

Share's name: Jiangling Motors
Jiangling B **Share's code:** 000550
200550 **No.:** 2018-046

Jiangling Motors Corporation, Ltd. 2018 Third Quarter Report

§1 Important Note

1.1 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 any false statement, misrepresentation or major omission.

1.2 All Directors were present at the Board meeting in person.

1.3 Chairman Qiu Tiangao, CFO Li Weihua and Chief of Finance Department, Xie Wanzhao, confirm that the financial statements in this Quarterly Report are truthful, accurate and complete.

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

§2 Brief Introduction

2.1 Main accounting data and financial indicators

Unit: RMB'000

	At the end of reporting period	At the end of the previous year	Change (%)	
Total Assets	21,474,796	26,383,761	-18.61	
Shareholder's equity Attributable to the Equity Holders of the Company	10,514,894	12,572,402	-16.37	
	Reporting period (2018 third quarter)	YoY Change (%)	Beginning of year to end of reporting period	YoY Change (%)
Revenue	5,902,627	-12.80	20,190,124	-10.01
Profit Attributable to the Equity Holders of the Company	-100,164	-210.52	218,787	-66.00
Net Cash Generated From Operating Activities	-	-	-2,288,872	-65.24
Basic Earnings Per Share (RMB)	-0.12	-210.52	0.25	-66.00
Diluted Earnings Per Share (RMB)	-0.12	-210.52	0.25	-66.00
Weighted Average Return on Net Asset Ratio (%)	-0.89	Down 1.63 percentage point	1.94%	Down 3.16 percentage points

2.2 Total number of shareholders and top ten shareholders at the end of reporting period

2.2.1 Total number of shareholders and top ten shareholders

Total shareholders	JMC had 32,153 shareholders as of September 30, 2018, including 26,714 A-share holders and 5,439 B-share holders.				
Top ten shareholders					
Shareholder Name	Shareholder Type	Shareholding Percentage (%)	Shares as of September 30, 2017	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
Ford Motor Company	Foreign legal person	32.00	276,228,394	0	0
China Securities Corporation Limited	Other	2.72	23,458,066	0	0
Shanghai Gao Yi Asset Management	Other	1.74	15,000,000	0	0

Partnership (L.P.)					
Shanghai Automotive Co., Ltd.	State-owned Legal person	1.51	13,019,610	0	0
Central Huijin Investment Ltd.	State-owned Legal person	0.83	7,186,600	0	0
JPMBLSA RE FTIF TEMPLETON CHINA FUND GTI 5497	Foreign legal person	0.68	5,848,450	0	0
GAOLING FUND,L.P.	Foreign legal person	0.63	5,453,086	0	0
INVESCO FUNDS SICAV	Foreign legal person	0.58	5,035,746	0	0
TEMPLETON DRAGON FUND,INC.	Foreign legal person	0.56	4,836,708	0	0
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		23,458,066		A share	
Shanghai Gao Yi Asset Management Partnership (L.P.)		15,000,000		A share	
Shanghai Automotive Co., Ltd.		13,019,610		A share	
Central Huijin Investment Ltd.		7,186,600		A share	
JPMBLSA RE FTIF TEMPLETON CHINA FUND GTI 5497		5,848,450		B share	
GAOLING FUND,L.P.		5,453,086		B share	
INVESCO FUNDS SICAV		5,035,746		B share	
TEMPLETON DRAGON FUND,INC.		4,836,708		B share	
Notes on association among above-mentioned shareholders		None.			

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

☐Yes ☒No

There was no Stock buy-back of top ten shareholders or top ten shareholders holding unlimited tradable shares in the reporting period.

2.2.2 Total number of shareholders holding preferred shares and top ten shareholders holding preferred shares

☐Applicable ☒Not Applicable

§3 Major Events

3.1 Causes and explanations of major changes of financial indicators compared with those of previous reporting period

☒Applicable ☐Not Applicable

In the first three quarters of 2018, JMC sold 204,021 vehicles in total, down 7.85% compared with the same period last year; including 73,673 JMC-brand trucks, 51,959 JMC-brand pickups, 10,786 SUVs, 31,779 Ford-brand commercial vehicles, 29,022 JMC-brand light buses and 6,802 CKDs. Revenue and net profit during the reporting period were RMB 20,190 million and RMB 219 million, decrease 10% and 66% respectively compared with the same period last year.

