



**Chongqing Changan Automobile
Company Limited**

2019 Annual Report

April, 2020

Chapter 1 Important Notice, Contents, and Definitions

The Board of Directors, the Board of Supervisors, Directors, Supervisors and Senior Executives of our company hereby guarantee that no false or misleading statement or major omission was made to the materials in this report and that they will assume all the responsibilities, individually and jointly, for the trueness, accuracy and completeness of the contents of this report.

The Chairman of the Board Zhang Baolin, the Chief Financial Officer Zhang Deyong and the responsible person of the accounting institution (Accountant in charge) Chen Jianfeng hereby declare that the Financial Statements enclosed in this annual report are true, accurate and complete.

Except the following directors, all the directors attended the board meeting for reviewing the annual report.

| The name of the directors absent | Positions | Reasons for the absence | Name of the consignee |
|----------------------------------|-----------|-------------------------|-----------------------|
| Zhu Huarong | Directors | Business trip | Zhang Deyong |

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.

The preplan profit distribution of the Company deliberated and approved by the Board is: no profit distribution and no conversion of capital reserve into share capital.

CONTENTS

| | | |
|------------|---|-----|
| Chapter 1 | Important Notice, Contents, and Definitions..... | 1 |
| Chapter 2 | Company Profile & Main Financial Indexes..... | 4 |
| Chapter 3 | Analysis of Main Business | 9 |
| Chapter 4 | Business Discussion and Analysis | 11 |
| Chapter 5 | Important Matters | 34 |
| Chapter 6 | Changes in the shareholding of the company and shareholders..... | 46 |
| Chapter 7 | Information about Directors, Supervisors, Senior Management and Employees | 52 |
| Chapter 8 | Corporate Governance..... | 65 |
| Chapter 9 | Corporate Bonds | 71 |
| Chapter 10 | Auditor's Report | 72 |
| Chapter 11 | Documents for Future Reference..... | 239 |

Definitions

| Items | | Definitions |
|----------------------------|-----------|---|
| Changan Auto., the Company | Refers to | Chongqing Changan Automobile Company Limited |
| South Industries | Refers to | China South Industries Group Co., Ltd., the Company's actual controller |
| China Changan | Refers to | China Changan Automobile Group Co., Ltd., old name: China South Industries automobile Co., Ltd., a subsidiary company of South Industries |
| Changan Industry | Refers to | Chongqing Changan Industry (Group) Co., Ltd., old name: Changan Automobile (Group) Co., Ltd., a subsidiary company of South Industries |
| Nanjing Changan | Refers to | Nanjing Changan Automobile Co., Ltd., a subsidiary company of the Company |
| Hebei Changan | Refers to | Hebei Changan Automobile Co., Ltd., a subsidiary company of the Company |
| Hefei Changan | Refers to | Hefei Changan Automobile Co., Ltd., a subsidiary company of the Company |
| Changan Bus | Refers to | Baoding Changan Bus Co., Ltd., a subsidiary company of the Company |
| International Company | Refers to | Chongqing Changan Automobile International Sale Service Co., Ltd., a subsidiary company of the Company |
| Changan Suzuki | Refers to | Chongqing Changan Suzuki Automobile Co., Ltd., a subsidiary company of the Company |
| Changan Ford | Refers to | Changan Ford Automobile Co., Ltd., a JV of the Company |
| Changan Mazda | Refers to | Changan Mazda Automobile Co., Ltd., a JV of the Company |
| CME | Refers to | Changan Mazda Engine Co., Ltd., a JV of the Company |
| Changan PSA | Refers to | Changan PSA Automobiles Co., Ltd., a JV of the Company |
| Jiangling Holding | Refers to | Jiangling Holding Co., Ltd., an associate of the Company |
| Changan Finance | Refers to | Changan Automobile Finacing Co., Ltd., an associate of the Company |
| South Industries Finance | Refers to | China South Industries Group Finance Co., Ltd., a subsidiary company of South Industries |
| UPI | Refers to | United Prosperity (Hong Kong)Investment Co., Ltd., a subsidiary company of China Changan |
| Hafei Group | Refers to | Harbin Hafei Automobile Industry Group Co., Ltd., a subsidiary company of China Changan |
| CMAL | Refers to | Chongqing Changan Minsheng APLL Logistics Co., Ltd., an associate of China Changan |

Chapter 2 Company Profile & Main Financial Indexes

I. Basic Information

| | | | |
|--------------------------------------|---|------------|---------------|
| Stock abbreviation | Changan Automobile 、 Changan B | Stock Code | 000625、200625 |
| Listed on | Shenzhen Stock Exchange | | |
| Company in Chinese name | 重庆长安汽车股份有限公司 | | |
| Company abbreviation in Chinese name | 长安汽车 | | |
| Company name in English | Chongqing Changan Automobile Company Limited | | |
| Legal representative | Zhang Baolin | | |
| Registered address | No. 260, East Jianxin Road Jiangbei District, Chongqing | | |
| Post code of the registered address | 400023 | | |
| Office address | No. 260, East Jianxin Road, Jiangbei District, Chongqing | | |
| Post code of the office address | 400023 | | |
| Website | http://www.changan.com.cn | | |
| E-mail address | cazqc@changan.com.cn | | |

II. Contact Information

| | Secretary of the Board of Directors | Securities affairs representative |
|-----------------|--|-----------------------------------|
| Name | Li Jun | |
| Contact address | No. 260, East Jianxin Road, Jiangbei District, Chongqing | |
| TEL: | 023-67594008 | |
| FAX: | 023-67866055 | |
| E-mail address | cazqc@changan.com.cn | |

III. Information Disclosure and Filing Site

| | |
|--|--|
| Newspaper selected by the Company for information disclosure | China Securities Journal, Securities Times, Securities Daily, Shanghai Securities News, Hong Kong Commercial Daily |
| Website selected by CSRC for publishing this annual report | www.cninfo.com.cn |
| The place where this annual report is prepared and kept | Secretary's Office of Board of Directors |

IV. Changes of Registration Information

| | |
|--|--|
| Organization Code | 9150000020286320X6 |
| Changes in the main business since the company's listing | Not applicable |
| All previous changes of dominant stockholders | <p>In Dec. 2005, according to the restructuring program on automobile business, the Company's actual controller, China South Industries Group Corporation made transferring of all state-owned shares of the Company as part of funding for China South Industries Automobile Company Limited. In March 2006, all shares held by Changan Group have been transferred to China South Industries Automobile Company Limited. China South Industries Automobile Company Limited became the majority shareholder of the Company, and Changan Group holds zero share since then.</p> <p>In July 2009, with the approval of State Administration for Industry and Commerce, "China South Industries Automobile Company Limited", changed its name to "China Changan Automobile Group Co., Ltd.". With the change of its name, no change occurred in its property, ownership and control relation of the Company.</p> |

V. Other Relevant Information

The accounting firm employed by the Company:

| | |
|---|--|
| Name of the accounting firm | Ernst & Young Hua Ming LLP (Special Ordinary Partner) |
| Address of the accounting firm | Level 16, Ernst & Young Tower, Oriental Plaza, No. 1 East Chang An Avenue, Dong Cheng District, Beijing, China |
| Name of the certified public accountant for signature | Qiao Chun, Hu Yan |

The recommendation agency engaged by the Company executing the persistent supervision responsibilities in the reporting period

Applicable Not applicable

The financial consultant engaged by the Company performing the duties of persistent supervision and guidance in the reporting period

Applicable Not applicable

| Financial Consultant | Address of financial consultant | Name of financial consultant | Supervision duration |
|----------------------|---------------------------------|------------------------------|----------------------|
| | | | |

| | | | |
|--|------------------------------|----------|---------------------------------|
| Shanghai Realize Investment Consulting Co., Ltd. | No.639,Xinhua Road, Shanghai | Ye Suqin | September 2016 - September 2020 |
|--|------------------------------|----------|---------------------------------|

VI. Summary of Accounting Data and Financial Indexes

Does the company conduct the retrospective adjustment or restatement of previous years accounting data due to changes in accounting policies or accounting errors?

Yes No

| | 2019 | 2018 | Increase/decrease on a y-o-y basis (%) | 2017 |
|--|-------------------|-------------------|--|--------------------|
| Operating revenue (Yuan) | 70,595,245,133.28 | 66,298,270,389.77 | 6.48% | 80,012,205,182.37 |
| Net profit belonging to shareholders of the listed company (Yuan) | -2,646,719,356.53 | 680,728,392.03 | -488.81% | 7,137,234,723.47 |
| Net profit belonging to shareholders of the listed company after deduction of non-recurring profit and loss (Yuan) | -4,762,446,597.61 | -3,165,070,272.21 | -50.47% | 5,716,114,648.34 |
| Net cash flow arising from operating activities (Yuan) | 3,881,748,238.39 | -3,887,475,302.44 | 199.85% | -1,123,470,776.83 |
| Basic earnings per share (Yuan/Share) | -0.55 | 0.14 | -492.86% | 1.49 |
| Diluted earnings per share (Yuan/Share) | Not applicable | Not applicable | Not applicable | Not applicable |
| Return on equity (ROE) (%) | -5.86% | 1.45% | Down 7.31 Points | 15.65% |
| | End of 2019 | End of 2018 | Increase/decrease of the end of current year compared with that of the previous year (%) | End of 2017 |
| Total assets (Yuan) | 97,617,053,590.38 | 93,488,854,098.95 | 4.42% | 106,125,114,622.69 |
| Net assets belonging to shareholders of the listed company (Yuan) | 44,028,312,743.66 | 46,244,958,676.52 | -4.79% | 47,598,690,942.28 |

VII. The differences between domestic and international accounting standards

(1).Simultaneously pursuant to both Chinese accounting standards and international accounting standards disclosed in the financial reports of differences in net income and net assets.

Applicable Not applicable

No difference.

(2). Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards.

Applicable Not applicable

No difference.

VIII. Key financial indicators for the quarter

Unit: Yuan

| | First Quarter | Second Quarter | Third Quarter | Forth Quarter |
|---|-------------------|-------------------|-------------------|-------------------|
| Business income | 16,007,950,602.50 | 13,867,829,494.34 | 15,239,641,870.97 | 25,479,823,165.47 |
| Net profit attributable to shareholders of listing Corporation | -2,096,352,326.12 | -143,687,434.99 | -421,470,641.21 | 14,791,045.79 |
| Net profit attributable to shareholders of the listing Corporation after deducting non-recurring gains and losses | -2,161,147,810.27 | -750,619,786.17 | -621,493,786.91 | -1,229,185,214.26 |
| Net cash flows from operating activities | 3,258,788,381.35 | 961,475,249.60 | -462,439,727.59 | 123,924,335.03 |

Whether or not the above mentioned financial indicators and the total number of the company has disclosed the major difference between quarterly reports and semi-annual report

Yes No

IX. Non-recurring items and amounts

Applicable Not applicable

Unit: Yuan

| Item | 2019 | 2018 | 2017 |
|--|------------------|------------------|------------------|
| Non-recurring items and amounts(including accrued reversal assets impairment part) | 56,658,864.17 | 8,561,074.73 | 41,774,452.23 |
| Government subsidies included in the profit and loss of the current period (Except closely related to business operations, in accordance with the national unified standard quota or quantitative enjoyment of government subsidies) | 1,537,625,620.93 | 2,873,192,102.56 | 1,613,343,216.59 |
| The investment cost of the enterprise to obtain subsidiaries and joint ventures which is less than the fair value of the identifiable net assets of the investee when the investment is obtained | - | 1,020,821,274.01 | - |
| In addition to the effective hedging business related to the company's normal business operations, the fair value of gains and losses from changes in fair value | 889,154,888.69 | - | - |
| Gains and losses on entrusted loans | 6,771,226.43 | - | - |
| Except the above other operating income and expenses | -135,258,766.14 | 48,285,737.46 | 29,262,070.84 |
| Interest on deferred payment of funds received by non financial | 28,553,488.65 | 29,303,167.73 | 33,408,866.16 |

| enterprises | | | |
|---|------------------|------------------|------------------|
| Reduction: the impact of income tax | 250,459,302.04 | 82,007,701.31 | 188,136,520.19 |
| Impact of minority shareholders' equity (after tax) | 17,318,779.61 | 52,356,990.94 | 108,532,010.50 |
| Total | 2,115,727,241.08 | 3,845,798,664.24 | 1,421,120,075.13 |

According to "Public offering of securities information disclosure of the company's information disclosure announcement No. 1 – non-recurring gains and losses" "Public offering of securities information disclosure of the company's information disclosure announcement No. 1 – non-recurring gains and losses" defined non-recurring items ,and Public offering of securities information disclosure of the company's information disclosure announcement No. 1 - non-recurring gains and losses "The items listed in the non-recurring items defined as recurring items shall be explained .

Applicable Not applicable

The company in the reporting period does not base on the definition and listing of "Public offering of securities information disclosure of the company's information disclosure announcement No. 1 – non-recurring gains and losses" about non-recurring gains and losses to define a case of recurring profit or loss.

Chapter 3 Analysis of Main Business

I. The main business of the Company in the reporting period

Does the Company need to comply with the disclosure requirements of special industry

Yes No

During the reporting period, the company's main business is the R&D, manufacturing and sale of cars, the R&D and production of automobile engine products. Besides, the company integrates advantageous resources to actively develop travel services, new retail and carry out multi-dimensional industrial layout.

Changan automobile always adheres to the mission of "leading the car civilization for the benefit of human life", and the concept of "energy conservation, environmental protection, scientific and technological intelligence", vigorously develops new energy and smart cars, guides the automobile civilization by the use of scientific and technological innovation, and provides customers with high quality products and services. After years of development, the company owns many famous brands such as Changan passenger car, Oushang automobile, Kaicheng automobile, Changan Ford, Changan Mazda and so on. Up to now, the company has successfully launched a series of classic brands such as CS series, Eado series, Raeton series, Oushang and Honor series; a series of famous JV products such as all new Focus, new Mondeo, Kuga, Escape, CX-5, CX-8, Axela and so on. At the same time, we have launched new energy vehicles such as Eado EV, new Benben EV and CS15EV, which are admired by the market and loved by the consumers.

II. Major changes in assets

1、 Major changes in assets

No significant changes in major assets during the reporting period

2、 Main Overseas Assets

Applicable Not applicable

III. Core Competence Analysis

In 2019, Chang'an Automobile continued to iterate its innovation and entrepreneurship program, took solid steps to advance its new energy "shangri-la" and its intelligent "Beidou Tianshu" programs, and steadfastly moved toward intelligent travel technology companies. In 2019, the Company spent 4.478 billion yuan on product and technology projects development to build the industry's leading R & D strength.

Constantly build classic products. CS75PLUS, CS55PLUS, CS85 COUPE, new CS95, Oushang X7, KaichengF70, NE1.4T, NE1.5T engines and other new products were launched on schedule. 72,000 units of the CS75 plus were sold in its first four months on the market, the fastest ever, and the Oushang X7 is among the top 10 selling autonomous compact SUV in the country.

Innovatively enhance R & D capability. The Company focused on breakthroughs in intelligent technology and new energy technologies, continued to strengthen the "fashion, intelligence, Green, pleasure" four major technology labels and N basic technologies, made breakthroughs in 40 key technologies, such as the three-level autopilot technology, the development of ICAR platform, fuel cells, and applied terminal software platform and cockpit hardware platform and other advanced technologies. On the intelligent side, the remote-controlled valet parking system APA5.0 (Multi-storey car park) was launched in mass production with CS75 plus for the first time, and the Company mastered more than 30 key technologies on the L3 level limited automatic driving technology, and rapidly advanced the engineering development; Level L4 autopilot in Xiantao Data Valley in Chongqing

implemented a demonstration operation under the open road scenario. On the New Energy side, independent innovation seven-in-one System Assembly, performance improvement of the third generation of intelligent vehicle domain controller "Chang'an smart core" was raised by 70% to the industry-leading level.

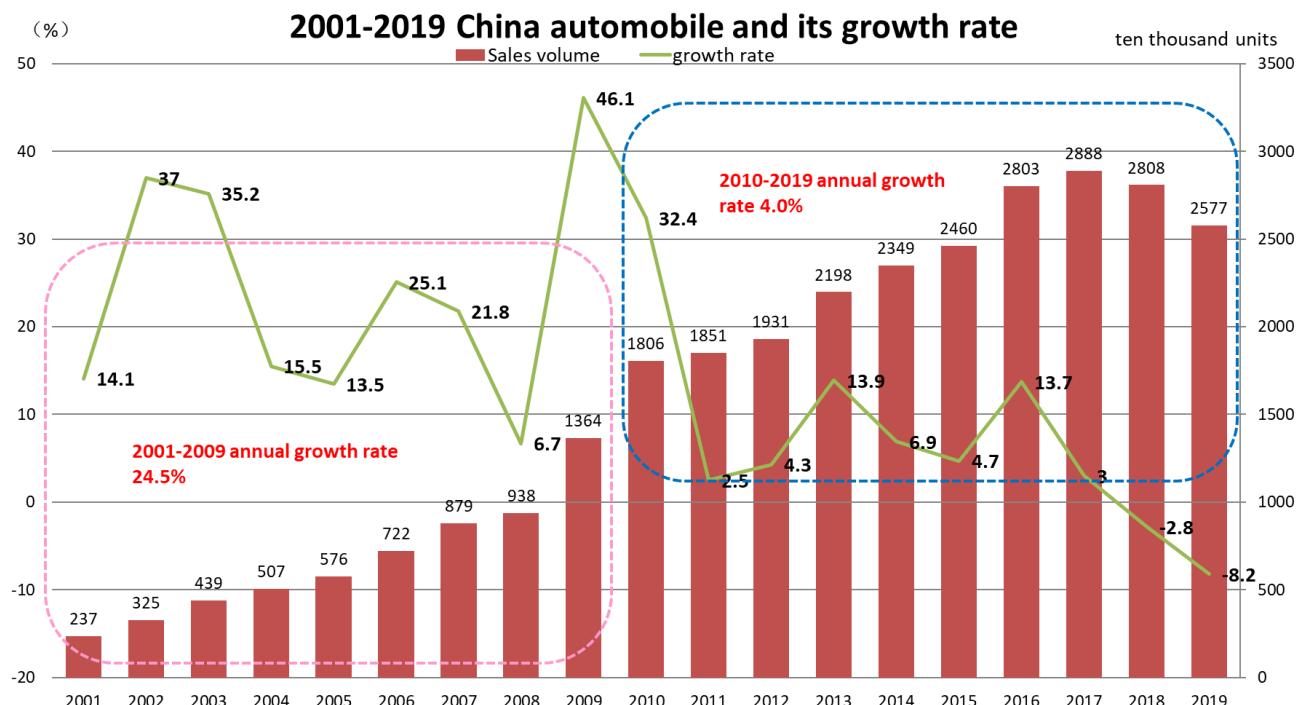
The image of technological innovation deeply rooted in people's minds. The official opening of Chang'an Automobile Global R & D Center marked the R&D 4.0 Era of "Open sharing, Global Synergy". There were 904 patents applied for in the whole year, of which 402 were applied for invention patents. As of 2019, there were 1,415 valid invention patents. The joint innovation centers with Huawei, Tencent, Bosch, Qingshan were set up to create new heights of innovations. CS75 plus won the 2019 international CMF design gold award, and won the 2019 China Smart car index evaluation and China Automobile Health Index VOC / VOI Plate evaluation double titles. Blue Whale NE platform products with the highest thermal efficiency of 40% and several indicators leading the industry won the title of "Top 10 China Engines".

The brand potential is steadily improving. The implementation of multi brand strategy, Changan passenger vehicles, medium and high-end passenger vehicles, Oushang automobile and Kaicheng automobile adhere to the differentiated positioning, clear the separation of landing path, and accelerate the collaborative development; carry out the systematic construction of brand planning and management, and focus on building brand value system, brand indicators, brand management principles and visual identity system; Changan passenger vehicle products exhibit the brand new momentum, the brand positioning of "technology Chang'an, smart partners" is clear with signed brand spokesperson, take advantage of the opportunity of product marketing, promote the new product listing with big IP, steadily improve the brand potential; optimize the public opinion monitoring and maintenance system, continue to create a positive image of smart, dynamic, service and other labels of public opinion, and steadily improve the brand preference.

Chapter 4 Business Discussion and Analysis

I. Overview

In 2019, it is the 70th anniversary of the founding of new China. Since 2018, China's automobile industry has declined for the first time in 28 years. Under the background of downward pressure on China's economy, in the face of complex and changeable international trade situation and huge adjustment of industrial policies, the downward trend of China's automobile market in 2019 has not been reversed, and China's automobile industry is undergoing profound changes. Influenced by factors such as the slowdown of macro-economic growth, trade friction and adjustment of industrial policies, automobile sales in 2019 totaled 25.769 million, down 8.2% year on year, down 5.4% more from the previous year. Under the background of the overall transformation of the automobile market, the passenger vehicle market is gradually changing from increment era to stock competition era. The annual sale of passenger vehicle market is 21.444 million, down 9.6% year on year. Among them, the SUV sales fell by 6.3% year-on-year, and the decline was further expanded (-2.5% in 2018); the MPV sales fell by 20.2% year-on-year. Under the influence of joint venture product exploration and other factors, the market share of Chinese brands fell year on year. Affected by the sharp decline of subsidies, among the new energy passenger vehicles, the sales of pure electric passenger vehicles was 834,000, up by 5.9% year-on-year, and the growth rate slowed down significantly, experiencing a painful period after the decline of subsidies. (The above data is from China automobile industry production and marketing news "China Automobile Industry Association" and its industry information release.)



Production and sales of China's auto industry in 2019

| | 2019 Accumulative production (ten thousand) | y-o-y increase (%) | 2019 Accumulative production (ten thousand) | y-o-y increase (%) |
|----------------|---|--------------------|---|--------------------|
| Automobile | 2572.1 | -7.5 | 2576.9 | -8.2 |
| Passenger cars | 2136.0 | -9.2 | 2144.4 | -9.6 |

| | | | | |
|---------------------------|--------|-------|--------|-------|
| Sedan | 1023.3 | -10.9 | 1030.8 | -10.7 |
| MPV | 138.1 | -18.1 | 138.4 | -20.2 |
| SUV | 934.4 | -6.0 | 935.3 | -6.3 |
| Cross-passenger car | 40.2 | -4.3 | 40.0 | -11.7 |
| New energy cars | 124.2 | -2.3 | 120.6 | -4.0 |
| New energy Passenger cars | 109.1 | 2.0 | 106.0 | 0.7 |
| EV | 87.7 | 10.8 | 83.4 | 5.9 |

In 2019, facing the perplexing economic situation and industry challenges, Changan automobile has not forgotten to start its mind and bear in mind its mission. Guided by Xi Jinping's socialist ideology with China's characteristics in the new era, Changan automobile comprehensively implements the quality improvements of the "365" climbing action. Changan automobile focuses on "deepening reform, improving efficiency, emphasizing marketing and quality leading", and pushing ahead with the third pioneering undertaking plan. With the adjustment of the industry, the transformation has achieved initial results, and the business quality has steadily picked up, which is conducive to the transformation and upgrading of enterprises to intelligent travel technology companies. In the whole year of 2019, the sales volume of Chang'an Automobile reached 1.76 million, ranking sixth in the industry. The main business performance in the reporting period is as follows:

1. Deepening strategic transformation and steady implementation of reform and innovation

The Company released the version 3.0 of "the third entrepreneurship innovation", and further clarified the overall development idea of "strengthening the main business, stabilizing the transformation, expanding the market and building the ecology". Through full study and judgment of the industry situation with the enterprise development plan, the Company focused on the strategic layout of "intelligence", "travel" and "science and technology" to focus on the allocation of resources. Eight major reform projects, including New energy, Jiangling holding and Chang'an PSA, were carried out in an orderly manner. Jiangling holding reform has become the first case of mixed reform of central enterprises, local state-owned enterprises and private enterprises in the industry. Deepen organizational change, build a full-time strategic business carrying team based on the requirements of matrix change, continuously improve organizational vitality and efficiency; strengthen incentive constraints, and constantly carry out the mechanism of personnel post matching and project follow-up investment; optimize personnel structure, and increase the introduction and investment of talents in intelligent, new energy, capital operation and other fields.

2. Steady implementation of business measures and solid improvement of efficiency

Guided by the 16 character policy of "increasing revenue, saving expenditure, reducing cost, controlling investment, reducing inventory, financing, realizing cash and conducting the reform", the company will vigorously promote the improvement of operation quality and reverse the downward trend of operation. By taking effective measures, the average price of self-owned brand bicycles has steadily increased, the results from the cost reduction and efficiency increase are remarkable, and the business quality has gradually picked up. The 1/2 project has been vigorously promoted, and the process efficiency has continuously improved, and the process execution time has been significantly shortened. Optimize the operation process architecture and complete the design of multi-dimensional operation process architecture. Strengthen the data-driven management, continuously strengthen the operation quality; continue to strengthen the internal and external integration of CA-DDM, establish the standard details of data management capability maturity evaluation, and strengthen the internal system integration and index governance.

3. Strive to create classic products with remarkable achievements in technological innovations

CS85 Coupe, CS75 Plus, Reaton CC, CS55 Plus, Oushang X7 and other new or replacement products are on the market on schedule. The highly concerning A+SUV CS75 Plus was launched on September 6, with the sales volume over ten thousand in the first month of listing, the fastest record of the company's product volume; its sales volume over twenty thousand in December for the first time, and the cumulative sales volume over seventy thousand in first four months of its listing. With its high quality and high cost performance, ten thousand vehicles of OushangX7 was sold in advance in 15 days and exceeded thirty-five thousand in 30 days, which is conducive to the transformation and development of Oushang automobile. The independent R & D capacity has

continuously improved, the technical label of "fashion, green, intelligence and pleasure" has continuously strengthened, and 40 key technologies such as the three-level technology of automatic driving, the development of ICAR platform and fuel cell have achieved breakthroughs. The third generation power, blue whale power, was put into production on time, leading the industry in many indicators, and won the title of "top 10 China engines". The thirteen models completed the switch with the minimum investment, launching the first shot of blue sky defense of independent brands.

