and daily cargo transportation services	—	100.00
Weipai Automotive Germany Co., Ltd.	Germany	Germany	Sales of autos and their parts	—	100.00
Mind Automotive Parts (Thailand) Co., Ltd.	Thailand	Thailand	Manufacture of automotive parts	—	100.00
Nobo Automotive Systems (Thailand) Co., Ltd.	Thailand	Thailand	Manufacture of automotive parts	—	100.00
Xiangyun Technology Logistics (Rizhao) Co., Ltd.	Rizhao	Rizhao	Logistics and daily cargo transportation services	—	100.00

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Structure of the Group (continued)

Subsidiaries invested by the Group: (continued)

Full name of subsidiaries	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%)	
				Proportion of voting rights (%)	
				Direct	Indirect
Jingcheng Engineering Automotive Parts (Thailand) Co., Ltd.	Thailand	Thailand	Manufacture of automotive parts	—	100.00
Shanghai Great Wall Motor Technology Co., Ltd. ("Shanghai Motor Technology")	Shanghai	Shanghai	Technical development and consulting services	100.00	—
Tianjin Zhixin Financing Guarantee Co. Ltd. ("Tianjin Zhixin")	Tianjin	Tianjin	Financing guarantee business	100.00	—
Nobo Automotive Parts (Jingmen) Co., Ltd.	Jingmen	Jingmen	Manufacture of automotive parts	—	100.00
Feige Intelligent Technology Co., Ltd.	Zhangjiagang	Zhangjiagang	Automobile technical development and consulting services	—	100.00
Sanya Jiashang (Note 1)	Sanya	Sanya	Economic information consulting	—	100.00
Jingmen Mind (Note 1)	Jingmen	Jingmen	Manufacture of automotive parts	—	100.00
Tianjin Great Wall Investment (Note 1)	Tianjin	Tianjin	Investment platform	100.00	—
Chongqing Great Wall Sales (Note 1)	Chongqing	Chongqing	Auto sales	100.00	—
Jinggong Jingmen (Note 1)	Jingmen	Jingmen	Manufacture of automotive parts	—	100.00
Zhangjiagang Research and Development (Note 1)	Suzhou	Suzhou	Automobile research and development	100.00	—

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Structure of the Group (continued)

Subsidiary acquired through business combination not under common control:

Full name of subsidiaries	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%)	
				Direct	Indirect
Billion Sunny Development Company Limited (億新發展有限公司)	Hong Kong	Hong Kong	Investment holding	—	100.00
Nobo Automotive Germany Holding Company	Netherlands	Netherlands	Investment holding	—	100.00
Noble Automotive Systems (Germany) Co., Ltd. (formerly "noble Automotive Systems (Germany)")	Germany	Germany	Manufacture of automotive parts	—	100.00
Nobo Automotive Germany GmbH	Germany	Germany	Investment holding	—	100.00
Motuls Ceiling Holdings & Co., Ltd. (formerly known as "Nobo Automotive Holdings & Co., Ltd.")	Germany	Germany	Investment holding	—	100.00
Great Wall Motor Manufacturing (Thailand) Company Limited	Thailand	Thailand	Auto manufacturing	—	100.00
Hycet Engine System (Thailand) Company Limited	Thailand	Thailand	Manufacture of automotive parts	—	100.00
Zhongtai International Insurance	Beijing	Beijing	Insurance broker	100.00	—

Subsidiaries acquired through business combination under common control:

Full name of subsidiaries	Place of principal operations	Place of registration	Business nature	Proportion of shareholdings (%)	
				Direct	Indirect
Baoding Yixin	Baoding	Baoding	Manufacturing of automotive parts	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")	Tianjin	Tianjin	Sales of automotive parts and components	100.00	—

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

VIII. INTERESTS IN OTHER ENTITIES (continued)

2. There is no transaction incurred which gives rise to changes in proportion of equity in subsidiaries while the subsidiaries are still held by the Company in this period.

3. Interests in joint ventures or associates

(1) Important joint ventures

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

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

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 period from 1 January to 30 June 2021

VIII. INTERESTS IN OTHER ENTITIES (continued)

3. Interests in joint ventures or associates (continued)

(2) Important financial information of significant joint ventures

	<i>RMB</i>
	30 June 2021/ For the period from 1 January to 30 June 2021
Cash and deposits with the central bank	477,855,538.80
Deposits with other banks	3,489,779,949.21
Total assets	41,035,511,131.30
Total liabilities	31,585,578,986.40
Minority interests	
Equity attributable to the shareholders of the Company	9,449,932,144.90
Share of net assets calculated based on the proportion of ownership interest	9,277,943,379.86
Adjustments	
– Others	(215,604,656.13)
Carrying amount of investments in equity of joint ventures	9,062,338,723.73
Operating income	1,848,056,005.38
Income tax expenses	247,465,185.77
Net profit	742,395,557.31
Other comprehensive income	—
Total comprehensive income	742,395,557.31

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's major financial instruments include cash and bank balances, held-for-trading financial assets, derivative financial assets/liabilities, accounts receivable, financing receivables, other receivables, other current assets – deposits with non-bank financial institutions, long-term receivables, investments in other equity instruments, other non-current financial assets, borrowings, accounts payable, notes payable, other payables, bonds payable, etc. Details of these financial instruments are disclosed 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 adopts sensitivity analysis technique to analyze how the profit and loss for the period and shareholders' equity would have been affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

1. Objective and policies of risk management

The objective of the risk management of the Group is to maintain an appropriate balance between risks and return so to minimize the negative effects of risks against the Group's operating results in order to maximize the benefits of shareholders. Based on such objective, the principle strategy of the Group's risk management is to identify and analyze all types of risks of the Group, establish appropriate risk tolerance thresholds, carry out risk management procedures and perform risk monitoring on all kinds of risks in a timely and reliable manner, thus controlling the risk exposures within a prescribed level.

