

# **FAW JIEFANG GROUP CO., LTD.**

## **Semi-annual Report 2023**



**August 2023**

## Section I Important Notes, Contents and Definitions

The Board of Directors and Board of Supervisors, as well as directors, supervisors and senior executives of the Company guarantee that the contents of the semi-annual report are true, accurate and complete, there is no false record, misleading statement or major omission, and shall bear individual and joint legal responsibilities.

Hu Hanjie, the person in charge of the Company, Ji Yizhi, the person in charge of accounting, and Si Yuzhuo, the person in charge of the accounting organization (chief accountant) declare that they guarantee the authenticity, accuracy and completeness of the financial report in this semi-annual report.

Except for the following directors, others attended the board meeting to review the semi-annual report in person

<b>Names of Directors not Present in Person</b>	<b>Positions of Directors not Present in Person</b>	<b>Reasons for not Present in Person</b>	<b>Name of the Trustee</b>
<b>Bi Wenquan</b>	<b>Director</b>	<b>Work</b>	<b>Liu Yanchang</b>
<b>Han Fangming</b>	<b>Independent director</b>	<b>Work</b>	<b>Mao Zhihong</b>

This semi-annual report involves prospective statements such as future plans, and does not constitute a substantial commitment of the Company to investors. Investors and relevant individuals should maintain sufficient risk awareness and understand the differences between plans, forecasts, and commitments.

**The Company has described in detail the possible risks and countermeasures for its future development in the section of Management Discussion and Analysis. Investors are kindly requested to pay attention to relevant contents. China Securities Journal, Securities Times and CNINFO (<http://www.cninfo.com.cn>) are the information disclosure media selected by the Company. All information of the Company is subject to that published in the above selected media. Investors are kindly requested to pay attention to investment risks.**

**The Company does not plan to pay cash dividends or bonus shares, or convert reserves into share capital.**

## Table of Contents

<b>Section I</b>	<b>Important Notes, Contents and Definitions .....</b>	<b>2</b>
<b>Section II</b>	<b>Company Profile and Main Financial Indicators .....</b>	<b>7</b>
<b>Section III</b>	<b>Management Discussion and Analysis .....</b>	<b>11</b>
<b>Section IV</b>	<b>Corporate Governance .....</b>	<b>29</b>
<b>Section V</b>	<b>Environmental and Social Responsibilities .....</b>	<b>33</b>
<b>Section VI</b>	<b>Important Matters .....</b>	<b>45</b>
<b>Section VII</b>	<b>Changes in Shares and Shareholders.....</b>	<b>56</b>
<b>Section VIII</b>	<b>Preferred Shares.....</b>	<b>66</b>
<b>Section IX</b>	<b>Bonds.....</b>	<b>67</b>
<b>Section X</b>	<b>Financial Report.....</b>	<b>68</b>

## **List of Documents for Future Reference**

(I) Financial statements were signed and sealed by the person in charge of the Company, the person in charge of accounting and the person in charge of the accounting organization (chief accountant).

(II) Originals of all company documents and announcements publicly disclosed on the website designated by China Securities Regulatory Commission in the reporting period.

## Interpretation

Item	Refers to	Definition
Company, the Company, FAW Jiefang	Refers to	FAW JIEFANG GROUP CO., LTD.
Jiefang Limited	Refers to	FAW Jiefang Automotive Co., Ltd.
FAW, FAW Group	Refers to	CHINA FAW GROUP CO., LTD.
FAW	Refers to	China FAW Co., Ltd.
FAW Car	Refers to	FAW Car Co., Ltd.
FAW Bestune	Refers to	FAW Bestune Car Co., Ltd.
Finance company	Refers to	First Automobile Finance Co., Ltd.
Board of Directors	Refers to	Board of Directors of FAW JIEFANG GROUP CO., LTD.
Shareholders' meeting	Refers to	Shareholders' Meeting of FAW JIEFANG GROUP CO., LTD.
Board of Supervisors	Refers to	Board of Supervisors of FAW JIEFANG GROUP CO., LTD.
SASAC	Refers to	State-owned Assets Supervision and Administration Commission of the State Council
CSRC	Refers to	China Securities Regulatory Commission
China Securities Depository and Clearing Corporation Limited (CSDC)	Refers to	Shenzhen Branch, China Securities Depository and Clearing Corporation Limited
Company Law	Refers to	Company Law of the People's Republic of China
Securities Law	Refers to	Securities Law of the People's Republic of China
Articles of Association	Refers to	Articles of Association of FAW JIEFANG GROUP CO., LTD.
Reporting Period	Refers to	January 1, 2023 - June 30, 2023
CNY, CNY 10,000, CNY 100 million	Refers to	CNY, CNY 10,000, CNY 100 million

## Section II Company Profile and Main Financial Indicators

### I. Company Profile

Stock abbreviation	FAW Jiefang	Stock code	000800
Stock exchanges on which shares are listed	Shenzhen Stock Exchange		
Chinese name of the Company	FAW JIEFANG GROUP CO., LTD.		
Chinese abbreviation of the Company	FAW Jiefang		
English name of the Company	FAW JIEFANG GROUP CO.,LTD		
English abbreviation of the Company	FAW Jiefang		
Legal representative of the Company	Hu Hanjie		

### II. Contact Person and Contact Information

	Secretary of the Board of Directors	Securities Affairs Representative
Name	Wang Jianxun	Yang Yuxin
Address	No. 2259, Dongfeng Street, Changchun Automobile Development Zone, Jilin Province	No. 2259, Dongfeng Street, Changchun Automobile Development Zone, Jilin Province
Tel.	0431-80918881 0431-80918882	0431-80918881 0431-80918882
Fax	0431-80918883	0431-80918883
E-mail	faw0800@fawjiefang.com.cn	faw0800@fawjiefang.com.cn

### III. Other Information

#### 1. Company Contact Information

Whether the registered address, office address and postal code, website and e-mail address of the Company have changed in the reporting period

Applicable  Not applicable

The registered address, office address and postal code, website and e-mail address of the Company have not changed in the reporting period, please refer to the Annual Report 2022 for details.

## 2. Information Disclosure and Preparation Location

Whether the information disclosure and preparation location have changed in the reporting period

Applicable  Not applicable

There are no changes in the name and website of the stock exchange and media where the Company discloses its semi-annual report, as well as the preparation location of the Company's semi-annual report during the reporting period. For details, please refer to the 2022 Annual Report.

## 3. Other Relevant Data

Whether other relevant data has changed in the reporting period

Applicable  Not applicable

## IV. Main Accounting Data and Financial Indicators

Whether the Company needs to retroactively adjust or restate the accounting data of previous years

Yes  No

	This Reporting Period	Same Period of Last Year	Increase/Decrease in This Reporting Period over the Same Period of Last Year
Operating income (CNY)	33,014,661,914.13	22,871,535,261.56	44.35%
Net profit attributable to shareholders of the listed company (CNY)	401,336,302.35	170,153,887.32	135.87%
Net profit attributable to shareholders of the listed company after deducting non-recurring profits and losses (CNY)	151,966,331.79	-106,246,804.18	243.03%
Net cash flows from operating activities (CNY)	6,714,159,377.47	1,443,137,726.63	365.25%
Basic earnings per share (CNY/share)	0.0872	0.0366	138.25%
Diluted earnings per share (CNY/share)	0.0872	0.0366	138.25%
Weighted average return on equity	1.68%	0.65%	Increased by 1.03%
	At the End of This Reporting Period	At the End of Last Year	Increase/Decrease at the End of This Reporting Period over the End of Last Year
Total assets (CNY)	72,001,981,826.53	56,772,860,616.12	26.82%
Net assets attributable to shareholders of the listed company (CNY)	24,127,040,019.35	23,719,427,082.48	1.72%

**V. Differences in Accounting Data under Domestic and Foreign Accounting Standards****1. Differences in net profits and net assets in the financial report disclosed simultaneously according to the international accounting standards and China accounting standards**

Applicable  Not applicable

In the reporting period of the Company, there is no difference in net profits and net assets in the financial report disclosed according to the international accounting standards and China accounting standards.

**2. Differences in net profits and net assets in the financial report disclosed simultaneously according to foreign accounting standards and China accounting standards**

Applicable  Not applicable

In the reporting period of the Company, there is no difference in net profits and net assets in the financial report disclosed according to foreign accounting standards and China accounting standards.

**VI. Items and Amounts of Non-recurring Profit and Loss**

Applicable  Not applicable

Unit: CNY

Item	Amount	Description
Profits or losses on disposal of non-current assets (including the write-off part of the impairment provision of assets withdrawn)	98,132,494.11	It refers to the net profit on disposal of non-current assets.
Government subsidies included in the current profit and loss (except those closely related to the Company normal operations, conforming to the State policies and regulations and enjoyed persistently in line with certain standard quotas or quantities)	193,604,585.44	
Reversal of impairment provision for receivables subject to separate impairment test	59,131.00	It mainly refers to the reversal of impairment provision for receivables subject to separate impairment test.
Non-operating income and expenses other than the above items	5,740,722.98	They mainly refer to the net non-operating income and expenses
Less: amount affected by income tax	48,166,962.97	
Total	249,369,970.56	

Specific conditions of other profit and loss items meeting the definition of non-recurring profit and loss:

Applicable  Not applicable

There are no specific conditions of profit and loss items meeting definition of non-recurring profit and loss for the Company.

Explanation on defining the non-recurring profit and loss items listed in the *Explanatory Announcement No. 1 on Information Disclosure by Companies Issuing Securities Publicly - Non-recurring Profit and Loss* as recurring profit and loss items

Applicable  Not applicable

The Company does not define the non-recurring profit and loss items listed in the *Explanatory Announcement No. 1 on Information Disclosure by Companies Issuing Securities Publicly - Non-recurring Profit and Loss* as recurring profit and loss items.

## Section III Management Discussion and Analysis

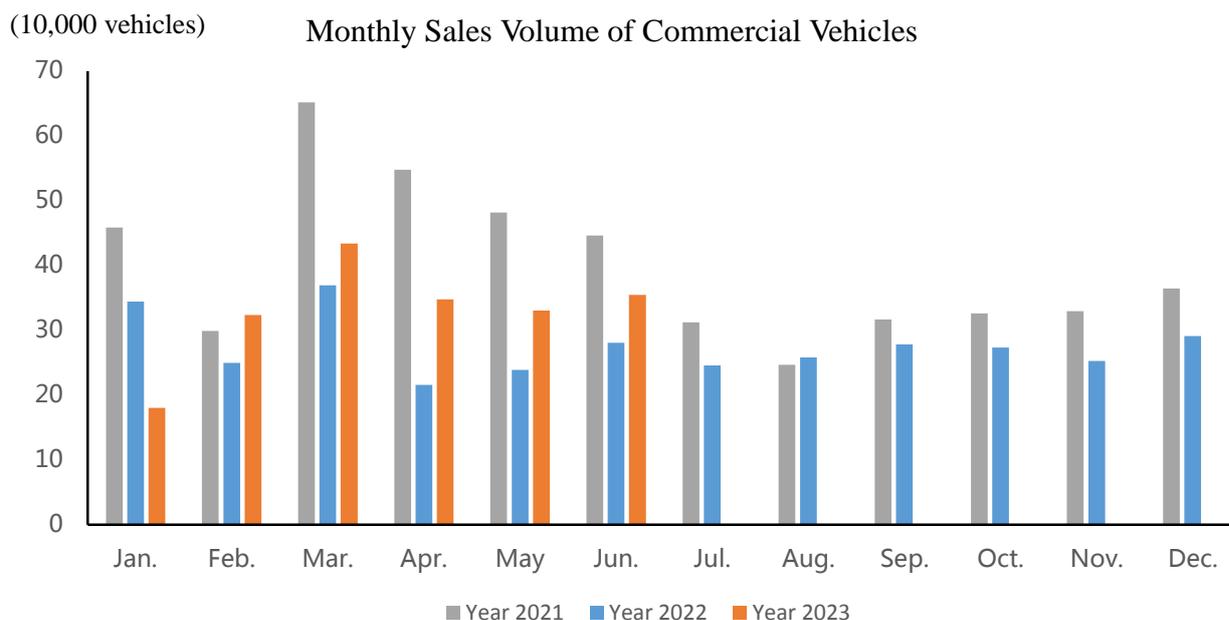
### I. Main Businesses of the Company in the Reporting Period

#### (I) Main business

The Company is a commercial vehicle manufacturer integrating R&D, production, sales and service. It produces heavy-duty, medium-duty and light-duty trucks, buses, as well as core components such as engines, transmissions and axles, and has a complete manufacturing system covering raw materials, core components, key large assemblies and vehicles. The products of the Company are mainly used in market segments such as traction, cargo carrying, dumping, special purposes, highway passenger transport, bus passenger transport, etc., and the Company also provides standardized and customized commercial vehicle products. The Company is committed to becoming a "China's first and world-class" provider of green and intelligent transportation solutions, focusing on the main product lines and insisting on innovation-driven and reform-driven, and leading the industry trend. Main business, products, and business model of the Company are not changed significantly in the reporting period.

#### (II) Industry situation

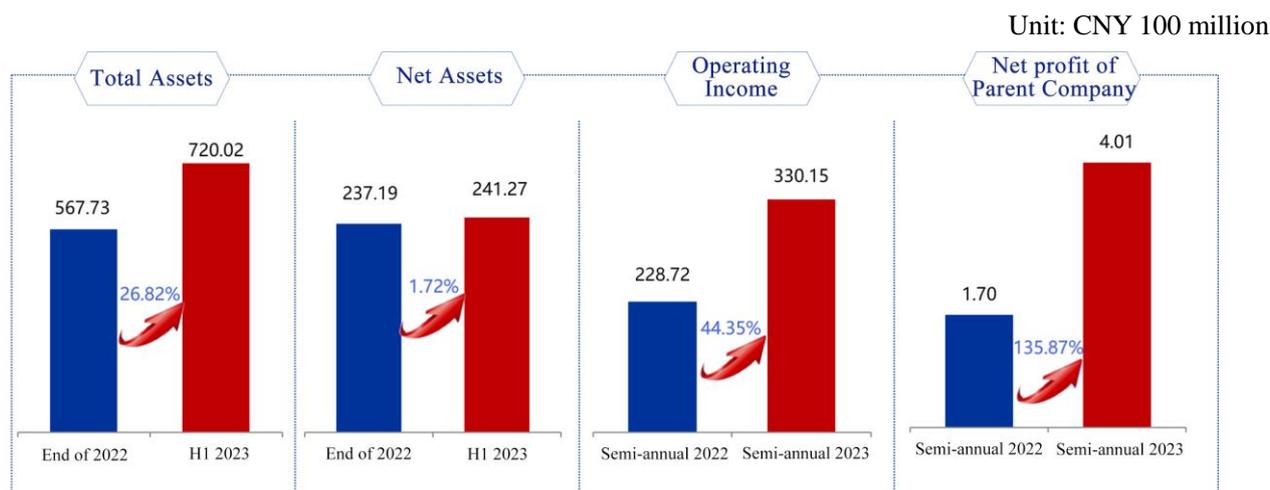
In the first half of 2023, according to the statistics of the China Association of Automobile Manufacturers, the production and sales of commercial vehicles reached 1,967,000 units and 1,971,000 units respectively, with a year-on-year increase of 16.9% and 15.8% respectively. The market has recovered overall but to a limited extent. Consumption-related industries recovered rapidly, and highway vehicles recovered relatively well. The growth rate of infrastructure decreased, the real estate industry was in recession, and the overall demand for engineering vehicles was sluggish. In addition, the overall excess capacity of the freight industry is still obvious and is also the main reason for the current downturn in the commercial vehicle industry.



Data source: China Association of Automobile Manufacturers

### (III) Operation

In the first half of 2023, the Company resolutely studied and implemented the spirit of the 20<sup>th</sup> National Congress of the Communist Party of China, continuously implemented the instructions given by General Secretary Xi Jinping's important speech during his visit to FAW, actively focused on the strategic deployment and annual requirements of the Company, closely focused on key tasks, aimed at objectives of being at the forefront in the industry, and solidly and effectively promoted various work. As of June 30, 2023, the total assets of the Company amounted to CNY 72.002 billion, with a year-on-year increase of 26.82%, and the net assets attributable to shareholders of listed companies were CNY 24.127 billion, with a year-on-year increase of 1.72%; During the reporting period, the operating income was CNY 33.015 billion, with a year-on-year increase of 44.35%.; The net profit attributable to the parent company was CNY 401 million, with a year-on-year increase of 135.87%. A total of 131,500 vehicles were sold, up 31.23% year on year, including 112,300 medium- and heavy-duty trucks, up 31.75% year on year, and 18,400 light-duty vehicles, up 22.90% year on year. The sales volume of new energy vehicles was 3,600, up 184.6% year-on-year, showing a leap. Overseas exports reached 27,100 units, up 130.0% year-on-year, hitting a record high with a high growth trend.



In the first half of 2023, the Company was rated as a "World-class Professional, Refined, Distinctive and Innovative Demonstration Enterprise" by the SASAC, and successfully selected into the list of "China ESG (Corporate Social Responsibility) Listed Company Pioneers 100". The Anting Innovation Index has ranked first in the industry for six consecutive years, and its brand value has remained first in the industry for 12 consecutive years.

In the first half of 2023, the Company's key work is as follows:

**1. Strategic leadership role played effectively.** The insight, strategy and brand management capabilities continued to improve, the strategic direction was further clarified, and key topics were promoted in an orderly manner. Effective progress has been made in the implementation of solutions. With the definition and connotation further clarified, a systematic solution business and brand architecture have been formed.

**2. Market-leading strategy as a guiding principle implemented effectively.** Guided by the goal of becoming a market leader, the Company has implemented the strategy of "Two Firsts and Two Increments", strengthened the advantages and complemented the weaknesses, focused on the balanced development of each market segment, effectively reshaped the marketing ability, and achieved a substantial increase in overall sales volume. Leading in product development and aiming at advantage building, the Company launched a batch of more competitive products, providing stronger support for market development.

**3. Fruitful innovation-driven results.** The Company has made breakthroughs in more than 30 key core technologies, applied for more than 800 patents (including more than 600 invention patents), and launched a number of technologies for the first time. The ammonia-hydrogen fusion

direct injection zero-carbon internal combustion engine was successfully ignited in the world for the first time, showing strong technological innovation strength. The revenue scale of the "four major sectors" of business innovation has steadily expanded, and the trend of building a new growth pole is improving.

**4. Drive for reforms consolidated solidly.** IPD and integrated reforms were promoted in an orderly manner, with the depth and coverage of reforms continuously expanded; project-based management was strengthened, and initial results in operation and management were achieved. Adhering to the principle of strengthening the company with talent, the Company introduced 600 talents from various fields. Layered and categorized training empowerment, as well as the implementation of incentive constraints such as performance-based agreements and competitive bidding effectively motivates the enthusiasm of all employees.

**5. Five major fields tackled orderly.** Ultimate cost reduction and expense reduction have been achieved, and steady improvement has been made in operational outcomes. The four-pillar design of digital intelligence transformation has been further clarified and the dual-effect support capability has been upgraded. The maturity of the quality system has been further improved in the background of creating first-class quality competitiveness. Supply chain security has been strengthened, and lean production has been implemented. The layout of manufacturing resources has been optimized, the implementation of new bases in Guanghan and Foshan has been accelerated, and intelligent manufacturing and process technology capabilities continue to improve.

**6. Business operations supported by capital operation.** The Company actively planned and carried out the issuance of A-shares to specific objects, with a proposed total fundraising amount of CNY 3.713 billion to provide strong support for R&D and investment in the new four modernization fields. It has completed the unlocking, listing, repurchase and cancellation of shares related to more than 300 individuals in the equity incentive plan in a timely and compliant manner; strengthened the management of 11 joint-stock enterprises, and achieved a total investment income of CNY 233 million in the first half of the year; actively promoted equity investment projects to provide strong support for the rapid implementation of strategies such as new energy, Internet of Vehicles, autonomous driving and aftermarket.

In the second half of the year, the Company will unwaveringly adhere to and strengthen the

leadership of the Communist Party, consistently implement the important instructions given by General Secretary Xi Jinping during his visit to the Company, solidly promote the various tasks of thematic education, firmly implement the Company's strategic deployment and the requirements of the mid-year work conference. It will solidly work around the annual plan, focus on the key stage, firmly adhere to the leading development, accelerate strategic transformation, inherit the spirit of 70 years of struggle, promote the FAW Jiefang's culture of being at the forefront, enhance a sense of urgency and crisis, as well as enthusiasm and proactiveness. It will strive to complete all the tasks of party building and management for the year, compete vigorously, take on responsibilities, and make every effort to lay a solid foundation for winning in the 14<sup>th</sup> Five-Year Plan.

## **II. Analysis of Core Competitiveness**

The Company adheres to the corporate vision of "being the most proud commercial vehicle enterprise and the most trustworthy commercial vehicle brand", the mission of "becoming the China's first and world-class provider of green and intelligent transportation solutions and building a more prosperous society"; takes products and services as the main task, customers and employees as the foundation, innovation and reform as the driving force; focuses on industry trends and customer needs, and rapidly enhances product competitiveness and service levels.

**1. Product R&D:** The Company has seven product series, namely tractors, load carriers, dump trucks, special-purpose vehicles, new energy vehicles, light trucks and buses. The six product platforms of FAW Jiefang J7, Yingtu, J6V, JH6, J6P and Hummer V cover four major fields: heavy, medium and light trucks, and buses. The field of heavy trucks includes seven product platforms: FAW Jiefang J7, Yingtu, JH6, J6V, J6P, JH5 and Han V. The field of medium trucks includes FAW Jiefang J6G, J6L, JK6 and Long V product platforms. The field of light trucks includes five product platforms: LINKTOUR, Tiger 6G, J6F, Tiger V and pure electric mini-truck. The field of buses includes conventional road vehicles, new energy road vehicles, new energy buses and off-road motor homes. Facing the future, FAW Jiefang is also accelerating the overall layout of new energy and intelligent vehicles. In terms of new energy, it has launched J6P pure electric dump trucks, JH6 pure electric tractors, J6L fuel cell carrier trucks, J6P hybrid tractors and other new energy products to strive to create a clean and efficient portfolio of pure

electric, hybrid and hydrogen fuel cell vehicles. In terms of intelligent vehicles, it has launched mass-produced J6V\_L2+ and J6V supertrucks for high-speed trunk line scenarios, and created a number of L4 intelligent special products for ports, sanitation, border crossings and other scenarios, leading the world. With its technological performance and excellent quality of "safety, reliability, energy efficiency, comfort, and efficiency," Jiefang trucks have gained the trust of a vast number of users and are praised as "money-making machines".

**2. Technology R&D:** It boasts the most powerful independent R&D system. Guided by "leading technology, pioneering experience, integrated innovation, enhanced application, collaboration and efficiency", the Company has built a strong and complete independent R&D system in China from foresight technology, engine, transmission and axle to vehicle, and formed an efficient and collaborative R&D team of nearly 3000 people. With the five core capabilities, including scientific and technological innovation, lean design, performance development, trial production verification and experimental verification, the Company has created five technical platforms with low carbonization, informatization, intelligence, electrification and high quality, and has become one of the commercial vehicle enterprises mastering the core technologies of world-class vehicles and three power assemblies, and passed ISO9001, IATF16949 and GB9001B quality system certifications. It is also a national-level independent automobile product R&D and test certification base. In recent years, by accurately understanding the demand in segmented markets, the Company has successfully developed ten core product technology advantages including fuel efficiency, extended oil change intervals, lightweight design, independent major components, autonomous electronic control, autonomous after-treatment, new energy, intelligent driving, long-term durability, and maintenance-free features. These achievements have enabled the Company to maintain a leading position in the highly competitive market.

**3. Production and manufacturing:** The Company has a complete manufacturing system from raw materials to core components, from key assemblies to vehicles, and its processing and manufacturing depth ranks among the industry leaders. The Company has five vehicle bases in Changchun, Qingdao, Chengdu/Guanghan, Liuzhou and Foshan, three assembly bases in Changchun, Wuxi and Dalian, and five new business companies, including FOR.J, SmartLink, Zhito, Jiefang Shidai, and Diyi Yuansu. In 2022, FAW Jiefang J7 Intelligent Factory was selected by the Ministry of Industry and Information Technology as a pilot and demonstration project for

the development of big data industry.

**4. Marketing and procurement:** Adhering to the customer value orientation, the Company has taken the lead in establishing a marketing service system with complete functions. The marketing service network composed of more than 900 dealers, more than 1,000 service providers, more than 60 spare parts centers and more than 100 spare parts dealers covers more than 260 prefecture-level cities in China, with a coverage rate of 99% in cities with a capacity of more than 1,000 vehicles. With a national average service radius of 48 kilometers, it is at the leading level in the industry and provides users with 24-hour efficient and high-quality services. The Company is committed to integrating global high-quality resources to provide a strong guarantee for the high reliability of Jiefang trucks. In recent years, the Company has signed contracts with top enterprises at home and abroad successively, including Huawei, Knorr-Bremse, ZF, Shell, VOSS, China Unicom, JD and PlusAI, to become strategic partners and establish joint ventures with them.

**5. Overseas:** The Company has actively accelerated the pace of internationalization and expanded overseas markets. It exports its products to 80 countries and regions such as Southeast Asia, Middle East, Latin America, Africa and Eastern Europe; it has nearly 80 first-tier dealers and nearly 300 distributors in nearly 40 countries and regions around the world. Its export products include J6, JH6, Tiger V and other models.

### **III. Analysis of Main Business**

#### General

See relevant contents of "I. Main Businesses of the Company in the Reporting Period".

#### Year-on-year Changes of Main Financial Data

Unit: CNY

	This Reporting Period	Same Period of Last Year	Year-on-year Increase and Decrease	Reason for Change
Operating income	33,014,661,914.13	22,871,535,261.56	44.35%	Mainly due to the increase in sales volume in the current period.
Operating costs	30,590,523,778.02	21,115,050,469.61	44.88%	Mainly due to the increase in sales volume in the current period.
Sales expenses	774,822,818.33	566,490,728.82	36.78%	Mainly due to the increase in sales volume in the current period.
Administrative expenses	871,161,062.92	887,020,116.52	-1.79%	
Financial expenses	-415,663,432.06	-571,153,971.08	-27.22%	
Income tax expenses	-203,065,319.73	-171,674.50	-118,185.08%	Mainly due to the decrease in income tax.
R&D investment	1,248,047,703.54	1,016,316,222.64	22.80%	
Net cash flows from operating activities	6,714,159,377.47	1,443,137,726.63	365.25%	Mainly due to the increase in cash received from sales of goods and rendering of services in the current period.
Net cash flows from investment activities	-961,691,276.91	-674,634,455.38	-42.55%	Mainly due to an increase in cash paid on investments during the period
Net cash flows from financing activities	-19,709,605.31	-3,041,097,420.19	99.35%	Mainly due to the unpaid cash dividends in the current period.
Net increase in cash and cash equivalents	5,732,768,748.83	-2,272,594,148.94	352.26%	Mainly due to the increase in cash received from sales of goods and rendering of services in the current period.
Accounts receivable	2,834,227,703.58	867,090,338.42	226.87%	Mainly due to the increase in accounts receivable in the current period.
Accounts receivable financing	8,679,460,881.09	3,461,653,473.66	150.73%	Mainly due to the increase in bank acceptance bills held at the end of the period.
Long-term deferred expenses	42,793.98	130,439.66	-67.19%	Mainly due to the decrease of long-term deferred

				expenses in the current period.
Notes payable	16,487,079,559.64	9,198,593,038.03	79.23%	Mainly due to the increase in notes payable in the current period.
Accounts payable	17,632,426,555.29	10,033,608,668.06	75.73%	Mainly due to the increase in accounts payable in the current period.
Advance receipts	785,227.42	1,861,865.37	-57.83%	Mainly due to the decrease of rent received in advance in the current period.
Employee compensation payable	608,021,510.57	436,648,178.76	39.25%	Mainly due to the increase in employee compensation payable in the current period.
Treasury shares	175,297,320.84	267,837,184.11	-34.55%	Mainly due to the repurchase and cancellation of equity incentive shares in the current period.
Investment income	133,617,879.87	203,908,916.41	-34.47%	Mainly due to the decrease of investment income recognized in the current period.
Credit impairment loss	-35,480,726.08	-21,826,743.35	-62.56%	Mainly due to the increase in impairment provision of receivables in the current period.
Asset impairment loss	-35,324,171.95	-85,344,746.96	58.61%	Mainly due to the decrease in impairment provision of inventories in the current period.
Income from assets disposal	98,132,494.11	42,431.19	231174.43%	Mainly due to the increase in income from disposal of assets in the current period.
Non-operating income	9,542,486.79	104,058,106.26	-90.83%	Mainly due to the decrease in non-operating income in the current period.
Non-operating expenses	3,801,763.81	12,214,234.59	-68.87%	Mainly due to the decrease of donation expenditure in the current period.
Net after-tax amount of other comprehensive income	250,455.89	-44,893.81	657.89%	Mainly due to the increase in other comprehensive income in the current period.

Significant changes in the Company's profit composition or source during the reporting period

Applicable  Not applicable

No significant changes in the Company's profit composition or source during the reporting period.

## Composition of operating income

Unit: CNY

	This Reporting Period		Same Period of Last Year		Year-on-year Increase and Decrease
	Amount	Proportion in Operating Income	Amount	Proportion in Operating Income	
Total operating income	33,014,661,914.13	100%	22,871,535,261.56	100%	44.35%
By industries					
Automobile industry	33,014,661,914.13	100.00%	22,871,535,261.56	100.00%	44.35%
By products					
Commercial vehicles	30,708,282,078.93	93.01%	20,573,298,027.59	89.95%	49.26%
Spare parts and others	2,306,379,835.20	6.99%	2,298,237,233.97	10.05%	0.35%
By regions					
Northeast China, North China, Northwest China and Southwest China	17,861,002,372.03	54.10%	11,576,136,202.31	50.61%	54.29%
East China, South China and Central China	15,153,659,542.10	45.90%	11,295,399,059.25	49.39%	34.16%

Information on industries, products or regions accounting for more than 10% of the Company's operating income or operating profit

Applicable  Not applicable

Unit: CNY

	Operating Income	Operating Costs	Gross Profit Rate	Increase/Decrease of Operating Income over the Same Period of Last Year	Increase/Decrease of Operating Cost over the Same Period of Last Year	Increase/Decrease of Gross Profit Rate over the Same Period of Last Year
<b>By industries</b>						
Automobile industry	32,139,093,286.21	29,929,907,291.11	6.87%	47.39%	48.02%	Decreased by 0.40%
<b>By products</b>						
Vehicle	30,708,282,078.93	28,599,271,268.32	6.87%	49.26%	49.83%	Reduced by 0.35%
Spare parts and others	1,430,811,207.28	1,330,636,022.79	7.00%	16.14%	17.43%	Reduced by 1.02%
<b>By regions</b>						
Northeast China, North China, Southwest China and Northwest China	17,387,317,880.55	16,194,263,678.95	6.86%	57.54%	57.44%	Increased by 0.06%
East China, South China and Central China	14,751,775,405.66	13,735,643,612.16	6.89%	36.99%	38.27%	Reduced by 0.86%

The main business data of the Company adjusted at the end of the latest reporting period if the statistical caliber of the Company's main business data is adjusted in the reporting period

Applicable  Not applicable

#### IV. Analysis of Non-main Business

Applicable  Not applicable

#### V. Analysis of Assets and Liabilities

##### 1. Major changes in asset composition

Unit: CNY

	At the End of This Reporting Period		End of Last Year		Increase/Decrease in Proportion	Description of Major Changes
	Amount	Proportion in Total Assets	Amount	Proportion in Total Assets		
Monetary capital	26,737,335,999.70	37.13%	21,041,473,417.71	37.06%	0.07%	
Accounts receivable	2,834,227,703.58	3.94%	867,090,338.42	1.53%	2.41%	
Contract assets	19,838,584.22	0.03%	11,129,624.75	0.02%	0.01%	
Inventories	7,831,442,068.22	10.88%	6,382,739,897.83	11.24%	-0.36%	
Investment properties	75,871,489.04	0.11%	80,647,597.48	0.14%	-0.03%	
Long-term equity investments	5,639,466,464.29	7.83%	4,692,648,635.84	8.27%	-0.44%	
Fixed assets	9,728,773,885.88	13.51%	9,612,922,810.28	16.93%	-3.42%	
Project under construction	1,680,851,141.66	2.33%	1,902,143,354.11	3.35%	-1.02%	
Right-of-use assets	167,591,959.38	0.23%	198,220,342.59	0.35%	-0.12%	
Contract liabilities	1,618,103,749.23	2.25%	1,629,524,704.35	2.87%	-0.62%	
Lease liabilities	48,808,071.74	0.07%	54,814,603.06	0.10%	-0.03%	

## 2. Main overseas assets

Applicable  Not applicable

## 3. Assets and liabilities measured at fair value

Applicable  Not applicable

## 4. Restrictions on asset rights as of the end of the reporting period

For details, please refer to Note 61 "Assets with restricted ownership or use right" in part VII "Notes to Items in Consolidated Financial Statements" of Section X - Financial Report.

## VI. Investment Analysis

### 1. Overall situation

Applicable  Not applicable

Investment Amount in the Reporting Period (CNY)	Investment Amount in the Same Period of Previous Year (CNY)	Variation range
725,139,697.94	0.00	100.00%

**2. Major equity investments acquired in the reporting period**Applicable  Not applicable

Unit: CNY

Name of Investee Company	Main business	Investment method	Investment amount	Share proportion	Capital source	Partners	Investment horizon	Product type	Progress as of Balance Sheet Date	Estimated Revenue	Profit and Loss of Investment in the Current Period	Involved in Litigation or not	Date of Disclosure	Disclosure Index
Changchun Automotive Test Center Co., Ltd.	Automobile testing services, etc.	Capital increase	670,872,897.94	14.63%	Own Funds	CHINA FAW GROUP CO., LTD.	Long-term	Testing services	Delivery completed	—	6,235,810.40	No	December 16, 2022	<a href="http://www.cninfo.com.cn/new/disclosure/detail?orgId=gssz0000800&amp;announcementId=1215367764&amp;announcementTime">http://www.cninfo.com.cn/new/disclosure/detail?orgId=gssz0000800&amp;announcementId=1215367764&amp;announcementTime</a>
Total	--	--	670,872,897.94	--	--	--	--	--	--	—	6,235,810.40	--	--	--

**3. Major non-equity investments in progress in the reporting period** Applicable  Not applicable

#### **4. Financial assets investment**

##### **(1) Securities investment**

Applicable  Not applicable

The Company has no securities investment in the reporting period.

##### **(2) Derivatives investment**

Applicable  Not applicable

The Company has no derivative investment in the reporting period.

#### **5. Use of raised funds**

Applicable  Not applicable

The Company does not use raised funds in the reporting period.

### **VII. Sales of Major Assets and Equity**

#### **1. Sale of major assets**

Applicable  Not applicable

The Company does not sell major assets in the reporting period.

#### **2. Sale of major equity**

Applicable  Not applicable

**VIII. Analysis on Principal Holding and Joint-stock Companies**

Applicable  Not applicable

Major subsidiaries and joint-stock companies affecting over 10% net profit of the Company

Unit: CNY

Company Name	Company Type	Main business	Registered Capital	Total Assets	Net Assets	Operating income	Operating Profit	Net Profit
FAW Jiefang Automotive Co., Ltd.	Subsidiaries	Development, manufacturing and sales of vehicles and parts	CNY 10,803,012,500	67,414,636,416.24	19,720,204,035.96	33,014,661,914.13	-39,373,044.91	169,432,997.80
First Automobile Finance Co., Ltd.	Joint-stock companies	Handling of financial business within the Group and other financial businesses approved by the People's Bank of China	CNY 10,000,000,000	143,985,892,114.85	21,773,133,729.59	3,209,535,678.73	1,548,095,240.57	1,165,863,071.10

Acquisition and disposal of subsidiaries in the reporting period

Applicable  Not applicable

## **IX. Structured Entities Controlled by the Company**

Applicable  Not applicable

## **X. Risks Faced by the Company and Countermeasures**

### **(I) Market change risk**

Description: The international situation is becoming increasingly complex, and the competition situation in the commercial vehicle market remains unchanged. Foreign automobile enterprises have stepped up their layout in the domestic market, and the wait-and-see mood of domestic commercial vehicle consumption has increased. At the same time, leading domestic truck enterprises are making efforts to compete in the export market, and the overseas competition for commercial vehicles is becoming increasingly fierce. Under the mutual influence of many conditions, the Company faces certain market change risks.

Countermeasures: Take a customer-oriented approach, actively go deep into terminals, identify market opportunities, and seize terminal needs. Introduce new products in line with market changes in due course, actively upgrade products, explore market segments, formulate more competitive policies at the same time, and seek domestic market increment. Fully deploy overseas markets, accelerate product introduction, create "high-end, medium-end and low-end" product portfolios, and enhance the competitiveness of overseas commodities; based on the principle of brand promotion, cooperate with key markets to carry out a series of activities to continuously improve the overseas influence of Jiefang brand; consolidate existing overseas advantages and basic capabilities such as channels, services, and finance, comprehensively build an overseas marketing system, and promote the achievement of overseas strategic objectives.

### **(II) Industry competition risk**

Description: The overall output and sales volume of the new energy vehicle market are growing rapidly, albeit at a pace slower than before, but still much higher than the overall growth rate of the automobile market. Affected by the overall market environment, the competition in the commercial vehicle industry is becoming increasingly severe. The penetration rate of new energy commercial vehicles continues to rise, intensifying competition among competitors. Additionally, with the continuous improvement of research and development capabilities in the new energy

field, the Company needs to take measures to address the impact of industry competition in this environment.

Countermeasures: Explore market demand, focus on the advantages of energy conservation and reliability, develop key products, and build product competitiveness; deeply study new energy core technologies, improve the layout of new energy assembly products, and enhance the competitiveness of new energy core assemblies; continuously improve the new energy industrial chain through industry insight and accelerate the development of new energy ecosystem.

### (III) Risk of raw material price fluctuation

Description: Affected by geographical conflicts, global inflation, repeated expectations of the Federal Reserve for interest rate hikes and other factors, the commodity market is constantly disturbed; sluggish domestic demand for raw materials such as steel, coupled with high production costs and compressed profit margins for some raw material producers, causes continuous fluctuations in raw material prices, which will have a certain impact on the Company.

Countermeasures: Strengthen the collection of market and policy information, study and judge the scope and degree of impact of price fluctuations of key raw materials, and adjust procurement strategies in a timely manner; optimize raw material procurement costs by improving management mechanisms; continuously improve supply resources to ensure that the number of suppliers meets supply requirements.

## Section IV Corporate Governance

### I. Information on Annual Shareholders' Meeting and Extraordinary Shareholders' Meeting Held in the Reporting Period

#### 1. Shareholders' meeting in the reporting period

Session	Meeting Type	Participation Ratio of Investors	Date of Meeting	Date of Disclosure	Meeting Resolution
First extraordinary shareholders' meeting of 2023	Extraordinary shareholders' meeting	84.91%	March 2, 2023	March 3, 2023	The Proposal on Repurchase and Cancellation of Partial Restricted Shares in the Phase I Restricted Share Incentive Plan, the Proposal on Change of Registered Capital of the Company, the Proposal on Amending the Articles of Association, the Proposal on Estimated Daily Related Transaction Amount in 2023, the Proposal on Signing a Financial Service Framework Agreement with First Automobile Finance Co., Ltd., and the Proposal on Estimated Financial Business Amount with First Automobile Finance Co., Ltd. in 2023 were deliberated and approved.
2022 Annual shareholders' meeting	Annual shareholders' meeting	83.95%	April 24, 2023	April 25, 2023	The 2022 Work Report of the Board of Directors, the 2022 Work Report of the Board of Supervisors, the 2022 Financial Statements, the 2022 Annual Report and Summary Thereof, the 2022 Profit Distribution Plan, the Proposal on Unsuccessful Lifting of Conditions of the Second Release Period First Granted by the Phase I Restricted Share Incentive Plan for Releasing the Restricted Sales and of Conditions of the First Release Period

					<p><i>Reserved by the Phase I Restricted Share Incentive Plan for Releasing the Restricted Sales and Repurchase and Cancellation of Some Restricted Shares, the Proposal on Change of Registered Capital of the Company, the Proposal on Amending the Articles of Association, the Proposal on Election of Non-employee Representative Supervisors of the 10<sup>th</sup> Board of Supervisors at the General Meeting of the Board of Supervisors, the Proposal on Election of Non-independent Directors of the 10<sup>th</sup> Board of Directors at the General Meeting of the Board of Directors, and the Proposal on Election of Independent Directors of the 10<sup>th</sup> Board of Directors at the General Meeting of the Board of Directors were deliberated and approved.</i></p>
--	--	--	--	--	--

## **2. Preferred shareholders with resumed voting rights request to convene an extraordinary shareholders' meeting**

Applicable  Not applicable

## **II. Changes in Directors, Supervisors and Senior Executives of the Company**

Applicable  Not applicable

The directors, supervisors and senior executives of the Company have not changed during the reporting period. Please refer to the 2022 Annual Report for details.

## **III. Profit Distribution and Transfer from Capital Reserve to Share Capital in the Reporting Period**

Applicable  Not applicable

The Company does not plan to pay cash dividends or bonus shares, or convert reserves into share capital in the first half of the year.

#### IV. Implementation of the Company's Equity Incentive Plan, Employee Stock Ownership Plan or Other Employee Incentive Measures

Applicable  Not applicable

##### 1. Equity incentive

(1) On October 28, 2022, the Company held the 28<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors and the 24<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Supervisors respectively to deliberate and approve the *Proposal on Repurchase and Cancellation of Partial Restricted Shares in the Phase I Restricted Share Incentive Plan*. The Proposal was subsequently deliberated and approved at the 3<sup>rd</sup> Extraordinary Shareholders' Meeting of the Company in 2022. It was agreed to repurchase and cancel a total of 1,359,247 restricted stocks, either in full or in part, that were granted but not yet released from restrictions to the original 11 incentive recipients; on January 17, 2023, The Company issued the *Announcement on Completion of Repurchase and Cancellation of Some Restricted Shares on CNINFO* (<http://www.cninfo.com.cn>).

(2) On December 15, 2022, the Company held the 30<sup>th</sup> meeting of the 9<sup>th</sup> Board of Directors and the 26<sup>th</sup> meeting of the 9<sup>th</sup> Board of Supervisors respectively to deliberate and approve the *Proposal on the Achievement of Unlocking Conditions in the First Release Period of the Restricted Shares Firstly Granted in the Phase I Restricted Incentive Plan*, agreeing that the Company handled the unlocking of 13,042,347 shares of 311 incentive objects meeting the unlocking conditions during the first release period of restricted shares granted for the first time in accordance with the relevant provisions of the restricted share incentive plan. On February 3, 2023, the Company disclosed the *Indicative Announcement on Listing and Circulation of Unlocked Shares in the First Release Period of the Restricted Shares Firstly Granted in the Phase I Restricted Share Incentive Plan* on CNINFO (<http://www.cninfo.com.cn>), and the unlocked restricted shares will be listed and circulated on February 6, 2023. On April 28, 2023, the Company issued the *Announcement on Completion of Repurchase and Cancellation of Some Restricted Shares* on CNINFO (<http://www.cninfo.com.cn>)).

