

Jiangling Motors Corporation, Ltd.



2016 Half-year Report

Chapter I Important Notes, Contents and Abbreviations

Important Note

The Board of Directors and its members, the Supervisory Board and its members, and the senior executives are jointly and severally liable for the truthfulness, accuracy and completeness of the information disclosed in the report and confirm that the information disclosed herein does not contain false statements, misrepresentations or major omissions.

All Directors were present at the Board meeting to review this Half-year Report.

Neither cash dividend nor stock dividend was distributed. The Board decided not to convert capital reserve to share capital this time.

Chairman Qiu Tiangao, CFO Gong Yuanyuan and Chief of Finance Department, Ding Ni, confirm that the Financial Statements in this Half-year Report are truthful, accurate and complete.

The prospective description regarding future business plan and development strategy in this report does not constitute virtual commitment. The investors shall pay attention to the risk.

All financial data in this report are prepared under International Financial Reporting Standards ('IFRS') unless otherwise specified.

The Half-year Report is prepared in Chinese and English. In case of discrepancy, the Chinese version will prevail.

Contents

Chapter I	Important Notes, Contents and Abbreviations.....	2
Chapter II	Brief Introduction.....	4
Chapter III	Operating Overview	5
Chapter IV	Management Discussion and Analysis.....	6
Chapter V	Major Events	12
Chapter VI	Share Capital Changes & Shareholders	15
Chapter VII	Preferred Shares.....	17
Chapter VIII	Directors, Supervisors and Senior Management.....	17
Chapter IX	Financial Statements	18
Chapter XI	Catalog on Documents for Reference.....	73

Abbreviations:

JMC, or the Company	Jiangling Motors Corporation, Ltd.
JMH	Jiangling Motor Holding Co., Ltd.
Ford	Ford Motor Company
Jiangling-Isuzu	Jiangling-Isuzu Motors Company, Ltd.
CSRC	China Securities Regulatory Commission
JMCG	Jiangling Motors Company (Group)
JMCH	JMC Heavy Duty Vehicle Co., Ltd.
EVP	Executive Vice President
CFO	Chief Financial Officer
VP	Vice President

Chapter II Brief Introduction

1. Company's Information

Share's name	Jiangling Motors, Jiangling B	Share's Code	000550, 200550
Place of listing	Shenzhen Stock Exchange		
Company's Chinese name	江铃汽车股份有限公司		
English name	Jiangling Motors Corporation, Ltd.		
Abbreviation	JMC		
Company legal representative	Qiu Tiangao		

2. Contact Person and Method

	Board Secretary	Securities Affairs Representative
Name	Wan Hong	Quan Shi
Address	No. 509, Northern Yingbin Avenue, Nanchang City, Jiangxi Province, P.R.C	No. 509, Northern Yingbin Avenue, Nanchang City, Jiangxi Province, P.R.C
Tel	86-791-85235675	86-791-85266178
Fax	86-791-85232839	86-791-85232839
E-mail	relations@jmc.com.cn	relations@jmc.com.cn

3. Other

i. Contact Methods

Changes of registered address, headquarter address, postal code, website and e-mail

Applicable Not Applicable

There is no change of registered address, headquarter address, postal code, website and e-mail. Please refer to 2015 Annual Report for details.

ii. Newspapers for information disclosure, website for publication of JMC's Half-year Report and place for achieving Half-year Report

Applicable Not Applicable

There is no change of newspapers for information disclosure, website designated by CSRC for publication of JMC's Half-year Report and place for achieving Half-year Report. Please refer to 2015 Annual Report for details.

iii. Changes of Registration

Changes of registration during the reporting period

Applicable Not Applicable

	Registered date	Registered Place	No. of Legal Person's Business Licence	Taxation Registration Number	Organization Code
Registration at the beginning of reporting period	April 30, 2008	Jiangxi Administration for Industry &	360000511000021	(State Administration of Taxation)	61244694-3

		Commerce		360108612446943; (Nanchang Local Taxation) 360104612446943	
Registration at the end of reporting period	April 8, 2016	Jiangxi Administration for Industry & Commerce	913600006124469438	913600006124469438	913600006124469438

Chapter III Operating Overview

1. Main accounting data and financial ratios

Unit: RMB '000

	Reporting period (2016 first half)*	Same period last year*	Change (%)
Revenue	10,810,736	11,989,327	-9.83
Profit Attributable to the Equity Holders of the Company	704,517	1,081,532	-34.86
Net Cash Generated From Operating Activities	987,554	230,053	329.27
Basic Earnings Per Share (RMB)	0.82	1.25	-34.86
Diluted Earnings Per Share (RMB)	0.82	1.25	-34.86
Weighted Average Return on Equity Ratio	5.71	9.71	Down 4 percentage points
	At the end of reporting period*	At the end of the previous year	Change (%)
Total Assets	21,307,886	21,050,726	1.22
Shareholders' Equity Attributable to the Equity Holders of the Company	11,796,549	11,981,142	-1.54

Note: *unaudited financial indexes.

2. Accounting data difference between China GAAP and IFRS Impact of IFRS adjustments on the net profit and shareholders' equity

Applicable Not Applicable

Chapter IV Management Discussion and Analysis

1. Summary

In the first half of 2016, China automobile market has been maintained growth attributed to the rapid growth of SUV market. Total sales volume was 12.83 million units, increased 8.14% compared with the same period last year. SUV sales volume was 3.85 million units, increased 44.26% compared with the same period last year and commercial vehicle sales volume was 1.79 million units, increased 1.87% compared with the same period last year.

During the reporting period, to cope with more severe competition, more stringent regulatory requirement and intensifying cost pressures, the Company focused on quality improvement, new product development, operating cost control and production efficiency enhancement. Simultaneously, the Company introduced a series of sales policy to respond the market pressure. In the first half of 2016, JMC achieved sales volume of 121,008 units, decreased 10.78% compared with the same period last year, achieved revenue of RMB 10.81 billion, decreased 9.83% compared with the same period last year and achieved net profit of RMB 700 million, decreased 34.86% compared with the same period last year.

2. Core Business Analysis

Year-over-Year Changes of Main Financial Data

Unit: RMB'000 Yuan

	2016 1H	2015 1H	YOY change (%)	Reason
Revenue	10,810,736	11,989,327	-9.83%	
Cost of sales	8,356,083	9,009,816	-7.26%	
Distribution costs	758,003	634,670	19.43%	
Administrative expenses	944,758	1,059,639	-10.84%	
Income tax expense	66,103	185,924	-64.45%	PBT declined due to lower sales
Profit Attributable to the Company's Equity Holders	704,517	1,081,532	-34.86	Sales volume decrease, product price reduction and distribution costs increase
Net cash generated from operating activities	987,554	230,053	329.27%	the decrease of payment of commodity purchasing
Net cash used in investing activities	-357,893	-484,523	26.13%	
Net cash used in financing activities	-7,783	-231	-3269.26%	
Net increase/(decrease) in cash and cash equivalents	621,878	-254,701	344.16%	

3. Composition of Core Business

Unit: RMB Yuan

	Turnover	Cost	Gross Margin	Y-O-Y turnover change (%)	Y-O-Y Cost Change (%)	Y-O-Y gross margin change (points)
Automobile Industry	10,694,697,832	8,246,952,920	22.89%	-10.10%	-7.53%	-2.15
Vehicle	9,507,665,193	7,381,951,778	22.36%	-12.36%	-9.42%	-2.52
China	10,694,697,832	8,246,952,920	22.89%	-10.10%	-7.53%	-2.15

Substantial change of profit composition during the reporting period

Applicable Not Applicable

There was no substantial change of profit composition during the reporting period.

Future development and prospects disclosed in the public disclosure documents, such as prospectus, raised funding report and assets restructuring report continue into the reporting period

Applicable Not Applicable

There was no future development and prospects disclosed in the public disclosure documents, such as prospectus, raised funding report and assets restructuring report continued into the reporting period.

Review on the operation status of the previous disclosed business plan in the reporting period

During the reporting period, to cope with more severe competition, more stringent regulatory requirement and intensifying cost pressures, the Company focused on quality improvement, new product development, operating cost control and production efficiency enhancement. Simultaneously, the Company introduced a series of sales policy to respond the market pressure. In the first half of 2016, JMC achieved sales volume of 121,008 units, decreased 10.78% compared with the same period last year, achieved revenue of RMB 10.81 billion or the target of 42% of 2016 budget, decreased 9.83% compared with the same period last year and achieved net profit of RMB 700 million, decreased 34.86% compared with the same period last year. In the second half of 2016, JMC will continue to expand market and endeavour to the promotion of new products such as New Yusheng 330 SUV so as to increase sales volume and complete annual target.

4. Core Competitiveness Analysis

JMC is a sino-foreign joint venture auto company with R&D, manufacturing and sales operations. As a mainstream of domestic light commercial vehicle industry, JMC had been ranked among the top hundred Chinese listed corporations with comprehensive strength for consecutive years; and

certificated as a national enterprise technology center, high-tech enterprise and national automobile export base.

JMC's influence over auto industry is improving steadily, making considerable progress both in technical equipment and new product development. As the series of new products such as Ford brand SUV EVEREST, MPV TOURNEO and Ford engine 2.0GTDI launched, the Company's development and manufacturing competences are further strengthened; Xiaolan new plant's manufacturing level and new R&D center's development capability are further improved. Meanwhile, learning Ford advanced technology and management experience, JMC self-developed Yusheng S330 SUV will be launched in 2016 second half which will further enhance the Company's competence on R&D, manufacturing and competitiveness in SUV field.

5. Investment Analysis

I. Outside Equity Investment

(a) Outside Investment

Applicable Not Applicable

The Company had no outside investment during the reporting period.

(b) Equity of Financial Enterprise Held by JMC

Applicable Not Applicable

The Company did not hold any equity of financial enterprise during the reporting period.

(c) Stock Investment

Applicable Not Applicable

The Company had no stock investment during the reporting period.

(d) Equity of Other Listed Company Held by JMC

Applicable Not Applicable

The Company did not hold any equity of other listed company during the reporting period.

II. Entrusting Investment, Derivative Investment, Entrusting Loan

(a) Entrusting Investment

Applicable Not Applicable

The Company had no entrusting investment during the reporting period.

(b) Derivative Investment

Applicable Not Applicable

The Company had no derivate investment during the reporting period.

(c) Entrusting Loan

Applicable Not Applicable

The Company had no entrusting loan during the reporting period.

III. Usage of Raised Fund

Applicable Not Applicable

The Company had no usage of raised fund during the reporting period.

IV. Operating Results of Main Subsidiaries and Joint-Stock Companies

Applicable Not Applicable

Unit: RMB Yuan

Name of Companies	Type of Companies	Main Products	Registered Capital	Assets	Net Assets	Turnover	Operating Profit	Net Profit
Jiangling Motors Sales Corporation, Ltd	Subsidiary	Sales vehicle, service parts	50,000,000	2,205,665,234	87,458,596	9,295,198,103	-177,623,727	-133,272,894
JMC Heavy Duty Vehicle Co., Ltd	Subsidiary	Product heavy commercial vehicle , engine, component, and related service	281,793,174	1,165,379,777	-42,119,396	51,515,855	-81,496,049	10,751,799
Hannon Systems (Nanchang) Co., Ltd.	Joint -Stock Company	Automotive air conditioning and Parts	46,627,171	333,142,527	210,306,977	229,287,329	35,196,869	26,244,382

V. Major Non-Raised Fund Investment

Applicable Not Applicable

Project Name	Total Investment Approval (RMB Mil)	Spending in the first half of 2016 (RMB Mil)	Investment Committed (RMB Mil)	Planned Job#1 Time
J08 Program	1,233	6	812	First Half, 2016
J09 Program	2,414	149	1,754	Second Half, 2016
Capacity Investment in Xiaolan Site	2,133	12	1,878	First Half, 2017
N330 Program	1,212	121	780	First Half, 2017
J20 Heavy Truck Program Long Lead Funding	1,173	122	305	First Half, 2019

6. Forecast on operating performance in the first nine months of 2016

Warning and explanations as to the situation that accumulated net profit during the period from year beginning to the end of next reporting period may be negative or, compared with the same period last year, may have a substantial change

Applicable Not Applicable

7. Explanation of the Board of Directors, the Supervisory Board to abnormal opinions from accounting firm in the first half of 2016

Applicable Not Applicable

8. Explanation of the Board of Directors to abnormal opinions from accounting firm in 2015

Applicable Not Applicable

9. Implementation of profit distribution in the reporting period

Implementation or adjustment of profit distribution proposal during the reporting period, esp. cash dividend distribution proposal and proposal on converting capital reserve to share capital

Applicable Not Applicable

During the reporting period, the Proposal on Profit Distribution for Year 2015 was reviewed and approved by the Board of Directors, and was approved by 2015 Annual Shareholders' Meeting. On July 2016, the Company completed the profit distribution for Year 2015. Both the formulation of JMC Profit Distribution Plan and implementation complies with the relevant requirements of the Articles of Association and other profit distribution policy, and the procedures are valid and legal, which protect the interests of all shareholders.