List of products listed in 2019

| Date of listing | Model name | Model features |
|-----------------|----------------------|--|
| March, 2019 | CS85 COUPE | Chang'an CS85 COUPE, inherited the family "Royal Yue" front face features with aggression; family-style double waist line design, full face, rich muscle feeling; domed streamer back design, full style, high-level sports; all-LED Matrix Star drill headlamps, 3D stereo lamp belt, personal and technological with rich "vitality" ; surrounding star cabin with elegant and easy ride experience; blue whale 2.0T+AIXIN8AT golden power combination with advanced performance and the driving passion; TENCENT TAI car intelligence system on board, enjoy the pleasure of intelligent interactive experience. Chang'an CS85 COUPE, smart and masculine coexistence, sports and technology, leading the new trend of the times, and highlighting the style of new life. |
| March, 2019 | Novel CS15 | Novel CS15 from the second generation of family design language, bring into the design concept of "Sun Born", build a stylish and flexible appearance, and create a very forward-looking SUV aesthetics for the love of life of young mentality, Sun born! The new CS15 features an enhanced lower body design, a striking trapezoidal vision, a radical and dynamic body posture, a NAPPA leather upholstery, a connected HD dual screen, and a 120 degree wide angle camera integrated into the right rear view mirror, flat back seat, the area with soft bag texture, a stylish and delicate cockpit. The new CS15 has been carefully trained by top experts with 20 years of chassis training experience, and has a precise, lightweight, soft and flexible suspension, equipped with ESP electronic stability control system, ABS Anti-lock braking system, EBD electronic brake force distribution function, TCS traction control system, HHC ramp start assist system, BA brake assist, TPMS tire pressure detection system, which brings you a fully upgraded driving experience. |
| April, 2019 | Novel CS95 | The brand new design language, super cabin experience, super luxury interior materials: soft touching and first class seat comfort with luxury experience. LED multi-color atmosphere lamp: 16777216 kinds of colors infinitely regulated, perfectly matching every scene in the journey; PM2.5 monitoring + air purifier: Escape from the dirty air in the city and enjoy the forest breath. 12.3 inch central control touch screen: high definition large screen, wide viewing angle, convenient and smooth interactive touch. 4G T-box (free traffic for the first car owner): intelligent voice interaction, abundant traffic guarantee, double power for intelligent travel. The industry's first Gaud map 3.0: support ADAS, incremental update, new UI, real-time view of road traffic, reasonable route planning, avoid congestion, travel more leisurely. Integrated adaptive cruise iACC: leading intelligent driving assistance system of the same level, alleviating driving fatigue, providing all-round safety guarantee and making the journey easy. Full 360° HD panoramic image: insight into the details around, low-speed driving safety. |
| April, 2019 | CS75 Million Version | In order to give back the support and trust of millions of customers over the past five years since CS75 went public, CS75 million versions have been launched to inherit the advantages of CS75, and give back to consumers with exclusive appearance, interior decoration and power system. |

| | | |
|--------------------|-----------------------------------|---|
| | | Equipped with DCT270 7-speed wet dual clutch automatic transmission, the power transmission is more efficient and the driving experience is better; equipped with blue whale 280T direct injection supercharged engine, it won the title of "top ten China engines" in 2018; equipped with ACC, AEB, LDW, BSD, APS and other systems, it won the first good result in 2018 China intelligent automobile index evaluation. |
| July,2019 | CS35PLUS Blue Whale version | <p>Positioning new power Internet social SUV. On the basis of popular CS35plus, the brand-new version upgrades the sports beauty value and 1.4T blue whale power. It has five advantages: core, model, talent, product and spectrum.</p> <p>Equipped with the first engine of Chang'an "blue whale NE" platform engine and the first product of Chang'an power in the 3.0 era, it integrates more than 10 advanced technologies of the world's first mass production, significantly improving the fuel efficiency and fuel economy, and even reaching the international first-class performance level.</p> |
| July,2019 | Eado Blue Whale | <p>Eado blue whale redefines the new standard of compact car and establishes a new value proposition. 1. Extreme driving experience: the new power system perfectly balances power and fuel consumption; 2. High value: use cost, maintenance, purchase cost, etc.; 3. Safety and reliability: five star safety standard design in Europe.</p> <p>Power: equipped with the strongest 1.4T turbocharged direct injection engine of the same level, direct injection in the turbocharged cylinder, it starts to overtake faster, so the power comes; it has strong climbing, full load and energy saving. High value: low cost of car purchase, low cost of car use, only 5.9L fuel consumption per 100 km; maintenance every 7500 km, saving money and trouble.</p> <p>Safety: car designed according to European five star safety standards. The main structure of the vehicle is laser welded, with the strength of 3.6 times that of the competitive body with spot welding; equipped with PAB warning auxiliary brake system, the earliest alarm can be sent out 1.4s in advance ; the runaway braking distance is 5 meters shorter than that of the same level car; 51.6% of the car body is made of high-strength steel, and the roof can bear 3 times the weight of the car body; large range of soft interior decoration and package; cage body frame structure is adopted to ensure the safety of users in all aspects.</p> |
| September, 2019 | CS75 PLUS | <p>CS75 plus is built based on the family concept of Chang'an performance. By upgrading the platform architecture and power system, and comprehensively considering the balance of various performances in the car use scenario, CS75 plus pursues the integration of people and cars, overall coordination, harmony and nature, which can bring users a confident, advanced and passionate driving experience.</p> <p>Design: CS75 plus is a European design team composed of more than 200 foreign designers from 25 countries. It adopts Yuyue's design concept, with a tension front face, a dynamic posture and coordinated colors, making the whole car full of future design style</p> <p>Wisdom: the high performance car carries the intelligent functions of APA5.0, mobile phone Bluetooth key and so on. It is the AT model of the entire vehicle equipped with the Indus car intelligent system and integrates Tencent's ecological resources. It becomes a truly intelligent Internet vehicle.</p> <p>Power: it is equipped with classic power combination 1.5TGDI + Aisin 6AT and golden power combination blue whale 2.0 TGDI + Aisin 8AT. Both engines have won the title of "China's top ten engines", and the transmission adopts the latest generation of Aisin transmission</p> |

| | | |
|----------------|-----------|---|
| | | Safety: CS75 plus is designed according to the safety standards of C-NCAP five-star and CBR two five-star, 6 airbags are equipped with 38.3% high-strength steel of the whole vehicle, leading the same level. |
| October, 2019 | Raeton CC | Raeton CC's extraordinary space is quite different. With 4800mm super long car body and 2770mm super long wheelbase, it brings excellent atmosphere and spacious interior space, which enables every passenger to stretch to their full capacity and feel comfortable, which makes the experience stand the test. With professional adjustment of suspension frame and ultra fiber leather multi-functional seat, from fresh and natural healthy air purification system to glass full screen, panoramic skylight shows sincere texture technology, which makes driving and riding become a kind of enjoyment. The idle noise of the whole vehicle is as low as 36.5 decibels, and the mute performance reaches the joint venture level, creating a "deep sea level" quiet cockpit; Raeton CC adopts a high-strength rigid body, rich and perfect active and passive safety configuration, and brings 360 degrees of all-round protection with strict safety standards; intelligent Internet system, which combines human thinking and advanced technology, creates interesting and considerate convenient travel, and helps you to deal with it calmly. The road ahead is boundless. |
| November, 2019 | CS55PLUS | Positioning the mainstream compact SUV, equipped with the classic power combination of bluecore 1.5T turbocharged engine and Aisin's third generation 6AT. Fashion and dynamic elements are integrated into the model to highlight the youth. Compared with CS55, the product strength is comprehensively improved in life dynamic design, intelligent luxury driving cabin and ultimate quality driving control. Equipped with skyline neon tail lamp, 10.25 inch polar dual screen, IACC integrated adaptive cruise system, 360 degree recording HD panoramic image, AEB automatic emergency brake, LAS Lane auxiliary system, LCDA auxiliary line system and other intelligent driving aids system, and Tencent intelligent system such as Wutong car Union and AI Xiao An. Create a high-quality car with more experience of high standard and rigorous test. |

4. The "Beidou Tianshu" plan orderly implemented, and the "Shangri La" plan steadily accelerated

To strengthen the intelligent label, the CS75 Plus with APA5.0 is first launched; L4 level automatic driving based on 5G is put into demonstration operation, becoming the first brand in China. With the appearance of the first Wechat car version in the smart Expo, Changan worked with Tencent to create the "strongest cross-border CP". The 8-year-old global R&D center with a total investment of 4.3 billion was officially put into use, marking the official arrival of the R&D 4.0 era of "open sharing, global collaboration".

Significant progress has been made in the development of new energy financing, including the completion of capital increase and mixed reform of new energy technology companies; and the debut of fuel cell vehicles went in the smart Expo. Changan smart core, a high-tech product with full independent intellectual property rights, first-class in the world and the first one in China, has been released; core technologies such as fuel cell and battery safety have achieved phased results; the UK hydrogen fuel cell technology innovation center of new energy technology company has been unveiled, and in the future, the integration and control technology of the power system of the PCH fuel cell vehicle is to be built into the fuel cell power system unified platform: new energy products are increasingly abundant, pure electric SUV E-Pro is listed in surprise, and E-rock appears in Guangzhou auto show.

5. Strive for brand marketing and improve customer operation

Continuously improve the brand potential energy with CS75Plus listing. The volume and attention are far higher than that of competing products in the same period; the launch of blue whale power drives the sound development of public opinion, and deepens the users, market and industry's recognition of the corporate image of "technology Chang'an". The focus of channel continues to sink

with many 3.0 image stores of Chang'an passenger brand, the fifth and sixth line channel coverage and core business circle products coverage continues to improve, and realizes the transformation from the channel quantity to channel quality. Chang'an Oushang optimized the marketing organization, steadily switched the store logo, and continued to promote the transformation of channels to passenger use. The Company builds a direct communication and interaction platform between senior and professional personnel and customers, and vigorously improve customer experience. The Company implements "2 times project", increase time and resource investment of key personnel and senior management, and ensure more than 2 times of customer operation investment. The Company builds customer service system, optimizes the process of complaint upgrading, and the number of complaints of 10000 vehicles has improved significantly year on year. The Company releases "intimate partner plan" and makes "five promises of honest service" to users. The Company innovates the customer online service mode, and more than 1000 technicians and engineers solve customer problems online and promote customer experience.

6. The joint venture cooperation deepening and bravely facing the challenges

The two sides strengthen high-level communication, release "Chang'an Ford acceleration plan", and complete the implementation of Lincoln brand cooperation. Changan Ford Research Institute was established to continuously cultivate localization development capability, and 18 products will be launched to the Chinese market in the next three years. The new Focus active, New Taurus and new Edge St/St-line were launched in August with good performance; the first strategic new product of Changan Ford acceleration plan, and new Ford Edge Escape made full efforts to target the high-end market of twenty-thousand yuan level medium-sized four-wheel drive SUV, and opened the prelude of Changan Ford's comprehensive counter attack with the promise of "more Ford, more China" in the Ford 2.0 era. The Company further consolidates the cooperative relationship between Chang'an and Mazda, integrates Mazda's resources in China, and speeds up the adjustment of product structure; in 2019, The Company launches the next generation Mazda3 Axela, 2020 CX-5 and other 2 products to effectively support the company's business quality.

7. Promote the construction of ecosphere and explore the future layout opportunities steadily

The Company works with Huawei, Lenovo, NXP and other members of Shangrila alliance to establish the joint technology innovation centers and deepens strategic and cross-border cooperation with more than 30 strategic partners such as Tencent, Huawei, Gree and Xiaomi. The Company constantly studies brand strategy and firmly builds high-end brand confidence. The Company actively explores one belt, one road overseas market, and the first overseas joint venture company has been put into operation in Pakistan. The Company adjusts the travel business strategies of Chang'an and T3, integrates innovative marketing models such as Car for better, Oushang style and smart stores, and constantly optimizes the development direction of emerging businesses.

II. Analysis of Main Business

1、Overview

Whether it is the same as the summary in the business discussion and analysis.

Yes No

2、Income and cost

(1) Composition of the operating revenue

Unit :Yuan

| | 2019 | | 2018 | | Increase/decrease on a y-o-y basis (%) |
|--|------|-----------------------|------|-----------------------|--|
| | Sum | Share of operating | Sum | Share of operating | |

| | | income (%) | | income (%) | |
|--|-------------------|------------|-------------------|------------|---------|
| Operating revenue | 70,595,245,133.28 | 100.00% | 66,298,270,389.77 | 100.00% | 6.48% |
| Industry | | | | | |
| Automobile | 70,595,245,133.28 | 100.00% | 66,298,270,389.77 | 100.00% | 6.95% |
| Products | | | | | |
| Vehicles | 70,528,420,564.07 | 99.91% | 66,276,054,153.09 | 99.97% | 6.42% |
| Provision of labor services and others | 66,824,569.21 | 0.09% | 22,216,236.68 | 0.03% | 200.79% |
| Area | | | | | |
| China | 67,531,869,212.59 | 95.66% | 63,892,840,365.38 | 96.37% | 5.70% |
| Overseas | 3,063,375,920.69 | 4.34% | 2,405,430,024.39 | 3.63% | 27.35% |

(2) Accounted for more than 10% of the company's operating income or operating profit of the industry, products or area

Applicable Not applicable

Unit : Yuan

| | Operating Revenue | Operating Cost | Gross margin | Increase/decrease on a year-on-year basis Operating Revenue (%) | Increase/decrease on a year-on-year basis Operating Cost (%) | Increase/decrease on a year-on-year basis gross margin |
|-------------------|-------------------|-------------------|--------------|---|--|--|
| Industry | | | | | | |
| Automobile | 70,595,245,133.28 | 60,232,585,428.08 | 14.68% | 6.48% | 6.45% | Up 0.03 points |
| Products | | | | | | |
| Sales of products | 70,528,420,564.07 | 60,214,857,917.80 | 14.62% | 6.42% | 6.45% | Down 0.03 points |

The company's statistics scope of main business in the reporting period was adjusted, and the company has adjusted its main business data last year according to the scope in the reporting period.

Applicable Not applicable

(3) Is the income from sales in kind greater than the service income

Yes No

Unit: One set

| Industry | Item | 2019 | 2018 | Increase/decrease on a year-on-year basis (%) |
|---------------------|-------------------|-----------|-----------|---|
| Automobile Industry | Sales volume | 1,759,971 | 2,074,575 | -15.16% |
| | Production volume | 1,797,429 | 1,998,865 | -10.08% |

| | | | | |
|--|------------------|--------|--------|------------------|
| | Stock volume | 58,379 | 46,255 | 26.21% |
| | Market share (%) | 6.83% | 7.39% | Down 0.56 points |

Note: The above sales volume and production volume are consistent with the date from the Company and its subsidiaries and JVs. The analysis over market share is based on the data from China Automobile Industry Association. As Jiangling Holdings Co., Ltd. completed the equity change, the data no longer includes the traditional fuel vehicles and new energy vehicles of Jiangling Holdings Co., Ltd., and the previous data was adjusted accordingly.

Notes to the year-on-year change of the relevant data by over 30%

Applicable Not applicable

(4) The company has signed a major sales contract as of the time of the fulfillment of this report

Applicable Not applicable

(5) Cost

Unit: Ten Thousand Yuan

| Industry classification | Item | 2019 | | 2018 | | Increase/decrease on a year-on-year basis (%) |
|-------------------------|--|-----------|-----------------------------|-----------|-----------------------------|---|
| | | Amount | Ratio in operation cost (%) | Amount | Ratio in operation cost (%) | |
| Automobile Production | Product Sale | 6,021,486 | 99.97% | 5,656,441 | 99.97% | 6.45% |
| | Provision of labor services and others | 1,773 | 0.03% | 1,906 | 0.03% | -6.99% |
| Total | | 6,023,259 | 100.00% | 5,658,347 | 100.00% | 6.45% |

(6) Notes to the change of the consolidated scope in the reporting year

Applicable Not applicable

During the reporting period, Changan Automobile newly established one wholly owned subsidiaries, Chongqing Chehe Mei Technology Co., Ltd., which was included in the consolidated statements.

(7) Significant change or adjustment of the business, products or services in the reporting period

Applicable Not applicable

(8) Main Customers and principal suppliers

Main Customers

| | |
|---|------------------|
| Total sales amount to top 5 customers (RMB) | 5,297,834,284.21 |
|---|------------------|

| | |
|--|-------|
| Proportion of sales to top 5 customers in the annual sales (%) | 7.50% |
| Proportion of sales amount of the related party in the top 5 customers (%) | 4.56% |

Top 5 customers

Unit : Yuan

| Serial No. | company | Sales value | proportion in total sales (%) |
|------------|---------|------------------|-------------------------------|
| 1 | First | 1,294,526,146.64 | 1.83% |
| 2 | Second | 1,114,790,679.43 | 1.58% |
| 3 | Third | 1,020,942,159.56 | 1.45% |
| 4 | Fourth | 964,578,663.52 | 1.37% |
| 5 | Fifth | 902,996,635.06 | 1.28% |
| total | | 5,297,834,284.21 | 7.50% |

Other descriptions of major customers Applicable Not applicable**Principal suppliers**

| | |
|---|------------------|
| Total purchase amount to top 5 suppliers (RMB) | 5,328,307,085.27 |
| Proportion of purchase to top 5 suppliers in the annual purchase (%) | 8.85% |
| Proportion of purchase amount of the related party in the top 5 suppliers (%) | 5.25% |

Top 5 suppliers

Unit : Yuan

| Serial No. | Company name | Purchase value | Proportion in the total purchase(%) |
|------------|--------------|------------------|-------------------------------------|
| 1 | First | 1,445,693,679.11 | 2.40% |
| 2 | Second | 1,287,348,187.93 | 2.14% |
| 3 | Third | 876,106,469.95 | 1.45% |
| 4 | Fourth | 863,253,483.29 | 1.43% |
| 5 | Fifth | 855,905,264.99 | 1.42% |
| Total | | 5,328,307,085.27 | 8.85% |

Other descriptions of major suppliers Applicable Not applicable**3、 Expenses**

Unit: Ten Thousand Yuan

| Item | 2019 | 2018 | increase/decrease (%) | Description of major changes |
|-----------------|------------------|------------------|-----------------------|------------------------------|
| Selling expense | 4,591,170,885.94 | 5,283,255,346.48 | -13.10% | |

| | | | | |
|--------------------|------------------|------------------|--------|--|
| Management expense | 2,265,231,518.65 | 2,141,231,988.91 | 5.79% | |
| Financial expense | -190,849,511.73 | -427,062,035.06 | 55.31% | In 2019, the average monthly deposit balance decreased significantly year-on-year, and interest income decreased |
| R&D expense | 3,169,063,761.13 | 3,184,788,921.68 | -0.49% | |

4、Research and Development Expenditure

Applicable Not applicable

In 2019, Changan Automobile invested 4.478 billion yuan in product and technology project development, and continued to build industry-leading research and development strength.

R&D investment Table

| | 2019 | 2018 | Changes in ratio |
|--|------------------|------------------|------------------|
| Labor Number | 7,829 | 7,722 | 1.39% |
| Proportion of labor in the Company | 21.30% | 21.43% | Down 0.13 points |
| Investment value (yuan) | 4,478,435,313.28 | 4,464,733,629.10 | 0.31% |
| Proportion of investment in the revenue | 6.34% | 6.73% | Down 0.39 points |
| Capitalization (yuan) | 1,309,371,552.15 | 1,279,944,707.42 | 2.30% |
| Proportion of capitalization in R&D investment | 29.24% | 28.67% | Up 0.57 points |

Significant Change of the proportion of R&D investment in the revenue

Applicable Not applicable

Significant change of the proportion of capitalization in the R&D investment

Applicable Not applicable

5、Cash Flow

Unit: Yuan

| Item | 2019 | 2018 | Increase/decrease (%) |
|---|-------------------|-------------------|-------------------------|
| Subtotal of cash inflows from operating activities | 75,201,286,289.37 | 81,996,970,246.85 | -8.29% |
| Subtotal of cash outflows from operating activities | 71,319,538,050.98 | 85,884,445,549.29 | -16.96% |
| Net cash flows from operating activities | 3,881,748,238.39 | -3,887,475,302.44 | 199.85% |
| Subtotal of cash inflows from investing activities | 2,291,173,505.54 | 2,488,521,707.35 | -7.93% |

| | | | |
|---|-------------------|--------------------|---------|
| Subtotal of cash outflows from investing activities | 6,085,786,845.19 | 9,057,241,752.33 | -32.81% |
| Net cash flows from investing activities | -3,794,613,339.65 | -6,568,720,044.98 | 42.23% |
| Subtotal of cash inflows from financing activities | 337,719,805.56 | 1,195,280,377.20 | -71.75% |
| Subtotal of cash outflows from financing activities | 738,294,133.17 | 2,547,968,288.91 | -71.02% |
| Net cash flows from financing activities | -400,574,327.61 | -1,352,687,911.71 | 70.39% |
| Net increase in cash and cash equivalents | -287,678,939.91 | -11,803,151,475.73 | 97.56% |

Notes to the year-on-year change of the relevant data by over 30%

Applicable Not applicable

In 2019, "net cash flow from operating activities" increased by 7.77 billion yuan from the previous year, mainly due to a significant decrease in "cash from purchases of goods and labor services" compared to the previous year; "net cash flow from investment activities" An increase of 2.77 billion yuan over the previous year, mainly due to a significant decrease in "cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets" and "cash paid for investments" compared to the previous year; "net cash flow from financing activities" The "amount" increased by 950 million yuan from the previous year, mainly because the "cash paid for dividends" decreased from the previous year.

Notes to the significant difference between cash flow from operating activities and net profit in the reporting year

Applicable Not applicable

As for the significant difference between cash flow from operating activities and net profit in the reporting period, refer to the item "Supplementary Information of the Cash Flow Statement" in the Financial Statements Note 56.

III. Analysis of non principal business

Applicable Not applicable

IV. Assets and liability**1、 The significant changes of the assets**

Unit: Yuan

| Item | Dec.31,2019 | | Dec.31,2018 | | Increase/ decrease (%) | instructions |
|------------------|-------------------|---------------------------------|------------------|---------------------------------|---------------------------|--|
| | Amount | Ratio in total assets (%) | Amount | Ratio in total assets (%) | | |
| Cash | 10,066,171,353.48 | 10.31% | 9,980,544,526.14 | 10.68% | -0.37% | |
| Notes receivable | 838,314,076.82 | 0.86% | 1,409,419,600.50 | 1.51% | -0.65% | Subsidiaries Changan International and Baoding Changke have stepped up their collection efforts and made timely payments |
| Inventory | 3,375,441,488.37 | 3.46% | 4,917,420,457.19 | 5.26% | -1.80% | Imported transmission resource reserves are gradually consumed, and the amount of raw materials and |

| | | | | | | |
|------------------------------|-------------------|--------|-------------------|--------|--------|--|
| | | | | | | materials in transit is reduced |
| Investment property | 7,102,849.72 | 0.01% | 7,329,561.28 | 0.01% | 0.00% | |
| Long-term equity investments | 11,008,336,989.09 | 11.28% | 13,275,170,118.83 | 14.20% | -2.92% | |
| Fixed assets | 26,939,490,554.19 | 27.60% | 22,161,054,058.31 | 23.70% | 3.90% | |
| Construction in progress | 1,729,803,028.43 | 1.77% | 5,383,844,030.75 | 5.76% | -3.99% | The first phase of global R & D projects and the adjustment of automobile product structure have been gradually solidified |
| Short-term loans | 229,580,000.00 | 0.24% | 190,000,000.00 | 0.20% | 0.04% | |
| Long-term loans | 55,300,000.00 | 0.06% | - | 0.00% | 0.06% | |

2、Assets and liabilities measured by fair value

Unit: Yuan

| Item | Amount at year beginning | Profit and loss from changes in fair value in the current period | Accumulated fair value changes included in equity | Impairment provisions in the reporting period | Amount purchased in the current period | Amount sold in the current period | Amount at year end |
|--------------------------------|--------------------------|--|---|---|--|-----------------------------------|--------------------|
| Financial assets | | | | | | | |
| Transactional financial assets | - | 2,419,476,200.00 | | | | | 2,419,476,200.00 |
| Equity instrument investment | - | 734,506,100.00 | | | | | 734,506,100.00 |
| Subtotal of financial assets | - | 3,153,982,300.00 | | | | | 3,153,982,300.00 |
| Others | | | | | | | |
| Total | - | 3,153,982,300.00 | | | | | 3,153,982,300.00 |
| Financial liabilities | - | - | - | - | - | - | - |

Whether the measurement attributes of main assets in the reporting period have significantly changed

Yes No

3、Property rights limits by the end of report period

| Item | Book value at the end of this year | Limited Reason |
|--|------------------------------------|--|
| Cash | 705,696,678.59 | Used to open the acceptance deposit |
| Notes receivable and accounts receivable | 3,125,099,350.00 | Notes receivable pledge to issue notes payable |
| Intangible assets | 18,080,415.84 | Obtain liquidity borrowings and obtain commercial acceptance bills |
| Fixed assets | 24,200,714.44 | Obtain liquidity borrowings and obtain commercial acceptance bills |
| Total | 3,873,077,158.87 | |

V. Analysis of Investment

1、General information

Applicable Not applicable

| External investment | | |
|---|---|---|
| Investment Amount in the report period (RMB) | Investment Amount in 2017 (RMB) | Variance rate |
| 1,800,000,000 | 2,933,941,217.67 | -38.65% |
| Particulars of investees | | |
| Company Name | Principal business | Proportion in the investees' equity (%) |
| Nanjing Leading Equity Investment Partnership (Limited Partnership) | Equity investment, venture capital investment; investment in non-publicly traded equity of non-listed companies, non-publicly issued equity of listed companies, and related services. (Projects subject to approval according to law may be operated after approval by relevant departments) | 16.39% |
| Chongqing Lianzhi Antou Equity Investment Partnership (Limited Partnership) | Equity investment (operating in accordance with the approved items and deadlines of the license documents). | 50.25% |

2、Major equity investment in the reporting period

Unit: Yuan

| Company name | Principal business | Investment mode | Investment amount | Share-holding ratio | Capital source | Partner | Investment period | Progress on book closing date | Any litigations | Disclosure date(in case) | Disclosure index(in case) |
|--------------|--------------------|-----------------|-------------------|---------------------|----------------|---------|-------------------|-------------------------------|-----------------|--------------------------|---------------------------|
| | | | | | | | | | | | |

| | | | | | | | | | | | |
|---|---|-------------------|---------------|--------|-----------------|--|---------------------|--|----|------------|---|
| Nanjing Leading Equity Investment Partnership (Limited Partnership) | Equity investment, venture capital investment; investment in non-publicly traded equity of non-listed companies, non-publicly issued equity of listed companies, and related services. (Projects subject to approval according to law may be operated after approval by relevant departments) | Newly established | 1,600,000,000 | 16.39% | Its own capital | Suning Investment Co., Ltd., China First Automobile Group Co., Ltd., Dongfeng Motor Group Co., Ltd., Shenzhen Tencent New Travel Limited Partnership (Limited Partnership), Shenzhen Segali Asset Management Co., Ltd., Hangzhou Alibaba Venture Capital Management Co., Ltd. Wuxi Feiye Investment Co., Ltd., Xianning Rongyi Smart Travel Industry Investment Fund (Limited Partnership), Nanjing Hengchuang Yunzhi Network Technology Co., Ltd., Nanjing Leading Equity Investment Management Co., Ltd. | Indefinite duration | Establishment completed, industrial and commercial registration procedures completed | No | 2019-03-22 | Announcement of the Establishment of Nanjing Leading Equity Investment Partnership (Limited Partnership) (Bulletin No: 2019-16) |
| | | | | | | | | | | | |
| Chongqing Lianzhi Antou Equity Investment Partnership (Limited Partnership) | Equity investment (operating in accordance with the approved items and deadlines of the license documents). | Newly established | 200,000,000 | 50.25% | Its own capital | Jiantou Huake Investment Co., Ltd., Beijing Huake Lianzhi Technology Co., Ltd., China Construction Investment Management (Tianjin) Co., Ltd. | Indefinite duration | Establishment completed, industrial and commercial registration procedures completed | No | 2019-04-30 | Announcement of the Establishment of Chongqing Lianzhi Antou Equity Investment Partnership (Limited Partnership) (Bulletin No: 2019-30) |
| Total | -- | -- | 1,800,000,000 | -- | -- | -- | -- | -- | -- | -- | -- |

3、Major non-equity investment in the reporting period

Please refer to Notes V to Financial Statement Item 13" Construction in progress".