1.1 Market risk

1.1.1 Currency risk

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. In addition, there are current amounts denominated in foreign currencies between companies under the Group, which also exposes the Group to the foreign currency risk. The assets and liabilities denominated in foreign currencies which may have impact on the Group's performance as a result of the currency risk are as follows:

Item	RMB	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Cash and bank balances	2,327,816,148.42	1,371,070,081.90
Held-for-trading financial assets	197,023,680.00	244,394,136.00
Accounts receivable	764,613,025.34	484,028,321.56
Other receivables	1,931,688,103.58	2,453,592,863.34
Accounts payable	(2,763,220,666.11)	(2,029,321,176.53)
Other payables	(64,062,474.06)	(91,950,695.75)
Short-term borrowings	(355,305,500.00)	(358,869,500.00)
Long-term borrowings	(3,911,516,630.71)	(4,992,239,449.46)

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**1. Objective and policies of risk management** (continued)**1.1 Market risk** (continued)**1.1.1 Currency risk** (continued)

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.

Sensitivity analysis on currency risk

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

		RMB	
		For the period from 1 January to 30 June 2021 (Unaudited)	
Item	Change in exchange rate	Effect on profit	Effect on shareholders' equity
USD	5% increase against RMB	63,015,454.23	63,015,454.23
USD	5% decrease against RMB	(63,015,454.23)	(63,015,454.23)
EUR	5% increase against RMB	(98,732,008.81)	(98,732,008.81)
EUR	5% decrease against RMB	98,732,008.81	98,732,008.81
JPY	5% increase against RMB	2,638,649.51	2,638,649.51
JPY	5% decrease against RMB	(2,638,649.51)	(2,638,649.51)
RUE	5% increase against RMB	25,397,098.04	25,397,098.04
RUE	5% decrease against RMB	(25,397,098.04)	(25,397,098.04)
AUD	5% increase against RMB	10,096,327.38	10,096,327.38
AUD	5% decrease against RMB	(10,096,327.38)	(10,096,327.38)

Note: The potential reasonable changes in other exchange rates has limited effect on the profit or loss and the shareholders' equity before tax for the year. The effect of the above changes in exchange rates has taken into account the effect of the forward foreign exchange contracts held by the Group.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

1. Objective and policies of risk management (continued)

1.1 Market risk (continued)

1.1.1 Currency risk (continued)

Sensitivity analysis on currency risk (continued)

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

Note: The potential reasonable changes in other exchange rates has limited effect on the profit or loss and the shareholders' equity 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 period from 1 January to 30 June 2021

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**1. Objective and policies of risk management** (continued)**1.1 Market risk** (continued)*1.1.2 Interest rate risk (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 or loss and the shareholders' equity before tax for the period are set out below:

		<i>RMB</i>	
		For the period from 1 January to 30 June 2021 (Unaudited)	
Item	Changes in exchange rates	Effect on profit	Effect on shareholders' equity
Long-term borrowings	Increase of 100 basis points	(57,039,242.85)	(57,039,242.85)
Long-term borrowings	Decrease of 100 basis points	57,039,242.85	57,039,242.85
		For the period from 1 January to 30 June 2020 (Unaudited)	
Item	Changes in exchange rates	Effect on profit	Effect on shareholders' equity
Long-term borrowings	Increase of 100 basis points	(17,624,678.80)	(17,624,678.80)
Long-term borrowings	Decrease of 100 basis points	17,624,678.80	17,624,678.80
Short-term borrowings	Increase of 100 basis points	(4,024,620.00)	(4,024,620.00)
Short-term borrowings	Decrease of 100 basis points	4,024,620.00	4,024,620.00

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

1. Objective and policies of risk management (continued)

1.1 Market risk (continued)

1.1.3 Other price risks

The Group's price risks mainly arise from investments in held-for-trading equity instruments, investments in other equity instruments and other non-current financial assets. For held-for-trading equity instruments, the Group is exposed to the risk of changes in securities market. In addition, the Group invested in some unlisted equity and industry funds for the long-term strategic purposes. The Group closely monitors the market changes in order to reduce the price risks of equity security investments.

If the fair value of the listed shares held by the Group at the end of the period increases or decreases by 10% while all other variables are held constant, pre-tax effect on the shareholders' equity of the Group at the end of the period would increase or decrease by RMB19,702,368.00.

1.2 Credit risk

As at 30 June 2021, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, including the carrying amounts of the respective recognized financial assets as stated in the consolidated balance sheets. For debt instruments measured at fair value, book value reflects its risk exposure but not the maximum risk exposure, and the maximum risk exposure will change with future changes in fair value.

The Group only transacts with the third parties having good credit records, and most of the sales transactions are settled by receipts in advance or bank acceptances. In order to minimize the credit risk, the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of the financial assets at each balance sheet date to ensure that adequate expected credit loss are made for related financial assets. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The Group's cash and bank balances are deposited in banks with high credit ratings and the acceptance bank in which financing with receivables – bank acceptances receivable are deposited with bank of relatively high credit ratings, thus cash and bank balances and financing with receivables have limited credit risk.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**1. Objective and policies of risk management** (continued)**1.2 Credit risk** (continued)

The amounts due from joint ventures to the Group mainly represent the deposits with financial institutions other than banks and the Group regularly monitors the operating results of the joint ventures. The Group controls the credit risk through the asset value held by these entities and the power of jointly controlling the relevant activities of these entities. For other receivables, the Group performs regular assessment on the recoverability of other receivables based on the historical settlement records, the past experience and the forward-looking information that is reasonable and supportable.

As at 30 June 2021, details of top five largest amounts due from customers and top five largest amounts of other receivables are set out in Note (VI) 3 and 6. In addition, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

As at 30 June 2021, details of credit risk on the Group's accounts receivable, other receivables and financing lease receivables and their expected credit losses are set out in Note VI 3, 6 and 10.

1.3 Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

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

	30 June 2021 (Unaudited)			<i>RMB</i>
	Within 1 year	1 – 5 years	Over 5 years	Total
Short-term borrowings	3,235,519,518.21	—	—	3,235,519,518.21
Notes payable	30,474,722,213.60	—	—	30,474,722,213.60
Accounts payable	25,343,634,653.01	—	—	25,343,634,653.01
Other payables	4,042,722,799.20	—	—	4,042,722,799.20
Long-term borrowings				
(due within 1 year inclusive)	567,446,301.55	12,889,221,869.90	530,000,000.00	13,986,668,171.45
Lease liabilities				
(due within 1 year inclusive)	233,101,389.60	480,863,911.40	—	713,965,301.00
Bonds payable				
(due within 1 year inclusive)	741,758,544.81	493,832,413.66	3,745,000,000.00	4,980,590,958.47

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

2. Capital management

The Group manages its capital through optimizing the structure of liabilities and shareholders' equity to ensure that the entities within the Group can continue as a going concern while maximizing returns to the shareholders.