Year 2015 profit distribution plan is as follows:

- (1). to appropriate for the dividend distribution from the profit available for distribution, which shall be equal to RMB 1.03 per share and shall apply to the Company's total share capital; and
- (2). to carry forward the un-appropriated portion to the following fiscal year.

Profit distribution proposal: a cash dividend of RMB 10.3 (including tax) will be distributed for every 10 shares held. Based on the total share capital of 863,214,000 shares as of December 31, 2015, the total cash dividend distribution amounts shall be RMB 889,110,420.

B share dividend shall be paid in Hong Kong Dollars and converted based on the HKD-to-RMB standard exchange rate published by the People's Bank of China on the first working day following the approval on the profit distribution proposal by the Shareholders' Meeting of the Company.

The Board decided not to convert capital reserve to share capital this time.

Special Explanation on Cash Dividend Policy	
Whether to comply with the requirements of the Articles of Association of JMC or resolution of the Shareholders' Meeting (Y/N)	Y
Whether the standards and proportion of dividends on profit distribution are clear (Y/N)	Y
Whether the procedures are valid and legal (Y/N)	Y
Whether the Independent Director fulfil their duties (Y/N)	Y
Whether middle and small shareholders have opportunities to claim their appeals and their legal rights and interests are completely protected (Y/N)	Y
Whether the condition and procedure are reasonable and transparent when the cash dividend policy is being changed (Y/N)	Y

10. Proposal on profit distribution and converting capital reserve to share capital for the reporting period

Applicable Not Applicable

11. External research and media interview to the Company

Applicable Not Applicable

Date	Place	Communication Method	Type of Object	Object	Information Discussed and Materials offered
January 14, 2016	In the Company	On-the-spot research	Institution	Two analysts from Perseverance Asset Management Co., Ltd.	JMC Operating highlights
January 26, 2016	In the Company	On-the-spot research	Institution	Six analysts from Pingan Securities Co., Ltd., Bosera Funds Management Co., Ltd., China Southern Asset Management Co., Ltd., Run Hui Investment Consulting (Beijing) Co., Ltd., E Fund Management Co., Ltd., Invesco Great Wall Management Co., Ltd.	JMC Operating highlights
March 3, 2016	In the Company	On-the-spot research	Institution	Eight analysts from Harvest Fund Management Co., Ltd., Taikang Asset Management Co., Ltd., Yingfeng Asset Management Co., Ltd., Huarong Securities Co., Ltd., Beijing Zhongxin Huacheng Investment Co., Ltd., King Tower Asset Management Co., Ltd., E Fund Management Co., Ltd., Industrial Securities Co., Ltd.	JMC Operating highlights
March 10, 2016	In the Company	On-the-spot research	Institution	Two analysts from Southwest Securities Co., Ltd., First Seafont Fund Management Co., Ltd.	JMC Operating highlights
June 15, 2016	In the Company	On-the-spot research	Institution	An analyst from South China Capital Management Co., Ltd.	JMC Operating highlights

Chapter V Major Events

1. Status of the Corporate Governance in JMC

There was no major difference between actual situation of corporate governance in JMC and the requirements in the Company Law and the related regulations promulgated by CSRC. During the reporting period, the Company continued to seriously implement its corporate governance in compliance with the Company law, the Code of Corporate Governance for Listed Companies in China, the Rules Governing Listing of Stock on Shenzhen Stock Exchange, as well as relevant laws and regulations.

2. Litigation or Arbitration

Major Litigation or Arbitration

Applicable Not Applicable

The Company had no major litigation or arbitration during the reporting period.

Other Litigation or Arbitration

Applicable Not Applicable

3. Query from the Media

Applicable Not Applicable

There was no widespread skepticism from the media to the Company during the reporting period.

4. Related Matters regarding Bankruptcy

Applicable Not Applicable

The Company did not happen bankruptcy during the reporting period.

5. Assets

i. Acquisition of Assets

Applicable Not Applicable

The Company did not acquire assets during the reporting period.

ii. Sell of Assets

Applicable Not Applicable

The Company did not sell assets during the reporting period.

iv. Merger

Applicable Not Applicable

There was no merger concerning the Company during the reporting period.

6. Implementation of Equity Incentive Plan and Impacts

Applicable Not Applicable

7. Major Related Transactions

i. Routine related party transactions

Applicable Not Applicable

Transaction Parties	Content	Relationship	Pricing Principle	Settlement Method	Amount (RMB'000)	As % of Total Purchases/

						Revenue
Jiangxi Jiangling Chassis Company	Parts and components purchase	Subsidiary of JMCG	Contracted price	60 days after delivery and invoicing	384,153	5.08%
GETRAG (Jiangxi) Transmission Company	Parts and components purchase	Associate of JMCG	Contracted price	60 days after delivery and invoicing	311,993	4.13%
Jiangxi Jiangling Special-Purpose Vehicle Co., Ltd.	Parts and components purchase	Wholly-owned subsidiary of JMCG	Contracted price	30 days after delivery and invoicing	298,479	3.95%
Nanchang Bao-jiang Steel Processing & Distribution Co., Ltd.	Parts and components purchase	Associate of JMCG	Contracted price	Prepayment	254,213	3.36%
Jiangling-Lear Interior Trim Factory	Parts and components purchase	Subsidiary of JMCG	Contracted price	60 days after delivery and invoicing	227,342	3.01%
JMCG Import and Export Co., Ltd.	Sales	Associate of JMCG	Contracted price	40% of prepayment and the remains paid during 30 days after delivery	550,617	5.09%

ii. Major related party transaction concerning acquisition and sell of assets

Applicable Not Applicable

There was no major related party transaction concerning acquisition or sell of assets during the reporting period.

iii. Related party transaction concerning outside co-investment

Applicable Not Applicable

The Company had no outside co-investment during the reporting period.

iv. Related credit and debt

Applicable Not Applicable

Is there non-operating related credit and debt?

Yes No

The Company had no non-operating related credit and debt during the reporting period.

v. Other major related party transactions

Applicable Not Applicable

The balance amount of bank deposit of the Company in JMCG Finance Company as of June 30, 2016 was RMB 383,118 thousand. The Board of Directors reviewed and approved JMCG Finance Company Continuous Risk Assessment Report. Please refer to the website www.cninfo.com.cn for the original of the report.

8. Non-operating funding occupation by controlling shareholder and its affiliates

Applicable Not Applicable

There was no non-operating funding occupation by controlling shareholder and its affiliates to the Company.

9. Major Contracts and Execution

i. Entrustment, contract or lease

a. Entrustment

Applicable Not Applicable

The Company had no entrustment during the reporting period.

b. Contract

Applicable Not Applicable

The Company did not make contract during the reporting period.

c. Lease

Applicable Not Applicable

See the note 31 (b) to financial statements for lease of related parties.

Project with more than 10% of net profit

Applicable Not Applicable

There was no lease project resulting more than 10% of net profit during the reporting period.

ii Major guarantee

Applicable Not Applicable

The Company had no outside guarantee during the reporting period.

iii. Other major contract

Applicable Not Applicable

The Company had no other major contract during the reporting period.

10. Commitments of the Company, the shareholder, the actual controlling party, the acquirer, the Director, the Supervisor, the senior executive or other related party of the Company

Applicable Not Applicable

Item	Promisor	Content of Commitments	Time	Term of Commitments	Implementation of commitments
Share reform		None	None	None	N/A
Acquisition report or Statement of changes in equity		None	None	None	N/A
Asset restructuring		None	None	None	N/A
Initial Public Offering or re-funding		None	None	None	N/A
Other commitments	JMH	*	July 11, 2015	within 6 months since July 9, 2015	JMH exercised its commitments sincerely and did not breach the promise as of January 9, 2016.
Implementation in time or not	Yes				

* i. JMH will not reduce JMC shares by secondary market within six months since July 9, 2015; ii. JMH will exercise its duties as a major shareholder,

concentrate on the quality of the listed company, push to establish a sound invest-return long-term mechanism and continue to improve the return level.

11. Appointment or Dismissal of Accounting Firm

Audited half-year Report

Applicable Not Applicable

JMC 2016 half-year report is unaudited.

12. Punishment

Applicable Not Applicable

There was neither punishment nor rectification to the Company during the reporting period.

13. Warning against Termination of Listing in Breach of Laws & Regulations

Applicable Not Applicable

The Company had no risk on termination of listing during the reporting period.

14. Other Major Events

JMC received government incentives of approximate RMB 230 million appropriated by Nanchang City, Xiaolan Economy Development Zone, Nanchang County, Nanchang City Qingyupu District, and Taiyuan Economic & Technological Development Zone in the first half of 2016, which is to support JMC's development.

15. Company Bond

Applicable Not Applicable

Chapter VI Share Capital Changes & Shareholders

1. Changes of shareholding structure

	Before the change		Change (+, -)					After the change	
	Shares	Proportion of total shares (%)	New shares	Bonus Shares	Reserve-converted shares	Others	Subtotal	Shares	Proportion of total shares (%)
I. Limited tradable A shares	1,725,900	0.20%	-	-	-	-	-	1,725,900	0.20%
3. Other domestic shares	1,725,900	0.20%	-	-	-	-	-	1,725,900	0.20%
Including:									
Domestic legal person shares	1,713,000	0.20%	-	-	-	-	-	1,713,000	0.20%
Domestic natural person shares	12,900	-	-	-	-	-	-	12,900	-
II. Unlimited tradable shares	861,488,100	99.80%	-	-	-	-	-	861,488,100	99.80%
1. A shares	517,488,100	59.95%	-	-	-	-	-	517,488,100	59.95%
2. B shares	344,000,000	39.85%	-	-	-	-	-	344,000,000	39.85%
III. Total	863,214,000	100.00%	-	-	-	-	-	863,214,000	100.00%

Causes of shareholding changes

Applicable Not Applicable

Approval of changes of shareholding structure

Applicable Not Applicable

Shares Transfer

Applicable Not Applicable

Impact on accounting data, such as the latest EPS, diluted EPS, shareholders' equity attributable to the equity holders of the Company, generated from shares changes

Applicable Not Applicable

Others to be disclosed necessarily or per the requirements of securities regulator

Applicable Not Applicable

Explanation on changes of shares, shareholding structure, assets and liabilities structure