4、Investment of Financial Assets

(1)Equity-holdings in financial enterprises

Applicable Not applicable

| Securities variety | Securities code | Securities short name | Initial investment cost (Yuan) | Number of shares held at the beginning of the period (Share) | Percentage of shares held at the beginning of the period | Number of shares held at the end of the period (Share) | Percentage of shares held at the end of the period | Book value at the end of the period (Yuan) | Reporting period profit and loss (Yuan) | Accounting account | Source of shares |
|--------------------|-----------------|-----------------------|--------------------------------|--|--|--|--|--|---|--------------------------------|--------------------|
| Stock | 600369 | Southwest Securities | 50,000,000 | 35,500,000 | 0.63% | 35,500,000 | 0.63% | 184,245,000 | 60,705,000.00 | Transactional financial assets | Initial investment |
| Stock | 300750 | CATL | 1,000,000,821 | 22,999,575 | 1.06% | 22,999,575 | 1.04% | 2,235,231,200 | 828,449,888.69 | Transactional financial assets | Initial investment |
| Total | | | 1,050,000,821 | 58,499,575 | -- | 58,499,575 | -- | 2,419,476,200 | 889,154,888.69 | -- | -- |

(2) Derivative Investments

Applicable Not applicable

5、Use of raised funds

Applicable Not applicable

VI. Selling of major assets and major equity

1、Selling of major assets

Applicable Not applicable

There is no selling of major assets.

2、Selling of major equity

Applicable Not applicable

On December 3, 2019, Chongqing Changan New Energy Vehicle Technology Co., Ltd. (hereinafter referred to as "new energy technology company"), a wholly-owned subsidiary of Changan Automobile, introduced four strategic investors. The capital increase aims to accelerate the implementation of the "Shangri-La Plan" and achieve the company's long-term development goals. After the capital increase is completed, the company's share of the new energy technology company's equity has dropped from 100% to 48.9546%, losing control of the new energy technology company. It is expected that the impact on the consolidated statement will be an increase in net profit of 2.291 billion yuan. It will be included in 2020, and the specific impact will be based on the company's annual audit auditor's audit results. For details, please refer to the "Announcement on the Public Investment Increase of the Wholly-owned Subsidiary Subsidiary Company and the Company's Abandonment of Priority Subscription of Capital Contributions to Capital Increase and Capital Increase" (Announcement number: 2019-67). On January 13, 2020, the matter was reviewed and approved by the first extraordinary general meeting of shareholders in 2020 (Announcement No. 2020-04). On January 20, 2020, new energy technology company completed the industrial and commercial change registration. For details, please refer to the "Announcement on the Progress of the Wholly-owned Subsidiary Subsidiary's Capital Increase by Public Listing and the Company's Abandonment of Capital Increase and Share Priority Subscription of Investment Rights" (Announcement Number : 2020-04).

On December 30, 2019, Changan Automobile and Shenzhen Qianhai Ruizhi Investment Co., Ltd. (hereinafter referred to as "Qianhai Ruizhi") signed the "Equity Transfer Agreement" to transfer all the 50% equity of Changan PSA held to Qianhai Ruizhi. The transaction meets the company's actual business and future development needs, optimizes the company's asset structure, and is in line with the company's strategic transformation direction. The transfer price of the transaction is 1.63 billion yuan, and the expected impact on the consolidated statement is to increase the pre-tax profit of 1.352 billion yuan. The generated profit will be included in the accounting period of the transaction completion (expected to be 2020). The specific impact is subject to the audit results of the company's annual auditor. For details, please refer to the "Announcement on the Sale of Equity Interests in Joint Ventures" (Announcement No. 2020-02). On January 13, 2020, the matter was reviewed and approved by the first extraordinary general meeting of shareholders in 2020 (Announcement No. 2020-04).

VII. Analysis of main holding companies and equity companies

Applicable Not applicable

Basic information of main subsidiary companies and shareholding companies which have an impact on over 10% of net profits

Unit: ten thousand yuan

| Name | Registered capital | Equity held | Main businesses | Total assets | Main operating income | Net profit |
|---|--------------------|-------------|--|--------------|-----------------------|------------|
| Zhenjiang Demao Hairun Equity Investment Fund Partnership (Limited Partnership) | 150,001 | 100% | Engaged in non-securities equity investment activities and related consulting business | 223,524 | 0 | 70,744 |
| Chongqing Changan Automobile Customer Service Co., Ltd. | 3,000 | 100% | Produce and sell auto and parts | 113,622 | 178,521 | 36,855 |
| Hefei Changan Automobile Co., Ltd. | 77,500 | 100% | Produce and sell auto and parts | 777,126 | 1,035,073 | 33,548 |
| Chongqing Changan Suzuki Motor Co., Ltd. | 133,764 | 100% | Produce and sell auto and parts | 257,566 | 143,734 | -40,315 |
| Chongqing Changan New Energy Automobile Technology Co., Ltd. | 9,900 | 100% | Produce and sell auto and parts | 239,000 | 381,830 | -48,115 |
| Changan Mazda Automobile Co. Ltd | 11,097USD | 50% | Produce and sell auto and parts | 1,262,501 | 1,621,262 | 187,025 |
| Changan Peugeot Citroen Automobile Co., Ltd. | 760,000 | 50% | Produce and sell auto and parts | 639,229 | 78,265 | -222,096 |
| Changan Ford Automobile Co., Ltd | 24,100USD | 50% | Produce and sell auto and parts | 4,772,127 | 2,809,603 | -385,720 |

Subsidiaries acquired and sold in the reporting period

Applicable Not applicable

During the reporting period, Changan Automobile newly established one wholly owned subsidiaries, Chongqing Chehe Mei Technology Co., Ltd., which was included in the consolidated statements.

| Name | Acquisition and disposal of subsidiaries during the reporting period | On the overall production and operation and performance impact |
|------|--|--|
| | | |

| | | |
|--|-------------------|--------------------|
| Chongqing Chehe Mei Technology Co., Ltd. | Newly established | No major influence |
|--|-------------------|--------------------|

VIII. Structural main business under the company control

Applicable Not applicable

IX. The company's future development prospect

1. Industry pattern and trend

Due to the novel coronavirus global epidemic spread, and the continuance of global trade frictions and geopolitical conflicts and other uncertain factors, the global economy after a weak recovery at the end of last year again encountered the outbreak of black swan events and other strong interference, and the global economic growth is still facing greater downside risk, IMF recent forecast again lowered the 2020 global GDP growth under 3%, based on the above factors.

China's external environment is undergoing significant changes. The transformation and upgrading are in the critical period of climbing and structural adjustment. The economic operation itself is in a moderate decline channel. Combined with the impact of this coronavirus outbreak, the counter cyclical adjustment policy will be further strengthened on the basis of last year, and the goal of doubling GDP compared with 2010 is expected to be achieved. Namely, the annual GDP growth rate is about 5.6%. The promotion of consumption quality and capacity expansion is an important means of stable growth in the current period. Automobile is an important component of consumption, ranking first in the total retail sales, accounting for more than 10%. It is expected that corresponding promotion policies will be issued. However, based on the impact of macroeconomic downturn, the expected decline in residents' income and other factors, the automobile market will continue to shrink throughout the year.

Policy trend: the recent meeting of the Political Bureau of the CPC Central Committee pointed out that the long-term trend of China's economic growth has not changed, and efforts should be made to achieve the goal of building a moderately prosperous society in an all-round way and the objective of the 13th five year plan. Judging from the current situation, this task is very arduous and requires further efforts of counter cyclical adjustment policies. Active fiscal policy should be more active and effective, and give full play to the role of policy financing. A sound monetary policy should be more flexible and appropriate. The follow-up macro policy level will increase efforts and improve efficiency with small steps and high frequency; key directions: employment, domestic demand, foreign trade and investment; key areas: People's livelihood, medical treatment, emergency response, high and new technology; small and micro enterprises, areas with severe epidemic.

Consumption trend: the trend of consumption upgrading is obvious, and the proportion of sales of models above 100,000 yuan is increasing year by year. However, with the impact of the epidemic, consumers pay more attention to health and safety, and some of them will change from public travel to self-driving travel, resulting in new demand for cars. There are obvious regional differences in China, which brings about diversified and gradient development of automobile demand. Internet Aborigines have gradually become the main force of automobile consumption, with strong demand for personalization and fashion. Only by offering high-quality and diversified products and services can we occupy the minds of consumers.

Technology trend: with the breakthrough of big data, chip, artificial intelligence and communication technology (5g), it will bring subversive changes to the society, industry and business model. Cross border integration of all parties, mutual benefit and win-win results, and implementation of commitments will be the general trend of intelligent development. At the same time, the year 2025 will be the key turning point when the electrification returns to the market, demand and technology.

Competition situation: the competition pattern of the automobile industry is further chaotic, and the differentiated competition shows its magic power. Under the influence of the epidemic situation, a new round of elimination competition will appear. It is mainly reflected in the fact that multinational automobile enterprises regard China as the main battlefield; the price of joint venture brands is lowered, the price war is constantly launched, and the product profit space is accelerated to shrink; Chinese brands continue

to integrate resources to develop electric and intelligent; new forces of vehicle manufacturing enter the stage of mass production and landing.

2. The Company Development Strategy

In the face of the new normal of "low growth, micro profit" in the automobile market, the Company will comprehensively implement the "365" action of group company quality improvement, focus on "customer-oriented, firm reform, innovative marketing, and ultimate efficiency", and make every effort to promote the third entrepreneurship innovation plan, work hard unwaveringly to promote high-quality development, and transform to intelligent travel technology company.

We should attach equal importance to independence and joint venture, coordinate traditional business with emerging business, transform from serving customers to operating customers, from operating products to brands, from traditional products to intelligent + new energy products, from providing traditional products to providing ecological products, we will build into an intelligent travel technology company and move forward to a world-class automobile enterprise.

3. Business plan

The operation goal of BOD in 2020: strive to produce and sell more than 1.91 million cars. In order to achieve the above goals, the Company takes "customer-oriented, firm reform, innovative marketing, and ultimate efficiency" as the main line, vigorously promotes "efficiency 1/2 project" and "customer 2 times project", deepens the marketing system, accelerates the implementation of reform projects, and comprehensively improves the operation quality. The Company will focus on the following work: firstly, strengthen the strategic direction, and accelerate the transformation and development; secondly, implement the "2 times project" with fine customer experience; thirdly, promote 1/2 project, and improve the efficiency in an all-round way; fourthly, deepen the reform and innovation, and stimulate the endogenous power; fifthly, strengthen the sense of operation, and improve the quality of operation; sixthly, conduct the technological innovation, and create classic products; seventhly, accelerate the brand renewal, and improve the brand potential energy; eighthly, deepen marketing reform and improve system capacity; ninthly, deepen joint venture cooperation and boost joint venture; tenthly, improve the base construction and speed up overseas layout; Eleventhly, innovate business model and promote steady transformation; twelfthly, pay close attention to production and ensure production safety; thirteenthly, comprehensively and strictly govern the party and improve the quality of Party construction; fourteenthly, practice leading culture and inspire the vitality of all staff.

4. The company's capital expenditure plan for 2019

In order to achieve the company's strategic objectives, it is estimated that the investment plan of the company and its holding subsidiaries in 2020 will be 3627.78 million yuan, including 2427.78 million yuan of fixed assets investment and 120 million yuan of equity investment. Fixed asset investment focuses on the construction of new products and R&D capabilities, which could maintain the competitiveness of independent passenger vehicle products and increase the investment in new energy and light vehicle products, and continuously improve the core R&D capabilities such as intelligence, modeling, collision test, etc. Equity investment is mainly to optimize the capital layout structure, including investing in T3 travel, T3 technology, and strengthen the forward-looking layout in the intelligent field. According to the progress of the project, combined with the operation and financing environment, the company will study and formulate the fund-raising plan and fund use plan of various channels to improve the efficiency of fund use and reduce the cost of capital.

5. Possible risks

Firstly, novel coronavirus epidemic risk.

First, the delay in resumption of work results in the failure of timely supply of parts and components from some suppliers, which makes the production organization more difficult. Some products fail to meet the market sales demand in time; second, the passenger flow of customers into the 4S stores to purchase cars during the epidemic period is greatly reduced and the customer collection of the sales terminal is affected; third, some small and micro enterprises are in a dilemma, resulting in the decrease of income, the frustration of consumption consumer confidence, and the reduction of the car consumption.

Countermeasures: the company has launched a comprehensive epidemic emergency plan. First, ensure the production and

supply through flexible production organization; second, increase online promotion and service, and strengthen users' contacts; third, strive to minimize market impact by strengthening auto financial services, improving product selling points, and enhancing user experience and so on.

Secondly, macroeconomic downside risks.

China's economic development is still in an important stage of structural adjustment, transformation and upgrading. Coupled with the impact of this epidemic, the recent economic growth is facing a greater downside risk. Due to the strong correlation between automobile consumption and national economic growth, it is expected that the automobile market will continue to decline in 2020, and the decline may be higher than that in the same period of last year.

Countermeasures: the company has formed a research and judgment mechanism of daily, weekly, monthly and quarterly information tracking and strategic trend observation, strengthened the research of macroeconomic situation, actively adjusted on the basis of full research and judgment, turned crisis into opportunity, strengthened product research and development and market promotion, strengthened the cooperation, sharing and symbiosis between enterprises in the industrial chain, and found new opportunities.

Thirdly, the risk of increasing competition between enterprises.

First, foreign brands continue to increase investment and competition in the Chinese market, the price of joint venture brand products continues to decline, the market as a whole shows the pace of more new products, rapid price reduction, and the industry's product profit space has accelerated to shrink. Second, the new force of domestic car building products has accelerated their listing, while weak brands have accelerated their elimination in the competition, enterprises and brands have accelerated the replacement of old and new ones, and in the process of great waves, the vicious competition has increased the disturbance to the market.

Countermeasures: on the one hand, the Company will further focus on products and accelerate product replacement and new product introduction; on the other hand, the Company will vigorously promote organizational mechanism and system reform, fully stimulate personnel vitality, organizational efficiency and process efficiency, improve operation efficiency, reduce management cost and product cost, accelerate the pace of reform, and accelerate the implementation of the company's third innovation and entrepreneurship strategy.

X. Registration form for reception, research, communication, interview, etc. during the reporting period

| Date | Manner | Type of Reception Object | Index |
|------------|----------------|--------------------------|---|
| 2019.01.02 | On-Site Survey | Institution | For details, see the January 4, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: January 2, 2019 investor relations activities record sheet |
| 2019.01.10 | On-Site Survey | Institution | For details, see the January 14, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: January 10, 2019 investor relations activities record sheet(1) |
| 2019.01.10 | On-Site Survey | Institution | For details, see the January 14, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: January 10, 2019 investor relations activities record sheet(2) |
| 2019.01.10 | On-Site Survey | Institution | For details, see the January 14, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: January 10, 2019 investor relations activities record sheet(3) |

| | | | |
|------------|----------------|-------------|---|
| 2019.01.11 | On-Site Survey | Institution | For details, see the January 14, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: January 11, 2019 investor relations activities record sheet(1) |
| 2019.01.11 | On-Site Survey | Institution | For details, see the January 14, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: January 11, 2019 investor relations activities record sheet(2) |
| 2019.01.15 | On-Site Survey | Institution | For details, see the January 17, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: January 15, 2019 investor relations activities record sheet |
| 2019.01.15 | On-Site Survey | Institution | For details, see the January 18, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: January 15, 2019 investor relations activities record sheet(2) |
| 2019.01.16 | On-Site Survey | Institution | For details, see the January 18, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: January 16, 2019 investor relations activities record sheet |
| 2019.01.18 | On-Site Survey | Institution | For details, see the January 22, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: January 18, 2019 investor relations activities record sheet |
| 2019.01.22 | On-Site Survey | Institution | For details, see the January 24, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: January 22, 2019 investor relations activities record sheet(1) |
| 2019.01.22 | On-Site Survey | Institution | For details, see the January 24, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: January 22, 2019 investor relations activities record sheet(2) |
| 2019.02.26 | On-Site Survey | Institution | For details, see the February 27, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: February 26, 2019 investor relations activities record sheet |
| 2019.02.28 | On-Site Survey | Institution | For details, see the March 1, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: February 28, 2019 investor relations activities record sheet |
| 2019.03.05 | On-Site Survey | Institution | For details, see the March 7, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: March 5, 2019 investor relations activities record sheet |
| 2019.03.14 | On-Site Survey | Institution | For details, see the March 18, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: March 14, 2019 investor relations activities record sheet(1) |
| 2019.03.14 | On-Site Survey | Institution | For details, see the March 18, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: March 14, 2019 investor relations activities record sheet |
| 2019.03.19 | On-Site Survey | Institution | For details, see the March 20, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: March 19, 2019 investor relations activities record sheet |
| 2019.03.22 | On-Site Survey | Institution | For details, see the March 25, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: March 22, 2019 investor |

| | | | |
|------------|----------------|-------------|--|
| | | | relations activities record sheet |
| 2019.04.30 | On-Site Survey | Institution | For details, see the May 7, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: April 30, 2019 investor relations activities record sheet |
| 2019.05.06 | On-Site Survey | Institution | For details, see the May 7, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: May 6, 2019 investor relations activities record sheet |
| 2019.05.10 | On-Site Survey | Institution | For details, see the May 13, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: May 10, 2019 investor relations activities record sheet |
| 2019.05.14 | On-Site Survey | Institution | For details, see the May 16, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: May 14, 2019 investor relations activities record sheet |
| 2019.06.12 | On-Site Survey | Institution | For details, see the May 7, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: May 6, 2019 investor relations activities record sheet |
| 2019.06.12 | On-Site Survey | Institution | For details, see the June 14, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: June 12, 2019 investor relations activities record sheet |
| 2019.06.21 | On-Site Survey | Institution | For details, see the June 25, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: June 21, 2019 investor relations activities record sheet |
| 2019.06.28 | On-Site Survey | Institution | For details, see the July 2, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: June 28, 2019 investor relations activities record sheet |
| 2019.07.03 | On-Site Survey | Institution | For details, see the July 5, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: July 3, 2019 investor relations activities record sheet |
| 2019.07.05 | On-Site Survey | Institution | For details, see the July 10, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: July 5, 2019 investor relations activities record sheet |
| 2019.07.19 | On-Site Survey | Institution | For details, see the July 23, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: July 19, 2019 investor relations activities record sheet |
| 2019.07.23 | On-Site Survey | Institution | For details, see the July 24, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: July 23, 2019 investor relations activities record sheet |
| 2019.07.24 | On-Site Survey | Institution | For details, see the July 26, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: July 24, 2019 investor relations activities record sheet (1) |
| 2019.07.24 | On-Site Survey | Institution | For details, see the July 26, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: July 24, 2019 investor relations activities record sheet (2) |
| 2019.09.09 | On-Site Survey | Institution | For details, see the September 11, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: September 9, 2019 investor relations activities record sheet |
| 2019.09.10 | On-Site Survey | Institution | For details, see the September 11, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: September 10, 2019 investor relations activities record sheet |

| | | | |
|--------------------|----------------|-------------|--|
| | | | investor relations activities record sheet |
| 2019.09.11 | On-Site Survey | Institution | For details, see the September 12, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: September 11, 2019 investor relations activities record sheet (1) |
| 2019.09.11 | On-Site Survey | Institution | For details, see the September 12, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: September 11, 2019 investor relations activities record sheet (2) |
| 2019.09.18 | On-Site Survey | Institution | For details, see the September 18, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: September 18, 2019 investor relations activities record sheet |
| 2019.09.26 | On-Site Survey | Institution | For details, see the September 29, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: September 26, 2019 investor relations activities record sheet |
| 2019.10.09 | On-Site Survey | Institution | For details, see the October 11, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: October 9, 2019 investor relations activities record sheet |
| 2019.11.01 | On-Site Survey | Institution | For details, see the November 5, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: November 1, 2019 investor relations activities record sheet |
| 2019.11.08 | On-Site Survey | Institution | For details, see the November 12, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: November 8, 2019 investor relations activities record sheet |
| 2019.11.14 | On-Site Survey | Institution | For details, see the November 18, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: November 14, 2019 investor relations activities record sheet |
| 2019.11.19 | On-Site Survey | Institution | For details, see the November 21, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: November 19, 2019 investor relations activities record sheet |
| 2019.12.06 | On-Site Survey | Institution | For details, see the December 10, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: December 6, 2019 investor relations activities record sheet |
| 2019.12.13 | On-Site Survey | Institution | For details, see the December 13, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: December 13, 2019 investor relations activities record sheet |
| 2019.12.17 | On-Site Survey | Institution | For details, see the December 17, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: December 17, 2019 investor relations activities record sheet |
| 2019.12.19 | On-Site Survey | Institution | For details, see the December 20, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: December 19, 2019 investor relations activities record sheet |
| 2019.12.20 | On-Site Survey | Institution | For details, see the December 20, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: December 20, 2019 investor relations activities record sheet |
| Reception Times | | | 49 |
| Number of Agencies | | | 152 |

| | |
|---|----|
| Number of Individuals | 0 |
| Number of other entities | 0 |
| Whether to disclose undisclosed important information | No |

Chapter 5 Important Matters

I. Company common stock profit distribution and capital reserves converting into share capital

During the reporting period, the common stock profit distribution policy, especially the formulation, implementation or the adjustment situation of cash dividend policy.

applicable not applicable

According to the China Securities Regulatory Commission requirements, in combination with the practical situation of the company, the Company has rectified the “Articles of Association” and clarified about the distributable profit caliber, dividend distribution way, principle, form, cash dividend conditions and proportion, stock dividend condition, plans to set up and review procedures, the implementation, the conditions of distribution policy adjustment, and decision-making procedures, etc, to strengthen the supervision function of independent directors in the profit distribution plan, policy adjustment, and strengthen the guarantee system of the dividend return for investors. For details of the company’s specific distribution policy, please refer to the Articles of Association. Since the net profit attributable to shareholders of the listed company is negative in 2019, no profit distribution will be made, and no capital reserve will be converted into share capital.

| Special Statement for Cash Dividend Policy | |
|--|----------------|
| Whether comply with the company's articles of association or requirements of resolutions of the shareholders' general meeting: | Yes |
| Whether the standard of distribution and the proportion is clear: | Yes |
| Whether the related decision-making process and mechanism is complete: | Yes |
| Whether the independent directors play a proper role: | Yes |
| Whether the small and medium-sized shareholders have the chance to fully express their views and demands, whether the legitimate rights and interests get fully protected: | Yes |
| Whether cash dividend policy is adjusted or changed, whether the conditions and procedures are compliant and transparent: | Not Applicable |

For the last three years (including the reporting period), the company profit distribution draft or plan, and draft or plan that the capital reserves converting into share capital

2017 annual profit distribution plan is: Based on the existing total shares of 4,802,648,511, distribute cash of RMB 4.46 yuan (including tax) to all the shareholders every 10 shares

2018 annual profit distribution plan is: Based on the existing total shares of 4,802,648,511, distribute cash of RMB 0.18 yuan (including tax) to all the shareholders every 10 shares.

In 2019, the preplan profit distribution of the Company deliberated and approved by the Board is: no profit distribution and no conversion of capital reserve into share capital.

Share out Cash Bonus Table for last three years

Unit: Yuan

| Year | Cash dividend amount (tax included) | Net profit attributable to shareholders of listed | The net profit ratio (%) attributable to shareholders of |
|------|-------------------------------------|---|--|
| | | | |

| | | companies in dividends annual consolidated statements | listed companies in consolidated statements |
|------|------------------|---|---|
| 2019 | - | -2,646,719,356.53 | - |
| 2018 | 86,447,673.20 | 680,728,392.03 | 12.70% |
| 2017 | 2,141,981,235.91 | 7,137,234,723.47 | 30.01% |

II. Preplan of profit allocation and capital reserve converting into share equity during the reporting period

| | |
|--|-------------------|
| For every 10 shares to send bonus shares | - |
| For every 10 shares dividend number (RMB) (tax included) | - |
| The equity base of distribution plan(shares) | 4,802,648,511 |
| Total cash dividends (yuan) (tax included) | - |
| Distributable profits (yuan) | 31,852,751,052.34 |
| Proportion (%) of cash dividends to total profit distribution | - |
| Cash dividend policy: | |
| Others | |
| Detailed statement of profit allocation or plan that capital accumulation fund turn to be added | |
| <p>Audited by Ernst & Young Huaming certified public accountants (special ordinary partnership), the parent company annual net profit of 2019 is -2,828,617,627.35 yuan, added with early undistributed profit of 34,767,840,143.32 yuan, minus the allocated cash dividend of 86,471,463.63yuan during the reporting period, so at the end of 2019 the undistributed profits can be used for distribution is 31,852,751,052.34 yuan. At the end of 2019, monetary fund balance of the parent company is 6,563,020,335.56 yuan.</p> <p>In 2019, the preplan profit distribution of the Company deliberated and approved by the Board is: no profit distribution and no conversion of capital reserve into share capital.</p> | |

III. Commitments Fulfillment Condition

1、 Commitments that company, shareholders, actual controllers, the acquirer, directors, supervisors and senior management personnel or other affiliated parties during the report period fulfilled and by the end of report period not yet fulfilled.

| Commitments | Commitment entity | Commitment content | Commitment time | period for commitment | Performance |
|--------------------------|-------------------|---|-----------------|-----------------------|---|
| Share limited commitment | China Changan | When the company non-publicly subscribes for new shares of listed companies in 2017, the newly acquired shares of listed company can not be transferred within 36 | Oct., 2017 | 36 months | China Changan has fulfilled its commitment that the subscription of restricted shares has not been transferred within 36 months from October 14, 2016, and the conditions |

| | | | | | |
|-------------------------------------|---------------|---|-----------------|--|--|
| | | months since the listing, but can be transferred after 36 months according to relevant provisions of China Securities Regulatory Commission and Shenzhen Stock Exchange. | | | for lifting the restricted shares have been met. The shares were listed and circulated on October 16, 2019. |
| Other small shareholders commitment | China Changan | In order to avoid and eventually solve the possible competition or potential competitors, better maintain the interests of investors, the company controlling shareholder China Changan made the commitment: In two consecutive years profit of Harbin Hf Automobile Industry Group Co, With the continuous development ability and management level is improved significantly. Under such condition, the enterprise will be affiliated into the company. | September, 2010 | | The Harbin Hefei Automobile Industry Group Co at present is still running at a loss, The conditions have not yet reached the profitable for two consecutive years. |

2、The assets of the company or project include the earnings forecast, and during the report period, the profit forecast still existed, the company assets or projects achieve the profit forecast and explain the reasons

Applicable Not-applicable

IV. The non-operating fund occupation situation of the controlling shareholders and their affiliates to the listed companies

Applicable Not-applicable

During the reporting period there does not exist non-operating fund of the listed company occupied by the controlling shareholder and its affiliated parties.

V. The board of directors, supervisors, and independent directors (if applicable) explaining the "non standard audit report" from the accounting firm during the reporting period

Applicable Not-applicable

Certified public accountants do not issue "non-standard audit report" for the current report.

VI. Explaining the change with last year's financial statements, accounting policies, accounting estimate and accounting methods

Applicable Not-applicable

For details, please refer to "31. Accounting Policies and Changes in Accounting Estimates" of the "Significant Accounting

Policies and Accounting Estimates" in Note 3 to the Financial Statements in the "2018 Annual Report of the Company".

VII. During the reporting period, big accounting errors correction and the need for trace restatement

Applicable Not-applicable

During the reporting period, no significant accounting errors correction and no need for trace restatement.

VIII. Compared with financial report for last year, the explanation to the scope change of consolidated statements

Applicable Not applicable

During the reporting period, Changan Automobile newly established one wholly owned subsidiaries, Chongqing Chehe Mei Technology Co., Ltd., which was included in the consolidated statements.