(3) On March 31, 2023, the Company held the 32<sup>nd</sup> meeting of the 9<sup>th</sup> Board of Directors and the 28<sup>th</sup> meeting of the 9<sup>th</sup> Board of Supervisors respectively, deliberated and approved the *Proposal on Unsuccessful Lifting of Conditions of the Second Release Period First Granted by*

*the Phase I Restricted Share Incentive Plan for Releasing the Restricted Sales and of Conditions of the First Release Period Reserved by the Phase I Restricted Share Incentive Plan for Releasing the Restricted Sales and Repurchase and Cancellation of Some Restricted Shares*, agreeing to repurchase and cancel 327 restricted shares of incentive objects that do not meet the release conditions. The total number of shares repurchased was 13,909,890. The Proposal was deliberated and approved at the Company's 2022 Annual Shareholders' Meeting held on April 24, 2023. On June 30, 2023, the Company issued the *Announcement on Completion of Repurchase and Cancellation of Some Restricted Shares* on CNINFO (<http://www.cninfo.com.cn>).

(4) On April 27, 2023, the Company held the 2<sup>nd</sup> meeting of the 10<sup>th</sup> Board of Directors and the 2<sup>nd</sup> meeting of the 10<sup>th</sup> Board of Supervisors respectively to deliberate and approve the *Proposal on Lifting the Trading Restrictions of Partial Restricted Shares*. A total of 4 incentive objects met the conditions for lifting the trading restrictions this time, and 64,954 shares were lifted. On May 15, 2023, the Company issued the *Prompt Announcement on Lifting Sales Restrictions and Listing Circulation of Partial Restricted Shares* on CNINFO (<http://www.cninfo.com.cn>), and the unlocked restricted shares were listed and circulated on May 16, 2023.

For details of the above proposals, please refer to the relevant announcements published by the Company in *Securities Times*, *China Securities Journal* and CNINFO (<http://www.cninfo.com.cn>).

## **2. Implementation of employee stock ownership plan**

Applicable  Not applicable

## **3. Other employee incentives**

Applicable  Not applicable

## Section V Environmental and Social Responsibilities

### I. Major Environmental Protection Issues

Whether the listed company and its subsidiaries are key pollutant discharging entities announced by the environmental protection authority

Yes No

Environmental protection related policies and industry standards

The Company strictly abides by the Environmental Protection Law of the People's Republic of China, the *Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on Prevention and Control of Noise Pollution*, the *Law of the People's Republic of China on Prevention and Control of Soil Pollution*, the *Law of the People's Republic of China on Prevention and Control of Water Pollution*,

the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Environmental Protection Tax Law of the People's Republic of China*, the *Measures for the Administration of the List of Key Units of Environmental Supervision*, the *Measures for the Administration of Legal Disclosure of Environmental Information of Enterprises*, the *Measures for the Administration of Hazardous Waste Transfer* and other relevant laws and regulations, as well as national and industrial standards such as the *Integrated Wastewater Discharge Standard (GB8978-1996)*, the *Integrated Emission Standard of Air Pollutants (GB16297-1996)*, the *Standard for Pollution Control on Hazardous Waste Storage (GB 18597-2023)*, the *Technical Guidelines for Environmental Impact Assessment - Acoustic Environment*, the *Technical Guideline for Deriving Hazardous Waste Management Plans and Records (HJ 1259-2022)*, the *Technical Specification for Pollution Control of Waste Plastics and the Technical Specifications for Acceptance of Environmental Protection Facilities for Completed Construction Projects - Automotive Industry (HJ 407-2021)*.

Administrative licensing for environmental protection

The Company strictly implemented the "Environmental Impact Assessment" and "Three Simultaneities" systems for all projects. All key pollutant discharging entities shall apply for

pollutant discharge permits according to legal provisions, and strictly implement the pollutant discharge permit system.

S/N	Name of Unit	Application (Renewal) Date of Pollutant Discharge Permit	Pollutant Discharge Permit No.	Validity Period (Year)
1	Truck Factory of FAW Jiefang Automotive Co., Ltd	December 30, 2022	9122010174302872 5R	5
2	Chengdu Branch of FAW Jiefang Automotive Co., Ltd.	July 14, 2022	9151011474640772 0B001V	5
3	Transmission Branch (Transformation Factory) of FAW Jiefang Automotive Co., Ltd.	December 31, 2021	9122010157113166 1N001Q	5
4	Transmission Branch (Axle Factory) of FAW Jiefang Automotive Co., Ltd.	December 31, 2021	9122010157113166 1N002V	5
5	Changchun Intelligent Bus Branch of FAW Jiefang Automotive Co., Ltd.	January 8, 2023	91220108MA170M RB74001V	5
6	FAW Jiefang (Qingdao) Automotive Co., Ltd.	December 31, 2019	9137020016356734 3M	5
7	Engine Branch of FAW Jiefang Automotive Co., Ltd.	December 8, 2022	9122010175616357 19001Q	5
8	Wuxi Diesel Engine Works of FAW Jiefang Automotive Co., Ltd.	December 10, 2021	9132020633096901 7N001C	5
9	Wuxi Diesel Engine Huishan Factory of FAW Jiefang Automotive Co., Ltd.	June 19, 2023	9132020074815922 2H001C	5
10	FAW Jiefang Dalian Diesel Engine Co., Ltd.	October 9, 2022	9121021371788030 8K001U	5

### Industry Emission Standards and Specific Conditions of Pollutant Discharge Involved in Production and Operation Activities

Name of Company or Subsidiary	Types of Main Pollutants and Specific Pollutants	Names of Main Pollutants and Specific Pollutants	Discharge Mode	Number of Discharge Outlets	Distribution of Discharge Outlets	Discharge concentration/intensity	Enforced pollutant discharge standard	Total Discharge	Total Approved Discharge	Excessive Discharge
Truck Factory of FAW Jiefang Automotive Co., Ltd	Wastewater	COD	Continuous or intermittent discharge of	4	One for frame, cab and non-metal coating	137.6mg/L	800mg/L	12.7465 t	630.104 t	No excessive discharge

			wastewater		respectively, and one for general domestic sewage outlet					
	Exhaust gas	Non-methane hydrocarbon	Continuous discharge during waste gas production	71	Frame, cab, roof of non-metallic coating workshop	2.59mg/m <sup>3</sup>	120mg/m <sup>3</sup>	43.3168 t	335.4 t	No excessive discharge
Chengdu Branch of FAW Jiefang Automotive Co., Ltd.	Wastewater	COD	Intermittent discharge	1	Southeast of the Company	48.33mg/L	500mg/L	0.2033 t	21.3 t	No excessive discharge
	Exhaust gas	Non-methane hydrocarbon	Continuous discharge during waste gas production	1	Roof of coating workshop	7.27mg/m <sup>3</sup>	60mg/m <sup>3</sup>	11.6249 t	75.91 t	No excessive discharge
Transmission Branch (Transformation Factory) of FAW Jiefang Automotive Co., Ltd.	Wastewater	COD	Intermittent discharge of wastewater	2	One in the northwest corner of substation one workshop and one in the southwest corner of substation two workshop	19mg/L	500mg/L	0.8456 t	10 t	No excessive discharge
	Exhaust gas	Non-methane hydrocarbon	Continuous discharge during waste gas production	5	Four for No. 1 workshop and one for the south side outside No. 1 workshop	8.4mg/m <sup>3</sup>	120mg/m <sup>3</sup>	1.2359 t	-	No excessive discharge
Transmission Branch (Axle Factory) of FAW Jiefang Automotive Co., Ltd.	Wastewater	COD	Intermittent discharge	6	Two for No. 1, No. 2 and No. 3 workshops respectively	21mg/L	500mg/L	1.2801 t	-	No excessive discharge
	Exhaust gas	Non-methane hydrocarbon	Continuous	20	Eight for	0.7mg/m <sup>3</sup>	120mg/m <sup>3</sup>	7.0542 t	-	No

	gas	hydrocarbon	discharge during waste gas production		No. 1 workshop, seven for No. 2 workshop, and five for No. 3 workshop					excessive discharge
Changchun Intelligent Bus Branch of FAW Jiefang Automotive Co., Ltd.	Wastewater	COD	Intermittent discharge of wastewater	1	South gate of sewage treatment station	66.68mg/L	500mg/L	0.6959 t	4.575 t	No excessive discharge
	Exhaust gas	Non-methane hydrocarbon	Continuous discharge during waste gas production	12	Roof of coating and welding workshop of the Company	4.18mg/m <sup>3</sup>	120mg/m <sup>3</sup>	4.6084 t	49.5 t	No excessive discharge
Engine Branch of FAW Jiefang Automotive Co., Ltd.	Exhaust gas	Non-methane hydrocarbon	Intermittent discharge of waste gas	3	Workshop roof	1.44mg/m <sup>3</sup>	120 mg/m <sup>3</sup>	0.0206 t	-	No excessive discharge
Wuxi Diesel Engine Works of FAW Jiefang Automotive Co., Ltd.	Wastewater	COD	Continuous discharge	3	One for west gate and two for south gate	44mg/L	500mg/L	18.3 t	243 t	No excessive discharge
	Exhaust gas	Nitrogen oxides, smoke and non-methane hydrocarbons	Continuous discharge during production	12	Three for assembly workshop, five for the R&D Department, two for QA Department, two for processing workshop and one for hazardous waste warehouse	95.2 mg/m <sup>3</sup> for nitrogen oxide, 2.8 mg/m <sup>3</sup> for non-methane hydrocarbon	200 mg/m <sup>3</sup> for nitrogen oxide, 60 mg/m <sup>3</sup> for non-methane hydrocarbon	12.29 t for nitrogen oxide, 0.15 t for VOCs	27.2 t for nitrogen oxide, 1.77 t for VOCs	No excessive discharge
Wuxi Diesel Engine Huishan Factory of FAW Jiefang Automotive	Wastewater	COD	Continuous discharge	1	One for north gate	60mg/m <sup>3</sup>	500mg/m <sup>3</sup>	3.1 t	53.58 t	No excessive discharge
	Exhaust gas	Nitrogen oxide, non-	Continuous discharge	6	Joint workshop	111 mg/m <sup>3</sup> for nitrogen oxide, 6.76	200 mg/m <sup>3</sup> for nitrogen	1.91 t for nitrogen	8.48 t for nitrogen	No excessive

Co., Ltd.		methane hydrocarbon	during production			mg/m <sup>3</sup> for non-methane hydrocarbon	oxide, 60 mg/m <sup>3</sup> for non-methane hydrocarbon	oxide, 0.13 t for VOCs	oxide, 1.62 t for VOCs	discharge
FAW Jiefang (Qingdao) Automotive Co., Ltd.	Wastewater	COD, ammonia nitrogen	Continuous or intermittent discharge of wastewater	6	Outside the sewage treatment station of the Company	COD: 79.7 mg/L Ammonia nitrogen: 7.72 mg/L	COD: 500 mg/L; ammonia nitrogen: 45 mg/L	COD: 11.62 t; Ammonia nitrogen: 0.9914 t	COD: 88.79 t; Ammonia nitrogen: 5.11 t	No excessive discharge
	Exhaust gas	Non-methane hydrocarbon	Continuous discharge during waste gas production	81	Roof of each workshop of the Company	2.87 g/m <sup>3</sup>	30mg/m <sup>3</sup>	27.13 t	164.98 t	No excessive discharge
FAW Jiefang Dalian Diesel Engine Co., Ltd.	Wastewater	COD, ammonia nitrogen	Continuous or intermittent discharge of wastewater	1	Outside the sewage treatment station of the Company	COD:41 mg/L Ammonia nitrogen: 4.8 mg/L	COD: 300 mg/L; ammonia nitrogen: 30 mg/L	COD: 1.796 t; ammonia nitrogen: 0.3534 t	COD: 88.79 t; ammonia nitrogen: 5.11 t	No excessive discharge
	Exhaust gas	Non-methane hydrocarbon and nitrogen oxide	Continuous discharge during waste gas production	5	Roof of the Company's workshop	Non-methane hydrocarbon: 0.33 mg/m <sup>3</sup> nitrogen oxide: 88 mg/m <sup>3</sup>	Non-methane hydrocarbon: 120 mg/m <sup>3</sup> nitrogen oxide: 240 mg/m <sup>3</sup>	Non-methane hydrocarbon: 2.246 t, nitrogen oxide: 1.163 t	Non-methane hydrocarbon: 14.2 t; nitrogen oxide: 11.967 t	No excessive discharge

## Disposal of pollutants

### (I) Wastewater treatment:

(1) The Truck Factory of FAW Jiefang Automotive Co., Ltd. has three sewage treatment stations currently, namely, frame workshop sewage treatment station, coating workshop sewage treatment station and non-metallic coating sewage treatment station. ① The frame sewage treatment station has a treatment capacity of 300 tons/day, and mainly treats the electrophoresis process wastewater before it enters the frame workshop. ② The cab coating workshop sewage treatment station has a treatment capacity of 400 tons/day, and mainly treats the wastewater and painting wastewater before they enter the workshop. ③ The non-metallic line sewage treatment station has a treatment capacity of 240 tons/day, and mainly treats the painting wastewater before it enters the production line. The wastewater and domestic sewage pretreated by the above three

sewage stations are discharged into the FAW Integrated Sewage Treatment Plant, and then discharged into the Changchun Western Suburbs Sewage Treatment Plant after being treated to meet the Class III standard in the *Integrated Wastewater Discharge Standard* (GB8978-1996).

(2) One sewage treatment station has been built in Chengdu Branch of FAW Jiefang Automotive Co., Ltd. for the treatment of production and domestic wastewater of the Company, with a total treatment capacity of 300 tons/day. The main treatment method is SBR process. All sewage stations can operate continuously and stably, and the sewage discharged up to standard enters the urban sewage treatment plant through the municipal pipe network for further treatment.

(3) The Transmission Branch (Transformation Factory) of FAW Jiefang Automotive Co., Ltd. uses the sewage treatment station in the Shaft Gear Park to treat the Company's production wastewater. The wastewater treatment plant has a total processing capacity of 5 tons per hour and operates stably. After being treated by the sewage station, the industrial wastewater that meets the standards is discharged into the Changchun Xijiao Sewage Treatment Plant for further treatment.

(4) There is an industrial sewage storage tank in each of the three workshops in the Transmission Branch (Axle Factory) of FAW Jiefang Automotive Co., Ltd., which signs a disposal contract with FAW to transfer the sewage by FAW tanks to the comprehensive treatment workshop for compliance disposal every day.

(5) One sewage treatment station is built in Changchun Intelligent Bus Branch of FAW Jiefang Automotive Co., Ltd. for the treatment of production and domestic wastewater of the Company, with a treatment capacity of 120 tons/day. The physicochemical + biochemical treatment process is adopted, which can operate continuously and stably and discharge up to standard in real time. The sewage discharged up to standard enters the urban sewage treatment plant through the municipal pipe network for further treatment.

(6) The industrial wastewater generated by the Engine Branch of FAW Jiefang Automotive Co., Ltd. is entrusted to FAW with disposal qualification for disposal.

(7) One sewage treatment station is built in Wuxi Diesel Engine Works of FAW Jiefang Automotive Co., Ltd. for the treatment of production and domestic wastewater of the Company, with a total treatment capacity of 3,000 tons/day and 24-hour operation. The main treatment process is physicochemical + biochemical treatment. The sewage station can operate continuously

and stably, and realize real-time up-to-standard discharge. The up-to-standard discharged sewage enters the urban sewage treatment plant through the municipal pipe network for further treatment.

(8) One sewage treatment station is built in the Wuxi Diesel Engine Huishan Factory of FAW Jiefang Automotive Co., Ltd. for the treatment of production and domestic wastewater of the Company, with a total treatment capacity of 1,000 tons/day and 24-hour operation. The main treatment process is physicochemical + biochemical treatment. The sewage station can operate continuously and stably, and realize real-time up-to-standard discharge. The up-to-standard discharged sewage enters the urban sewage treatment plant through the municipal pipe network for further treatment.

(9) Two sewage treatment stations are built in FAW Jiefang Qingdao Automotive Co., Ltd. They combine physicochemical process with biochemical process and are mainly used to treat the phosphating wastewater, electrophoresis wastewater and degreasing wastewater discharged from daily production of the coating workshop, as well as the daily domestic sewage of the Company. The designed maximum daily treatment capacity of the station is 2160 tons/day. The treated wastewater meets the index requirements of the Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T 31962-2015), and reaches the *Water Quality Standard for Domestic Miscellaneous Water* (GB/T18290-2002) after advanced treatment by MBR equipment, which greatly reduces the sewage concentration, increases the reuse amount of reclaimed water and saves water. The up-to-standard treated wastewater is discharged to Jimo North Sewage Treatment Plant for advanced treatment through the sewage outlet.

(10) One sewage treatment station is built in FAW Jiefang Dalian Diesel Engine Co., Ltd. for the treatment of production and domestic wastewater, with a total treatment capacity of 816 tons/day and 24-hour operation. The main treatment processes are distillation pretreatment of production wastewater and biochemical treatment of comprehensive wastewater. The sewage station can operate continuously and stably, and realize real-time up-to-standard discharge. The up-to-standard discharged sewage enters the urban sewage treatment plant through the municipal pipe network for further treatment.

(II) Waste gas treatment:

(1) All waste gas treatment facilities in the Truck Factory of FAW Jiefang Automotive Co., Ltd. can operate continuously and stably. The dust generated by the plasma cutting machine in the

stamping workshop is collected and filtered and then discharged through a 15m exhaust pipe. The CO<sub>2</sub> welding machine adopts a single-machine dust removal system, and the waste gas is discharged locally in the workshop after being treated by a single-machine dust collector. The waste gas generated by the treatment and drying process before entering the frame workshop is discharged through a 15m exhaust pipe after being treated by a direct combustion device. The exhaust gas of VOCs from cab coating and non-metallic coating is discharged after reaching the standard through hydrocyclone + zeolite runner adsorption concentration + RTO (regenerative incineration).

(2) All waste gas treatment facilities of Chengdu Branch of FAW Jiefang Automotive Co., Ltd. can operate continuously and stably. The painting waste gas of the coated body is discharged after reaching the standard through hydrocyclone + dry filtration + zeolite runner adsorption and concentration + RTO (regenerative incineration). All welding fumes are discharged after being treated by centralized and mobile dust removal systems and reaching the standard.

(3) All waste gas treatment facilities of the Transmission Branch (Transformation Factory) of FAW Jiefang Automotive Co., Ltd. can operate continuously and stably. The painting waste gas generated from the coating line is discharged after reaching the standard and being treated by activated carbon adsorption and desorption catalytic combustion devices. All welding fumes are discharged after reaching the standard and being treated by centralized and mobile dust removal systems.

(4) All waste gas treatment facilities of the Transmission Branch (Axle Factory) of FAW Jiefang Automotive Co., Ltd. can operate continuously and stably, and all welding fumes are discharged after reaching the standard and being treated by centralized and mobile dust removal systems. In December 2022, the VOC treatment facilities for the coating line of Workshop 3 were installed and put into operation.

(5) Changchun Intelligent Bus Branch of FAW Jiefang Automotive Co., Ltd. plans to implement various centralized dust removal projects for welding fumes in 2023. The fumes were discharged up to standard after treatment. This project is being carried out. The waste gas from the painting process is treated by the pretreatment filtration system + zeolite concentration runner + RTO incineration treatment system and then discharged after reaching the standard.

(6) The Engine Branch of FAW Jiefang Automotive Co., Ltd. has three quenching machines generating waste gas and equipped with adsorption purification devices. After treatment, the waste gas is discharged up to standard.

(7) All waste gas treatment facilities of Wuxi Diesel Engine Works of FAW Jiefang Automotive Co., Ltd. can operate continuously and stably. The painting waste gas generated from coating is discharged after reaching the standard and receiving activated carbon adsorption and desorption + catalysis, and the waste gas generated from test run is discharged after reaching the standard and being treated by SCR treatment device.

(8) All waste gas treatment facilities of Wuxi Diesel Engine Huishan Factory of FAW Jiefang Automotive Co., Ltd. can operate continuously and stably. The painting waste gas generated from coating is discharged after reaching the standard and receiving activated carbon adsorption and desorption + catalysis, and the waste gas generated from test run is discharged after reaching the standard and being treated by SCR treatment device.

(9) All waste gas treatment facilities of FAW Jiefang (Qingdao) Automotive Co., Ltd. can operate continuously and stably. The painting waste gas generated by the plastic parts coating workshop, the cab coating workshop and the general assembly workshop is discharged after reaching the standard and being purified by paint mist, adsorbed by zeolite concentration runner and treated by RTO incineration device in the three workshops. The drying waste gas generated by the general assembly workshop is burned with low nitrogen, and discharged after reaching the standard and being treated by the quaternary combustion device. The drying waste gas generated by the coating workshop is burned with low nitrogen and discharged after reaching the standard and receiving TNV thermal incineration. All welding fumes are discharged after being treated by filter cartridge dust collector and reaching the standard.

(10) All waste gas treatment facilities of FAW Jiefang Dalian Diesel Engine Co., Ltd. can operate continuously and stably. The painting waste gas generated from coating is discharged after reaching the standard and being treated by water curtain paint mist treatment device + activated carbon adsorption, and the waste gas generated from test run is discharged after being treated by SCR post-treatment + alkali liquor washing exhaust gas treatment device and reaching the standard.

(III) Noise control:

All noise reduction and shock absorption measures of the branches and subsidiaries of the Company can meet the requirements of national laws and regulations, and the noise within the plant boundary meets the requirements of national emission regulations.

(IV) Hazardous waste disposal:

All branches and subsidiaries of the Company deliver 100% of hazardous wastes to organizations with hazardous waste transportation and disposal qualification for compliance transfer and disposal in strict accordance with the requirements of national laws, regulations and standards.

Emergency plan for environmental emergencies

All branches and subsidiaries of the Company prepare their own emergency plans for environmental emergencies as required, which are approved and filed by the local ecological environment bureau. All organizations organize drills and further revise them every year according to the requirements of the emergency plan, and have good emergency response capabilities for environmental emergencies.

Investment in environmental governance and protection and payment of environmental protection taxes

In the first half of the year, the Company paid more than CNY 20 million for various environmental protection management fees, investment in environmental protection facilities and environmental protection taxes.

Environmental self-monitoring plan

All branches and subsidiaries of the Company have prepared their own monitoring plans according to the requirements of pollutant discharge permits and regulations, and organized qualified monitoring organizations to monitor wastewater, waste gas, noise and soil in accordance with the requirements of the plans. The test report for the first half of the year shows that all monitoring indicators meet the requirements of all national emission regulations and standards.

Administrative penalties due to environmental problems in the Reporting Period

Name of Company or Subsidiary	Cause for Penalties	Violations	Results of Penalties	Impact on Production and Operation of the Listed Company	Rectification Measures of the Company
N/A	N/A	N/A	N/A	N/A	N/A

#### Other environmental information that shall be disclosed

All branches and subsidiaries of the Company have been certified by the environmental management system (GB/T24001-2020), and carried out cleaner production audits in strict accordance with the requirements. As a responsible central enterprise, FAW Jiefang Automotive Co., Ltd. strictly abides by the national requirements, has been practicing the concept of scientific development and is committed to building an ecological civilization benchmark environment-friendly enterprise of "energy conservation, consumption reduction, emission reduction and efficiency improvement".

#### Measures taken to reduce carbon emissions in the reporting period and their effects

Applicable  Not applicable

FAW Jiefang Automotive Co., Ltd. focuses on energy conservation and carbon reduction, takes the initiative to align with the government's preferential energy policies, and completes the market-oriented transaction of green electricity. The photovoltaic clean energy projects implemented by Changchun Special Vehicle, Axle Branch, Wuxi Diesel Engine, Qingdao Automobile Co., Ltd., and other subsidiaries in 2022 have been connected to the grid for power generation in 2023, further reducing carbon emissions. In addition, all units were organized for energy conservation and carbon reduction activities. A total of 133 improvement measures for energy saving and consumption reduction were implemented in the first half of the year, reducing 23,200 tons of carbon emissions.

#### Other information related to environmental protection

In the first half of the year, the Company organized environmental protection publicity activities. All units shot 81 environmental protection publicity videos, produced 60 publicity posters, selected 61 excellent improvement cases of environmental protection, and carried out activities such as environmental protection knowledge competitions.

## **II. Social Responsibility**

Guided by the spirit of the 20<sup>th</sup> CPC National Congress, FAW Jiefang is firmly committed to fulfilling its social responsibilities and comprehensively advancing rural revitalization. The Company focuses on key areas such as sending temporary officials to work in rural areas, promoting industry assistance, talent support, and consumption poverty alleviation. It has paired up with Xinli Village in Zhenlai County, Jilin Province, to promote the improvement of village appearance, ecological animal husbandry development, and other initiatives. FAW Jiefang has also partnered with Zhongting Village in Fengshan County, Guangxi, to provide employment opportunities for local graduates, fostering talent employment and regional economic development. The Company consistently engages in consumption support by purchasing agricultural and sideline products from poverty-stricken areas, consolidates and expands the achievements of poverty alleviation efforts, and continuously contributes to rural revitalization with the strength of FAW Jiefang.

## Section VI Important Matters

### I. Commitments Made by the Company's Actual Controllers, Shareholders, Related Parties, Purchasers and the Company to Interested Parties that will be Fulfilled in the Reporting Period, and Commitments not Fulfilled by the End of the Reporting Period

Applicable  Not applicable

Reasons for Commitment	Committed by	Commitment Type	Commitments	Date:	Commitment Period	Performance
Commitments made in the Acquisition Report or Equity Change Report	China FAW Co., Ltd.	Shareholder Lock-up Commitment	To safeguard the interests of investors, FAW promises that after this acquisition is completed, the Company will continue to fulfill the commitments made by FAW Group during the equity division reform and strictly abide by the relevant regulations of China Securities Regulatory Commission and Shenzhen Stock Exchange on share transfer, equity changes and information disclosure of listed companies.	August 8, 2011	Long-term validity	The locked shares were listed and circulated on April 10, 2023, and this commitment has been fulfilled.
Commitments made during asset restructuring	China FAW Co., Ltd.	Commitment on restricted shares	1. The non-publicly issued shares of the listed company acquired by asset subscription in the restructuring will not be transferred in any way within 36 months from the date of issuance, including but not limited to public transfer through the securities market or transfer by agreement. However, the transfer permitted under applicable laws is exempt from the restrictions (including but not limited to share repurchase due to performance compensation). 2. If the closing price of the	April 8, 2020	The new shares in this restructuring will not be transferred in any way within 36 months from the date of issuance; the shares already held before the restructuring shall not be transferred within 18	Among them, the new shares in this restructuring were listed and circulated on April 10, 2023; the shares before the restructuring expired on October 9, 2021. This commitment has been fulfilled.

		<p>listed company's shares is lower than the issue price for 20 consecutive trading days within 6 months after the restructuring, or the closing price at the end of 6 months after the restructuring is lower than the issue price, the shares of the listed company acquired by FAW Car Co., Ltd. through asset subscription in this restructuring will be automatically extended for 6 months on the basis of the above lock-up period.</p> <p>3. The shares of the listed company already held before the restructuring shall not be transferred within 18 months from the date of completion of the restructuring, but the transfer permitted under applicable laws is exempt from the restrictions.</p> <p>4. After the restructuring, if the shares of the listed company enjoyed based on the restructuring are newly increased due to issuance of bonus shares, conversion to share capital, etc., the aforementioned agreement on the restricted period shall also be observed. If the commitment on the restricted period of the shares obtained based on the restructuring is inconsistent with the latest regulatory opinions of the securities regulatory authorities, FAW Car Co., Ltd. will make corresponding adjustments based on the regulatory</p>		<p>months from the date of completion of the restructuring.</p>	
--	--	--	--	---	--

			<p>opinions of the relevant securities regulatory authorities.</p> <p>5. After the expiration of the above restricted period, the shares of the listed company obtained shall be transferred according to the relevant provisions of the China Securities Regulatory Commission and Shenzhen Stock Exchange.</p> <p>6. FAW guarantees that it is willing to assume corresponding legal responsibilities in case of violation of the above commitments.</p>			
Commitments made during asset restructuring	China FAW Co., Ltd.	Performance commitment and compensation arrangement	<p>For some patents and proprietary technologies (hereinafter referred to as "performance commitment assets") in the purchased assets evaluated by the income approach, the income commitments of the audited performance compensation assets in the three accounting years (i.e. 2020, 2021 and 2022) after the transaction are as follows: CNY 655,889,000 in 2020, CNY 688,155,200 in 2021 and CNY 109,386,400 in 2022. During the performance commitment period, if as of the end of the current year, the accumulated realized income of the performance commitment assets is lower than the accumulated committed income, FAW will compensate the listed company year by year by share-based payment.</p>	April 8, 2020	April 30, 2023	<p>From 2020 to 2022, the share of the accumulative realized income of the Company's performance commitment assets was CNY 1,949,149,600, exceeding the commitment amount of CNY 495,719,000, and the performance commitment was completed.</p>

Commitment made upon initial public offering or refinancing	N/A					N/A
Equity incentive commitment	N/A					N/A
Other commitments to minority shareholders of the Company	N/A					N/A
Other commitments	N/A					N/A
Whether the commitment is fulfilled on time	Yes					
If the commitment is not fulfilled within the time limit, the specific reasons for the failure and the next work plan shall be explained in detail	N/A					

## II. Non-operating Occupation of Funds by Controlling Shareholders and Other Related Parties to the Listed Company

Applicable  Not applicable

During the reporting period, there was no non-operating occupation of funds by controlling shareholders and other related parties.

### **III. Illegal External Guarantee**

Applicable  Not applicable

The Company has no illegal external guarantee in the reporting period.

### **IV. Appointment and Dismissal of Accounting Firm**

Has the semi-annual financial report been audited?

Yes  No

The semi-annual report of the Company is not audited.

### **V. Description of the Board of Directors and the Board of Supervisors on the "Non-standard Audit Report" of the Accounting Firm in the Reporting Period**

Applicable  Not applicable

### **VI. Description of the Board of Directors on the "Non-standard Audit Report" of the Last Year**

Applicable  Not applicable

### **VII. Matters Related to Bankruptcy Reorganization**

Applicable  Not applicable

The Company has no matter related to bankruptcy reorganization in the reporting period.

### **VIII. Litigation Matters**

Major litigation and arbitration matters

Applicable  Not applicable

The Company has no major litigation or arbitration matter in the reporting period.

Other litigation matters

Applicable  Not applicable

Basic Information about Litigation (Arbitration)	Amount Involved (CNY 10,000)	Estimated liabilities formed or not	Progress of Litigation (Arbitration)	Litigation (Arbitration) Results and Impact	Implementation of Litigation (Arbitration) Judgment	Date of Disclosure	Disclosure Index
Summary of other litigation not reaching the major disclosure standard	13,002.01	Including estimated liabilities of CNY 10,045,200	Case not closed	No significant impact	Case not closed by the end of the reporting period		
	3,360.52	No	Case closed	No significant impact	Completed		

### IX. Punishment and Rectification

Applicable  Not applicable

### X. Integrity of the Company and Its Controlling Shareholders and Actual Controllers

Applicable  Not applicable

**XI. Major Related Transactions****1. Related transactions related to daily operations**

☑Applicable ☐ Not applicable

Related Transaction Party	Correlation	Type of Related Transaction	Content of Related Transaction	Pricing Principle of Related Transaction	Price of Related Transaction	Amount of Related Transaction (CNY 10,000)	Proportion to the Amount of Similar Transactions	Approved Transaction Amount (CNY 10,000)	Whether it Exceeds the Approved Amount	Settlement Method of Related Transaction	Available Market Value of Similar Transactions	Date of Disclosure	Disclosure Index
China FAW Group Import & Export Co., Ltd.	The same ultimate controlling party	Sales of goods	Sales of goods	Market price	Market price	672,826.42	20.38%	1,096,179	No	Cash + bill settlement	672,826.42	February 11, 2023	<a href="http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&amp;orgId=gssz000800&amp;stockCode=000800&amp;announcementId=1215827521&amp;announcementTime">http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&amp;orgId=gssz000800&amp;stockCode=000800&amp;announcementId=1215827521&amp;announcementTime</a>
FAW Jiefang Fujie (Tianjin) Technology Industry Co., Ltd.	Associated enterprise of the Company	Sales of goods	Sales of goods	Market price	Market price	121,345.79	3.68%	251,200	No	Cash + bill settlement	121,345.79		
Total				--	--	794,172.21	--	1,347,379	--	--	--	--	--
Details of large sales returns				N/A									
Actual performance in the reporting period, if the total amount of daily related transactions to be incurred in the current period is estimated by category				For details about the actual performance of related transactions in the reporting period, please see Item XI "Related Parties and Related Transactions" in Section X of this report.									
Reasons for large difference between transaction price and market reference price				N/A									

**2. Related transactions arising from the acquisition and sale of assets or equity**

Applicable  Not applicable

The Company has no related transaction arising from the acquisition and sale of assets or equity in the reporting period.

**3. Related transactions of joint foreign investment**

Applicable  Not applicable

Co-investor	Correlation	Name of the Invested Enterprise	Main Business of the Invested Enterprise	Registered Capital of the Investee	Total Assets of the Invested Enterprise (CNY 10,000)	Net Assets of the Invested Enterprise (CNY 10,000)	Net Profit of the Invested Enterprise (CNY 10,000)
CHINA FAW GROUP CO., LTD.	Ultimate controller of the Company	Changchun Automotive Test Center Co., Ltd.	Automobile testing service	CNY 11,714,400	361,342.41	345,416.02	7,070
Progress of major projects under construction of the investee		N/A					

**4. Related credit and debt transactions**

Applicable  Not applicable

Whether there are non-operating related credit and debt transactions

Yes  No

The Company has no non-operating related credit and debt transactions in the reporting period.

**5. Transaction with related finance companies**

Applicable  Not applicable

Deposit Business

Related Parties	Correlation	Maximum Daily Deposit Limit (CNY 10,000)	Deposit Interest Rate Range	Opening Balance (CNY 10,000)	Amount Incurred in Current Period		Ending Balance (CNY 10,000)
					Total Deposit Amount in the Current Period (CNY 10,000)	Total Withdrawal Amount in the Current Period (CNY 10,000)	
First Automobile Finance Co., Ltd.	Associated enterprise of the Company, the same ultimate controlling party	3,000,000	0.35%-2.85%	1,383,293.43	12,763,495.04	13,298,542.32	848,246.15

## Credit Granting or Other Financial Businesses

Related Parties	Correlation	Business Type	Total Amount (CNY 10,000)	Actual Amount Incurred (CNY 10,000)
First Automobile Finance Co., Ltd.	Associated enterprise of the Company, the same ultimate controlling party	Other financial businesses	920,000	60,305.65

**6. Transactions between finance companies controlled by the Company and related parties**

Applicable  Not applicable

There is no deposit, loan, credit granting or other financial businesses between the finance companies controlled by the Company and related parties.

**7. Other major related transactions**

Applicable  Not applicable

On February 10, 2023, the 31st meeting of the 9th Board of Directors of the Company reviewed and approved the *Proposal on Estimated Amount of Daily Related Transactions in 2023* and the *Proposal on Signing a Financial Service Framework Agreement with First Automobile Finance Co., Ltd.*, and the *Proposal on Estimated Amount of Financial Business with First Automobile Finance Co., Ltd. in 2023*, which were reviewed and approved by the first extraordinary shareholders' meeting of the Company in 2023.

## Relevant Inquiries on Disclosure Website of Interim Report of Major Related Transactions

Name of Temporary Announcement	Disclosure Date of Temporary Announcement	Name of Temporary Announcement Disclosure Website
Announcement on estimated amount of daily related transactions in 2023	February 11, 2023	CNINFO ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
Announcement on Signing Financial Service Framework Agreement and Related Party Transactions with First Automobile Finance Co., Ltd.	February 11, 2023	CNINFO ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
Announcement on estimated amount of financial business with First Automobile Finance Co., Ltd. in 2023	February 11, 2023	CNINFO ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )

## **XII. Major Contracts and Their Performance**

### **1. Trusteeship, contracting and lease**

#### **(1) Trusteeship**

Applicable  Not applicable

There is no trusteeship made by the Company in the reporting period.

#### **(2) Contracting**

Applicable  Not applicable

There is no contracting made by the Company in the reporting period.

#### **(3) Lease**

Applicable  Not applicable

Description of lease

For details of the Company's operating lease, please refer to Note 14 "Investment Real estate", Note 15 "Fixed Assets", and Note 19 "Right-of-use Assets" in Notes to Items in Consolidated Financial Statements (VII) of Section X, and Note 5 "Related Parties and Related Transactions" in Section XI "Related Parties and Related Transactions".

Projects that bring about profits and losses exceeding 10% of the total profit of the Company in the reporting period

Applicable  Not applicable

The Company has no leasing project that brings about profits and losses exceeding 10% of the total profit of the Company in the reporting period.

### **2. Major guarantees**

Applicable  Not applicable

The Company has no major guarantee in the reporting period.

### **3. Entrusted financial management**

Applicable  Not applicable

The Company has no entrusted financial management in the reporting period.

#### 4. Other major contracts

Applicable  Not applicable

The Company has no other major contracts in the reporting period.

#### XIII. Other Major Matters to be Explained

Applicable  Not applicable

On June 19, 2023, the Company held the 4<sup>th</sup> Meeting of the 10<sup>th</sup> Board of Directors and the 3<sup>rd</sup> Meeting of the 10<sup>th</sup> Board of Supervisors respectively to deliberate and approve relevant proposals such as the *Proposal on the Company's Eligibility for Issuing A-shares to Specific Objects* and the *Proposal on the Company's Plan for Issuing A-shares to Specific Objects in 2023*. These Proposals were deliberated and approved at the 2<sup>nd</sup> Extraordinary Shareholders' Meeting of the Company held on July 18, 2023. The Company disclosed the *Announcement of Approval from China FAW Group Co., Ltd. Regarding the Matters of Issuing A-Share Stocks to Specific Objects in the Company in 2023*. On August 3, 2023, the Company disclosed the *Announcement on the Application for the Issuance of A-shares to Specific Objects in 2023 Accepted by the Shenzhen Stock Exchange*. For details of the above proposals, please refer to the relevant announcements published by the Company in *Securities Times*, *China Securities Journal* and CNINFO (<http://www.cninfo.com.cn>).

#### XIV. Major Events of Subsidiaries

Applicable  Not applicable

## Section VII Changes in Shares and Shareholders

### I. Changes in Shares

#### 1. Changes in shares

Unit: share

	Before the Change		Increase/Decrease Made by the Change (+, -)					After the Change	
	Qty.	Scale	Issue of New Shares	Bonus shares	Share Transferred from Accumulation Fund	Others	Subtotal	Qty.	Scale
I. Restricted shares	3,241,570,824	69.66%				-3,226,753,496	-3,226,753,496	14,817,328	0.32%
1. Shares held by the state									
2. Shares held by the state-owned legal person	3,197,912,134	68.72%				-3,197,912,134	-3,197,912,134		
3. Shares held by other domestic enterprises	43,658,690	0.94%				-28,841,362	-28,841,362	14,817,328	0.32%
Including: shares held by domestic legal person									
Shares held by domestic natural person	43,658,690	0.94%				-28,841,362	-28,841,362	14,817,328	0.32%
4. Shares held by foreign enterprises									
Including: shares held by overseas legal person									
Shares held by overseas natural person									
II. Unrestricted shares	1,411,754,078	30.34%				3,210,760,924	3,210,760,924	4,622,515,002	99.68%

Full Text of 2023 Semi-annual Report FAW JIEFANG GROUP CO.,LTD.

1. CNY ordinary shares	1,411,754,078	30.34%				3,210,760,924	3,210,760,924	4,622,515,002	99.68%
2. Foreign shares listed in China									
3. Foreign shares listed overseas									
4. Others									
III. Total number of shares	4,653,324,902	100.00%				-15,992,572	-15,992,572	4,637,332,330	100.00%

Reasons for changes in shares

Applicable  Not applicable

During the reporting period, the Company failed to achieve the performance assessment objectives set for the second release period first granted and the first release period reserved by the Company's Phase I restricted share incentive plan, and a total of 15,992,572 shares were repurchased and canceled due to organizational transfer, statutory retirement and personal reasons. After the aforesaid repurchase and cancellation, the total share capital of the Company was changed to 4,637,332,330 shares.

Approval of share changes

Applicable  Not applicable

(1) On October 28, 2022, the *Proposal on Repurchase and Cancellation of Partial Restricted Shares in the Phase I Restricted Share Incentive Plan* was reviewed and approved at the 28th Meeting of the 9th Board of Directors and the 24th Meeting of the 9th Board of Supervisors respectively, with a total number of 1,359,247 restricted shares repurchased and cancelled. On November 18, 2022, the Proposal was deliberated and approved at the Company's third Extraordinary Shareholders' Meeting in 2022.

(2) On December 15, 2022, the *Proposal on Repurchase and Cancellation of Partial Restricted Shares in the Phase I Restricted Share Incentive Plan* was reviewed and approved at the 30th Meeting of the 9th Board of Directors and the 26th Meeting of the 9th Board of Supervisors respectively, with a total number of 723,435 restricted shares repurchased and cancelled. On March 2, 2023, the Proposal was deliberated and approved at the Company's first Extraordinary Shareholders' Meeting in 2023.

(3) On March 31, 2023, the 32<sup>nd</sup> Meeting of the 9<sup>th</sup> Board of Directors and the 28<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Supervisors of the Company deliberated and approved the Proposal on *Unsuccessful Lifting of Conditions of the Second Release Period First Granted by the Phase I Restricted Share Incentive Plan for Releasing the Restricted Sales and of Conditions of the First Release Period Reserved by the Phase I Restricted Share Incentive Plan for Releasing the Restricted Sales and Repurchase and Cancellation of Some Restricted Shares*, with a total number of 13,909,890 restricted shares repurchased and canceled. On April 24, 2023, the proposal was reviewed and approved at the Company's 2022 Annual Shareholders' Meeting.

Transfer of share changes

Applicable  Not applicable

(1) On January 6, 2023, the Company submitted relevant registration materials to CSDC for 1,359,247 shares involved in equity incentive repurchase and cancellation. On January 16, 2023, CSDC issued the *Confirmation of Securities Transfer Registration* to the Company, and the total share capital of the Company was reduced to 4,651,965,655 shares.

(2) On April 20, 2023, the Company submitted relevant registration materials to CSDC for 723,435 shares involved in equity incentive repurchase and cancellation. On April 27, 2023, CSDC issued the *Confirmation of Securities Transfer Registration* to the Company, and the total share capital of the Company was reduced to 4,651,242,220 shares.

