

3. Trading places and methods: The Company's proposed foreign exchange hedging business mainly consists of forward settlement and sale of foreign exchange and other businesses. Trading venues are financial institutions approved by regulatory agencies and qualified to operate foreign exchange derivatives trading business.

4. Transaction period: the year of 2025.

5. Source of funds: the Company's self-owned funds, not involving the use of raised funds or bank credit funds.

6. Feasibility analysis: the forward foreign exchange trading business is based on the needs of daily business activities, which is in line with the Company's requirements for risk avoidance and prevention, and complies with relevant national policies and laws.

II. Procedures for consideration of foreign exchange hedging operations

The Company's Board of Directors considered and approved the Proposal to Carry out Foreign Exchange Hedging Business in form of a paper meeting from March 21 to March 27, 2025, which does not involve related party transactions and there is no need to perform the review procedures for related party transactions. In accordance with the relevant provisions of the “Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 7 - Transactions and Related Party Transactions (Revised in 2023)” and other relevant regulations, this proposal is not required to be submitted to the Shareholders' Meeting for consideration.

III. Risk Analysis and Risk Control Measures of the Foreign Exchange Hedging Business

i. Risk analysis:

1. Market risk: In the case of large exchange rate fluctuations, losses may arise from the deviation of the exchange rate of the forward contract from the market spot rate on the maturity date of the contract;

2. Liquidity risk: it may be due to inaccurate forecasts that the delivery date signed by the forward is inconsistent with the actual delivery date, resulting in insufficient funds available for use at the time of delivery, which triggers the risk of fund liquidity and leads to failure to deliver as scheduled;

3. Credit risk: It may be due to inaccurate forecast, the delivery date signed by the forward is not consistent with the actual delivery period, resulting in the risk of delayed delivery caused by the forward foreign exchange transactions cannot be delivered according to the agreed time;

4. Operational risk: the risk may be caused by imperfect internal control mechanism and improper operation mode of operators;

5. Legal risk: may face legal risks due to insufficient completeness of contract terms or

disputes over jurisdictional terms.

ii. Risk control measures:

1. The Company conducts forward foreign exchange transactions based on scientific forecasts of forward foreign exchange demand in accordance with its business plan to meet operational needs, to avoid and prevent the impact of exchange rate fluctuations on the Company, and does not engage in speculative transactions;
2. With regard to the possible performance guarantee issues arising from foreign exchange derivative transactions, the business execution department of the Company will establish a tracking mechanism to implement tracking management of the progress of business receipts and payments to effectively prevent the risk of default on delivery and ensure that potential losses are controlled within the minimum scope;
3. Through strengthening the training of business knowledge, the Company will enhance the comprehensive business quality of relevant personnel and improve the ability to identify and prevent risks;
4. The Company has formulated the Foreign Exchange Risk Control Process, and the operators strictly follow the requirements of the system;
5. The Company chooses financial institutions with legitimate qualifications, good credit and long-term business relations with the Company as counterparties for forward foreign exchange transactions, with low risk of default.

IV. Accounting policies and accounting principles

In accordance with the Ministry of Finance's Accounting Standard for Business Enterprises (ASBE) No. 22, "Recognition and Measurement of Financial Instruments," ASBE No. 24, "Hedge Accounting," ASBE No. 37, "Presentation of Financial Instruments," and other relevant regulations and its guidelines, the Company conducts corresponding accounting treatments for the proposed forward foreign exchange transactions to reflect relevant items on the balance sheet and income statement.

V. Documents for reference

1. Resolutions of the Board of Directors of Jiangling Motors Corporation, Ltd.;
2. Feasibility analysis report;
3. *The Foreign Exchange Risk Control Process*.

Supervisory Board
Jiangling Motors Corporation, Ltd.
March 29, 2025