Applicable Not Applicable

2. Shareholders and shareholding status

Total shareholders (as of June 30, 2016)							22,588
Top ten shareholders							
Shareholder Name	Shareholder Type	Shareholding Percentage (%)	Shares at the End of Year	Change (+,-)	Shares with Trading Restriction	Shares due to mortgage or frozen	
Jiangling Motor Holding Co., Ltd.	State-owned legal person	41.03	354,176,000	0	0	0	
Ford Motor Company	Foreign legal person	32.00	276,228,394	0	0	0	
Shanghai Automotive Co., Ltd.	State-owned Legal person	1.51	13,019,610	0	0	0	
E-fund New Silk-road Securities Investment Fund	Domestic non-state-owned legal person	1.03	8,900,000	637,913	0	0	
Central Huijin Investment Ltd.	Other	0.83	7,186,600	0	0	0	
JPMBLSA RE FTIF TEMPLETON CHINA FUND GTI 5497	Foreign legal person	0.70	6,026,850	0	0	0	
GAOLING FUND,L.P.	Foreign legal person	0.63	5,439,086	-231,659	0	0	
TEMPLETON DRAGON FUND,INC.	Foreign legal person	0.57	4,937,808	0	0	0	
INVESCO FUNDS SICAV	Foreign legal person	0.51	4,372,630	0	0	0	
TEMPLETON GBL INVSTMT TRST-TMPLTN EMGNG MKTS SMALL CAP	Foreign legal person	0.46	3,948,718	0	0	0	

FD					
Top ten shareholders holding unlimited tradable shares					
Shareholder Name		Shares without Trading Restriction		Share Type	
Jiangling Motor Holding Co., Ltd.		354,176,000		A share	
Ford Motor Company		276,228,394		B share	
China Securities Corporation Limited		22,745,784		A share	
Shanghai Automotive Co., Ltd.		13,019,610		A share	
Pingan Life Insurance Specific Client Asset Management Project-No.1		9,012,285		A share	
E-fund New Silk-road Securities Investment Fund		8,262,087		A share	
Central Huijin Investment Ltd.		7,186,600		A share	
JPMBLSA RE FTIF TEMPLETON CHINA FUND GTI 5497		6,026,850		B share	
GAOLING FUND,L.P.		5,670,745		B share	
TEMPLETON DRAGON FUND,INC.		4,937,808		B share	
Notes on association among above-mentioned shareholders		None.			

Stock buy-back by top ten shareholders or top ten shareholders holding unlimited tradable shares in the reporting period

Applicable Not Applicable

3. Change of Controlling Shareholders or Actual Controlling Parties

Change of controlling shareholders

Applicable Not Applicable

There was no change of controlling shareholders during the reporting period.

Change of actual controlling parties

Applicable Not Applicable

There was no change of actual controlling parties during the reporting period.

4. Shareholding Increase Plan Presented or Implemented by the Shareholder and Its Concerted Action Persons

Applicable Not Applicable

As the Company knows, there was no JMC shareholding increase plan presented or implemented by the shareholders or its concerted action persons during the reporting period.

Chapter VII Preferred Shares

Applicable Not Applicable

JMC had no preferred shares during the reporting period.

Chapter VIII Directors, Supervisors and Senior Management

1. Changes of Shares held by Directors, Supervisors and Senior Management

Applicable Not Applicable

There was no change of shares held by Directors, Supervisors and senior management in the reporting period. Please refer to 2015 annual report for details.

2. Changes of Directors, Supervisors and Senior Management

Name	Position	Status	Date	Reason
Qiu Tiangao	Chairman	Elected	April 7, 2016	
Wang Xigao	Chairman	Leave	April 7, 2016	
Wang Xigao	Director	Leave	April 28, 2016	
Mark Kosman	Director	Elected	April 28, 2016	
Thomas Fann	Director	Elected	April 28, 2016	
Xiong Chunying	Director	Elected	April 28, 2016	
Thomas Fann	President	Appointed	April 7, 2016	
Manto Wong	Director	Leave	April 28, 2016	
Yuan-Ching Chen	Director	Leave	April 28, 2016	
Yuan-Ching Chen	President	Leave	April 7, 2016	
Gong Yuanyuan	CFO	Appointed	April 7, 2016	
Dennis Leu	CFO	Leave	April 7, 2016	

Chapter IX Financial Statements

JIANGLING MOTORS CORPORATION, LTD.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

(All amounts in RMB unless otherwise stated)

	Note	Six months ended 30 June	
		2016# RMB'000	2015# RMB'000
Revenue	5	10,810,736	11,989,327
Sales tax		(320,459)	(371,171)
Cost of sales	6	(8,356,083)	(9,009,816)
Gross profit		2,134,194	2,608,340
Distribution costs	6	(758,003)	(634,670)
Administrative expenses	6	(944,758)	(1,059,639)
Impairment charge of non-current assets		(1,347)	-
Other income	8	225,856	198,598
Operating profit		655,942	1,112,629
Finance income	9	110,419	147,997
Finance costs	9	(767)	(477)
Finance income-net	9	109,652	147,520
Share of profit of investments accounted for using the equity method	15b	5,026	7,307
Profit before income tax		770,620	1,267,456
Income tax expense	10	(66,103)	(185,924)
Profit for the period		704,517	1,081,532
Total comprehensive income for the period		704,517	1,081,532
Profit attributable to:			
Shareholders of the Company		704,517	1,081,532
Total comprehensive income attributable to:			
Shareholders of the Company		704,517	1,081,532
Earnings per share for profit attributable to the shareholders of the Company (expressed in RMB per share)			
- Basic and diluted	11	0.82	1.25

#Unaudited financial indexes

The notes on pages 24 to 72 are an integral part of these consolidated financial statements.

JIANGLING MOTORS CORPORATION, LTD.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

(All amounts in RMB unless otherwise stated)

	Note	As at	
		30 June 2016#	31 December 2015
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment ("PPE")	12	6,390,229	6,323,546
Lease prepayment	13	640,098	645,608
Intangible assets	14	98,613	41,705
Investments accounted for using the equity method	15b	40,274	40,993
Other non-current assets		92,564	64,487
Deferred income tax assets	16	503,617	473,933
		<u>7,765,395</u>	<u>7,590,272</u>
Current assets			
Financial assets at fair value through profit or loss		1,998	77
Inventories	17	1,729,280	1,730,930
Trade, other receivables and prepayments	18	2,253,658	2,793,770
Cash and cash equivalents	19	9,469,918	8,848,040
Assets classified as held for sale	20	87,637	87,637
		<u>13,542,491</u>	<u>13,460,454</u>
Total assets		<u>21,307,886</u>	<u>21,050,726</u>

JIANGLING MOTORS CORPORATION, LTD.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AS AT 30 JUNE 2016**

(All amounts in RMB unless otherwise stated)

	Note	As at	
		30 June 2016#	31 December 2015
		RMB'000	RMB'000
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital	21	863,214	863,214
Share premium		816,609	816,609
Other reserves	22	452,938	452,938
Retained earnings		9,663,788	9,848,381
Total equity		11,796,549	11,981,142
LIABILITIES			
Non-current liabilities			
Borrowings	23	4,560	4,678
Deferred income tax liabilities	16	27,854	28,392
Retirement benefit obligations	24	49,579	52,273
Provisions for warranty and other liabilities	25	230,489	214,722
Other non-current liabilities		360	400
		312,842	300,465
Current liabilities			
Trade and other payables	26	9,157,905	8,708,829
Current income tax liabilities		30,596	50,305
Borrowings	23	434	425
Retirement benefit obligations	24	4,560	4,560
Other current liabilities		5,000	5,000
		9,198,495	8,769,119
Total liabilities		9,511,337	9,069,584
Total equity and liabilities		21,307,886	21,050,726

#Unaudited financial indexes

The notes on pages 24 to 72 are an integral part of these consolidated financial statements.

JIANGLING MOTORS CORPORATION, LTD.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

(All amounts in RMB unless otherwise stated)

Note	Attributable to shareholders of the Company				Total Equity#
	Share capital	Share premium	Other reserves	Retained earnings	
	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2015	863,214	816,609	454,968	8,463,638	10,598,429
Profit for the six months	-	-	-	1,081,532	1,081,532
Dividend relating to 2014	-	-	-	(837,318)	(837,318)
Balance at 30 June 2015	863,214	816,609	454,968	8,707,852	10,842,643
Balance at 1 January 2016	863,214	816,609	452,938	9,848,381	11,981,142
Profit for the six months	-	-	-	704,517	704,517
Dividend relating to 2015	-	-	-	(889,110)	(889,110)
Balance at 30 June 2016	863,214	816,609	452,938	9,663,788	11,796,549

#Unaudited financial indexes

The notes on pages 24 to 72 are an integral part of these consolidated financial statements.

JIANGLING MOTORS CORPORATION, LTD.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

(All amounts in RMB unless otherwise stated)

	Note	Six months ended 30 June	
		2016# RMB'000	2015# RMB'000
Cash flows from operating activities			
Cash generated from operations	28	1,103,907	520,669
Interest paid		(320)	(300)
Income tax paid		(116,033)	(290,316)
Net cash generated from operating activities		987,554	230,053
Cash flows from investing activities			
Purchase of PPE and Lease prepayment		(512,444)	(681,892)
Other cash paid relating to investing activities		(101)	(6,256)
Proceeds from disposal of PPE and Lease prepayment	28	2,611	2,125
Interest received		145,919	184,952
Dividends received		5,745	15,657
Other cash received from investing activities		377	891
Net cash used in investing activities		(357,893)	(484,523)
Cash flows from financing activities			
Repayments of borrowings		(212)	(203)
Dividends paid to the Company's shareholders		(7,571)	(28)
Net cash used in financing activities		(7,783)	(231)
Net increase/(decrease) in cash and cash equivalents		621,878	(254,701)
Cash and cash equivalents at beginning of year		8,848,040	8,963,468
Effects of exchange rate changes		-	-
Cash and cash equivalents at end of period	19	9,469,918	8,708,767

#Unaudited financial indexes

The notes on pages 24 to 72 are an integral part of these consolidated financial statements.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

1 General information

Jiangling Motors Corporation, Ltd. (the “Company”) was established in the People’s Republic of China (the “PRC”) under the Company Law of the PRC and according to the approval of Hongban (1992) No. 005 of Nanchang Revolution and Authorization Group of Company’s Joint Stock as a joint stock limited company to hold certain operational assets and liabilities of the automotive manufacturing business of Jiangxi Motors Manufacturing Factory, which was owned by Jiangling Motors Corporation Group (“JMCG”). The legal representative’s operating license of the Company is No. 913600006124469438.

The address of the Company’s registered office is No.509, Northern Yingbin Avenue, Nanchang, Jiangxi Province, the PRC.

In December 1993, the Company issued 494,000,000 domestic ordinary shares (“A share”). In addition, the Company issued 25,214,000 A shares as bonus shares to the existing shareholders in 1994. The bonus shares were issued by utilisation of the Company’s retained earnings.

In 1995, the Company issued 174,000,000 domestically listed foreign shares (“B share”) and the Company issued 170,000,000 additional B shares in 1998.

As at 30 June 2016, the total number of issued shares of the Company is 863,214,000 shares, which are all listed on the Shenzhen Stock Exchange, the PRC.

The Company and its subsidiaries (the “Group”) are principally engaged in the development, manufacturing and selling of automobiles, engines and automobile related parts, dies and tools.

These consolidated financial statements were authorised for issue by the Board of Directors on 25 August 2016.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRS”). The consolidated financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the consolidated financial statements are disclosed in Note 4.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Going concern

The group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty particularly over (a) the level of demand for the group's products; and (b) the availability of bank finance for the foreseeable future. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements. Further information on the group's borrowings is given in Note 23.

2.1.2 Changes in accounting policy and disclosures

New and amended standards adopted by the group

Standards, amendments and interpretations which are effective for the financial year ending 31 December 2015 are not material to the Group.

2.2 Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of

impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit of investments accounted for using equity method' in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in associates are recognised in profit or loss.