The Group's capital structure consists of the Group's net debt (the net amount of borrowings and bonds payable after deducting cash and bank balances as disclosed in Note (VI) 1, 19 and 28) and the shareholders' equity.

The Group is not subject to any externally mandatory capital management requirement. The management of the Group reviews the capital structure of the Group on a regular basis.

X. DISCLOSURE OF FAIR VALUE

1. Fair value at the end of the period of assets and liabilities measured at fair value

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets are determined (in particular, the valuation techniques and inputs used).

Item	Fair value at the end of the period			Total
	Level 1	Level 2	Level 3	
<i>RMB</i>				
I. Continuous fair value measurement				
(i) Financial assets at fair value through profit or loss				
1. Held-for-trading financial assets	—	—	—	—
(1) Debt instrument investment	—	8,439,872,189.20	—	8,439,872,189.20
(2) Equity instrument investment	197,023,680.00	—	—	197,023,680.00
2. Derivative financial assets	—	5,911,320.14	—	5,911,320.14
3. Other non-current financial assets	—	—	51,820,372.83	51,820,372.83
(ii) Financial assets classified as at fair value through other comprehensive income				
1. Financing with receivables – notes receivable	—	42,952,911,403.78	—	42,952,911,403.78
(iii) Financial assets designated as at fair value through other comprehensive income				
1. Other equity instrument investments	—	—	188,582,800.00	188,582,800.00
Total assets continuously measured at fair value	197,023,680.00	51,398,694,913.12	240,403,172.83	51,836,121,765.95
(i) Financial liabilities at fair value through profit or loss				
1. Derivative financial liabilities	—	(1,049,929.88)	—	(1,049,929.88)
Total liabilities continuously measured at fair value	—	(1,049,929.88)	—	(1,049,929.88)

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

X. DISCLOSURE OF FAIR VALUE (continued)**2. The basis of market prices determined on level 1 of the fair value hierarchy**

Items at level 1 of the fair value hierarchy mainly refer to held-for-trading financial assets, and the market price is determined based on the value of the open market stocks.

3. Qualitative and quantitative information of valuation techniques and key inputs on level 2 of the fair value hierarchy

Items at level 2 of the fair value hierarchy mainly refer to held-for trading financial assets – wealth management products, 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. Qualitative and quantitative information of valuation techniques and key inputs on level 3 of the fair value hierarchy

Items at level 3 of the fair value hierarchy mainly refer to other equity instrument investments and other non-current financial assets. The asset-based approach and the market approach are adopted for valuation techniques of fair value of other equity instrument investments and other non-current financial assets.

5. Fair value of financial assets and financial liabilities which are not measured at fair value

Except for the items shown in the table below, the management of the Group believes that the carrying amounts of the financial assets and financial liabilities recorded at amortized cost in the financial statements as at 30 June 2021 approximate their fair values.

Item	Carrying amount 30 June 2021	RMB'000
		Fair value 31 December 2020
Bonds payable		
– Convertible corporate bonds (Note)	3,495,536	4,972,450
Asset-backed securities (due within 1 year inclusive)	1,087,989	1,090,719

Note: The carrying amount of the Convertible corporate bonds includes the carrying amount of the components of liabilities and the components of equity.

The fair value of Convertible corporate bonds is the unadjusted quoted price in the active market, which is determined by items at level 1 of the fair value hierarchy.

The fair value of asset-backed securities is determined by the future cash flow discount method, and the market rate of return of other financial instruments with similar contract terms, credit risk and residual term is taken as the discount rate, which is determined by items at level 2 of the fair value hierarchy.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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>	
				Proportion of shareholding in the Company as at 30 June 2021 (%)	Proportion of voting rights in the Company as at 30 June 2021 (%)
Innovation Great Wall	Baoding	Investment	5,000,000,000.00	55.60	55.60

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).

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 ("Spotlight Automotive")	Joint venture invested by the Company
Hebei Baocang Expressway Co. Ltd. (河北保滄高速公路有限公司)	Ultimate controlling shareholder serving as director of the company
Baoding Taihang Plastic Steel Door And Window Co., Ltd.	Company directly controlled by family members closely related with ultimate controlling shareholder
Great Wall Venture and Investment	Ultimate controlling shareholder serving as director of the company
Baoding Xushui Haval City Medical Service Co., Ltd. (保定市徐水區哈弗城醫療服務有限公司)	Subsidiary of a company over 30% indirectly controlled by ultimate controlling shareholder
Baoding Aihecheng Senior High School Co., Ltd. (保定市愛和城高級中學有限公司)	family members closely related with Ultimate controlling shareholder serving as director of the company and company over 30% indirectly controlled by ultimate controlling shareholder
Baoding Great Wall School in Lianchi District (保定市蓮池區長城學校)	Private non-enterprise units indirectly controlled by ultimate controlling shareholder
Baoding Great Wall School Dawangdian Branch (保定市長城學校大王店分校)	Private non-enterprise units indirectly controlled by ultimate controlling shareholder
Hebei Olive Real Estate Development Co., Ltd. (河北橄欖房地產開發有限公司)	Company directly controlled by related person
Han Xuejuan	Related natural person

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

XI. RELATED PARTIES AND TRANSACTIONS (continued)

5. Related party transactions

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

Related parties	Related party transaction	RMB	
		For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
Great Wall Holding and its subsidiaries	Purchase of goods	1,463,359,349.60	351,452,608.27
	Receipt of services	166,096,646.51	12,774,562.84
	Rental expenses and others	57,666,581.62	14,286,238.77
Automotive Finance	Acceptance of services	204,907,152.44	—
Baoding Taihang Plastic Steel Door And Window Co., Ltd.	Purchase of goods	315,747.90	—
Hebei Baocang Expressway Co. Ltd.	Receipt of services	3,634.25	—

Sales of goods/rendering of services

Related parties	Related party transaction	RMB	
		For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
Great Wall Holding and its subsidiaries	Sale of goods	278,029,006.48	111,044,329.48
	Rendering of services	22,334,921.62	14,436,471.83
	Rental income and others	6,670,047.52	8,130,271.30
Automotive Finance	Sale of goods	19,398.66	—
	Rental income and others	21,234,679.94	17,592,050.80
	Interest income from deposits	167,592,405.59	158,474,250.26
Spotlight Automotive	Rendering of services	54,320,742.18	58,728,817.18
	Sale of goods	1,410,385.56	—
	Rental income	14,422.02	14,422.02
Hebei Baocang Expressway Co. Ltd.	Rendering of services	—	14,122.26
Great Wall Venture and Investment	Rental income	8,555.45	5,350.46
Baoding Xushui Haval City Medical Service Co., Ltd.	Other income	—	176.99
Baoding Great Wall School in Lianchi District	Sale of goods	1,040,331.55	—
Han Xuejuan	Sale of goods	256,460.18	—

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

XI. RELATED PARTIES AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(2) Emolument for key management

Item	RMB	
	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
Emolument for key management	9,752,542.53	6,537,565.16

Key management are the individuals who are authorized and responsible for planning, supervision and control of corporate activities, including directors, general manager, chief accounting officer, deputy general managers, and other administration officers.