Cash and cash equivalents at the end of the reporting period decreased by RMB 5,287 million, or 47.47% from the end of 2017, primarily reflecting the payment of special dividend for the middle of 2017 and the cash generated from operating activities decrease.

Distribution costs in the first three quarters of 2018 decreased by RMB 1,147 million, down 60.88% from the same period last year, due to the effect of implementing IFRS 15 -- Revenue from Contracts with Customers since January 1, 2018, and this affects the presentation between income statement accounts and does not actually affect the net profit.

Profit before income tax in the first three quarters of 2018 decreased by RMB 425 million, down 66.00% from the same period last year, primarily reflecting the volume decrease & change of sales structure and intensive investment on new product and technology, though partially offset by cost reduction.

Income tax expense in the first three quarters of 2018 decreased by RMB 78 million, down 162.50% from the same period last year, primarily reflecting the changes in tax policy and decrease of the profit.

Net cash generated from operating activities in the first three quarters of 2018 decreased by RMB 904 million, down 65.24% from the same period last year, primarily reflecting the decrease of cash generated by the decrease of sales volume.

Net cash used in investing activities in the first three quarters of 2018 decreased by RMB 232 million, down 47.81% from the same period last year, primarily reflecting cash payment increase on purchase and construction of fixes assets.

Net cash used in financing activities in the first three quarters of 2018 decreased by RMB 1,747 million, down 327.57% from the same period last year, primarily reflecting payment of special dividend for the middle of 2017.

3.2 Analysis of major events, their impacts and resolutions

☐Applicable ☒Not Applicable

3.3 Commitments of the Company actual controlling party, the shareholders, the related parties, the acquirer, or the Company

☐Applicable ☒Not Applicable

3.4 Forecast on 2018 operating performance

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

3.5 Securities investment

☐Applicable ☒Not Applicable

There was no securities investment during the reporting period.

3.6 Entrust asset management

☐Applicable ☒Not Applicable

There was no entrust asset management during the reporting period.

3.7 Securities derivatives investment

☐Applicable ☒Not Applicable

There was no securities derivatives investment during the reporting period.

3.8 External research and media interviews with the Company during the reporting period

☐Applicable ☒Not Applicable

There was no external research or media interview with the Company during the reporting period.

3.9.Outside guarantee in breach of laws & regulations

☐Applicable ☒Not Applicable

There was no outside guarantee in breach of laws & regulations during the reporting period.

3.10 Non-operating funding in the Company occupied by controlling shareholder and its affiliates

☐Applicable ☒Not Applicable

§4 Financial Statements

Jiangling Motors Corporation, Ltd.

Consolidated Balance Sheet

(All amounts in RMB thousands unless otherwise stated)

	30 September 2018*	31 December 2017
Assets		
Non-current assets		
Property, plant and equipment	6,681,717	6,714,088
Lease prepayment	605,154	616,834
Intangible assets	212,938	197,860
Investments accounted for using the equity method	41,135	37,874
Other non-current assets	-	478
Deferred income tax assets	722,343	690,253
Total non-current assets	8,263,287	8,257,387
Current assets		
Financial assets at fair value through profit or loss	11,324	-
Inventories	2,748,979	2,339,304
Trade and other receivables and prepayments	4,600,289	4,555,934
Cash and cash equivalents	5,850,917	11,137,723
Assets classified as held for sale	-	93,413
Total current assets	13,211,509	18,126,374
Total assets	21,474,796	26,383,761
Equity		
Share capital	863,214	863,214
Share premium	816,609	816,609
Other reserves	450,914	450,914
Retained earnings	8,384,157	10,441,665
Total equity	10,514,894	12,572,402