2.4 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.5 Foreign currency translation

(1) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional and the Group's presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses are presented in profit or loss within 'other income/(expense)-net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	35-40 years
Plant and machinery	10-15 years
Motor vehicles	6-10 years
Moulds	5 years
Electronic and other equipment's	5-7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other income/(expense) – net' in profit or loss'.

Assets under construction represent buildings under construction and plant and equipment pending installation, and are stated at cost. Costs include construction and acquisition costs. No provision for depreciation is made on assets under construction until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

2.7 Lease prepayment

Lease prepayment represents upfront prepayment made for the land use rights, and is expensed in profit or loss on a straight line basis over the period of the lease or when there is impairment, the impairment is expensed in profit or loss.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.8 Intangible assets

(1) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(2) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- (a) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (b) management intends to complete the intangible asset and use or sell it;
- (c) there is an ability to use or sell the intangible asset;
- (d) it can be demonstrated how the intangible asset will generate probable future economic benefits;
- (e) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- (f) the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.8 Intangible assets (continued)

(3) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 years.

2.9 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Non-current assets held-for-sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets (except for certain assets as explained below), are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets and financial assets (other than investments in subsidiaries and associates), which are classified as held for sale, would continue to be measured in accordance with the policies set out elsewhere in Note 2.

2.11 Financial assets

(1) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.11 Financial assets (continued)

(1) Classification(continued)

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(2) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are presented in profit or loss within ‘other (losses)/gains – net’ in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of other income when the Group’s right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss as ‘gains and losses from investment securities’.

Interest on available-for-sale securities calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends on available-for-sale equity instruments are recognised in profit or loss as part of other income when the Group’s right to receive payments is established.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.12 Financial liabilities at fair value through profit or loss and offsetting financial instruments

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified in this category if incurred principally for the purpose of selling in the short term. A financial liability initially recognised at fair value, and transaction costs are expensed in profit or loss. Subsequent measurements are measured at fair value. Liabilities in this category are classified as current liability if expected to be settled within 12 months; otherwise, they are classified as non-current. A financial liability is derecognised when it is extinguished.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.13 Impairment of financial assets

(1) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

JIANGLING MOTORS CORPORATION, LTD.

**FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(All amounts in RMB unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.13 Impairment of financial assets (continued)

(2) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling prices in the ordinary course of business, less applicable variable distribution costs.

2.15 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.16 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.17 Share capital

Share capital consists of "A" and "B" shares.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to owners of the Company until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's shareholders.

2.18 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.19 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.20 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.21 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(1) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the PRC. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(2) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.21 Current and deferred income tax (continued)

(3) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.22 Employee benefits

(1) Pension obligations

The Group contributes on a monthly basis to a defined contribution retirement scheme managed by the PRC government. The contribution to the scheme is charged to profit or loss as and when incurred. The Group's obligations are determined at a certain percentage of the salaries of the employees.

In addition, the Group provides supplementary pension subsidies to certain qualified employees. Such supplementary pension subsidies are considered as under defined benefit plans. The liability recognised in the statement of financial position in respect of these defined benefit plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for recognised actuarial gains or losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows according to the terms of the related pension liability.

The current service cost of the defined benefit plan, recognised in profit or loss in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognised immediately in income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in profit or loss.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

(2) Housing fund and other benefits

The Group's full-time employees are entitled to participate in a state-sponsored housing fund. The fund can be used by the employees for the purchase of apartment accommodation, or may be withdrawn upon their retirement. The Group is required to make annual contributions to the state-sponsored housing fund equivalent to a certain percentage of the employees' salaries.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.22 Employee benefits (continued)

(3) Bonus entitlement

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

2.23 Provisions

Provisions, mainly warranty costs, are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.24 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

JIANGLING MOTORS CORPORATION, LTD.

**FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(All amounts in RMB unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.24 Revenue recognition (continued)

(1) Sales of goods

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

(2) Rental income

Rental income is recognised on a straight-line basis over the period of the rental contracts.

2.25 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

2.26 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2.27 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders, where appropriate.

2.28 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate. Government grants not relating to future costs are recognised on receipt basis.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight line basis over the expected lives of the related assets.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by Finance Department under policies approved by the Board of Directors.

(1) Market risk

(a) Foreign exchange risk

The Group operates domestically and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to other payables dominated in US dollar ("USD").

Management has set up a policy to require the Group to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency.

As at 30 June 2016, if RMB had strengthened/weakened by 10% against USD with all other variable held constant, the Group's net profit for the six months ended 30 June 2016 would have been approximately RMB19,237,000 (2015: RMB23,276,000) higher/lower.

(b) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. As at 30 June 2016, a large portion of its bank deposits and all of its borrowings were at fixed rate. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

As at 30 June 2016, if the interest rate of the Group's bank deposits had been increased/decreased by 10% and all other variables were held constant, the Group's net profit for the six months ended 30 June 2016 would have been increased/decreased by approximately RMB8,691,000.

(2) Credit risk

The Group's maximum exposure to credit risk in relation to financial assets is the carrying amounts of cash and cash equivalents and trade and other receivables.

As at 30 June 2016, the Group had cash of approximately RMB383,118,000 (2015: RMB372,320,000) deposited in Jiangling Motor Group Finance Company ("JMCF"), which is a non-bank financial institution and a subsidiary of JMCG (Note 19). The Group's other bank deposits are deposited in state-owned banks or other listed banks. Management believes all these financial institutions have high credit quality without significant credit risk.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(2) Credit risk (continued)

All the Group's trade and other receivables have no collateral. However, the Group has policies in place to ensure that sales are made to customers with appropriate credit history and the Group performs periodic credit evaluations of its customers. The Group assesses the credit quality of each customer by taking into account its financial position, past experience and other factors. Credit limit and terms are reviewed on periodic basis, and the financial department is responsible for such monitoring procedures. In determining whether provision for impairment is required, the Group takes into consideration the aging status and the likelihood of collection. In this regards, the directors of the Company are satisfied that the risks is minimal as all customers are existing ones or related parties and have no default in the past and adequate provision for impairment, if any, has been made in the financial statements after assessing the collectability of individual debts. Further quantitative disclosures in respect of the impairment of trade and other receivables are set out in Note 18.

(3) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group in and aggregated by Finance Department. Finance Department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (Note 23) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB '000	Between 1 and 2 years RMB '000	Between 2 and 5 years RMB '000	Over 5 years RMB '000
At 30 June 2016				
Bank borrowings				
- Principals	434	434	1,303	2,823
- Interests	73	67	161	148
Trade and other payables	7,862,376	-	-	-
	<u>7,862,883</u>	<u>501</u>	<u>1,464</u>	<u>2,971</u>
At 31 December 2015				
Bank borrowings				
- Principals	425	425	1,276	2,977
- Interests	75	69	167	167
Trade and other payables	8,206,159	-	-	-
	<u>8,206,659</u>	<u>494</u>	<u>1,443</u>	<u>3,144</u>

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

3 Financial risk management (continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as borrowings divided by total capital. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus borrowings. The Group aims to maintain the gearing ratio at a reasonable level.

The gearing ratios at 30 June 2016 and 31 December 2015 were as follows:

	<u>30 June 2016</u> RMB'000	<u>31 December 2015</u> RMB'000
Total borrowings	4,994	5,103
Total equity	11,796,549	11,981,142
Total capital	<u>11,801,543</u>	<u>11,986,245</u>
Gearing ratio	<u>0.04%</u>	<u>0.04%</u>

3.3 Fair value estimation

Financial liabilities at fair value through profit or loss are forward exchange contracts which are not traded in an active market. The fair value is determined by using valuation techniques which maximised the use of observable market data where it is available and rely as little as possible on entity specific estimates. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Since all significant inputs required to value the instrument are observable, the forward exchange contracts are classified as level 2.

The carrying amounts of the Group's financial assets including cash and cash equivalents, trade and other receivables and financial liabilities including trade and other payables, borrowing, approximate their fair values due to their short maturities. The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(1) Provisions

The Group provides warranties on automobile and undertakes to repair or replace items that fail to perform satisfactorily based on certain pre-determined conditions. Management estimates the related warranty claims based on historical warranty claim information including level of repairs and returns as well as recent trends that might suggest that past cost information may differ from future claims.

Factors that could impact the estimated claim information include the success of the Group's productivity and quality controls, as well as parts and labour costs. Any increase or decrease in the provision would affect profit or loss in future years.

(2) Pension benefits

The present value of the pension obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 24.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

4 Critical accounting estimates and judgements (continued)

(3) Taxation

The Group is subject to various taxes in the PRC, including corporate income tax, value added tax and consumption tax. Significant judgment is required in determining the provision for these taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from amounts that were initially recorded, such differences will impact the tax provisions in the period such determination is made.

Deferred income tax assets relating to certain temporary differences are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and tax in the periods in which such estimate is changed.

As at 30 June 2016, the Group recorded the deferred tax assets of approximately RMB 503,617,000. To the extent that it is probable that taxable profit will be available against which the deductible temporary differences will be utilised, deferred tax assets are recognised mainly for temporary differences arising from accrued expenses and retirement benefit obligations.

(4) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.8. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates (Note 14).

If budgeted gross margin rates used in CGU or groups of CGU's extrapolate cash flow projections are adjusted to be lower than current gross margin rates, a further impairment of goodwill is required to be recognised.

If after-tax discount rate applied to the cash flow projections is adjusted to be higher than current after-tax discount rate, a further impairment of goodwill is required to be recognised.

If actual gross margin rates or after-tax discount rate is higher or lower than management's estimation, the recognised impairment of goodwill cannot be reversed.

(5) Impairment of inventory

Inventories shall be measured at the lower of cost and the net realisable value. The Group will reassess whether the inventories' net realisable value is lower than the inventories' cost at end of each year. Impairment provision for inventories is recognised in profit or loss when the cost is higher than the net realisable value.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

5 Revenue and segment information

The Group principally derives its turnover from the manufacture, assembly and sale of automobiles, related spare parts and components, and sales are made principally in the PRC. Revenue represents the total invoiced value of goods supplied to customers, net of value-added tax, returns and allowances.

Management has determined the operating segment based on the reports reviewed by the strategic executive committee that are used to make strategic decisions. The committee considers the business from the product perspective as all the Group's sales are made in the PRC. Since the Group principally derives its turnover from the sale of automobiles, the committee considers the automobile business as a whole in allocating resources and assessing performance. Accordingly, no segment information is presented.

6 Expenses by nature

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Changes in inventories of finished goods and work in progress	74,118	167,151
Raw materials and consumables used	7,390,290	8,003,085
Employee benefit expenses (Note 7)	872,355	880,091
Depreciation of PPE (Note 12, 28)	323,276	270,989
Repairs and maintenance expenditure on PPE	37,727	43,641
Research and development expenditure	650,289	800,915
Amortisation of lease prepayment (Note 13, 28)	7,904	7,936
Amortisation of intangible assets (Note 14, 28)	4,743	3,286
Provision of warranty	108,763	55,961
Others	570,545	470,085
Total cost of sales, distribution costs and administrative expenses	<u>10,040,010</u>	<u>10,703,140</u>

For the six months ended 30 June 2016, depreciation of PPE of RMB 21,797,000 (the six months ended 30 June 2015: RMB 17,987,000) and amortisation of intangible assets of RMB 888,000 (the six months ended 30 June 2015: RMB 1,485,000) were included in research and development expenditure.

Impairment charge for trade and other receivables of RMB8,710,000 (the six months ended 30 June 2016: RMB 985,000) and impairment charge for inventories of RMB10,124,000 (the six months ended 30 June 2016: None), which were included in administrative expenses, were not included in expenses by nature.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

7 Employee benefit expenses

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Wages and salaries	619,534	643,777
Social security costs	84,831	80,312
Pension costs – defined contribution plans	114,803	107,826
Others	53,187	48,176
	<u>872,355</u>	<u>880,091</u>

The employees of the Group participated in a retirement benefit plan organised by the municipal and provincial governments under which the Group was required to make defined contributions monthly to this plan.