(3) Other related party transactions

(a) Deposits with related parties

Changes in deposits with related parties:

Related party	RMB			
	31 December 2020 (Audited)	Deposit in the period	Recovery in the period	30 June 2021 (Unaudited)
Automotive Finance	10,214,100,000.00	3,589,000,000.00	(6,041,100,000.00)	7,762,000,000.00

(b) Guarantees provided by related parties

Guarantor	Currency	Guaranteed amount	Commencement date of guarantee	Expiry date of guarantee	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

(c) Right-of-use assets and lease liabilities

The Group and its related parties have entered into a number of new lease agreements during the current period. Except for short-term leases and leases of low-value assets, the Group recognized right-of-use assets and lease liabilities of RMB88,972,215.14.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

XI. RELATED PARTIES AND TRANSACTIONS (continued)

6. Amounts due from/due to related parties

Accounts	Related parties	RMB	
		30 June 2021 (Unaudited)	31 December 2020 (Audited)
Accounts receivable	Great Wall Holding and its subsidiaries	186,651,694.13	70,948,135.28
Accounts receivable	Spotlight Automotive	66,797,346.48	145,369,654.64
Accounts receivable	Automotive Finance	2,989,833.30	15,022,359.57
Accounts receivable	Other related parties	—	1,352.76
Sub-total of accounts receivable:		256,438,873.91	231,341,502.25
Other receivables	Great Wall Holding and its subsidiaries	2,406,545.15	2,671,208.90
Other receivables	Automotive Finance	4,208.40	—
Other receivables	Spotlight Automotive	50,000.38	—
Sub-total of other receivables:		2,460,753.93	2,671,208.90
Prepayments	Subsidiaries controlled by Great Wall	20,073,011.20	1,374,175.75
Sub-total of prepayments:		20,073,011.20	1,374,175.75
Financing with receivables	Subsidiaries controlled by Great Wall	34,057,697.02	26,039,295.96
Sub-total of financing with receivables:		34,057,697.02	26,039,295.96
Other current assets	Automotive Finance	7,930,219,562.52	10,372,657,928.59
Sub-total of other current assets:		7,930,219,562.52	10,372,657,928.59

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

XI. RELATED PARTIES AND TRANSACTIONS (continued)

6. Amounts due from/due to related parties (continued)

		<i>RMB</i>	
Accounts	Related parties	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Accounts payable	Great Wall Holding and its subsidiaries	371,448,415.89	477,902,762.45
Accounts payable	Automotive Finance	103,692,724.94	69,582,569.11
Accounts payable	Other related parties	—	132,007.80
Sub-total of accounts payable:		475,141,140.83	547,617,339.36
Other payables	Great Wall Holding and its subsidiaries	20,247,721.77	20,549,123.28
Other payables	Automotive Finance	38,460.92	26,681.50
Other payables	Other related parties	329,881.08	431,058.60
Sub-total of other payables:		20,616,063.77	21,006,863.38
Contract liabilities	Subsidiaries controlled by Great Wall	54,057,045.00	88,812,963.71
Contract liabilities	Automotive Finance	34,342.91	39,823.01
Sub-total of contract liabilities:		54,091,387.91	88,852,786.72
Notes payable	Great Wall Holding and its subsidiaries	275,500.00	—
Notes payable	Other related parties	215,529.30	—
Sub-total of notes payable		491,029.30	—
Lease liabilities	Great Wall Holding and its subsidiaries	549,532,648.44	573,131,597.95
Sub-total of lease liabilities:		549,532,648.44	573,131,597.95

XII. SHARE-BASED PAYMENTS

1. General information of share-based payments

	<i>Unit: Share</i>	
	Restricted shares	Share options
31 December 2020	48,684,300.00	86,756,200.00
Total number of equity instruments granted by the Company during the current period	1,149,150.00	15,721,000.00
Total number of the Company's equity instruments unlocked/vested during the period	23,998,700.00	22,671,119.00
Total number of the Company's equity instruments lapsed during the period	613,000.00	435,300.00
30 June 2021	25,221,750.00	79,370,781.00
Range of exercise prices and remaining contractual life of the Company's share options outstanding at the end of the period	See other explanations	See other explanations
Range of exercise prices and remaining contractual life of the Company's restricted shares outstanding at the end of the period	See other explanations	See other explanations

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

XII. SHARE-BASED PAYMENTS (continued)

1. General information of share-based payments (continued)

Other explanations:

In accordance with *the Proposal for the 2020 Restricted Share and Share Option Incentive Plan (First Revision) and Its Summary of Great Wall Motor Company Limited, the Proposal for Performance Assessment Method for the 2020 Restricted Share and Share Option Incentive Plan (Revision) of Great Wall Motor Company Limited, and the Proposal for the Shareholders' Meeting Authorizing the Board of Directors and Authorized Persons to Manage Matters Pertaining to the 2020 Restricted Share and Share Option Incentive Plan* passed by the Company's 2020 first extraordinary shareholders' meeting, 2020 first H-share shareholders' meeting and 2020 first A-share shareholders' meeting, respectively, *the Proposal for Adjusting the Name List of Incentive Objects and Number of Granting Shares of the 2020 Restricted Share and Share Option Incentive Plan of Great Wall Motor Company Limited and the Proposal for Granting Restricted Shares and Share Options to the Incentive Objects of the 2020 Restricted Share and Share Option Incentive Plan of Great Wall Motor Company Limited* ("2020 Equity Incentive Plan") passed by the 34th meeting of the 6th session of Board of Directors on 27 April 2020. The Company granted 49,303,500 restricted shares for the first time to 281 incentive objects at a price of RMB4.37 per share on 27 April 2020.