(3) On June 20, 2023, the Company submitted relevant registration materials to CDSC for 13,909,890 shares involved in equity incentive repurchase and cancellation. On June 29, 2023, CSDC issued the *Confirmation of Securities Transfer Registration* to the Company, and the total share capital of the Company was reduced to 4,637,332,330 shares.

Implementation progress of share repurchase

Applicable  Not applicable

Implementation progress of reducing repurchased shares by centralized bidding

Applicable  Not applicable

Impact of changes in shares on financial indicators such as basic earnings per share and diluted earnings per share in the latest year and the latest period, and net assets per share attributable to shareholders with ordinary shares of the Company

Applicable  Not applicable

In the reporting period, the share capital of the Company decreased by 15,992,572 shares, which had little impact on the Company's financial indicators such as basic earnings per share, diluted earnings per share, and net assets per share attributable to shareholders with ordinary shares of the Company.

Other information disclosed as deemed necessary by the Company or required by the securities regulatory authority

Applicable  Not applicable

## 2. Changes in restricted shares

Applicable  Not applicable

Unit: share

Name of Shareholder	Number of Restricted Shares at the Beginning of the Period	Number of Restricted Shares Released in the Current Period	Number of Restricted Shares Increased in the Current Period	Number of Restricted Shares at the End of the Period	Reason for Restriction	Release Date
China FAW Co., Ltd.	2,413,412,134	2,413,412,134			Major asset restructuring	April 10, 2023
FAW Bestune Car Co., Ltd.	784,500,000	784,500,000			Major asset restructuring	April 10, 2023
Hu Hanjie	334,331	193,912		140,419	Equity incentive	25% of the total number of shares held are lifted every year, and the restrictions on sales are lifted in phases according to the assessment objectives and the restricted share incentive plan.
Wu Bilei	228,552	132,560		95,992	Equity incentive	
Zhang Guohua	228,493	132,526		95,967	Equity incentive	
Ji Yizhi	192,778	111,812		80,966	Equity incentive	
Tian Haifeng	192,778	111,812		80,966	Equity incentive	
Li Sheng	192,778	111,812		80,966	Equity incentive	
Wang Jianxun	192,778	111,812		80,966	Equity incentive	
Other core employees of senior director and above	42,096,202	27,935,116		14,161,086	Equity incentive	
<b>Total</b>	<b>3,241,570,824</b>	<b>3,226,753,496</b>	<b>0</b>	<b>14,817,328</b>	<b>--</b>	<b>--</b>

**II. Issuance and Listing of Securities**

Applicable  Not applicable

**III. Number of Shareholders and Shareholdings of the Company**

Unit: share

Total Number of Shareholders with Ordinary Shares at the End of the Reporting Period		73,409		Total Number of Shareholders with Preferred Share with Restored Voting Rights at the End of the Reporting Period		0		
Shareholding of Shareholders with Ordinary Shares Holding More Than 5% of the Shares or Top 10 Shareholders with Ordinary Shares								
Name of Shareholder	Nature of Shareholders	Share Proportion	Number of Ordinary Shares Held at the End of the Reporting Period	Increase and Decrease in the Reporting Period	Number of Restricted Ordinary Shares Held	Number of Unrestricted Ordinary Shares Held	Pledge, Marking or Freezing	
							Status of Shares	Qty.
China FAW Co., Ltd.	State-owned legal person	66.00%	3,060,649,901			3,060,649,901		
FAW Bestune Car Co., Ltd.	State-owned legal person	16.92%	784,500,000			784,500,000		
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	1.65%	76,522,001	21,681,689		76,522,001		
Lu Min	Domestic natural person	0.78%	36,096,590			36,096,590		
Jilin Province State-owned Capital	State-owned legal person	0.30%	13,712,916			13,712,916		
Chao Guo	Domestic natural person	0.17%	8,064,758	205,400		8,064,758		
Li Yan	Domestic natural person	0.17%	7,660,000			7,660,000		
China Construction Bank Corporation -	Others	0.14%	6,534,395	1,073,600		6,534,395		

GF China Securities Auto Index-based Securities Investment Fund								
Zhong Ou AMC - Agricultural Bank of China - Zhong Ou & CITIC Securities Financial Asset Management Plan	Others	0.12%	5,549,500			5,549,500		
Bosera Asset Management Co., Ltd. - Agricultural Bank of China - Bosera & CITIC Securities Financial Asset Management Plan	Others	0.12%	5,549,500			5,549,500		
Strategic investors or general legal persons who become the top 10 shareholders with ordinary shares due to the issuance of new shares	N/A							
Description of correlation or concerted action of the above shareholders	Among the above shareholders, FAW Bestune is a wholly-owned subsidiary of FAW, and is a person acting in concert as specified in the <i>Regulations for the Takeover of Listed Companies</i> . The public disclosure data indicates that the Company does not know whether there is a correlation between other shareholders of outstanding shares, nor whether other shareholders of outstanding shares are persons acting in concert as							

	specified in the <i>Regulations for the Takeover of Listed Companies</i> .		
Description of involvement of the above shareholders in entrusting/entrusted voting rights and waiving voting rights	N/A		
Special description of the existence of repurchase special accounts among the top 10 shareholders	N/A		
Shareholding of Top 10 Shareholders with Unrestricted Ordinary Shares			
Name of Shareholder	Number of Unrestricted Ordinary Shares Held at the End of the Reporting Period	Type of Shares	
		Type of Shares	Qty.
China FAW Co., Ltd.	3,060,649,901	CNY ordinary shares	3,060,649,901
FAW Bestune Car Co., Ltd.	784,500,000	CNY ordinary shares	784,500,000
Hong Kong Securities Clearing Company Ltd.	76,522,001	CNY ordinary shares	76,522,001
Lu Min	36,096,590	CNY ordinary shares	36,096,590
Jilin Province State-owned Capital	13,712,916	CNY ordinary shares	13,712,916
Chao Guo	8,064,758	CNY ordinary shares	8,064,758
Li Yan	7,660,000	CNY ordinary shares	7,660,000
China Construction Bank Corporation - GF China Securities Auto Index-based Securities Investment Fund	6,534,395	CNY ordinary shares	6,534,395
Zhong Ou AMC - Agricultural Bank of China - Zhong Ou & CITIC Securities Financial Asset Management Plan	5,549,500	CNY ordinary shares	5,549,500
Bosera Asset Management Co., Ltd. - Agricultural Bank of China - Bosera & CITIC Securities Financial Asset Management Plan	5,549,500	CNY ordinary shares	5,549,500
Description of correlation or concerted action between the top 10 shareholders with unrestricted ordinary shares, and between the top 10 shareholders with unrestricted ordinary shares and the top 10 shareholders with ordinary shares	<p>Among the above shareholders, FAW Bestune is a wholly-owned subsidiary of FAW, and is a person acting in concert as specified in the <i>Regulations for the Takeover of Listed Companies</i>. The public disclosure data indicates that the Company does not know whether there is a correlation between other shareholders of outstanding shares, nor whether other shareholders of outstanding shares are persons acting in concert as specified in the <i>Regulations for the Takeover of Listed Companies</i>.</p>		
Description of participation in financing bonds business of top 10 shareholders with ordinary shares	<p>Lu Min, a domestic natural person, holds 36,096,590 shares of the Company through the guaranteed securities account for customer credit trading of CITIC Securities; Chao Guo, a domestic natural person, holds 8,045,600 shares of the Company through the guaranteed securities account for customer credit trading of Minsheng Securities; Li Yan, a domestic natural person, holds 7,660,000 shares of the Company through the guaranteed securities account for customer credit trading of Dongguan Securities.</p>		

Do the top 10 shareholders with ordinary shares and the top 10 shareholders with unrestricted ordinary shares of the Company conduct agreed repurchase transactions in the reporting period

Yes  No

The top 10 shareholders with ordinary shares and the top 10 shareholders with unrestricted ordinary shares of the Company do not conduct agreed repurchase transactions in the reporting period

#### IV. Changes in Shareholding of Directors, Supervisors and Senior Management

Applicable  Not applicable

Name	Position	Employment Status	Number of Shares Held at the Beginning of the Period (share)	Number of Shares Increased in the Current Period (share)	Number of Shares Reduced in the Current Period (share)	Number of Shares Held at the End of the Period (share)	Number of Restricted Shares Granted at the Beginning of the Period (shares)	Number Of Restricted Shares Granted In The Current Period (shares)	Number of Restricted Shares Granted at the End of the Period (shares)
Hu Hanjie	Chairman of the Board	In-service	334,331		110,329	224,002	334,331	-110,329	224,002
Wu Bilei	Director	In-service	228,552		75,422	153,130	228,552	-75,422	153,130
Zhang Guohua	Director	In-service	228,493		75,403	153,090	228,493	-75,403	153,090
Ji Yizhi	Deputy General Manager	In-service	192,778		63,617	129,161	192,778	-63,617	129,161
Tian Haifeng	Deputy General Manager	In-service	192,778		63,617	129,161	192,778	-63,617	129,161
Li Sheng	Deputy General Manager	In-service	192,778		63,617	129,161	192,778	-63,617	129,161
Wang Jianxun	Secretary of the Board of Directors	In-service	192,778		63,617	129,161	192,778	-63,617	129,161
Total	--	--	1,562,488		515,622	1,046,866	1,562,488	-515,622	1,046,866

#### Changes in controlling shareholders or actual controllers

Changes in controlling shareholders in the reporting period

Applicable  Not applicable

There is no change in the controlling shareholders of the Company in the reporting period.

Change of actual controller in the reporting period

Applicable  Not applicable

There is no change in the actual controller of the Company in the reporting period.

## **Section VIII Preferred Shares**

Applicable  Not applicable

The Company has no preferred shares in the reporting period.

## **Section IX Bonds**

Applicable  Not applicable

## Section X Financial Report

### I. Audit Report

Is the semi-annual report audited

Yes  No

The semi-annual financial report of the Company is not audited.

### II. Financial Statements

The unit in the notes to the financial statement is CNY

#### 1. Consolidated Balance sheet

Prepared by: FAW JIEFANG GROUP CO., LTD.

June 30, 2023

Unit: CNY

Item	June 30, 2023	January 1, 2023
Current assets:		
Monetary capital	26,737,335,999.70	21,041,473,417.71
Settlement reserve fund		
Loans to banks and other financial institutions		
Financial assets held for trading		
Derivative financial assets		
Notes receivable	199,257,997.67	186,748,716.22
Accounts receivable	2,834,227,703.58	867,090,338.42
Accounts receivable financing	8,679,460,881.09	3,461,653,473.66
Advance payment	938,225,679.34	897,834,864.08
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserves receivable		
Other receivables	1,116,025,414.02	1,068,454,162.91
Including: interests receivable		
Dividends receivable	2,608,000.00	2,608,000.00
Financial assets purchased under agreements to resell		
Inventories	7,831,442,068.22	6,382,739,897.83
Contract assets	19,838,584.22	11,129,624.75

Held-for-sale assets		
Current portion of non-current assets	202,027,832.48	191,262,030.30
Other current assets	677,109,911.29	894,927,499.59
Total current assets	49,234,952,071.61	35,003,314,025.47
Non-current assets:		
Loans and advances		
Debt investment		
Other debt investments		
Long-term receivables	121,735,209.12	121,606,587.43
Long-term equity investments	5,639,466,464.29	4,692,648,635.84
Other equity instruments investments	480,780,000.00	480,780,000.00
Other non-current financial assets		
Investment properties	75,871,489.04	80,647,597.48
Fixed assets	9,728,773,885.88	9,612,922,810.28
Project under construction	1,680,851,141.66	1,902,143,354.11
Productive biological assets		
Oil and gas assets		
Right-of-use assets	167,591,959.38	198,220,342.59
Intangible assets	2,492,220,427.43	2,549,096,918.05
Development expenditures		
Goodwill		
Long-term deferred expenses	42,793.98	130,439.66
Deferred income tax assets	2,379,696,384.14	2,131,349,905.21
Other non-current assets		
Total non-current assets	22,767,029,754.92	21,769,546,590.65
Total assets	72,001,981,826.53	56,772,860,616.12
Current liabilities:		
Short-term loans		
Borrowing from the central bank		
Placements from banks and other financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable	16,487,079,559.64	9,198,593,038.03
Accounts payable	17,632,426,555.29	10,033,608,668.06
Advance receipts	785,227.42	1,861,865.37
Contract liabilities	1,618,103,749.23	1,629,524,704.35

Financial assets sold under agreement to repurchase		
Deposits taking and interbank deposits		
Acting trading securities		
Acting underwriting securities		
Employee compensation payable	608,021,510.57	436,648,178.76
Taxes payable	306,157,466.06	301,211,845.51
Other payables	5,882,695,835.17	6,095,452,748.17
Including: interests payable		
Dividends payable	171,500.02	171,500.02
Handling charges and commissions payable		
Reinsurance accounts payable		
Held-for-sale liabilities		
Current portion of non-current liabilities	30,986,742.12	32,998,374.87
Other current liabilities	144,682,448.10	133,584,259.07
Total current liabilities	42,710,939,093.60	27,863,483,682.19
Non-current liabilities:		
Insurance contract reserve		
Long-term loans		
Bonds payable		
Including: preferred shares		
Perpetual bond		
Lease liabilities	48,808,071.74	54,814,603.06
Long-term payables		
Long-term employee compensation payable	715,447,579.98	707,310,890.43
Estimated liabilities	949,975,699.48	875,468,804.10
Deferred income	3,018,395,694.23	3,121,985,685.93
Deferred income tax liabilities	431,375,668.15	430,369,867.93
Other non-current liabilities		
Total non-current liabilities	5,164,002,713.58	5,189,949,851.45
Total liabilities	47,874,941,807.18	33,053,433,533.64
Owner's equities:		
Share capital	4,637,332,330.00	4,651,965,655.00
Other equity instruments		
Including: preferred shares		
Perpetual bond		
Capital reserves	10,380,658,208.81	10,451,088,236.74
Less: treasury shares	175,297,320.84	267,837,184.11

Other comprehensive incomes	-5,148,664.92	-5,399,120.81
Special reserves	368,969,960.15	370,420,291.86
Surplus reserves	3,058,249,602.44	3,058,249,602.44
General risk provision		
Undistributed profits	5,862,275,903.71	5,460,939,601.36
Total equity attributable to owners of the parent company	24,127,040,019.35	23,719,427,082.48
Minority equity		
Total owners' equity	24,127,040,019.35	23,719,427,082.48
Total liabilities and owner's equities	72,001,981,826.53	56,772,860,616.12

Legal representative: Hu Hanjie Person in charge of accounting: Ji Yizhi

Person in charge of the accounting organization: Si Yuzhuo

## 2. Balance sheet of parent company

Unit: CNY

Item	June 30, 2023	January 1, 2023
Current assets:		
Monetary capital	11,101,392.62	5,776,955.29
Financial assets held for trading		
Derivative financial assets		
Notes receivable		
Accounts receivable		
Accounts receivable financing		
Advance payment		
Other receivables	224,132.76	224,132.76
Including: interests receivable		
Dividends receivable		
Inventories		
Contract assets		
Held-for-sale assets		
Current portion of non-current assets		
Other current assets	232,371.93	141,004.41
Total current assets	11,557,897.31	6,142,092.46
Non-current assets:		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investments	25,808,262,158.37	25,580,280,570.19
Other equity instruments investments		

Other non-current financial assets		
Investment properties		
Fixed assets		
Project under construction		
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets		
Development expenditures		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		
Other non-current assets		
Total non-current assets	25,808,262,158.37	25,580,280,570.19
Total assets	25,819,820,055.68	25,586,422,662.65
Current liabilities:		
Short-term loans		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payable	128,702.00	964,364.48
Advance receipts		
Contract liabilities		
Employee compensation payable		
Taxes payable	3,336,769.58	3,264,343.98
Other payables	300,297,162.35	298,294,257.75
Including: interests payable		
Dividends payable	171,500.02	171,500.02
Held-for-sale liabilities		
Current portion of non-current liabilities		
Other current liabilities		
Total current liabilities	303,762,633.93	302,522,966.21
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred shares		

Perpetual bond		
Lease liabilities		
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	303,762,633.93	302,522,966.21
Owner's equities:		
Share capital	4,637,332,330.00	4,651,965,655.00
Other equity instruments		
Including: preferred shares		
Perpetual bond		
Capital reserves	12,201,032,675.61	12,278,939,213.88
Less: treasury shares	175,297,320.84	267,837,184.11
Other comprehensive incomes	-226,374.01	-480,794.77
Special reserves		
Surplus reserves	1,827,531,841.54	1,827,531,841.54
Undistributed profits	7,025,684,269.45	6,793,780,964.90
Total owners' equity	25,516,057,421.75	25,283,899,696.44
Total liabilities and owner's equities	25,819,820,055.68	25,586,422,662.65

### 3. Consolidated profit statement

Unit: CNY

Item	Semi-annual 2023	Semi-annual 2022
I. Total operating income	33,014,661,914.13	22,871,535,261.56
Including: operating income	33,014,661,914.13	22,871,535,261.56
Interest income		
Premium earned		
Handling charges and commission income		
II. Total operating cost	33,178,733,500.55	23,120,223,828.02
Including: operating cost	30,590,523,778.02	21,115,050,469.61
Interest expense		
Handling charges and commission expense		
Surrender value		
Net payments for insurance claims		
Net allotment of reserves for insurance liabilities		

Policy dividend expenditure		
Reinsurance expenses		
Taxes and surcharges	109,841,569.80	106,500,261.51
Sales expenses	774,822,818.33	566,490,728.82
Administrative expenses	871,161,062.92	887,020,116.52
R&D expenses	1,248,047,703.54	1,016,316,222.64
Financial expenses	-415,663,432.06	-571,153,971.08
Including: interest expenses	2,201,462.83	2,361,612.41
Interest income	332,873,373.32	502,087,676.33
Add: Other incomes	195,656,370.11	230,047,050.32
Investment income (loss to be listed with "-")	133,617,879.87	203,908,916.41
Including: income from investment in associates and joint ventures	234,054,148.54	281,180,159.71
Gains on derecognition of financial assets at amortized cost		
Foreign exchange gains (loss to be listed with "-")		
Net exposure hedging income (loss to be listed with "-")		
Profit arising from changes in fair value (loss to be listed with "-")		
Credit impairment loss (loss to be listed with "-")	-35,480,726.08	-21,826,743.35
Asset impairment loss (loss to be listed with "-")	-35,324,171.95	-85,344,746.96
Income from assets disposal (loss to be listed with "-")	98,132,494.11	42,431.19
III. Operating profit (loss to be listed with "-")	192,530,259.64	78,138,341.15
Add: non-operating income	9,542,486.79	104,058,106.26
Less: non-operating expenses	3,801,763.81	12,214,234.59
IV. Total profit (loss to be listed with "-")	198,270,982.62	169,982,212.82
Less: Income tax expenses	-203,065,319.73	-171,674.50
V. Net profit (net loss to be listed with "-")	401,336,302.35	170,153,887.32
(I) Classified by continuity of operation		
1. Net profit from continuing operations (net loss to be listed with "-")	401,336,302.35	170,153,887.32
2. Net profit from discontinuing operations (net loss to be listed with "-")		
(II) Classified by attribution of the ownership		
1. Net profit attributable to shareholders of the parent company (net loss to be listed with "-")	401,336,302.35	170,153,887.32
2. Minority profit and loss (net loss to be listed with "-")		
VI. Net after-tax amount of other comprehensive income	250,455.89	-44,893.81
Net after-tax amount of other comprehensive income	250,455.89	-44,893.81

attributable to the owners of the parent company		
(I) Other comprehensive incomes that cannot be reclassified into profits or losses		
1. Changes arising from re-measurement of the defined benefit plan		
2. Other comprehensive incomes that cannot be transferred to profits or losses under the equity method		
3. Changes in fair value of investment in other equity instruments		
4. Changes in fair value of the Company's credit risk		
5. Others		
(II) Other comprehensive incomes that will be reclassified into profits or losses	250,455.89	-44,893.81
1. Other comprehensive incomes that can be transferred to profits or losses under the equity method	254,420.76	-46,736.62
2. Changes in the fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive incomes		
4. Other debt investment credit impairment provisions		
5. Cash flow hedging reserve		
6. Translation difference in foreign currency financial statements	-3,964.87	1,842.81
7. Others		
Net after-tax amount of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	401,586,758.24	170,108,993.51
Total comprehensive income attributable to the owners of parent company	401,586,758.24	170,108,993.51
Total comprehensive income attributable to minority shareholders		
VIII. Earnings per share:		
(I) Basic income per share	0.0872	0.0366
(II) Diluted income per share	0.0872	0.0366

In case of business merger under common control in the current period, the net profit realized by the combined party before the merger and that in the previous period are CNY 0.00.

Legal representative: Hu Hanjie Person in charge of accounting:

Ji Yizhi Person in charge of the accounting organization: Si Yuzhuo

#### 4. Profit Statement of parent company

Unit: CNY

Item	Semi-annual 2023	Semi-annual 2022
I. Operating income		
Less: operating costs	1,004,509.14	871,274.65
Taxes and surcharges	92,539.45	96,668.40

Sales expenses		
Administrative expenses	609,861.32	793,096.66
R&D expenses		
Financial expenses	302,108.37	-18,490.41
Including: interest expenses	369,423.14	
Interest income	67,334.77	19,230.41
Add: Other incomes	344,768.40	294,909.01
Investment income (loss to be listed with “-”)	232,563,045.29	292,234,106.00
Including: income from investment in associates and joint ventures	232,563,045.29	292,234,106.00
Gains on derecognition of financial assets at amortized cost (loss to be listed with “-”)		
Net exposure hedging income (loss to be listed with “-”)		
Profit arising from changes in fair value (loss to be listed with “-”)		
Credit impairment loss (loss to be listed with “-”)		
Asset impairment loss (loss to be listed with “-”)		
Income from assets disposal (loss to be listed with “-”)		
II. Operating profit (loss to be listed with “-”)	231,903,304.55	291,657,740.36
Add: non-operating income		
Less: non-operating expenses		
III. Total profit (total (loss to be listed with “-”)	231,903,304.55	291,657,740.36
Less: Income tax expenses		
IV. Net profit (net loss to be listed with “-”)	231,903,304.55	291,657,740.36
(I) Net profit from continuing operations (net loss to be listed with “-”)	231,903,304.55	291,657,740.36
(II) Net profit from discontinuing operations (net loss to be listed with “-”)		
V. Net after-tax amount of other comprehensive incomes	254,420.76	-46,736.62
(I) Other comprehensive incomes that cannot be reclassified into profits or losses		
1. Changes arising from re-measurement of the defined benefit plan		
2. Other comprehensive incomes that cannot be transferred to profits or losses under the equity method		
3. Changes in fair value of investment in other equity instruments		
4. Changes in fair value of the Company’s credit risk		
5. Others		
(II) Other comprehensive incomes that will be reclassified	254,420.76	-46,736.62

into profits or losses		
1. Other comprehensive incomes that can be transferred to profits or losses under the equity method	254,420.76	-46,736.62
2. Changes in the fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive incomes		
4. Other debt investment credit impairment provisions		
5. Cash flow hedging reserve		
6. Translation difference in foreign currency financial statements		
7. Others		
VI. Total comprehensive income	232,157,725.31	291,611,003.74
VII. Earnings per share:		
(I) Basic income per share		
(II) Diluted income per share		

### 5. Consolidated cash flow statement

Unit: CNY

Item	Semi-annual 2023	Semi-annual 2022
I. Cash flows from operating activities:		
Cash received from sales of goods and provision of services	26,509,677,303.11	22,972,631,458.07
Net increase in customer bank deposits and due to banks and other financial institutions		
Net increase in borrowings from the central bank		
Net increase in placements from other financial institutions		
Cash from premium of original insurance contract		
Net cash received from reinsurance business		
Net increase in deposits and investments from policyholders		
Cash received from interests, handling charges and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in repurchase business capital		
Net cash received from securities brokerage		
Tax refunds received	324,144,774.70	1,010,974,954.15
Other cash received relating to operating activities	641,647,622.93	845,166,247.90
Subtotal of cash inflows from operating activities	27,475,469,700.74	24,828,772,660.12
Cash paid for goods and services	16,681,742,834.34	20,189,789,863.19
Net increase in loans and advances to customers		
Net increase in deposits with central bank and other financial institutions		
Cash paid for original insurance contract claims		
Net increase in loans to banks and other financial institutions		

Cash paid for interests, handling charges and commissions		
Cash paid for policyholder dividend		
Cash paid to and on behalf of employees	2,351,935,403.71	2,288,542,182.41
Taxes paid	775,864,015.70	70,848,814.67
Cash paid for other operating activities	951,768,069.52	836,454,073.22
Subtotal of cash outflows from operating activities	20,761,310,323.27	23,385,634,933.49
Net cash flows from operating activities	6,714,159,377.47	1,443,137,726.63
<b>II. Cash flows from investment activities:</b>		
Cash received from the return of investment		
Cash received from acquirement of investment income	11,728,790.64	6,300,012.21
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	3,224,430.67	3,519,331.24
Net cash received from the disposal of subsidiaries and other business entities		
Cash received from other investment activities	368,529,711.02	441,265,670.20
Subtotal of cash inflows from investment activities	383,482,932.33	451,085,013.65
Cash paid to acquire fixed assets, intangible assets and other long-term assets	798,231,104.91	1,125,719,469.03
Cash paid to acquire investments	546,943,104.33	0.00
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Other cash paid relating to investment activities		
Subtotal of cash outflows from investment activities	1,345,174,209.24	1,125,719,469.03
Net cash flows from investment activities	-961,691,276.91	-674,634,455.38
<b>III. Cash flows from financing activities:</b>		
Cash received from absorbing investment		
Including: cash received by subsidiaries absorbing minority shareholders' investments		
Cash received from borrowings		
Cash received relating to other financing activities		
Subtotal of cash inflows from financing activities		
Cash paid for repayment of debts		
Cash paid for distribution of dividends, profits or interest repayment		3,025,174,498.45
Including: dividends and profits paid to minority shareholders by subsidiaries		
Other cash paid relating to financing activities	19,709,605.31	15,922,921.74
Subtotal of cash outflows from financing activities	19,709,605.31	3,041,097,420.19
Net cash flows from financing activities	-19,709,605.31	-3,041,097,420.19
<b>IV. Effects from change of exchange rate on cash and cash equivalents</b>	10,253.58	0.00
<b>V. Net increase in cash and cash equivalents</b>	5,732,768,748.83	-2,272,594,148.94
Add: opening balance of cash and cash equivalents	20,697,669,726.18	30,542,676,891.89
<b>VI. Ending Balance of cash and cash equivalents</b>	26,430,438,475.01	28,270,082,742.95

**6. Cash flow statement of parent company**

Unit: CNY

Item	Semi-annual 2023	Semi-annual 2022
<b>I. Cash flows from operating activities:</b>		
Cash received from sales of goods and provision of services		
Tax refunds received		735,000.75
Other cash received relating to operating activities	98,280,887.47	3,032,128,468.42
Subtotal of cash inflows from operating activities	98,280,887.47	3,032,863,469.17
Cash paid for goods and services		
Cash paid to and on behalf of employees	189,000.00	207,000.00
Taxes paid	96,728.40	96,728.40
Cash paid for other operating activities	97,575,865.50	834,581.41
Subtotal of cash outflows from operating activities	97,861,593.90	1,138,309.81
Net cash flows from operating activities	419,293.57	3,031,725,159.36
<b>II. Cash flows from investment activities:</b>		
Cash received from the return of investment		
Cash received from acquirement of investment income	4,835,877.87	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from the disposal of subsidiaries and other business entities		
Cash received from other investment activities	67,334.77	19,230.41
Subtotal of cash inflows from investment activities	4,903,212.64	19,230.41
Cash paid to acquire fixed assets, intangible assets and other long-term assets		
Cash paid to acquire investments		
Net cash paid to acquire subsidiaries and other business units		
Other cash paid relating to investment activities		
Subtotal of cash outflows from investment activities		
Net cash flows from investment activities	4,903,212.64	19,230.41
<b>III. Cash flows from financing activities:</b>		
Cash received from absorbing investment		
Cash received from borrowings		
Cash received relating to other financing activities		
Subtotal of cash inflows from financing activities		
Cash paid for repayment of debts		
Cash paid for distribution of dividends, profits or interest repayment		3,025,174,498.45
Other cash paid relating to financing activities		
Subtotal of cash outflows from financing activities		3,025,174,498.45
Net cash flows from financing activities		-3,025,174,498.45
<b>IV. Effects from change of exchange rate on cash and cash equivalents</b>		
<b>V. Net increase in cash and cash equivalents</b>	5,322,506.21	6,569,891.32
Add: opening balance of cash and cash equivalents	4,235,008.50	8,109,077.01
<b>VI. Ending Balance of cash and cash equivalents</b>	9,557,514.71	14,678,968.33

## 7. Consolidated statement of changes in owners' equity

Amount in the current period Unit: CNY

Item	Semi-annual 2023													
	Equity Attributable To Owners Of The Parent Company												Minority Equity	Total Owners' Equity
	Share Capital	Other equity Instruments			Capital Reserves	Less: Treasury Shares	Other Comprehensive Incomes	Special Reserves	Surplus Reserves	General Risk Provision	Undistributed Profits	Others		
	Preferred Shares	Perpetual Bond	Others											
I. Ending Balance of the previous year	4,651,965,655.00				10,451,088,236.74	267,837,184.11	-5,399,120.81	370,420,291.86	3,058,249,602.44		5,460,939,601.36		23,719,427,082.48	23,719,427,082.48
Add: changes in accounting policies														
Correcti on of prior period errors														
Business merger under common control														
Others														
II. Opening Balance of the current year	4,651,965,655.00				10,451,088,236.74	267,837,184.11	-5,399,120.81	370,420,291.86	3,058,249,602.44		5,460,939,601.36		23,719,427,082.48	23,719,427,082.48
III. Increase/decrease in amount of the current period (decrease to be listed with "-")	-14,633,325.00				-70,430,027.93	-92,539,863.27	250,455.89	-1,450,331.71			401,336,302.35		407,612,936.87	407,612,936.87
(I) Total comprehensive income							250,455.89				401,336,302.35		401,586,758.24	401,586,758.24
(II) Invested and decreased capital of owners	-14,633,325.00				-70,430,027.93	-92,539,863.27							7,476,510.34	7,476,510.34
I. Ordinary shares invested	-14,633,325.00				-77,906,538.27								-92,539,863.27	-92,539,863.27

by owners																
2. Capital contributed by holders of other equity instruments																
3. Amounts of share-based payments recorded in owner's equity					7,500,283.02								7,500,283.02		7,500,283.02	
4. Others					-23,772.68	92,539,863.27							92,516,090.59		92,516,090.59	
(III) Profit distribution																
1. Appropriation to surplus reserves																
2. Appropriation to general risk reserves																
3. Distribution to owners (or shareholders)																
4. Others																
(IV) Internal carryover of owners' equity																
1. Transfer from capital reserve to paid-in capital (or share capital)																
2. Transfer from surplus reserves to paid-in capital (or share capital)																
3. Recovery of losses by surplus reserves																
4. Retained earnings carried																

forward from changes in defined benefit plans															
5. Retained earnings carried forward from other comprehensive income															
6. Others															
(V) Special reserves								1,450,331.71					-1,450,331.71		-1,450,331.71
1. Appropriation in the current period								15,046,812.40					15,046,812.40		15,046,812.40
2. Use in the current period								16,497,144.11					-16,497,144.11		-16,497,144.11
(VI) Others															
IV. Ending Balance of the current period	4,637,332,330.00				10,380,658,208.81	175,297,320.84	-5,148,664.92	368,969,960.15	3,058,249,602.44		5,862,275,903.71		24,127,040,019.35		24,127,040,019.35

Amount of the previous year Unit: CNY

Item	Semi-annual 2022														Minority Equity	Total Owners' Equity
	Equity Attributable To Owners of the Parent Company															
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Shares	Other Comprehensive Incomes	Special Reserves	Surplus Reserves	General Risk Provision	Undistributed Profits	Others	Subtotal			
	Preferred Shares	Perpetual Bond	Others													
I. Ending Balance of the previous year	4,654,114,613.00				10,439,365,093.18	310,460,486.38	-32,794,902.20	315,398,148.75	2,742,214,904.83		8,434,403,352.08		26,242,240,723.26		26,242,240,723.26	
Add: changes in accounting policies																

Correc tion of prior period errors														
Business merger under common control														
Others														
II. Opening Balance of the current year	4,654,114,613.0 0				10,439,3 65,093.1 8	310,460,486.3 8	-32,794,902.20	315,398,148. 75	2,742,214,904.8 3		8,434,403,35 2.08		26,242,240,723. 26	26,242,240,723. 26
III. Increase/decreas e in amount of the current period (decrease to be listed with "-")					30,324,0 31.20	- 28,891,460.65	-44,893.81	41,930,677.8 6			- 2,855,020,61 1.13		- 2,753,919,335.2 3	- 2,753,919,335.2 3
(I) Total comprehensive income							-44,893.81				170,153,887. 32		170,108,993.51	170,108,993.51
(II) Invested and decreased capital of owners					30,324,0 31.20	- 28,891,460.65							59,215,491.85	59,215,491.85
1. Ordinary shares invested by owners														
2. Capital contributed by holders of other equity instruments														
3. Amounts of														

share-based payments recorded in owner's equity															
4. Others					30,324,031.20	-28,891,460.65							59,215,491.85		59,215,491.85
(III) Profit distribution													-3,025,174,498.45		-3,025,174,498.45
1. Appropriation to surplus reserves															
2. Appropriation to general risk reserves															
3. Distribution to owners (or shareholders)													-3,025,174,498.45		-3,025,174,498.45
4. Others															
(IV) Internal carryover of owners' equity															
1. Transfer from capital reserve to paid-in capital (or share capital)															
2. Transfer from surplus reserves to paid-in capital (or share capital)															

3. Recovery of losses by surplus reserves															
4. Retained earnings carried forward from changes in defined benefit plans															
5. Retained earnings carried forward from other comprehensive income															
6. Others															
(V) Special reserves								41,930,677.86					41,930,677.86		41,930,677.86
1. Appropriation in the current period								53,753,366.46					53,753,366.46		53,753,366.46
2. Use in the current period								11,822,688.60					11,822,688.60		11,822,688.60
(VI) Others															
IV. Ending Balance of the current period	4,654,114,613.00				10,469,689,124.38	281,569,025.73	-32,839,796.01	357,328,826.61	2,742,214,904.83		5,579,382,740.95		23,488,321,388.03		23,488,321,388.03

**8. Statement of Changes in Owners' Equity of Parent Company**

Amount in the current period

Unit: CNY

Item	Semi-annual 2023											
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Shares	Other Comprehensive Incomes	Special Reserves	Surplus Reserves	Undistributed Profits	Others	Total Owners' Equity
		Preferred Shares	Perpetual Bond	Others								
I. Ending Balance of the previous year	4,651,965,655.00				12,278,939,213.88	267,837,184.11	-480,794.77		1,827,531,841.54	6,793,780,964.90		25,283,899,696.44
Add: changes in accounting policies												
Correction of prior period errors												
Others												
II. Opening Balance of the current year	4,651,965,655.00				12,278,939,213.88	267,837,184.11	-480,794.77		1,827,531,841.54	6,793,780,964.90		25,283,899,696.44
III. Increase/decrease in amount of the current period (decrease to be listed with "-")	-14,633,325.00				-77,906,538.27	-92,539,863.27	254,420.76			231,903,304.55		232,157,725.31
(I) Total comprehensive income							254,420.76			231,903,304.55		232,157,725.31
(II) Invested and decreased capital	-14,633,325.00				-77,906,538.27	-92,539,863.27						0.00

of owners												
1. Ordinary shares invested by owners	-14,633,325.00				-77,906,538.27							-92,539,863.27
2. Capital contributed by holders of other equity instruments												
3. Amounts of share-based payments recorded in owner's equity												
4. Others						-92,539,863.27						92,539,863.27
(III) Profit distribution												
1. Appropriation to surplus reserves												
2. Distribution to owners (or shareholders)												
3. Others												
(IV) Internal carryover of owners' equity												
1. Transfer from capital reserve to paid-in capital (or share capital)												
2. Transfer from surplus reserves to paid-in capital (or share capital)												

3. Recovery of losses by surplus reserves												
4. Retained earnings carried forward from changes in defined benefit plans												
5. Retained earnings carried forward from other comprehensive income												
6. Others												
(V) Special reserves												
1. Appropriation in the current period												
2. Use in the current period												
(VI) Others												
IV. Ending Balance of the current period	4,637,332,330.00				12,201,032,675.61	175,297,320.84	-226,374.01		1,827,531,841.54	7,025,684,269.45		25,516,057,421.75

Amount of the previous year

Unit: CNY

Item	Semi-annual 2022											
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Shares	Other Comprehensive Incomes	Special Reserves	Surplus Reserves	Undistributed Profits	Others	Total Owners' Equity
		Preferred Shares	Perpetual Bond	Others								
I. Ending Balance of the previous year	4,654,114,613.00				12,267,337,664.44	310,460,486.38	304,113.31		1,511,497,143.93	6,974,643,184.91		25,097,436,233.21
Add: changes in accounting policies												
Correction of prior period errors												
Others												
II. Opening Balance of the current year	4,654,114,613.00				12,267,337,664.44	310,460,486.38	304,113.31		1,511,497,143.93	6,974,643,184.91		25,097,436,233.21
III. Increase/decrease in amount of the current period (decrease to be listed with "-")						-28,891,460.65	-46,736.62			-2,733,516,758.09		-2,704,672,034.06
(I) Total comprehensive income							-46,736.62			291,657,740.36		291,611,003.74
(II) Invested and decreased capital of owners						-28,891,460.65						28,891,460.65
1. Ordinary shares invested												

by owners												
2. Capital contributed by holders of other equity instruments												
3. Amounts of share-based payments recorded in owner's equity												
4. Others						-28,891,460.65						28,891,460.65
(III) Profit distribution										-3,025,174,498.45		-3,025,174,498.45
1. Appropriation to surplus reserves												
2. Distribution to owners (or shareholders)										-3,025,174,498.45		-3,025,174,498.45
3. Others												
(IV) Internal carryover of owners' equity												
1. Transfer from capital reserve to paid-in capital (or share capital)												
2. Transfer from surplus reserves to paid-in capital (or share capital)												
3. Recovery of losses by surplus reserves												

4. Retained earnings carried forward from changes in defined benefit plans												
5. Retained earnings carried forward from other comprehensive income												
6. Others												
(V) Special reserves												
1. Appropriation in the current period												
2. Use in the current period												
(VI) Others												
IV. Ending Balance of the current period	4,654,114,613.00				12,267,337,664.44	281,569,025.73	257,376.69		1,511,497,143.93	4,241,126,426.82		22,392,764,199.15

### III. Company Profile

#### 1. Overview

FAW JIEFANG GROUP CO., LTD., formerly known as FAW Car Co., Ltd., is a limited liability company registered in Changchun City, Jilin Province.

FAW Car was approved by TGS [1997] No. 55 Document of the State Commission for Restructuring the Economic Systems in 1997 and established exclusively by CHINA FAW GROUP CO., LTD. On June 18, 1997, FAW Car was approved by the China Securities Regulatory Commission to issue shares publicly and listed on the Shenzhen Stock Exchange for circulation.

On April 9, 2012, FAW Group invested 862,983,689 shares of FAW Car into FAW as its capital contribution, and received the *Confirmation of Securities Transfer Registration* issued by China Securities Depository & Clearing Co., Ltd. Shenzhen Branch on the same day.

On November 28, 2019, FAW Car held the 10<sup>th</sup> meeting of the 8<sup>th</sup> Board of Directors, and reviewed and approved the adjustment plan for major asset restructuring. After the adjustment, FAW Car transferred all its assets and liabilities except the equity and some reserved assets of First Automobile Finance Co., Ltd. and Sanguard Automobile Insurance Co., Ltd. to FAW Bestune, and then replaced 100% equity of FAW Bestune Car Co., Ltd. with the equivalent part of 100% equity of FAW Jiefang Automotive Co., Ltd. held by FAW. At the same time, FAW Car purchased the difference between the purchased assets and the sold assets from FAW by issuing shares and paying cash.

On March 12, 2020, FAW Car received the *Reply on Approving the Major Asset Restructuring of FAW Car Co., Ltd. and Issuing Shares to China FAW Co., Ltd. for Asset Purchase* (ZJXK [2020] No. 352) issued by the China Securities Regulatory Commission, and China Securities Regulatory Commission reviewed and approved the major asset replacement, share issuance and cash payment for assets purchase and related transactions of FAW Car.

The *Capital Verification Report* (XYZH/2020BJA100417) issued by ShineWing Accounting Firm (special general partnership) indicates that, as of March 19, 2020, all proposed purchased assets, i.e., 100% equity of Jiefang Limited, to be replaced by FAW Car to FAW by issuing shares had been transferred to FAW Car. The industrial and commercial change registration procedures of Jiefang Limited had been completed, all proposed assets, i.e., 100% equity of FAW Bestune, had been transferred to FAW, and the industrial and commercial change registration procedures of FAW Bestune had been completed. The registered capital of FAW Car is CNY 4,609,666,212.00 after this change.

In May 2020, the name of FAW Car was changed to "FAW JIEFANG GROUP CO., LTD." and the stock abbreviation was changed to "FAW Jiefang".

On January 11, 2021, the Company held the first 2021 extraordinary shareholders' meeting, and reviewed and approved the *Proposal on the Restricted Share Incentive Plan of FAW Jiefang Group Co., Ltd. (Draft) and Its Abstract*, the *Proposal on the Regulations for the Implementation Assessment of Restricted Share Incentive Plan of FAW Jiefang Group Co., Ltd.*, the *Proposal on the Regulations for Restricted Share Incentive of FAW Jiefang Group Co., Ltd.*, and the *Proposal on Requesting the Shareholders Meeting to Authorize the Board of Directors to Handle Matters Related to the Company's Restricted Share Incentive Plan*. On January 15, 2021, the Company held the 12<sup>th</sup> meeting of the 9<sup>th</sup> Board of Directors, and reviewed and approved the *Proposal on Adjusting the List of the First Batch of Incentive Objects and the Number of Grants in the Phase I Restricted Share Incentive Plan* and the *Proposal on Granting Restricted Shares to the Incentive Objects of the Phase I Restricted Share Incentive Plan for the First Time*. Nine directors and senior executives, including Hu Hanjie, Zhu Qixin, Zhang Guohua, Wang Ruijian, Shang Xingwu, Ou Aimin, Kong Dejun, Wu Bilei and Wang Jianxun, and 310 other core employees with the title of senior director and above were granted to subscribe for 40,987,657 new shares of the Company at an issue price of CNY 7.54 per share, and the registered capital of the Company was changed to CNY 4,650,653,869.00. This change was verified by the *Capital Verification Report* (ZTYZ (2021) No. 110C000033) issued by Grant Thornton Accounting Firm (special general partnership). On February 1, 2021, the Company disclosed the *Announcement on the Completion of the First Grant Registration of Phase I Restricted Share Incentive Plan*.