In addition, the Group also paid certain pension subsidies to certain retired employees. In accordance with the Group's early retirement programs, the Group was also committed to making periodic benefit payments to certain early-retired employees until they reach their legal retirement ages.

8 Other income

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Government grants (a)	227,480	204,078
Others	(1,624)	(5,480)
	<u>225,856</u>	<u>198,598</u>

- (a) For the six months ended 30 June 2016, the Group received grants of approximately RMB227,480,000, mainly from Finance Bureau of Nanchang, Finance Bureau of Nanchang Qingyunpu District, Economic Development District Administrative Commission of Xiaolan and the Finance Bureau of Economic and Technological Development District Administrative Commission of Taiyuan. Those grants were income related government grants to support the Group's operation.

9 Finance income and cost

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
(a) Finance income		
Interest income on bank deposits	103,318	129,404
Interest income on credit sales	7,101	18,593
	<u>110,419</u>	<u>147,997</u>
(b) Finance cost		
Interest expense on bank loans	(483)	(209)
Bank charges	(284)	(268)
	<u>(767)</u>	<u>(477)</u>
Net finance income	<u>109,652</u>	<u>147,520</u>

JIANGLING MOTORS CORPORATION, LTD.**FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(All amounts in RMB unless otherwise stated)

10 Taxation**(a) Corporate income tax ("CIT")**

As the Company is qualified as a high-tech enterprise and approved by the relevant tax authorities in 2015, the Company is entitled to a preferential CIT rate of 15% from 2015 to 2017 (2015: 15%). The CIT rates of JMC Heavy Duty Vehicle Co., Ltd. ("JMCH") and Jiangling Motor Sales Co, Ltd. ("JMCS"), the subsidiaries of the Company, are 25%.

The amounts of income tax expense charged to profit or loss represented:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Current tax	(96,325)	(144,643)
Deferred tax (Note 16)	30,222	(41,281)
	<u>(66,103)</u>	<u>(185,924)</u>

The difference between the actual income tax charge in profit or loss and the amounts which result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Profit before tax	<u>770,620</u>	<u>1,267,456</u>
Tax calculated at tax rates applicable to profits in the respective companies	(100,020)	(189,216)
Tax concessions	105	160
Expenses not deductible for tax purposes	(250)	(25,271)
Income not subject to tax	47,715	53,365
Effect of different tax rates applied for the periods in which the temporary differences are expected to reverse	(4,322)	(57)
Tax losses for which no deferred income tax asset was recognised	<u>(9,331)</u>	<u>(24,905)</u>
Tax charge	<u>(66,103)</u>	<u>(185,924)</u>

The weighted average applicable tax rate was 13% (the six months ended 30 June 2015: 15%).

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

10 Taxation (continued)

(a) Value-added tax ("VAT")

Output VAT is levied at a general rate of 17% on the selling price of goods. Input VAT paid on purchase of goods and equipment can be used to offset the output VAT to determine the net VAT payable.

(b) Consumption Tax ("CT")

The Group's automobile sale is subject to CT at 5% or 9% on the selling price of goods.

11 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	Six months ended 30 June	
	2016	2015
Profit attributable to shareholders of the Company ('000)	704,517	1,081,532
Weighted average number of ordinary shares in issue ('000)	863,214	863,214
Basic earnings per share (RMB)	0.82	1.25

Diluted earnings per share equals to basic earnings per share as there were no dilutive potential ordinary shares outstanding during the six months ended 30 June 2016.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

12 Property, plant and equipment

	Buildings	Plant and Machinery	Motor Vehicles	Moulds	Electronic and other equipment's	Assets under constructions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015							
Cost	1,819,897	3,138,887	190,888	1,421,197	2,030,067	1,282,854	9,883,790
Accumulated depreciation and impairment	(330,391)	(1,595,216)	(85,728)	(1,144,046)	(991,309)	(692)	(4,147,382)
Net book amount	1,489,506	1,543,671	105,160	277,151	1,038,758	1,282,162	5,736,408
Year ended 31 December 2015							
Opening net book amount	1,489,506	1,543,671	105,160	277,151	1,038,758	1,282,162	5,736,408
Additions	-	-	-	-	-	1,457,199	1,457,199
Transfers	114,352	261,449	34,729	193,583	399,568	(1,003,681)	-
Disposals	(4,255)	(1,612)	(1,216)	-	(2,150)	-	(9,233)
Classified as held for sale	(78,870)	-	-	-	-	-	(78,870)
Other deductions	-	(86,845)	-	-	(2,628)	(98,898)	(188,371)
Impairment charge (Note 28)	-	(1,719)	(316)	-	(981)	-	(3,016)
Depreciation charge (Note 6, 28)	(46,204)	(179,076)	(25,116)	(106,987)	(233,188)	-	(590,571)
Closing net book amount	1,474,529	1,535,868	113,241	363,747	1,199,379	1,636,782	6,323,546
At 31 December 2015							
Cost	1,802,523	3,193,284	219,587	1,591,116	2,384,260	1,637,474	10,828,244
Accumulated depreciation and impairment	(327,994)	(1,657,416)	(106,346)	(1,227,369)	(1,184,881)	(692)	(4,504,698)
Net book amount	1,474,529	1,535,868	113,241	363,747	1,199,379	1,636,782	6,323,546
Six months ended 30 June 2016							
Opening net book amount	1,474,529	1,535,868	113,241	363,747	1,199,379	1,636,782	6,323,546
Additions	-	-	-	-	-	421,273	421,273
Transfers	24,515	133,933	7,482	259,581	191,542	(617,053)	-
Disposals	-	(155)	(3,007)	-	(127)	-	(3,289)
Other deductions	-	-	-	-	-	(4,881)	(4,881)
Impairment charge (Note 28)	-	(781)	(24)	-	(542)	-	(1,347)
Depreciation charge (Note 6, 28)	(23,775)	(96,029)	(13,103)	(77,277)	(134,889)	-	(345,073)
Closing net book amount	1,475,269	1,572,836	104,589	546,051	1,255,363	1,436,121	6,390,229
At 30 June 2016							
Cost	1,827,038	3,306,866	217,349	1,850,137	2,566,064	1,436,812	11,204,266
Accumulated depreciation and impairment	(351,769)	(1,734,030)	(112,760)	(1,304,086)	(1,310,701)	(691)	(4,814,037)
Net book amount	1,475,269	1,572,836	104,589	546,051	1,255,363	1,436,121	6,390,229

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

12 Property, plant and equipment (continued)

For the six months ended 30 June 2016, depreciation expense of approximately RMB289,897,000 (the six months ended 30 June 2015: RMB247,139,000) has been charged in cost of sales, RMB1,427,000 (the six months ended 30 June 2015: RMB1,071,000) in distribution costs and RMB53,749,000 (the six months ended 30 June 2015: RMB40,766,000) in administrative expenses.-

Lease rental expenses amounting to RMB3,087,000 (the six months ended 30 June 2015: RMB3,075,000) relating to the lease of property are included in profit or loss.

13 Lease prepayment

Lease prepayment represents the Group's interests in land which are held on leases of 50 years. The movement is as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
	RMB'000	RMB'000
Opening net book amount	645,608	590,629
Additions	2,394	79,479
Classified as held for sale	-	(8,767)
Amortisation charge (Note 6, 28)	<u>(7,904)</u>	<u>(15,733)</u>
Closing net book amount	<u>640,098</u>	<u>645,608</u>
Cost	751,626	749,232
Accumulated amortisation	<u>(111,528)</u>	<u>(103,624)</u>
Net book amount	<u>640,098</u>	<u>645,608</u>

Amortisation expense was charged in administrative expenses.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

14 Intangible assets

	After-sale management model	Software	Goodwill	Development Expenditure	Other	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2015						
Opening net book amount	-	28,682	3,462	-	29	32,173
Addition	-	19,419	-	-	-	19,419
Impairment charge	-	-	-	-	-	-
Amortisation charge (Note 6, 28)	-	(9,876)	-	-	(11)	(9,887)
Closing net book amount	-	38,225	3,462	-	18	41,705
At 31 December 2015						
Cost	36,978	85,627	89,028	-	1,649	213,282
Accumulated amortisation and impairment	(36,978)	(47,402)	(85,566)	-	(1,631)	(171,577)
Net book amount	-	38,225	3,462	-	18	41,705
Six months ended 30 June 2016						
Opening net book amount	-	38,225	3,462	-	18	41,705
Addition	-	2,486	-	60,053	-	62,539
Impairment charge	-	-	-	-	-	-
Amortisation charge (Note 6, 28)	-	(5,627)	-	-	(4)	(5,631)
Closing net book amount	-	35,084	3,462	60,053	14	98,613
At 30 June 2016						
Cost	36,978	88,113	89,028	60,053	1,649	275,821
Accumulated amortisation and impairment	(36,978)	(53,029)	(85,566)	-	(1,635)	(177,208)
Net book amount	-	35,084	3,462	60,053	14	98,613

For the six months ended 30 June 2016, amortisation expense of approximately RMB5,506,000 (the six months ended 30 June 2016: RMB4,666,000) was charged in administrative expenses, RMB97,000 (the six months ended 30 June 2015: RMB97,000) in cost of sales and RMB 28,000 (the six months ended 30 June 2015: RM8,000) in distribution costs.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

14 Intangible assets (continued)

Impairment test for goodwill

Goodwill arises on the acquisition of a subsidiary, and is monitored by the management at the cash generating unit level. The goodwill is allocated to the following cash generating unit ("CGU"):

	31 December 2015	Addition	Impairment	30 June 2016
	RMB'000	RMB'000	RMB'000	RMB'000
JMCH	<u>3,462</u>	<u>-</u>	<u>-</u>	<u>3,462</u>

The recoverable amount of the CGU is determined based on value in use calculations. These calculations use after-tax cash flow projections based on financial budgets approved by management covering a nine-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the heavy duty vehicle business in which the CGU operates.

The key assumptions used for value in use calculations in 2015 are as follows:

Item	JMCH
Compound annual volume growth rate	404%
Long term growth rate	3%
Discount rate	19.4%

The long term growth rates used are consistent with the forecasts included in industry reports. The discount rates used are after-tax and reflect specific risks relating to the relevant operating subsidiary.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

15a Subsidiaries

As at the date of this report, the Group has the following subsidiary:

Entity	Place and date of incorporation	Percentage of equity interest held	Principal activities
JMCH	Taiyuan, PRC / 8 January 2013	100%	Manufacture and sale of automobiles and spare parts
JMCS	Nanchang, PRC / 11 October 2013	100%	Sale of automobiles and spare parts

15b Investments accounted for using the equity method

(a) Summarised financial information for immaterial associate

The amount recognised in the consolidated statement of financial position is as follow:

	30 June 2016	31 December 2015
	RMB'000	RMB'000
Associate	40,274	40,993

The amount recognised in the consolidated statement of comprehensive income is as follow:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Share of profit	5,026	7,307

As at 17 December 2015 Halla Visteon Climate Control (Nanchang) Co., Ltd., was renamed as Hannon Systems (Nanchang) Co., Ltd. ("Hannon Systems"). The Company holds 19.15% interest of Hannon Systems and the investment is accounted for using the equity method of accounting.