The Proposal for Granting Reserved Restricted Shares or Share Options to the Incentive Objects of Great Wall Motor Company Limited passed by the 13th meeting of the 7th session of Board of Directors on 28 January 2021 and *the Proposal for Adjusting the Granting Price of Reserved Restricted Shares of the 2020 Restricted Share and Share Option Incentive Plan of Great Wall Motor Company Limited* passed by the 14th meeting of the 7th session of Board of Directors on 12 March 2021, the Company granted 1,149,200 reserved restricted share to 149 incentive objects at a price of RMB20.8 per share on 28 January 2021.

Unlocking of restricted shares of the above incentive objects is subject to certain business and individual performance conditions. Vesting period of restricted shares in the first grant is respectively 1 year, 2 years and 3 years since the first grant date, and that of reserved restricted shares is respectively 1 year and 2 years since the first grant date. During the vesting period, cash dividends of the holders of restricted shares granted the Company can be cancelled.

Pursuant to 2020 Equity Incentive Plan, the Company granted for the first time share options of 87,065,300 ordinary shares to 1,651 incentive objects at an exercise price of RMB8.73 per share on 27 April 2020 and reserved share options of 15,721,000 ordinary shares to 497 incentive objects at an exercise price of RMB42.15 per share on 28 January 2021. Exercise of share options of the above incentive objects is subject to certain business and individual performance conditions. Share options granted are subject to different vesting periods. The vesting period of share options in the first grant under the incentive plan is respectively 1 year, 2 years and 3 years since the first grant date, and that of reserved share options is respectively 1 year and 2 years since the first grant date.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

XII. SHARE-BASED PAYMENTS (continued)

2. Equity-settled share-based payment

RMB

Method for determining the fair value of equity instruments on the grant date	See other explanations
The basis for determining the number of exercisable equity instruments	Based on the number of restricted shares/options granted, the Company makes the best estimate of the number of restricted shares/options that are expected to be exercised in each period in the unlock/exercise arrangement
Reasons for the significant difference between the current estimate and the previous estimate	N/A
The cumulative amount of equity-settled share-based payments included in the capital reserve	218,104,085.36
The total amount of expenses recognized for equity-settled share-based payments in the current period	104,226,171.02

Other explanations:

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

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

XIII. COMMITMENTS

1. Significant commitments

Capital commitments

	30 June 2021 (Unaudited)	RMB'000 31 December 2020 (Audited)
Contracted for but not provided – Commitments for acquisition or construction of long-term assets	2,724,676	3,113,367
Total	2,724,676	3,113,367

XIV. OTHER SIGNIFICANT EVENTS

1. Segment reporting

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

Revenue from external customers by location of revenue sources:

Item	For the period from 1 January to 30 June 2021 (Unaudited)	RMB For the period from 1 January to 30 June 2020 (Unaudited)
Revenue from external customers in China	55,295,426,727.95	33,399,911,514.62
Revenue from external customers in other countries	6,632,942,188.22	2,529,282,133.23
Total	61,928,368,916.17	35,929,193,647.85

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 period from 1 January to 30 June 2021

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

1. Cash and bank balances

Item	<i>RMB</i>	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Cash:		
RMB	143,972.85	102,779.57
GBP	14,423.80	14,342.01
HKD	6,544.64	6,619.84
USD	3,326.05	3,359.41
JPY	1,765.05	1,910.30
SGD	1,493.64	1,533.67
RUB	50.87	50.23
KRW	40.60	42.66
THB	26.19	28.32
Bank balances:		
RMB	12,889,978,664.33	7,611,642,662.68
USD	1,371,685,263.46	1,112,235,938.68
EUR	2,706,030.78	2,571,378.85
JPY	386,757.95	674,710.16
GBP	97,311.07	745,464.72
CHF	29,158.91	33,700.53
HKD		
Other cash and bank balances:		
RMB	172,350,562.04	28,015,814.52
Total	14,437,405,392.23	8,756,050,336.15
Including: Overseas cash and bank balances	—	—

At 30 June 2021, the Company had restricted cash and bank balances of RMB172,350,562.04, including security and margin deposits for bank acceptances of RMB20,679,591.89 and car deposits of RMB151,670,970.15.

At 31 December 2020, the Company had restricted cash and bank balances of RMB28,015,814.52, including security and margin deposits for bank acceptances of RMB15,430,646.29 and L/C guarantee deposits of RMB12,585,168.23.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

2. Accounts receivable

(1) Disclosed by aging:

RMB

Aging	30 June 2021 (Unaudited)			31 December 2020 (Audited)		
	Amount	Credit loss provision	Proportion (%)	Amount	Credit loss provision	Proportion (%)
Within 1 year	10,216,752,555.62	(32,838.10)	0.00	7,403,477,944.66	(69,666.30)	0.00
1 to 2 years	358,452,097.67	(29,147,460.53)	8.13	1,640,412,294.16	(29,089,310.53)	1.77
2 to 3 years	1,378,576,685.72	—	—	260,279,546.33	—	—
Over 3 years	332,433,021.94	(314,539,604.14)	94.62	320,910,491.35	(317,694,689.41)	99.00
Total	12,286,214,360.95	(343,719,902.77)	2.80	9,625,080,276.50	(346,853,666.24)	3.60

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

(2) Disclosed by classification of credit loss provision method

RMB

Category	30 June 2021 (Unaudited)					31 December 2020 (Audited)				
	Carrying amount		Credit loss provision		Book value	Credit loss provision		Credit loss provision		Book value
Amount	Ratio (%)	Amount	Ratio (%)	Amount		Ratio (%)	Amount	Ratio (%)		
Credit loss provision by individuals	314,539,604.14	2.56	(314,539,604.14)	100.00	—	314,539,604.14	3.27	(314,539,604.14)	100.00	—
Credit loss provision assessed by portfolios	11,971,674,756.81	97.44	(29,180,298.63)	0.24	11,942,494,458.18	9,310,540,672.36	96.73	(32,314,062.10)	0.35	9,278,226,610.26
Total	12,286,214,360.95	100.00	(343,719,902.77)	2.80	11,942,494,458.18	9,625,080,276.50	100.00	(346,853,666.24)	3.60	9,278,226,610.26