IX. The appointment, dismissal of the accounting firm

The appointment of the accounting firm

| | |
|---|----------------------------|
| The name of the domestic accounting firm | Ernst & Young Hua Ming LLP |
| Domestic accounting firms payment (ten thousand Yuan) | 386 |
| A continuous years of domestic accounting firms audit service | 13 |
| Domestic accounting firm of Certified Public Accountants name | Qiao Chun, Hu Yan |

Whether to change the accounting firms

Applicable Not-applicable

Employ audit of internal control accounting firms, financial adviser or sponsor

Applicable Not-applicable

Through the approval from the company's 2018 annual shareholders' meeting, the company hired Ernst & Young Huaming certified public accountants (special ordinary partnership) as the company's 2019 annual internal control audit certified public accountants. In 2019 the internal control audit fee paid for the internal control auditing services provided by Ernst & Young Huaming certified public accountants (special ordinary partnership) is RMB 1.166 million yuan.

X. After the disclosure of the annual report, the Company faces the suspension and termination of the listing

Applicable Not-applicable

XI. Bankruptcy restructuring related matters

Applicable Not-applicable

During the report period no bankruptcy restructure related matters occur.

XII. Crucial litigation and arbitration events

Applicable Not-applicable

During the reporting period the company has no crucial litigation and arbitration events.

XIII. Punishment and rectification

Applicable Not-applicable

During the reporting period there's no punishment and rectification.

XIV. The integrity of company and its controlling shareholder, actual controller

Applicable Not-applicable

XV. Company equity incentive plan, the implementation of the employee stock ownership plan or other staff incentives.

Applicable Not-applicable

At the 50th meeting of the 7th board of directors, *A bill to cancel some stock options of the Company* was deliberated and passed on Apr 19th, 2019, and 9,503,400 stock options would be cancelled. For details, please refer to *The announcement of cancellation about some stock options of the company* (Announcement Number: 2019-24) on Apr 23rd, 2019. On May 15th, 2019, the company disclosed *Notice on the completion of cancellation about some stock options* (Announcement Number: 2019-33), according to relevant regulations, the company applied to the shenzhen branch of China securities registration and settlement co., LTD for the cancellation of stock options and completed the cancellation procedures.

XVI. Significant related party transactions

1、Related transactions related to day-to-day operation

For details, please refer to Note 9 "Related Party Relationships and Transactions" in the Financial Statements.

2、Assets or equity acquisition, sales related transactions

Applicable Not-applicable

For details, please refer to Note 9 "Related Party Relationships and Transactions" in the Financial Statements.

3、Related transactions of common investment

Applicable Not-applicable

For details, please refer to Chapter four " Major equity investment in the reporting period " in the Financial Statements.

4、Related rights and debt relations

Applicable Not-applicable

For details, please refer to Note 9 "Related Party Relationships and Transactions" in the Financial Statements.

Whether there is any non-business related credits and debts

Yes No

There is no non-operating associated credits and debts during the reporting period.

5、Other significant related transactions

applicable not applicable

Related queries in disclosure website of interim report of related transactions

| Name of temporary announcement | Temporary announcement date | Temporary announcement site name |
|---|-----------------------------|---|
| Related transaction announcement that Chongqing Automobile Finance Co., Ltd. provides financial services (Note 1) | Feb, 1st, 2019 | http://www.cninfo.com.cn |
| Related Transactions Announcement that China South Industries Group Co., Ltd. provides financial service for the company (Note 2) | Feb, 1st, 2019 | http://www.cninfo.com.cn |
| Announcement about increasing estimated amount of 2019 daily related transaction | Feb, 1st, 2019 | http://www.cninfo.com.cn |
| Supplementary announcement about increasing estimated amount of 2019 daily related transaction | Feb, 21st, 2019 | http://www.cninfo.com.cn |
| Announcement of Related Transactions for Providing Entrusted Loans to Jiangling Holdings Limited | Apr, 23rd, 2019 | http://www.cninfo.com.cn |

Note 1: Changan Automobile has signed a Financial Service Agreement with China South Industry Group Finance Co.,Ltd and strictly implemented the approval procedures from BOD meeting and Shareholders' meeting. In accordance with "Administrative Measures for Financial Companies of Enterprise Groups" issued by CBRC, Changan Automobile reviewed China South Industry Group Finance Co.,Ltd and issued a risk assessment report.(For details, please refer to "A report on risk assessment of China South Industry Group Finance Co.,Ltd" disclosed on <http://www.cninfo.com.cn> on Feb., 28th 2020)

In 2019, China South Industry Group Finance Co.,Ltd provided the following services for the company:

- ①Provide the maximum deposit balance of not more than 5.5 billion, and the deposit interest rates should not be lower than that of other domestic financial institutions over the same period;
- ②Provide the maximum credit total of 12 billion yuan and related credit services, the credit rate provided by the finance Company for Changan Automobile should not be higher than that of other domestic financial institutions over the same period;
- ③Provide the maximum credit total of 15 billion auto financial services and other financial services, and set the prices for financial services in accordance with the standards not higher than market fair prices or national standards.

Note 2: Changan Automobile has signed a Financial Service Agreement with Changan Automobile Finance Co.,Ltd and strictly implemented the approval procedures from BOD meeting and Shareholders' meeting. In accordance with "Administrative Measures for Motor Financing Companies" issued by CBRC, Changan Automobile reviewed Changan auto finance and issued a risk

assessment report.(For details, please refer to " A report on risk assessment of Changan Automobile Finance" disclosed on <http://www.cninfo.com.cn> on Feb., 28th 2020)

In 2019, Changan auto Finance provided the following services for the company:

- ①Provide the maximum deposit balance of not more than 3.5 billion, and the deposit interest rates should not be lower than that of other domestic financial institutions over the same period;
- ②Provide the maximum of 2 billion yuan in auto finance personal consumer credit discount service , and set the prices for financial services in accordance with the standards not higher than market fair prices or national standards;
- ③Provide the maximum credit total of 6 billion auto financial services and other financial services, and set the prices for financial services in accordance with the standards not higher than market fair prices or national standards.

XVII. Major contract and its performance

1、 Trusteeship, contracting, leasing matters

(1) Trusteeship

Applicable Not-applicable

Information about Trusteeship

There is no Trusteeship during the reporting period.

(2) contracting

Applicable Not-applicable

Information about contracting

There is no contracting during the reporting period.

(3) Leasing

Applicable Not-applicable

Information about leasing

Related party rental situation can be found in the note nine of financial statements 5 (2) related party relationships and transactions.

Projects whose profit and loss to the company during the reporting period is more than 10% of total profits

Applicable Not-applicable

Projects whose profit and loss to the company during the reporting period can't be more than 10% of total profits

2、 Major guarantee

Applicable Not-applicable

There's no major guarantee during the report period.

3、 Entrust others for cash assets management

(1) Entrust financial situation

Applicable Not-applicable

There's no entrusting situation during the reporting period.

(2) Entrusted loans situation

Applicable Not applicable

On April 19th, 2019, the 51st meeting of the 7th board of directors reviewed and approved the "Proposal on Providing Entrusted Loans to Jiangling Holdings Co., Ltd.", agreeing that Changan Automobile provide entrusted loans of 300 million to its joint venture Jiangling Holdings Co., Ltd. For details, please refer to the "Announcement of Related Transactions for Providing Entrusted Loans to Jiangling Holdings Limited " (Announcement Number: 2019-27).

4、 Other major contract

Applicable Not-applicable

There's no other major contract during the reporting period.

XVIII. Social responsibility

1、 Performance of social responsibilities

The full text of the company's social responsibility report has been published on the website of www.cninfo.com.cn on the same day as the company's annual report.

2、 Fulfillment of social responsibility for targeted poverty alleviation

Applicable Not applicable

In 2019, Changan Automobile actively responded to the Guiding Opinions of the Central Committee of the Communist Party of China and the State Council on the Three-Year Action to Win the Strong Fight against Poverty, comprehensively implemented the spirit of the Nineteenth National Congress of the CPC and the Central Conference on Poverty Alleviation and Development. In accordance with the decision-making and deployment of the Party Central Committee and the State Council, and in accordance with the actual situation of the enterprise, the company have effectively promoted targeted poverty alleviation work, and completed the assistance to Yunnan Luxi, Yanshan, Jiangxi Jishui, Hebei Fuping, Chongqing Pengshui and Youyang.

(1) Fixed Poverty Alleviation Programs in Yunnan "Two Counties" in 2019

The company donated RMB 9 million to Luxi County.

On education poverty alleviation projects: invest 1.5 million yuan on the renovation project of dangerous buildings in Alou Primary School of Yongning Village Committee to improve the school infrastructure and provide a safe learning environment for the school students.

On poverty alleviation projects for people's livelihood: invest 4.7 million yuan to improve the living environment through the support of rural domestic waste collection and transportation facilities project for the disposal of garbage trucks and stainless steel

trash cans (hanging barrels) on demand in Luxi County.

On the industrial poverty alleviation project: invest 2.8 million yuan to support the construction project of factory nursery base in Jinma

The company donated RMB 9 million to Yanshan County.

On education poverty alleviation projects: invest 0.3 million yuan on the 980 square metre student complex building of Dageda hope primary school to solve the problem of teaching rooms for school students in grades 1-3 and kindergartens; invest 2 million yuan on the 960 square metre new comprehensive building and 120 square metre latrines and ancillary engineering projects of the Biyun hope primary school.

On poverty alleviation projects for people's livelihood: donate 2.89 million yuan to 9 townships for the purchase of the garbage collection vehicles; donate 3.81 million yuan on the project of garbage collection bins (boxes) to purchase domestic garbage collection boxes in 11 townships.

(2) Fixed Poverty Alleviation Program in Jishui County, Jiangxi Province in 2019

The company donated RMB 2 million to Jishui County.

On the health poverty alleviation project: support the health express project and invest 2 million yuan to purchase medical ambulances for Jishui County.

(3) Fixed Poverty Alleviation Programs in Pengshui and Youyang Counties of Chongqing in 2019

According to the "Notice of the Chongqing Municipal Development and Reform Commission's Leading Group for Poverty Alleviation on Carrying out Donation Assistance and Reporting Poverty Alleviation Materials"(Yu Development and Reform Commission of the Poverty Alleviation Group issued [2019] Document No. 1), Changan Automobile donated 300,000 yuan to Pengshui County for poverty alleviation.

In accordance with the spirit of the Notice of the Office of the People's Government of Jiangbei District of Chongqing on the Work Plan of Aiding Youyang County in 2019 (No. 5 of Jiangbei Prefecture Office), Changan Automobile donated 200,000 yuan to Youyang County for the "Golden Plum" planting project in Changsha Village of Lixi Town.

(4) Fixed Poverty Alleviation Program in Fuping, Hebei Province in 2019

According to the letter of the poverty alleviation Working Group Office of the State Administration of organ affairs on Further Strengthening the assistance to mengxiang automobile training base of Fuping Vocational Education Center, the poverty alleviation work was carried out in Fuping County, Hebei Province, and materials such as complete vehicles, parts, machinery and equipment were donated to mengxiang automobile training base of Fuping vocational and technical education center, including 38 vehicles, 77 parts and components (2 categories and 8 kinds of materials), 30 sets of machinery and equipment, equivalent to 9.15 million yuan in total.

Changan Automobile Statistics on Poverty Alleviation in 2019

| Indicator | Unit | Quantity / Details |
|---|-----------------|--|
| I . Total | — | — |
| 1.funds | 10 thousand RMB | 2050 |
| 2. Material | 10 thousand RMB | 915 |
| II . Subdivision | — | — |
| 1. Industrial poverty alleviation | — | 300 |
| 1.1 Industrial poverty alleviation project type | — | 1) Construction Project of Factory Seedling Raising Base in Jinma Town, Luxi; 280 2) "Golden Plum" Planting Project in Changsha |

| | | |
|---|-----------------|--|
| | | Village, Lixi Town, Youyang; 20 |
| 2. Education poverty alleviation | — | 1295 |
| 2.1 Funding for poor students | 10 thousand RMB | 1) Renovation project of dangerous buildings in Alou Primary School of Yongning Village Committee, in Luxi County; 150 2) Dageda Hope Primary School Project in Yanshan county; 30 3) Biyun Hope Primary School Project in Yanshan county; 200 4) Mengxiang automobile training base project of Fuping vocational and Technical Education Center; 915 |
| 3. Medical and health poverty alleviation | — | 200 |
| 3.1 Medical and health resources invested in poverty areas | 10 thousand RMB | Jishui County Health Express (Medical Ambulance) Project; 200 |
| 4. Other projects - people's livelihood poverty alleviation | — | 1170 |
| 4.1 Amount of investment | 10 thousand RMB | 1) Luxi Waste Collection and Transportation Facility Project; 470 2) Yanshan Garbage Collection Vehicle Purchase and Construction Project; 289 3) Inkshan Garbage Collection Tank Purchase Construction Project; 381 4) Pengshui County; 30 |

(5) Follow-up precision poverty alleviation plan

In 2020, Changan Automobile will adhere to targeted poverty alleviation, focus on the combination of poverty alleviation with supporting the will and wisdom, complete the task of poverty alleviation in Luxi County, Yanshan County, Pengshui County, Youyang County, etc., spread the concept of "love the world", and establish the image of excellent corporate citizens of Changan automobile.

3、Fulfill the social responsibility of the environmental protection

Whether the listed companies and their subsidiaries belong to the key pollutant discharge units announced by the environmental protection department

Yes No

Basic status

Changan Automobile mainly produces engines and automobiles. The main pollutants are chemical oxygen demand, ammonia nitrogen, total nickel, toluene, xylene and non-methane hydrocarbon, etc. Waste water mainly comes from the treatment of surface treatment wastewater, spray painting wastewater and oil containing wastewater before the coating workshop, which is discharged after physicochemical and biochemical treatment. The exhaust gas is mainly painted waste gas and flue gas. The exhaust gas of the spray paint is absorbed, concentrated and burned, and the exhaust gas of the oven is discharged after burning. Two sulfur oxide and nitrogen oxide are mainly from the waste gas from the clean energy of natural gas. All of the exhaust gases from energy and natural gas combustion are organized emissions. The company's headquarters and subsidiaries have a sound environmental management system, which has passed the environmental management system certification.

Pollution discharge information

During the reporting period, there were 412 pollutant outlets and 17 water pollutant outlets. The emission standards were strictly implemented according to the national sewage comprehensive discharge standard, the water pollutant discharge standard in Beijing, the national standard for the comprehensive emission of air pollutants, the standard for the emission of air pollutants on the surface of automobile manufacturing in Chongqing, the standard for the comprehensive emission of air pollutants, and the vehicle Manufacturing industry (painting process) air pollutant emission standard in Beijing, national industrial enterprise boundary environmental noise emission standard and so on. The total emission of major pollutants: 641.11 tons of chemical oxygen, 58.33 tons of ammonia nitrogen, 26.98 tons of sulfur dioxide, 163.45 tons of nitrogen oxides and quantitative volatile organic compounds 2245.02 tons. All the pollutants in the company are discharged, and there is no excess total emission.

Solid wastes are separately collected and stored. Main dangerous wastes are wastewater and sludge treatment, paint slag, phosphated residue and waste solvent, etc. The units with hazardous waste business qualification are entrusted to dispose hazardous wastes. The general industrial solid wastes and household garbage are disposed by the units with qualification according to the requirement of the local government. The waste electrical and electronic products are disassembled by the units with qualification and are safely disposed by the units with hazardous waste business qualification. During the reporting period, 70,000 tons of hazardous waste and 86,400 tons of general industrial solid waste were disposed.

Construction and operation of pollution prevention facilities

During the reporting period, the main waste gas prevention and control facilities include foundry dust removal and deodorization facilities in engine factories, welding dust removal facilities in vehicle factories and treatment facilities for coating volatile organic waste gas; together with wastewater treatment facilities, they are included in preventive maintenance management of equipment, with account books, operation instructions, preventive maintenance rules, preventive maintenance plans and implementation records, and equipment spot inspection records, operating records and so on. The facilities are running normally. The key pollutant discharge units are all equipped with automatic wastewater monitoring facilities and entrusted the tripartite company to operate and maintain the facilities.

Administrative licensing of environmental impact assessment and other environmental protection for construction projects

In accordance with the regulations of the State Council on environmental protection and management of construction projects, the People's Republic of China Environmental Impact Assessment Law, the regulations on environmental protection in Chongqing, and the Interim Measures for the construction project completion of environmental protection and acceptance by the Ministry of environmental protection of the state, the environmental impact assessment and completion ring of the new, modified and expanded projects are required and strictly enforce the environmental impact assessment system and the "Three Simultaneity" system.

During the reporting period, the environmental impact assessment approvals for the second phase of the crash laboratory and the CS85 project have been obtained, and the completion of the environmental protection acceptance of the new energy first phase project, electric drive project, and automobile product structure adjustment project has been completed.

Emergency preparedness and exercise of emergency environmental events

Continue to carry out environmental protection emergency drills to improve the emergency response capabilities of environmental emergencies. During the reporting period, all bases had environmental risk assessment reports and emergency response plans for environmental emergencies. Jiangbei Engine Factory of Chongqing Headquarters Changan completed the revision and filing of emergency response plans for environmental emergencies. Each base station prepared emergency drill plans and carried out emergency response in accordance with regulatory requirements Drills to continuously improve the practicality of emergency plans and employees' emergency response capabilities. No sudden environmental incident occurred.

Programming and implementation of self-monitoring of the environment

In 2019, Key sewage units of Changan Automobile: OuShang Automotive Division, Jiangbei Engine Factory, Yubei Factory, Beijing Changan, Hefei Changan. All the key sewage made self-monitoring schemes, and self-monitoring has been carried out, and information disclosure has been carried out according to the requirements of the local ecological environment department.

Others

During the reporting period, all bases carried out the declaration of national sewage permits in accordance with regulations and obtained national sewage permits. OuShang Automotive Division, Jiangbei Engine Factory, Yubei Factory, and Mould Business Department have carried out environmental credit evaluation work, all of which have been awarded the title of Environmental Integrity Enterprise.

XIX. Other important events

Applicable Not-applicable

For details, please refer to "2、Selling of major equity" in Section IV "VI. Selling of major assets and major equity" of the annual report.

XX. Important matters of the Company's subsidiary

Applicable Not-applicable

For details, please refer to "2、Selling of major equity" in Section IV "VI. Selling of major assets and major equity" of the annual report.

Chapter 6 Changes in the shareholding of the company and shareholders

I. Change in shareholdings

1、Change in shareholdings

Unit: One share

| | Balance before current change | | Addition and deduction (+, -) during change | | | | Balance after current change | | |
|--------------------------------------|-------------------------------|-----------|---|----------------|-------------------------|--------------|------------------------------|---------------|---------|
| | Quantity | Ratio (%) | Additional issued | Stock dividend | Provident fund transfer | other | Quantity | Ratio (%) | |
| Non-circulated shares | 139,781,303 | 2.91% | | | | -139,762,403 | 18,900 | 0.00% | |
| 1、State-owned legal person shares | 139,762,403 | 2.91% | | | | -139,762,403 | 0 | 0.00% | |
| 2、Senior management personnel shares | 18,900 | 0.00% | | | | | 18,900 | 0.00% | |
| Circulated shares | 4,662,867,208 | 97.09% | | | | +139,762,403 | 4,802,629,611 | 100.00% | |
| 1、Domestic listed RMB shares | 3,760,881,066 | 78.31% | | | | +139,762,403 | 3,900,643,469 | 81.22% | |
| 2、Domestic listed foreign shares | 901,986,142 | 18.78% | | | | | 901,986,142 | 18.78% | |
| Total shares | 4,802,648,511 | 100.00% | | | | | 0 | 4,802,648,511 | 100.00% |

Reason of stock changes

applicable not applicable

The company issued 139,762,403 shares of RMB common shares (A shares) to China Changan on October 14, 2016, and released the restricted sales and listed circulation on October 16, 2019.

Approval of stock changes

applicable not applicable

Ownership transfer of stock change

applicable not applicable

Progress in the implementation of stock repurchase

applicable not applicable

Progress in the implementation of the reduction of stock by means of centralized bidding

applicable not applicable

The influence of share changes on financial indicators, such as the latest year and the latest basic earnings per share and diluted earnings per share, the net assets per share belonging to the common shareholder of the company

applicable not applicable

Other contents which the company regards necessary and securities supervising institution requires the Company to disclose.

applicable not applicable

2、Change in Non-circulated shares

Available Not-available

Unit: one share

| Name of shareholders | Non-circulated shares held at the year-beginning | Decrease during the reporting period | Increase during the reporting period | Non-circulated shares held at the year-end | Reason for non-circulated shares | Date for the circulated shares |
|------------------------------------|--|--------------------------------------|--------------------------------------|--|---|--------------------------------|
| China Changan Automobile Co., Ltd. | 139,762,403 | 139,762,403 | - | - | Non-public offering shares of 139,762,403 in 2016 | 2019-10-16 |
| Zhu Huarong | 18,900 | - | - | 18,900 | Executive lock stocks | 6 months after the retirement |
| Total | 139,781,303 | 139,762,403 | - | 18,900 | -- | -- |

II. Issuing and listing of securities

1、Securities issuance (excluding preferred stocks) during the reporting period

applicable not applicable

2、Changes in the total number of shares of the Company and changes in the structure of the shareholders and in the structure of the Company's assets and liabilities

applicable not applicable

3、Existing internal staff shares

Available Non available

III. Shareholders and actual controllers situation

1、The number of shareholders of the company and the stock

Unit: one share

| | | | | | | | |
|---|---------|---|---------|---|---|---|---|
| Number of ordinary shareholders at the period-end | 154,222 | Number of ordinary shareholders at the month-end prior to the disclosure of this Report | 142,292 | Number of preferred shareholders with resumed voting rights at the period-end | 0 | Number of preferred shareholders with resumed voting rights at the month-end prior to the disclosure of this Report | 0 |
|---|---------|---|---------|---|---|---|---|

Holding more than 5% of the shareholders, or top 10 shareholders situation

| Name of shareholders | Nature of Shareholders | Percentage of total shares (%) | Shares held at the year-end | increases and decreases during the report period | Non-circulated shares held at the year-end | Circulated shares held at the year-end | Pledged/ Frozen cases | |
|--|--------------------------------------|--------------------------------|-----------------------------|--|--|--|-----------------------|--------|
| | | | | | | | Share status | amount |
| China South Industries Group Co., Ltd. | State-owned legal person shares | 21.56% | 1,035,312,673 | - | - | 1,035,312,673 | No pledge or freeze | |
| China Changan Automobile Co., Ltd. | State-owned legal person shares | 19.32% | 928,044,946 | - | - | 928,044,946 | No pledge or freeze | |
| China securities finance Co, Ltd | domestic general legal person shares | 4.88% | 234,265,333 | - | - | 234,265,333 | No pledge or freeze | |
| United Prosperity (Hongkong) Investment Co., Limited | foreign legal person shares | 3.21% | 154,120,237 | - | - | 154,120,237 | No pledge or freeze | |
| Hong Kong Central Clearing Company Limited | foreign legal person shares | 2.45% | 117,696,728 | 94,048,681 | - | 117,696,728 | No pledge or freeze | |
| Central Huijin Investment Ltd. | domestic general legal person shares | 1.15% | 55,393,100 | - | - | 55,393,100 | No pledge or freeze | |
| DRAGON BILLION SELECT MASTER FUND | foreign legal person shares | 0.79% | 38,006,736 | -2,590,378 | - | 38,006,736 | No pledge or freeze | |
| GIC PRIVATE | foreign legal | 0.73% | 35,283,393 | -9,519,830 | - | 35,283,393 | No pledge or | |

| LIMITED | person shares | | | | | | freeze | |
|--|--|--------------------------------|------------|---------------|--|------------|---------------------|--|
| CAPE ANN GLOBAL DEVELOPING MARKETS FUND | foreign legal person shares | 0.45% | 21,851,125 | 8,551,149 | | 21,851,125 | No pledge or freeze | |
| Industrial and Commercial Bank of China-E Fund Value Growth Hybrid Securities Investment Fund | fund, finance products, etc. | 0.43% | 20,672,905 | 20,672,905 | | 20,672,905 | No pledge or freeze | |
| Explanation on the relationship and the action alike of above shareholders | Among the top 10 shareholders, China South Industries Group Co., Ltd., the actual controller; China Changan Automobile Group Co., Ltd., the controlling shareholder, and its wholly owned subsidiary United Prosperity (Hong Kong) Investment Co., Limited. belong to the concerted actor regulated by "Disclosure Administration of Shares Change Information of The Listed Company". | | | | | | | |
| The ten largest circulated shareholders | | | | | | | | |
| Name of shareholders | Shares at the year end | Shares type | | | | | | |
| | | Type | Amount | | | | | |
| China South Industries Group Co., Ltd. | 1,035,312,673 | RMB ordinary shares | | 1,035,312,673 | | | | |
| China Changan Automobile Co., Ltd. | 928,044,946 | RMB ordinary shares | | 928,044,946 | | | | |
| China securities finance Co, Ltd | 234,265,333 | RMB ordinary shares | | 234,265,333 | | | | |
| United Prosperity (Hongkong) Investment Co., Limited | 154,120,237 | Domestic listed foreign shares | | 154,120,237 | | | | |
| Hong Kong Central Clearing Company Limited | 117,696,728 | RMB ordinary shares | | 117,696,728 | | | | |
| Central Huijin Investment Ltd. | 55,393,100 | RMB ordinary shares | | 55,393,100 | | | | |
| DRAGON BILLION SELECT MASTER FUND | 38,006,736 | Domestic listed foreign shares | | 38,006,736 | | | | |
| GIC PRIVATE LIMITED | 35,283,393 | Domestic listed foreign shares | | 35,283,393 | | | | |
| CAPE ANN GLOBAL DEVELOPING MARKETS FUND | 21,851,125 | Domestic listed foreign shares | | 21,851,125 | | | | |
| Industrial and Commercial Bank of China-E Fund Value Growth Hybrid Securities Investment Fund | 20,672,905 | RMB ordinary shares | | 20,672,905 | | | | |
| The top 10 shareholders to sell circulated shares, and the infinite tradable relationship between shareholders and top 10 shareholders or concerted action | Among the top 10 shareholders, China South Industries Group Co., Ltd., the actual controller; China Changan Automobile Group Co., Ltd., the controlling shareholder, and its wholly owned subsidiary United Prosperity (Hong Kong) Investment Co., Limited. belong to the concerted actor regulated by "Disclosure Administration of Shares Change Information of The Listed Company". | | | | | | | |

Whether the company top 10 shareholders of ordinary shares, and the top 10 circulated shareholders agreed on the repurchase transactions during the report period

Available Not- available

The company top 10 shareholders of ordinary shares, and the top 10 circulated shareholders did not agree on the repurchase

transactions during the reporting period.

2、The controlling shareholder of the company.

Nature of the controlling shareholder: the central state-owned

Type of the controlling shareholder: legal person

| Name | Legal /Representative | Date of establishment | Organization code | Business scope and major products: |
|--|---|-----------------------|--------------------|--|
| CHINA CHANGAN AUTOMOBILE GROUP CO., LTD | Liu Weidong | Dec 26th, 2005 | 911100007109339484 | Design, development, manufacture and sales of automobile &motorcycle, automobile &motorcycle engine, automotive and motor cycle components& parts; sales of optical products, electronic and photoelectron products, night-time vision device, information and communication equipment; technical development, technical transfer, technical consultation, technical training, and other technical service relative with the operation mentioned above; imports and exports; merge and acquisition and consultation of assets restructuring. |
| The controlling equity and equity during the reporting period, the controlling shareholder of listed companies in other domestic and foreign markets | To the reporting period, the holding companies: Harbin Dongan Auto Engine Co., Ltd. (stock code 600178); Hunan Tianyan Machinery Co., Ltd. (stock code 600698), Chongqing Changan Minsheng APLL Logistics Co., Ltd(stock code 01292.HK) | | | |

The change of controlling shareholder during the reporting period

Available Not- available

No changes in controlling shareholder during the reporting period.