(b) Reconciliation of summarised financial information

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Opening net assets 1 January	214,061	140,719
Profit for the period	26,245	38,156
Dividends distributed	(30,000)	-
Closing net assets	210,306	178,875
Interest in associate	19.15%	19.15%
Carrying value	40,274	34,255

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

16 Deferred income tax

	<u>30 June 2016</u>	<u>31 December 2015</u>
	RMB'000	RMB'000
Deferred tax assets	519,904	480,109
Deferred tax liabilities-can be offset	(16,287)	(6,176)
Deferred tax liabilities-cannot be offset	<u>(27,854)</u>	<u>(28,392)</u>
Deferred tax assets-net	503,617	473,933
Deferred tax liabilities-net	<u>(27,854)</u>	<u>(28,392)</u>

The gross movement on the deferred income tax account is as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
	RMB'000	RMB'000
At beginning of the year	445,541	411,272
Credited to profit or loss (Note 10)	30,222	33,592
Credited to other comprehensive income	-	677
At end of the year	<u>475,763</u>	<u>445,541</u>

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets	Provision for	Retirement	Accrued	Others	Total
	impairment of assets	benefits obligation	expenses		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015	5,329	12,442	381,437	43,200	442,408
(Charged)/credited to profit or loss	878	220	78,607	(42,681)	37,024
Credited to other comprehensive income	-	677	-	-	677
At 31 December 2015	6,207	13,339	460,044	519	480,109
Credited/(charged) to profit or loss	1,713	(407)	(19,206)	57,695	39,795
Credited to other comprehensive income	-	-	-	-	-
At 30 June 2016	<u>7,920</u>	<u>12,932</u>	<u>440,838</u>	<u>58,214</u>	<u>519,904</u>
Deferred tax liabilities	Amortization	PPE	Fair	Forward	Total
	of Intangible Assets	depreciation	value gains	exchange contracts	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015	(1,678)	-	(29,458)	-	(31,136)
Credited to profit or loss	(1,082)	(3,404)	1,066	(12)	(3,432)
At 31 December 2015	(2,760)	(3,404)	(28,392)	(12)	(34,568)
(Charged)/credited to profit or loss	(1,016)	(8,807)	538	(288)	(9,573)
At 30 June 2016	<u>(3,776)</u>	<u>(12,211)</u>	<u>(27,854)</u>	<u>(300)</u>	<u>(44,141)</u>

JIANGLING MOTORS CORPORATION, LTD.

**FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(All amounts in RMB unless otherwise stated)

16 Deferred income tax (continued)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
	RMB'000	RMB'000
Deferred tax assets:		
- Deferred tax asset to be recovered after more than 12 months	12,246	12,653
- Deferred tax asset to be recovered within 12 months	507,658	467,456
	<u>519,904</u>	<u>480,109</u>
	<u>30 June 2016</u>	<u>31 December 2015</u>
	RMB'000	RMB'000
Deferred tax liabilities:		
- Deferred tax liabilities to be recovered after more than 12 months	(41,868)	(32,787)
- Deferred tax liabilities to be recovered within 12 months	(2,273)	(1,781)
	<u>(44,141)</u>	<u>(34,568)</u>

Tax losses which no deferred income tax assets were recognised were as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
	RMB'000	RMB'000
Tax losses	<u>249,729</u>	<u>250,697</u>

The expiry years of the tax losses are as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
	RMB'000	RMB'000
2016	6,721	6,721
2017	89,447	89,447
2018	44,319	44,319
2019	36,773	36,773
2020	72,469	73,437
	<u>249,729</u>	<u>250,697</u>

JIANGLING MOTORS CORPORATION, LTD.**FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(All amounts in RMB unless otherwise stated)

17 Inventories

	<u>30 June 2016</u>	<u>31 December 2015</u>
	RMB'000	RMB'000
Raw materials	1,242,718	1,170,043
Work in progress	161,790	144,654
Finished goods	324,772	416,233
	<u>1,729,280</u>	<u>1,730,930</u>

For the six months ended 30 June 2016, the cost of inventories recognised as expenses and included in cost of sales amounted to approximately RMB7,464,408,000 (the six months ended 30 June 2015: RMB8,170,236,000), which included inventory provision of RMB10,532,000 (the six months ended 30 June 2015:None).

A provision of RMB39,789,000 (2015: RMB47,637,000) was made as at 30 June 2016. The Group reversed RMB408,000 of a previous inventory write-down in 2015. In 2016, the Group wrote-off inventories with provision of RMB17,971,000 made in prior years. The provision and reversal of the inventory write-down have been included in cost of sales in profit or loss.

As at 30 June 2016, no inventory was pledged as security for liabilities.

18 Trade, other receivables and prepayments

	<u>30 June 2016</u>	<u>31 December 2015</u>
	RMB'000	RMB'000
Trade receivables	1,118,083	1,463,736
Less: Provision for impairment of trade receivables	(15,930)	(7,319)
Trade receivables – net	<u>1,102,153</u>	<u>1,456,417</u>
Notes receivables	456,860	709,630
Other receivables	78,254	58,427
Less: Provision for impairment of other receivables	(391)	(292)
Other receivables – net	<u>77,863</u>	<u>58,135</u>
Prepayments	556,398	476,952
Dividends receivables	-	-
Interest receivables	60,384	92,636
	<u>2,253,658</u>	<u>2,793,770</u>

Refer to Note 31 for details of receivables from related parties.

The carrying amounts of trade and other receivables approximate their fair values.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

18 Trade, other receivables and prepayments (continued)

Movement on the provision for impairment of trade and other receivables is as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
	RMB'000	RMB'000
At beginning of the year	(7,611)	(7,638)
Provision for receivables impairment (Note 28)	(8,710)	(3,882)
Receivables written off during the year as uncollectible	-	3,909
At end of the period	<u>(16,321)</u>	<u>(7,611)</u>

The creation of provision for impaired receivables have been included in 'administrative expense' in profit or loss.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

19 Cash and bank balances

Cash and cash equivalents

	<u>30 June 2016</u>	<u>31 December 2015</u>
	RMB'000	RMB'000
Cash at bank and in hand	664,918	606,040
Short-term bank deposits (a)	<u>8,805,000</u>	<u>8,242,000</u>
	<u>9,469,918</u>	<u>8,848,040</u>

As at 30 June 2016, the Group had cash of approximately RMB383,118,000 (2015: RMB372,320,000) deposited in JMCF (Note 31 (g)). The interest rates range from 1.495% to 2.25% per annum (2015: 0.455% to 3%). JMCF, a non-bank financial institution, is a subsidiary of JMCG.

- (a) Short-term bank deposits can be withdrawn at the discretion of the Group without any restriction.

20 Assets classified as held for sale

	<u>30 June 2016</u>	<u>31 December 2015</u>
	RMB'000	RMB'000
Lease prepayment and buildings of Transit plant	<u>87,637</u>	<u>87,637</u>

As at 26 March 2015, under the authorization from the board of directors, the Company signed an agreement of "state-owned land reserves" with Nanchang City Land Reserve Centre (the "agreement"). According to the agreement, the Company will sell its land use right and buildings of Transit plant, with a consideration of RMB135,000,000 to Nanchang City Land Reserve Centre. The transaction is expected to be completed within the year of 2016.

As those aforementioned assets met the criteria of assets classified as held for sale, they were reclassified as current assets and presented separately in the consolidated statement of financial position.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

21 Share capital

	Number of shares (thousands)	Tradable shares			Total RMB'000
		"A" shares		"B" shares	
		Restricted RMB'000	Non-restricted RMB'000	RMB'000	
Year ended 31 December 2015					
Balance at 1 January 2015	863,214	1,822	517,392	344,000	863,214
Transfer	-	(96)	96	-	-
Balance at 31 December 2015	863,214	1,726	517,488	344,000	863,214
Six months ended 30 June 2016					
Balance at 1 January 2016	863,214	1,726	517,488	344,000	863,214
Transfer	-	-	-	-	-
Balance at 30 June 2016	863,214	1,726	517,488	344,000	863,214

All the "A" and "B" shares are registered, issued and fully paid shares of RMB1 each.

All the "A" and "B" shares rank pari passu in all respects.

After the implementation of the share reform scheme on 13 February 2006, 1,726,000 shares were still restricted as at 30 June 2016.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

22 Other reserves

	Statutory surplus reserve fund (a)	Reserve fund	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015	431,607	18,627	4,734	454,968
Other comprehensive income -Remeasurements of retirement benefit obligation, net of tax	-	-	(2,030)	(2,030)
At 31 December 2015	431,607	18,627	2,704	452,938
Other comprehensive income -Remeasurements of retirement benefit obligation, net of tax	-	-	-	-
At 30 June 2016	<u>431,607</u>	<u>18,627</u>	<u>2,704</u>	<u>452,938</u>

- (a) In accordance with the relevant laws and regulations in the PRC and Articles of Association of the Company, it is required to appropriate 10% of its annual net profit, after offsetting any prior years' losses as determined under the Accounting Standards for Business Enterprises in the PRC, to the statutory surplus reserve fund before distributing the net profit. When the balance of the statutory surplus reserve fund reaches 50% of the Company's share capital, any further appropriation is at the discretion of shareholders. The statutory surplus reserve fund can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them. The fund is non-distributable except for liquidation.

As the balance of the statutory surplus reserve fund has reached 50% of the Company's share capital, no further appropriations to the statutory surplus reserve fund were provided for the six months ended 30 June 2016.

23 Borrowings

	30 June 2016	31 December 2015
	RMB'000	RMB'000
Current		
Bank borrowings - guaranteed (a)	<u>434</u>	<u>425</u>
Non-current		
Bank borrowings - guaranteed (a)	<u>4,560</u>	<u>4,678</u>
Total borrowings	<u>4,994</u>	<u>5,103</u>

- (a) Bank borrowings of USD753,000 (equivalent to approximately RMB4,994,000) (2015: USD786,000 equivalent to approximately RMB5,103,000) were guaranteed by JMCF (Note 31 (c)).

The interest rate of bank borrowings is 1.50% per annum (2015: 1.50%).

The fair value of borrowings approximates their carrying values.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

23 Borrowings (continued)

The maturity of non-current borrowings is as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
	RMB'000	RMB'000
Between 1 and 2 years	434	425
Between 2 and 5 years	1,303	1,276
Over 5 years	2,823	2,977
	<u>4,560</u>	<u>4,678</u>

The Group has the following undrawn borrowing facilities:

	<u>30 June 2016</u>	<u>31 December 2015</u>
	RMB'000	RMB'000
Fixed rate		
- Expiring within one year	<u>1,906,810</u>	<u>2,214,032</u>

24 Retirement benefits obligations

The amount of early retirement and supplemental benefit obligations recognised in the statement of financial position is as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
	RMB'000	RMB'000
Present value of defined benefits obligations	<u>54,139</u>	<u>56,833</u>

The movement of early retirement and supplemental benefit obligations for the year ended 31 December 2015 is as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
	RMB'000	RMB'000
At beginning of the year	56,833	55,726
For the year		
-Current service cost	-	1,625
-Interest cost	-	1,991
-Payment	(2,694)	(5,216)
-Actuarial loss	-	2,707
At end of the period	<u>54,139</u>	<u>56,833</u>
Current	4,560	4,560
Non-current	<u>49,579</u>	<u>52,273</u>
	<u>54,139</u>	<u>56,833</u>

The material actuarial assumptions used in valuing these obligations are as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
Discount rate adopted	—	3%
The salary and supplemental benefits inflation rate of retiree, early-retiree and employee at post	—	0% to 5%

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

24 Retirement benefits obligations (continued)

As at 30 June 2016, the Group did not estimate the present value of defined benefit obligation. Based on the assessment and IAS 19, the Group estimated that, at 30 June 2016, a provision of RMB54,139,000 is sufficient to cover all future retirement-related obligations.

Obligation in respect of retirement benefits of RMB54,139,000 is the present value of the unfunded obligations, of which the current portion amounting to RMB4,560,000 (2015: RMB4,560,000) has been included under current liabilities.