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

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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 with credit loss provision assessed by portfolios and their expected credit losses are as follows:

Aging	30 June 2021 (Unaudited)				31 December 2020 (Audited)			RMB
	Expected loss rate	Carrying amount	Provision for credit losses	Expected loss rate	Carrying amount	Carrying amount	Expected loss rate	Book value
Within the credit period	0.00%-4.00%	11,942,468,594.18	(12,039.58)	11,942,456,554.60	0.00%-8.00%	9,278,225,493.96	(860.74)	9,278,224,633.22
Overdue for 1-180 days	10.00%-50.00%	51,728.00	(13,824.42)	37,903.58	21.00%-50.00%	2,232.60	(255.56)	1,977.04
Overdue for over 180 days	100.00%	29,154,434.63	(29,154,434.63)	-	100.00%	32,312,945.80	(32,312,945.80)	-
Total		11,971,674,756.81	(29,180,298.63)	11,942,494,458.18		9,310,540,672.36	(32,314,062.10)	9,278,226,610.26

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

Provision for credit losses	30 June 2021 (Unaudited)			RMB
	Lifetime ECL (Not credit-impaired)	Lifetime ECL (Credit-impaired)	Total	
Balance at 1 January 2021	(1,116.30)	(346,852,549.94)	(346,853,666.24)	
— Transfer to credit impairment occurred	—	—	—	
Provision	(25,864.00)	—	(25,864.00)	
Reversal	1,116.30	3,158,511.17	3,159,627.47	
Balance at 30 June 2021	(25,864.00)	(343,694,038.77)	(343,719,902.77)	

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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
Subsidiary 1	1,991,917,979.22	16.21	—
Subsidiary 2	1,927,891,077.47	15.69	—
Subsidiary 3	1,925,007,758.25	15.67	—
Subsidiary 4	1,389,777,058.86	11.31	—
Subsidiary 5	562,600,729.82	4.58	—
Total	7,797,194,603.62	63.46	—

3. Other receivables**3.1 Summary of other receivables**

RMB

Category	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Interest receivable	3,675,742.88	4,742,577.11
Dividends receivable	654,781,266.67	5,333,938.44
Other receivables	4,056,421,863.14	4,381,381,977.57
Total	4,714,878,872.69	4,391,458,493.12

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

XV. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (continued)**3. Other receivables** (continued)**3.2 Other receivables**

(1) Disclosed by aging:

RMB

Aging	30 June 2021 (Unaudited)			31 December 2020 (Audited)		
	Amount	Credit loss provision	Provision proportion (%)	Amount	Credit loss provision	Ratio (%)
Within 1 year	1,941,049,596.23	—	—	2,221,591,104.88	—	—
1 to 2 years	669,004,909.75	—	—	2,141,471,593.34	—	—
2 to 3 years	1,438,411,631.47	—	—	10,618,969.35	(169,838.00)	1.60
Over 3 years	8,125,563.69	(169,838.00)	2.09	7,870,148.00	—	—
Total	4,056,591,701.14	(169,838.00)	—	4,381,551,815.57	(169,838.00)	—

(2) Disclosed by nature are as follows:

RMB

Nature of other receivables	30 June 2021 (Unaudited) Carrying amount	31 December 2020 (Audited) Carrying amount
Proceeds from land transfer	305,601,261.00	305,601,261.00
Current amounts	180,490,479.17	226,857,876.83
Tax refunds	163,235,676.18	171,353,176.26
Security and margin deposits	32,287,909.65	31,446,658.15
Petty cash	15,958,122.88	15,432,303.62
Others	3,359,018,252.26	3,630,860,539.71
Total	4,056,591,701.14	4,381,551,815.57

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

3. Other receivables (continued)

3.2 Other receivables (continued)

(3) Assessment of credit loss provision:

RMB

Aging	30 June 2021 (Unaudited)				31 December 2020 (Audited)			
	Expected average loss rate	Carrying amount	Provision for credit losses	Expected average loss rate	Carrying amount	Carrying amount	Expected average loss rate	Book value
Indefinite/Within the contractual repayment period	—	4,056,421,863.14	—	4,056,421,863.14	—	4,381,381,977.57	—	4,381,381,977.57
Overdue for over 180 days	100.00%	169,838.00	(169,838.00)	—	100.00%	169,838.00	(169,838.00)	—
Total		4,056,591,701.14	(169,838.00)	4,056,421,863.14		4,381,551,815.57	(169,838.00)	4,381,381,977.57

The Company recognizes the expected credit losses on the other receivables based on the historical experience data and forward-looking information. For the period from 1 January to 30 June 2021 and in 2020, the Company's assessment method and major assumptions remained unchanged.

(4) Credit loss provision:

RMB

Provision for credit losses	Phase 1	Phase 2	Phase 3	Total
	12-month ECL	Lifetime ECL (Not credit-impaired)	Lifetime ECL (Credit-impaired)	
Balance at 1 January 2021	—	—	(169,838.00)	(169,838.00)
Provision	—	—	—	—
Reversal	—	—	—	—
Write-off	—	—	—	—
Balance at 30 June 2021	—	—	(169,838.00)	(169,838.00)

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

3. Other receivables (continued)

3.2 Other receivables (continued)

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

RMB

Name of entity	Nature of amounts	Amount	Aging	Proportion of the amount to the total other receivables (%)	Closing balance of credit loss provision
Subsidiary 1	Intra-group current amounts	1,956,929,056.66	Within 3 years	48.24	—
Subsidiary 2	Intra-group current amounts	401,468,791.73	Within 1 year	9.90	—
Subsidiary 3	Intra-group current amounts	414,639,377.40	Within 3 years	10.22	—
Entity 1	Proceeds from land transfer	305,601,261.00	Within 3 years	7.53	—
Entity 2	Current amounts	176,442,379.06	Within 1 year	4.20	—
Total		3,255,080,865.85		80.24	—

The Company has no other receivables related to government grants.