On December 9, 2021, the Company held the 20<sup>th</sup> meeting of the 9<sup>th</sup> Board of Directors and the 19<sup>th</sup> meeting of the 9<sup>th</sup> Board of Supervisors, and reviewed and approved the *Proposal on Granting Reserved Part of Restricted Shares in the Phase I Restricted Share Incentive Plan to Incentive Objects* and the *Proposal on Repurchase and Cancellation of Partial Restricted Shares in the Phase I Restricted Share Incentive Plan* respectively. Thirty-three core technicians and management backbones, including Wang Manhong, Zhang Yu and Qu Yi, subscribed for 3,721,601 new shares at an issue price of CNY 6.38/share, and 260,857 shares were repurchased at a price of CNY 7.04/share from 2 employees who were no longer eligible for incentive objects. The registered capital of the Company was changed to CNY 4,654,114,613.00. This change was verified by the *Capital Verification Report* (ZTYZ (2021) No. 110C000927) issued by Grant Thornton Accounting Firm (special general partnership). On January 6, 2022, the Company disclosed the *Announcement on the Completion of Registration of the Grant of Reserved Part of Restricted Shares in the Phase I Restricted Share Incentive Plan*. On January 17, 2022, the Company disclosed the *Announcement on the Completion of Repurchase and Cancellation of Some Restricted Shares*.

On August 29, 2022, the Company held the 26<sup>th</sup> meeting of the 9<sup>th</sup> Board of Directors and the 23<sup>rd</sup> meeting of the 9<sup>th</sup> Board of Supervisors, and reviewed and approved the *Proposal on Repurchase and Cancellation of Partial Restricted Shares in the Phase I Restricted Share Incentive Plan*. It was agreed to repurchase 789,711 shares at a price of CNY 6.39/share from 6 employees who are no longer qualified as incentive objects, and the registered capital of the Company was changed to CNY 4,653,324,902.00. This change was verified according to the *Capital Verification Report (XYZH/2022CCAA2B0016)* issued by ShineWing Accounting Firm (special general partnership). On November 14, 2022, the Company disclosed the *Announcement on Completion of Repurchase and Cancellation of Some Restricted Shares*.

On October 28, 2022, the Company held the 28<sup>th</sup> meeting of the 9<sup>th</sup> Board of Directors and the 24<sup>th</sup> meeting of the 9<sup>th</sup> Board of Supervisors, and reviewed and approved the *Proposal on Repurchase and Cancellation of Partial Restricted Shares in the Phase I Restricted Share Incentive Plan*, and agreed to repurchase 1,359,247 shares at a price of CNY 6.39/share from 11 employees who are no longer qualified as incentive objects. The registered capital of the Company was changed to CNY 4,651,965,655.00. This change was verified according to the *Capital Verification Report (XYZH/2023CCAA2B0001)* issued by ShineWing Accounting Firm (special general partnership). On January 17, 2023, the Company disclosed the *Announcement on Completion of Repurchase and Cancellation of Some Restricted Shares*.

On December 15, 2022, the Company held the 30<sup>th</sup> meeting of the 9<sup>th</sup> Board of Directors and the 26<sup>th</sup> meeting of the 9<sup>th</sup> Board of Supervisors, and reviewed and approved the *Proposal on Repurchase and Cancellation of Partial Restricted Shares in the Phase I Restricted Share Incentive Plan*, and agreed to repurchase 723,435 shares at a price of CNY 6.39/share or 5.73/share from 6 employees who are no longer qualified as incentive objects. The registered capital of the Company was changed to CNY 4,651,242,220. This change was verified according to the *Capital Verification Report (XYZH/2023CCAA2B0103)* issued by ShineWing Accounting Firm (special general partnership). On April 28, 2023, the Company disclosed the *Announcement on Completion of Repurchase and Cancellation of Some Restricted Shares*.

On March 31, 2023, the Company held the 32<sup>nd</sup> Meeting of the 9<sup>th</sup> Board of Directors and the 28<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Supervisors to deliberate and approve the *Proposal on Unsuccessful Lifting of Conditions of the Second Release Period First Granted by the Phase I Restricted Share Incentive Plan for Releasing the Restricted Sales and of Conditions of the First Release Period Reserved by the Phase I Restricted Share Incentive Plan for Releasing the Restricted Sales and Repurchase and Write-off of Some Restricted Shares*, agreeing to repurchase 13,909,890 shares from 327 employees no longer qualified as incentive objects at a price of CNY 6.39/share or CNY 5.73/share respectively. The registered capital of the Company is changed to CNY 4,637,332,330. This change was verified according to the *Capital Verification Report*

(XYZH/2023CCAA2B0175) issued by ShineWing Accounting Firm (special general partnership). On June 30, 2023, the Company disclosed the *Announcement on Completion of Repurchase and Cancellation of Some Restricted Shares*.

The Company establishes a corporate governance structure consisting of the Shareholders' Meeting, the Board of Directors and the Board of Supervisors, and has one wholly-owned subsidiary, Jiefang Limited. Jiefang Limited has five wholly-owned subsidiaries, including FAW Jiefang (Qingdao) Automotive Co., Ltd., Wuxi Dahao Power Co., Ltd., FAW Jiefang Dalian Diesel Engine Co., Ltd., FAW Jiefang Austria R&D Co., Ltd., and FAW Jiefang New Energy Automotive Sales Co., Ltd. It also has 11 associated companies, including First Automobile Finance Co., Ltd., Sanguard Automobile Insurance Co., Ltd., Changchun Baoyou Jiefang Steel Processing and Distribution Co., Ltd., FAW Changchun Ansteel Steel Processing and Distribution Co., Ltd., Changchun Wabco Automotive Control System Co., Ltd., Suzhou Zhito Technology Co., Ltd., Jiefang Fujie (Tianjin) Science and Technology Industry Co., Ltd., Yukuai Chuangling Intelligent Technology (Nanjing) Co., Ltd., Foshan Diyi Element New Energy Technology Co., Ltd., Jiefang Times New Energy Technology Co., Ltd., and Changchun Automotive Test Center Co., Ltd.

Business scope of the Company: R&D, production and sales of medium and heavy trucks, vehicles, buses, bus chassis, medium truck deformation vehicles, automobile assemblies and parts, machining, diesel engines and accessories (non-vehicle), mechanical equipment and accessories, instruments, technical services, technical consultation, installation and maintenance of mechanical equipment, lease of mechanical equipment and facilities, lease of houses and workshops, labor services (excluding foreign labor cooperation and domestic labor dispatch), sales of steel, automobile trunks, hardware & electrical equipment and electronic products, testing of internal combustion engine, engineering technology research and testing, advertising design, production and release, import and export of goods and technologies (excluding publication import business and commodities and technologies restricted or prohibited for import and export by the state); (the following items are operated by the branch company) Chinese food production and sales, warehousing and logistics (excluding flammable, explosive and precursor dangerous chemicals), automobile repair, tank manufacturing of chemical liquid tanker, automobile trunk manufacturing (items subject to approval according to law can be operated only after being approved by relevant authorities).

Registered address of the Company: No. 2259, Dongfeng Street, Changchun Automobile Development Zone, Jilin Province.

The legal representative of the Company is Hu Hanjie.

The financial statements and notes to the financial statements were approved for issue by the Board of Directors of the Company on August 29, 2023.

## 2. Scope of Consolidated Financial Statements

During the reporting period, the Company has 1 secondary subsidiary and 6 tertiary subsidiaries included in the scope of consolidation. For details, please refer to VIII "Changes in Consolidation Scope" and IX "Equity in Other Entities" of Section X - Financial Report.

## IV. Basis of Preparation for Financial Statements

### 1. Preparation basis

The financial statements are prepared according to the Accounting Standards for Business Enterprises issued by the Ministry of Finance and its application guidelines, interpretations and other relevant provisions (hereinafter collectively referred to as "ASBE"). In addition, the Company also discloses relevant financial information according to the *Disclosure of Company Information Disclosure Rules No. 15. - General Provisions on Financial Reporting* (revised in 2014) issued by China Securities Regulatory Commission.

### 2. Continuing operations

The financial statements are presented on continuing operations.

The financial accounting of the Company is based on the accrual basis. The financial statements are prepared on a historical cost basis except for certain financial instruments. If the assets are impaired, the corresponding impairment provision shall be made as specified.

## V. Significant Accounting Policies and Accounting Estimates

Tips for specific accounting policies and accounting estimates:

The Company determines the depreciation of fixed assets, amortization of intangible assets, capitalization conditions of R&D expenses and income recognition policies according to its own production and operation characteristics. For specific accounting policies, please see 22, 25 and 33 in V "Significant Accounting Policies and Accounting Estimates" in Section X - Financial Report.

### 1. Statement of compliance with accounting standards for business enterprises

The financial statements prepared by the Company met the requirements of ASBE and truly and fully reflected the consolidated and company's financial position of the Company as of June 30, 2023, and information such as consolidated and company's operating results and consolidated and company's cash flow for 2023 H1.

## **2. Accounting period**

The accounting period of the Company is a calendar year, namely, from January 1 to December 31 every year.

## **3. Operating cycle**

The operating cycle of the Company is 12 months.

## **4. Recording currency**

The Company and its domestic subsidiaries use CNY as their recording currency. The overseas subsidiaries of the Company determine EUR as the recording currency according to the currency in the main economic environment in which they operate. The Company uses CNY to prepare the financial statements.

## **5. Accounting treatment method for business merger under common control and different control**

### **(1) Business merger under common control**

As to the business merger under common control, the assets and liabilities of the combined party obtained by the combining party are calculated in the book value in the consolidated financial statements of the ultimate controller by the combined party on the combination date. The capital reserve (stock premium) is adjusted based on the difference between the book value of the combination consideration and the book value of the net assets obtained in the combination. The retained earnings are adjusted if the capital reserve (stock premium) is insufficient for offset.

Business merger under common control realized step-by-step through multiple transactions

In individual financial statements, the share of book value of the combined party's net assets in the consolidated financial statements of the ultimate controlling party on the combination date calculated based on the shareholding proportion on the combination date is taken as the initial cost of the investment. The capital reserve (stock premium) is adjusted based on the difference between the initial investment cost and the sum of the book value of the pre-combination investment and the book value of the newly paid consideration on the combination date, and the retained earnings are adjusted if the capital reserve is insufficient for offset.

In the consolidated financial statements, the assets and liabilities of the combined party obtained by the combining party in the combination are measured based on the book value of the ultimate controlling party in the consolidated financial statements on the combination date. The capital reserve (stock premium) is adjusted based on the difference between the sum of the book value of the pre-combination investment and the book value of the newly paid consideration on the combination date and the book value of the net assets obtained in the combination. The retained earnings are adjusted if the capital reserve is insufficient for offset. The long-term equity investment held before the acquisition of the combined party's control by the combining party and the

profit or loss, other comprehensive incomes and changes in other owners' equities that have been recognized during the period from the date of acquisition of the original equity, or the date of common control of the combining party and the combined entity (which is later) to the combination date shall offset against the retained opening earnings or current profit or loss respectively during the period of comparative statement.

(2) Business merger under different control

In case of business merger under different control, the combination cost is the fair value of assets paid, liabilities incurred or assumed and equity securities issued on the acquisition date for acquiring the control over the acquiree. The assets, liabilities and contingent liabilities of the acquiree obtained are recognized as per the fair value on the acquisition date.

Where the combination cost is greater than the fair value of identifiable net assets obtained from the acquiree, the difference shall be recognized as goodwill and subsequently measured by deducting the accumulated depreciation provision by cost; Where the combination cost is less than the fair value of identifiable net assets obtained from the acquiree, the difference shall be included in current profits and losses after review.

Business merger not under common control realized step-by-step through multiple transactions

In the separate financial statement, the sum of the book value of the equity investment of the acquiree held before the acquisition date and the new investment cost on the acquisition date shall be recognized as the initial investment cost for this investment. For other comprehensive incomes from original equity investments recognized by the equity method before the purchase date, they are not disposed of. This investment is disposed of on the same basis as the investee directly disposing of related assets and liabilities. The owners' equity recognized due to changes in other owners' equities of the investee other than net profit or loss, other comprehensive incomes and profit distribution, are transferred into the current profits or losses when this investment is disposed of. If the equity investment held before the acquisition date is measured at fair value, the accumulated changes in fair value originally included in other comprehensive income are transferred to retained earnings when the cost method is adopted for calculation.

In the consolidated financial statements, the combination cost is the sum of the consideration paid on the acquisition date and the fair value of the acquiree's equity has already held before the acquisition date on the acquisition date. The acquiree's equity held before the acquisition date shall be remeasured at fair value of the equity on the acquisition date. The difference between the fair value and its book value shall be included in investment income for the current period. If the acquiree's equity held before the acquisition date involves other comprehensive income, changes in other owner's equities shall be transformed into the current profit on the

acquisition date, except for other comprehensive incomes generated due to remeasuring the change in net liabilities or new assets of defined benefit plan by the investee.

(3) Disposal of related handling charges for business merger

The overhead for the business merger of the combining party, including the expenses for audit, legal services, assessment, and other administrative expenses, shall be recorded in current profits and losses when they occur. The transaction expenses of the equity securities or liability securities issued as the consideration for the combination shall be recorded as the initial recognition amount of the equity securities or liability securities.

## **6. Preparation methods of consolidated financial statements**

(1) Consolidation scope

The scope of consolidated financial statements is determined on the basis of control. Control refers to the power of the Company over the investee, with which the Company enjoys variable returns through participating in related activities of the investee and is able to influence its amount of return with the power over the investee. Subsidiaries refer to entities controlled by the Company (including enterprises, separable parts of investees, structured entities, etc.)

(2) Preparation methods of consolidated financial statements

The consolidated financial statements are prepared by the Company based on the financial statements of the Company and its subsidiaries and with other relevant data. The major accounting policies and accounting periods adopted by the subsidiaries are defined as the same as those of the Company during the preparation of the consolidated financial statements. The significant transactions and balances between companies are offset.

Where a subsidiary or business has been acquired through a business merger involving enterprises under common control in the reporting period, the subsidiary or business is deemed to be included in the consolidated financial statements from the date they are controlled by the ultimate controlling party. Their operating results and cash flows are respectively included in the consolidated income statement and consolidated cash flow statement from the date they are controlled by the ultimate controlling party.

For the subsidiaries and businesses increased in the reporting period due to business merger under different control, their earnings, expenses and profits from the acquisition date to the end of the reporting period are included in the consolidated profit statement, and their cash flows are included in the consolidated cash flow statement.

The portion of shareholders' equity of subsidiaries not belonging to the Company shall be listed separately under the item "Shareholders' Equity" in consolidated balance sheet as minority shareholders' equity. The portion of net profit or loss of subsidiaries in current period belonging to minority shareholders' equity shall be listed separately under the item "Minority Shareholders' Profit or Loss" in the consolidated income statement. If the loss of a subsidiary borne by minority shareholders exceeds the amount of their shares of owners' equity in the subsidiary at the beginning, the balance shall offset the minority equity.

(3) Purchase of minority shareholders' equity in subsidiaries

The capital reserve (stock premium) in the consolidated balance sheet is adjusted based on the difference between the newly acquired long-term equity investment cost from the purchase of minority equity and the share of net assets in the subsidiary calculated constantly from the purchase date or combination date as per the newly increased shareholding proportion, and the difference between the disposal price obtained from the partial disposal of equity investment in the subsidiary without losing the right of control and the share of net assets in the subsidiary calculated continuously from the purchase date or combination date corresponding to the disposed long-term equity investment. The retained earnings are adjusted if the capital reserve is insufficient for offset.

(4) Disposal of the loss of control over subsidiaries

If the control power on the original subsidiaries is lost due to the disposal of part of equity investment or other reasons, the remaining equity shall be recalculated at fair value on the day when the control power is lost. The balance from the sum of consideration obtained from the disposal of equity and the fair value of the remaining equity minus the sum of the share of net assets book value and the goodwill of original subsidiaries calculated continuously starting from the purchase date as per the original shareholding ratio shall be included in current investment income at the loss of control.

Other comprehensive income in connection with the equity investment of the original subsidiaries shall be transferred into current profit or loss at the time of loss of control, except for other comprehensive incomes generated due to remeasuring the change in net liabilities or new assets of defined benefit plan by the investee.

## **7. Classification of Joint Venture Arrangement and Accounting Treatment Methods for Joint Operations**

Joint arrangement refers to an arrangement jointly controlled by two or more participants. Joint arrangements of the Company include joint operations and joint ventures.

(1) Joint operation

Joint operation refers to the joint arrangement in which the Company enjoys related assets and bears related liabilities.

The Company recognizes the following items related to the interest share in the joint operation and carries out accounting according to the ASBE:

- A. Recognizing the assets held separately and the assets held jointly as per its shares;
- B. Recognizing the liabilities borne separately and the liabilities borne jointly according to its shares;
- C. Recognizing the income generated from the sale of shares enjoyed in the joint operation;
- D. Recognizing the income generated from the sale of shares enjoyed in the joint operation as per its shares;
- E. Recognizing the expenses incurred separately and the expenses arising from joint operation as per its shares.

(2) Joint ventures

Joint venture refers to a joint arrangement in which the Company only has power over the net assets of the arrangement.

The Company conducts accounting for the investment of joint ventures according to provisions of the equity method accounting for long-term equity investments.

## **8. Standards for recognition of cash and cash equivalents**

Cash refers to the cash on hand and the deposits that are readily available for payment. Cash equivalents refer to the short-term and highly liquid investments held by the Company that are readily convertible into known amounts of cash and with low risk in value change.

## **9. Foreign currency transaction and foreign currency statement translation**

(1) Foreign currency transaction

Foreign currency transactions of the Company are converted into the amount in recording currency at the exchange rate determined by systematic and reasonable methods.

On the balance sheet date, the foreign currency monetary items are converted at the spot exchange rate on the balance sheet date. The exchange difference arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at the time of initial recognition or on the previous balance sheet date is included in current profits and losses. Foreign currency non-monetary items measured at historical cost are still converted at the spot exchange rate on the transaction date. Foreign currency non-monetary items measured at fair value are converted at the spot exchange rate on the date when the fair value is determined. The

difference between the converted recording currency amount and the original recording currency amount is included in current profits and losses or other comprehensive income according to the nature of the non-monetary items.

## (2) Translation of foreign currency financial statements

At the balance sheet date, when the foreign currency financial statements of overseas subsidiaries are translated, the assets and liabilities of the balance sheet are translated to CNY using the spot exchange rate at the balance sheet date. Items of the shareholders' equity, except for "undistributed profits", are translated at the spot exchange rate at the dates on which such items arose.

The income and expense items in the profit statement are translated at the exchange rate determined by systematic and reasonable methods.

All items in the cash flow statement are translated at the exchange rate determined by systematic and reasonable methods. As an adjustment item for influence amount of cash, exchange rate movement is independently presented as "Influence of exchange rate movement to cash and cash equivalent" in cash flow statement.

Differences arising from the translation of financial statements are separately presented as "Other comprehensive income" in the shareholders' equity of the balance sheet.

During the disposal of overseas operation and upon the loss of the right of control, the conversion difference of foreign currency statements listed under the shareholders' equity items in the balance sheet and related to the overseas operation is transferred to the current profits and losses of disposal in full or as per the disposal proportion of the overseas operation.

## 10. Financial instruments

Financial instruments refer to contracts that form the financial assets of a party, and form financial liabilities or equity instruments of other parties.

### (1) Recognition and derecognition of the financial instruments

The Company recognizes a financial asset or financial liability when it becomes a party to the contract of the financial instrument.

If one of the following conditions is met, the financial assets are terminated:

- ① The contractual right to receive the cash flow of the financial asset is terminated.

② The financial asset has been transferred and is in accordance with the following conditions for derecognition.

If the current obligations of financial liability have been discharged in total or in part, derecognize all or part of it. The Company (the Debtor) signs an agreement with the Creditor to replace the existing financial liabilities with new financial liabilities; the existing financial liabilities are derecognized and the new financial liabilities are recognized when the contractual terms of the new financial liabilities and those of the existing financial liabilities are different in essence.

Financial assets transacted in a conventional way are subject to accounting recognition and derecognition on the transaction date.

## (2) Classification and measurement of financial assets

The Company classifies financial assets into the following three categories according to the business mode of financial assets management and the contractual cash flow characteristics of financial assets at the time of initial recognition: financial assets measured at amortized cost, financial assets measured at fair value with their changes included in other comprehensive income, and financial assets measured at fair value with their changes included in the current profits or losses.

### Financial assets measured at amortized cost

The Company classifies the financial assets that meet the following conditions but are not designated to be measured at fair value and with the changes included in current profits or losses as the financial assets measured at amortized cost:

- ◆ The Company manages the financial assets in order to collect contractual cash flows;
- ◆ The contract terms of the financial assets stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount.

After initial recognition, such financial assets are measured at amortized cost using the effective interest method. Any gains or losses on financial assets at amortized cost that are not part of the hedging relationship are charged to the current profit or loss at derecognition, amortization using the effective interest method, or recognition of impairment.

### Financial assets measured at fair value with their changes included in other comprehensive income

The Company classifies financial assets that meet the following conditions and are not designated to be financial assets at fair value with their changes included in current profit or loss as financial assets at fair value with their changes included in other comprehensive incomes:

- ◆ The Company manages the financial assets in order not only to collect contractual cash flows but also to sell the financial assets;
- ◆ The contract terms of the financial assets stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount.

After initial recognition, such financial assets are subsequently measured at fair value. Interests, impairment losses or gains and exchange gains and losses calculated with the effective interest method are included in the current profits and losses, and other gains or losses are included in other comprehensive income. When the financial assets are derecognized, the accumulated profits or losses previously included in other comprehensive income are transferred out and included in the current profits and losses.

Financial assets at fair value through profit or loss

Except for the above-mentioned financial assets measured at amortized cost and fair value through other comprehensive income, the Company classifies all remaining financial assets as financial assets measured at fair value through profit or loss. At the time of initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Company irrevocably designates some financial assets that should be measured at amortized cost or fair value through other comprehensive income as financial assets measured at fair value through current profits and losses.

After initial recognition, such financial assets are subsequently measured at fair value, and the gains or losses (including interest and dividend income) incurred are included in current profits and losses unless they are part of a hedging relationship.

The business model of managing financial assets refers to how the Company manages financial assets to generate cash flows. The business model determines whether the cash flow of financial assets managed by the Company comes from collecting contractual cash flows, selling financial assets, or both. The Company determines the business model for managing financial assets on the basis of objective facts and specific business objectives for managing financial assets decided by key management personnel.

The Company evaluates the contractual cash flow characteristics of financial assets to determine whether the contractual cash flow generated by relevant financial assets on a specific date is only the payment of principal and interest based on the outstanding principal amount. Principal refers to the fair value of financial assets at

initial recognition; interest includes consideration for the time value of money, credit risk associated with the amount of principal outstanding over a specific period, and other underlying borrowing risks, costs and profits. In addition, the Company evaluates the contract terms that may cause changes in the time distribution or amount of contractual cash flows of financial assets to determine whether they meet the requirements for the above-mentioned contractual cash flow characteristics.

Only when the Company changes its business model for managing financial assets, can all affected related financial assets be reclassified on the first day of the first reporting period after the change in business model; otherwise, financial assets shall not be reclassified after initial recognition.

Financial assets are measured at fair value upon initial recognition. For financial assets at fair value through profit or loss, relevant transaction costs are directly included in current profits and losses; for other types of financial assets, relevant transaction costs are included in the initially recognized amount. For accounts receivable arising from sales of products or provision of labor services that do not include or consider significant financing components, the consideration amount that the Company is expected to be entitled to receive will be taken as the initially recognized amount.

### (3) Classification and measurement of financial liabilities

Financial liabilities of the Company are classified into financial liabilities at fair value through profit or loss and financial liabilities measured at amortized cost upon initial recognition. For financial liabilities not classified as those measured at fair value through profit or loss, relevant transaction costs are included in their initially recognized amounts.

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated upon initial recognition to be measured at fair value through profit or loss. Such financial liabilities are subsequently measured at fair value, and the gains or losses arising from changes in fair value as well as dividends and interest expenses related to such financial liabilities are included in current profits and losses.

#### Financial liabilities measured at amortized cost

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, and gains or losses arising from derecognition or amortization are included in current profits and losses.

#### Distinction between financial liabilities and equity instruments

Financial liabilities refer to those that meet one of the following conditions:

- ① Contractual obligations to deliver cash or other financial assets to other parties.
- ② Contractual obligations to exchange financial assets or financial liabilities with other parties under potentially adverse conditions.
- ③ A non-derivative instrument contract that must or can be settled with the enterprise's own equity instruments in the future, and according to which the enterprise will deliver a variable number of its own equity instruments.
- ④ A derivative contract that must or can be settled with the enterprise's own equity instruments in the future, except for derivative contracts where a fixed amount of its own equity instruments is exchanged for a fixed amount of cash or other financial assets.

An equity instrument refers to a contract that can prove the residual equity in the assets of an enterprise after all liabilities are deducted.

If the Company cannot unconditionally avoid performing a contractual obligation by delivering cash or other financial assets, the contractual obligation meets the definition of financial liabilities.

If a financial instrument must or can be settled with the Company's own equity instruments, it is necessary to consider whether the Company's own equity instruments used for settlement of such instruments are used as substitutes for cash or other financial assets or to enable the instrument holder to enjoy residual equity in the assets of the issuer after deduction of all liabilities. If meets the former condition, the financial instrument should be recognized as financial liabilities; If meets the latter condition, the financial instrument is recognized as an equity instrument.

#### (4) Fair value of financial instruments

For the determination methods for the fair value of financial assets and liabilities, refer to 38 "Others" in V "Significant Accounting Policies and Accounting Estimates" of Section X - Financial Report.

#### (5) Impairment of financial assets

The Company accounts for impairment and recognizes the loss provision for the following items on the basis of expected credit losses:

- ◆ Financial assets measured at amortized cost;
- ◆ Receivables and debt investments at fair value through other comprehensive income;
- ◆ Contract assets as defined in *ASBE NO. 14 - Revenue*;

- ◆ Lease receivables;
- ◆ Financial guarantee contracts (except for those measured at fair value through profit and loss, where the transfer of financial assets does not meet derecognition conditions or is continuously involved in the transferred financial assets).

#### Measurement of expected credit losses

Expected credit loss refers to the weighted average of the credit losses of financial instruments that are weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable according to the contract and discounted by the Company at the original effective interest rate and all cash flows expected to be collected, that is, the present value of all cash shortages.

The Company considers reasonable and reliable information about past events, current situation and forecast of the future economic situation, weighs the risk of default, calculates the probability weighted amount of the present value of the difference between the cash flow receivable from the contract and the cash flow expected to be received, and recognizes the expected credit loss.

The Company measures the expected credit losses of financial instruments at different stages respectively. For financial instruments for which the credit risk has not significantly increased since initial recognition, they are classified in Stage 1. The company measures the loss provision based on expected credit losses over the next 12 months. For financial instruments in which the credit risk has significantly increased since initial recognition but no credit impairment has occurred, they are classified in Stage 2. The company measures the loss provision based on the expected credit losses over the entire remaining lifetime of the instrument. For financial instruments in which a credit impairment has occurred since initial recognition, they are classified in Stage 3. The company measures the loss provision based on the expected credit losses over the entire remaining lifetime of the instrument.

For financial instruments with low credit risk on the balance sheet date, the Company assumes that their credit risks have not increased significantly since initial recognition and measures the loss provision according to the expected credit losses in the next 12 months.

The expected credit loss during the whole duration refers to the expected credit loss caused by all default events that may occur during the whole expected duration of financial instruments. The expected credit loss in the next 12 months refers to the expected credit loss caused by default events of financial instruments that may occur within 12 months after the balance sheet date (if the expected duration of financial instruments is less than 12 months, it is considered as the expected duration), which is part of the expected credit loss for the whole duration.

During the measurement of expected credit losses, the maximum term to be considered by the Company is the maximum contract term of the enterprise facing credit risk (including the option to renew the contract).

For financial instruments in the first and second stages and with low credit risk, the Company calculates interest income according to the book balance before deducting impairment provision and the actual interest rate. For financial instruments in the third stage, interest income is calculated according to their book balance minus the amortized cost after impairment provision and the effective interest rate.

Notes receivable, accounts receivable and contract assets

For notes receivable, accounts receivable and contract assets, the Company always measures their loss provision according to the amount equivalent to the expected credit loss in the whole duration no matter whether there is any significant financing component.

If the expected credit loss of a single financial asset cannot be evaluated at a reasonable cost, the Company divides the notes receivable and accounts receivable into portfolios according to the credit risk characteristics based on the following, and calculates the expected credit loss on the basis of the portfolios:

A. Notes receivable

- ◆ Notes receivable portfolio 1: bank acceptance bills
- ◆ Notes receivable portfolio 2: commercial acceptance bills

B. Accounts receivable

Aging portfolio

C. Contract assets

Aging portfolio

The Company calculates the expected credit loss of the notes receivable and contract assets divided into portfolios by referring to the historical credit loss experience, combining the current situation and the forecast of the future economic situation, and based on the default risk exposure and the expected credit loss rate for the whole duration.

For accounts receivable divided into portfolios, the Company prepares a comparison table of account receivable aging/overdue days and expected credit loss rate for the whole duration with a reference to historical credit loss experience and in combination with the current situation and forecast of the future economic situation, so as to calculate the expected credit loss.

Other receivables

The Company divides other receivables into several portfolios according to the credit risk characteristics based on the following, and calculates the expected credit loss according to the portfolios:

- ◆ Portfolio 1 of other receivables: portfolio of margin, deposit and reserve fund
- ◆ Portfolio 2 of other receivables: aging portfolio

For other receivables divided into portfolios, the Company calculates the expected credit loss through default risk exposure and expected credit loss rate in the next 12 months or the whole duration.

#### Long-term receivables

The Company's long-term receivables include the receivables from sales of goods by installments.

The Company divides the receivables from sales of goods by installments into several portfolios according to the credit risk characteristics based on the following, and calculates the expected credit loss on the basis of the portfolios:

- ◆ Long-term receivables portfolio 1: receivables from sales of goods by installments
- ◆ Long-term receivables portfolio 2: other receivables

The Company calculates the expected credit loss of the receivables from sales of goods by installments based on the default risk exposure and the expected credit loss rate for the whole duration with a reference to the historical credit loss experience, the current situation and the forecast of the future economic situation.

#### Debt investment and other debt investments

For debt investments and other debt investments, the Company calculates expected credit losses according to the nature of the investment, various types of counterparties and risk exposures, default risk exposures and expected credit loss rates in the next 12 months or throughout the duration.

#### Assessment of significant increase in credit risk

The Company compares the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date so as to determine the relative change in the default risk of financial instruments in the expected duration and evaluate whether the credit risk of financial instruments has increased significantly since the initial recognition.

In determining whether the credit risk has increased significantly since initial recognition, the Company considers reasonable and well-founded information (including forward-looking information) that can be obtained without unnecessary additional costs or efforts. The information to be considered by the Company is as follows:

- ◆ Failure of the debtor to pay the principal and interest on the due date of the contract;

- ◆ Serious deterioration in the external or internal credit rating (if any) of the financial instrument that has occurred or is expected;
- ◆ Serious deterioration of the debtor's operating results that has occurred or is expected;
- ◆ Changes in the technical, market, economic or legal environment that has occurred or is expected and their potential material adverse effect on the repayment ability of the debtor to the Company.

According to the nature of financial instruments, the Company evaluates whether the credit risk has increased significantly on the basis of individual financial instruments or portfolios of financial instruments. When evaluating on the basis of portfolios of financial instruments, the Company may classify the financial instruments based on common credit risk characteristics, such as overdue information and credit risk rating.

If it is overdue for more than 30 days, the Company determines that the credit risk of financial instruments has increased significantly.

#### Credit-impaired financial assets

The Company evaluates on the balance sheet date whether credit impairment has occurred on the financial assets measured at amortized cost and on the creditor's debt investment measured at fair value through other comprehensive income. A financial asset becomes credit-impaired when one or more events that have an adverse impact on its expected future cash flows occur. Evidence of credit impairment of financial assets includes the following observable information:

- ◆ The issuer or the debtor is involved in serious financial difficulties;
- ◆ The debtor breaches the contract, such as default on or overdue repayment of interest or principal;
- ◆ The Company, for economic or contractual reasons relating to the debtor's financial difficulty, grants the debtor concessions that would not have been made in any other circumstances.
- ◆ There is a great possibility of bankruptcy or other financial restructuring of the debtor;
- ◆ The financial difficulties of the issuer or debtor result in the disappearance of the active market of such financial assets.

#### Presentation of provision for expected credit loss

In order to reflect the changes in the credit risk of financial instruments since the initial recognition, the Company remeasures the expected credit loss on each balance sheet date; the increased or reversed amount of the loss provision arising therefrom shall be included in the current profits and losses as impairment losses or gains. The loss provision of the financial assets measured at amortized cost is used to offset their book value presented in the balance sheet. For the debt investment measured at fair value with its changes included in other comprehensive income, the Company recognizes its loss provision in other comprehensive income, which will not offset the book value of the financial assets.

## Write-off

The Company writes down the book balance of the financial assets when it no longer reasonably expects that the contractual cash flow of the financial asset can be recovered in whole or in part. Such write-down constitutes the derecognition of related financial assets. This usually occurs when the Company determines that the debtor has no assets or sources of income that can generate sufficient cash flows to repay the amount to be written down. However, the written-down financial assets may still be affected by the execution activities according to the Company's procedures for recovering due amounts.

Any financial assets that have been previously written off and subsequently recovered are recognized as a reversal of impairment loss and recorded in the current period's income statement.

### (6) Transfer of financial assets

Transfer of financial assets refers to the assignment or delivery of financial assets to the party (transferee) other than the issuer of such financial assets.

The financial asset is derecognized if the Company has transferred substantially all the risks and rewards of ownership of a financial asset to the transferee. The financial asset is not derecognized if the Company has retained substantially all the risks and rewards of ownership of a financial asset.

If the Company neither transfers nor retains almost all risks and rewards of ownership of a financial asset, it shall deal with them as follows: if the control over the financial asset is waived, the financial asset shall be derecognized and the assets and liabilities incurred shall be recognized; if the control over the financial asset is not waived, the relevant financial asset shall be recognized to the extent that it continues to be involved in the transferred financial asset, and the relevant liabilities shall be recognized accordingly.

### (7) Offset of financial assets and financial liabilities

Financial assets and financial liabilities are presented in the balance sheet with the amount after offsetting each other when the Company has a legal right to offset the recognized financial assets and financial liabilities and the legal right can be exercised currently, and when the Company intends either to settle on a net basis, or to realize the financial assets and pay off the financial liabilities simultaneously. In other cases, financial assets and financial liabilities are presented separately in the balance sheet and are not offset against each other.

## 11 Notes receivable

Refer to 10 "Financial instruments" in V "Significant Accounting Policies and Accounting Estimates" of Section X - Financial Report.

## **12 Accounts receivable**

Refer to 10 "Financial instruments" in V "Significant Accounting Policies and Accounting Estimates" of Section X - Financial Report.

## **13 Receivables financing**

Refer to 10 "Financial instruments" in V "Significant Accounting Policies and Accounting Estimates" of Section X - Financial Report.

## **14 Other receivables**

For determination methods and accounting methods of expected credit losses of other receivables,

Refer to 10 "Financial instruments" in V "Significant Accounting Policies and Accounting Estimates" of Section X - Financial Report.

## **15 Inventories**

### **(1) Classification of inventories**

The inventories of the Company are divided into raw materials, self-made semi-finished products and goods in process, goods in stock, revolving materials, etc.

### **(2) Valuation method for inventories sent out**

The Company's inventories are accounted for at the planned cost when acquired. The difference between the planned cost and the actual cost is accounted for through the cost variance account, and the cost variance that should be borne by the inventories sent out is carried forward on schedule to adjust the planned cost to the actual cost.

### **(3) Basis for determining the inventory's net realizable value and method for provision for decline in the value of inventories**

The net realizable value of inventories is the amount obtained by deducting the estimated costs to be incurred until completion, estimated sales expenses and relevant taxes from the estimated selling price of inventories. The net realizable value of inventories is determined based on the unambiguous evidence obtained as well as the consideration of the purpose of holding inventories and the impact of events after the balance sheet date.

If the inventory cost is higher than its net realizable value on the balance sheet date, provision for inventory falling price shall be made. The Company usually makes the provision for inventory falling price based on an

individual inventory item. On the balance sheet date, if the factors affecting the previous write-down of inventory value have disappeared, the inventory falling price reserves shall be reversed within the amount originally provided for.

(4) Inventory system

The Company adopts the perpetual inventory system.

(5) Amortization method for low-value consumables and packaging materials

Low-value consumables and packaging materials of the Company are amortized by one-off write-off method when acquired.

## 16 Contract assets

The Company presents the contract assets or contract liabilities in the balance sheet according to the relationship between the performance obligations and the customer's payment. The Company presents the contract assets and liabilities under the same contract on a net basis after offsetting each other.

A contractual asset refers to a right to receive consideration for goods or services that have been transferred to a customer, and the right depends on factors other than the passage of time.

For the determination method and accounting method of the Company for the expected credit loss of the contract assets, refer to 10 "Financial instruments" in V "Significant Accounting Policies and Accounting Estimates" of Section X - Financial Report.

## 17 Contract cost

The contract cost includes the incremental cost incurred for obtaining a contract and the contract performance cost.

Incremental costs incurred for obtaining a contract refer to the costs (such as sales commissions) that would not have occurred if the Company had not obtained the contract. If the cost is expected to be recovered, the Company recognizes it as a contract acquisition cost and an asset. Other expenditures incurred by the Company for obtaining contracts other than incremental costs that are expected to be recovered are included in current profits and losses when incurred.

If the cost incurred for contract performance is not within the scope of other accounting standards for business enterprises such as inventories and meets the following conditions at the same time, the Company recognizes it as an asset for the contract performance cost:

- ① This cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs explicitly borne by the customer and other costs incurred only by the Contract;
- ② This cost increases the Company's resources for performing the performance obligations in the future;
- ③ This cost is expected to be recovered.

Assets recognized as contract acquisition costs and that recognized as contract performance costs (hereinafter referred to as "assets related to contract costs") are amortized on the same basis as revenue recognition of goods or services related to the assets and are included in current profits and losses.

When the book value of the assets related to the contract cost is higher than the difference between the following two items, the Company will make provision for the impairment of the excess and recognize it as the asset impairment loss:

- ① The residual consideration expected to be obtained by the Company from the transfer of goods or services related to the asset;
- ② The estimated costs to be incurred for the transfer of relevant goods or services.

The contract performance cost recognized as an asset shall be listed in the "inventory" item if its amortization period does not exceed one year or a normal operating cycle at initial recognition, and shall be listed in the "other non-current assets" item if its amortization period exceeds one year or a normal operating cycle at initial recognition.

The contract acquisition cost recognized as an asset shall be listed in the item "Other current assets" if the amortization period at the time of initial recognition is not more than one year or one normal operating cycle, and listed in the item "Other non-current assets" if the amortization period at the time of initial recognition is more than one year or one normal operating cycle.

## **18 Held-for-sale assets**

### **(1) Classification and measurement of held-for-sale non-current assets or disposal groups**

The non-current asset or disposal group is classified as the held-for-sale asset if the Company recovers its book value mainly by selling (including the exchange of non-monetary assets of commercial nature) rather than continuously using the non-current asset or disposal group.

The above non-current assets do not include investment properties subsequently measured at fair value, biological assets measured at the net amount of fair value minus selling expenses, assets formed by employee compensation, financial assets, deferred income tax assets and rights arising from insurance contracts.

Disposal group refers to a group of assets that are disposed together by sale or other means as a whole in a transaction, and liabilities directly related to these assets transferred in the transaction. Under specific circumstances, the disposal group includes goodwill acquired in business combination.

Non-current assets or disposal groups that meet all the following conditions are classified as the held-for-sale assets: The non-current assets or disposal groups can be sold immediately under current conditions according to the practice of selling such assets or disposal groups in similar transactions; they are extremely likely to be sold, i.e. a resolution has been made on a sales plan and a certain purchase commitment has been obtained, and the sales are expected to be completed within one year. The overall investment to subsidiaries is classified as held-for-sale assets in individual financial statements, and all assets and liabilities of subsidiaries are classified as the held-for-sale assets in consolidated financial statements when the investment to subsidiaries meets the conditions for the held-for-sale assets if the Company loses control over its subsidiaries due to reasons such as the sales of investment to subsidiaries, whether the Company reserves some of its equity investments after the sales or not.

The difference between the book value and the net amount obtained by deducting the selling expenses from the fair value is recognized as the asset impairment loss when the held-for-sale non-current assets or disposal groups are measured initially or re-measured on the balance sheet date. The asset impairment loss recognized by the held-for-sale disposal group deducts the book value of the goodwill in the disposal group, and then deducts the book value of each non-current asset in the disposal group based on its proportion.

The previous write-down amount is recovered and reversed from the asset impairment losses recognized after being classified as the held-for-sale assets, and the reversed amount is included in the current profits and losses if the net amount obtained by deducting the selling expenses from the fair value of held-for-sale non-current assets or disposal groups on the subsequent balance sheet date increases. The book value of goodwill that has been deducted shall not be reversed.

Held-for-sale non-current assets and assets in the held-for-sale disposal group are not depreciated or amortized. The interest on liabilities and other expenses in the held-for-sale disposal group are recognized continuously. For all or part of the investments of held-for-sale associated enterprises or joint ventures, the held-for-sale part will not be accounted for with equity method, and the retained part (not classified as the held-for-sale asset) will be accounted for continuously with the equity method. The equity method will not be used any more when the Company has no significant influence on associated enterprises and joint ventures due to sales.

For a non-current asset or disposal group that is classified as the held-for-sale asset but later no longer meets the conditions for the held-for-sale asset, the Company will cease to classify it as the held-for-sale asset and measure it based on the lower of the following two amounts:

- ① The amount of the book value of the asset or disposal group before being classified as the held-for-sale asset after adjustment based on depreciation, amortization or impairment that should have been recognized had it not been classified as the held-for-sale asset;
- ② Recoverable amount.

## (2) Presentation

In the balance sheet, the Company presents the held-for-sale non-current assets or the assets in the held-for-sale disposal group as the "held-for-sale assets", and presents the liabilities in the held-for-sale disposal group as the "held-for-sale liabilities".

The Company presents the profits and losses from continuing operations and discontinued operations separately in the profit statement. For non-current assets or disposal groups held for sale that do not meet the definition of discontinued operation, their impairment losses, reversed amounts and disposal gains and losses are presented as profits and losses from continuing operations. Operating profits and losses such as impairment losses and reversed amounts of discontinued operations and disposal gains and losses are presented as profits and losses from discontinued operations.

Disposal groups that are intended to be discontinued rather than sold and meet the conditions of relevant components in the definition of discontinued operation are presented as discontinued operations from the date of discontinuance.

For discontinued operations presented in the current period, the information originally presented as profits or losses from continuing operations in the current financial statements is re-presented as profits or losses from discontinued operations in comparable accounting period. If the discontinued operation no longer meets the conditions for the classification of held-for-sale assets, the information originally presented as profits or losses from discontinued operations in the current financial statements is re-presented as profits or losses from continuing operations in comparable accounting period.