3、The ultimate controller of the Company

Nature of the ultimate controller: the central state-owned asset management institution

Type of the ultimate controller: legal person

| Name | Legal /Representative | Date of establishment | Organization code | Business scope and major products: |
|------------------------------------|---|-----------------------|--------------------|--|
| China South Industries Group Corp. | Xu Ping | 29 Jun.,1999 | 91110000710926043F | investment and management of state-owned assets; manufacturing of guns and firearms; engineering prospecting, designing, construction, contracting, construction supervision; equipment installation, etc. |
| The controlling equity | To the reporting period, direct or indirect holding companies: Harbin Dongan Auto Engine Co., Ltd. (stock | | | |

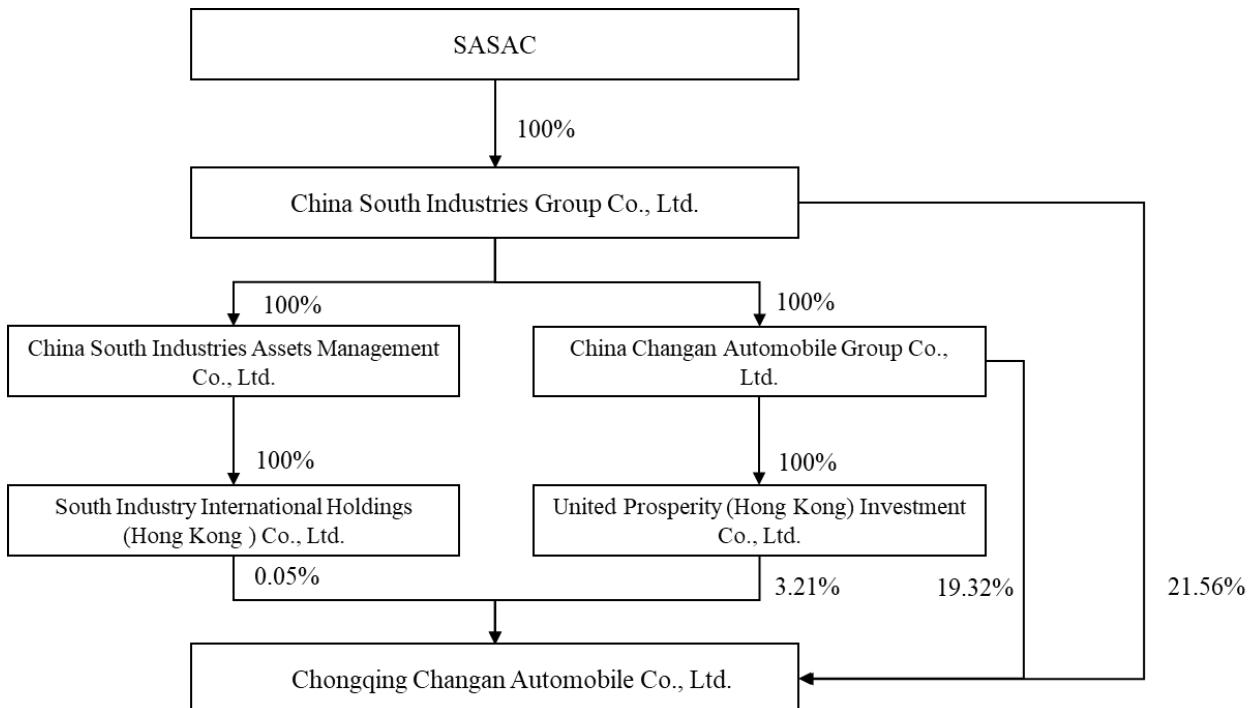
and equity during the reporting period, the controlling shareholder of listed companies in other domestic and foreign markets (code 600178); Baoding Tianwei Electric Co., Ltd. (stock code 600550); Jiangling Motors Co., Ltd. (stock code 000550); Hunan Tianyan Machinery Co., Ltd. (stock code 600698); Chongqing Jianshe Automotive Systems Co., Ltd. (stock code 200054); China Optical Group Co., Ltd. (stock code 002189); Yunnan West Instrument industrial Co., Ltd. (stock code 002265); Chongqing Changan Minsheng logistics Limited (stock code 01292.HK).

The change of the ultimate controller during the reporting period

Available Not available

No changes in the ultimate controller during the reporting period.

Relationship among the Company and its controlling shareholders:



Actual control people control the company through trust or other asset management method.

Available Not available

4、Other legal shareholders with over 10% holding

Available Not available

5、Reduced shareholdings of controlling shareholders, actual controllers, restructuring parties and other committing parties

Available Not available

Chapter 7 Information about Directors, Supervisors, Senior Management and Employees

I. Share ownership changes of directors, supervisors and senior management

| Name | Position | As state | Gender | Age | Term start date | Term termination date | Shares held at beginning (stock) | increased share number in this issue (stock) | decreased share number in this issue (stock) | share number at the end (stock) |
|---------------|--------------------------------|----------|--------|-----|-----------------|-----------------------|----------------------------------|--|--|---------------------------------|
| Zhang Baolin | Chairman | present | M | 57 | 2017-09-22 | Up to now | | | | |
| Zhu Huarong | Director, President | present | M | 54 | 2016-03-23 | Up to now | 25,200 | - | - | 25,200 |
| Zhou Zhiping | Director | present | M | 49 | 2016-03-23 | Up to now | | | | |
| Tan Xiaogang | Director | present | M | 56 | 2016-03-23 | Up to now | | | | |
| Zhang Dongjun | Director | present | M | 53 | 2018-05-18 | Up to now | | | | |
| Zhang Deyong | Director, The chief accountant | present | M | 45 | 2018-05-18 | Up to now | | | | |
| Liu Jipeng | independent director | present | M | 63 | 2016-03-23 | Up to now | | | | |
| Li Qingwen | independent director | present | M | 63 | 2016-03-23 | Up to now | | | | |
| Chen Quanshi | independent director | present | M | 74 | 2016-03-23 | Up to now | | | | |
| Ren Xiaochang | independent director | present | M | 63 | 2017-09-20 | Up to now | | | | |
| Pang Yong | independent director | present | M | 50 | 2016-03-23 | Up to now | | | | |
| Tan Xiaosheng | independent director | present | M | 49 | 2016-03-23 | Up to now | | | | |
| Wei Xinjiang | independent director | present | M | 50 | 2017-09-20 | Up to now | | | | |

| | | | | | | | | | | |
|----------------|-----------------------------|-----------|---|----|------------|------------|--------|---|---|--------|
| Cao Xingquan | Independent director | present | M | 48 | 2018-05-18 | Up to now | | | | |
| Yan Ming | Chairman of the supervisory | present | M | 54 | 2019-01-03 | Up to now | | | | |
| Sun Dahong | Supervisor | present | M | 53 | 2016-03-23 | Up to now | | | | |
| Zhao Huixia | Supervisor | present | M | 59 | 2016-03-23 | Up to now | | | | |
| Wang Yanhui | Employee Supervisor | present | F | 53 | 2020-04-18 | Up to now | | | | |
| Luo Yan | Employee Supervisor | present | F | 45 | 2016-03-23 | Up to now | | | | |
| Yuan Mingxue | Executive Vice President | present | M | 51 | 2016-03-23 | Up to now | | | | |
| Liu Bo | Deputy Vice Director | present | M | 53 | 2016-03-23 | Up to now | | | | |
| He Chaobing | Deputy Vice Director | present | M | 52 | 2016-03-23 | Up to now | | | | |
| Zhang Jingjing | Deputy Vice Director | present | F | 53 | 2016-03-23 | Up to now | | | | |
| Li Wei | Deputy Vice Director | present | M | 53 | 2016-03-23 | Up to now | | | | |
| Tan Benhong | Deputy Vice Director | present | M | 44 | 2017-08-31 | Up to now | | | | |
| Liu Zhengjun | Deputy Vice Director | present | M | 54 | 2017-11-24 | Up to now | | | | |
| Ye Pei | Vice President | present | M | 44 | 2018-09-21 | Up to now | | | | |
| Zhao Fei | Vice President | present | M | 45 | 2018-09-21 | Up to now | | | | |
| Chen Wei | Vice President | present | M | 47 | 2018-09-21 | Up to now | | | | |
| Li Mingcai | Vice President | present | M | 38 | 2018-09-21 | Up to now | | | | |
| Li Jun | Board Secretary | present | F | 50 | 2016-03-23 | Up to now | | | | |
| Zhang Anguo | Employee Supervisor | departure | M | 60 | 2016-03-23 | 2019-06-12 | | | | |
| Total | | | | | | | 25,200 | - | - | 25,200 |

II. Personnel Changes of directors, supervisors and senior management

| Name | Position | Type | Term | Reason |
|----------|-----------------------------|---------|------------|----------------------------|
| Yan Ming | Chairman of the supervisory | elected | 2019-01-03 | recruitment for work needs |

| | | | | |
|-------------|---------------------|-----------|------------|--------------------------------------|
| Wang Yanhui | Employee Supervisor | elected | 2020-04-18 | recruitment for work needs |
| Zhang Anguo | Employee Supervisor | departure | 2019-06-12 | reached the statutory retirement age |

III. Employment

Professional Background, Main Work Experience and Main Duties and Responsibilities of present directors, supervisors and senior managers

1、Directors

Mr. Zhang Baolin, Chairman, born in 1962. He has obtained a postgraduate degree, a senior economist and senior political &ideological worker. He currently holds the position of the member of the Party Group and the Vice General Manager of China South Industries Group, and the Chairman of Chongqing Changan Automobile. He used to work as Vice Secretary and Secretary of the League Committee of the South-west Industries Bureau in China Industries Company, Secretary of the Party Committee of Chongqing Changfeng Machinery Factory, Senior Deputy General Manager and General Manager of Chengdu Wanyou Company, Director, Vice President and Deputy General Manager of Changan Automobile (Group) Co., Ltd., the President of the Company, the vice secretary of the Party Committee of China Changan, the president assistant of South Industries Group, the General Manager and the vice Chairman of the Company, the General Manager of China Changan Automobile Co, Ltd.

Mr. Zhu Huarong, Director and President, Secretary of the party committee. He was born in 1965, master graduate student, senior engineer. Currently he is the president assistant of South Industries Group, the director of China Changan Automobile Group and the director、president and the vice secretary of party committee of Chongqing Changan Automobile. He was vice director of Changan Technology Department, the chief engineer of Changan Automobile Manufacture Factory, president assistant of Changan Automobile (Group) Co., Ltd. and director of technical center, director of science and technology committee, vice President of Changan Automobile (Group) Co., Ltd and the leader of engineering research division., vice President and secretary of party committee of Chongqing Changan Automobile, the vice secretary of party committee of China Changan Automobile Group

Mr. Zhou Zhiping, Director. He was born in 1971, the doctor graduate, senior engineer. Currently he is staff director of China South Industries Group, director, secretary of the Party Committee, Union Chairman of Chongqing Changan Automobile. He was deputy director of Motor sector of development and planning department of China South Industries Group Corp, manager and director of long-term planning sector of development and planning department of China South Industries Group Corporation, deputy director and director of capital operation Department of China South Industries Group Corp, the general manager of the southern industrial asset management Ltd, the staff director of China South Industries Group, the secretary of party committee and the labor union chairman of the Company.

Mr. Tan Xiaogang, Director. He was born in 1963, the master's degree, researcher-level senior engineer. Currently, he is the director of Development & Planning Department of China South Industries Group. He used to be the Vice Director, executive Vice Director of Workshop No. 343, deputy Secretary of the Yuanling County CPC Committee in Hunan Province, director, executive deputy general manager, and general manager of Hunan Yunjian Co. Ltd, Chariman, the Secretary of the Party Committee of Hunan Yunjian Group, and vice director of Development & Planning Department of China South Industries Group.

Mr.Zhang Dongjun, Director, is born in 1966, master's degree. Now he is the Director and Chief Accountant of China Changan Automobile Group Co, Ltd. He used to be the deputy director of the comprehensive technology department, the director, the director of the technical management office, the deputy general manager of the southern industrial asset management company, the deputy director of the capital operation department of the southern industrial automobile company, the general manager of the capital operation department of China changan capital, the assistant to the President.

Mr. Zhang Deyong, director, The chief accountant, born in 1975, MPAcc, senior accountant. He is the chief accountant of the Company . He was the Deputy Director, Director, Assistant to the Director of the Finance Division of China Institute of Weaponry

and Equipment Group, Deputy Director of the Finance Department of China Weaponry and Equipment Group Corporation Member, deputy director of the financial department of China Weapon Equipment Group Corporation (on duty), director, chief accountant and member of the party committee of Chongqing Changan Industry Group Co., Ltd.

Mr. Liu Jipeng, independent director. He was born in 1956, master degree. He has the certificates of Phase II Professor, Senior Fellow, Senior Economist and Certified Public Accountant and currently serves as Dean and Phase II Professor of Business School of China University of Political Science and Law. Currently, he is the dean, professor, and PhD supervisor of Capital Finance Institute in China University of Political Science and Law; Legal adviser to the State-owned Assets Supervision and Administration Commission of the State Council; the vice Chairman of China Enterprise Reform and Development Research Association; Deputy director of the independent board of directors of the China listed companies Association. He is a famous expert on joint-stock systems and corporate issues, specializing in the combination of joint-stock systems, collectivization, and internationalization theory and practice. He has published more than 400 articles on newspapers and magazines domestic and abroad, such as People's Daily and Economic Research Journal and received more than 800 interviews by domestic and overseas newspaper and magazines. In the last 20 years, he has managed the shareholding system reform, corporate strategy, acquisition and reorganization, financing scheme design for over 300 companies, such as National Electricity Company, Aviation Industry Corporation of China, Chinalco, Haier Group, Hainan Airlines, Wanxiang Group, Li-ning Sprotting Goods Co, Tianjin Development Zone Head Office. These enterprises cover more than 20 provinces and cities, including various industries. He is called "the first person in stock reform" by media.

Mr. Li Qingwen, independent director. He was born in 1956, master degree. He is currently the dean of the Automobile Evaluation Institute, dean of Beijing invisible unicorn information technology institute and vice chairman of the China Automobile Talent Research Association. He once served as chairman of China Energy Automobile Communications Group, president of China Automobile Newspaper, president of China Energy Newspaper, director and deputy director of the General Office of Heilongjiang Provincial People's Government, and secretary of Hailin Municipal Committee of Heilongjiang Province. Since 1998, his works with a total of over one million words in automotive research, monographs, reviews, and interviews have been published.

Mr. Tan Xiaosheng, independent director, born in 1970, bachelor's degree. Currently, he is Beijing Saiboyingjie Technology Co., Ltd founder, senior engineer, deputy secretary-general of the CCF, outstanding cyber security talents in 2018, high-end leader of Zhongguancun in 2012, technical expert of the Network Security Bureau of the Ministry of Public Security, and chairman of the CCF YOCSEF 2015-2016 headquarters, and successively worked at Xi'an Jiaotong University, Peking University Founder Group, Shenzhen Modern, Shenzhen Haoxin, 3721, Yahoo! China, MySpace China. From 2009 to 2019, he worked at 360 Company and served as vice president of technology, chief privacy officer, chief security officer, and technical president. He is also an adjunct professor and manager of the School of Computer Science at Chongqing University of Posts and Telecommunications, an adjunct professor at Xidian University, and an enterprise tutor at Beijing University of Posts and Telecommunications. Technical areas: network security technology, cloud computing platform technology, operational automation technology, search engine technology.

Mr. Pang Yong, independent director, born in 1969, master's degree. Currently, he is the chairman and CEO of IDEO, and adjunct professor of Jilin University, the vice president of the China Federation of Industry and Commerce Automobile Dealers, the vice president of the China-Europe Alumni Automobile Industry Association, a member of the Jiusan Society, and a member of Alxa SEE. As a senior expert in the Chinese automobile industry, an advocate of the lean operation model of China's automobile marketing, focusing on the automotive industry + consulting + marketing solutions and digital transformation services, he led the team to build a data and technology-driven channel dealer competitiveness database and The evaluation system "AD-CAS" utilizes the SaaS platform to realize the digital upgrade of China's automotive omni-channel and builds a cloud service for all new retail scenes of vehicles-Yimai Car. Enthusiastic for public welfare, there are special scholarship programs for young students in Tsinghua University, Jilin University, Beijing University of Aeronautics and Astronautics, and Tongji University.

Mr. Chen Quanshi, independent director, born in 1945, bachelor's degree. Currently, He is currently a professor and director of the Department of Automotive Engineering of Tsinghua University, director of the Electric Vehicle Research Office, and honorary director of the Electric Vehicle Branch of the China Automobile Engineering Society. He once served as vice president of the School

of Mechanical Engineering of Tsinghua University, head of the Department of Automotive Engineering, and director of the Automobile Research Institute. To undertake the topic of "Fuel Cell City Passenger Vehicle Technology Research" in the major national "863" electric vehicle projects, national energy conservation and new energy vehicle 863 major projects; He won the first prize for scientific and technological progress in Beijing in 2009 and the second prize for national invention(ranked second). He published a monograph "Fuel Cell Electric Vehicle"(first author) 2004, Tsinghua University Press; Editor-in-Chief of Advanced Electric Vehicle Technology (First Author) the first edition of 2007 (won the second prize of the National Machinery Industry Science and Technology Progress Award).

Mr. Ren Xiaochang, independent director, was born in 1956, bachelor's degree. He served as the chairman and general manager of China Automobile Engineering Research Institute, the group expert of the 12th Five-Year plan national key science and technology special (EV) projects, and the committee member of the second national strategic emerging industry development expert advisory committee. He is the expert of the Chinese machinery industry science and technology, the special subsidy expert of the State Council and the evaluation expert of the national science and technology award, the member of the academic committee of China Academy of international engineering. Its main research and scientific research projects have won the awards such as provincial and ministerial level and scientific and technological progress awards, including 3 second-level awards and 3 third-level awards.

Mr. Wei Xinjiang, independent director, was born in 1969, PHD. He is currently assistant general manager of China Life Insurance (Group) company strategic planning department and senior researcher of China life financial research institute. He was engaged in teaching and scientific research for 13 years at the International Investment Department of the Chinese Academy of Finance and the Institute of Finance and economics of foreign trade and Economy University. He studied at Holland business school, the University of Birmingham, the European Commission and the United Nations Hague International Court of justice for 3 years. He is the expert in international business, overseas M & A, operation of capital market and so on. It has rich research on finance, insurance, overseas investment, and comprehensive finance and so on. He also served as a part-time professor and postgraduate instructor of the International College of Renmin University of China, Xi'an Jiaotong-Liverpool University and the Holland business school. He has published nearly 150 papers in international and domestic journals, and 8 books, such as the fraud and anti-fraud of automobile insurance, the comparative study of the anti-monopoly policies between the United States and the EU, and the analysis of the accounting statements and investment value of the enterprises.

Mr. Cao Xingquan, independent director, born in 1971, doctor of law. He is currently a professor at the School of Civil and Commercial Law of Southwest University of Political Science and Law, and a doctoral tutor in the direction of civil and commercial law. He has 17 years of civil and commercial law teaching and research experience, including 14 years of teaching at Southwest University of Political Science and Law. He is a lecturer in the National fine course "Business Law" and the National Resource sharing course "Business Law". He focuses on the study of commercial law, company law, securities law, and insurance law. He has presided over or participated in more than 20 various scientific research topics, published more than 60 academic papers, published more than 10 academic works and participated in teaching materials; He is the executive director and director of the China Law Conference Law, Insurance Law, and Securities Law Research Association; He once served as vice president of the Fourth Division of the Chongqing First Intermediate People's Court Civil Trial; Member of Chongqing People's Procuratorate Expert Committee on Civil Administration Supervision; He has participated in many national and local legislative consultations, engaged in a large number of professional consultations, special lectures, and legal services in enterprise restructuring, capital operations, and corporate governance, and concurrently served as an arbitrator in arbitration committees in Shenzhen, Chongqing, and Zunyi.

2、Supervisors

Mr. Yan Ming, Chairman of the Supervisory Board, born in 1965, Master of Law, Senior Political Engineer. He is currently the senior professional of the Audit and Risk Department of China South Industries Co., Ltd., Chairman of the Weaponry Equipment Group Finance Co., Ltd. Baoding Tianwei Group Co., Ltd. He served as Deputy Minister and Minister of Organization Department of Jialing Industrial Co., Ltd.; United Front Department Minister, Party School Executive Vice President, Director of Human

Resources Development Management Office of Jialing Industrial Co., Ltd.; Deputy Party Secretary and Disciplinary Committee Secretary of Jialing Industry Co., Ltd.; Deputy Director of Human Resources Department of China South Industries (Exchange); Deputy Director and Director of the Party Group Work Department(Supervision Department) of China South Industries Co., Ltd., Deputy Chairman of the Party Group Discipline Inspection Unit, Member, Deputy Secretary, Member and Secretary of the CPC Ordnance Group directly under the Committee; Director of the Supervision Department of China South Industries and deputy leader of the Party Group Discipline Inspection Unit; Audit and Risk Department Inspector of China South Industries; Chairman of the Supervisory Board of Baoding Tianwei Group Co., Ltd., Zhonghui Fortis(Shenzhen) Co., Ltd., Southern Industrial Assets Management Co., Ltd., Weaponry Equipment Group Finance Co., Ltd.

Mr. Sun Dahong, Supervisor. He was born in 1966, master degree, senior economist. Currently, he is the vice director of the legal department. He used to be the vice director of legal division under the general office in China South Industries Group, vice director and director of Legal Advisor Division in China South Industries Group, and director of Legal Affairs Division of general office,deputy director of general office and the chief of Secrets Agency in South Industries Group.

Mr. Zhao Huixia, Supervisor. He was born in 1960, bachelor degree, senior account. Currently, he is the professional senior staff. He used to be the deputy general accountant and director of Hafei Automobile Co, vice general manager of Harbin Hafei Automobile Industry Group, vice general manager of Hafei Automobile Co, the Secretary of the Party Committee and Vice President of Hafei Automobile Industry Group, vice general manager of AVIC Automobile Industry Co., Ltd, Assistant President and general manager of Operations Management Department of China Changan Automobile Group Co, Ltd.

Ms. Wang Yanhui, employee supervisor. She was born in 1966, bachelor's degree, senior engineer. She is currently the project director of the commissioned development business of Changan Automobile. She used to be the deputy director of science and technology management division, director of science and technology management division, deputy director of science and technology and project management department, director of science and technology and project management department, Secretary of Party branch, executive vice chairman of science and Technology Association, director of comprehensive planning department, press spokesman of the company, and project director of strategic planning department.

Ms. Luo Yan, staff supervisor. She was born in 1974, bachelor degree, assistant economist. Currently, she is the chief of salary & performance section of HR department. She used to be the maintenance electricians, engineering measurer person, labor technology fixed member, schemer in workshop No.232 of No.3 plant, chief of welfare section of Salary Division of HR Department, and chief of welfare office III.

3、Senior Management other than Directors and Supervisors

Mr.Yuan Mingxue, the major executive vice president, born in 1968, master's degree, senior engineer, he used to be the Vice Director and Director of the General Manager's Office, Director of the Quality Control Department, Assistant to President, and Vice President of Changan Automobile (Group) CO., LTD, the Deputy Executive President and the Secretary of CPC of Chongqing Changan Suzuki Auto. Co., Ltd, vice president of the Company.

Mr. Liu Bo, Executive Vice President and Head of Automobile Engineering General Institute, born in 1966, Master's degree, Senior Researcher-level Engineer. He used to serve as the Vice Director of Workshop No.71 of Jiangling Machinery Plant, the Vice Director of Engine Research Division under Company Technology Department, the Vice Director of the Technical Center, the Vice Director, Executive vice Director of Automobile Engineering Institute, Assistant to the President and the Director of Project Supervision Office of the Company, the Director of the Project Administration Department, President of Changan Automobile Engineering Research Institute.

Mr. He Chaobing, Secretary of the party committee of auchan automotive division,Executive Vice President and Director of Operations Management Committee, born in 1967, master's degree, Senior engineer. A former director of fourth development center and Vice President of Automobile Engineering Research Institute, Deputy director of commercial vehicle business management department, President assistant and general manager of the Beijing Changan Automobile Co., Ltd, President assistant and director of purchase department, President assistant and vice general manager of the commercial vehicle division, Executive vice president and

party secretary of changan Ford Motor Co., Ltd.

Ms Zhang Jingjing, Executive Vice President (Deputy director of development planning department of China north equipment group corporation (Temporary post)). Born in 1966, bachelor's degree, professor-level and senior engineer. She used to serve as former deputy chief engineer of the 2nd factory of the Company, vice director of development and planning department of the Company, deputy director of Science and Technology Committee of the Company, deputy director of the administration office, the director of the project department, the minister of the Company's human resources department , the company CEO assistant and the director of Quality Department, and General Counsel.

Mr. Li Wei, executive vice president, born in 1966. Master graduate student, senior engineer. The former president of institute of automobile body design director, the Beijing Institute, executive vice president, assistant president of Changan automobile and deputy vice president and the Secretary of the Party Committee of Changan Automotive Engineering Research Institute, General manager of chongqing changan new energy automobile technology co. LTD.

Mr. Tan Benhong, the executive vice president and the director of the Institute of styling design. Born in 1975, master's degree, engineer. He was the deputy director of the Changan company Automobile Technology Department, the product technology manager of the Nanjing factory of Changan Ford Automobile Co., Ltd., the deputy director of the reception office and the secretarial reception department of the Changan Company office, the director of the technical Planning Institute of the Automobile Engineering Research Institute, the deputy chief engineer of the Automobile Engineering Research Institute and the director of the Institute of technical planning and research, the Vice president of the General Academy of automobile engineering research, Dean of Beijing Research Institute, the department head of market department, brand public relations, product planning department, and vice deputy President and Secretary of the Party committee of the Research Institute, and the spokesman of company news.

Mr. Liu Zhengjun, executive vice president, general manager of Chongqing changan Co., Ltd., general manager of new marketing business department, director of Chelizi joint venture project, director of light vehicle operation management committee. He was born in 1965, bachelor's degree and senior engineer. He is currently the chief economist of China Changan. He used to be the deputy director and director of the inspection department of the quality department in the company, the vice department head and department head of the quality department of the Company, the director of the office of the quality division, the general manager and party secretary of the Hebei Changan Automobile Co., Ltd., the vice chairman, general manager, chairman of Hafei automobile.

Mr. Ye Pei, vice president and general manager and the secretary of the party committee of the passenger car marketing department, Secretary of the party committee, deputy director of the passenger car operation management committee, born in 1975, master's degree, engineer. He once served as the deputy chief of the Jiangling Engine Branch General Administration Division, deputy chief of the quality division, deputy director of the quality management department, assistant general manager of Nanjing Changan Automobile Co., Ltd., deputy minister of quality and director of the quality evaluation and improvement department. Director of Market Quality Office, deputy director of the company's office, general manager of Nanjing Changan Automobile Co., Ltd., Secretary of the party committee, Deputy general manager of commercial vehicle business department and manufacturing logistics Department of commercial vehicle business department, Secretary of the party branch, assistant to the general manager of the company, Secretary of the strategic planning department, Secretary of the party branch, general manager and party secretary of the car sales department.

Mr. Chen Wei, Vice President and Director of Safety Production of the company, Deputy Director of the European Business Management Committee, born in 1972, undergraduate, engineer. He once served as secretary of the Youth League Committee of Chang 'an Automobile Manufacturing Plant, director of the factory office, deputy director, director, and party committee secretary; Vice President of Personnel and Secretary of Discipline Committee of Changan Ford Co., Ltd.; Chang 'an Automobile Manufacturing and Logistics Department Minister, Party Branch Secretary, Director of the OTD Project of the company, General Manager of Beijing Chang' an Automobile Company, Secretary of the Party Committee, and Director of the Beijing Research Institute Construction Project.