25 Provisions for warranty and other liabilities

The movement on the warranty provisions is as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
	RMB'000	RMB'000
At beginning of the year	214,722	226,503
Charged for the year	108,770	168,141
Utilised during the year	(93,003)	(179,922)
At end of the period	<u>230,489</u>	<u>214,722</u>

26 Trade and other payables

	<u>30 June 2016</u>	<u>31 December 2015</u>
	RMB'000	RMB'000
Trade payables	5,475,420	5,600,317
Payroll and welfare payable	205,481	278,396
Dividend payables	892,223	11,646
Other payables	2,584,781	2,818,470
	<u>9,157,905</u>	<u>8,708,829</u>

Refer to Note 31 for details of amount due to related parties.

JIANGLING MOTORS CORPORATION, LTD.**FOR THE SIX MONTHS ENDED 30 JUNE 2016**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

27 Dividends

A final dividend for 2015 of RMB1.03 per share, amounting to a total dividend of RMB889,110,000 is proposed at the Shareholders' Meeting on 30 June 2016.

28 Cash generated from operations

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Profit before tax	770,620	1,267,456
Depreciation of PPE (Note 6, 12)	345,073	288,976
Amortisation of lease prepayment (Note 6, 13)	7,904	7,936
Amortisation of intangible assets (Note 6, 14)	5,631	4,771
Impairment charges of PPE (Note 12)	1,347	-
Provision for receivables impairment (Note 18)	8,710	985
Write-down of inventories (Note 17)	10,124	-
Loss on disposals of PPE	895	3,508
Finance cost (Note 9)	767	477
Finance income (Note 9)	(110,419)	(147,997)
Net foreign exchange transaction loss	6,863	1,136
Share of profit from investment accounted for using equity method (Note 15b)	(5,026)	(7,307)
Investment loss of forward exchange contracts	(276)	5,365
Changes on fair value of forward exchange contracts	(1,921)	(1,929)
Changes in working capital:		
- Decrease in restricted cash	-	6,810
- (Increase)/decrease in inventories	(32,459)	67,841
- Decrease/(increase) in trade and other receivables	460,103	(238,306)
- Increase/(decrease) in provisions for warranty	15,767	(32,422)
- Decrease in trade and other payables	(377,102)	(703,807)
- Decrease in pensions and other retirement benefits	(2,694)	(2,824)
Cash generated from operations	<u>1,103,907</u>	<u>520,669</u>

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

28 Cash generated from operations (continued)

In the cash flow statement, proceeds from disposal of PPE comprise:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Net book amount	3,289	5,529
Loss on disposal of PPE	(895)	(3,508)
Offset with trade and other payables (a)	217	104
Proceeds from disposal of PPE	<u>2,611</u>	<u>2,125</u>

29 Contingencies

At 30 June 2016, the Group did not have any significant contingent liabilities.

30 Commitments

Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	30 June 2016	31 December 2015
	RMB'000	RMB'000
Contracted but not provided for:		
Purchases of buildings, plant and machinery	<u>839,650</u>	<u>1,033,458</u>

31 Related party transactions

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

Jiangling Motor Holdings Co. Ltd. ("JMH"), which owns 41.03% of the Company's shares, and Ford Motor Company ("Ford"), which owns 32% of the Company's shares, are major shareholders of the Company as at 30 June 2016. For JMH, the shareholders are Chongqing Changan Automobile Corporation Ltd. ("Changan Auto") and JMCG, both of them hold 50% equity interest of JMH, respectively.

The following is a summary of the significant transactions carried out between the Group, its associates, JMCG and its subsidiaries, Ford and its subsidiaries in the ordinary course of business during the six months ended 30 June 2016.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

31 Related party transactions (continued)

For the six months ended 30 June 2016, related parties, other than the subsidiary, and their relationship with the Group are as follows:

Name of related party	Relationship
JMCG	Shareholder of JMH
Nanchang JMCG Skyman Auto Component Co., Ltd.	Subsidiary of JMH
Ford Motor (China) Co., Ltd.	Subsidiary of Ford
Ford Motor Research & Engineering (Nanjing) Co., Ltd.	Subsidiary of Ford
Ford Global Technologies, LLC	Subsidiary of Ford
Ford Otosan Company	Subsidiary of Ford
Ford Motor Company of Australia Limited	Subsidiary of Ford
JMCG Interior Trim Factory	Subsidiary of JMCG
Jiangxi JMCG Industry Co., Ltd.	Subsidiary of JMCG
JMCG Property Management Co.	Subsidiary of JMCG
Nanchang Gear Co., Ltd.	Subsidiary of JMCG
Jiangxi Jiangling Material Utilization Co., Ltd.	Subsidiary of JMCG
Jiangling Material Co.	Subsidiary of JMCG
Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	Subsidiary of JMCG
Nanchang Jiangling Hua Xiang Auto Components Co., Ltd.	Subsidiary of JMCG
Jiangxi Specialty Vehicles Jiangling Motors Group Co., Ltd.	Subsidiary of JMCG
JMCF	Subsidiary of JMCG
Jiangxi ISUZU Engine Co., Ltd.	Subsidiary of JMCG
Jiangxi Lingge Non-ferrous Metal Die-casting Co., Ltd.	Subsidiary of JMCG
Jiangxi Jiangling Chassis Co., Ltd.	Subsidiary of JMCG
Nanchang JMCG Liancheng Auto Component Co., Ltd.	Subsidiary of JMCG
JMCG Jingma Motors Co., Ltd.	Subsidiary of JMCG
Nanchang Unistar Electric & Electronics Co.,Ltd.	Subsidiary of JMCG
Jiangxi Jiangling Real Estate Co., Ltd.	Subsidiary of JMCG
Jiangxi Jiangling Lear Interior System Co., Ltd.	Subsidiary of JMCG
Jiangxi JMCG Shangrao Industrial Co., Ltd.	Subsidiary of JMCG
JMCG Jiangxi Engineering Construction Co., Ltd.	Subsidiary of JMCG
Nanchang JMCG Xincheng Auto Component Co., Ltd.	Subsidiary of JMCG
Nanchang JMCG Shishun Logistics Co., Ltd.	Subsidiary of JMCG
Nanchang Lianda Machinery Co., Ltd.	Subsidiary of JMCG
Jiangxi JMCG Yicheng Second-hand Motors Sales Co., Ltd.	Subsidiary of JMCG
Jiangxi Biaohong Engine Tappet Co., Ltd.	Subsidiary of JMCG
Nanchang Jiangling Huasheng Cleaner Co., Ltd.	Subsidiary of JMCG
Jiangxi Sinodef International Trade Co.,Ltd.	Subsidiary of JMCG
Nanchang Hengou Industry Co., Ltd.	Subsidiary of JMCG
Nanchang JMCG Car Frame Co., Ltd.	Subsidiary of JMCG
Jiangxi JMCG Special Vehicle Co., Ltd.	Associate of JMCG
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	Associate of JMCG
Nanchang Yinlun Heat-exchanger Co.,Ltd.	Associate of JMCG
JMCG Hequn Costume Co., Ltd.	Associate of JMCG
Jiangling Aowei Aotomobile Spare Part Co., Ltd.	Associate of JMCG
Nanchang JMCG Printing Plant Co., Ltd.	Associate of JMCG
GETRAG (Jiangxi) Transmission Company	Associate of JMCG
Nanchang Baojiang Steel Processing Distribution Co., Ltd.	Associate of JMCG
Faurecia Emissions Control Technologies (Nanchang) Co., Ltd.	Associate of JMCG
Changan Ford Automobile Co., Ltd.	Joint venture of Ford

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

31 Related party transactions (continued)

(a) Purchases and sales of goods, provision and purchases of services

Purchase of goods	Price policy	Six months ended 30 June	
		2016 RMB'000	2015 RMB'000
Jiangxi Jiangling Chassis Co., Ltd.	(B)	384,153	390,207
GETRAG (Jiangxi) Transmission Company	(B)	311,994	326,771
Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	(B)	298,479	178,609
Nanchang Baojiang Steel Processing Distribution Co., Ltd.	(B)	254,213	313,992
Jiangxi Jiangling Lear Interior System Co., Ltd. (i)	(B)	227,342	236,173
Ford	(A)	184,544	178,711
Nanchang JMCG Liancheng Auto Component Co., Ltd.	(B)	138,623	148,015
Nanchang Jiangling Hua Xiang Auto Components Co., Ltd.	(B)	135,181	137,056
Hannon Systems	(B)	103,226	123,085
Nanchang Unistar Electric & Electronics Co.,Ltd.	(B)	100,047	111,874
Jiangxi Specialty Vehicles Jiangling Motors Group Co., Ltd.	(B)	90,130	111,566
JMCG	(B)	53,480	75,163
Nanchang Lianda Machinery Co., Ltd.	(B)	35,657	40,705
Nanchang JMCG Skyman Auto Component Co., Ltd.	(B)	32,714	37,907
Faurecia Emissions Control Technologies (Nanchang) Co., Ltd.	(B)	28,368	2,772
Nanchang Yinlun Heat-exchanger Co.,Ltd	(B)	23,343	26,826
Jiangxi Lingge Non-ferrous Metal Die-casting Co., Ltd.	(B)	18,710	18,890
Jiangling Aowei Aotomobile Spare Part Co., Ltd.	(B)	15,318	19,023
Nanchang JMCG Xincheng Auto Component Co., Ltd.	(B)	14,164	13,488
Jiangling Material Co.	(B)	11,117	12,377
Changan Ford Automobile Co., Ltd.	(B)	10,719	84
Nanchang Gear Co., Ltd.	(B)	8,976	8,194
Ford Otosan Company	(A)	5,865	74
Jiangxi Biaohong Engine Tappet Co., Ltd.	(B)	4,814	5,277
Nanchang JMCG Printing Plant Co., Ltd.	(B)	3,963	2,625
Jiangxi JMCG Shangrao Industrial Co., Ltd.	(B)	3,709	4,555
JMCG Hequn Costume Co., Ltd.	(B)	1,504	1,272
Jiangxi Jiangling Material Utilization Co., Ltd.	(B)	1,327	2,287
Jiangxi ISUZU Engine Co., Ltd.	(B)	989	8,789
Jiangxi JMCG industry Co., Ltd.	(B)	831	5,388
JMCG Interior Trim Factory	(B)	-	190,610
Nanchang Jiangling Huasheng Cleaner Co., Ltd.	(B)	-	3,460
Others	(B)	-	51
		<u>2,503,500</u>	<u>2,735,876</u>

The Company purchased goods from related parties classified as two types: import parts and home-made parts.

(A) Purchase import parts from Ford or Ford's suppliers, based on agreed price;

(B) Purchase home-made parts from other related parts, based on quotation, cost accounting and negotiation.

- (i) As at September 2015, Jiangxi Jiangling Special Purpose Vehicle Co., Ltd. absorbed JMCG Interior Trim Factory.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

31 Related party transactions (continued)

(a) Purchases and sales of goods, provision and purchases of services (continued)

Provision of services	Natures of transaction	Price policy	Six months ended 30 June	
			2016	2015
			RMB'000	RMB'000
Ford Motor Company of Australia Limited	Vehicle testing	(C)	6,698	-
Purchase of services	Natures of transaction	Price policy	Six months ended 30 June	
			2016	2015
			RMB'000	RMB'000
Ford Otosan Company	Engineering service and design	(C)	151,648	161,576
Nanchang JMCG Shishun Logistics Co., Ltd.	Transportation	(C)	85,587	106,385
Ford	Engineering service and design	(C)	46,590	185,150
Ford Global Technologies, LLC	Royalty fee	(C)	37,885	23,850
Nanchang Hengou Industry Co., Ltd.	Packing/truckage	(C)	30,836	16,971
Ford	Secondments costs	(C)	19,584	34,033
Ford Otosan Company	Secondments costs	(C)	15,334	11,721
Jiangxi JMCG Industry Co.,Ltd.	Working meal	(C)	13,053	15,331
Ford Otosan Company	Royalty fee	(C)	6,736	23,388
Jiangxi Specialty Vehicles Jiangling Motors Group Co., Ltd.	Promotion	(C)	2,774	4,251
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	Agent business of importation	(C)	2,705	2,474
Ford Motor (China) Co., Ltd.	Regional personnel costs	(C)	2,702	2,313
Hannon Systems	Experimental manufacturing cost	(C)	2,479	-
Ford Motor Research & Engineering (Nanjing) Co., Ltd.	Regional personnel costs	(C)	1,871	961
Changan Ford Automobile Co., Ltd.	Design fee	(C)	1,650	-

JIANGLING MOTORS CORPORATION, LTD.