## **19 Long-term receivables**

Refer to 10 "Financial instruments" in V "Significant Accounting Policies and Accounting Estimates" of Section X - Financial Report.

## 20 Long-term equity investments

Long-term equity investments include equity investments to subsidiaries, joint ventures and associated enterprises. The investee which may be subject to significant influence of the Company is an associated enterprise of the Company.

### (1) Recognition of initial investment cost

Long-term equity investments acquired from the business combination: For the long-term equity investment acquired from the business combination under common control, the investment cost refers to the share of the book value of the owner's equity of the combined party in the consolidated financial statements of the ultimate controlling party on the combination date; for the long-term equity investment acquired from the business combination under different control, the investment cost refers to the combination cost.

For long-term equity investments acquired by other methods: For those acquired with cash payment, the actual purchase price shall be recognized as the initial investment cost; for those acquired through the issuance of equity securities, the fair value of issued equity securities shall be recognized as the initial investment cost.

### (2) Subsequent measurement and recognition of profit or loss

Investments to subsidiaries are accounted for with the cost method unless the investment meets the conditions for held-for-sale; investments to associated enterprises and joint ventures are accounted for with the equity method.

For long-term equity investments calculated by cost method, except for the declared but not yet released cash dividends or profits included in the actual price or consideration paid when the investment is acquired, the distributed cash dividends or profits declared by the investee shall be recognized as investment income and included in current profits and losses.

For the long-term equity investments accounted for with the equity method, the investment cost is not adjusted if the initial investment cost exceeds the share of the fair value of the investee's identifiable net assets at the time of the investment; the book value of the long-term equity investment is adjusted and the difference is included in the current profits and losses if the initial investment cost is less than the share of fair value of the investee's identifiable net assets at the time of the investment.

For accounting with the equity method, the investment income and other comprehensive income shall be recognized respectively according to the share of the net profits and losses and other comprehensive income realized by the investee that shall be enjoyed or shared. Meanwhile, the book value of the long-term equity investments shall be adjusted. The part of due share shall be calculated according to the distributed profit or

cash dividend declared by the investee, and the book value of the long-term equity investment shall be reduced accordingly. For other changes in owners' equity of the investee except net profit and loss, other comprehensive income and profit distribution, the book value of long-term equity investment shall be adjusted and included in capital reserve (other capital reserve). The Company recognizes its share of the investee's net profits or losses based on the fair values of the investee's individual separately identifiable assets at the time of acquisition, after making appropriate adjustments thereto in conformity with the accounting policies and accounting periods of the Company.

The sum of the fair value of the original equity and the new investment cost is taken as the initial investment cost calculated with the equity method on the date of conversion if it is possible to exert significant influence on or implement joint control but not constitute control over the investee due to additional investment or other reasons. The cumulative changes in fair value originally included in other comprehensive income related to the original equity are transferred to retained earnings when the equity method is adopted if the original equity is classified as a non-trading equity instrument measured at fair value through other comprehensive income.

In case that the Company loses joint control of or the significant influence on the investee due to the disposal of part of the equity investment, the residual equity after the disposal is accounted for in accordance with the *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments* on the date of losing the joint control or significant influence, and the difference between the fair value and the book value is included in the current profits and losses. Other comprehensive income recognized from the original equity investment accounted with the equity method shall be accounted for on the same basis as the direct disposal of relevant assets or liabilities of the investee when the equity method is terminated. Other changes in owner's equity related to the original equity investment shall be transferred into current profit and loss.

In case that the Company loses the right of control over the investee due to disposal of partial equity investment or other reasons, the equity method is applied, and it is deemed that the residual equity is adjusted with equity method from the time of acquisition if the residual equity after disposal can exert joint control over or significant influence on the investee; the accounting is carried out according to the *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*, and the difference between the fair value and the book value on the date of losing control is included in the current profits and losses if the residual equity after disposal cannot exert joint control over or significant influence on the investee.

If the shareholding ratio of the Company decreases due to capital increase by other investors, resulting in loss of control but joint control over or significant influence on the investee, the Company's share of net assets increased due to capital increase and share expansion of the investee shall be recognized according to the new

shareholding ratio, and the difference from the original book value of long-term equity investment corresponding to the decrease in shareholding ratio that shall be carried forward shall be included in current profits and losses. Then, adjustments are made based on the new shareholding ratio with the equity method as if it had been used since the acquisition of the investment.

Unrealized gains and losses from internal transactions between the Company and its associated enterprises and joint ventures that are attributable to the Company are calculated based on the shareholding ratio, and investment profits and losses are recognized based on the offsetting of that portion. However, the unrealized loss from internal transactions incurred between the Company and its investee is not offset if it belongs to impairment loss from assets transferred.

### (3) Basis for determining joint control and significant influence on the investee

Joint control refers to the control over certain arrangement under related agreements, and related activities of the arrangement can only be determined with the unanimous consent of the parties sharing the control. During the judgment of joint control, it is required to determine whether the arrangement is controlled collectively by all participants or combinations of participants, and then determine whether decisions on activities related to the arrangement must be made with the unanimous consent of those participants who collectively control the arrangement. It is deemed that all participants or a group of participants collectively control the arrangement if related activities of an arrangement can be decided only with the concerted action of all participants or a group of participants. If there are two or more combinations of parties that can collectively control an arrangement, this situation does not constitute joint control. For the determination of whether there is joint control, protective rights are not taken into account.

Significant influence refers to the power of the investor to participate in making decisions on the financial and operating policies of the investee, but cannot control or jointly control with other parties over the preparation of these policies. The possibility of exerting significant influence on the investee is determined by considering the influence of the voting shares of the investee directly or indirectly held by the investor and the influence when it is assumed that the potential voting rights executable for the current period held by the investor and other parties are converted into the equity of the investee, including the influence of the warrants, stock options and corporate bonds which can be converted in the current period issued by the investee.

It is generally considered that the Company has a significant influence on the investee when the Company owns more than 20% (including 20%) but less than 50% of the voting shares of the investee directly or indirectly through subsidiaries unless there is clear evidence that it cannot participate in the production and operation decisions of the investee under such circumstances, in which case it has no significant influence. It is generally not considered that the Company has a significant influence on the investee when the Company owns less than

20% (exclusive) of the voting shares of the investee unless there is clear evidence that it can participate in the production and operation decisions of the investee under such circumstances, in which case it has significant influence.

(4) Impairment test method and impairment provision methods

For investments to subsidiaries, associated enterprises and joint ventures, the method of provision for asset impairment is described in 38 "Others" in V "Significant Accounting Policies and Accounting Estimates" of Section X - Financial Report.

## **21 Investment properties**

Measurement mode of investment properties: cost method

Depreciation or amortization method

Investment properties refer to the properties held for earning rent or capital appreciation, or both. Investment properties of the Company include the land use rights that have already been rented, the land use rights held for transfer after appreciation, and the buildings that have been rented.

Investment properties of the Company are initially measured as per the price upon acquisition and depreciated or amortized on schedule as per relevant provisions on fixed assets or intangible assets.

For the investment properties subsequently measured at the cost mode, refer to 38 "Others" in V "Significant Accounting Policies and Accounting Estimates" of Section X - Financial Report for the method of provision for asset impairment.

The disposal income from the sale, transfer, retirement or damage of investment properties shall be included in current profits and losses after deducting its book value and relevant taxes.

## **22 Fixed assets**

### **(1) Recognition conditions**

Fixed assets of the Company refer to the tangible assets held for the production of goods, rendering of services, the renting or operation and management, with a service life exceeding one accounting year.

The fixed assets can be recognized only when the economic benefits related to such fixed assets are likely to flow into the enterprise and the cost of such fixed assets can be measured reliably.

Fixed assets of the Company are initially measured at the actual cost upon acquisition.

Subsequent expenditures related to fixed assets are included in the cost of fixed assets when the related economic benefits are likely to flow into the Company and the costs can be reliably measured. The daily repair

costs of fixed assets that do not meet the conditions for the subsequent expenditure of fixed assets capitalization are included in the current profits and losses or the costs of relevant assets based on the beneficiaries at the time of occurrence. For the replaced part, its book value is derecognized.

## (2) Depreciation method

Category	Depreciation Method	Depreciation Period	Residual Rate	Annual Depreciation Rate
Houses and buildings	Straight-line method	20 years	3-5	4.85-4.75
Machinery equipment	Straight-line method	10 years	0-3	10.00-9.70
Transportation equipment	Straight-line method	4-10 years	0-5	25.00-9.50
Electronic equipment	Straight-line method	3 years	0-5	33.33-31.67
Office equipment	Straight-line method	3-5 years	3-5	32.33-19.00
Others	Straight-line method	4-10 years	0-5	24.25-9.50

The Company uses the straight-line method for depreciation. The depreciation of fixed assets starts when they reach the expected serviceable condition and stops when they are derecognized or classified as non-current assets held for sale. Without considering the impairment provision, the Company determines the annual depreciation rate of various fixed assets according to their categories, expected service life and estimated residual value. For fixed assets with impairment provision, the accumulated amount of impairment provision of fixed assets shall also be deducted to calculate and determine the depreciation rate.

① For the impairment test methods and impairment provision methods of fixed assets, refer to 38 "Others" in V "Significant Accounting Policies and Accounting Estimates" of Section X - Financial Report.

② The Company reviews the service life, expected net residual value, and depreciation method of fixed assets at the end of each year.

The service life of fixed assets shall be adjusted if the expected service life is different from the original estimate, and the estimated net residual value shall be adjusted if the estimated net residual value is different from the original estimate.

③ Disposal of fixed assets

Fixed assets are derecognized when they are disposed of or no economic benefits can be expected from their use or disposal. The disposal income from the sale, transfer, retirement or damage of fixed assets shall be included in current profits and losses after deducting its book value and relevant taxes.

## 23 Construction in progress

The cost of construction in progress of the Company is recognized according to the actual construction expenditures, including various necessary construction expenditures incurred during the construction period, borrowing costs that shall be capitalized before the construction reaches the expected condition for its intended use, and other relevant expenses.

Construction in progress is transferred to fixed assets when it is ready for its intended use.

For the method of provision for asset impairment of construction in progress, refer to 38 "Others" in V "Significant Accounting Policies and Accounting Estimates" of Section X - Financial Report.

## 24 Right-of-use assets

### (1) Recognition conditions for right-of-use assets

Right-of-use assets refer to the right of the Company, as the lessee, to use the leasing assets within the lease term.

At the commencement date of the lease term, the right-of-use assets are initially measured at cost. This cost includes the initial measurement amount of lease liabilities, lease payments made on or before the lease commencement date, from which any lease incentives enjoyed (if any) needed to be deducted, initial direct costs incurred by the Company as a lessee, and the estimated costs expected to be incurred by the Company as a lessee for dismantling and removing the leased asset, restoring the leased asset's site, or restoring the leased asset to the contractual conditions as stipulated in the lease agreement. The Company, as the lessee, recognizes and measures the cost of demolition and restoration in accordance with the *Accounting Standards for Business Enterprises No. 13 - Contingencies*. Subsequent adjustments are made for any remeasurement of the lease liabilities.

### (2) Depreciation method of right-of-use assets

The Company uses the straight-line method for depreciation. If the Company, as the lessee, can reasonably confirm that it obtains the ownership of the leasing assets at the expiration of the lease term, the depreciation shall be drawn within the remaining service life of the leasing assets. In case of a failure to determine the ownership of the leased assets reasonably at the end of the lease period, the depreciation shall be drawn within the lease term or the remaining service life of leasing assets, whichever is shorter.

(3) The impairment test method and drawing method for impairment provision of right-of-use assets are described in 38 "Others" in V "Significant Accounting Policies and Accounting Estimates" of Section X - Financial Report.

## 25. Intangible assets

### (1) Valuation method, service life and impairment test

Intangible assets of the Company include land use rights, software, non-patented technologies, etc.

Intangible assets are initially measured at cost and their service life is analyzed and judged at the time of acquisition. Where the service life is limited, the intangible asset is amortized over its expected service life, from the time it is available, with an amortization method that reflects the expected realization of the economic benefits associated with the asset. The straight-line method is adopted for amortization if the expected realization mode cannot be determined reliably. Intangible assets with uncertain service life are not amortized.

The amortization method for intangible assets with limited service life is as follows:

Category	Service Life	Amortization Method	Remarks
Land use right	50 years	Straight-line method	
Software	2-10 years	Straight-line method	
Non-patented technology	5-10 years	Straight-line method	

The Company reviews the service life and amortization method of intangible assets with limited service life at the end of each year. If it is different from the previous estimate, the original estimate shall be adjusted and treated as a change in accounting estimates.

The book value of an intangible asset is transferred into the current profits and losses in full if it is expected that the asset cannot bring economic benefits to the enterprise in the future on the balance sheet date.

For the method of provision for asset impairment of the intangible assets, refer to 38 "Others" in V "Significant Accounting Policies and Accounting Estimates" of Section X - Financial Report.

### (2) Accounting policies for expenditures on internal research and development

The Company divides the expenditures of internal research and development projects into expenditures at the research stage and expenditures at the development stage.

The expenditures at the research stage are included in current profits and losses when incurred.

Expenditures at the development stage can be capitalized only when the following conditions are met simultaneously, namely, it is technically feasible to complete the intangible assets so that they can be used or sold; there is an intention to complete the intangible assets and use or sell them; the ways for intangible assets to generate economic benefits include proving that there is a market for the products produced by using the intangible assets or the intangible assets themselves, and proving their usefulness if they are to be used internally; there are sufficient technical, financial and other resources to support the development of the intangible assets and the ability to use or sell the intangible assets; the expenditure at the development stage of the intangible assets can be measured reliably. The development expenditures failing to meet the above conditions are included in current profits and losses when they occur.

The R&D projects of the Company enter the development stage after project approval by meeting the above conditions and passing the technical feasibility and economic feasibility study.

The capitalized expenditures at the development stage are presented as development expenditures on the balance sheet and are transferred into intangible assets from the date when the project realizes its intended use.

## **26. Impairment of long-term assets**

The asset impairment of long-term equity investment to subsidiaries, associated enterprises and joint ventures, investment real estates subsequently measured by cost model, fixed assets, project under construction, right-of-use assets, intangible assets, etc. (except for inventories, deferred income tax assets and financial assets) is determined with the following methods:

The Company judges whether there is a sign of impairment to assets on the balance sheet date. If such a sign exists, the Company estimates the recoverable amount and conducts the impairment test. Impairment tests shall be carried out every year on goodwill resulting from business mergers, intangible assets with uncertain service life and intangible assets that are not available no matter whether there is any sign of impairment.

The recoverable amount is the net amount of the fair value of the assets after deducting the disposal expenses or the present value of the expected future cash flow of the assets, whichever is higher. The Company estimates the recoverable amount based on a single asset. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group shall be determined based on the asset group to which the asset belongs. An asset group is determined based on the fact that the main cash inflows generated by the asset group are independent of the cash inflows of other assets or asset groups.

When the recoverable amount of an asset or asset group is lower than its book value, the Company writes down its book value to the recoverable amount, and the write-down amount is included in current profits and losses, and the corresponding impairment provision of assets is made at the same time.

For the impairment test of goodwill, the book value of goodwill resulting from business merger is amortized to relevant asset groups with reasonable methods from the acquisition date, or amortized to relevant asset group portfolio if it is difficult to amortize it to relevant asset groups. Relevant asset groups or portfolios of asset groups are those that can benefit from the synergies of business merger and are not greater than the reporting segment determined by the Company.

If there is any sign of impairment in the asset group or portfolio of asset groups related to goodwill during the impairment test, the impairment test shall be carried out on the asset group or portfolio of asset groups not including goodwill, and the recoverable amount shall be calculated to determine the corresponding impairment loss. Then, an impairment test is carried out on the asset group or portfolio of asset groups including goodwill to compare its book value and recoverable amount, and determine the impairment loss of goodwill if the recoverable amount is lower than the book value.

Once the impairment loss of assets is determined, it will never be reversed in subsequent accounting periods.

## **27. Long-term deferred expenses**

Long-term unamortized expenses of the Company shall be valued as per actual cost and averagely amortized as per the expected benefit period. The amortized value of the long-term deferred expenses that cannot benefit the future accounting period is included in the current profits and losses.

## **28. Contract liabilities**

The Company presents the contract assets or contract liabilities in the balance sheet according to the relationship between the performance obligations and the customer's payment. The Company presents the contract assets and liabilities under the same contract on a net basis after offsetting each other.

Contractual liability refers to an obligation to transfer goods or services to a customer for which customer consideration has been received or receivable, such as payments received by an enterprise prior to the transfer of promised goods or services.

## **29. Employee compensation**

### **(1) Accounting method of short-term compensation**

Employee compensation refers to various forms of remuneration or compensation given by enterprises to obtain services provided by employees or to terminate labor relations. Employee compensation includes short-term compensation, post-employment benefits, dismissal benefits and other long-term employee benefits. The

benefits provided by the enterprise to employees' spouses, children, dependents, survivors of deceased employees and other beneficiaries also belong to employee compensation.

According to liquidity, employee compensation is listed in the "employee compensation payable" and "long-term employee compensation payable" items of the balance sheet.

#### Short-term compensation

In the accounting period when employees provide services, the Company recognizes the employee wages, bonuses, social security contributions according to regulations such as medical insurance, work injury insurance and maternity insurance as well as housing funds as liability, and includes them in current profits and losses or relevant asset costs.

## **(2) Accounting method of post-employment benefits**

The post-employment benefit plan includes defined contribution plan and defined benefit plan. The defined contribution plan refers to the post-employment benefit plan that the enterprise will no longer bear the payment obligation after paying fixed fees to independent funds. The defined benefit plan refers to the post-employment benefit plan other than the defined contribution plan.

#### Defined contribution plan

The defined contribution plan includes basic pension insurance, unemployment insurance and enterprise annuity plan.

In the accounting period when employees provide services, the Company recognizes the amount payable to a defined contribution plan as a liability, and includes it in the current profit or loss or relevant asset cost.

#### Defined benefit plan

The defined benefit plan shows that an actuarial valuation is performed by an independent actuary on the annual balance sheet date, and the benefit cost is determined with the expected cumulative benefit unit method. The Company recognizes the following components of employee benefits cost arising from defined benefit plans:

① Service costs include current service costs, past service costs and settlement gains or losses. Among them, the current service cost refers to the increase in the present value of the defined benefit plan obligations due to the provision of services by employees in the current period; the past service cost refers to the increase or decrease in the present value of the defined benefit plan obligations related to the employee services in the previous period due to the modification of the defined benefit plan.

- ② Net interest on net liabilities or assets of defined benefit plans, including interest income of plan assets, interest expense of defined benefit plan obligations and interest affected by asset ceiling.
- ③ Changes arising from remeasurement of net liabilities or net assets of defined benefit plans.

The Company includes the above items ① and ② in the current profits and losses, unless other accounting standards require or allow the cost of employee benefits to be included in the cost of assets; item ③ is included in other comprehensive income and will not be reversed back to profit or loss in subsequent accounting periods, and the part originally included in other comprehensive income within the equity scope is carried forward to undistributed profit when the original defined benefit plan terminates.

### **(3) Accounting method of dismissal welfare**

When the Company provides dismissal welfare to employees, the liabilities of the employee compensation arising from dismissal welfare are recognized at the earlier of the following two dates and included in the current profit or loss: the Company cannot unilaterally provide the dismissal welfare provided due to the labor relation termination plan or the layoff suggestions; the Company recognizes the costs or expenses related to the restructuring of termination benefits payment.

If the early retirement plan is implemented, the economic compensation before the official retirement date belongs to dismissal welfare. The wages proposed to be paid to the early retired employee and the social insurance premiums to be paid are included in the current profits and losses in a lump sum from the date when the employee stops providing services to the normal retirement date. Economic compensation after the official retirement date (such as normal pension) belongs to post-employment benefits.

### **(4) Accounting method of other long-term employee benefits**

Other long-term employee benefits provided by the Company to the employees satisfying the conditions for classifying as a defined contributions plan are accounted for in accordance with the above requirements relating to defined contribution plan. The benefits that meet the requirements of the defined benefit plan are treated in accordance with the provisions of the plan. However, the "changes caused by remeasurement of net liabilities or net assets of the defined benefit plan" in relevant employee compensation costs are included in current profits and losses or relevant asset costs.

## **30. Lease liabilities**

Refer to 24 "Right-of-use Assets" in V "Significant Accounting Policies and Accounting Estimates" of Section X - Financial Report.

### **31. Estimated liabilities**

The Company recognizes the obligations related to contingencies as estimated liabilities if they meet all of the following conditions:

- (1) The obligation is the current obligation of the Company;
- (2) Performance of this obligation will probably cause an outflow of economic interest of the Company;
- (3) The amount of such obligation can be measured reliably.

Expected liabilities are initially measured at the optimal estimate required to perform the relevant current obligation, in comprehensive consideration of the risks, uncertainty, time value of money, and other factors pertinent to the Contingencies. The best estimate is determined by discounting the relevant future cash outflow if the time value of money has a significant impact. At the balance sheet date, the book value of the estimated liabilities is reviewed and adjusted by the Company to reflect the current best estimate.

If all or part of the expenditures necessary for clearing off the recognized provisions are expected to be compensated by a third party or any other party, the amount of compensation shall be recognized as assets separately only when it is basically sure that the amount can be obtained. The recognized amount of compensation shall not exceed the book value of recognized liabilities.

### **32. Share-based payment**

- (1) Types of share-based payment

The share-based payments of the Company are divided into equity-settled share-based payment and cash-settled share-based payment.

- (2) Determination methods for fair value of equity instruments

The Company recognizes the fair value of equity instruments such as granted options with an active market according to the quotation of the active market. The Company recognizes the fair value of equity instruments such as granted options without active market by using the option pricing model. The following factors are considered in the selected option pricing model: A. exercise price of options; B. validity period of options; C. current price of underlying shares; D. expected fluctuation ratio of stock price; E. expected dividends of shares; F. risk-free interest rate within the validity period of options.

- (3) Basis for determining the optimal estimate of vested equity instruments

The Company makes the optimal estimate based on the latest follow-up information such as changes in the number of vesting employees and corrects the expected number of vested equity instruments on each balance

sheet date within the vesting period. On the vesting date, the final estimated number of vested equity instruments shall be consistent with the number of actual vested equity instruments.

(4) Accounting treatment related to implementation, modification and termination of share-based payment plan

Share-based payments settled by equity are measured at the fair value of the equity instruments granted to employees. Where the equity instrument can be vested immediately upon being granted, the share-based payment is included in relevant costs or expenses at the fair value of equity instrument on the granting date and the capital reserve shall be increased accordingly. Where the equity instrument can not be vested until the vesting period comes to an end or until the specified performance conditions are met, at each balance sheet date within the vesting period, the services obtained in the current period are, based on the optimal estimate of the number of vested equity instruments, included in relevant costs or expenses and capital reserve at the fair value specified on the granting date of equity instruments. After the vesting date, it shall make no adjustment to the relevant costs or expenses as well as the total amount of the owner's equities which have been confirmed.

Share-based payments settled by cash are measured at the fair value of liabilities recognized based on shares or other equity instruments assumed by the Company. Where the equity instrument can be vested immediately upon being granted, the payment shall be included in the relevant costs or expenses at the fair value of the liabilities assumed by the Company on the granting date, and the liabilities shall be increased accordingly. Where the share-based payment settled by cash cannot be vested until the vesting period comes to an end or until the specified performance conditions are met, on each balance sheet date within the vesting period, the services acquired in current period are, based on the optimal estimation of the vesting right, included in costs or expenses and corresponding liabilities at the fair value of the liabilities assumed by the Company. On each balance sheet date and the settlement date prior to the settlement of the relevant liabilities, the fair value of the liabilities shall be re-measured, with its changes included in the current profits and losses.

When the Company modifies the share-based payment plan, the increase in services obtained shall be recognized based on the increase (if any) in the fair value of equity instruments; if the quantity of granted equity instruments is increased, the fair value of the increased equity instruments shall be recognized accordingly as the increase in the services obtained. The increase in the fair value of equity instruments refers to the difference between the fair values of equity instruments before and after modification on the modification date. If the total fair value of share-based payment is reduced in the modification or the terms and conditions of the share-based payment plan are modified in other ways unfavorable to employees, the accounting treatment on acquired services shall continue as if the change has never occurred, unless the Company has canceled part or all of the granted equity instruments.

If, during the vesting period, the granted instruments are canceled (except for those canceled because of failure to meet the non-market conditions of the vesting conditions), the Company shall accelerate the vesting of the granted equity instruments, and immediately include the amount to be recognized in the remaining vesting period in the current profit and loss, and determine the capital reserve in the meantime. In the event that the employees or other parties can choose to meet the non-vesting conditions but fail to meet such conditions during the vesting period, the Company shall treat it as the cancellation of granted equity instruments.

### **33. Income**

Accounting policies adopted for income recognition and measurement

#### **(1) General principles**

The Company recognizes its income when it has fulfilled its performance obligations of the contract, i.e., the customer has obtained the control rights of the relevant goods or services.

If the contract contains two or more performance obligations, the Company shall, at the beginning date of the contract, apportion the transaction price to each performance obligation according to the relative proportion of the individual selling price of the goods or services promised by each performance obligation, and measure the income according to the transaction price apportioned to each performance obligation.

In case one of the following conditions is met, the Company will perform the performance obligations within a period of time. Otherwise, it will perform the performance obligations at a time point:

- ① The customer obtains and consumes the economic benefits brought by the performance of the contract by the Company at the same time.
- ② The customer can control the goods under construction during the Company's performance;
- ③ The goods produced during the performance of the Company are irreplaceable, and the Company has been entitled to receive payment for the performance accumulated so far throughout the term of the contract.

For the performance obligations performed within a certain period of time, the Company shall determine the income within that period according to the performance progress. If the performance progress cannot be reasonably confirmed, and the costs incurred by the Company can be expected to be compensated, the incomes shall be recognized according to the amount of costs incurred until the performance progress can be reasonably confirmed.

For performance obligations performed at a certain time point, the Company shall confirm the income at the time point when the customer gains control rights of the relevant goods or services. In determining whether a customer has obtained the control rights of the goods or services, the Company shall take the following signs into consideration:

- ① The Company enjoys the right to the current collection, i.e., the customer has the obligation to pay immediately with respect to the goods;
- ② The Company has transferred the legal ownership of the goods to the customer, i.e., the customer owns the legal ownership of the goods;
- ③ The Company has transferred the goods to the customer in kind, i.e., the customer has possessed the goods;
- ④ The Company has transferred the major risks and remuneration on the ownership of the goods to the customer, i.e., the customer has obtained the major risks and remuneration on the ownership of the goods.
- ⑤ The customer has accepted such goods or services.
- ⑥ Other signs indicate that the customer has obtained the right to control the goods.

The right of the Company to receive the consideration due to the transfer of goods or services to the customer (and the right depends on other factors than the passage of time) is taken as a contractual asset, and the contractual assets are impaired based on the expected credit losses (please refer to 10 "Financial Instruments" in V "Significant Accounting Policies and Accounting Estimates" of Section X "Financial Report"). The Company's unconditional (subject only to the passage of time) right to collect consideration from customers shall be presented as receivables. The Company's obligations to transfer goods or services to the customer due to customer consideration received or receivable shall be defined as contract liabilities.

Contract assets and contract liabilities under the same contract shall be presented in net amount. If the net amount is the debit balance, it shall be presented in the item of "contract assets" or "other non-current assets" according to its liquidity; if the net amount is the credit balance, it shall be presented in the item of "contract liabilities" or "other non-current liabilities" according to its liquidity.

## (2) Specific methods

The specific method for recognizing the sales income of the Company's vehicles and their accessories is as follows: When the vehicles and their accessories and other goods are transported to the customer and the customer has accepted the goods, the customer obtains the right to control over them, and the Company recognizes the income.

Differences in accounting policies for income recognition due to different business models for similar businesses: none

## 34. Government subsidies

The government subsidies shall be recognized when all the attached conditions can be satisfied and the government subsidies can be received.

The government subsidies considered as monetary assets are measured at the amount received or receivable. The government subsidies considered as non-monetary assets are measured based on the fair value, or the nominal amount of CNY 1 if the fair value cannot be acquired reliably.

Asset-related government subsidies refer to those obtained by the Company and used for acquiring or forming long-term assets in other ways; otherwise, they are regarded as income-related government subsidies.

For the government subsidies with the grant objects not expressly stipulated in the government documents, if they can be used to form long-term assets, the government subsidies corresponding to the asset value are deemed as the government subsidies related to assets while the rest is deemed as the one related to income; for the government subsidies that are difficult to differentiate, the government subsidies as a whole are deemed as income-related government subsidies.

Asset-related government subsidies are recognized as deferred income and included in profits or losses by stages with a reasonable and systematic method within the service life of related assets. For the income-related government subsidies, they shall be included in the current profit and loss if used to compensate for the incurred related costs or losses; if used to compensate for the related costs or losses during future periods, they shall be included in the deferred income, and included in the current profit and loss during the period when the related costs or losses are recognized. Government subsidies measured at the nominal amount are directly included in the current profit and loss. The Company adopts the same treatment for those transactions of similar government subsidies.

The government subsidies related to daily activities shall be included in other incomes based on the substance of business transactions. Government subsidies irrelevant to daily activities are included in non-business income.

If it is necessary to refund the government subsidies that have been recognized, the book value of the assets which has been offset at the time of initial recognition is adjusted; the book balance of the deferred income concerned (if any) is offset, and the excess is included in the current profits and losses; others are directly included in the current profits and losses.

### **35. Deferred income tax assets and deferred income tax liabilities**

Income tax includes current income tax and deferred income tax. The income tax shall be included in the current profit and loss as income tax expenses, except that the deferred income taxes related to the adjustment of goodwill due to business merger or the transactions or matters directly included in the owner's equity are included in the owner's equity.

The Company recognizes deferred income tax by the balance sheet liability method according to the temporary difference between the book value of assets and liabilities on the balance sheet date and the tax base.

Relevant deferred tax liabilities shall be recognized for each taxable temporary difference, unless the taxable temporary difference arises from the following transactions:

- (1) The initial recognition of goodwill or the initial recognition of assets or liabilities incurred in a transaction that is not a business merger and affects neither the accounting profit nor taxable income at the time of the transaction;
- (2) Concerning the taxable temporary difference related to the investment of subsidiaries, joint ventures and associated enterprises, the time of reversal of the temporary difference can be controlled and the temporary difference is unlikely to be reversed in the foreseeable future.

The Company recognizes a deferred tax asset for the carry-forward of deductible temporary differences, deductible losses and tax credits to subsequent periods, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, deductible losses and tax credits can be utilized, except for those incurred in the following transactions:

- (1) The transaction is not a business merger and affects neither the accounting profit nor taxable income at the time of the transaction;
- (2) Corresponding deferred tax assets are recognized if the deductible temporary difference associated with investments in subsidiaries, associated enterprises and joint ventures meets all of the following conditions: The temporary difference is likely to be reversed in the foreseeable future, and the taxable income which is used to deduct the deductible temporary difference is likely to be obtained in the future.

The Company measures the deferred tax assets and deferred income tax liabilities at the applicable tax rate during the expected period for recovering the assets or paying off the liabilities on the balance sheet date, and reflects the impact on income tax from assets recovery or liability settlement on the balance sheet date.

At the balance sheet date, the Company reviews the book value of a deferred tax asset. If it is likely that sufficient taxable profits will not be available in future periods to deduct the benefit of the deferred tax assets, the book value of the deferred tax assets is reduced. Any such write-down shall be subsequently reversed where it becomes probable that sufficient taxable income will be available.

## 36. Lease

### (1) Accounting method of operating leases

#### 1) Identification of lease

On the commencement date of the contract, the Company, as the lessee or lessor, evaluates whether the customer in the contract is entitled to obtain almost all economic benefits arising from the use of the identified assets during the use period, and is entitled to dominate the use of the identified assets during the use period. If one party to the contract abalienates the right to control the use of one or more identified assets within a certain period of time in exchange for consideration, the Company determines that the contract is a lease or includes a lease.

#### 2) The Company as the lessee

At the commencement of the lease term, the Company recognizes right-of-use assets and lease liabilities for all leases, except for simplified short-term leases and low-value asset leases.

For the accounting policies of the right-of-use assets, see 24 "Right-of-use Assets" in V "Significant Accounting Policies and Accounting Estimates" of Section X "Financial Report".

Lease liabilities shall be initially measured at the present value calculated by the interest rate implicit in lease according to the unpaid lease payment on the commencement date of the lease term. If the interest rate implicit in lease cannot be determined, the incremental borrowing rate shall be used as the discount rate. The lease payment includes: fixed payment and substantial fixed payment. If there is a lease incentive, the amount related to the lease incentive shall be deducted; variable lease payments depending on index or ratio; the exercise price of the purchase option, provided that the lessee reasonably determines that the option will be exercised; payments for exercising the option to terminate the lease, provided that the lease term reflects that the lessee will exercise the option to terminate the lease; and the amount expected to be paid according to the guaranteed residual value provided by the lessee. The interest expenses of the lease liabilities within each lease term shall be calculated subsequently according to the fixed periodic rate, and included in the current profits and losses. Variable lease payments not included in the measurement of lease liabilities are included in the current profits and losses when they actually occur.

#### Short-term lease

Short-term lease refers to the lease with a lease term of not more than 12 months on the commencement date of the lease term, except for the lease containing the purchase option.

The Company includes the lease payment for short-term lease into relevant asset costs or current profits and losses by the straight-line method at each period within the lease term.

For short-term lease, the Company selects the above simplified treatment method for the items meeting the short-term lease conditions in the following asset types according to the category of leased assets.

#### Low-value asset lease

Low-value asset lease refers to the lease in which the value of a single new leased asset is less than CNY 40,000.

The Company includes the payment of low-value asset lease into relevant asset costs or current profits and losses with the straight-line method in each period within the lease term.

For low-value asset leases, the Company selects the above simplified treatment method according to the specific conditions of each lease.

#### Lease change

If the lease changes and meets the following conditions at the same time, the Company takes the lease change as a separate lease for the accounting treatment: ① The lease change expands the lease scope by increasing the right to use one or more leased assets; and ② the increased consideration is equivalent to the amount by adjusting the separate price of the expanded lease scope according to the contract.

If the lease change is not taken as a separate lease for accounting treatment, the Company will, on the effective date of the lease change, reallocate the consideration of the changed contract, redetermine the lease term, and remeasure the lease liabilities according to the changed lease payment and the present value calculated by the revised discount rate.

If the lease scope is reduced or the lease term is shortened due to the lease change, the Company will correspondingly reduce the book value of right-of-use assets, and include relevant profits or losses of partial or complete termination of leasing in current profits and losses.

If the lease liabilities are remeasured due to the other lease changes, the Company shall adjust the book value of the right-of-use asset accordingly.

#### 3) The Company as the leaser

When the Company is the lessor, the lease that substantially transfers all risks and rewards related to the ownership of the assets is recognized as a finance lease, and other leases than finance leases are recognized as operating leases.

## Operating lease

Lease income from operating leases is included in current profits or losses by the Company as per the straight-line method over the lease term. The occurred initial direct cost related to the operating lease shall be capitalized, amortized within the lease term according to the same base with the recognition of rental income, and included in the current profits and losses by stages. The variable lease receipts obtained by the Company related to operating leases and not charged to the lease receipts shall be charged to the current profit and loss when they actually occur.

## Lease change

In case of any change in an operating lease, the Company carries out accounting treatment as it is a new lease since the effective date of the change, and the advance receipts and receivables related to the lease before the change are deemed as the receipts of the new lease.

If the financial lease changes and meets the following conditions, the Company takes the change as a separate lease for accounting treatment: ① The change expands the lease scope by increasing the right to use one or more leased assets; and ② the increased consideration is equivalent to the amount by adjusting the separate price of the expanded lease scope according to the contract.

If the change of finance lease is not taken as a separate lease for accounting treatment, the Company treats the changed lease under the following circumstances respectively: ① If the change takes effect on the commencement date of the lease and the lease is classified as an operating lease, the Company takes it as a new lease for accounting treatment from the effective date of the lease change, and takes the net investment in the lease before the effective date of the lease change as the book value of the leased asset; ② if the change takes effect on the commencement date of the lease and the lease is classified as a finance lease, the Company carries out accounting treatment in accordance with the provisions of the *ASBE No. 22 - Recognition and Measurement of Financial Instruments* on modifying or renegotiating the contract.

## **(2) Accounting method of finance leases**

In financial lease, at the commencement of the lease term, the Company takes the net investment in a lease as the entry value of the finance lease receivables, and the net investment in a lease is the sum of the unguaranteed residual value and the present value of the lease receipts not yet received at the commencement of the lease term discounted at the interest rate implicit in lease. The Company, as the lessor, calculates and recognizes interest income in each lease term at a fixed periodic rate. The variable lease payment obtained by the Company as the lessor and not included in the measurement of net lease investment is included in the current profits and losses when it actually occurs.

Derecognition and impairment of finance lease receivables are accounted for according to the *ASBE No. 22 - Recognition and Measurement of Financial Instruments* and the *ASBE No. 23 - Transfer of Financial Assets*.

### **37. Changes in significant accounting policies and accounting estimates**

#### **(1) Change in significant accounting policies**

Applicable  Not applicable

#### **(2) Change in significant accounting estimates**

Applicable  Not applicable

#### **(3) Adjustment of relevant items in the financial statements at the beginning of the year after the first implementation of the new accounting standards since 2023**

Applicable  Not applicable

### **38. Others**

#### **(1) Fair value measurement**

Fair value refers to the price to be received for sale of an asset or to be paid for the transfer of liability by market participants in the orderly transaction on the measurement date.

The Company measures related assets or liabilities at fair value, assuming that the sale of an asset or the transfer of liability is conducted in major markets for relevant assets or liabilities in an orderly transaction. If the major market is not provided, the transaction shall be assumed to be performed in the most favorable market for relevant assets or liabilities. Major markets (or most favorable markets) are the markets where the Company can enter on the measurement date. The Company uses the assumptions used by market participants to maximize their economic benefits when they price the asset or liability.

Fair value of financial assets or financial liabilities with the active market is determined based on quotations in the active market by the Company. Fair value of financial instrument without an active market is determined through valuation techniques.

When non-financial assets are measured at fair value, it is required to consider the ability of market participants to use the asset for optimal purposes to produce economic benefits, or to sell the asset to other market participants that can use such assets for optimal purposes to produce economic benefits.

The Company shall adopt the estimation technique that is applicable in the current conditions and is supported sufficiently by available data and other information. The relevant observable input values shall be used in

priority during the application of estimation technique. Only when relevant observable value cannot be obtained or can be obtained but is not feasible, the unobservable input value can be used.

For assets and liabilities measured or disclosed at fair value in the financial statements, the level to which the fair value belongs is determined according to the lowest level input value that is of significance for the whole fair value measurement: The input value for the first level refers to the unadjusted quotation of the same assets or liabilities in the active market that can be obtained on the measurement date; the input value for the second level refers to the input value that can be directly or indirectly observed for relevant assets or liabilities other than that for the first level; and the input value for the third level refers to the input value that cannot be observed for relevant assets or liabilities.

The Company reassesses the assets and liabilities successively measured at fair value recognized in financial statements on each balance sheet date to determine the transition among fair value measurement levels.

## (2) Contract cost

The contract cost includes the incremental cost incurred for obtaining a contract and the contract performance cost.

Incremental costs incurred for obtaining a contract refer to the costs (such as sales commissions) that would not have occurred if the Company had not obtained the contract. If the cost is expected to be recovered, the Company recognizes it as a contract acquisition cost and an asset. Other expenditures incurred by the Company for obtaining contracts other than incremental costs that are expected to be recovered are included in current profits and losses when incurred.

If the cost incurred for contract performance is not within the scope of other accounting standards for business enterprises such as inventories and meets the following conditions at the same time, the Company recognizes it as an asset for the contract performance cost:

- ① The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing costs (or similar costs), the costs clearly borne by the customer, and other costs incurred only by the Contract;
- ② This cost increases the Company's resources for performing the performance obligations in the future;
- ③ This cost is expected to be recovered.

Assets recognized as contract acquisition costs and that recognized as contract performance costs (hereinafter referred to as "assets related to contract costs") are amortized on the same basis as revenue recognition of goods or services related to the assets and are included in current profits and losses. If the amortization period does not exceed one year, it shall be included in the current profits and losses when it occurs.

When the book value of the assets related to the contract cost is higher than the difference between the following two items, the Company will make provision for the impairment of the excess and recognize it as the asset impairment loss:

- ① The residual consideration expected to be obtained by the Company from the transfer of goods or services related to the asset;
- ② The estimated costs to be incurred for the transfer of relevant goods or services.

The contract performance cost recognized as an asset shall be listed in the "inventory" item if its amortization period does not exceed one year or a normal operating cycle at initial recognition, and shall be listed in the "other non-current assets" item if its amortization period exceeds one year or a normal operating cycle at initial recognition.

The contract acquisition cost recognized as an asset shall be listed in the item "Other current assets" if the amortization period at the time of initial recognition is not more than one year or one normal operating cycle, and listed in the item "Other non-current assets" if the amortization period at the time of initial recognition is more than one year or one normal operating cycle.

### (3) Work safety cost and maintenance & renovation cost

The Company withdraws the work safety cost month by month in an average manner by taking the method of excess regression based on the actual operating income of the previous year according to the provisions of CZ [2022] No. 136 document. The specific standards are as follows:

For the machinery manufacturing enterprises with an operating income of not exceeding CNY 10 million, 2.35% of work safety cost will be withdrawn; for the part of operating income between CNY 10 million and CNY 100 million, 1.25% will be withdrawn; for the part of the operating income between CNY 100 million and CNY 1 billion, 0.25% will be withdrawn; for the part of the operating income between CNY 1 billion and CNY 5 billion, 0.1% will be withdrawn; for the part of the operating income over CNY 5 billion, 0.05% will be withdrawn.

For transportation enterprises, the work safety cost is withdrawn month by month in an average manner according to the following standards based on the actual operating income in the previous year: 1% for ordinary freight business; 1.5% for passenger transportation, pipeline transportation, dangerous goods transportation and other special freight businesses.

Work safety cost and maintenance & renovation cost are included in the cost of relevant products or the current profit and loss when withdrawn, and are also included in the "special reserve" account.

For the withdrawn work safety cost and maintenance & renovation cost used within the specified scope, those belong to expense expenditures are directly offset by specific reserves; those cost incurred via collection under

the item of “construction in progress” is recognized when the safety project completes and is ready for intended use. At the same time, the Company will offset the specific reserves according to the cost that formed fixed assets and determine the accumulated depreciation of the same amount. The fixed assets will no longer be depreciated in subsequent periods.

#### (4) Repurchase of shares

Shares repurchased by the Company are managed as treasury shares before being canceled or transferred, and all expenditures on repurchased shares are transferred to treasury share costs. Considerations in the payment for shares repurchase and reduced owner’s equity in transaction expenses are not recognized as profits or losses during repurchase, assignment and write-off of the Company's shares.