Mr. Li Mingcai, vice president and general manager of overseas business department, general counsel of the company, 1981,

master's degree. He used to be the acting manager and manager of the sales department of Chongqing Changan Automobile International Sales Service Co., Ltd.. Changan Automobile Overseas Business Development Department Assistant General Manager and Sales Regional Manager, Deputy General Manager of Overseas Business Development Department, General Manager of International Sales Company, Deputy General Manager of Changan Automobile Overseas Business Development Department, Director of Russian JV Project, Brazilian Project Manager.

Mr. Zhao Fei, vice president and executive vice president of Changan Ford, Secretary of the party committee, born in 1974, master's degree, senior engineer. He used to be the technical director and technical quality manager of the engine Department of Changan Ford Mazda Automobile Co., Ltd.; Engine Director of Changan Ford Mazda Automobile Co., Ltd.; Institute Director of Chang 'an Automobile Research Institute Engine Technology; Deputy director of Chang 'an Engine 4 Factory; China Chang'an Group's deputy general manager of science and technology development department; Director and General Manager of Harbin Dongan Automobile Engine Manufacturing Co. Ltd.. Party secretary and chairman of Harbin Dongan automobile engine manufacturing Co., Ltd., assistant to President and minister of strategic planning, party branch secretary.

Ms. Li Jun, the Secretary of BOD and the Vice Director of Capital Operation Department, was born in 1969, MBA, senior accountant. She used to be the Vice Director of Security Investment Office, Director of Capital Operation Office of the Financial Department, Director of the BOD Office, Vice director of the finance department of the Company.

Employment in shareholders' work unit

Applicable Not applicable

| Name | Name of shareholders' work unit | Position in shareholders' work unit | Term start date | Term end date | Whether get allowance in shareholders' work unit |
|---------------|---|---|-----------------|---------------|---|
| Zhangbaolin | China South Industries Group Corp. | secretary of the party committee, vice president | | | Y |
| Zhu Huarong | China South Industries Group Corp 、 China Changan | the Assistant President of China South Industries Group Corp, the director of China Changan | | | N |
| Zhou Zhiping | China South Industries Group Corp 、 China Changan | the employee director of China South Industries Group Corp, the general manager and the secretary of party committee of China Changan | | | Y, Receiving the Payment allowance in China Changan |
| Tan Xiaogang | China South Industries Group Corp | Director of the Strategic Development | | | Y |
| Zhang Dongjun | China Changan | vice president, general accountant | | | Y |
| Yan Ming | China South Industries Group Corp | Audit and Risk Department Senior Specialist | | | Y |
| Sun Dahong | China South Industries Group Corp | Deputy Director of Legal Department | | | Y |
| Zhao Huixia | China Changan | the professional senior staff | | | Y |

| | | | | | |
|--------------|---------------|--------------------------------------|--|--|---|
| Liu Zhengjun | China Changan | the chief economist of China Changan | | | N |
|--------------|---------------|--------------------------------------|--|--|---|

Employment in other work unit

Applicable Not applicable

| Name | Name of other work units | Position in other work units | Term start date | Term end date | Whether get allowance in other work unit |
|-------------------|--|--|-----------------|---------------|--|
| Liu Jipeng | China University of Political Science and Law | the dean, professor, and PhD supervisor of Capital Finance Institute in China University of Political Science and Law; Legal adviser to the State-owned Assets Supervision and Administration Commission of the State Council; the vice Chairman of China Enterprise Reform and Development Research Association; Deputy director of the independent board of directors of the China listed companies Association. | | | Y |
| Li Qingwen | China Energy& Automobile Media Group | the dean of the Automobile Evaluation Institute, dean of Beijing invisible unicorn information technology institute and vice chairman of the China Automobile Talent Research Association | | | Y |
| Tan Xiaosheng | Beijing Saiboyingjie Technology Co., Ltd | The founder of Beijing Saiboyingjie Technology Co., Ltd、senior engineering | | | Y |
| Pang Yong | IDEO | Chairman and CEO of IDEO , adjunct professor of Jilin University, the vice president of the China Federation of Industry and Commerce Automobile Dealers, the vice president of the China-Europe Alumni Automobile Industry Association, a member of the Jiusan Society, and a member of Alxa SEE. | | | Y |
| Wei Xinjiang | China Life Insurance (Group) | assistant general manager of China Life Insurance (Group) company strategic planning department and senior researcher of China life financial research institute | | | Y |
| Chen Quanshi | Tsinghua University | a professor and director of the Department of Automotive Engineering of Tsinghua University, director of the Electric Vehicle Research Office, and honorary director of the Electric Vehicle Branch of the China Automobile Engineering Society. | | | Y |
| Cao Xingquan | Southwest University | a professor at the School of Civil and Commercial Law of Southwest University of Political Science and Law, and a doctoral tutor in the direction of civil and commercial law | | | Y |
| Position in other | This table only shows the main office performance and position of independent directors. | | | | |

| | |
|-----------|--|
| work unit | |
|-----------|--|

Securities regulatory agency's punishment to the current and former directors, supervisors and senior management during the reporting period in recent three years.

Applicable Not applicable

IV. Remuneration of directors, supervisors and senior management

Payment decision-making process, determination basis, the actual payment of directors, supervisors and senior managers

Decision-making process: except the independent directors, the annual remuneration of directors, supervisors and senior management is referring to the wage management regulations and rating standard of South Industries Group. Payment of company independent directors is prescribed by the board of directors and submitted to the board of directors of the company, and approved by the shareholders' general meeting.

The basis: the senior management evaluation is divided into annual appraisal, mid-term assessment, term-change assessment and "look back" examination. Annual appraisal is to evaluate the business performance which senior management is in charge of, and the employee representatives and part of the units give to democratic appraisal or special evaluation on senior management, the assessment results will feedback to themselves in time on the problems existing in their work and relevant suggestions for improvement, which will be rectified in the coming new year. At the same time the assessment results will be linked with the annual performance award. Mid-term assessment is mainly to evaluate the business performance which senior management is in charge of, assessment results are related to the targeted training, position promotion, post communication, etc; term-change assessment is that the employee representative gives democratic evaluation on all the senior management and does special visit to part of unit, and the assessment results are related to the targeted training, position promotion, post communication training and post appointment of the senior management; new office head "look back" examination is mainly to look back the adjusted team, understand the working status of the new team in time, check the configuration effect of the new group, promote the new group into role as soon as possible, and reduce the risk of personnel employment.

Actual payments: senior managers pay basic salary monthly, annual performance prize combines annual appraisal status, the rest delays payment according to the company's business situation. In 2019, the remuneration the directors, supervisors and senior managers receiving from the company is 10.4609 million yuan in total.

Payment of directors, supervisors and senior managers got from the company during the reporting period

| Name | Position | Gender | age | status | Total earning from the company(yuan) |
|---------------|--|--------|-----|---------|--------------------------------------|
| Zhang Baolin | Chairman of the board | M | 57 | Present | - |
| Zhu Huarong | Director and President, Secretary of Party Committee | M | 54 | Present | 836,325.00 |
| Zhou Zhiping | Director | M | 49 | Present | - |
| Tan Xiaogang | Director | M | 56 | Present | - |
| Zhang Dongjun | Director | M | 53 | Present | - |
| Zhang Deyong | Director, Chief accountant | M | 45 | Present | 597,414.75 |

| | | | | | |
|----------------|--------------------------------|----|----|----------------|---------------|
| Liu Jipeng | Independent Director | M | 63 | Present | 120,000.00 |
| Li Qingwen | Independent Director | M | 63 | Present | 120,000.00 |
| Chen Quanshi | Independent Director | M | 74 | Present | 120,000.00 |
| Ren Xiaochang | Independent Director | M | 63 | Present | 120,000.00 |
| Pang Yong | Independent Director | M | 50 | Present | 120,000.00 |
| Tan Xiaosheng | Independent Director | M | 49 | Present | 120,000.00 |
| Wei Xinjiang | Independent Director | M | 50 | Present | 120,000.00 |
| Cao Xingquan | Independent Director | M | 48 | Present | 120,000.00 |
| Yan Ming | Chairman of the supervisory | M | 54 | Present | - |
| Sun Dahong | Supervisor | M | 53 | Present | - |
| Zhao Huixia | Supervisor | M | 59 | Present | - |
| Wang Yanhui | Employee Supervisor | F | 53 | Present | - |
| Luo Yan | Employee Supervisor | F | 45 | Present | 290,771.00 |
| Yuan Mingxue | Major Executive vice president | M | 51 | Present | 674,373.00 |
| Liu Bo | Executive vice president | M | 53 | Present | 697,145.00 |
| He Chaobing | Executive vice president | M | 52 | Present | 695,079.00 |
| Zhang Jingjing | Executive vice president | F | 53 | Present | 673,654.00 |
| Li Wei | Executive vice president | M | 53 | Present | 675,168.00 |
| Tan Benhong | Executive vice president | M | 44 | Present | 665,022.00 |
| Liu Zhengjun | Executive vice president | M | 54 | Present | 608,757.00 |
| Ye Pei | vice president | M | 44 | Present | 635,344.00 |
| Zhao Fei | vice president | M | 45 | Present | 627,821.00 |
| Chen Wei | vice president | M | 47 | Present | 599,204.00 |
| Li Mingcai | vice president | M | 38 | Present | 578,937.00 |
| Li Jun | the Secretary of BOD | F | 50 | Present | 537,018.66 |
| Zhang Anguo | Employee Supervisor | M | 60 | Retirement age | 108,873.00 |
| Total | -- | -- | -- | -- | 10,460,906.41 |

Stock-ownership incentive awarded to directors, supervisors and senior managers during the reporting period

Applicable Not applicable

V. Core technology team or key technical personnel changes during the reporting period (not the directors, supervisors and senior management)

During the reporting period, the company's core technical team and key technical personnel remained stable.

VI. The Employees of the Company

1. The number of employees, professional composition and education level

| | |
|---|-----------------------------------|
| Number of employees in the parent company(persons) | 23,455 |
| Number of employees in major subsidiaries(persons) | 13,309 |
| Total number of active employees(persons) | 36,764 |
| Total number of current salaried employees(persons) | 36,764 |
| Number of retired employees whose parent company and major subsidiary bear the costs(persons) | 6,385 |
| Professional composition | |
| Professional component categories | Professional Composition(persons) |
| Production personnel | 21,006 |
| Sales staff | 1,726 |
| Technicians | 9,180 |
| Finance staff | 408 |
| Administrators | 416 |
| Managers | 4,028 |
| Total | 36,764 |
| Educational Background | |
| Type of education | Number (persons) |
| PHD | 116 |
| Postgraduate | 2,269 |
| Bachelor degree | 11,892 |
| University specialty | 7,879 |
| Secondary school, high school and corresponding education | 12,324 |
| Secondary and below | 2,284 |
| Total | 36,764 |

2. Compensation policy

The company actively deepens the reform of the distribution system, continuously optimizes and improves the compensation system; adheres to the principle of benefit orientation, establishes the mechanism of gross salary/labor cost generation, improves the

distribution efficiency, strengthens the double benchmarking of performance compensation, and guides the unit to continuously improve the labor productivity and human resource value creativity. Based on the sorting and evaluation of positions, combined with the market benchmarking, the company establishes the broadband salary standard and reasonably sets the salary gap. Meanwhile, the company adheres to the salary strategy of following and leading, implements the differential distribution, and focuses on key and core positions to support the company's strategy.

3. Training plan

The company's training will be guided by Xi Jinping's new socialist ideology with China's characteristics and the nineteenth spirits of the party. With the strategic deployment of "365" climbing action of the quality improvement and the "third pioneering undertaking innovation and entrepreneurship plan", the Company will focus on six key abilities, "customer orientation, firm reform, innovative marketing and extreme efficiency". The Company will make good use of the pilot project of annual education objectives for higher vocational personnel, make full use of social resources, solidly promote training programs at all levels, build a new talent team to support the strategy, and promote the transformation of the company into an intelligent travel technology company.

4. Outsourcing of services

Applicable Not applicable

Chapter 8 Corporate Governance

I. The basic situation of corporate governance

In strict accordance with the requirements of the Company Law, the Securities Law and the relevant laws and regulations of the CSRC, the Company continuously improved the corporate governance structure and promoted the standard operation of the Company. The actual situation of the corporate governance of the Company is in line with the relevant requirements of the CSRC normative documents on corporate governance.

The company has established an effective internal control system over the financial report. According to company's operation and management characteristics, the company strictly implemented the "Enterprise Accounting Standards", improved the basic accounting management, established a sound financial system, optimized accounting and statements preparation process, strengthened the financial supervision, conducted the in-depth implementation of financial management, established the management foundation work, accounting and finance management authorization, the monetary fund management, financing, purchasing and payment, fixed assets, projects under construction, accounting policy, accounting estimate, consolidated financial statements, cost management, inventory management, financial analysis and other financial management system to ensure the quality of accounting information and the safety of the Company property. According to internal control deficiencies identified standards of the financial report, there is no internal control defects over financial reporting in the report period. The full text of the internal control self-evaluation report is published on <http://www.cninfo.com.cn> on April 30, 2020.

Whether there are differences between corporate governance and the related requirements of "company law" and China CSRC.

yes no

There is no difference between corporate governance and the related requirements of "company law" and China CSRC.

II. Independent completion situation in terms of business, personnel, assets, organization and finance which is relative to the controlling shareholders

The company and the controlling shareholders are fully independent in terms of business, assets, personnel, organization and finance.

III. Competition situation

In December 2009, according to the national "Automobile Industry Adjustment and Revitalization Plan" regarding promoting auto enterprise merger restructuring and further optimization of state-owned economy strategy layout requirements, the actual controller of the company China South Industries Group Corporation and China Aviation Industry Group Company proceeded industry restructuring, China Aviation Industry Group Company transferred 100% equity of Jiangxi Changhe Automobile Co., LTD free. (hereinafter referred to as "Changhe Automobile") and 100% stake of Harbin Hafei Automobile Industry Group co., LTD. (hereinafter referred to as "Haqi group") into the company's controlling shareholder China Changan Automobile Group Co.,

LTD. (hereinafter referred to as "China Changan"). This above-mentioned behavior led to competition between the company and subordinate enterprise of China Changan, the controlling shareholder. To finally solve the possible competition and better maintain the interests of company's investors, the company's controlling shareholder China Changan commitment: 1. When Jiangxi Changhe Automobile Co., Ltd. and Harbin Hafei Automobile Industry Group Co., LTD. can make profits for two successive years with sustainable development ability and improved management level, it's proposed to affiliate the two companies into Changan automobile. In October 28, 2013, the controlling shareholder of China Changan transferred Jiangxi Changhe Automobile Co. Ltd. to Jiangxi provincial state owned enterprise assets (Holdings) Limited, China Changan proposed Jiangxi Changhe Automobile Co. Ltd. injected commitment matter was removed. In order to solve the possible horizontal competition between Hafei Automobile Co., Ltd. and the company, on January 25, 2019, Haqi Group, a subsidiary of the company's controlling shareholder China Changan, transferred 38% of the shares of Hafei Automobile Co., Ltd. to Harbin Yungu Automobile Industrial Development Co., Ltd., Haqi Group has lost control of Hafei Automobile Co., Ltd.

IV. Annual shareholders meeting and interim shareholders meeting during the reporting period

1、Shareholders meeting during the reporting period

| Meeting Session | Type | Investors' participation ratio | Opening Time | Disclosure Time | Disclosure Index |
|---|---------|--------------------------------|-------------------------------|-------------------------------|---|
| 2019 First Interim Shareholders Meeting | Interim | 43.615% | Jan. 3, 2019 | Jan. 4, 2019 | http://www.cninfo.com.cn 2019 First Interim Shareholders Meeting Resolution Announcement(Announcement Number: 2019-02) |
| 2018 Annual Shareholders Meeting | Annual | 58.387% | June. 27 th , 2019 | June. 28 th , 2019 | http://www.cninfo.com.cn 2018 Annual Shareholders Meeting Resolution Announcement(Announcement Number: 2019-45) |

2、Preferred shareholders' request to hold the interim shareholders meeting with restoration of voting rights

Applicable Non-applicable

V. Duties performed by independent directors during the reporting period.

1、Independent directors attend board of directors and the shareholders meeting

| Independent directors attend board of directors and the shareholders meeting | | | | | | |
|--|--|-------------------|---|-----------------------------|------------------|---|
| Names of independent directors | Times of attending the board of directors during the report period | Times of presence | Times of attendance by communication mode | Times of entrust attendance | Times of absence | Whether absent from the meeting for two consecutive times |
| Liu Jipeng | 14 | 1 | 12 | 1 | | N |
| Li Qingwen | 14 | | 12 | 2 | | N |
| Chen Quanshi | 14 | 2 | 12 | | | N |
| Ren Xiaochang | 14 | 2 | 12 | | | N |
| Pang Yong | 14 | 2 | 12 | | | N |
| Tan Xiaosheng | 14 | 2 | 12 | | | N |

| | | | | | | |
|--|----|---|----|--|--|---|
| Wei Xinjiang | 14 | 2 | 12 | | | N |
| Cao Xingquan | 14 | 2 | 12 | | | N |
| Times for independent directors attending the shareholders meeting | | | | | | |

The explanation on absence in two consecutive board of directors meetings

Applicable Non-applicable

2、Independent directors express disagreement to company related matters

Whether independent directors express disagreement to company related matters.

Yes No

Independent directors did not express disagreement to company related matters during the reporting period.

3、Other explanation on the fulfillment of responsibility of independent directors

Whether the suggestions of Independent directors are adopted or not

Yes No

Explanation on whether the suggestions of Independent directors are adopted or not

During the reporting period, the company adopted the proposals of independent directors on the equity acquisition and related transactions and other aspects.

VI. Duty performance of specialized committees of the board of directors during the report period

1、Audit Committee

The audit committee under the board of directors consists of one non-independent directors and two independent director. The chairman of the committee is Mr. Liu Jipeng, who is an independent director. During the reporting period, the audit committee held 3 meetings and performed the following duties:

1) Reviewed the financial and accounting statements prepared by the company, and will maintain close communication with the auditors, urge the accounting firm to submit audit reports within the agreed time limit; review and agree on the 2019 Action Plan of the Audit and Legal Department;

2) After the Ernst & Young Hua Ming issued 2018 annual audit report, the audit committee reviewed the 2018 annual financial statements (AUDIT) and major adjustments related to accounting firms, concluded the audit work of the Ernst & Young Hua Ming. The audit committee considered that Ernst & Young Hua Ming had professional competence, worked diligently, maintained their independence in audit, and completed 2018 annual audit task on time. The audit committee voted and made resolutions on company's annual financial report, and agreed to submit the 2018 financial report to the board of directors for approval.

3) Reviewed the proposal on Recruitment of 2019 Annual Financial Report Auditor and Recruitment of 2019 Annual Internal Control Report Auditor, and agreed to submit the proposal to the board of directors for approval of continuing to hire Ernst & Young Hua Ming as the company's 2019 annual financial report auditor and 2019 Annual internal control report auditor.

2、 Compensation and Review Committee

The compensation and review committee under the board of directors consists of 3 independent directors. The chairman of the committee is Mr. Chen Quanshi. During the reporting period, the committee held 2 meetings and performed the following duties:

- 1) Review and agree to the "Bill on the Cancellation of Some Stock Options of the Company".
- 2) Review and agree to the motion on the annual salary distribution plan for deputy management performance in 2018.

3、 Compensation and Review Committee

The strategy and investment committee under the board of directors consists of four non-independent directors and one independent director. The chairman is Mr. Zhangbaolin. During the reporting period, the strategy and investment committee held 8 meetings and performed the following duties:

- 1) Review and agree to the "Proposal on Investment Plan in 2019, Proposal on Financing Plan in 2019, Proposal on Developing Bill Pool Business, Proposal on Signing <Financial Service Agreement> with Weapon Equipment Group Finance Co., Ltd., "Proposal on Signing of" Financial Service Agreement "with Changan Automobile Finance Co., Ltd., and" Proposal on Carrying Forward Foreign Exchange Settlement Transactions by Subsidiaries of the Company ";
- 2) Review and agree to the "Proposal on Participating in the Establishment of Nanjing Lingxing Equity Investment Partnership (Limited Partnership) ";
- 3) Examine and agree to the "Explanation of financial statements for 2018 and financial budget for 2019 ";
- 4) Review and agree to the "Proposal on Participating in the Establishment of Chongqing Lianzhi'an Investment Equity Investment Partnership (Limited Partnership) ";
- 5) Review and agree to the "Proposal on Subsidiary Joint Ventures to Increase Capital and Shares by Public Listing ".
- 6) Review and agree to the "Proposal on the wholly-owned subsidiary's capital increase and share expansion through public listing ".
- 7) Review and agree to the "Proposal on the Company's Subsidiaries to Carry Forward Foreign Exchange Settlement Transactions ".
- 8) Review and agree to the "Proposal on the sale of equity in joint ventures ".

VII. The work of the board of supervisors

The board of supervisors found whether the company was at risk or not in the supervision during the report period

Yes No

The Board of Supervisors supervised and inspected the legal compliance of the company's financial situation, "three important and one big" decisions, business management activities, and implementation of major strategies.

The Supervisory Board has no objection to the supervision matters during the reporting period.

VIII. The evaluation and incentive of senior management

For details, please refer to Section 7 of this year's report. "IV. Remuneration of directors, supervisors, and senior management."

IX. Internal Control

1、 Significant Deficiency of Internal Control found during the report period

Yes No

2、 Self-assessment report of internal control

| Disclosure date of self-assessment report of internal control | Apr. 30, 2020 | |
|---|--|---|
| Disclosure index of self-assessment report of internal control | http://www.cninfo.com.cn | |
| proportion of total asset in the assessment accounting for the total asset in the financial statement | 92.28% | |
| proportion of revenue in the assessment accounting for the revenue in the financial statement | 98.97% | |
| Deficiency Definition Standard | | |
| Type | Financial Report | Non Financial Report |
| qualitative standard | 1. Fraud behavior of the directors, supervisors and senior management. 2. The company has corrected the published financial report, the significant wrong report due to fraud and mistakes, the significant mistakes in the financial report found by certified public accountants, but not found by the company's internal control. 3. The supervision of audit committee on the company's external financial report and internal control of financial report is not effective. | 1.Lack democratic decision-making procedure or violation of democratic decision-making procedure 2.Violate national laws and regulations and get punished 3.Great loss of middle and senior management and senior technical personnel 4.Frequent media negative news with a large range 5.Signifant business lacks regulation control or regulation system becomes ineffective 6.The significant deficiencies of internal control is not corrected |
| quantitative standard | The amount of misstatement of the financial statements falls within the following ranges: Wrong report \geq 1% of total asset | Determine the internal control deficiencies in financial reporting by reference to the quantitative criteria. |
| Financial Report Major Defects | 0 | |
| Non-financial reporting significant number of defects | 0 | |
| Financial Reporting Key Number of defects | 0 | |
| Non-financial reporting Number of important defects | 0 | |

X. Internal control audit report

Applicable Not applicable

| deliberations in the internal control audit report | |
|---|--|
| The audit opinion of the internal control audit report compiled by Ernst & Young Hua Ming Accounting Firm: Chongqing Changan Automobile Co., Ltd keeps the effective financial report internal control on significant aspects from Dec.31st, 2019, according to "Basic Norms of Enterprise Internal Control" and other related regulations. | |
| Disclosure date of audit report of internal control | Apr.30, 2020 |
| Disclosure index of audit report of internal control | Internal control audit report will be published on http://www.cninfo.com.cn on Apr.30, 2020 |
| type of opinion on internal control audit report | standard and unqualified opinion |
| Whether there is huge deficiency in the non-financial report | No |

Whether the accounting firm issued non-standard internal control audit report or not?

Yes No

Whether the internal control audit report issued by the Accounting Firm agreed with the self-assessment report of the board of directors or not?

Yes No

Chapter 9 Corporate Bonds

Is there a corporate bond that is publicly issued and listed on the stock exchange and fails to be fully paid up or not due on maturity until the approval of the annual report ?

Yes NO

Chapter 10 Auditor's Report

Ernst & Young Hua Ming Shen Zi (2020) No. 60662431_D01
Chongqing Changan Automobile Company Limited

To the shareholders of
Chongqing Changan Automobile Company Limited

Auditor's Report

Ernst & Young Hua Ming Shen Zi (2020) No. 60662431_D01
Chongqing Changan Automobile Company Limited

**To the shareholders of
Chongqing Changan Automobile Company Limited**

Opinion

We have audited the accompanying financial statements of Chongqing Changan Automobile Company Limited, which comprise the consolidated and the company balance sheet as at 31 December 2019, and the consolidated and the company income statements, the statements of changes in equity and the cash flow statements for the year then ended and notes to the financial statements.

In our opinion, the accompanying financial statements of Chongqing Changan Automobile Company Limited present fairly, in all material respects, the consolidated and the Company's financial position as at 31 December 2019, and the consolidated and the Company's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises ("ASBEs").