FOR THE SIX MONTHS ENDED 30 JUNE 2016
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

31 Related party transactions (continued)

(a) Purchases and sales of goods, provision and purchases of services (continued)

Purchase of services	Natures of transaction	Price policy	Six months ended 30 June	
			2016	2015
			RMB'000	RMB'000
JMCG Jiangxi Engineering Construction Co., Ltd.	Engineering construction and maintenance	(C)	789	10,372
JMH	Secondments costs	(C)	641	571
Jiangxi Jiangling Lear Interior System Co., Ltd.	Evaluation and design	(C)	223	5,124
Ford Motor Research & Engineering (Nanjing) Co., Ltd.	Experimental expenses and software fee	(C)	13	1,531
Others		(C)	-	1,096
			<u>423,100</u>	<u>607,098</u>

(C) The Company provisioned and purchased the service price from related parties based on agreement, of which engineering service and design fee mainly including the fee to Ford.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE YEAR ENDED 31 DECEMBER 2015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

31 Related party transactions (continued)

(a) Purchases and sales of goods, provision and purchases of services (continued)

Sales of goods	Price policy	Six months ended 30 June	
		2016	2015
		RMB'000	RMB'000
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	(D)	550,617	468,636
Jiangxi Specialty Vehicles Jiangling Motors Group Co., Ltd.	(D)	84,586	90,267
JMCG Jingma Motors Co., Ltd.	(D)	38,436	35,467
Jiangxi Jiangling Chassis Co., Ltd.	(D)	26,293	29,559
Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	(D)	24,979	10,751
Nanchang JMCG Liancheng Auto Component Co., Ltd.	(D)	22,918	21,025
Jiangxi Jiangling Material Utilization Co., Ltd.	(D)	15,849	29,007
Jiangxi JMCG Yichehang Second-hand Motors Sales Co., Ltd.	(D)	11,215	529
Jiangxi Jiangling Lear Interior System Co., Ltd.	(D)	6,702	7,761
Jiangxi JMCG Industrial Co.	(D)	5,214	4,605
Jiangxi Sinodef International Trade Co., Ltd.	(D)	4,831	10,504
JMCG Property Management Co.	(D)	3,353	3,388
Jiangxi JMCG Special Vehicle Co., Ltd.	(D)	3,145	87
Nanchang Jiangling Hua Xiang Auto Components Co., Ltd.	(D)	1,908	78
JMH	(D)	1,729	427
JMCG Interior Trim Factory	(D)	-	16,989
Jiangxi ISUZU Engine Co., Ltd.	(D)	-	3,161
Others	(D)	1,575	1,956
		<u>803,350</u>	<u>734,197</u>

(D) The Company sold goods to related parties, based on agreement price.

(b) Rental

Rental cost

Lessor	Category	Rental cost of six months ended 30 June 2016	Rental cost of six months ended 30 June 2015
		RMB'000	RMB'000
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	Building	2,981	2,981
JMCG	Building	-	24
JMCG Property Management Co.	Building	106	65
Jiangxi Jiangling Real Estate Co., Ltd.	Building	-	5
		<u>3,087</u>	<u>3,075</u>

JIANGLING MOTORS CORPORATION, LTD.

FOR THE YEAR ENDED 31 DECEMBER 2015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

31 Related party transactions (continued)

(b) Rental (continued)

Rental income

Lessee	Category	Rental income of six months ended 30 June 2016 RMB'000	Rental income of six months ended 30 June 2015 RMB'000
JMH	Building	22	-

(c) Guarantee

As at 30 June 2016, bank loans of USD753,000 (equivalent to approximately RMB4,994,000) (2015:USD786,000 equivalent to approximately RMB5,103,000) were guaranteed by JMCF (Note 23).

(d) Sales of PPE

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Jiangxi JMCG Industrial Co., Ltd.	5	3

(e) Key management remuneration

Key management includes directors (executive and non-executive), members of the Executive Committee, the Company Secretary and members of the Supervisory Board. During the six months ended 30 June 2016, the total remuneration of the key management was approximately RMB8,077,000 (the six months ended 30 June 2015: RMB8,117,000).

(f) Interest received from cash deposit in related parties

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
JMCF	5,879	5,236

During the six months ended 30 June 2016, the interest rates range from 1.495% to 2.25% per annum.

JIANGLING MOTORS CORPORATION, LTD.

FOR THE YEAR ENDED 31 DECEMBER 2015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

31 Related party transactions (continued)

(g) Balances arising from sales/purchases of goods/services

Trade receivables from related parties	30 June 2016	31 December 2015
	RMB'000	RMB'000
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	208,000	230,762
Jiangxi Specialty Vehicles Jiangling Motors Group Co., Ltd.	12,118	24,097
JMCG Jingma Motors Co., Ltd.	7,640	8,337
Jiangxi Jiangling Lear Interior System Co., Ltd.	5,816	-
Nanchang JMCG Car Frame Co., Ltd.	2,453	2,453
JMH	1,664	-
Jiangxi JMCG Industry Co., Ltd.	1,386	3,384
Jiangxi JMCG Special Vehicle Co., Ltd.	1,009	9
Others	591	229
	<u>240,677</u>	<u>269,271</u>
Other receivables from related parties	30 June 2016	31 December 2015
	RMB'000	RMB'000
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	10,718	6,941
Ford Motor Company of Australia Limited	6,698	-
Nanchang Baojiang Steel Processing Distribution Co., Ltd.	1,472	-
Ford Otosan Company	1,225	1,225
	<u>20,113</u>	<u>8,166</u>
Prepayments for purchasing of goods	30 June 2016	31 December 2015
	RMB'000	RMB'000
Nanchang Baojiang Steel Processing Distribution Co., Ltd.	311,191	211,530
Notes receivables from related parties	30 June 2016	31 December 2015
	RMB'000	RMB'000
JMCG Jingma Motors Co., Ltd.	44,722	27,080
Jiangxi Jiangling Chassis Co., Ltd.	-	4,217
	<u>44,722</u>	<u>31,297</u>
Prepayments for construction in progress	30 June 2016	31 December 2015
	RMB'000	RMB'000
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	14,702	20,166
JMCG Jiangxi Engineering Construction Co., Ltd.	2,272	1,755
	<u>16,974</u>	<u>21,921</u>
Prepayments for mould lease	30 June 2016	31 December 2015
	RMB'000	RMB'000
Changan Ford Automobile Co., Ltd.	34,963	18,517

JIANGLING MOTORS CORPORATION, LTD.

FOR THE YEAR ENDED 31 DECEMBER 2015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

31 Related party transactions (continued)

(g) Balances arising from sales/purchases of goods/services (continued)

Cash deposit in related parties	30 June 2016	31 December 2015
	RMB'000	RMB'000
JMCF (Note 19)	383,118	372,320
	30 June 2016	31 December 2015
	RMB'000	RMB'000
Jiangxi Specialty Vehicles Jiangling Motors Group Co., Ltd.	298,349	330,939
Jiangxi Jiangling Chassis Co., Ltd.	241,802	210,110
Jiangxi Jiangling Lear Interior System Co., Ltd.	226,518	195,310
Jiangxi Jiangling Special Purpose Vehicle Co., Ltd.	223,612	199,259
JMCG	143,144	136,953
GETRAG (Jiangxi) Transmission Company	128,963	181,415
Nanchang Jiangling Hua Xiang Auto Components Co., Ltd.	109,034	112,597
Nanchang JMCG Liancheng Auto Component Co., Ltd.	97,045	105,596
FORD	83,876	127,701
Nanchang Unistar Electric & Electronics Co.,Ltd.	69,415	71,433
Hannon Systems	67,090	96,058
Nanchang JMCG Skyman Auto Component Co., Ltd.	34,822	22,024
Nanchang Yinlun Heat-exchanger Co.,Ltd.	20,365	15,247
Nanchang Lianda Machinery Co., Ltd.	20,084	22,373
Faurecia Emissions Control Technologies (Nanchang) Co., Ltd.	19,324	17,574
Jiangling Aowei Automobile Spare Part Co., Ltd.	13,042	13,860
Jiangxi Lingge Non-ferrous Metal Die-casting Co., Ltd.	11,271	10,737
Nanchang JMCG Xinchun Auto Component Co., Ltd.	11,135	7,049
Nanchang Gear Co., Ltd.	6,118	6,680
Nanchang JMCG Printing Plant Co., Ltd.	2,756	1,474
Jiangxi Biaohong Engine Tappet Co., Ltd.	2,048	3,156
Jiangxi JMCG Shangrao Industrial Co., Ltd.	2,025	3,872
Ford Otosan Company	1,483	-
Changan Ford Automobile Co., Ltd.	1,336	5,829
Jiangling Material Co.	1,082	1,501
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	1,000	-
Jiangxi Jiangling Material Utilization Co., Ltd.	780	1,192
Nanchang Jiangling Huasheng Cleaner Co., Ltd.	-	5,274
Others	1,817	1,202
	1,839,336	1,906,415

JIANGLING MOTORS CORPORATION, LTD.

FOR THE YEAR ENDED 31 DECEMBER 2015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB unless otherwise stated)

31 Related party transactions (continued)

(g) Balances arising from sales/purchases of goods/services (continued)

Other payables to related parties	30 June 2016	31 December 2015
	RMB'000	RMB'000
Ford Otosan Company	198,543	122,899
FORD	68,790	110,278
Ford Global Technologies, LLC	20,647	48,500
Jiangxi Specialty Vehicles Jiangling Motors Group Co., Ltd.	15,734	13,554
Nanchang Hengou Industry Co., Ltd.	7,882	11,815
JMCG Jiangxi Engineering Construction Co., Ltd.	1,741	8,333
GETRAG (Jiangxi) Transmission Company	2,265	6,650
Nanchang Jiangling Hua Xiang Auto Components Co., Ltd.	1,755	5,590
Jiangxi Jiangling Lear Interior System Co., Ltd.	4,556	5,178
Ford Motor (China) Co., Ltd.	2,551	4,340
Jiangxi Jiangling Motors Imp. & Exp. Co., Ltd.	1,827	3,668
Nanchang JMCG Shishun Logistics Co., Ltd.	3,803	2,773
Changan Ford Automobile Co., Ltd.	1,369	-
Nanchang JMCG Liancheng Auto Component Co., Ltd.	1,159	1,745
JMCG Hequn Costume Co., Ltd.	836	1,189
Ford Motor Research & Engineering (Nanjing) Co., Ltd.	1,233	1,126
JMH	662	386
Others	2,968	3,536
	<u>338,321</u>	<u>351,560</u>

Advance from related parties	30 June 2016	31 December 2015
	RMB'000	RMB'000
Jiangxi Sinodef International Trade Co.,Ltd.	837	737
Others	803	476
	<u>1,640</u>	<u>1,213</u>

(h) Related parties commitments

Capital commitments	30 June 2016	31 December 2015
	RMB'000	RMB'000
JMCG Jiangxi Engineering Construction Co., Ltd.	45,751	29,304

Chapter XI Catalog on Documents for Reference

1. Originals of 2016 financial statements signed by legal representative and Chief Financial Officer.
2. Originals of all the documents and public announcements disclosed in newspapers designated by CSRC in the first half of 2016.
4. The Half-year Report in the China GAAP.

Board of Directors
Jiangling Motors Corporation, Ltd.
August 27, 2016