The transferred treasury shares are included in the capital reserve based on the difference between the amount actually received and the book value of the treasury shares. The surplus reserve and undistributed profits shall be offset if the capital reserve is insufficient to offset. The canceled treasury shares are used to offset the capital reserve based on the difference between the book balance and the face value of the canceled treasury shares by reducing the share capital according to the face value of the shares and the number of canceled shares. The surplus reserve and undistributed profits shall be offset if the capital reserve is insufficient to offset.

#### (5) Restricted shares

The Company grants restricted shares to the incentive objects in the equity incentive plan, and the incentive objects subscribe for the shares preferentially. If the unlocking conditions stipulated in the equity incentive plan are not met subsequently, the Company will repurchase the shares at the price agreed in advance. If the restricted shares issued to employees have completed capital increase procedures such as registration as specified, the Company shall determine the share capital and capital reserve (share premium) according to the share subscription money received from employees on the granting date, and determine the treasury shares and other payables in terms of the repurchase obligation.

#### (6) Asset impairment

The asset impairment of long-term equity investment to subsidiaries and associated enterprises, investment real estates subsequently measured by cost model, fixed assets, project under construction, right-of-use assets, intangible assets, etc. (except for inventories, deferred income tax assets and financial assets) is recognized with the following methods:

The Company judges whether there is a sign of impairment to assets on the balance sheet date. If such a sign exists, the Company estimates the recoverable amount and conducts the impairment test. Impairment tests shall be carried out every year on goodwill resulting from business mergers, intangible assets with uncertain service life and intangible assets that are not available no matter whether there is any sign of impairment.

The recoverable amount is the net amount of the fair value of the assets after deducting the disposal expenses or the present value of the expected future cash flow of the assets, whichever is higher. The Company estimates the recoverable amount based on a single asset. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group shall be determined based on the asset group to which the asset belongs. An asset group is determined based on the fact that the main cash inflows generated by the asset group are independent of the cash inflows of other assets or asset groups.

When the recoverable amount of an asset or asset group is lower than its book value, the Company writes down its book value to the recoverable amount, and the write-down amount is included in current profits and losses, and the corresponding impairment provision of assets is made at the same time.

For the impairment test of goodwill, the book value of goodwill resulting from business merger is amortized to relevant asset groups with reasonable methods from the acquisition date, or amortized to relevant asset group portfolio if it is difficult to amortize it to relevant asset groups. Relevant asset groups or portfolios of asset groups are those that can benefit from the synergies of business merger and are not greater than the reporting segment determined by the Company.

If there is any sign of impairment in the asset group or portfolio of asset groups related to goodwill during the impairment test, the impairment test shall be carried out on the asset group or portfolio of asset groups not including goodwill, and the recoverable amount shall be calculated to determine the corresponding impairment loss. Then, an impairment test is carried out on the asset group or portfolio of asset groups including goodwill to compare its book value and recoverable amount, and determine the impairment loss of goodwill if the recoverable amount is lower than the book value.

Once the impairment loss of assets is determined, it will never be reversed in subsequent accounting periods.

#### (7) Significant accounting judgment and estimate

The Company continuously evaluates the significant accounting estimates and key assumptions adopted based on historical experience and other factors, including reasonable expectations for future events. Significant accounting estimates and key assumptions that may lead to significant adjustment risk to the book value of assets and liabilities in the next accounting year are presented as follows:

##### Classification of financial assets

Major judgments involved in determining the classification of financial assets include the analysis of business models and contractual cash flow characteristics.

The Company determines the business model of managing financial assets at the level of financial asset portfolio, considering the way of evaluating and reporting financial asset performance to key management

personnel, the risks affecting the financial asset performance and their management methods, and the way for the relevant business management personnel to obtain the remuneration.

When evaluating whether the contractual cash flow of financial assets is consistent with the basic loan arrangement, the Company has the following main judgments: May the principal change in the time distribution or amount in the duration due to prepayment and other reasons? Does the interest include only the time value of money, credit risk, other basic borrowing risks, and consideration for costs and profits? For example, does the amount of prepayment only reflect the unpaid principal and interest based on the outstanding principal, as well as reasonable compensation paid due to early termination of the contract?

#### Measurement of expected credit losses on accounts receivable

The Company calculates the expected credit loss of accounts receivable through default risk exposure and expected credit loss rate of accounts receivable, and determines the expected credit loss rate based on default probability and loss given default. In determining the expected credit loss rate, the Company uses the internal historical credit loss experience and other data, and adjusts the historical data according to the current situation and forward-looking information. When the forward-looking information is considered, the indicators used by the Company include risks of economic downturn, changes in external market environment, technological environment and customer conditions. The Company regularly monitors and reviews the assumptions related to the calculation of expected credit losses.

#### Development expenditures

In determining the capitalization amounts, the management must make assumptions on the expected future cash flow generation of assets, discount rate to be adopted and expected benefit period.

#### Deferred income tax assets

The deferred tax assets shall be recognized in respect of all unused tax losses to the extent it is highly probable that there will be sufficient taxable profits available for offsetting the losses. This requires the management to estimate the timing and amount of future taxable profit using large amounts of judgment and to determine the recognized amount of deferred tax assets by referring to the tax planning strategy.

#### Estimated liabilities

Expected liabilities are initially measured at the optimal estimate required to perform the relevant current obligation, in comprehensive consideration of the risks, uncertainty, time value of money, and other factors pertinent to the Contingencies. The best estimate is determined by discounting the relevant future cash outflow if the time value of money has a significant impact. At the balance sheet date, the book value of the estimated liabilities is reviewed and adjusted by the Company to reflect the current best estimate.

If all or part of the expenditures necessary for clearing off the recognized provisions are expected to be compensated by a third party or any other party, the amount of compensation shall be recognized as assets separately only when it is basically sure that the amount can be obtained. The recognized amount of compensation shall not exceed the book value of recognized liabilities.

## VI. Taxes

### 1. Main taxes and tax rates

Tax Category	Tax Basis	Tax Rate
VAT	Taxable value-added tax (the tax payable is calculated by multiplying taxable sales by the applicable tax rate and then deducting input tax allowed to be deducted for the current period)	13%, 9%, 6%, 5%
Urban maintenance and construction tax	Turnover tax actually paid	7%, 5%
Corporate income tax	Taxable income	25%
Local educational surcharges	Turnover tax actually paid	2%
Education surcharges	Turnover tax actually paid	3%
Land use tax	Land use area	CNY 9/m <sup>2</sup> , CNY 14/m <sup>2</sup> , etc.
Property tax	Property residual value and rental income	1.2%, 12%

Disclosure of different corporate income tax rates for taxable entities

Name of Taxpayer	Income Tax Rate
The Company	25%
Jiefang Limited	15%
Wuxi Dahao Power Co., Ltd.	25%
FAW Jiefang (Qingdao) Automotive Co., Ltd.	25%
FAW Jiefang Dalian Diesel Engine Co., Ltd.	15%
FAW Jiefang Austria R&D Co., Ltd.	25%
FAW Jiefang New Energy Automotive Sales Co., Ltd.	25%
FAW Jiefang Uni-D (Tianjin) Technology Industry Co., Ltd.	25%

### 2. Tax preference

Jiefang Limited, a subsidiary of the Company, is recognized as a high-tech enterprise according to the *High-tech Enterprise Certificate* (issued on September 10, 2020, with a certificate number of GR202022000336)

jointly issued by the Science and Technology Department of Jilin Province, the Department of Finance of Jilin Province and the Jilin Provincial Tax Service of State Taxation Administration. The certificate is valid for three years, during which the corporate income tax will be at a rate of 15%.

FAW Jiefang Dalian Diesel Engine Co., Ltd., a subsidiary of the Company, is recognized as a high-tech enterprise according to the list of the third batch of high-tech enterprises (with a certificate number of GR202121200892) in 2021 issued by Dalian on December 15, 2021. The certificate is valid for three years, during which the corporate income tax will be at a rate of 15%.

## VII. Notes to Items in Consolidated Financial Statements

### 1. Monetary capital

Unit: CNY

Item	Ending Balance	Opening Balance
Bank deposit	26,687,673,489.67	20,992,347,381.12
Other monetary capital	49,662,510.03	49,126,036.59
Total	26,737,335,999.70	21,041,473,417.71
Including: total amount deposited abroad	13,647,096.14	13,903,726.95
Total amount with limited use due to mortgage, pledge or freezing	51,206,388.53	50,667,983.38

Other description

Details of restricted monetary capital are as follows:

Unit: CNY

Item	Ending Balance	Beginning Balance
Security deposit for three types of personnel	27,565,092.10	27,077,797.58
Housing maintenance fund	22,097,418.52	22,048,239.01
Court freezing	1,543,877.91	1,541,946.79
Total	51,206,388.53	50,667,983.38

### 2. Notes receivable

#### (1) Classified presentation of notes receivable

Unit: CNY

Item	Ending Balance	Opening Balance
Commercial acceptance notes	199,257,997.67	186,748,716.22
Total	199,257,997.67	186,748,716.22

Unit: CNY

Category	Ending Balance					Opening Balance				
	Book Balance		Provision for Bad Debts		Book value	Book balance		Provision for Bad Debts		Book Value
	Amount	Scale	Amount	Provision Proportion		Amount	Scale	Amount	Provision Proportion	
Notes receivable with provision for bad debts by portfolio	200,128,605.00	100.00%	870,607.33	0.44%	199,257,997.67	187,550,142.00	100.00%	801,425.78	0.43%	186,748,716.22
Including:										
Commercial acceptance bill	200,128,605.00	100.00%	870,607.33	0.44%	199,257,997.67	187,550,142.00	100.00%	801,425.78	0.43%	186,748,716.22
Total	200,128,605.00	100.00%	870,607.33	0.44%	199,257,997.67	187,550,142.00	100.00%	801,425.78	0.43%	186,748,716.22

Provision for bad debts by portfolio: commercial acceptance bill

Unit: CNY

Name	Ending Balance		
	Book Balance	Provision for Bad Debts	Provision Proportion
Less than one year	200,128,605.00	870,607.33	0.44%
Total	200,128,605.00	870,607.33	

Description of the basis for determining this portfolio:

Information about the provision for bad debts shall be disclosed in the same way as that of other receivables if the provision for bad debts of notes receivable is based on the general model of expected credit losses:

Applicable  Not applicable

Unit: CNY

Aging	Ending Balance			Ending Balance of the Previous Year		
	Notes Receivable	Provision for Bad Debts	Expected Credit Loss Rate (%)	Notes Receivable	Provision for Bad Debts	Expected credit Loss RATE (%)
Less than 1 year	200,128,605.00	870,607.33	0.44	187,550,142.00	801,425.78	0.43

**(2) Provision, recovery, or reversal of bad debts in the current period**

Provision for bad debts in the current period:

Unit: CNY

Category	Opening Balance	Change In The Current Period				Ending Balance
		Provision	Recovery or Reversal	Write-off	Others	
Commercial acceptance bill	801,425.78	69,181.55				870,607.33
Total	801,425.78	69,181.55				870,607.33

Important provision for bad debts recovered or reversed in the current period:

 Applicable  Not applicable
**(3) Notes receivable endorsed or discounted by the Company at the end of the period but not yet due on the balance sheet date**

Unit: CNY

Item	Derecognized Amount at the End of the Period	Amount not Derecognized at the End of the Period
Bank acceptance bill	7,693,661,864.75	
Total	7,693,661,864.75	

**3. Accounts receivable****(1) Disclosure of accounts receivable by category**

Unit: CNY

Category	Ending Balance					Opening Balance				
	Book Balance		Provision for Bad Debts		Book value	Book Balance		Provision for Bad Debts		Book Value
	Amount	Scale	Amount	Provision Proportion		Amount	Scale	Amount	Provision Proportion	
Accounts receivable with provision for bad debts on an individual basis	82,004,650.69	2.72%	82,004,650.69	100.00%		82,039,650.69	8.10%	82,039,650.69	100.00%	
Including:										
Accounts receivable with provision for bad debts by portfolio	2,929,802,288.92	97.28%	95,574,585.34	3.26%	2,834,227,703.58	930,458,334.81	91.90%	63,367,996.39	6.81%	867,090,338.42
Including:										
Aging portfolio	2,929,802,288.92	97.28%	95,574,585.34	3.26%	2,834,227,703.58	930,458,334.81	91.90%	63,367,996.39	6.81%	867,090,338.42
Total	3,011,806,939.61	100.00%	177,579,236.03	5.90%	2,834,227,703.58	1,012,497,985.50	100.00%	145,407,647.08	14.36%	867,090,338.42

## Provision for bad debts on an individual basis

Unit: CNY

Name	Ending Balance			
	Book Balance	Provision for Bad Debts	Provision Proportion	Reasons for Provision
Jiangsu Xinrui New Energy Vehicle Technology Co., Ltd.	37,612,001.70	37,612,001.70	100.00%	It is highly probable that the amounts will not be recovered
Zhejiang Hanglun Ligang Trading Co., Ltd.	8,581,536.83	8,581,536.83	100.00%	It is highly probable that the amounts will not be recovered
Dalian Qingfeng Bus Co., Ltd.	8,043,264.87	8,043,264.87	100.00%	It is highly probable that the amounts will not be recovered
Beijing Hotan Automobile Modification Co., Ltd.	7,436,520.00	7,436,520.00	100.00%	It is highly probable that the amounts will not be recovered
Changchun Xiongtu New Energy Vehicle Co., Ltd.	6,230,500.00	6,230,500.00	100.00%	It is highly probable that the amounts will not be recovered
Zhonghe Shunyang Supply Chain Management Co., Ltd.	5,643,600.00	5,643,600.00	100.00%	It is highly probable that the amounts will not be recovered
Shuozhou Jinsheng Automobile Trading Co., Ltd.	1,822,961.43	1,822,961.43	100.00%	Lawsuits have been filed and it is highly probable that the amounts will not be recovered
FAW Jingye Engine Co., Ltd.	1,820,957.23	1,820,957.23	100.00%	It is highly probable that the amounts will not be recovered
Xinjiang Jingyang Optoelectronic Co., Ltd.	1,179,590.41	1,179,590.41	100.00%	Lawsuits have been filed and it is highly probable that the amounts will not be recovered
Yulin Jiayu Jiefang Automobile Sales Co., Ltd.	971,012.59	971,012.59	100.00%	Lawsuits have been filed and it is highly probable that the amounts will not be recovered
Shenyang Jinbei Vehicle Manufacturing Co., Ltd.	889,279.05	889,279.05	100.00%	Lawsuits have been filed and it is highly probable that the amounts will not be recovered

Jilin Zhuzhan Automobile Trading Co., Ltd.	813,566.00	813,566.00	100.00%	It is highly probable that the amounts will not be recovered
Dalian Baofeng Automobile Sales Co., Ltd.	496,200.00	496,200.00	100.00%	It is highly probable that the amounts will not be recovered
Liangshan Huatai Trading Co., Ltd.	349,190.00	349,190.00	100.00%	It is highly probable that the amounts will not be recovered
Zhejiang Baoding Automobile Sales Co., Ltd.	80,035.12	80,035.12	100.00%	It is highly probable that the amounts will not be recovered
Transportation Group (Qingdao) Sunshine Automobile Sales and Service Co., Ltd.	20,835.47	20,835.47	100.00%	It is highly probable that the amounts will not be recovered
Yancheng Zhongwei Bus Co., Ltd.	13,599.99	13,599.99	100.00%	It is highly probable that the amounts will not be recovered
<b>Total</b>	<b>82,004,650.69</b>	<b>82,004,650.69</b>		

Provision for bad debts by portfolio: aging portfolio

Unit: CNY

Name	Ending Balance		
	Book Balance	Provision for Bad Debts	Provision Proportion
Aging portfolio	2,929,802,288.92	95,574,585.34	3.26%
<b>Total</b>	<b>2,929,802,288.92</b>	<b>95,574,585.34</b>	

Description of the basis for determining this portfolio:

Information about the provision for bad debts shall be disclosed in the same way as that of other receivables if the provision for bad debts of accounts receivable is based on the general model of expected credit losses:

Applicable  Not applicable

Disclosure by aging

Unit: CNY

Aging	Ending Balance
Within 1 year (including 1 year)	2,708,181,856.35
Including: 0-6 months	2,587,976,078.45
7-12 months	120,205,777.90
1-2 years	113,283,606.25
2-3 years	88,363,727.05
Over 3 years	101,977,749.96

3-4 years	10,332,160.65
4-5 years	57,808,221.70
Over 5 years	33,837,367.61
Total	3,011,806,939.61

**(2) Provision, recovery, or reversal of bad debts in the current period**

Provision for bad debts in the current period:

Unit: CNY

Category	Opening Balance	Change in the Current Period				Ending Balance
		Provision	Recovery or Reversal	Write-off	Others	
Accounts receivable	145,407,647.08	32,229,937.26	-35,000.00		-23,348.31	177,579,236.03
Total	145,407,647.08	32,229,937.26	-35,000.00		-23,348.31	177,579,236.03

Important provision for bad debts recovered or reversed in the current period:

Unit: CNY

Name of Unit	Amount Recovered or Reversed	Recovery Method
Jilin Zhuzhan Automobile Trading Co., Ltd.	35,000.00	Recovery of bank deposits
Total	35,000.00	

**(3) Top five ending balances of accounts receivables classified by debtors**

Unit: CNY

Name of Unit	Ending Balance of Accounts Receivable	Proportion in Total Ending Balance of Accounts Receivable	Ending Balance of Provision for Bad Debts
China FAW Group Import & Export Co., Ltd.	1,465,254,854.26	48.65%	4,069,205.50
Customer 1	104,405,019.49	3.47%	104,405.02
Customer 2	89,891,796.82	2.98%	494,404.88
Customer 3	74,631,860.98	2.48%	410,475.23
SmartLink	73,770,000.00	2.45%	73,770.00
Total	1,807,953,531.55	60.03%	

**4. Receivables financing**

Unit: CNY

Item	Ending Balance	Opening Balance
Notes receivable	8,679,460,881.09	3,461,653,473.66
Total	8,679,460,881.09	3,461,653,473.66

Increase/decrease in receivables financing in the current period and changes in fair value

Applicable  Not applicable

Information about the impairment provision shall be disclosed in the same way as that of other receivables if the impairment provision of receivables financing is based on the general model of expected credit losses:

Applicable  Not applicable

Other description:

## 5. Advance payment

### (1) Presentation of advance payment by aging

Unit: CNY

Aging	Ending Balance		Opening Balance	
	Amount	Scale	Amount	Scale
Within 1 year	613,755,653.26	65.41%	683,392,293.37	76.12%
1-2 years	224,579,144.53	23.94%	179,765,899.07	20.02%
2-3 years	81,816,802.05	8.72%	17,802,947.31	1.98%
Over 3 years	18,074,079.50	1.93%	16,873,724.33	1.88%
Total	938,225,679.34		897,834,864.08	

Reasons for delay in settlement of advance payment with important amounts and aging over 1 year:

Unit: CNY

Name of Debtor	Book Balance	Proportion in Total Advance Payment (%)	Reasons for Non-settlement
Supplier 1	51,521,752.55	5.49%	Undue settlement period
Supplier 2	24,390,033.00	2.60%	Undue settlement period
China FAW Group Import & Export Co., Ltd.	14,068,905.82	1.50%	Undue settlement period
Total	89,980,691.37	9.59%	--

### (2) Top five ending balances of advance payments classified by advance payment objects

The total amount of the top five ending balances of advance payments classified by advance payment objects in the current period is CNY 508,101,980.83, accounting for 54.16% of the total ending balance of advance payments.

Other description: none

## 6. Other receivables

Unit: CNY

Item	Ending Balance	Opening Balance
Dividends receivable	2,608,000.00	2,608,000.00
Other receivables	1,113,417,414.02	1,065,846,162.91
Total	1,116,025,414.02	1,068,454,162.91

**(1) Dividends receivable****1) Classification of dividends receivable**

Unit: CNY

Item (or Investee)	Ending Balance	Opening Balance
FAW Changchun Ansteel Steel Processing and Distribution Co., Ltd.	2,608,000.00	2,608,000.00
Total	2,608,000.00	2,608,000.00

**(2) Other receivables****1) Classification of other receivables by nature**

Unit: CNY

Nature	Ending Book Balance	Beginning Book Balance
Current account	849,945,010.62	915,518,158.63
Claim payment	192,234,059.14	197,953,339.79
Margin, deposit	156,005,961.05	38,988,831.99
Reserve fund	12,277,298.01	10,164,463.79
Total	1,210,462,328.82	1,162,624,794.20

**2) Provision for bad debts**

Unit: CNY

Provision for Bad Debts	Stage I	Stage II	Stage III	Total
	Expected Credit Losses for the Next 12 Months	Expected Credit Losses over the Entire Duration (no Credit Impairment)	Expected Credit Loss over the Entire Duration (Credit Impairment Occurred)	
Balance on January 1, 2023	3,002,964.74	25,052,575.21	68,723,091.34	96,778,631.29
Balance on January 1, 2023 in the current period				
— Transfer to stage III	-18,017.98	18,017.98		
Provision in the current period	128,149.83	150,420.77	34,373.91	312,944.51
Reversal in the current period			-46,661.00	-46,661.00
Balance on June 30, 2023	3,113,096.59	25,221,013.96	68,710,804.25	97,044,914.80

Significant book balance changes occurred in the provision for losses in the current period

 Applicable  Not applicable

## Disclosure by aging

Unit: CNY

Aging	Ending Balance
Within 1 year (including 1 year)	1,110,680,286.67
Including: 0-6 months	328,564,342.04
7-12 months	782,115,944.63
1-2 years	1,394,251.04
2-3 years	4,744,941.00
Over 3 years	93,642,850.11
3-4 years	234,122.89
4-5 years	42,254,223.90
Over 5 years	51,154,503.32
Total	1,210,462,328.82

**3) Provision, recovery, or reversal of bad debts in the current period**

Provision for bad debts in the current period:

Unit: CNY

Category	Opening Balance	Change in the Current Period				Ending Balance
		Provision	Recovery or reversal	Write-off	Others	
Other receivables	96,778,631.29	312,944.51	-24,131.00	-22,530.00		97,044,914.80
Total	96,778,631.29	312,944.51	-24,131.00	-22,530.00		97,044,914.80

Important provision for bad debts reversed or recovered in the current period:

Unit: CNY

Name of Unit	Amount reversed or Recovered	Recovery Method
Triangle Tyre Co., Ltd.	24,131.00	Offset of intercourse funds
Total	24,131.00	

**(4) Other receivables written off in the current period**

Unit: CNY

Item	Amount Written off
Other accounts receivables actually written off	22,530.00

Write-off of other important receivables:

Unit: CNY

Name of Unit	Nature of Other receivables	Amount Written off	Reason for Write-off	Write-off Procedures Performed	Whether the Payment Arises from Related transactions
Huai'an Yongfeng Tire Co., Ltd.	Payment for goods	22,530.00	This company declares bankruptcy and has no enforceable property	General manager's meeting for decisions	No
Total		22,530.00			

Notes on write-off of other receivables:

**5) Top five ending balances of other receivables classified by debtors**

Unit: CNY

Name of Unit	Nature of Payment	Ending Balance	Aging	Proportion in Total Ending Balance of Other Receivables	Ending Balance of Provision for Bad Debts
Customer 1	Funds for land purchase and reserve	660,862,800.00	Within 1 year	54.60%	660,862.80
Customer 2	New energy vehicle sales subsidies	50,230,088.50	Within 1 year	4.15%	462,116.81
Customer 3	New energy vehicle sales subsidies	49,557,522.13	Within 1 year	4.09%	455,929.20
Customer 4	New energy vehicle sales subsidies	48,155,960.00	4-5 years	3.98%	48,155,960.00
Customer 5	New energy vehicle sales subsidies	37,899,115.04	Within 1 year	3.13%	348,671.86
Total		846,705,485.67		69.95%	50,083,540.67

**7. Inventories**

Does the Company need to comply with the disclosure requirements of the real estate industry: No

**(1) Classification of inventories**

Unit: CNY

Item	Ending Balance			Opening Balance		
	Book Balance	Impairment Provision of Inventories or Contract Performance Costs	Book Value	Book Balance	Impairment Provision of Inventories or Contract Performance Costs	Book Value
Raw material	342,773,084.37	33,976,539.91	308,796,544.46	351,801,254.38	34,595,186.53	317,206,067.85
Goods in process	768,115,132.21	4,068,162.22	764,046,969.99	564,240,295.08	3,741,307.32	560,498,987.76
Goods in stock	4,114,689,772.13	102,394,726.26	4,012,295,045.87	3,281,304,875.32	183,152,615.52	3,098,152,259.80
Revolving material	93,898,085.73	2,415,110.66	91,482,975.07	92,939,661.90	2,463,306.64	90,476,355.26
Others	2,836,319,710.97	181,499,178.14	2,654,820,532.83	2,509,560,166.91	193,153,939.75	2,316,406,227.16
Total	8,155,795,785.41	324,353,717.19	7,831,442,068.22	6,799,846,253.59	417,106,355.76	6,382,739,897.83

**(2) Impairment provision of inventories and contract performance costs**

Unit: CNY

Item	Opening Balance	Increase in the Current Period		Decrease in the Current Period		Ending Balance
		Provision	Others	Reverse or Charge-off	Others	
Raw material	34,595,186.53			618,646.62		33,976,539.91
Goods in process	3,741,307.32	612,662.79		285,807.89		4,068,162.22
Goods in stock	183,152,615.52	34,263,632.69		115,021,521.95		102,394,726.26
Revolving material	2,463,306.64			48,195.98		2,415,110.66
Others	193,153,939.75	305,863.22		11,960,624.83		181,499,178.14
Total	417,106,355.76	35,182,158.70		127,934,797.27		324,353,717.19

**8. Contract assets**

Unit: CNY

Item	Ending Balance			Opening Balance		
	Book Balance	Impairment Provision	Book Value	Book Balance	Impairment Provision	Book Value
Contract assets	20,192,395.26	353,811.04	19,838,584.22	11,341,422.54	211,797.79	11,129,624.75
Total	20,192,395.26	353,811.04	19,838,584.22	11,341,422.54	211,797.79	11,129,624.75

Information about the impairment provision shall be disclosed in the same way as that of other receivables if the impairment provision of contract assets is based on the general model of expected credit losses:

Applicable  Not applicable

Provision for bad debts by portfolio: aging portfolio

Unit: CNY

Category	Contract Assets	Provision for Bad Debts	Expected Credit Loss Rate (%)
Within 1 year	17,191,667.90	65,751.33	0.38
1-2 years	3,000,727.36	288,059.71	9.60
Total	20,192,395.26	353,811.04	1.75

Impairment provision of contract assets in the current period:

Unit: CNY

Item	Provision in the Current Period	Reversal in the Current Period	Charge-off/Write-off in the Current Period	Reason
Impairment provision of contract assets	142,013.25			Risks in payment collection
Total	142,013.25			

Other description

**9. Non-current assets due within one year**

Unit: CNY

Item	Ending Balance	Opening Balance
Long-term receivables due within 1 year	202,027,832.48	191,262,030.30
Total	202,027,832.48	191,262,030.30

**10. Other current assets**

Unit: CNY

Item	Ending Balance	Opening Balance
Input VAT	436,429,149.81	510,325,627.83
Input VAT to be certified	240,680,761.48	384,601,871.76
Total	677,109,911.29	894,927,499.59

Other description:

**11 Long-term receivables****(1) Long-term receivables**

Unit: CNY

Item	Ending Balance			Opening Balance			Discount Rate Range
	Book Balance	Provision for Bad Debts	Book Value	Book Balance	Provision for Bad Debts	Book Value	
Sales of goods by installment	329,561,172.00	5,798,130.40	323,763,041.60	315,738,954.37	2,870,336.64	312,868,617.73	
Long-term receivables due within 1 year	-207,270,278.41	-5,242,445.93	-202,027,832.48	-193,577,418.87	-2,315,388.57	-191,262,030.30	
Total	122,290,893.59	555,684.47	121,735,209.12	122,161,535.50	554,948.07	121,606,587.43	

Impairment of provision for bad debts

Unit: CNY

Provision for Bad Debts	Stage I	Stage II	Stage III	Total
	Expected credit Losses for the next 12 Months	Expected credit Losses over the entire Duration (no Credit Impairment)	Expected credit Loss over the entire Duration (Credit Impairment Occurred)	
Balance on January 1, 2023	2,870,336.64			2,870,336.64
Balance on January 1, 2023 in the current period				
Provision in the current period	2,927,793.76			2,927,793.76
Balance on June 30, 2023	5,798,130.40			5,798,130.40

Significant book balance changes occurred in the provision for losses in the current period

□ Applicable Not applicable☑

**12 Long-term equity investments**

Unit: CNY

Investee	Opening Balance (Book Value)	Increase/Decrease in the Current Period								Ending Balance (Book Value)	Ending Balance of Impairment Provision
		Additional Investment	Reduced Investment	Investment Gains or Losses Recognized under the Equity Method	Adjustment to other Comprehensive Income	Changes in Other Equity	Cash Dividends and Profits Declared to Pay	Impairment Provision	Others		
I. Joint ventures											
II. Associated enterprises											
First Automobile Finance Co., Ltd.	4,270,037,969.59			228,656,115.49	258,953.96					4,498,953,039.04	
Sanguard Automobile Insurance Co., Ltd.	201,021,162.24			3,906,929.80	-4,533.20		4,835,877.87			200,087,680.97	
FAW Changchun Ansteel Steel Processing and Distribution Co., Ltd.	87,066,229.18			1,698,509.34		- 23,772.68				88,740,965.84	
Changchun	17,288,166.13			-368,632.80						16,919,533.33	

Wabco Automotive Control System Co., Ltd.											
Suzhou Zhito Technology Co., Ltd.											
FAW Changchun Baoyou Jiefang Steel Processing and Distribution Co., Ltd.	43,856,468.58			3,203,595.58			6,892,912.77			40,167,151.39	
FAW Jiefang Fujie (Tianjin) Technology Industry Co., Ltd.	37,092,567.41			-118,756.81						36,973,810.60	
SmartLink	286,072.71	9,266,800.00		-9,552,872.71							
Foshan Diyiyuan New	36,000,000.00			-302,925.22						35,697,074.78	

Energy Technology Co., Ltd.											
Jiefang Times New Energy Technology Co., Ltd.		45,000,000.00		-181,500.00						44,818,500.00	
Changchun Automotive Test Center Co., Ltd.		670,872,897.94		6,235,810.40						677,108,708.34	
Subtotal	4,692,648,635.84	725,139,697.94		233,176,273.07	254,420.76	- 23,772.68	11,728,790.64			5,639,466,464.29	
Total	4,692,648,635.84	725,139,697.94		233,176,273.07	254,420.76	- 23,772.68	11,728,790.64			5,639,466,464.29	

Other description

**13 Investment in other equity instruments**

Unit: CNY

Item	Ending Balance	Opening Balance
REFIRE	480,780,000.00	480,780,000.00
Total	480,780,000.00	480,780,000.00

**14. Investment properties****(1) Investment properties measured at cost**Applicable  Not applicable

Unit: CNY

Item	Houses and Buildings	Land Use Right	Project under Construction	Total
I. Original book value				
1. Opening Balance	145,745,882.84	7,364,400.94		153,110,283.78
2. Increase in the Current Period	1,836,578.74			1,836,578.74
(1) Purchase				
(2) Transfer from inventories/fixed assets/construction in progress	1,836,578.74			1,836,578.74
(3) Increase due to business combination				
3. Decrease in the Current Period	2,927,421.41			2,927,421.41
(1) Disposal				
(2) Other transfer-out	2,927,421.41			2,927,421.41
4. Ending Balance	144,655,040.17	7,364,400.94		152,019,441.11
II. Accumulated depreciation and accumulated amortization				
1. Opening Balance	71,218,610.71	1,244,075.59		72,462,686.30
2. Increase in the Current Period	5,040,873.89	74,947.92		5,115,821.81
(1) Provision or amortization	3,487,312.86	74,947.92		3,562,260.78
(2) Other increases	1,553,561.03			1,553,561.03
3. Decrease in the Current Period	1,430,556.04			1,430,556.04

(1) Disposal				
(2) Other transfer-out	1,430,556.04			1,430,556.04
4. Ending Balance	74,828,928.56	1,319,023.51		76,147,952.07
III. Impairment provision				
1. Opening Balance				
2. Increase in the Current Period				
(1) Provision				
3. Decrease in the Current Period				
(1) Disposal				
(2) Other transfer-out				
4. Ending Balance				
IV. Book value				
1. Ending book value	69,826,111.61	6,045,377.43		75,871,489.04
2. Beginning book value	74,527,272.13	6,120,325.35		80,647,597.48

**(2) Investment properties measured at fair value**

Applicable  Not applicable

**15 Fixed assets**

Unit: CNY

Item	Ending Balance	Opening Balance
Fixed assets	9,722,689,355.68	9,604,636,127.53
Disposal of fixed assets	6,084,530.20	8,286,682.75
Total	9,728,773,885.88	9,612,922,810.28

**(1) Details of fixed assets**

Unit: CNY

Item	Houses and Buildings	Machinery Equipment	Transportation Equipment	Electronic Equipment	Office Equipment	Others	Total
<b>I. Original book value:</b>							
1. Opening Balance	5,725,009,716.16	15,656,156,281.82	163,214,691.23	662,116,184.02	60,661,288.33	1,331,905,071.36	23,599,063,232.92
2. Increase in the Current Period	108,671,482.61	906,448,079.26	16,338,028.90	29,574,306.89	1,616,140.53	4,427,908.05	1,067,075,946.24
(1) Purchase	13,771.81	15,046,441.18	560,724.98	10,920,472.84	19,512.17	1,427,091.85	27,988,014.83
(2) Transfer from construction in progress	84,998,544.20	835,134,183.48	13,862,727.14	17,062,332.04	832,998.51	2,196,658.79	954,087,444.16
(3) Increase due to business combination							
(4) Other increases	23,659,166.60	56,267,454.60	1,914,576.78	1,591,502.01	763,629.85	804,157.41	85,000,487.25
3. Decrease in the Current Period	177,421,665.73	227,747,840.72	3,783,183.84	8,440,837.29	1,095,750.11	5,031,659.11	423,520,936.80
(1) Disposal or retirement		157,464,159.65	683,585.61	4,107,063.76	255,612.81	4,004,419.43	166,514,841.26
(2) Other decreases	177,421,665.73	70,283,681.07	3,099,598.23	4,333,773.53	840,137.30	1,027,239.68	257,006,095.54
4. Ending Balance	5,656,259,533.04	16,334,856,520.36	175,769,536.29	683,249,653.62	61,181,678.75	1,331,301,320.30	24,242,618,242.36
<b>II. Accumulated depreciation</b>							
1. Opening Balance	2,311,008,528.82	9,948,863,333.22	116,715,194.87	483,841,486.87	44,160,940.50	1,059,255,698.93	13,963,845,183.21
2. Increase in the Current Period	159,113,593.58	550,399,553.37	11,719,891.26	51,764,806.73	3,371,123.49	50,294,679.70	826,663,648.13
(1) Provision	137,415,189.16	527,920,288.72	9,857,032.09	50,314,948.47	2,779,364.02	49,712,493.03	777,999,315.49
(2) Other increases	21,698,404.42	22,479,264.65	1,862,859.17	1,449,858.26	591,759.47	582,186.67	48,664,332.64
3. Decrease in the Current Period	96,240,207.22	176,649,700.34	3,338,803.51	8,293,234.05	926,551.83	4,511,341.74	289,959,838.69
(1) Disposal or retirement		130,682,184.40	659,396.63	4,105,963.76	247,668.45	3,785,480.45	139,480,693.69
(2) Other decreases	96,240,207.22	45,967,515.94	2,679,406.88	4,187,270.29	678,883.38	725,861.29	150,479,145.00
4. Ending Balance	2,373,881,915.18	10,322,613,186.25	125,096,282.62	527,313,059.55	46,605,512.16	1,105,039,036.89	14,500,548,992.65

III. Impairment provision							
1. Opening Balance	12,344.37	28,361,635.01				2,207,942.80	30,581,922.18
2. Increase in the Current Period							
(1) Provision							
3. Decrease in the Current Period		11,202,028.15					11,202,028.15
(1) Disposal or retirement		11,202,028.15					11,202,028.15
4. Ending Balance	12,344.37	17,159,606.86				2,207,942.80	19,379,894.03
IV. Book value							
1. Ending book value	3,282,365,273.49	5,995,083,727.25	50,673,253.67	155,936,594.07	14,576,166.59	224,054,340.61	9,722,689,355.68
2. Beginning book value	3,413,988,842.97	5,678,931,313.59	46,499,496.36	178,274,697.15	16,500,347.83	270,441,429.63	9,604,636,127.53

**(2) Temporary idle fixed assets**

Unit: CNY

Item	Original Book Value	Accumulated Depreciation	Impairment Provision	Book Value	Remarks
Machinery equipment	43,234,813.34	24,826,861.88	16,639,992.21	1,767,959.25	
Others	72,226,913.83	68,718,132.23	2,207,942.80	1,300,838.80	
Total	115,461,727.17	93,544,994.11	18,847,935.01	3,068,798.05	

**(3) Fixed assets leased out under operating leases**

Unit: CNY

Item	Ending Book Value
Means of transport	9,059.84
Total	9,059.84

**(4) Disposal of fixed assets**

Unit: CNY

Item	Ending Balance	Opening Balance
Houses and buildings	37,264.20	283,806.99
Machinery equipment	5,567,925.76	7,759,672.33
Means of transport	44,554.50	113,084.68
Electronic equipment	76,503.87	77,126.05
Office equipment	50,976.33	45,702.70
Others	307,305.54	7,290.00
Total	6,084,530.20	8,286,682.75

Other description:

**16 Construction in progress**

Unit: CNY

Item	Ending Balance	Opening Balance
Project under construction	1,680,851,141.66	1,902,143,354.11
Total	1,680,851,141.66	1,902,143,354.11

**(1) Construction in progress**

Unit: CNY

Item	Ending Balance			Opening Balance		
	Book balance	Impairment Provision	Book Value	Book Balance	Impairment Provision	Book Value
New and reconstructed investment project	339,485,187.80	1,945,416.12	337,539,771.68	230,889,214.48	1,945,416.12	228,943,798.36
Technical transformation investment project	1,343,366,867.17	55,497.19	1,343,311,369.98	1,673,255,052.94	55,497.19	1,673,199,555.75
<b>Total</b>	<b>1,682,852,054.97</b>	<b>2,000,913.31</b>	<b>1,680,851,141.66</b>	<b>1,904,144,267.42</b>	<b>2,000,913.31</b>	<b>1,902,143,354.11</b>

**(2) Changes in important construction in progress in the current period**

Unit: CNY

Project name	Budget	Opening Balance	Increase in the Current Period	Amount Transferred to Fixed Assets in the Current Period	Other Decreases in the Current Period	Ending Balance	Proportion of Accumulated Investment in Constructions to Budget	Project Progress	Cumulative Amount of Capitalized Interest	Including: Capitalized Interest Amount during the Current Period	Capitalization Rate of Interest in Current Period	Capital Source
FAW Jiefang commercial vehicle Guanghan base project	999,970,000.00	620,489,096.96	-56,572,385.55			563,916,711.41	56.39%	62.05%				Others
Axle base construction project and heavy replacement axle technology	989,859,950.93	421,427,528.84	58,505,153.94	13,957,510.62		465,975,172.16	46.48%	66.00%				Others

upgrade (phase I)												
Collinear project of 50,000 sets of new 13L and M series engines	667,780,000.00	102,315,208.39	10,662,676.76			112,977,885.15	16.92%	17.00%				Others
R&D capacity improvement project of FAW Jiefang Qingdao Base	693,162,000.00	49,273,323.85	80,664,888.14			129,938,211.99	18.75%	22.86%				Others
FAW Jiefang south new energy base project	413,800,000.00	41,677,157.08	342,293.20			42,019,450.28	45.95%	76.68%				Others
Technical transformation project of integrated heavy duty AMT gearbox	898,000,000.00	7,939,826.14	22,422,379.56	2,813,008.86		27,549,196.84	3.38%	4.37%				Others
New energy product introduction and smart logistics upgrade project	79,820,000.00	20,357,026.83	181,981.13			20,539,007.96	25.73%	26.63%				Others
M engine crankshaft capacity improvement project (W31000000111)	30,500,000.00	19,768,205.86				19,768,205.86	64.81%	64.81%				Others
Project of exiting the city and entering the industrial park	936,068,800.00	19,204,724.39	53,094.34			19,257,818.73	94.22%	99.80%				Others
Drivetrain assembly NVH bench laboratory AC motor dynamometer	34,940,000.00	616,250.44	15,378,077.60			15,994,328.04	45.78%	45.78%				Others

Motor assembly line	22,300,000.00	15,221,238.88				15,221,238.88	68.26%	68.26%				Others
16L Engine construction and natural gas test capacity improvement project (16L)	1,227,429,000.00	302,528,245.34	179,880,930.95	470,425,539.61		11,983,636.68	66.96%	86.42%				Others
<b>Total</b>	<b>6,993,629,750.93</b>	<b>1,620,817,833.00</b>	<b>311,519,090.07</b>	<b>487,196,059.09</b>		<b>1,445,140,863.98</b>						

**17 Productive biological assets****(1) Productive biological assets measured at cost**

Applicable  Not applicable

**(2) Productive biological assets measured at fair value**

Applicable  Not applicable

**18 Oil and gas assets**

Applicable  Not applicable

**19 Right-of-use assets**

Unit: CNY

Item	Houses and Buildings	Machinery Equipment	Land	Total
<b>I. Original book value</b>				
1. Opening Balance	203,880,616.59	54,778,761.06	23,719,044.14	282,378,421.79
2. Increase in the Current Period				
3. Decrease in the Current Period	6,458,400.84			6,458,400.84
4. Ending Balance	197,422,215.75	54,778,761.06	23,719,044.14	275,920,020.95
<b>II. Accumulated depreciation</b>				
1. Opening Balance	71,135,818.41		13,022,260.79	84,158,079.20
2. Increase in the Current Period	22,563,052.42	5,477,876.11	1,919,344.32	29,960,272.85
(1) Provision	22,563,052.42	5,477,876.11	1,919,344.32	29,960,272.85
3. Decrease in the Current Period	5,790,290.48			5,790,290.48
(1) Disposal	5,790,290.48			5,790,290.48
4. Ending Balance	87,908,580.35	5,477,876.11	14,941,605.11	108,328,061.57
<b>III. Impairment provision</b>				
1. Opening Balance				
2. Increase in the Current Period				
(1) Provision				
3. Decrease in the Current Period				
(1) Disposal				
4. Ending Balance				
<b>IV. Book value</b>				

1. Ending book value	109,513,635.40	49,300,884.95	8,777,439.03	167,591,959.38
2. Beginning book value	132,744,798.18	54,778,761.06	10,696,783.35	198,220,342.59

Other description:

## 20 Intangible Assets

### (1) Details of Intangible Assets

Unit: CNY

Item	Land Use Right	Patent Rights	Non-patented Technology	Software	Total
I. Original book value					
1. Opening Balance	2,638,198,126.04		367,511,725.92	607,046,360.09	3,612,756,212.05
2. Increase in the Current Period	42,710,875.82			36,090,410.17	78,801,285.99
(1) Purchase				35,053,806.40	35,053,806.40
(2) Internal R&D					
(3) Increase due to business combination					
(4) Other increases	42,710,875.82			1,036,603.77	43,747,479.59
3. Decrease in the Current Period	42,710,875.82			3,606,009.01	46,316,884.83
(1) Disposal				2,569,405.24	2,569,405.24
(2) Other decreases	42,710,875.82			1,036,603.77	43,747,479.59
4. Ending Balance	2,638,198,126.04		367,511,725.92	639,530,761.25	3,645,240,613.21
II. Accumulated amortization					
1. Opening Balance	553,533,325.53		303,361,007.48	206,764,960.99	1,063,659,294.00
2. Increase in the Current Period	39,444,569.03		22,975,605.59	41,640,225.43	104,060,400.05
(1) Provision	28,018,476.71		22,975,605.59	40,752,092.27	91,746,174.57
(2) Other increases	11,426,092.32			888,133.16	12,314,225.48
3. Decrease in the Current Period	11,282,888.01			3,416,620.26	14,699,508.27
(1) Disposal					
(2) Others	11,282,888.01			3,416,620.26	14,699,508.27
4. Ending Balance	581,695,006.55		326,336,613.07	244,988,566.16	1,153,020,185.78

III. Impairment provision					
1. Opening Balance					
2. Increase in the Current Period					
(1) Provision					
3. Decrease in the Current Period					
(1) Disposal					
4. Ending Balance					
IV. Book value					
1. Ending book value	2,056,503,119.49		41,175,112.85	394,542,195.09	2,492,220,427.43
2. Beginning book value	2,084,664,800.51		64,150,718.44	400,281,399.10	2,549,096,918.05

The proportion of intangible assets formed through internal R&D to the balance of intangible assets at the end of current period is 0.00%.