Basis for opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with China Code of Ethics for Certified Public Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Auditor's Report (continued)

Ernst & Young Hua Ming Shen Zi (2020) No. 60662431_D01
Chongqing Changan Automobile Company Limited

Key audit matters (continued)

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements section* of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

| Key audit matter | How our audit addressed the key audit matter |
|--|---|
| <i>Provision for warranties</i> | |
| According to after-sales maintenance contracts or related national laws and regulations, Chongqing Changan Automobile Company Limited provides warranties on automobile and undertakes to repair or replace items that fail to perform satisfactorily based on certain pre-determined conditions. In addition, in order to improve customer satisfaction and to maintain the quality and safety of the sold vehicle, Chongqing Changan Automobile Company Limited also provides extra free repairing service or promotes a recall based on needs. Chongqing Changan Automobile Company Limited should estimate and recognize the warranty costs and the corresponding liabilities. Provisions for warranties granted by Chongqing Changan Automobile Company Limited for the vehicles sold are recognized based on sales volume and past experience of the cost of repair and replacement, and labor cost, which involves a number of assumptions and judgments. Provision for extra free repairing service program or recalls are recognized based on the vehicles involved and the estimated average cost of repair and replacement, and labor cost, which involves a number of assumptions and judgments. Any increase or decrease in the provision would have a significant impact on the financial statements. Refer to Note III 21, 30 and Note V 28 of the consolidated financial statements for the disclosures of the provision for warranties. | <p>With regard to the warranty provisions audited by us:</p> <ul style="list-style-type: none">• We understood and evaluated the process of the warranty provisions. In addition, we tested the key controls and application controls over the process of the warranty provisions.• We assessed the reasonableness and evaluated the major assumptions of management's warranty provision models. We tested the samples of payment of the warranty provisions and tested the mathematical accuracy of calculations therein by re-performing the calculations regarding the balance of the provisions.• We reviewed the adequacy of disclosures in the financial statements. |

Auditor's Report (continued)

Ernst & Young Hua Ming Shen Zi (2020) No. 60662431_D01
Chongqing Changan Automobile Company Limited

Key audit matters (continued)

| Key audit matter | How our audit addressed the key audit matter |
|--|---|
| <i>Capitalization of internal development costs</i> | |
| <p>The research and development activities launched by Chongqing Changan Automobile Company Limited mainly include technology development, product process design and product manufacturing process design. Management capitalized the costs on development projects met the criteria set out in the accounting standard for capitalization.</p> <p>The expenditures in development stage are capitalized that should meet all the conditions including technically feasible, use or sale intention, market, finance, resources, and etc. The judgment should be made according to every project and agreed by all related departments. In addition, for projects that have been capitalized in the past, the judgment whether the expenditures in development can be continuing capitalized should be made according the latest progress and future expectations of the project. The judgment made by the management would have a significant impact on the financial statements.</p> <p>Refer to Note III 17, 30 and Note V 16 of the consolidated financial statements for the disclosures of capitalization of internal development costs.</p> | <p>With regard to the capitalization of internal development costs audited by us:</p> <ul style="list-style-type: none">• We understood, evaluated and validated the key controls over the capitalization of internal development costs.• We assessed the criterias set by the management related to the capitalization of the costs under development stage. We assessed the accuracy of the start point and the stop point for capitalization of internal development costs. We also tested samples of projects to review the feasibility reports and other reports for important stages.• We reviewed the adequacy of disclosures in the financial statements. |

Auditor's Report (continued)

Ernst & Young Hua Ming Shen Zi (2020) No. 60662431_D01
Chongqing Changan Automobile Company Limited

Other information

The management of the Chongqing Changan Automobile Company Limited (the "Management") is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and governance' responsibility for the financial statements

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with ASBES, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Report (continued)

Ernst & Young Hua Ming Shen Zi (2020) No. 60662431_D01
Chongqing Changan Automobile Company Limited

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditor's Report (continued)

Ernst & Young Hua Ming Shen Zi (2020) No. 60662431_D01
Chongqing Changan Automobile Company Limited

Auditor's responsibilities for the audit of the financial statements (continued)

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Qiao Chun

Ernst & Young Hua Ming (LLP)

Chinese Certified Public Accountant
(Engagement partner)

Hu Yan

Chinese Certified Public Accountant

Beijing, the People's Republic of China

28 April 2020

Chongqing Changan Automobile Company Limited
CONSOLIDATED BALANCE SHEET
31 December 2019
(Expressed in Renminbi Yuan)

| | <u>Notes V</u> | <u>2019</u> | <u>2018</u> |
|-------------------------------------|----------------|--------------------------|--------------------------|
| Current assets | | | |
| Cash | 1 | 10,066,171,353.48 | 9,980,544,526.14 |
| Financial assets held for trading | 2 | 2,419,476,200.00 | - |
| Notes receivable | 3 | 26,805,635,587.19 | 20,561,625,805.24 |
| Accounts receivable | 4 | 838,314,076.82 | 1,409,419,600.50 |
| Prepayments | 5 | 623,801,896.07 | 866,249,749.51 |
| Other receivables | 6 | 3,731,755,992.46 | 3,233,020,118.16 |
| Inventories | 7 | 3,375,441,488.37 | 4,917,420,457.19 |
| Other current assets | 8 | 1,746,120,128.04 | 2,244,998,158.77 |
| Total current assets | | 49,606,716,722.43 | 43,213,278,415.51 |
| Non-current assets | | | |
| Available-for-sale financial assets | 9 | - | 1,957,873,311.31 |
| Long-term equity investments | 10 | 11,008,336,989.09 | 13,275,170,118.83 |
| Other equity instrument investment | 11 | 734,506,100.00 | - |
| Investment property | 12 | 7,102,849.72 | 7,329,561.28 |
| Fixed assets | 13 | 26,939,490,554.19 | 22,161,054,058.31 |
| Construction in progress | 14 | 1,729,803,028.43 | 5,383,844,030.75 |
| Intangible assets | 15 | 5,209,619,313.49 | 5,018,243,552.80 |
| Development expenditure | 16 | 814,745,464.20 | 789,597,615.60 |
| Goodwill | 17 | 9,804,394.00 | 9,804,394.00 |
| Long-term deferred expenses | 18 | 14,327,639.90 | 17,104,601.67 |
| Deferred tax assets | 19 | 1,542,600,534.93 | 1,655,554,438.89 |
| Total non-current assets | | 48,010,336,867.95 | 50,275,575,683.44 |
| TOTAL ASSETS | | 97,617,053,590.38 | 93,488,854,098.95 |

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
CONSOLIDATED BALANCE SHEET (continued)
31 December 2019
(Expressed in Renminbi Yuan)

| | <u>Notes V</u> | <u>2019</u> | <u>2018</u> |
|---|----------------|--------------------------|--------------------------|
| Current liabilities | | | |
| Short-term loans | 21 | 229,580,000.00 | 190,000,000.00 |
| Notes payable | 22 | 13,430,543,294.23 | 14,807,862,262.39 |
| Accounts payable | 23 | 18,905,725,271.50 | 13,916,201,276.95 |
| Advances from customers | 24 | 2,315,641,685.78 | 1,556,482,278.92 |
| Payroll payable | 25 | 1,046,335,781.91 | 1,362,995,277.56 |
| Taxes payable | 26 | 889,092,442.80 | 669,316,487.25 |
| Other payables | 27 | 4,809,918,141.45 | 3,079,749,015.81 |
| Contingent liabilities | 28 | 3,352,580,839.28 | 3,245,322,744.12 |
| Other current liabilities | 29 | 4,253,942,761.77 | 4,325,441,152.61 |
| Current portion of non-current liabilities | 30 | | <u>6,594,120.00</u> |
| Total current liabilities | | <u>49,233,360,218.72</u> | <u>43,159,964,615.61</u> |
| Non-current liabilities | | | |
| Long-term loans | 31 | 55,300,000.00 | - |
| Special payable | 32 | 857,356,423.71 | 303,590,824.69 |
| Long term payroll payable | 33 | 45,932,000.00 | 53,837,000.00 |
| Deferred income | 34 | 3,194,291,079.21 | 3,683,308,534.73 |
| Deferred tax liabilities | 19 | 296,742,890.29 | 135,231,170.59 |
| Total non-current liabilities | | <u>4,449,622,393.21</u> | <u>4,175,967,530.01</u> |
| Total liabilities | | <u>53,682,982,611.93</u> | <u>47,335,932,145.62</u> |

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
CONSOLIDATED BALANCE SHEET (continued)
31 December 2019
(Expressed in Renminbi Yuan)

| | <u>Notes V</u> | <u>2019</u> | <u>2018</u> |
|---|----------------|--------------------------|--------------------------|
| Owners' equity | | | |
| Share capital | 35 | 4,802,648,511.00 | 4,802,648,511.00 |
| Capital reserves | 36 | 5,366,097,594.66 | 5,057,242,440.17 |
| Other Comprehensive Income | 37 | 139,994,580.19 | 235,509,930.44 |
| Special reserves | 38 | 47,076,242.71 | 41,222,369.10 |
| Surplus reserves | 39 | 2,401,324,255.50 | 2,401,324,255.50 |
| Retained earnings | 40 | 31,271,171,559.60 | 33,707,011,170.31 |
| Equity attributable to owners | | <u>44,028,312,743.66</u> | <u>46,244,958,676.52</u> |
| Minority interests | | <u>(94,241,765.21)</u> | <u>(92,036,723.19)</u> |
| Total equity | | <u>43,934,070,978.45</u> | <u>46,152,921,953.33</u> |
| TOTAL LIABILITIES AND OWNERS' EQUITY | | <u>97,617,053,590.38</u> | <u>93,488,854,098.95</u> |

The notes form an integral part of the financial statements.

The financial statements have been signed by:

Legal Representative: _____ Principal in Charge of Accountancy: _____ Chief Accountant: _____

Chongqing Changan Automobile Company Limited
CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

| | Notes V | 2019 | 2018 |
|---|---------|----------------------------|--------------------------|
| Operating revenue | 41 | 70,595,245,133.28 | 66,298,270,389.77 |
| Less:Operating cost | 41 | 60,232,585,428.08 | 56,583,468,369.14 |
| Tax and surcharges | 42 | 2,488,057,067.83 | 2,305,917,984.34 |
| Operating expenses | 43 | 4,591,170,885.94 | 5,283,255,346.48 |
| General and administrative | 44 | 2,265,231,518.65 | 2,141,231,988.91 |
| expenses | | | |
| Research and development | 45 | 3,169,063,761.13 | 3,184,788,921.68 |
| expenses | | | |
| Financial income | 46 | (190,849,511.73) | (427,062,035.06) |
| Interest expense | | 40,109,729.93 | 11,700,010.25 |
| Interest income | | 245,520,358.56 | 476,922,766.94 |
| Add: Other incomes | 47 | 1,537,625,620.93 | 2,873,192,102.56 |
| Investment income or loss | 48 | (2,109,369,113.31) | (71,306,776.79) |
| <i>Including: Investment</i> | | | |
| <i>income from associates and joint venture</i> | | (2,158,815,891.20) | (331,883,560.67) |
| Earnings from fair value changes | 49 | 889,154,888.69 | - |
| Credit impairment loss | 50 | (125,657,732.02) | - |
| Impairment loss | 51 | (395,506,650.22) | (238,554,564.69) |
| Gain on disposal of assets | 52 | 56,658,864.17 | 8,561,074.73 |
| Operating profit/ (loss) | | (2,107,108,138.38) | (201,438,349.91) |
| Add:Non-operating income | 53 | 49,703,849.18 | 916,219,224.68 |
| Less:Non-operating expenses | 54 | 184,962,615.32 | 56,555,550.94 |
| Total profit/ (loss) | | (2,242,366,904.52) | 658,225,323.83 |
| Less:Income tax expense | 55 | 406,764,986.36 | (65,134,058.04) |
| Net profit | | (2,649,131,890.88) | 723,359,381.87 |

Classification by going concern

| | | |
|---------------------------------------|--------------------|----------------|
| Net profit from continuing operations | (2,649,131,890.88) | 723,359,381.87 |
|---------------------------------------|--------------------|----------------|

Classification by ownership attribution

| | | |
|-----------------------------------|--------------------|----------------|
| Net profit attributable to owners | (2,646,719,356.53) | 680,728,392.03 |
| Minority interests | (2,412,534.35) | 42,630,989.84 |

Chongqing Changan Automobile Company Limited
CONSOLIDATED INCOME STATEMENT (continued)
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

| | Notes V | 2019 | 2018 |
|--|---------|---------------------------|-----------------------|
| Other comprehensive income, net of tax | | | |
| Total comprehensive income | | | |
| attributable to owners, | | | |
| net of tax | 37 | 69,977,399.20 | 152,550,506.60 |
| Other comprehensive income | | | |
| not to be reclassified to | | | |
| profit or loss in | | | |
| subsequent periods: | | | |
| Change in net liability or | | | |
| assets from defined | | | |
| benefit plan | | 254,000.00 | (13,214,000.00) |
| Changes in fair value of | | | |
| other equity investment | | 63,584,845.00 | - |
| Other comprehensive income | | | |
| not to be reclassified | | | |
| to profit or loss | | | |
| under equity method | | | (706,228.88) |
| | | 63,838,845.00 | (13,920,228.88) |
| Other comprehensive income | | | |
| to be reclassified to profit | | | |
| or loss in subsequent periods: | | | |
| Changes in fair value from | | | |
| available-for-sale financial | | | |
| assets | | | 177,088,959.46 |
| Foreign currency reserve | | 6,138,554.20 | (10,618,223.98) |
| | | 6,138,554.20 | 166,470,735.48 |
| Total comprehensive income | | | |
| attributable to minority | | | |
| interests, net of tax | | | |
| | | | |
| Total comprehensive income | | (2,579,154,491.68) | 875,909,888.47 |
| Total comprehensive income | | | |

| | | |
|----------------------------|---------------------------|-----------------------|
| attributable to owners | <u>(2,576,741,957.33)</u> | <u>833,278,898.63</u> |
| Total comprehensive income | | |
| attributable to minority | | |
| interest | <u>(2,412,534.35)</u> | <u>42,630,989.84</u> |
| Earnings per share | 56 | |
| Basic earnings per share | <u>(0.55)</u> | <u>0.14</u> |
| Diluted earnings per share | <u>Not Applicable</u> | <u>Not Applicable</u> |

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

| | Equity attributable to owners | | | | | | | | | Total equity |
|---|-------------------------------|------------------|----------------------------|------------------|------------------|--------------------|--------------------|-------------------|--------------------|--------------|
| | Share capital | Capital reserves | Other comprehensive income | Special reserves | Surplus reserves | Retained earnings | Subtotal | Minority interest | | |
| At 31 December 2018 | 4,802,648,511.00 | 5,057,242,440.17 | 235,509,930.44 | 41,222,369.10 | 2,401,324,255.50 | 33,707,011,170.31 | 46,244,958,676.52 | (92,036,723.19) | 46,152,921,953.33 | |
| Changes in accounting standard | - | - | (165,492,749.45) | - | - | 297,351,209.45 | 131,858,460.00 | - | 131,858,460.00 | |
| At 1 January 2019 | 4,802,648,511.00 | 5,057,242,440.17 | 70,017,180.99 | 41,222,369.10 | 2,401,324,255.50 | 34,004,362,379.76 | 46,376,817,136.52 | (92,036,723.19) | 46,284,780,413.33 | |
| Changes during the year: | | | | | | | | | | |
| Total comprehensive income | - | - | 69,977,399.20 | - | - | (2,646,719,356.53) | (2,576,741,957.33) | (2,412,534.35) | (2,579,154,491.68) | |
| Capital contributed by owners and capital decreases | | | | | | | | | | |
| 1.The amount of share-based payments recorded in owners' equity | - | (23,961,900.00) | - | - | - | - | (23,961,900.00) | - | (23,961,900.00) | |
| 2.Others | - | 332,817,054.49 | - | - | - | - | 332,817,054.49 | - | 332,817,054.49 | |
| Distribution of profit | | | | | | | | | | |
| 1.Distribution to owners | - | - | - | - | - | (86,471,463.63) | (86,471,463.63) | - | (86,471,463.63) | |
| Special reserves | | | | | | | | | | |
| 1.Provided | - | - | - | 79,135,417.54 | - | - | 79,135,417.54 | 1,097,065.37 | 80,232,482.91 | |
| 2.Utilized | - | - | - | (73,281,543.93) | - | - | (73,281,543.93) | (889,573.04) | (74,171,116.97) | |
| At 31 December 2019 | 4,802,648,511.00 | 5,366,097,594.66 | 139,994,580.19 | 47,076,242.71 | 2,401,324,255.50 | 31,271,171,559.60 | 44,028,312,743.66 | (94,241,765.21) | 43,934,070,978.45 | |

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (continued)
Year ended 31 December 2018
(Expressed in Renminbi Yuan)

| | Equity attributable to owners | | | | | | | | Total equity |
|---|-------------------------------|------------------|----------------------------|------------------|------------------|--------------------|--------------------|-------------------|--------------------|
| | Share capital | Capital reserves | Other comprehensive income | Special reserves | Surplus reserves | Retained earnings | Subtotal | Minority interest | |
| At 31 December 2017 | 4,802,648,511.00 | 5,099,405,956.94 | 82,959,423.84 | 28,279,733.06 | 2,401,324,255.50 | 35,184,073,061.94 | 47,598,690,942.28 | (135,511,683.82) | 47,463,179,258.46 |
| Changes during the year | | | | | | | | | |
| Total comprehensive income | - | - | 152,550,506.60 | - | - | 680,728,392.03 | 833,278,898.63 | 42,630,989.84 | 875,909,888.47 |
| Capital contributed by owners and capital decreases | | | | | | | | | |
| 1.The amount of share-based payments recorded in owners' equity | - | (8,735,100.00) | - | - | - | - | (8,735,100.00) | - | (8,735,100.00) |
| 2.Others | - | (33,428,416.77) | - | - | - | - | (33,428,416.77) | 544,858.43 | (32,883,558.34) |
| Distribution of profit | | | | | | | | | |
| 1.Distribution to owners | - | - | - | - | - | (2,157,790,283.66) | (2,157,790,283.66) | - | (2,157,790,283.66) |
| Special reserves | | | | | | | | | |
| 1.Provided | - | - | - | 83,826,318.58 | - | - | 83,826,318.58 | 1,218,813.93 | 85,045,132.51 |
| 2.Ultilized | - | - | - | (69,587,419.73) | - | - | (69,587,419.73) | (919,701.57) | (70,507,121.30) |
| 3.Effective portion of changes in special reserves from joint venture | - | - | - | (1,296,262.81) | - | - | (1,296,262.81) | - | (1,296,262.81) |
| At 31 December 2018 | 4,802,648,511.00 | 5,057,242,440.17 | 235,509,930.44 | 41,222,369.10 | 2,401,324,255.50 | 33,707,011,170.31 | 46,244,958,676.52 | (92,036,723.19) | 46,152,921,953.33 |

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

| | Notes V | 2019 | 2018 |
|---|---------|--------------------------|---------------------------|
| CASH FLOWS FROM | | | |
| OPERATING ACTIVITIES | | | |
| Cash received from sale of goods | | | |
| or rendering of services | | 70,578,207,834.29 | 76,764,633,238.29 |
| Refunds of taxes | | 603,916,897.39 | 464,242,119.33 |
| Cash received relating to other operating activities | 57 | <u>4,019,161,557.69</u> | <u>4,768,094,889.23</u> |
| Subtotal of cash inflows | | <u>75,201,286,289.37</u> | <u>81,996,970,246.85</u> |
| Cash paid for goods and services | | 55,704,810,280.08 | 70,504,737,377.42 |
| Cash paid to and on behalf of employees | | 5,633,184,648.81 | 6,114,219,565.04 |
| Cash paid for all types of taxes | | 2,955,141,047.76 | 2,496,007,225.13 |
| Cash paid relating to other operating activities | 57 | <u>7,026,402,074.33</u> | <u>6,769,481,381.70</u> |
| Subtotal of cash outflows | | <u>71,319,538,050.98</u> | <u>85,884,445,549.29</u> |
| Net cash flows from operating activities | 58 | <u>3,881,748,238.39</u> | <u>(3,887,475,302.44)</u> |
| CASH FLOWS FROM | | | |
| INVESTING ACTIVITIES | | | |
| Cash received from recovery of investment | | 831,429,574.25 | - |
| Cash received from return on investment | | 1,386,844,687.60 | 1,409,353,446.15 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 72,899,243.69 | 42,904,511.29 |
| Cash received relating to other investing activities | 57 | <u>-</u> | <u>1,036,263,749.91</u> |
| Subtotal of cash inflows | | <u>2,291,173,505.54</u> | <u>2,488,521,707.35</u> |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets | | 4,783,722,428.46 | 6,488,329,782.76 |
| Cash paid for acquisition of | | | |

| | | |
|--|------------------|-----------------------|
| investments | 1,002,064,416.73 | 2,034,743,750.00 |
| Acquisition of net cash payments | | |
| from subsidiaries and other | | |
| business units | - | 534,168,219.57 |
| Other cash disbursed in connection with investment activities | 57 | 300,000,000.00 |
| Subtotal of cash outflows | | 6,085,786,845.19 |
| Net cash flows from investing activities | | (3,794,613,339.65) |

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
CONSOLIDATED CASH FLOW STATEMENT (continued)
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

| | <u>Notes V</u> | <u>2019</u> | <u>2018</u> |
|--|----------------|-------------------------|----------------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| | | | |
| Cash received from borrowings | | 304,880,000.00 | 340,000,000.00 |
| Cash received relating to other financing activities | 57 | <u>32,839,805.56</u> | <u>855,280,377.20</u> |
| Sub-total of cash inflows | | <u>337,719,805.56</u> | <u>1,195,280,377.20</u> |
| Cash repayments of borrowings | | 216,594,120.00 | 348,133,800.00 |
| Cash paid for distribution of dividends or profits and interest expenses | | 126,540,808.63 | 2,169,490,293.91 |
| Cash paid relating to other financing activities | 57 | <u>395,159,204.54</u> | <u>30,344,195.00</u> |
| Sub-total of cash outflows | | <u>738,294,133.17</u> | <u>2,547,968,288.91</u> |
| Net cash flows from financing activities | | <u>(400,574,327.61)</u> | <u>(1,352,687,911.71)</u> |
| EFFECT OF CHANGES IN EXCHANGE RATE ON CASH | | | |
| | | <u>25,760,488.96</u> | <u>5,731,783.40</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | | |
| Add: Opening balance of cash and cash equivalents | | <u>(287,678,939.91)</u> | <u>(11,803,151,475.73)</u> |
| | | <u>9,648,153,614.80</u> | <u>21,451,305,090.53</u> |
| CLOSING BALANCE OF CASH AND CASH EQUIVLAN | | | |
| CASH AND CASH EQUIVLAN | 58 | <u>9,360,474,674.89</u> | <u>9,648,153,614.80</u> |

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
BALANCE SHEET
31 December 2019
(Expressed in Renminbi Yuan)

| | <u>Notes</u> <u>XIV</u> | <u>2019</u> | <u>2018</u> |
|---------------------------------------|----------------------------|--------------------------|--------------------------|
| Current assets | | | |
| Cash | | 6,563,020,335.56 | 7,310,973,018.99 |
| Financial assets held for trading | | 184,245,000.00 | - |
| Notes receivable | | 25,837,326,483.09 | 19,391,160,283.70 |
| Accounts receivable | 1 | 5,094,270,365.72 | 5,679,160,679.69 |
| Prepayments | | 403,105,316.24 | 671,849,711.04 |
| Other receivables | 2 | 2,597,314,344.40 | 2,326,885,353.29 |
| Inventories | | 1,735,570,691.28 | 3,851,783,233.12 |
| Other current assets | | 798,430,035.62 | 1,372,588,554.75 |
| Total current assets | | 43,213,282,571.91 | 40,604,400,834.58 |
| Non-current assets | | | |
| Available-for-sale financial assets | | - | 541,182,000.00 |
| Long-term equity investments | 3 | 16,052,319,271.82 | 18,017,137,600.72 |
| Other equity instrument investment | | 724,309,400.00 | - |
| Fixed assets | | 20,301,231,002.41 | 16,795,537,563.35 |
| Construction in progress | | 1,545,211,000.22 | 4,114,409,774.13 |
| Intangible assets | | 4,030,438,649.57 | 4,054,893,372.88 |
| Development expenditure | | 431,774,377.27 | 559,309,970.45 |
| Long-term deferred expenses | | 9,719,259.84 | 12,555,353.69 |
| Deferred tax assets | | 1,318,884,054.48 | 1,533,057,523.95 |
| Other non-current assets | | - | 250,000,000.00 |
| Total non-current assets | | 44,413,887,015.61 | 45,878,083,159.17 |
| TOTAL ASSETS | | 87,627,169,587.52 | 86,482,483,993.75 |

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
BALANCE SHEET (continued)
31 December 2019
(Expressed in Renminbi Yuan)

| | <u>2019</u> | <u>2018</u> |
|---|---------------------------------|---------------------------------|
| Current liabilities | | |
| Short term loans | 29,580,000.00 | - |
| Notes payable | 11,983,445,725.06 | 13,572,757,870.72 |
| Accounts payable | 15,601,432,751.74 | 10,690,985,635.15 |
| Advances from customers | 1,870,992,349.08 | 1,208,631,011.05 |
| Payroll payable | 641,340,149.30 | 1,001,765,362.99 |
| Taxes payable | 453,619,905.66 | 604,525,457.30 |
| Other payables | 4,301,257,819.04 | 3,219,909,047.22 |
| Contingent liabilities | 2,413,434,397.36 | 2,372,512,543.49 |
| Other current liabilities | 3,400,065,879.02 | 3,923,419,042.37 |
| Total current liabilities | <u>40,695,168,976.26</u> | <u>36,594,505,970.29</u> |
| Non-current liabilities | | |
| Long term loans | 55,300,000.00 | - |
| Long term payable | 285,768,478.89 | 248,240,115.29 |
| Long term payroll payable | 22,747,000.00 | 24,315,000.00 |
| Deferred income | 2,135,615,106.85 | 2,827,208,446.74 |
| Deferred tax liabilities | 81,775,341.60 | 26,683,742.04 |
| Total non-current liabilities | <u>2,581,205,927.34</u> | <u>3,126,447,304.07</u> |
| Total liabilities | <u>43,276,374,903.60</u> | <u>39,720,953,274.36</u> |
| Owner's equity | | |
| Share capital | 4,802,648,511.00 | 4,802,648,511.00 |
| Capital reserves | 5,014,772,792.87 | 4,705,917,638.38 |
| Other comprehensive income | 259,380,413.58 | 149,525,803.58 |
| Special reserves | 19,917,658.63 | 19,835,367.61 |
| Surplus reserves | 2,401,324,255.50 | 2,401,324,255.50 |
| Retained earnings | 31,852,751,052.34 | 34,682,279,143.32 |
| Total owner's equity | <u>44,350,794,683.92</u> | <u>46,761,530,719.39</u> |
| TOTAL LIABILITIES AND OWNERS' EQUITY | <u><u>87,627,169,587.52</u></u> | <u><u>86,482,483,993.75</u></u> |

Chongqing Changan Automobile Company Limited
INCOME STATEMENT
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

| | <u>Notes</u> <u>XIV</u> | <u>2019</u> | <u>2018</u> |
|---|----------------------------|--------------------|-------------------|
| Operating revenue | 4 | 64,952,750,206.63 | 63,379,464,762.20 |
| Less: Operating cost | 4 | 56,966,369,777.83 | 54,508,948,244.13 |
| Tax and surcharges | | 1,763,695,806.32 | 1,897,849,791.26 |
| Operating expenses | | 3,173,277,654.38 | 4,763,764,952.42 |
| General and administrative expenses | | 1,433,878,532.92 | 1,601,985,466.76 |
| Research and development expenses | | 2,659,328,815.49 | 3,021,080,255.27 |
| Financial income | | (159,213,197.04) | (449,471,788.18) |
| Interest income | | 22,298,902.58 | - |
| Interest expense | | 194,548,964.11 | 464,373,610.97 |
| Add: Other income | | 765,866,705.17 | 1,799,031,976.58 |
| Investment income | 5 | (2,023,549,132.39) | 383,123,214.36 |
| Including: Investment income from associates and from joint venture | | (2,081,317,451.25) | (320,199,939.11) |
| Earnings from fair value changes | | 60,705,000.00 | - |
| Impairment of credit | | (121,430,481.42) | - |
| Impairment loss | | (303,604,164.62) | (166,593,138.09) |
| Gain on disposal of assets | | 45,709,560.34 | 15,582,497.02 |
| Operating profit | | (2,460,889,696.19) | 66,452,390.41 |
| Add: Non-operating income | | 32,324,558.40 | 64,148,620.50 |
| Less: Non-operating expenses | | 165,234,410.53 | 43,385,534.76 |
| Total profit | | (2,593,799,548.32) | 87,215,476.15 |
| Less: Income tax expense | | 234,818,079.03 | (111,891,616.78) |
| Net profit | | (2,828,617,627.35) | 199,107,092.93 |

Classification by going concern

Net profit from continuing

| | | |
|------------|--------------------|----------------|
| operations | (2,828,617,627.35) | 199,107,092.93 |
|------------|--------------------|----------------|

Chongqing Changan Automobile Company Limited
INCOME STATEMENT
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

| | <u>Notes</u> <u>XIV</u> | <u>2019</u> | <u>2018</u> |
|--|----------------------------|-----------------------|-----------------|
| Other comprehensive income, net of tax | | | |
| Other comprehensive income | | | |
| not to be reclassified to profit or loss in subsequent periods: | | | |
| Change in net liability or assets from defined benefit plan | | 216,000.00 | (13,234,000.00) |
| Changes in fair value of other equity investment | | 63,321,260.00 | - |
| Other Comprehensive income not to be reclassified to profit or loss under equity method | | | |
| | | - | (706,228.88) |
| | | 63,537,260.00 | (13,940,228.88) |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods: | | | |
| Changes in fair value from available-for-sale financial assets | | - | 30,945,621.58 |
| Total comprehensive income | (2,765,080,367.35) | 216,112,485.63 | |