4. Long-term equity investments

Breakdown of long-term equity investments:

RMB

Item	30 June 2021 (Unaudited)			31 December 2020 (Audited)		
	Carrying amount	Impairment provision	Book value	Carrying amount	Impairment provision	Book value
Investments in subsidiaries	10,991,389,668.06	—	10,991,389,668.06	9,728,980,472.25	—	9,728,980,472.25
Investments in joint ventures	9,083,278,888.64	—	9,083,278,888.64	8,415,182,722.15	—	8,415,182,722.15
Total	20,074,668,556.70	—	20,074,668,556.70	18,144,163,194.40	—	18,144,163,194.40

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

4. Long-term equity investments (continued)

Breakdown of investments in subsidiaries is as follows:

Investee	31 December	Capital	Decrease	Others	30 June 2021	Provision for	Closing balance
	2020 (Audited)						
Great Wall Huabei	268,092,310.00	—	—	—	268,092,310.00	—	—
Baoding Nobo	72,240,000.00	—	—	—	72,240,000.00	—	—
Beijing Great	12,539,100.00	—	—	—	12,539,100.00	—	—
Baoding Great	23,000,000.00	—	—	—	23,000,000.00	—	—
Tide Technology and Trade	257,353,665.00	31,590,650.00	—	—	288,944,315.00	—	—
Mind Electronics	334,953,244.45	200,000,000.00	—	365,750.00	535,318,994.45	—	—
Baoding Yixin	28,503,900.00	—	—	—	28,503,900.00	—	—
Great Wall Ants	87,123,001.18	—	—	1,934,683.19	89,057,684.37	—	—
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	—	—	2,021,131.33	10,021,131.33	—	—
Shanghai Salon	1,753,399.68	—	(1,500,000.00)	(253,399.68)	—	—	—
Rizhao Weipai	375,998,513.27	—	—	694,904.83	376,693,418.10	—	—
Haval South Africa	25,912,080.00	—	—	—	25,912,080.00	—	—
Russia Manufacturing	1,077,239,835.57	5,871,090.45	—	—	1,083,110,926.02	—	—
Scrap Car Recycling & Dismantling	5,000,000.00	—	—	—	5,000,000.00	—	—
Haval Australia	43,773,250.00	—	—	—	43,773,250.00	—	—
Europe Technology Center	33,428,802.00	—	—	—	33,428,802.00	—	—
India Research and Development	28,082,810.70	—	—	—	28,082,810.70	—	—
American Haval	169,620,600.00	—	—	—	169,620,600.00	—	—
Tianjin Lean	186,363,431.80	—	—	—	186,363,431.80	—	—
Guangzhou Great Wall Sales	34,500.00	—	—	—	34,500.00	—	—

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

4. Long-term equity investments (continued)

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

Investee	31 December		Decrease	Others (Note (XIII))	30 June 2021 (Unaudited)	Provision for impairment losses	Closing balance of impairment provision
	2020 (Audited)	Capital increase					
Tianjin ORA	562,500,000.00	—	—	183,431.57	562,683,431.57	—	—
Xiamen Great Wall Sales	33,000.00	—	—	—	33,000.00	—	—
Zaoqi Financial Leasing	127,517,638.71	—	—	—	127,517,638.71	—	—
Jinggong Motor	1,000,883,929.21	—	—	646,807.70	1,001,530,736.91	—	—
Nobo Automotive	2,192,661,361.28	—	—	385,000.00	2,193,046,361.28	—	—
Honeycomb Yichuang	2,171,030,000.00	899,790,000.00	—	—	3,070,820,000.00	—	—
Chongqing Parts	6,483,037.05	—	—	517,883.02	7,000,920.07	—	—
Baoding Yijian Start	200,014,527.04	—	—	36,531.24	200,051,058.28	—	—
Chongqing Weipai	270,000.00	—	—	—	270,000.00	—	—
Chongqing Great Wall After-sales	283,938.11	—	—	9,065.34	293,003.45	—	—
Changyou Haoche	20,027,669.47	—	—	11,797.77	20,039,467.24	—	—
India Haval	20,731,008.88	—	—	—	20,731,008.88	—	—
HWA Ding International	60,684,500.00	32,257,958.71	—	—	92,942,458.71	—	—
Chongqing Haval	52,847.22	—	—	34,371.77	87,218.99	—	—
Great Wall Dongsheng	1,388,007.75	—	—	(1,388,007.75)	—	—	—
Chongqing Haval Logistics	394,318.86	—	—	(394,318.86)	—	—	—
Tianjin Zhixin	100,000,000.00	—	—	—	100,000,000.00	—	—
Shanghai Yuefan	190,000,000.00	—	—	543,329.70	190,543,329.70	—	—
Yixintong Technology	5,702.91	—	—	(5,702.91)	—	—	—
Xiangyun Logistics Taizhou	6,542.11	—	—	(6,542.11)	—	—	—
Xiong'an Great Wall	—	41,000,000.00	—	—	41,000,000.00	—	—
Tianjin Great Wall Investment	—	50,000.00	—	—	50,000.00	—	—
Chongqing Great Wall Sales	—	11,000,000.00	—	—	11,000,000.00	—	—
Zhongtai International Insurance	—	36,481,877.24	—	—	36,481,877.24	—	—
Shanghai Motor Technology	—	—	—	530,903.26	530,903.26	—	—
Total	9,728,980,472.25	1,258,041,576.40	(1,500,000.00)	5,867,619.41	10,991,389,668.06	—	—

Note: Other increases mainly represent the Company's granting of restricted shares to employees of its subsidiaries and share-based payment expenses recognized on shares options.

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

4. Long-term equity investments (continued)

Details of investments in the joint ventures are set out below:

RMB

Investee	31 December 2020 (Audited)	Increase	Decrease in investment	Changes for the period				Cash dividends or profits declared	Provision for impairment losses	Others	30 June 2021 (Unaudited)	Closing balance of impairment provision
				Investment income or loss recognized under the equity method	Adjustment to other comprehensive income	Other equity changes						
Automotive Finance	8,394,182,722.15	—	—	668,156,001.58	—	—	—	—	—	9,062,338,723.73	—	
Shanghai Junying	21,000,000.00	—	—	(59,835.09)	—	—	—	—	—	20,940,164.91	—	
Total	8,415,182,722.15	—	—	668,096,166.49	—	—	—	—	—	9,083,278,888.64	—	

5. Operating income and operating costs

(1) Operating income and operating costs

RMB

Item	For the period from 1 January to 30 June 2021 (Unaudited)		For the period from 1 January to 30 June 2020 (Unaudited)	
	Income	Costs	Income	Costs
Principal operating activities	56,492,304,561.60	53,042,532,020.79	33,253,251,511.87	30,905,436,587.52
Other operating activities	1,555,518,178.09	1,437,810,270.87	955,146,371.38	759,769,176.32
Total	58,047,822,739.69	54,480,342,291.66	34,208,397,883.25	31,665,205,763.84