## 21 Development expenditures

Unit: CNY

Item	Opening Balance	Increase in the Current Period		Decrease in the Current Period		Ending Balance
		Internal Development Expenditures	Others	Recognized as Intangible Assets	Transferred to Current Profits and Losses	
Expenses and expenditures		1,248,047,703.54			1,248,047,703.54	
Total		1,248,047,703.54			1,248,047,703.54	

Other description

## 22 Long-term deferred expenses

Unit: CNY

Item	Opening Balance	Increase in the Current Period	Amortization Amount in the Current Period	Other Decreases	Ending Balance
Maintenance, fire protection transformation and supporting expenses	130,439.66		87,645.68		42,793.98
Total	130,439.66		87,645.68		42,793.98

Other description

**23 Deferred income tax assets and deferred income tax liabilities****(1) Deferred income tax assets not offset**

Unit: CNY

Item	Ending Balance		Opening Balance	
	Deductible Temporary Difference	Deferred Income Tax Assets	Deductible Temporary Difference	Deferred Income Tax Assets
Impairment provision of assets	587,634,020.62	100,784,037.71	633,651,664.00	111,898,550.65
Unrealized profits of internal transactions	11,827,733.38	2,956,933.35	11,827,733.38	2,956,933.35
Deductible losses	7,305,636,510.55	1,317,196,265.41	5,145,166,718.01	927,446,279.03
Estimated liabilities	849,704,115.08	143,268,850.04	794,067,908.68	132,797,620.71
Employee compensation payable	86,496,945.92	14,710,089.44	118,991,183.21	20,016,363.56
Accrued expenses	2,736,473,941.65	613,455,010.40	3,175,125,774.27	742,710,859.21
Deferred income	492,142,773.14	101,034,898.37	538,046,593.82	108,889,119.49
Contract liabilities	559,876,008.52	86,290,299.42	539,407,507.24	84,634,179.21
<b>Total</b>	<b>12,629,792,048.86</b>	<b>2,379,696,384.14</b>	<b>10,956,285,082.61</b>	<b>2,131,349,905.21</b>

**(2) Deferred income tax liabilities not offset**

Unit: CNY

Item	Ending Balance		Opening Balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Depreciation of fixed assets with amortization period longer than tax preference period	2,204,198,890.42	393,846,150.73	2,206,140,811.13	386,257,051.99
Accrued interest income	249,764,180.74	37,529,517.42	293,135,708.15	44,112,815.94
<b>Total</b>	<b>2,453,963,071.16</b>	<b>431,375,668.15</b>	<b>2,499,276,519.28</b>	<b>430,369,867.93</b>

**(3) Details of unrecognized deferred tax assets**

Unit: CNY

Item	Ending Balance	Opening Balance
Deductible temporary difference	647,468,913.68	619,818,965.27
Deductible losses	577,896,375.06	499,742,487.05
Total	1,225,365,288.74	1,119,561,452.32

**(4) Deductible losses of unrecognized deferred tax assets will be due in the following years**

Unit: CNY

Year	Ending amount	Beginning balance	Remarks
2023			
2024			
2025			
2026	1,441,940.00	1,441,940.00	
2027	3,524,136.57	3,524,136.57	
2028	260,797,353.60	259,853,735.45	
2029	41,881,736.88	41,881,736.88	
2030			
2031			
2032	193,040,938.15	193,040,938.15	
2033	77,210,269.86		
Total	577,896,375.06	499,742,487.05	

Other description

**24 Notes payable**

Unit: CNY

Category	Ending Balance	Opening Balance
Bank acceptance bill	16,487,079,559.64	9,198,593,038.03
Total	16,487,079,559.64	9,198,593,038.03

The total amount of notes payable due but unpaid at the end of the current period is CNY 0.00.

**25. Accounts payable****(1) Presentation of accounts payable**

Unit: CNY

Item	Ending Balance	Opening Balance
Payment for goods	13,636,307,086.24	9,297,168,020.86
Project and equipment payment	65,905,466.41	11,953,792.66

Expenses and others	3,930,214,002.64	724,486,854.54
Total	17,632,426,555.29	10,033,608,668.06

**(2) Important accounts payable with the aging over 1 year**

Unit: CNY

Item	Ending Balance	Reasons for not being repaid or carried over
Supplier 1	5,243,361.11	At the legal adjudication stage, accounts are frozen and payments are stopped
Supplier 2	4,244,960.23	Both parties have not reached an agreement on the contents of the contract, and no payment will be made temporarily.
Total	9,488,321.34	

Other description:

**26. Advance receipts****(1) Presentation of advance receipts**

Unit: CNY

Item	Ending Balance	Opening Balance
Rental fee	785,227.42	1,861,865.37
Total	785,227.42	1,861,865.37

**27. Contract liabilities**

Unit: CNY

Item	Ending Balance	Opening Balance
Payment for goods	1,087,367,759.69	1,155,321,169.46
Others	675,418,437.64	607,787,793.96
Contract liabilities included in other current liabilities	-144,682,448.10	-133,584,259.07
Total	1,618,103,749.23	1,629,524,704.35

**28. Employee compensation payable****(1) Presentation of employee compensation payable**

Unit: CNY

Item	Opening Balance	Increase in the Current Period	Decrease in the Current Period	Ending Balance
I. Short-term compensation	273,674,313.00	2,141,121,428.54	1,897,103,856.28	517,691,885.26
II. Post-employment benefits - defined contribution plan	62,829,341.18	288,412,817.25	326,052,856.77	25,189,301.66
III. Dismissal welfare	46,184,524.58	18,995,021.09	47,168,991.38	18,010,554.29
IV. Other benefits due within one year	53,960,000.00	160,405.24	6,990,635.88	47,129,769.36
Total	436,648,178.76	2,448,689,672.12	2,277,316,340.31	608,021,510.57

**(2) Presentation of short-term compensation**

Unit: CNY

Item	Opening Balance	Increase in the Current Period	Decrease in the Current Period	Ending Balance
1. Wages, bonuses, allowances and subsidies		1,481,961,418.24	1,253,201,160.61	228,760,257.63
2. Employee welfare expenses		92,959,748.07	92,959,748.07	
3. Social insurance premiums	5,214,934.60	167,143,567.30	171,183,183.65	1,175,318.25
Including: medical insurance premiums	3,961,154.86	158,929,919.32	161,715,755.93	1,175,318.25
Work-related injury insurance premiums	1,253,779.74	8,213,647.98	9,467,427.72	
4. Housing provident fund	884.00	236,848,227.72	236,849,111.72	
5. Labor union funds and employee education funds	268,458,494.40	61,019,086.59	41,721,271.61	287,756,309.38
6. Others		101,189,380.62	101,189,380.62	
Total	273,674,313.00	2,141,121,428.54	1,897,103,856.28	517,691,885.26

**(3) Presentation of defined contribution plan**

Unit: CNY

Item	Opening Balance	Increase in the Current Period	Decrease in the Current Period	Ending Balance
1. Basic endowment insurance	49,474,178.04	208,330,075.82	243,894,641.67	13,909,612.19
2. Unemployment insurance premiums	3,838,010.94	8,599,860.43	10,062,934.16	2,374,937.21
3. Payment of enterprise annuity	9,517,152.20	71,482,881.00	72,095,280.94	8,904,752.26
Total	62,829,341.18	288,412,817.25	326,052,856.77	25,189,301.66

Other description

**29. Taxes payable**

Unit: CNY

Item	Ending Balance	Opening Balance
VAT	238,326,743.85	142,544,438.56
Corporate income tax	16,513,037.84	73,697,911.27
Individual income tax	7,369,381.08	45,190,640.96
Urban maintenance and construction tax	6,846,612.55	8,789,299.91
Property tax	8,122,726.73	7,910,979.72
Land use tax	4,108,703.30	4,512,474.49
Education surcharges	7,361,923.20	8,830,240.70
Other taxes	17,508,337.51	9,735,859.90
Total	306,157,466.06	301,211,845.51

Other description

**30. Other payables**

Unit: CNY

Item	Ending Balance	Opening Balance
Dividends payable	171,500.02	171,500.02
Other payables	5,882,524,335.15	6,095,281,248.15
Total	5,882,695,835.17	6,095,452,748.17

**(1) Dividends payable**

Unit: CNY

Item	Ending Balance	Opening Balance
Ordinary stock dividends	171,500.02	171,500.02
Total	171,500.02	171,500.02

Other description, including the disclosure of the reasons for not paying the important dividends payable for

more than 1 year:

## (2) Other payables

### 1) Presentation of other payables by payment nature

Unit: CNY

Item	Ending Balance	Opening Balance
Expenses payable	3,040,928,449.50	3,371,722,694.19
Margin, deposit	339,963,742.57	311,219,645.69
Project funds payable	1,648,482,837.70	1,524,956,021.50
Current accounts payable and others	677,851,984.54	619,545,702.66
Repurchase obligations of restricted shares	175,297,320.84	267,837,184.11
<b>Total</b>	<b>5,882,524,335.15</b>	<b>6,095,281,248.15</b>

### 2) Other important payables with the aging over 1 year

Unit: CNY

Item	Ending Balance	Reasons for not Being Repaid or Carried over
The Ninth Institute of Project Planning & Research of China Machinery Industry (FIPPR)	71,442,466.85	Project not completed
Supplier 1	28,211,998.96	Project not completed
Supplier 2	13,560,000.00	Project not completed
Supplier 3	12,349,284.40	Project not completed
Qiming Information Technology Co., Ltd.	10,699,545.55	Project not completed
<b>Total</b>	<b>136,263,295.76</b>	

Other description

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

Unit: CNY

Item	Ending Balance	Opening Balance
Lease liabilities due within one year	30,986,742.12	32,998,374.87
<b>Total</b>	<b>30,986,742.12</b>	<b>32,998,374.87</b>

Other description:

## 32. Other current liabilities

Unit: CNY

Item	Ending Balance	Opening Balance
Taxes to be written off	144,682,448.10	133,584,259.07
<b>Total</b>	<b>144,682,448.10</b>	<b>133,584,259.07</b>

**33. Lease liabilities**

Unit: CNY

Item	Ending Balance	Opening Balance
Lease payment	85,049,957.20	94,353,447.57
Unrecognized financing charges	-5,255,143.34	-6,540,469.64
Lease liabilities due within one year	-30,986,742.12	-32,998,374.87
Total	48,808,071.74	54,814,603.06

Other description:

**34. Long-term employee compensation payable****(1) Long-term employee compensation payable**

Unit: CNY

Item	Ending Balance	Opening Balance
I. Post-employment welfare - net liabilities of defined benefit plan	687,489,769.36	694,320,000.00
II. Dismissal welfare	93,098,134.27	112,469,743.86
Long-term employee compensation payable due within one year	-65,140,323.65	-99,478,853.43
Total	715,447,579.98	707,310,890.43

**35. Estimated liabilities**

Unit: CNY

Item	Ending Balance	Opening Balance	Reason
Pending litigation	10,045,157.32	32,195,157.32	
Product quality assurance	922,703,546.87	826,046,651.49	
Others	17,226,995.29	17,226,995.29	
Total	949,975,699.48	875,468,804.10	

Other description, including important assumptions and estimation descriptions related to important estimated liabilities:

**36. Deferred income**

Unit: CNY

Item	Opening Balance	Increase in the Current Period	Decrease in the Current Period	Ending Balance	Reason
Government subsidies	3,121,985,685.93	55,826,903.12	159,416,894.82	3,018,395,694.23	
Total	3,121,985,685.93	55,826,903.12	159,416,894.82	3,018,395,694.23	

Items involving government subsidies: For details of government subsidies included in deferred income, please refer to 63 "Government Subsidies" in VII of Section X - Financial Report.

### 37. Share capital

Unit: CNY

	Opening Balance	Increase/Decrease (+/-)					Ending Balance
		Issue of New Shares	Bonus shares	Share Transferred from Accumulation Fund	Others	Subtotal	
Total shares	4,651,965,655.00				-14,633,325.00	-14,633,325.00	4,637,332,330.00

Other description:

### 38. Capital reserves

Unit: CNY

Item	Opening Balance	Increase in the Current Period	Decrease in the Current Period	Ending Balance
Capital premium (stock premium)	9,373,398,263.61		77,906,538.27	9,295,491,725.34
Other capital reserves	1,077,689,973.13	7,500,283.02	23,772.68	1,085,166,483.47
Total	10,451,088,236.74	7,500,283.02	77,930,310.95	10,380,658,208.81

Other description, including increase/decrease in the current period and reasons for change:

- (1) The capital reserve (share premium) decreased by CNY 77,906,538.27 in the current period due to the repurchase and cancellation of equity incentive shares of the Company.
- (2) The capital reserve (other capital reserves) increased by CNY 7,500,283.02 in the current period due to the recognition of share-based payment expenses during the vesting period of the Company's equity incentive plan.
- (3) The capital reserve (other capital reserves) decreased by CNY 23,772.68 in the current period due to the Company's recognition of changes in other owner's equity of the investee, in proportion to its equity, than net profit or loss, other comprehensive income and profit distribution.

### 39 Treasury shares

Unit: CNY

Item	Opening Balance	Increase in the Current Period	Decrease in the Current Period	Ending Balance
Treasury shares	267,837,184.11		92,539,863.27	175,297,320.84
Total	267,837,184.11		92,539,863.27	175,297,320.84

Other explanations, including the increase/decrease and reasons for changes in the current period: The decrease of CNY 92,539,863.27 in treasury share capital in the current period was caused by the repurchase and cancellation of equity incentive shares recognized by the Company.

## 40 Other comprehensive incomes

Unit: CNY

Item	Opening Balance	Amount Incurred in Current Period						Ending Balance
		Amount Incurred before Income Tax in the Current Period	Less: Current Profits or Losses Transferred from Other Comprehensive Income Recorded in the Previous Period	Less: Current Retained Earnings Transferred from Other Comprehensive Income Recorded in the Previous Period	Less: Income Tax Expenses	After-tax Amount Attributable to Parent Company	After-tax Amount Attributable to Minority Shareholders	
I. Other comprehensive incomes that cannot be reclassified into profits or losses	-4,024,777.80							-4,024,777.80
Including: changes arising from re-measurement of the defined benefit plan	-4,040,000.00							-4,040,000.00
Other comprehensive incomes that cannot be reclassified into profit or loss under the equity method	15,222.20							15,222.20
II. Other comprehensive incomes that will be reclassified into profits or losses	-1,374,343.01					250,455.89		-1,123,887.12
Including: other comprehensive incomes that can be reclassified	-496,016.97					254,420.76		-241,596.21

into profits or losses under the equity method								
Translation difference in foreign currency financial statements	-878,326.04					-3,964.87		-882,290.91
Total other comprehensive incomes	-5,399,120.81					250,455.89		-5,148,664.92

Other description, including the adjustment of the effective part of cash flow hedging profit or loss transferred to the initially recognized amount of the hedged item:

#### 41 Special reserves

Unit: CNY

Item	Opening Balance	Increase in the Current Period	Decrease in the Current Period	Ending Balance
Work safety cost	370,420,291.86	15,046,812.40	16,497,144.11	368,969,960.15
Total	370,420,291.86	15,046,812.40	16,497,144.11	368,969,960.15

Other description, including increase/decrease in the current period and reasons for change:

#### 42 Surplus reserves

Unit: CNY

Item	Opening Balance	Increase in the Current Period	Decrease in the Current Period	Ending Balance
Statutory surplus reserve	2,760,723,110.73			2,760,723,110.73
Discretionary surplus reserves	297,526,491.71			297,526,491.71
Total	3,058,249,602.44			3,058,249,602.44

Description of surplus reserve, including increase/decrease and reasons for change in the current period:

#### 43 Undistributed profits

Unit: CNY

Item	Current Period	Previous Period
Undistributed profits at the end of the previous period before adjustment	5,460,939,601.36	8,434,403,352.08
Undistributed profits at the beginning of the current period after adjustment	5,460,939,601.36	8,434,403,352.08
Add: net profit attributable to owners of parent company in the current	401,336,302.35	170,153,887.32

period		
Less: ordinary stock dividends payable		3,025,174,498.45
Undistributed profits at the end of the period	5,862,275,903.71	5,579,382,740.95

Details of adjustment to undistributed profits at the beginning of period:

- 1) The undistributed profit at the beginning of the period affected by the retroactive adjustment of *Accounting Standards for Business Enterprises* and its relevant new regulations is CNY 0.00.
- 2) The undistributed profit at the beginning of the period affected by changes in accounting policies is CNY 0.00.
- 3) The undistributed profit at the beginning of the period affected by correction of significant accounting errors is CNY 0.00.
- 4) The undistributed profit at the beginning of the period affected by the changes in consolidation scope due to same control is CNY 0.00.
- 5) The undistributed profit at the beginning of the period affected by other adjustments totals CNY 0.00.

#### 44 Operating income and operating cost

Unit: CNY

Item	Amount Incurred in Current Period		Amount Incurred in the Previous Period	
	Income	Cost	Income	Cost
Main business	32,139,093,286.21	29,929,907,291.11	21,805,259,709.38	20,220,312,403.72
Other business	875,568,627.92	660,616,486.91	1,066,275,552.18	894,738,065.89
Total	33,014,661,914.13	30,590,523,778.02	22,871,535,261.56	21,115,050,469.61

Information related to performance obligations: none

Information related to the transaction price allocated to the remaining performance obligations: The income corresponding to the performance obligations that have been signed but not yet fulfilled or completed at the end of the reporting period is CNY 675,418,437.64, of which CNY 337,709,218.82 is expected to be recognized in 2023 and CNY 337,709,218.82 is expected to be recognized in 2024.

Other description

#### 45 Taxes and surcharges

Unit: CNY

Item	Amount Incurred in Current Period	Amount Incurred in the Previous Period
Urban maintenance and construction tax	19,546,313.81	21,670,465.02
Education surcharges	14,049,726.20	15,501,287.61
Property tax	27,465,239.54	25,351,529.04
Land use tax	17,742,508.40	19,556,934.07
Vehicle and vessel use tax	51,933.49	54,706.28

Stamp duty	30,606,438.19	23,538,154.45
Environmental protection tax	427,254.80	191,419.33
Others	-47,844.63	635,765.71
<b>Total</b>	<b>109,841,569.80</b>	<b>106,500,261.51</b>

Other description:

#### 46 Sales expenses

Unit: CNY

Item	Amount Incurred in Current Period	Amount Incurred in the Previous Period
Product quality assurance fee	372,020,904.40	176,597,991.74
Employee compensation	230,992,397.31	196,348,174.29
Storage fee	49,482,396.12	56,206,844.19
Promotion fee	5,652,694.61	26,616,044.88
Packing cost	36,501,913.05	32,009,966.23
Business publicity fee	5,491,042.24	13,770,613.76
Travel expense	32,468,745.00	15,775,038.28
Sales service fee	7,172,990.92	11,115,081.89
Rental fee	23,305,950.67	26,468,705.36
Insurance premium	2,116,210.71	3,179,938.52
Others	9,617,573.30	8,402,329.68
<b>Total</b>	<b>774,822,818.33</b>	<b>566,490,728.82</b>

Other description:

#### 47 Administrative expenses

Unit: CNY

Item	Amount Incurred in Current Period	Amount Incurred in the Previous Period
Employee compensation	554,575,877.44	598,558,389.99
Repair cost of fixed assets	86,296,341.73	69,924,624.89
Depreciation cost	62,859,036.45	59,078,687.98
Amortization of intangible assets	45,228,775.75	44,522,259.21
Labor outsourcing fee	20,600,631.57	24,977,327.54
Information system service fee	18,919,334.81	20,402,954.88
Sewage charge	9,479,418.73	8,702,172.92
Kinetic energy and workshop heating cost	15,614,154.67	12,918,192.98
Publicity fee	2,792,288.47	1,367,051.26
Test and inspection fee	5,943,937.13	3,884,917.30
Others	48,851,266.17	42,683,537.57
<b>Total</b>	<b>871,161,062.92</b>	<b>887,020,116.52</b>

Other description

**48 R&D expenses**

Unit: CNY

Item	Amount Incurred in Current Period	Amount Incurred in the Previous Period
Employee compensation	781,461,814.17	682,745,813.55
Test fee	161,697,116.15	106,067,297.14
Trial production cost	72,342,454.50	61,977,054.15
Depreciation cost	121,938,716.42	125,686,161.11
Joint R&D expenses	53,939,832.01	3,323,914.67
Design fee	3,092,727.26	26,118,317.60
Others	53,575,043.03	10,397,664.42
<b>Total</b>	<b>1,248,047,703.54</b>	<b>1,016,316,222.64</b>

Other description

**49 Financial expenses**

Unit: CNY

Item	Amount Incurred in Current Period	Amount Incurred in the Previous Period
Interest income	-332,873,373.32	-502,087,676.33
Bill discount interest		
Net actuarial interest	463,219.03	166,532.74
Handling charge of financial institutions	62,645.64	81,595.17
Interest expense	2,201,462.83	2,361,612.41
Exchange gain or loss	-134,786.41	-186,398.61
Others	-85,382,599.83	-71,489,636.46
<b>Total</b>	<b>-415,663,432.06</b>	<b>-571,153,971.08</b>

Other description

**50 Other income**

Unit: CNY

Sources of other income	Amount Incurred in Current Period	Amount Incurred in the Previous Period
Subsidies	193,604,585.44	227,954,740.41
Others	2,051,784.67	2,092,309.91
<b>Total</b>	<b>195,656,370.11</b>	<b>230,047,050.32</b>

**51. Investment income**

Unit: CNY

Item	Amount Incurred in Current Period	Amount Incurred in the Previous Period
Income from long-term equity investments accounted for using the equity method	234,054,148.54	281,180,159.71
Others	-100,436,268.67	-77,271,243.30
<b>Total</b>	<b>133,617,879.87</b>	<b>203,908,916.41</b>

Other description:

**52 Credit impairment loss**

Unit: CNY

Item	Amount Incurred in Current Period	Amount Incurred in the Previous Period
Bad debt losses of other receivables	-288,813.51	2,682,455.55
Bad debt losses of long-term receivables	-2,927,793.76	-4,660,539.00
Bad debt losses of notes receivable	-69,181.55	33,965.46
Bad debt losses of accounts receivable	-32,194,937.26	-19,882,625.36
<b>Total</b>	<b>-35,480,726.08</b>	<b>-21,826,743.35</b>

Other description

**53 Asset impairment loss**

Unit: CNY

Item	Amount Incurred in Current Period	Amount Incurred in the Previous Period
I. Inventory falling price loss and contract performance cost impairment loss	-35,182,158.70	-85,486,353.05
II. Impairment loss of contract assets	-142,013.25	141,606.09
<b>Total</b>	<b>-35,324,171.95</b>	<b>-85,344,746.96</b>

Other description:

**54 Income from assets disposal**

Unit: CNY

Sources of Income from Assets Disposal	Amount Incurred in Current Period	Amount Incurred in the Previous Period
Gains from disposal of fixed assets	98,132,494.11	42,431.19

**55. Non-operating income**

Unit: CNY

Item	Amount Incurred in Current Period	Amount Incurred in the Previous Period	Amount Included in Current Non-recurring Profits and Losses
Unpayable amount recognized	581,828.00		581,828.00
Income from compensation, liquidated damages and penalties	7,871,739.74	5,797,555.07	7,871,739.74
Gains from damage and retirement of non-current assets	695,112.91		695,112.91
Others	393,806.14	98,260,551.19	393,806.14
<b>Total</b>	<b>9,542,486.79</b>	<b>104,058,106.26</b>	<b>9,542,486.79</b>

**56. Non-operating expenses**

Unit: CNY

Item	Amount Incurred in Current Period	Amount Incurred in the Previous Period	Amount Included in Current Non-recurring Profits and Losses
Donation	2,000,000.00	10,000,000.00	2,000,000.00
Expenditure on compensation, liquidated damages and fines	435,083.63	1,303,569.25	435,083.63
Losses from damage and retirement of non-current assets	1,297,109.63	897,265.34	1,297,109.63
Others	69,570.55	13,400.00	69,570.55
<b>Total</b>	<b>3,801,763.81</b>	<b>12,214,234.59</b>	<b>3,801,763.81</b>

Other description:

**57 Income tax expenses****(1) Statement of income tax expenses**

Unit: CNY

Item	Amount Incurred in Current Period	Amount Incurred in the Previous Period
Current income tax expenses	42,401,718.66	323,637,275.45
Deferred income tax expense	-245,467,038.39	-323,808,949.95
<b>Total</b>	<b>-203,065,319.73</b>	<b>-171,674.50</b>

**(2) Adjustment process of accounting profits and income tax expenses**

Unit: CNY

Item	Amount Incurred in Current Period
Total profits	198,270,982.62
Income tax expense calculated at statutory/applicable tax rate	49,567,745.66
Effect of different tax rates applied to subsidiaries	7,621,554.68
Effect of adjustment to income tax of previous periods	-22,095,779.87
Effect of non-deductible costs, expenses and losses	422,258.49
Effects of deductible temporary differences or deductible losses of deferred income tax assets unrecognized in the current period	-9,472,260.95
Profit or loss of joint ventures and associated enterprises calculated by equity method	-58,364,426.81
Tax effect of R&D expenses plus deduction (to be listed with "-")	-170,744,410.92
Income tax expenses	-203,065,319.73

Other description

**58 Other comprehensive incomes**

For details, please refer to 40 "Other comprehensive income" in VII "Notes to Items in Consolidated Financial Statements" of Section X - Financial Report.

**59 Items of cash flow statement****(1) Other cash received related to operating activities**

Unit: CNY

Item	Amount Incurred in Current Period	Amount Incurred in the Previous Period
Government subsidies received	89,195,336.75	541,049,227.17
Collection and payment	9,286,574.17	1,811,788.44
Rental fee received	2,874,590.58	8,480,131.06
Fines and indemnities received	4,419,145.87	2,410,227.73
Refund of handling fees	803,868.95	942,826.72
Recovery of reserve funds	538,760.42	286,468.08
Other current accounts	534,529,346.19	290,185,578.70
Total	641,647,622.93	845,166,247.90

Description of other cash received related to operating activities:

**(2) Other cash payments related to operating activities**

Unit: CNY

Item	Amount Incurred in Current Period	Amount Incurred in the Previous Period
Out-of-pocket expenses	494,020,512.30	212,022,745.78
Current account	455,747,557.22	624,431,327.44
Donations	2,000,000.00	
<b>Total</b>	<b>951,768,069.52</b>	<b>836,454,073.22</b>

Description of other cash payments related to operating activities:

### (3) Other cash received related to financing activities

Unit: CNY

Item	Amount Incurred in Current Period	Amount Incurred in the Previous Period
Interest received	368,529,711.02	441,265,670.20
<b>Total</b>	<b>368,529,711.02</b>	<b>441,265,670.20</b>

Description of other cash received related to investing activities:

### (4) Other cash payments related to financing activities

Unit: CNY

Item	Amount Incurred in Current Period	Amount Incurred in the Previous Period
Donations		10,000,000.00
Principal and interest on lease liabilities	19,709,605.31	5,922,921.74
<b>Total</b>	<b>19,709,605.31</b>	<b>15,922,921.74</b>

Description of other cash payments related to financing activities:

## 60 Supplementary information to cash flow statement

### (1) Supplementary information to cash flow statement

Unit: CNY

Supplementary information	Amount in the Current Period	Amount of the Previous Period
1. Reconciliation of net profit to cash flows from operating activities:		
Net Profit	401,336,302.35	170,153,887.32
Add: impairment provision of assets	70,804,898.03	107,171,490.31
Depreciation of fixed assets, depletion of oil and gas assets and productive biological assets	806,546,681.57	802,424,319.33
Depreciation of right-of-use asset	5,115,821.82	36,125,831.02
Amortization of intangible assets	52,772,614.33	52,038,602.60
Amortization of long-term deferred expenses		

Losses from disposal of fixed assets, intangible assets and other long-term assets (incomes to be listed with "-")	-98,132,494.11	-42,431.19
Loss from retirement of fixed assets (incomes to be listed with "-")	1,297,109.63	897,265.34
Loss from changes in fair value (incomes to be listed with "-")		
Financial expenses (incomes to be listed with "-")	-330,682,164.07	-499,726,063.92
Investment losses (incomes to be listed with "-")	-133,617,879.87	-203,908,916.41
Decrease of deferred income tax assets (increase to be listed with "-")	-248,346,478.93	-258,660,870.66
Increases of deferred income tax liabilities (decrease to be listed with "-")	1,005,800.22	-65,148,079.29
Decrease in inventories (increase to be listed with "-")	-1,448,702,170.39	232,662,937.16
Decrease in operating receivables (increase to be listed with "-")	-9,607,002,028.80	-1,476,787,647.94
Increase in operating items payable (decrease to be listed with "-")	17,346,803,689.10	2,314,756,621.70
Others	-105,040,323.41	231,180,781.26
Net cash flows from operating activities	6,714,159,377.47	1,443,137,726.63
2. Significant investment and financing activities not involving cash deposit and withdrawal:		
Conversion of debt into capital		
Convertible corporate bonds within one year		
Fixed assets acquired under financial lease		
3. Net changes in cash and cash equivalents:		
Ending Balance of cash	26,430,438,475.01	28,270,082,742.95
Less: opening balance of cash	20,697,669,726.18	30,542,676,891.89
Add: ending balance of cash equivalents		
Less: opening balance of cash equivalents		
Net increase in cash and cash equivalents	5,732,768,748.83	-2,272,594,148.94

**(2) Composition of cash and cash equivalents**

Unit: CNY

Item	Ending Balance	Opening Balance
I. Cash	26,430,438,475.01	20,697,669,726.18
Bank deposits readily available for payment	26,430,438,475.01	28,270,082,742.95
II. Ending Balance of cash and cash equivalents	26,430,438,475.01	20,697,669,726.18

Other description:

**61 Assets with restricted ownership or use right**

Unit: CNY

Item	Ending Book Value	Reason for Restriction
------	-------------------	------------------------

Monetary capital	51,204,457.41	Housing maintenance fund, security deposit for three types of personnel and frozen funds
Total	51,204,457.41	

Other description:

## 62 Foreign currency monetary items

### (1) Foreign currency monetary items

Unit: CNY

Item	Foreign Currency Balance at the End of the Period	EXCHANGE RATE	Ending Balance Converted into CNY
Monetary capital			
Including: USD			
EUR	1,838,512.73	7.4229	13,647,096.14
HKD			
Accounts receivable			
Including: USD			
EUR			
HKD			
Long-term loans			
Including: USD			
EUR			
HKD			

Other description:

## 63 Government subsidies

### (1) Basic information on government subsidies

Unit: CNY

Category	Amount	Presented Items	Amount Included in Current Profits and Losses
Government subsidies	3,018,395,694.23	Deferred income	193,604,585.44

## VIII. Changes in Consolidation Scope

### 1. Changes in consolidation scope for other reasons

Description of the changes in consolidation scope caused by other reasons (such as new subsidiaries, liquidation subsidiaries, etc.) and relevant information: The Company established a new subsidiary, FAW Jiefang Uni-D (Tianjin) Technology Co., Ltd., on April 14, 2023.

## IX. Equity in Other Entities

### 1. Equity in subsidiaries

#### (1) Composition of the enterprise group

Name of subsidiary	Principal business place	Registration place	Nature of business	Share proportion		Way of acquisition
				Direct	Indirect	
FAW Jiefang Automotive Co., Ltd.	Changchun	Changchun	Vehicle manufacturing	100.00%		Business merger under common control
FAW Jiefang (Qingdao) Automotive Co., Ltd.	Qingdao	Qingdao	Vehicle manufacturing and sales	100.00%		Business merger under common control
FAW Jiefang Dalian Diesel Engine Co., Ltd.	Dalian	Dalian	Automotive engine manufacturing	100.00%		Business merger under common control
Wuxi Dahao Power Co., Ltd.	Wuxi	Wuxi	Manufacturing of automotive components and accessories	100.00%		Business merger under common control
FAW Jiefang Austria R&D Co., Ltd.	Austria	Austria	Technology research and development	100.00%		Business merger under common control
FAW Jiefang New Energy Automotive Sales Co., Ltd.	Changchun	Changchun	Vehicle sales	100.00%		Establishment by investment
FAW Jiefang Uni-D (Tianjin) Technology Industry Co., Ltd.	Tianjin	Tianjin	Science and technology promotion	100.00%		Establishment by investment

Description of the fact that the shareholding proportion in subsidiaries is different from the proportion of voting rights: none

Basis for holding half or less of the voting rights but still controlling the investee, and for holding more than half of the voting rights but not controlling the investee: none

Basis for control of important structured entities included in the consolidation scope: none

Basis for determining whether the Company is an agent or a principal: none

Other description: none

## 2. Equities in joint ventures or associated enterprise

### (1) Important joint ventures or associated enterprises

Name of Joint Ventures or Associated Enterprises	Principal Business Place	Registration Place	Nature of Business	Share Proportion		Accounting Treatment Method for Investment in Joint Ventures or Associated Enterprises
				Direct	Indirect	
First Automobile Finance Co., Ltd.	Changchun	Changchun	Financial services	21.84%		Equity method
Sanguard Automobile Insurance Co., Ltd.	Changchun	Changchun	Financial insurance	17.50%		Equity method
FAW Changchun Ansteel Steel Processing and Distribution Co., Ltd.	Changchun	Changchun	Industrial manufacturing	40.00%		Equity method
FAW Changchun Baoyou Jiefang Steel Processing and Distribution Co., Ltd.	Changchun	Changchun	Industrial manufacturing	21.81%		Equity method
Changchun Wabco Automotive Control System Co., Ltd.	Changchun	Changchun	Manufacturing of automotive components and accessories	40.00%		Equity method
Suzhou Zhito Technology Co., Ltd.	Suzhou	Suzhou	Application software research and test development	26.92%		Equity method
FAW Jiefang Fujie (Tianjin) Technology Industry Co., Ltd.	Tianjin	Tianjin	Software and information technology services	10.00%		Equity method
SmartLink	Nanjing	Nanjing	Software and information technology services	35.00%		Equity method
Foshan Diyiuan New Energy Technology Co., Ltd.	Foshan	Foshan	Manufacturing and technical services	45.00%		Equity method
Jiefang Times New Energy Technology Co., Ltd.	Shijiazhuang	Shijiazhuang	Research and experimental development	50.00%		Equity method
Changchun Automotive Test Center Co., Ltd.	Changchun	Changchun	Manufacturing and technical services	14.63%		Equity method

Explanation of the fact that the shareholding proportion in joint ventures or associated enterprises is different from the proportion of voting rights: there is no difference between the shareholding proportion and the proportion of voting rights.

Basis for holding less than 20% of voting rights but with significant influence, or holding 20% or more of voting rights but without significant influence: The Company holds 17.50% of the shares of Sanguard Automobile Insurance Co., Ltd., but it sends one director to the later according to the Articles of Association of the later, so the Company can exert significant influence on Sanguard Automobile Insurance Co., Ltd. The Company holds 10.00% of the shares of FAW Jiefang Fujie (Tianjin) Technology Industry Co., Ltd., but it sends three directors to the later according to the Articles of Association of the later, so the Company can exert significant influence on FAW Jiefang Fujie (Tianjin) Technology Industry Co., Ltd.

**(2) Main financial information on important associated enterprises**

Unit: CNY

	Ending Balance/Amount Incurred in Current Period										
	First Automobile Finance Co., Ltd.	Sanguard Automobile Insurance Co., Ltd.	FAW Changchun Ansteel Steel Processing and Distribution Co., Ltd.	Changchun Wabco Automotive Control System Co., Ltd.	FAW Changchun Baoyou Jiefang Steel Processing and Distribution Co., Ltd.	Suzhou Zhito Technology Co., Ltd.	FAW Jiefang Fujie (Tianjin) Technology Industry Co., Ltd.	SmartLink	Foshan Diyi Yuan New Energy Technology Co., Ltd.	Jiefang Times New Energy Technology Co., Ltd.	Changchun Automotive Test Center Co., Ltd.
Current assets	41,270,226,585.06	2,088,248,362.01	313,632,486.54	39,338,385.87	327,408,201.02	456,237,342.45	1,818,932,231.27	148,176,612.82	79,948,115.57	79,560,864.96	2,069,411,355.80
Non-current assets	102,715,665,529.79	805,822,534.53	64,262,885.54	25,757,823.47	55,680,302.93	95,437,195.16	622,636,646.84	10,572,521.38		9,527,157.95	1,544,012,715.49
Total assets	143,985,892,114.85	2,894,070,896.54	377,895,372.08	65,096,209.34	383,088,503.95	551,674,537.61	2,441,568,878.11	158,749,134.20	79,948,115.57	89,088,022.91	3,613,424,071.29
Current liabilities	121,982,755,342.95	449,997,819.23	156,042,957.48	22,797,376.01	196,925,540.78	199,352,646.46	1,835,150,832.91	184,961,560.15	621,282.73	-548,977.09	60,724,993.38
Non-current liabilities	230,003,042.31	1,300,714,900.34			1,960,673.02	723,687,055.90	227,901,184.50				98,538,831.04
Total liabilities	122,212,758,385.26	1,750,712,719.57	156,042,957.48	22,797,376.01	198,886,213.80	923,039,702.36	2,063,052,017.41	184,961,560.15	621,282.73	-548,977.09	159,263,824.42
Net Assets	21,773,133,729.59	1,143,358,176.97	221,852,414.60	42,298,833.33	184,202,290.15	371,365,164.75	378,516,860.70	-26,212,425.95	79,326,832.84	89,637,000.00	3,454,160,246.87
Minority equity	1,151,694,488.43							-85,907.77			448,675,662.70
Equity attributable to shareholders of the parent company	20,621,439,241.16	1,143,358,176.97	221,852,414.60	42,298,833.33	184,202,290.15	371,365,164.75	378,516,860.70	-26,126,518.18	79,326,832.84	89,637,000.00	3,005,484,584.17
Shares of net assets calculated as	4,503,577,980.19	200,087,680.97	88,740,965.84	16,919,533.33	40,167,151.39	-99,971,502.35	37,851,686.07	-9,144,281.36	35,697,074.78	44,818,500.00	439,702,394.66

per the shareholding proportion											
Adjustments	-4,624,941.15					99,971,502.35	-877,875.47	9,144,281.36			237,406,313.68
--Goodwill											
--Unrealized profits from internal transactions											
--Others											
Book value of equity investment in associated enterprises	4,498,953,039.04	200,087,680.97	88,740,965.84	16,919,533.33	40,167,151.39		36,973,810.60		35,697,074.78	44,818,500.00	677,108,708.34
Fair value of equity investment in associated enterprises with public offer											
Operating income	3,209,535,678.73	436,757,499.61	290,397,008.90	29,994,307.74	688,788,120.17	35,847,499.57	1,389,765,322.96	159,572,163.42		264,424.78	240,465,225.12
Net Profit	1,165,863,071.10	22,325,313.14	4,167,069.20	-916,143.61	14,884,160.46	-94,145,183.33	18,284,853.78	-36,269,129.74	-233,646.64	-299,048.52	70,700,030.55
Net profit from discontinued operations											
Other comprehensive incomes	1,185,724.65	15,630,049.55									
Total comprehensive income	1,167,048,795.75	37,955,362.69	4,167,069.20	-916,143.61	14,884,160.46	-94,145,183.33	18,284,853.78	-36,269,129.74	-233,646.64	-299,048.52	70,700,030.55

Dividends received from associated enterprises in the current year		4,835,877.87			6,892,912.77						
--	--	--------------	--	--	--------------	--	--	--	--	--	--

	Opening Balance/Amount Incurred in Previous Period							
	First Automobile Finance Co., Ltd.	Sanguard Automobile Insurance Co., Ltd.	FAW Changchun Ansteel Steel Processing and Distribution Co., Ltd.	Changchun Wabco Automotive Control System Co., Ltd.	FAW Changchun Baoyou Jiefang Steel Processing and Distribution Co., Ltd.	Suzhou Zhito Technology Co., Ltd.	FAW Jiefang Fujie (Tianjin) Technology Industry Co., Ltd.	SmartLink
Current assets	34,615,907,095.53	2,172,822,754.87	231,520,871.50	19,053,367.45	427,768,781.91	638,977,641.34	931,332,176.60	157,591,221.86
Non-current assets	107,957,446,335.83	732,633,048.50	66,900,185.87	27,097,843.55	62,831,909.92	64,737,895.14	293,708,044.88	7,744,508.63
Total assets	142,573,353,431.36	2,905,455,803.37	298,421,057.37	46,151,211.00	490,600,691.83	703,715,536.48	1,225,040,221.48	165,335,730.49
Current liabilities	120,256,125,824.02	510,326,378.57	80,755,484.41	2,930,795.76	286,304,062.71	346,619,144.05	672,380,337.39	164,518,379.90
Non-current liabilities	1,561,324,948.51	1,246,437,069.12			3,175,522.27	633,398,618.35	181,734,209.97	
Total liabilities	121,817,450,772.53	1,756,763,447.69	80,755,484.41	2,930,795.76	289,479,584.98	980,017,762.40	854,114,547.36	164,518,379.90
Net Assets	20,755,902,658.83	1,148,692,355.68	217,665,572.96	43,220,415.24	201,121,106.85	-276,302,225.92	370,925,674.12	817,350.59
Minority equity	1,182,641,203.70							
Equity attributable to shareholders of the parent company	19,573,261,455.13	1,148,692,355.68	217,665,572.96	43,220,415.24	201,121,106.85	-276,302,225.92	370,925,674.12	817,350.59
Shares of net assets calculated as per the shareholding proportion	4,274,663,288.97	201,021,162.24	87,066,229.18	17,288,166.13	43,856,468.58	-74,380,559.22	37,092,567.41	286,072.71
Adjustments	-4,625,319.38					74,380,559.22		
--Goodwill								
--Unrealized profits from internal transactions								

--Others								
Book value of equity investment in associated enterprises	4,270,037,969.59	201,021,162.24	87,066,229.18	17,288,166.13	43,856,468.58		37,092,567.41	286,072.71
Fair value of equity investment in associated enterprises with public offer								
Operating income	3,422,338,661.73	296,473,754.70	193,852,315.00	1,615,734.44	713,063,817.33	9,159,426.31	518,166,168.85	77,641,765.61
Net Profit	1,405,479,645.81	66,252,998.15	4,513,671.66	-3,913,632.35	15,266,188.29	-101,848,190.93	5,424,761.72	-40,090,487.17
Net profit from discontinued operations								
Other comprehensive incomes	-39,469.03	-217,810.65						
Total comprehensive income	1,405,440,176.78	66,035,187.50	4,513,671.66	-3,913,632.35	15,266,188.29	-101,848,190.93	5,424,761.72	-40,090,487.17
Dividends received from associated enterprises in the current year					6,300,012.21			

Other description

**(3) Excess losses incurred by joint ventures or associated enterprises**

Unit: CNY

Name of Joint Ventures or Associated Enterprises	Unrecognized Losses Accumulated in Prior Periods	Unrecognized Losses in the Current Period (or Net Profit Shared in the Current Period)	Accumulated Unrecognized Losses at the End of the Current Period
Suzhou Zhito Technology Co., Ltd.	74,380,559.22	25,590,943.13	99,971,502.35
SmartLink		9,144,281.36	9,144,281.36

Other description

**X. Risk Related to Financial Instruments**

The main financial instruments of the Company include monetary capital, notes receivable, accounts receivable, receivables financing, other receivables, non-current assets due within one year, other current assets, long-term receivables, notes payable, accounts payable, other payables, non-current liabilities due within one year, and lease liabilities. Details of each financial instrument have been disclosed in relevant notes. The risks related to these financial instruments and the risk management policies adopted by the Company to reduce these risks are described below. The management of the Company manages and monitors these risk exposures to ensure that the above risks are controlled within a limited range.