	30 September 2018*	31 December 2017
Liabilities		
Non-current liabilities		
Borrowings	3,829	3,851
Deferred income tax liabilities	26,224	26,736
Retirement benefit obligations	50,935	54,764
Provisions for warranty and other liabilities	172,161	184,688
Other non-current liabilities	180	240
Total non-current liabilities	253,329	270,279
Current liabilities		
Financial liabilities at fair value through profit or loss	-	8,493
Trade and other payables	10,530,393	13,222,540
Current income tax liabilities	-	114,906
Borrowings	450	428
Retirement benefit obligations	4,420	4,420
Provisions for warranty and other liabilities	171,310	190,293
Total current liabilities	10,706,573	13,541,080
Total liabilities	10,959,902	13,811,359
Total equity and liabilities	21,474,796	26,383,761

* Unaudited financial indexes

Jiangling Motors Corporation, Ltd.
Consolidated Income Statement

(All amounts in RMB thousands unless otherwise stated)

	2018.7.1- 2018.9.30*	2017.7.1- 2017.9.30*	2018.1.1- 2018.9.30*	2017.1.1- 2017.9.30*
Revenue	5,902,627	6,768,706	20,190,124	22,435,182
Taxes and surcharges	(151,333)	(190,741)	(520,125)	(735,363)
Cost of sales	(5,043,969)	(5,407,643)	(17,321,693)	(17,779,600)
Gross profit	707,325	1,170,322	2,348,306	3,920,219
Distribution expenses	(284,296)	(613,872)	(737,230)	(1,884,349)
Administrative expenses	(617,428)	(583,351)	(1,756,876)	(1,777,017)
Impairment charge of non-current assets	-	-	(3,607)	(3,347)
Other income	(7,877)	42,621	187,483	246,205
Operating profit	(202,276)	15,720	38,076	501,711
Finance income	45,499	60,293	152,153	188,196
Finance expenses	(1,349)	(1,897)	(4,611)	(3,900)
Finance income -net	44,150	58,396	147,542	184,296
Share of profit of investments accounted for using the equity method	650	1,931	3,261	5,378
Profit before income tax	(157,476)	76,047	188,879	691,385
Income tax expense	57,312	14,581	29,908	(47,854)
Profit for the period	(100,164)	90,628	218,787	643,531
Profit attributable to:				
Owners of the Company	(100,164)	90,628	218,787	643,531
Total comprehensive income for the period	(100,164)	90,628	218,787	643,531
Total comprehensive income attributable to:				
Owners of the Company	(100,164)	90,628	218,787	643,531
Earnings per share for profit attributable to the shareholders of the Company for the period (expressed in RMB per share)				
- Basic and diluted	(0.12)	0.11	0.25	0.75

*: Unaudited financial indexes

Jiangling Motors Corporation, Ltd.
Consolidated cash flow statement

(All amounts in RMB thousands unless otherwise stated)

	2018.1.1-2018.9.30*	2017.1.1-2017.9.30*
Cash flows from operating activities		
Cash generated from operations	(2,191,311)	(1,187,899)
Interest paid	(151)	(158)
Income tax paid	(97,410)	(197,091)
Net cash generated from operating activities	(2,288,872)	(1,385,148)
Cash flows from investing activities		
Purchase of financial assets at fair value through profit or loss	(6,703,000)	-
Purchase of property, plant and equipment ("PPE")	(869,822)	(635,675)
Other cash paid relating to investing activities	(15,447)	(5,878)
Proceeds from disposal of PPE	2,179	2,451
Proceeds from repayment of financial assets at fair value through profit or loss	6,703,000	-
Investment income received	14,195	-
Interest received	146,676	144,405
Other cash received from investing activities	4,169	8,908
Net cash used in investing activities	(718,050)	(485,789)
Cash flows from financing activities		
Repayments of borrowings	(207)	(5,226)
Dividends paid to shareholders of the Company	(2,278,417)	(527,117)
Other cash paid relating to financing activities	(1,260)	(871)
Net cash used in financing activities	(2,279,884)	(533,214)
Net decrease in cash and cash equivalents	(5,286,806)	(2,404,151)
Cash and cash equivalents at beginning of year	11,137,723	11,666,222
Effects of exchange rate changes	-	-
Cash and cash equivalents at end of period	5,850,917	9,262,071

*: Unaudited financial indexes

Board of Directors
Jiangling Motors Corporation, Ltd.
October 25, 2018