(2) Revenue from contracts

RMB

Category of contracts	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
	Revenue from sales of automobiles	52,700,961,876.34
Revenue from sales of automotive parts	3,516,917,964.73	1,749,805,815.04
Revenue from rendering of services	274,424,720.53	380,896,853.13
Other income	1,395,420,926.06	828,127,888.98
Revenue from contracts with customers	57,887,725,487.66	34,081,379,400.85
Rental income	160,097,252.03	127,018,482.40
Total	58,047,822,739.69	34,208,397,883.25

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

6. Investment income

Details:

Item	<i>RMB</i>	
	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
Income from long-term equity investments under cost method	5,381,192,625.51	3,256,573,486.20
Income from long-term equity investments under equity method	668,096,166.49	496,255,875.90
Investment income from disposal of held-for-trading financial assets	39,643,309.43	26,144,272.87
Losses on derecognition of discounted bills	(60,991,216.74)	(116,399,941.50)
Investment income on disposal of long-term equity investments	—	851,270.67
Total	6,027,940,884.69	3,663,424,964.14

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

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

7. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Supplementary information	For the period from 1 January to 30 June 2021 (Unaudited)	RMB For the period from 1 January to 30 June 2020 (Unaudited)
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	4,343,147,076.74	3,305,287,846.41
Add: Impairment losses of assets	225,571,518.94	65,722,081.15
Losses (gains) on credit impairment	(3,133,763.47)	29,455,439.15
Depreciation of fixed assets	1,083,611,577.08	1,120,700,736.18
Depreciation of right-of-use assets	75,305,472.27	4,976,115.40
Amortization of intangible assets	489,866,691.44	283,672,583.51
Amortization of long-term prepaid expenses	5,975,004.00	5,901,429.81
Depreciation and amortization of investment properties	62,703,538.07	54,079,954.43
Losses on disposal of assets	19,886,795.32	4,460,830.25
Amortization of deferred income	(193,501,685.15)	(143,293,542.92)
Financial expenses	12,119,046.45	(110,858,252.60)
Income from changes in fair value	(11,588,100.82)	(31,532,584.94)
Investment income	(6,088,932,101.43)	(3,779,824,905.64)
Decrease in deferred tax assets (Less: increase)	(503,048,541.39)	(133,402,152.40)
Increase in deferred tax liabilities (Less: decrease)	—	1,182,077.53
Decrease in inventories (Less: increase)	(1,008,966,675.01)	956,338,331.10
Decrease in operating receivables (Less: increase)	14,483,786,439.10	10,279,250,285.36
Increase in operating payables (Less: decrease)	(4,578,736,430.01)	(4,866,949,775.53)
Others	98,358,551.61	29,140,142.70
Net cash flows from operating activities	8,512,424,413.74	7,074,306,638.95
2. Significant investing and financing activities which do not involve cash receipts and payments:		
Distributed dividends offset by notes receivable	1,111,831,446.35	—
Right-of-use assets recognized by leased fixed assets	101,478,114.64	18,706,984.10
3. Net changes in cash and cash equivalents:		
Closing balance of cash and cash equivalents	14,265,054,830.19	11,712,577,780.41
Less: Opening balance of cash and cash equivalents	8,728,034,521.63	4,876,599,293.72
Net increase in cash and cash equivalents	5,537,020,308.56	6,835,978,486.69

Notes to the Financial Statements

For the period from 1 January to 30 June 2021

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

7. Supplementary information to the cash flow statement (continued)

(2) Composition of cash and cash equivalents

Item	<i>RMB</i>	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
I. Cash	14,265,054,830.19	8,728,034,521.63
Including: Cash on hand	171,643.69	130,666.01
Bank deposits ready to be withdrawn on demand	14,264,883,186.50	8,727,903,855.62
II. Closing balance of cash and cash equivalents	14,265,054,830.19	8,728,034,521.63

Supplementary information

For the period from 1 January to 30 June 2021

1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS

Item	RMB	
	For the period from 1 January to 30 June 2021 (Unaudited)	For the period from 1 January to 30 June 2020 (Unaudited)
Profit or loss on disposal of non-current assets	(24,025,980.42)	(15,655,663.23)
Government grants recognized in profit or loss (other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard) and other income	539,868,173.86	331,063,581.54
Income from disposal of long-term equity investments and investment income (loss) from disposal of wealth management products	77,456,578.42	52,672,740.45
Gains (losses) on changes in fair value	91,730,731.96	25,556,189.78
Other non-operating income or expenses other than the above	47,661,718.92	23,817,527.49
Tax effects	(46,064,619.07)	(73,763,917.03)
Total	686,626,603.67	343,690,459.00

The Group recognizes the non-recurring profit or loss items in accordance with the requirements of the *Explanatory Notice for Information Disclosure of Companies with Public Offering of Securities No. 1 – Non-recurring Profit or Loss*.

Supplementary information

For the period from 1 January to 30 June 2021

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE ("EPS")

The return on net assets and EPS have been prepared by the Group in accordance with *Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised 2010)* issued by China Securities Regulatory Commission.

For the period from 1 January to 30 June 2021 (Unaudited)	Weighted average return on net assets (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	6.10	0.39	0.38
Net profit after deduction of non-recurring profit or loss attributable to ordinary shareholders of the Company	4.91	0.31	0.31
For the period from 1 January to 30 June 2020 (Unaudited)	Weighted average return on net assets (%)	EPS Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	2.06	0.12	0.12
Net profit after deduction of non-recurring profit or loss attributable to ordinary shareholders of the Company	1.44	0.09	0.09

The supplementary information provided by the management of Great Wall Motor Company Limited was signed by the followings:

Legal Representative: Wei Jian Jun

Chief Financial Officer: Li Hong Shuan

Head of Finance Section: Wang Hai Ping

August 27, 2021

Baoding, Hebei Province, the PRC, 27 August 2021

As at the date of this announcement, members of the Board comprise:

Executive Directors: Mr. Wei Jian Jun, Ms. Wang Feng Ying and Ms. Yang Zhi Juan.

Non-executive Director: Mr. He Ping.

Independent Non-executive Directors: Ms. Yue Ying, Mr. Li Wan Jun and Mr. Ng Chi Kit.