## 1. Risk management objectives and policies

The Company carries out risk management to achieve an appropriate balance between risks and benefits, minimize the negative impact of risks on the Company's business performance, and maximize the interests of shareholders and other equity investors. The Company, based on the risk management objectives, adopts the basic risk management strategy of determining and analyzing various risks faced by the Company, establishing an appropriate baseline for risk tolerance and carrying out risk management, and supervising various risks in a timely and reliable manner to control the risks within a limited range.

Main risks caused by financial instruments of the Company include credit risk, liquidity risk and market risk (including exchange rate risk and interest rate risk).

## (1) Credit risk

Credit risk refers to the risk of financial loss to the Company caused by the counterparty's failure to perform its contractual obligations.

The Company manages credit risks by portfolio classification. Credit risk mainly arises from bank deposits, notes receivable, accounts receivable, other receivables, long-term receivables, etc.

The Company's deposits are mainly deposited in state-owned banks and other large and medium-sized listed banks, and the Company does not expect significant credit risks in its bank deposits.

The Company makes relevant policies to control the credit risk exposure for notes receivable, accounts receivable, other receivables and long-term receivables. The Company evaluates the credit qualification of customers and sets the credit period based on their financial conditions, credit records and other factors such as current market situations. The Company monitors the credit records of customers regularly, and take measures such as written reminders, shortening of credit period or cancellation of credit period for customers with poor credit records, so as to ensure that the overall credit risk is within a controllable range.

The debtors of the Company's accounts receivable are customers distributed in different industries and regions. The Company carries out continuous credit assessment on the financial condition of accounts receivable and purchases credit guarantee insurance when appropriate.

The maximum credit risk exposure borne by the Company is the book value of each financial asset in the balance sheet. The Company does not provide any other guarantee that may expose the Company to credit risk.

The accounts receivable of the top five customers account for 60.03% of the total accounts receivable of the Company. Other receivables of the top five companies with debts account for 69.95% of the total other receivables of the Company.

## (2) Liquidity risk

Liquidity risk refers to the risk of capital shortage when the Company performs its obligations of settlement by delivering cash or other financial assets.

The Company maintains and monitors cash and cash equivalents deemed adequate by the management during liquidity risk management to meet the Company's operating needs and reduce the impact of fluctuations in cash flows. The management of the Company monitors the use of bank loans and ensures compliance with the loan agreements. Meanwhile, the Company obtains commitments from major financial institutions to provide sufficient reserve funds to meet short-term and long-term funding needs.

The sources of the Company's working capital include funds generated from operating activities, bank loans and other loans. As of June 30, 2023, the Company's unused bank loan limit is CNY 8 billion.

## (3) Market risk

Market risk of financial instruments refers to the risk of fluctuation in fair value or future cash flow of financial instruments due to the changes in market price, including interest rate risk, exchange rate risk and other price risks.

### Interest rate risk

The risk of changes in cash flow of financial instruments caused by changes in interest rates of the Company is mainly related to bank loans with floating interest rates. It is the policy of the Company to maintain floating interest rates on these loans.

Sensitivity analysis on interest rate risk:

The sensitivity analysis on interest rate risk is based on the assumption that changes in market interest rates affect interest income or expenses on variable rate financial instruments.

The Company had no interest-bearing debts such as bank loans as of June 30, 2023.

Exchange rate risk

Exchange rate risk refers to the risk of fluctuation in fair value or future cash flow of financial instruments due to change in foreign exchange rate. Exchange rate risk may come from financial instruments denominated in a foreign currency other than the recording currency.

The foreign exchange risk borne by the Company is mainly related to euros. Main business activities of the Company are settled in CNY, except that the subsidiary established in Austria holds assets settled in EUR. The balance of Company's assets and liabilities were all in CNY as of June 30, 2023, except a small amount of monetary capitals including the balance in EUR. Therefore, the Company does not believe that the exchange rate risk faced is significant.

## 2. Capital management

The Company prepares capital management policy to ensure continuous operation of the Company, thus providing returns to shareholders, benefiting other stakeholders, and maintaining the best capital structure to reduce capital costs.

In order to maintain or adjust the capital structure, the Company may adjust the financing method, adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and other equity instruments, or sell assets to reduce debt.

The Company monitors the capital structure based on the asset-liability ratio (i.e. total liabilities divided by total assets). As of June 30, 2023, the Company's asset-liability ratio is 66.49%.

## XI. Related Parties and Related Transactions

### 1. Parent company of the Company

Name of Parent Company	Registration Place	Nature of Business	Registered Capital	Shareholding Proportion of the Parent Company in the Company	Proportion of Voting Rights of the Parent Company in the Company
FAW	Changchun	Production and sales of automobiles and parts	CNY 78,000,000,000.00	66.00%	66.00%

Description of the parent company of the Company: The ultimate controlling party of the Company is China FAW Group Co., Ltd..

Other description: The registered capital of the parent company has not changed during the reporting period.

## 2. Subsidiaries of the Company

For details of subsidiaries of the Company, please refer to 1 in IX "Equity in Other Entities" of Section X - Financial Report.

## 3. Information on joint ventures and associated enterprises of the Company

For details of important joint ventures or associated enterprises of the Company, please refer to 2 in IX "Equity in Other Entities" of Section X - Financial Report.

Other joint ventures or associated enterprises that have related party transactions with the Company in the current period or in the previous period, resulting in balance, are as follows:

Name of Joint Ventures or Associated Enterprises	Relationship with the Company
First Automobile Finance Co., Ltd.	Associated enterprise of the Company, the same ultimate controlling party
Sanguard Automobile Insurance Co., Ltd.	Associated enterprise of the Company, the same ultimate controlling party
Changchun Automotive Test Center Co., Ltd.	Associated enterprise of the Company, the same ultimate controlling party
FAW Changchun Ansteel Steel Processing and Distribution Co., Ltd.	Associated enterprise of the Company
Changchun Wabco Automotive Control System Co., Ltd.	Associated enterprise of the Company
Suzhou Zhito Technology Co., Ltd.	Associated enterprise of the Company
FAW Changchun Baoyou Jiefang Steel Processing and Distribution Co., Ltd.	Associated enterprise of the Company
FAW Jiefang Fujie (Tianjin) Technology Industry Co., Ltd.	Associated enterprise of the Company
SmartLink	Associated enterprise of the Company
Foshan Diyi Yuan New Energy Technology Co., Ltd.	Associated enterprise of the Company
Jiefang Times New Energy Technology Co., Ltd.	Associated enterprise of the Company

Other description

## 4. Information on other related parties

Names Of Other Related Parties	Relationship between Other Related Parties and the Company
China FAW Group Import & Export Co., Ltd.	The same ultimate controlling party
Changchun FAW Automobile Culture Communication Co., Ltd.	The same ultimate controlling party
FAW Changchun Automobile Trading Service Co., Ltd.	The same ultimate controlling party

FAW Asset Management Co., Ltd.	The same ultimate controlling party
FAW Foundry Co., Ltd.	The same ultimate controlling party
FAW Zhixing Technology (Nanjing) Co., Ltd.	The same ultimate controlling party
FAW New Energy Vehicle Sales (Shenzhen) Co., Ltd.	The same ultimate controlling party
FAW Logistics Co., Ltd.	The same ultimate controlling party
FAW Logistics (Changchun Lushun) Storage and Transportation Co., Ltd.	The same ultimate controlling party
FAW Logistics (Qingdao) Co., Ltd.	The same ultimate controlling party
FAW Mold Manufacturing Co., Ltd.	The same ultimate controlling party
FAW Harbin Light Automobile Co., Ltd.	The same ultimate controlling party
Changchun Faw Service Trade Co., Ltd.	The same ultimate controlling party
FAW Forging (Jilin) Co., Ltd.	The same ultimate controlling party
FAW-Volkswagen Automotive Co., Ltd.	The same ultimate controlling party
FAW Bestune Car Co., Ltd.	The same ultimate controlling party
FAW (Dalian) International Logistics Co., Ltd.	The same ultimate controlling party
Wuxi Sawane Spring Co., Ltd.	The same ultimate controlling party
Qiming Information Technology Co., Ltd.	The same ultimate controlling party
Jilin Qiming Anxin Information Security Technology Co., Ltd.	The same ultimate controlling party
Hainan Tropical Automobile Test Co., Ltd.	The same ultimate controlling party
Dalian Qiming Haitong Information Technology Co., Ltd.	The same ultimate controlling party
FAW Changchun Comprehensive Utilization Co., Ltd.	Other related parties
FAW Changchun Yanfeng Visteon Electronics Co., Ltd.	Other related parties
FAW Changchun Communication Technology Co., Ltd.	Other related parties
FAW Changchun Tianqi Process Equipment Engineering Co., Ltd.	Other related parties
FAW Changchun Industrial Sodis Management Service Co., Ltd.	Other related parties
FAW Changchun Industrial Shuixing Rubber and Plastic Products Co., Ltd.	Other related parties
Changchun FAW Pratt Technology Co., Ltd.	Other related parties
Changchun FAW United Casting Company	Other related parties
Changchun FAWAY Automobile Components Co., Ltd.	Other related parties
Changchun FAWSN Group Co., Ltd.	Other related parties
Changchun Yidong Clutch Co., Ltd.	Other related parties
Changchun Automotive Economic and Technological Development Zone Environmental Sanitation and Cleaning Co., Ltd.	Other related parties
FAW Jingye Engine Co., Ltd.	Other related parties
FAW Jilin Automobile Co., Ltd.	Other related parties
FAW Hongta Yunnan Automobile Manufacturing Co., Ltd.	Other related parties
Cinda FAW Commercial Factoring Co., Ltd.	Other related parties
Wuxi CRRC New Energy Automobile Co., Ltd.	Other related parties

Shandong Pengxiang Automobile Co., Ltd.	Other related parties
China Unicom Intelligent Network Technology Co., Ltd.	Other related parties
United Fuel Cell System R&D (Beijing) Co., Ltd.	Other related parties
The Ninth Institute of Project Planning & Research of China Machinery Industry (FIPPR)	Other related parties
Hongqi Intelligent Mobility Technology (Beijing) Co., Ltd.	Other related parties
Harbin FAW Transmission Co., Ltd.	Other related parties
Grammer Vehicle Parts (Qingdao) Co., Ltd.	Other related parties
Grammer Vehicle Parts (Harbin) Co., Ltd.	Other related parties
Fawer Auto Parts Co., Ltd.	Other related parties
Volkswagen FAW Engine (Dalian) Co., Ltd.	Other related parties

Other description

## 5. Related transactions

### (1) Related transactions of purchasing or selling goods and providing or receiving labor services

Statement of goods purchase/reception of labor services

Unit: CNY

Related Parties	Content of Related Transaction	Amount Incurred in Current Period	Approved Transaction Amount	Is the Transaction Amount Exceeded	Amount Incurred in the Previous Period
Fawer Auto Parts Co., Ltd.	Goods purchase and reception of labor services	751,551,871.30	1,684,360,000.00	No	581,666,983.45
Shandong Pengxiang Automobile Co., Ltd.	Goods purchase and reception of labor services	321,749,405.78	481,090,000.00	No	136,864,850.80
Changchun FAWSN Group Co., Ltd.	Goods purchase and reception of labor services	280,903,728.09	678,380,000.00	No	166,091,546.54
FAW Foundry Co., Ltd.	Goods purchase and reception of labor services	413,071,742.20	847,650,000.00	No	264,317,382.66
FAW Logistics Co., Ltd.	Goods purchase and reception of labor services	195,120,017.33	400,000,000.00	No	155,444,625.15

Changchun FAWAY Automobile Components Co., Ltd.	Goods purchase and reception of labor services	181,104,399.46	850,690,000.00	No	125,298,339.31
FAW Changchun Ansteel Steel Processing and Distribution Co., Ltd.	Goods purchase and reception of labor services	156,577,508.70	229,220,000.00	No	115,077,342.40
FAW Forging (Jilin) Co., Ltd.	Goods purchase and reception of labor services	191,850,549.63	509,050,000.00	No	195,192,720.59
FAW Logistics (Qingdao) Co., Ltd.	Goods purchase and reception of labor services	119,111,915.14	426,000,000.00	No	132,447,632.30
Changchun Yidong Clutch Co., Ltd.	Goods purchase and reception of labor services	103,546,734.02	193,030,000.00	No	111,271,220.54
SmartLink	Goods purchase and reception of labor services	89,982,268.22	141,240,000.00	No	56,377,549.17
Qiming Information Technology Co., Ltd.	Goods purchase and reception of labor services	72,665,910.12	143,800,000.00	No	31,889,903.88
China FAW Group Import & Export Co., Ltd.	Goods purchase and reception of labor services	62,900,925.02	156,060,000.00	No	45,346,979.72
Grammer Vehicle Parts (Harbin) Co., Ltd.	Goods purchase and reception of labor services	45,950,885.93	150,000,000.00	No	
The Ninth Institute of Project Planning & Research of China Machinery Industry (FIPPR)	Goods purchase and reception of labor services	35,812,164.45	348,760,000.00	No	99,069,799.94
Changchun Automotive Test	Goods purchase and	22,796,281.44	134,240,000.00	No	

Center Co., Ltd.	reception of labor services				
FAW Jilin Automobile Co., Ltd.	Goods purchase and reception of labor services	2,367,964.59	195,530,000.00	No	
China FAW Group Co., Ltd. and other related parties	Goods purchase and reception of labor services	484,341,667.60	1,022,340,000.00	No	368,678,042.08

Statement of goods sales/rendering of services

Unit: CNY

Related Parties	Content of Related Transaction	Amount Incurred in Current Period	Amount Incurred in the Previous Period
China FAW Group Import & Export Co., Ltd.	Sales of goods	6,728,264,167.89	2,292,647,625.45
FAW Jiefang Fujie (Tianjin) Technology Industry Co., Ltd.	Sales of goods	1,213,457,947.93	342,974,356.23
FAW Changchun Comprehensive Utilization Co., Ltd.	Sales of goods	100,636,434.81	83,819,550.59
SmartLink	Sales of goods	66,851,895.14	
Changchun Faw Service Trade Co., Ltd.	Sales of goods	27,873,745.56	115,783,309.46
China FAW Group Co., Ltd. and other related parties	Sales of goods	39,501,124.08	86,537,319.33

Description of related transactions of purchasing or selling goods and providing or receiving labor services:

**(2) Related lease**

The Company, as the lessor:

Unit: CNY

Name of Lessee	Type of Leased Assets	Lease Income Recognized in the Current Period	Lease Income Recognized in the Previous Period
Changchun Automotive Test Center Co., Ltd.	Houses and buildings	1,288,392.99	2,678,255.50
FAW	Houses and buildings	1,017,306.92	3,022,825.56
Fawer Auto Parts Co., Ltd.	Houses and buildings	197,702.76	197,702.76
FAW Changchun Communication Technology Co., Ltd.	Land		109,541.28
Shandong Pengxiang Automobile Co., Ltd.	Houses and buildings	377,350.46	377,350.46

The Company, as the lessee:

Unit: CNY

Name of lessor	Type of Leased Assets	Rental Expenses for Simplified Short-term leases and Low-value asset Leases (If Applicable)		Variable Lease Payments not Included in the Measurement of Lease Liabilities (If Applicable)		Rent Paid		Interest Expense on Lease Liabilities Incurred		Increased Right-of-Use Assets	
		Amount Incurred in Current Period	Amount Incurred in the Previous Period	Amount Incurred in Current Period	Amount Incurred in the Previous Period	Amount Incurred in Current Period	Amount Incurred in the Previous Period	Amount Incurred in Current Period	Amount Incurred in the Previous Period	Amount Incurred in Current Period	Amount Incurred in the Previous Period
FAW Group	House and land					2,132,938.00	2,132,938.00		262,865.98		
FAW	Houses and buildings						4,427,832.76	22,096.94	773,218.73		
FAW Asset Management Co., Ltd.	Houses and buildings						157,096.00		5,750.02		
Changchun Automotive Test Center Co., Ltd.	Houses and buildings					2,335,846.88		55,363.78			

Description of related leases

**(3) Remuneration of key management personnel**

Unit: CNY

Item	Amount Incurred in Current Period	Amount Incurred in the Previous Period
Remuneration of key management personnel	10,890,749.06	15,228,996.18

**(4) Other related transactions**

Interest income Unit: CNY 10,000

Related Parties	Content of Related Transaction	Amount Incurred in Current Period	Amount Incurred in the Previous Period
First Automobile Finance Co., Ltd.	Interest income	5,986.34	17,744.08

**6. Receivables and payables of related parties****(1) Receivables**

Unit: CNY

Project Name	Related Parties	Ending Balance		Opening Balance	
		Book Balance	Provision for Bad Debts	Book Balance	Provision for Bad Debts
Accounts receivable	China FAW Group Import & Export Co., Ltd.	1,465,254,854.26	4,069,205.50	320,294,820.43	410,938.55
Accounts receivable	SmartLink	73,770,000.00	73,770.00		
Accounts receivable	FAW Hongta Yunnan Automobile Manufacturing Co., Ltd.	61,173,492.53	15,728,877.75	61,683,343.69	7,544,307.53
Accounts receivable	Jiefang Times New Energy Technology Co., Ltd.	18,000,000.00	18,000.00		
Accounts receivable	Changchun Faw Service Trade Co., Ltd.	8,097,726.39	44,537.50		
Accounts receivable	China FAW Co., Ltd.	3,006,132.39	12,607.08	880,188.52	3,696.78
Accounts receivable	Changchun Yidong Clutch	2,360,610.02	9,914.56		

	Co., Ltd.				
Accounts receivable	FAW Jingye Engine Co., Ltd.	1,820,957.23	1,820,957.23	1,820,957.23	1,820,957.23
Accounts receivable	Qiming Information Technology Co., Ltd.	1,413,823.28	5,938.06		
Accounts receivable	FAW Asset Management Co., Ltd.	617,143.28	455,680.94	469,957.39	455,062.76
Accounts receivable	FAW Changchun Communication Technology Co., Ltd.	60,000.00	252.00		
Accounts receivable	Fawer Auto Parts Co., Ltd.	18,140.87	76.19		
Accounts receivable	Changchun FAWAY Automobile Components Co., Ltd.	8,670.94			
Accounts receivable	FAW Logistics (Qingdao) Co., Ltd.			3,233,572.00	13,581.00
Accounts receivable	Changchun Automotive Test Center Co., Ltd.			2,919,274.52	12,260.95
Accounts receivable	United Fuel Cell System R&D (Beijing) Co., Ltd.			200,233.26	840.98
Accounts receivable	FAW-Volkswagen Automotive Co., Ltd.			110,880.00	465.70
Accounts receivable	FAW Changchun Yanfeng Visteon Electronics Co., Ltd.			105,367.99	11,453.28
Accounts receivable	FAW Harbin Light Automobile Co., Ltd.			3,787.60	15.91
Other receivables	China FAW Co., Ltd.	8,825,241.85	8,232,613.09	8,453,593.02	8,229,193.92
Other receivables	China FAW Group Import & Export Co., Ltd.	246,006.55	836.42	50,623.62	172.12
Other	CHINA FAW	189,533.68	1,743.71	189,533.68	1,743.71

receivables	GROUP CO., LTD.				
Other receivables	FAW Asset Management Co., Ltd.	135,550.51	787.06	135,550.51	787.06
Other receivables	FAW Logistics Co., Ltd.			146,367.32	1,346.58
Other receivables	FAW Forging (Jilin) Co., Ltd.			55,563.56	511.19
Other receivables	FAW Mold Manufacturing Co., Ltd.			49,165.85	452.33
Other receivables	Changchun FAWAY Automobile Components Co., Ltd.			16,388.62	68.83
Other receivables	FAW Logistics (Changchun Lushun) Storage and Transportation Co., Ltd.			5,086.11	46.79
Other receivables	Changchun Automotive Test Center Co., Ltd.			231.00	0.23
Accounts prepayment	China FAW Group Import & Export Co., Ltd.	345,979,162.62		287,527,616.69	
Accounts prepayment	FAW Hongta Yunnan Automobile Manufacturing Co., Ltd.	20,604,798.36		20,604,798.36	
Accounts prepayment	FAW Jilin Automobile Co., Ltd.	18,511,380.48		646,730.48	
Accounts prepayment	The Ninth Institute of Project Planning & Research of China Machinery Industry (FIPPR)	12,786,400.00		12,786,400.00	
Accounts prepayment	FAW Mold Manufacturing Co., Ltd.	12,535,501.16		13,751,495.26	

Accounts prepayment	SmartLink	3,919,914.00		2,283,555.30	
Accounts prepayment	Qiming Information Technology Co., Ltd.	3,127,370.18		6,853,106.60	
Accounts prepayment	FAW			9,862,836.98	
Accounts prepayment	FAW Changchun Communication Technology Co., Ltd.			639,459.98	
Accounts prepayment	FAW Changchun Tianqi Process Equipment Engineering Co., Ltd.			537,315.00	

**(2) Payables**

Unit: CNY

Project Name	Related Parties	Ending Book Balance	Beginning Book Balance
Accounts payable	Fawer Auto Parts Co., Ltd.	400,777,386.93	144,154,473.17
Accounts payable	Changchun FAWAY Automobile Components Co., Ltd.	320,851,984.26	79,486,373.63
Accounts payable	China FAW Group Import & Export Co., Ltd.	303,147,549.00	
Accounts payable	FAW Logistics (Qingdao) Co., Ltd.	119,128,692.42	91,101,620.88
Accounts payable	Changchun Yidong Clutch Co., Ltd.	104,908,119.76	21,092,492.24
Accounts payable	FAW Logistics Co., Ltd.	98,357,972.15	32,265,403.36
Accounts payable	Changchun FAWSN Group Co., Ltd.	93,595,327.31	14,386,006.95
Accounts payable	Shandong Pengxiang Automobile Co., Ltd.	93,385,870.66	34,193,762.56
Accounts payable	FAW Foundry Co., Ltd.	81,977,130.66	51,984,437.61
Accounts payable	FAW Forging (Jilin) Co., Ltd.	74,071,760.93	18,898,210.68
Accounts payable	Qiming Information Technology Co., Ltd.	33,290,239.25	20,174,791.43
Accounts payable	SmartLink	29,447,850.45	14,489,906.15
Accounts payable	FAW Changchun Ansteel Steel Processing and Distribution Co., Ltd.	27,575,970.27	15,646,652.24
Accounts payable	FAW Changchun Baoyou Jiefang Steel Processing and Distribution Co., Ltd.	26,990,521.85	4,937,649.97
Accounts payable	FAW Jilin Automobile Co., Ltd.	23,770,525.59	13.33
Accounts payable	FAW Harbin Light Automobile Co., Ltd.	23,371,308.87	16,170,855.51
Accounts payable	FAW Logistics (Changchun Lushun)	18,446,223.44	11,426,277.60

	Storage and Transportation Co., Ltd.		
Accounts payable	Grammer Vehicle Parts (Harbin) Co., Ltd.	17,243,318.77	701,342.31
Accounts payable	China FAW Co., Ltd.	13,678,830.05	
Accounts payable	Changchun Wabco Automotive Control System Co., Ltd.	11,768,889.95	272,712.00
Accounts payable	Grammer Vehicle Parts (Qingdao) Co., Ltd.	9,886,971.54	3,402,836.35
Accounts payable	Changchun Automotive Test Center Co., Ltd.	7,900,717.76	316,400.00
Accounts payable	FAW (Dalian) International Logistics Co., Ltd.	4,544,914.59	3,851,730.60
Accounts payable	FAW Changchun Comprehensive Utilization Co., Ltd.	2,230,531.36	2,905,411.90
Accounts payable	Changchun FAW United Casting Company	1,614,772.37	521,726.80
Accounts payable	FAW Changchun Automobile Trading Service Co., Ltd.	1,326,364.99	1,479,550.69
Accounts payable	Wuxi Sawane Spring Co., Ltd.	1,093,878.66	233,647.89
Accounts payable	Wuxi CRRC New Energy Automobile Co., Ltd.	776,959.03	757,023.75
Accounts payable	Hainan Tropical Automobile Test Co., Ltd.	505,877.00	31,977.00
Accounts payable	FAW Changchun Tianqi Process Equipment Engineering Co., Ltd.	257,729.43	8,891.97
Accounts payable	Dalian Qiming Haitong Information Technology Co., Ltd.	240,000.00	248,852.00
Accounts payable	FAW Changchun Industrial Shuixing Rubber and Plastic Products Co., Ltd.	232,190.22	184,682.20
Accounts payable	FAW Changchun Yanfeng Visteon Electronics Co., Ltd.	161,498.64	715,521.31
Accounts payable	Harbin FAW Transmission Co., Ltd.	93,627.49	
Accounts payable	FAW Mold Manufacturing Co., Ltd.	64,800.00	1,121,206.34
Accounts payable	The Ninth Institute of Project Planning & Research of China Machinery Industry (FIPPR)	41,999.48	1,751,774.48
Accounts payable	China Unicom Intelligent Network Technology Co., Ltd.	32,893.00	54,880.00
Accounts payable	Changchun FAW Pratt Technology Co., Ltd.	17,315.37	17,236.96
Accounts payable	FAW Zhixing Technology (Nanjing) Co., Ltd.	16,200.00	
Accounts payable	FAW Jiefang Fujie (Tianjin) Technology Industry Co., Ltd.	15,851.74	111,795.54
Accounts payable	FAW Changchun Communication Technology Co., Ltd.	13,562.20	233,570.95
Accounts payable	Suzhou Zhito Technology Co., Ltd.	8,113.93	1,011,118.95
Accounts payable	FAW Bestune Car Co., Ltd.	5,100.00	5,100.00

Accounts payable	Hongqi Intelligent Mobility Technology (Beijing) Co., Ltd.	1,068.67	121,039.88
Accounts payable	FAW		34,214,102.32
Accounts payable	FAW Hongta Yunnan Automobile Manufacturing Co., Ltd.		4,551,929.99
Accounts payable	FAW Changchun Industrial Sodis Management Service Co., Ltd.		2,149,473.72
Accounts payable	Sanguard Automobile Insurance Co., Ltd.		1,074,463.94
Accounts payable	Changchun Faw Service Trade Co., Ltd.		849,829.54
Accounts payable	Changchun Automotive Economic and Technological Development Zone Environmental Sanitation and Cleaning Co., Ltd.		630,751.44
Accounts payable	Changchun FAW Automobile Culture Communication Co., Ltd.		82,778.99
Accounts payable	FAW Group		14,133.00
Other payables	The Ninth Institute of Project Planning & Research of China Machinery Industry (FIPPR)	118,986,888.63	170,438,828.71
Other payables	FAW Mold Manufacturing Co., Ltd.	24,402,495.87	32,192,507.66
Other payables	China FAW Group Import & Export Co., Ltd.	21,732,546.71	2,264,521.88
Other payables	Qiming Information Technology Co., Ltd.	14,228,113.56	31,377,721.05
Other payables	FAW Jiefang Fujie (Tianjin) Technology Industry Co., Ltd.	10,100,000.00	20,050,000.00
Other payables	Shandong Pengxiang Automobile Co., Ltd.	1,040,000.00	1,040,000.00
Other payables	FAW Changchun Communication Technology Co., Ltd.	924,511.59	3,483,543.17
Other payables	FAW Hongta Yunnan Automobile Manufacturing Co., Ltd.	831,560.00	831,560.00
Other payables	China FAW Co., Ltd.	500,231.25	2,792,527.37
Other payables	Fawer Auto Parts Co., Ltd.	425,586.91	429,040.30
Other payables	Suzhou Zhito Technology Co., Ltd.	10,000.00	10,000.00
Other payables	FAW Asset Management Co., Ltd.	6,775.62	3,925.62
Other payables	Changchun FAWAY Automobile Components Co., Ltd.	5,756.35	
Other payables	CHINA FAW GROUP CO., LTD.	1,693.00	371,435.96
Other payables	FAW Changchun Tianqi Process Equipment Engineering Co., Ltd.		4,361,315.10
Other payables	Changchun Faw Service Trade Co., Ltd.		629,405.00
Other payables	SmartLink		182,000.00
Other payables	Hainan Tropical Automobile Test Co., Ltd.		97,185.18
Other payables	Changchun Automotive Test Center Co., Ltd.		42,616.35
Accounts received	China FAW Co., Ltd.	387,437.85	

in advance			
Accounts received in advance	Fawer Auto Parts Co., Ltd.	107,748.00	107,748.00
Accounts received in advance	FAW Changchun Communication Technology Co., Ltd.	6,422.03	17,431.19
Accounts received in advance	FAW Changchun Comprehensive Utilization Co., Ltd.	2,810.38	38,791.52
Accounts received in advance	Changchun Automotive Test Center Co., Ltd.		1,530,824.16
Contract liabilities	FAW Jiefang Fujie (Tianjin) Technology Industry Co., Ltd.	31,717,676.04	68,040,782.38
Contract liabilities	Changchun Faw Service Trade Co., Ltd.	4,605,308.63	15,663,935.13
Contract liabilities	FAW Changchun Comprehensive Utilization Co., Ltd.	1,094,946.24	547,549.31
Contract liabilities	Shandong Pengxiang Automobile Co., Ltd.	436,036.83	436,111.40
Contract liabilities	Suzhou Zhito Technology Co., Ltd.	251,681.42	1,181,411.98
Contract liabilities	China FAW Group Import & Export Co., Ltd.	67,028.26	2,676,797.47
Contract liabilities	FAW Asset Management Co., Ltd.	20,698.19	20,698.19
Contract liabilities	FAW New Energy Vehicle Sales (Shenzhen) Co., Ltd.	8,060.00	7,132.74
Contract liabilities	FAW Logistics Co., Ltd.	9.88	9.88
Contract liabilities	FAW Hongta Yunnan Automobile Manufacturing Co., Ltd.		36,704.04
Contract liabilities	Harbin FAW Transmission Co., Ltd.		119.16

## 7. Others

Deposit and interest of finance company Unit: CNY

Project name	Related Parties	Contents	Ending Balance	Ending Balance of the previous year
Monetary capital	First Automobile Finance Co., Ltd.	Deposits and interests of finance company included in bank deposits	8,482,461,533.79	13,832,934,255.95

## XII. Share-based Payment

### 1. General conditions of share-based payments

Applicable  Not applicable

**2. Equity-settled share-based payment**

Applicable  Not applicable

**3. Cash-settled share-based payment**

Applicable  Not applicable

**XIII. Commitments and Contingencies****1. Important commitments**

Important commitments existing on the balance sheet date: As of June 30, 2023, the Company has no commitments to be disclosed.

**2. Contingencies****(1) Important contingencies existing on the balance sheet date**

Contingent liabilities arising from pending litigation and arbitration and their financial impact

Plaintiff	Defendant	Cause of Action	Court of Acceptance	Amount Involved (CNY)	Case Progress
Heilongjiang Xinjinshan Environmental Protection Engineering Co., Ltd.	FAW Jiefang Automotive Co., Ltd. and Transmission Branch of FAW Jiefang Automotive Co., Ltd.	Disputes over sales contract	People's Court of Changchun Automobile Economic & Technological Development Zone	5,920,000.00	First instance
Zheng Siyou, Wang Yanqin	FAW Jiefang Automotive Co., Ltd., Jilin Huaang Construction Engineering Co., Ltd., Li Jie	Disputes over construction contract	People's Court of Changchun Automobile Economic and Technological Development Zone	1,494,402.70	First instance
Chen Yun	Ma'anshan Dingding Automobile Trading Co., Ltd. and China FAW Group Co., Ltd.	Product quality disputes	Anhui Ma'anshan Intermediate People's Court	1,265,022.78	Second instance
Other 23 items				5,911,770.65	

As of June 30, 2023, the Company has no contingencies other than those mentioned above that should be disclosed.

**(2) Explanation is also required when the Company has no important contingencies to be disclosed**

The Company has no important contingencies to be disclosed.

**XIV. Other important matters:**

**1. Annuity plan**

The Company decided to participate in the enterprise annuity plan implemented by FAW Group from January 1, 2010, and 5 other companies implemented self-defined enterprise annuity plans according to the *Labor Law of the People's Republic of China*, the *Trust Law of the People's Republic of China*, the *Trial Measures for Enterprise Annuity (Order No. 20 of the Ministry of Labor and Social Security)* and other laws and regulations, and in combination with actual situation of the Company.

Main contents of annuity plan are as follows:

(1) "Enterprise annuity" mentioned in this plan refers to the enterprise supplementary endowment insurance system voluntarily established by the enterprise and its employees according to national policies and regulations on the basis of purchasing the basic endowment insurance and fulfilling the payment obligation according to law, and is an integral part of the enterprise employee compensation and welfare system.

(2) Organization, management and supervision: Enterprise representatives and employee representatives establish the FAW Enterprise Annuity Council (hereinafter referred to as the Annuity Council) through collective negotiation. The Annuity Council is composed of enterprise and employee representatives, of which not less than one third are employee representatives. The Annuity Council, as the trustee of this plan, is responsible for the operation and management of FAW Group's enterprise annuity fund.

(3) Fund raising and payment methods: The expenses required for enterprise annuity are jointly paid by the enterprise and employees.

(4) Account management: The enterprise annuity fund implements a full accumulation system and is managed by personal accounts. At the same time, enterprise accounts are established to collect unvested rights and interests.

(5) Fund management: The enterprise annuity fund consists of the following items: ① Enterprise's payment; ② Employees' payment; ③ Investment and operation income. The enterprise annuity fund is entrusted to the Annuity Council for management. The enterprise and employee representatives entrust the Company to sign the enterprise annuity fund entrusted management contract with the Annuity Council through collective negotiation, and entrust the Annuity Council for management and market-oriented operation of the enterprise annuity fund collected by this plan.

(6) Benefit planning and distribution: The employee's payment and its investment income belong to the employee; the part of enterprise's payment distributed to the individual account and its investment income belong to the employee as specified, and the part not belonging to the individual is transferred to the enterprise account.

(7) Payment method of enterprise annuity: ① For the retired employee and the employee completing the retirement procedures, the balance of the annuity personal account can be received at one time (or monthly, in several times or at one time based the balance of the individual account, the individual income tax burden, etc.); ② For the dead, the balance of the individual account of the enterprise annuity can be collected by the legal successor at one time; ③ For the overseas residents, the balance of the personal account of the enterprise annuity may be paid to them at one time according to their requirements.

## 2. Others

Lease: as lessee

The Company simplifies the short-term lease and low-value asset lease, and does not recognize the right-of-use assets and lease liabilities. The short-term lease, low-value assets and variable lease payments not included in the lease liabilities measurement are included in the expenses in the current period as follows:

Unit: CNY

Item	Amount Incurred in Current Period
Short-term lease	20,118,245.66
Low-value lease	
Variable lease payments not included in the measurement of lease liabilities	
Total	20,118,245.66

## XV. Notes to Main Items of Parent Company's Financial Statements

### 1. Other receivables

Unit: CNY

Item	Ending Balance	Opening Balance
Other receivables	224,132.76	224,132.76
Total	224,132.76	224,132.76

#### (1) Other receivables

##### 1) Classification of other receivables by nature

Unit: CNY

Nature	Ending Book Balance	Beginning Book Balance
Current account	459,006.26	459,006.26
Total	459,006.26	459,006.26

**2) Provision for bad debts**

Unit: CNY

Provision For bad Debts	Stage I	Stage II	Stage III	Total
	Expected Credit Losses for the Next 12 Months	Expected Credit Losses over the Entire Duration (no Credit Impairment)	Expected Credit Loss over the Entire Duration (Credit Impairment Occurred)	
Balance on January 1, 2023		234,873.50		234,873.50
Balance on January 1, 2023 in the current period				
Balance on June 30, 2023		234,873.50		234,873.50

Significant book balance changes occurred in the provision for losses in the current period

 Applicable  Not applicable

Disclosed by aging Unit: CNY

Aging	Ending Balance
1-2 years	459,006.26
Total	459,006.26

**3) Top five ending balances of other receivables classified by debtors**

Unit: CNY

Name of Unit	Nature of Payment	Ending Balance	Aging	Proportion in Total Ending Balance of Other Receivables	Ending Balance of Provision for Bad Debts
Changchun Committee of Municipal and Rural Construction	Current account	459,006.26	1-2 years	100.00%	234,873.50
Total		459,006.26		100.00%	234,873.50

**2. Long-term equity investment**

Unit: CNY

Item	Ending Balance			Opening Balance		
	Book Balance	Impairment Provision	Book Value	Book Balance	Impairment Provision	Book Value
Investment in subsidiaries	21,109,221,438.36		21,109,221,438.36	21,109,221,438.36		21,109,221,438.36

Investment in associated enterprises and joint ventures	4,699,040,720.01		4,699,040,720.01	4,471,059,131.83		4,471,059,131.83
Total	25,808,262,158.37		25,808,262,158.37	25,580,280,570.19		25,580,280,570.19

**(1) Investment in subsidiaries**

Unit: CNY

Investee	Opening Balance (Book Value)	Increase/Decrease in the Current Period				Ending Balance (Book Value)	Ending Balance of Impairment Provision
		Additional Investment	Reduced Investment	Impairment Provision	Others		
FAW Jiefang Automotive Co., Ltd.	21,109,221,438.36					21,109,221,438.36	
Total	21,109,221,438.36					21,109,221,438.36	

**(2) Investment in associated enterprises and joint ventures**

Unit: CNY

Investor	Opening Balance (Book Value)	Increase/Decrease in the Current Period								Ending Balance (Book Value)	Ending Balance of Impairment Provision
		Additional Investment	Reduced Investment	Investment Gains or Losses Recognized under the Equity Method	Adjustment to Other Comprehensive Income	Changes in Other Equity	Cash Dividends and Profits Declared to Pay	Impairment Provision	Others		
I. Joint ventures											
II. Associated enterprises											
First Automobile Finance Co., Ltd.	4,270,037,969.59			228,656,115.49	258,953.96					4,498,953,039.04	
Sanguard Automobile Insurance Co., Ltd.	201,021,162.24			3,906,929.80	-4,533.20		4,835,877.87			200,087,680.97	
Subtotal	4,471,059,131.83			232,563,045.29	254,420.76		4,835,877.87			4,699,040,720.01	
Total	4,471,059,131.83			232,563,045.29	254,420.76		4,835,877.87			4,699,040,720.01	

**3. Investment income**

Unit: CNY

Item	Amount Incurred in Current Period	Amount Incurred in the Previous Period
Income from long-term equity investments accounted for using the equity method	232,563,045.29	292,234,106.00
Total	232,563,045.29	292,234,106.00

**XVI. Supplementary Information****1. Breakdown of non-recurring profit or loss of current period**Applicable  Not applicable

Unit: CNY

Item	Amount	Description
Profits or losses on disposal of non-current assets (including the write-off part of the impairment provision of assets withdrawn)	98,132,494.11	It refers to the net profit on disposal of non-current assets.
Government subsidies included in the current profit and loss (except those closely related to the Company normal operations, conforming to the State policies and regulations and enjoyed persistently in line with certain standard quotas or quantities)	193,604,585.44	
Reversal of impairment provision for receivables subject to separate impairment test	59,131.00	It mainly refers to the reversal of impairment provision for receivables subject to separate impairment test.
Non-operating income and expenses other than the above items	5,740,722.98	They mainly refer to the net non-operating income and expenses
Less: amount affected by income tax	48,166,962.97	
Total	249,369,970.56	--

Specific conditions of other profit and loss items meeting the definition of non-recurring profit and loss:

 Applicable  Not applicable

There are no specific conditions of profit and loss items meeting definition of non-recurring profit and loss for the Company.

Explanation on defining the non-recurring profit and loss items listed in the Explanatory Announcement No. 1 on Information Disclosure by Companies Issuing Securities Publicly - Non-recurring Profit and Loss as recurring profit and loss items

Applicable  Not applicable

## 2. Return on net assets and earnings per share

Profit for the Reporting Period	Weighted Average Return on Equity	Earnings per Share	
		Basic Earnings per Share (CNY/share)	Diluted Earnings per Share (CNY/share)
Net profit attributable to ordinary shareholders of the Company	1.68%	0.0872	0.0872
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit and loss	0.64%	0.0330	0.0330

## 3. Differences in accounting data under domestic and foreign accounting standards

### (1) Differences in net profits and net assets in the financial report disclosed simultaneously according to the international accounting standards and China accounting standards

Applicable  Not applicable

### (2) Differences in net profits and net assets in the financial report disclosed simultaneously according to foreign accounting standards and China accounting standards

Applicable  Not applicable