Chongqing Changan Automobile Company Limited
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

| | Share capital | Capital reserves | Other comprehensive income | Special reserves | Surplus reserves | Retained earnings | Total owner's equity |
|---|-------------------------|-------------------------|----------------------------|----------------------|-------------------------|--------------------------|--------------------------|
| At 31 December 2018 | 4,802,648,511.00 | 4,705,917,638.38 | 149,525,803.58 | 19,835,367.61 | 2,401,324,255.50 | 34,682,279,143.32 | 46,761,530,719.39 |
| Changes in accounting standard | - | - | 46,317,350.00 | - | - | 85,561,000.00 | 131,878,350.00 |
| At 1 January 2019 | 4,802,648,511.00 | 4,705,917,638.38 | 195,843,153.58 | 19,835,367.61 | 2,401,324,255.50 | 34,767,840,143.32 | 46,893,409,069.39 |
| Changes during the year: | | | | | | | |
| Total comprehensive income | - | - | 63,537,260.00 | - | - | (2,828,617,627.35) | (2,765,080,367.35) |
| Capital contributed by owners and capital decreases | | | | | | | |
| 1.The amount of share-based payments recorded in owners' equity | - | (23,961,900.00) | - | - | - | - | (23,961,900.00) |
| 2.Others | - | 332,817,054.49 | - | - | - | - | 332,817,054.49 |
| Distribution of profit | | | | | | | |
| 1.Distribution to owners | - | - | - | - | - | (86,471,463.63) | (86,471,463.63) |
| Special reserves | | | | | | | |
| 1.Provided | - | - | - | 49,268,965.50 | - | - | 49,268,965.50 |
| 2.Utilized | - | - | - | (49,186,674.48) | - | - | (49,186,674.48) |
| At 31 December 2019 | <u>4,802,648,511.00</u> | <u>5,014,772,792.87</u> | <u>259,380,443.58</u> | <u>19,917,658.63</u> | <u>2,401,324,255.50</u> | <u>31,852,751,052.34</u> | <u>44,350,794,683.92</u> |

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (continued)

Year ended 31 December 2018

(Expressed in Renminbi Yuan)

| | Share capital | Capital reserves | Other comprehensive income | Special reserves | Surplus reserves | Retained earnings | Total owner's equity |
|---|-------------------------|-------------------------|-----------------------------------|-------------------------|-------------------------|---------------------------|-----------------------------|
| At 31 December 2017 | <u>4,802,648,511.00</u> | <u>4,717,192,101.72</u> | <u>132,520,410.88</u> | <u>12,013,706.73</u> | <u>2,401,324,255.50</u> | <u>36,640,962,334.05</u> | <u>48,706,661,319.88</u> |
| Changes during the year | | | | | | | |
| Total comprehensive income | - | - | <u>17,005,392.70</u> | - | - | <u>199,107,092.93</u> | <u>216,112,485.63</u> |
| Capital contributed by owners and capital decreases | | | | | | | |
| 1.The amount of share-based payments recorded in owners' equity | - | <u>(8,735,100.00)</u> | - | - | - | - | <u>(8,735,100.00)</u> |
| 2.Others | - | <u>(2,539,363.34)</u> | - | - | - | - | <u>(2,539,363.34)</u> |
| Distribution of profit | | | | | | | |
| 1.Distribution to owners | - | - | - | - | - | <u>(2,157,790,283.66)</u> | <u>(2,157,790,283.66)</u> |
| Special reserves | | | | | | | |
| 1.Provided | - | - | - | <u>58,994,940.74</u> | - | - | <u>58,994,940.74</u> |
| 2.Ultilized | - | - | - | <u>(49,877,017.05)</u> | - | - | <u>(49,877,017.05)</u> |
| 3.Effective portion of changes in special reserves from joint venture | - | - | - | <u>(1,296,262.81)</u> | - | - | <u>(1,296,262.81)</u> |
| At 31 December 2018 | <u>4,802,648,511.00</u> | <u>4,705,917,638.38</u> | <u>149,525,803.58</u> | <u>19,835,367.61</u> | <u>2,401,324,255.50</u> | <u>34,682,279,143.32</u> | <u>46,761,530,719.39</u> |

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
CASH FLOW STATEMENT
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

| | 2019 | 2018 |
|---|--------------------------|---------------------------|
| CASH FLOWS FROM | | |
| OPERATING ACTIVITIES | | |
| Cash received from sale of goods or rendering of services | 63,365,386,343.87 | 73,237,084,046.94 |
| Cash received relating to other operating activities | <u>2,494,240,256.21</u> | <u>3,836,274,126.52</u> |
| Subtotal of cash inflows | 65,859,626,600.08 | 77,073,358,173.46 |
| Cash paid for goods and services | 50,430,826,053.22 | 67,590,149,087.20 |
| Cash paid to and on behalf of employees | 3,965,479,429.67 | 4,715,386,170.77 |
| Cash paid for all types of taxes | 1,889,492,304.51 | 1,723,167,770.46 |
| Cash paid relating to other operating activities | <u>6,407,581,336.30</u> | <u>6,515,146,136.99</u> |
| Subtotal of cash outflows | 62,693,379,123.70 | 80,543,849,165.42 |
| Net cash flows from operating activities | 3,166,247,476.38 | (3,470,490,991.96) |
| CASH FLOWS FROM | | |
| INVESTING ACTIVITIES | | |
| Cash received from recovery of investment | 831,300,000.00 | 2,937,256.01 |
| Cash received from return on investment | 1,395,166,228.50 | 1,422,371,071.18 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 60,445,420.20 | 60,014,623.13 |
| Cash received relating to other investing activities | - | 124,782,800.00 |
| Subtotal of cash inflows | 2,286,911,648.70 | 1,610,105,750.32 |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets | 4,021,334,954.67 | 5,973,170,360.48 |

| | | |
|--|---------------------------|---------------------------|
| Cash paid for acquisition of investments | 1,855,926,872.55 | 3,132,195,583.18 |
| Cash paid relating to other investing activities | 300,000,000.00 | 200,000,000.00 |
| Subtotal of cash outflows | 6,177,261,827.22 | 9,305,365,943.66 |
| Net cash flows from investing activities | (3,890,350,178.52) | (7,695,260,193.34) |

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
CASH FLOW STATEMENT (continued)
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

| | <u>2019</u> | <u>2018</u> |
|--|--------------------------------|--------------------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Cash received on loan | 84,880,000.00 | - |
| Cash receipts relating to other financing activities | - | <u>461,856,503.42</u> |
| Sub-total of cash inflows | <u>84,880,000.00</u> | <u>461,856,503.42</u> |
| Cash paid for distribution of dividends or profits and for interest expenses | 108,729,981.28 | 2,157,790,283.66 |
| Cash paid relating to other financing activities | - | - |
| Sub-total of cash outflows | <u>108,729,981.28</u> | <u>2,157,790,283.66</u> |
| Net cash flows from financing activities | <u>(23,849,981.28)</u> | <u>(1,695,933,780.24)</u> |
| EFFECT OF CHANGES IN EXCHANGE RATE ON CASH | | |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | (747,952,683.42) | (12,861,684,965.54) |
| Add: Cash and cash equivalents at beginning of year | 7,310,973,018.99 | 20,172,657,984.53 |
| CASH AND CASH EQUIVLANAT AT END OF YEAR | <u>6,563,020,335.57</u> | <u>7,310,973,018.99</u> |

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

I CORPORATE INFORMATION

Chongqing Changan Automobile Company Limited (hereafter referred to as the "Company") is a company limited by shares registered in Chongqing, People's Republic of China. It was established on 31 October 1996 with an indefinite business period. The ordinary A shares of Renminbi issued by the company and the B shares of domestically listed foreign shares have been listed on the Shenzhen Stock Exchange. Changan Group is headquartered at 260 Jianxin East Road, Jiangbei District, Chongqing, China.

After the establishment of the company, the share capital and shareholding structure have undergone several changes. As of December 31, 2019, the company's controlling shareholder China Changan Automobile Group Company Limited (hereinafter referred to as "China Changan") and its wholly-owned subsidiary Zhonghui Futong (Hong Kong) Investment Company Limited held a total of ordinary shares of the company 1,082,165,183 shares with an equity ratio of 22.53%. China South Industries Group Co., Ltd. (hereinafter referred to as "China South Group"), the parent company of China Changan, and its wholly-owned subsidiary, South Industries International Holdings (Hong Kong) Company Limited, hold 1,037,857,987 ordinary shares of the company, with a 21.61% shareholding ratio. China Changan and W China South Group holds ordinary shares 2,120,023,170 in total with a shareholding ratio of 44.14%.

The Company and its subsidiaries collectively refer to as the Group, and its main business activities are: the manufacturing and sales of automobiles (including cars), automobile engine products, and supporting parts.

The holding company and ultimate holding company of the Company are China Changan and China South Group respectively.

According to the Articles of Association, the financial statements, which has been approved by the board of directors on 28 April 2020, was submitted to general meeting of shareholders for approval.

The scope of consolidation in the consolidated financial statement is determined based on control. For the consolidation scope of this year, please refer to Note VI.

II BASIS OF PREPARATION

1. Basis of preparation

The financial statements have been prepared in accordance with Accounting Standards for Business Enterprises-Basic Standard and the specific standards issued and modified subsequently, and the implementation guidance, interpretations and other relevant provisions issued subsequently by the MOF (correctly referred to as "Accounting Standards for Business Enterprises").

The financial statements are presented on a going concern basis.

The financial statements have been prepared under the historical cost convention, except for certain financial instruments. If the assets are impaired, the corresponding provisions should be made accordingly.

III SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

According to the actual production and operation characteristics, the group formulated the specific accounting policies and accounting estimates, mainly reflected in provision of accounts receivables, inventory valuation, depreciation of fixed assets, intangible assets amortization, condition of capitalization of research and development expense and revenue recognition and measurement.

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present fairly and fully, the financial position of the Company as at 31 December 2019 and the financial results and the cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

2. Accounting year

The accounting year of the Group is from 1 January to 31 December of each calendar year.

3. Functional currency

The Group's functional and reporting currency is the Renminbi ("RMB"). Unless otherwise stated, the unit of the currency is Yuan. Each entity in the Group determines its own functional currency in accordance with the operating circumstances. At the end of the reporting period, the foreign currency financial statements are translated into the reporting currency of the Company of RMB.

4. Business combination

Business combinations are classified into business combinations involving entities under common control and business combinations involving entities not under common control.

Business combination involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. For a business combination involving entities under common control, the party which, on the combination date, obtains control of another entity participating in the combination is the acquiring party, while that other entity participating in the combination is a party being acquired. Combination date is the date on which the acquiring party effectively obtains control of the party being acquired.

Assets and liabilities that are obtained by the acquiring party in a business combination involving entities under common control shall be measured at their carrying amounts at the combination date as recorded by the party being acquired. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) shall be adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Business combination involving entities not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination. For a business combination involving entities not under common control, the party that, on the acquisition date, obtains control of another entity participating in the combination is the acquirer, while that other entity participating in the combination is the acquiree. Acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

The acquirer shall measure the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination at their fair values on the acquisition date.

Goodwill is initially recognised and measured at cost, being the excess of the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the Group's previously held equity interest in the acquiree over the Group's interest in the fair value of the acquiree's net identifiable assets. After initial recognition, goodwill is measured at cost less any accumulated impairment

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

losses. Where the aggregate of the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the Group's previously held equity interest in the acquiree is lower than the Group's interest in the fair value of the acquiree's net identifiable assets, the Group reassesses the measurement of the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities and the fair value of the consideration transferred (or the fair value of the equity securities issued), together with the fair value of the Group's previously held equity interest in the acquiree. If after that reassessment, the aggregate of the fair value of the consideration transferred (or the fair value of the equity securities issued) and the Group's previously held equity interest in the acquiree is still lower than the Group's interest in the fair value of the acquiree's net identifiable assets, the Group recognise the remaining difference in profit or loss.

5. Consolidated financial statements

The scope of the consolidated financial statements, which include the financial statements of the Company and all of its subsidiaries, is determined on the basis of control. A subsidiary is an entity that is controlled by the Company (such as an enterprise, a deemed separate entity, or a structured entity controlled by the Company).

In the preparation of the consolidated financial statements, the financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the current loss belong to minorities of the subsidiary exceeds the beginning equity of the subsidiary belong to minorities, the exceeded part will still deduct the equity belong to minorities.

With respect to subsidiaries acquired through business combinations involving entities not under common control, the operating results and cash flows of the acquiree should be included in the consolidated financial statements, from the day that the Group gains control, till the Group ceases the control of it. While preparing the consolidated financial statements, the acquirer should adjust the subsidiary's financial statements, on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities recognized on the acquisition date.

With respect to subsidiaries acquired through business combinations involving entities under common control, the operating results and cash flows of the acquiree should be included in the consolidated financial statements from the beginning of the period in which the combination occurs.

If the changes of relevant facts and circumstances will result in the changes of one or more control elements, then the Group should reassess whether it has taken control of the investee.

6 Joint venture arrangement classification and joint operation

Joint venture arrangements are classified into joint operation and joint venture. Joint operation refers to those joint venture arrangements, relevant assets and liabilities of which are enjoyed and assumed by the joint ventures. Joint ventures refer to those joint venture arrangements, only the right to net assets of which is enjoyed by the joint ventures.

Any joint venture shall recognize the following items related to its share of benefits in the joint operation and conduct accounting treatment in accordance with relevant accounting standards for business enterprises: assets it solely holds and its share of jointly-held assets based on its percentage; liabilities it solely assumes and its share of jointly-assumed liabilities based on its percentage; incomes from sale of output enjoyed by it from the joint operation; incomes from sale of output from the joint operation based on its percentage; and separate costs and costs for the joint operation based on its percentage.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

7. Cash and cash equivalents

Cash comprises cash on hand and bank deposits which can be used for payment at any time; Cash equivalents are short-term, highly liquid investments held by the Group, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8. Foreign currency translation

The Group translates the amount of foreign currency transactions occurred into functional currency.

The foreign currency transactions are recorded, on initial recognition in the functional currency, by applying to the foreign currency amount at the spot exchange rate on the transaction dates. Foreign currency monetary items are translated using the spot exchange rate quoted by the People's Bank of China at the balance sheet date. The exchange gains or losses arising from occurrence of transactions and exchange of currencies, except for those relating to foreign currency borrowings specifically for construction and acquisition of fixed assets capitalized, are dealt with in the profit and loss accounts. Non-monetary foreign currency items measured at historical cost remain to be translated at the spot exchange rate prevailing on the transaction date, and the amount denominated in the functional currency should not be changed. Non-monetary foreign currency items measured at fair value should be translated at the spot exchange rate prevailing on the date when the fair values are determined. The exchange difference thus resulted should be charged to the current income or other comprehensive income account of the current period.

When preparing consolidated financial statements, the financial statements of the subsidiaries presented in foreign currencies are translated into Renminbi as follows: asset and liability accounts are translated into Renminbi at exchange rates ruling at the balance sheet date; shareholders' equity accounts other than retained profits are translated into Renminbi at the applicable exchange rates ruling at the transaction dates; income and expense in income statement are translated into Renminbi at spot exchange rates on transaction occurrence; total difference between translated assets and translated liabilities and shareholders' equity is separately listed as "foreign currency exchange differences" below retained profits. The translation difference arising from the settlement of oversea subsidiaries is charged to the current liquidation profit and loss in proportion to the settlement ratio of the assets concerned.

Foreign currency cash flows and the cash flows of foreign subsidiaries should be translated using the average exchange rate prevailing on the transaction month during which the cash flows occur. The amount of the effect on the cash arising from the change in the exchange rate should be separately presented as an adjustment item in the cash flow statement.

9. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and derecognition

The Group recognizes a financial asset or a financial liability, when the Group becomes a party to the contractual provision of the instrument.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated balance sheet) when:

- 1) the rights to receive cash flows from the financial asset have expired;
- 2) the Group has transferred its rights to receive cash flows from the financial asset, or has assumed an

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) has transferred substantially all the risks and rewards of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the financial asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

Regular way purchases and sales of financial assets are recognized and derecognized using trade date accounting. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the period generally established by regulation or convention in the marketplace. The trade date is the date that the Group committed to purchase or sell a financial asset.

Classification and measurement of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them: financial assets at fair value through profit or loss, financial assets at amortized cost and financial assets at fair value through other comprehensive income. All affected related financial assets will be reclassified only if the Group changes its business model for managing financial assets.

Classification and measurement of financial assets (Continued)

Financial assets are measured at fair value on initial recognition, but accounts receivable or notes receivable arising from the sale of goods or rendering of services that do not contain significant financing components or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component due within one year, are initially measured at the transaction price.

For financial assets at fair value through profit or loss, relevant transaction costs are directly recognized in profit or loss, and transaction costs relating to other financial assets are included in the initial recognition amounts.

The subsequent measurement of financial assets depends on their classification as follows:

Debt investments measured at amortized cost

The Group measures financial assets at amortized cost if both of the following conditions are met: the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortized cost are subsequently measured using the effective interest method. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Debt investments at fair value through other comprehensive income

The Group measures debt investments at fair value through other comprehensive income if both of the following conditions are met: the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income is recognized using the effective interest method. The interest income, impairment losses and foreign exchange revaluation are recognized in profit or loss. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

recognized in other comprehensive income is recycled to profit or loss.

Equity investments at fair value through other comprehensive income

The Group can elect to classify irrevocably its equity investments which are not held for trading as equity investments designated at fair value through other comprehensive income. Only the relevant dividend income (excluding the dividend income explicitly recovered as part of the investment cost) is recognized in profit or loss. Subsequent changes in the fair value are included in other comprehensive income, and no provision for impairment is made. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income to retained earnings.

Classification and measurement of financial assets (Continued)

Financial assets at fair value through profit or loss

The financial assets other than the above financial assets measured at amortized cost and financial assets at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Such financial assets are subsequently measured at fair value with net changes in fair value recognized in profit or loss.

Classification and measurement of financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, other financial liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. For financial liabilities at fair value through profit or loss, relevant transaction costs are directly recognized in profit or loss, and transaction costs relating to other financial assets are included in the initial recognition amounts.

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities held for trading are subsequently measured at fair value with net changes in fair value recognized in profit or loss. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss.

Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Impairment of financial assets

On the basis of expected credit losses, the Group performs impairment treatment on financial assets measured at amortized cost and equity instrument investments measured at fair value and whose changes are included in other comprehensive income, and reserves for loss are recognized.

For receivables and contract assets that do not contain significant financing components, the Group uses a simplified measurement method to measure the loss provision based on the expected credit loss amount for the entire duration.

For financial assets other than the simplified measurement method mentioned above, the Group assesses on each balance sheet date whether its credit risk has not increased significantly since initial recognition, it is in the first stage. The Group measures the loss provision based on the amount equivalent to the expected credit

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

loss in the next 12 months, and calculates the interest income based on the book balance and the actual interest rate; if the credit risk has increased significantly since initial recognition but has not yet suffered credit impairment, it is in the second at this stage, the Group measures the loss provision based on the amount equivalent to the expected credit loss for the entire duration, and calculates the interest income based on the book balance and the actual interest rate; If credit impairment occurs after initial recognition, it is in the third stage. The amount of expected credit losses is measured over the entire duration of the loss allowance, and interest income is calculated based on amortized cost and effective interest rate. For financial instruments with low credit risk on the balance sheet date, the Group assumes that their credit risk has not increased significantly since initial recognition.

The Group assesses the expected credit losses of financial instruments based on individual items and portfolios. The Group has considered the credit risk characteristics of different customers and evaluated the expected credit losses of accounts receivable and other receivables based on the ageing combination.

Please refer to Note VII.3 for the disclosure of the Group's judgment criteria for significant increase in credit risk, the definition of credit impairment assets that have occurred, and assumptions about the expected credit loss measurement.

When the Group no longer reasonably expects to be able to fully or partially recover the contractual cash flows of financial assets, the Group directly writes down the book balance of the financial asset.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts; and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Transfer of financial assets

If the Group transfers substantially all the risks and rewards of ownership of the financial asset, the Group derecognizes the financial asset; and if the Group retains substantially all the risks and rewards of the financial asset, the Group does not derecognize the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Group determines whether it has retained control of the financial asset. In this case: (i) if the Group has not retained control, it derecognizes the financial asset and recognize separately as assets or liabilities any rights and obligations created not retained in the transfer; (ii) if the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability.

10. Inventories

Inventory includes raw materials, goods in transit, work in progress, finished goods, consigned processing materials, low-value consumables and spare parts.

Inventory is initially carried at the actual cost. Inventory costs comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to its present location and condition. Weighted average method is assigned to the determination of actual costs of inventories. One-off writing off method is adopted in amortization of low-value consumables.

The Group applies a perpetual counting method of inventory.

At the balance sheet date, the inventory is stated at the lower of cost and net realizable value. If the cost is higher than the net realizable value, provision for the inventory should be made through profit or loss. If factors

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

that resulted in the provision for the inventory have disappeared and made the net realizable value higher than their book value, the amount of the write-down should be reversed, to the extent of the amount of the provision for the inventory, and the reversed amount should be recognized in the income statement for the current period.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The impairment provision should be made on a basis of each item of inventories according to the difference between cost and net realizable value. For large numbers of inventories at relatively low unit prices, the provision for loss on decline in value of inventories should be made by category.

11. Long-term equity investments

Long-term equity investments include investments in subsidiaries, joint ventures and associates.

The long-term investments are initially recorded at costs on acquisition. Long-term investments acquired from business combination under common control shall be initially measured at the carrying value of the held interest of the party being acquired; The difference between the initial measured amounts and the book value of consideration, adjust the capital reserves (if the capital reserve is insufficient to be offset, retained earnings should be adjusted); Long-term investments acquired from business combination not under common control shall be initially measured at the cost (or, the sum of the cost and the carrying value of the previously held equity interest in the acquire for the business combination achieved by stages), which include the fair value of the consideration paid, the liabilities bears and the fair value of issued equity instrument; the other comprehensive income produced from the investment before the acquisition should be transferred into the current year investment income on disposal. Long-term investments acquired not from business combination are initially measured at 1)the consideration together with the cost necessary incurred; 2) the fair value of the equity instruments; and 3) the consideration agreed in the investment agreement by the investors, otherwise the agreed consideration were not fair.

The Company adopted cost method to account for long-term investments in the subsidiaries in the separate financial statements of the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Under cost method, the long-term equity investment is valued at the cost of the initial investment. The cost of long-term equity investment should be adjusted in case of additional investment or disinvestments. When cash dividends or profits are declared by the invested enterprise is recognized as investment income in current period.

The equity method is applied to account for long-term equity investments, when the Group has jointly control, or significant influence on the investee enterprise. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers). Significant influence is the power to participate in the financial and operating policy decisions of an economic activity but is not control or joint control over those policies.

Under equity method, when the initial investment cost of a long-term equity investment exceeds the investing enterprise's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference is accounted for as an initial cost. As to the initial investment cost is less than the investing enterprise's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference shall be charged to the income statement for the current period, and the cost of the long-term equity investment shall be adjusted accordingly.

Under equity method, the Group recognizes its share of post-acquisition equity in the investee enterprise for the current period as a gain or loss on investment, and also increases or decreases the carrying amount of the investment. When recognizing its share in the net profit or loss of the investee entities, the Group should, based

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

on the fair values of the identifiable assets of the investee entity when the investment is acquired, in accordance with the Group's accounting policies and periods, after eliminating the portion of the profits or losses, arising from internal transactions with joint ventures and associates, attributable to the investing entity according to the share ratio (but losses arising from internal transactions that belong to losses on the impairment of assets, should be recognized in full), recognize the net profit of the investee entity after making appropriate adjustments. The book value of the investment is reduced to the extent that the Group's share of the profit or cash dividend declared to be distributed by the investee enterprise. However, the share of net loss is only recognized to the extent that the book value of the investment is reduced to zero, except to the extent that the Group has incurred obligations to assume additional losses. The Group shall adjust the carrying amount of the long-term equity investment for other changes in owners' equity of the investee enterprise (other than net profits or losses), and include the corresponding adjustments in equity, which should be realized through profit or loss in subsequent settlement of the respective long-term investment.

On settlement of a long-term equity investment, the difference between the proceeds actually received and the carrying amount shall be recognized in the income statement for the current period. As to other comprehensive income recognized based on measurement of the original equity investment by employing the equity method, accounting treatment shall be made on the same basis as would be required if the invested entity had directly disposed of the assets or liabilities related thereto when measurement by employing the equity method is terminated. As to any change in owners' equity of the invested entity other than net profit or loss, other comprehensive income and profit distribution, the investing party shall be transferred to the income statement for the current period. If the remaining equities still be measured under the equity method, accumulative change previously recorded in other comprehensive income shall be transferred to current profit or loss, in measurement on the same basis as the invested entity had directly disposed of the assets or liabilities related thereto. The income or loss recorded in the equity directly should be transferred to the current income statement on settlement of the equity investment on the disposal proportion.

12. Investment property

Investment property are properties held to earn rentals or for capital appreciation, or both, including rented land use right, land use right which is held and prepared for transfer after appreciation, and rented building.

The initial measurement of the investment property shall be measured at its actual cost. The follow-up expenses pertinent to an investment property shall be included in the cost of the investment property, if the economic benefits pertinent to this real estate are likely to flow into the enterprise, and, the cost of the investment property can be reliably measured. Otherwise, they should be included in the current profits and losses upon occurrence.

The group adopts the cost method to make follow-up measurement to the investment property. The buildings are depreciated under straight-line method.

13. Fixed assets

A fixed asset probably shall be recognized only when the economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditure incurred for a fixed asset that meet the recognition criteria shall be included in the cost of the fixed asset, and the book value of the component of the fixed asset that is replaced shall be derecognized. Otherwise, such expenditure shall be recognized in the income statement in the period during which they are incurred.

Fixed assets are initially measured at actual cost on acquisition. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any directly attributable expenditure for bringing the asset to working condition for its intended use, such as delivery and handling costs, installation costs and other surcharges.

Fixed assets are depreciated on straight-line basis. The estimated useful lives estimated residual values and annual depreciation rates for each category of fixed assets are as follows:

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

| Category | Deprecation period | Residual rate (%) | Yearly depreciation rate (%) |
|---|--------------------|-------------------|------------------------------|
| Buildings | 20 to 35 years | 3% | 2.77%-4.85% |
| Machinery (Note) | 5 to 20 years | 3% | 4.85%-19.40% |
| Vehicles | 4 to 10 years | 3% | 9.70%-24.25% |
| Others | 3 to 21 years | 3% | 4.62%-32.33% |
| Note: the molds in machinery should be depreciated in units-of-production method. | | | |

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at the end of each year and makes adjustments if necessary.

14. Construction in progress

The cost of construction in progress is determined according to the actual expenditure for the construction, including all necessary construction expenditure incurred during the construction period, borrowing costs that should be capitalized before the construction reaches the condition for intended use and other relevant expenses.

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

15. Borrowing costs

Borrowing costs are interest and other costs incurred by the Group in connection with the borrowing of the funds. Borrowing costs include interest, amortization of discounts or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings.

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized, otherwise the borrowing costs are expensed in the period during which they are incurred. A qualifying asset is an asset (an item of property, plant and equipment and inventory etc.) that necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalization of borrowing costs is as part of the cost of a qualifying asset shall commence when:

- 1) expenditure for the asset is being incurred;
- 2) borrowing costs are being incurred; and
- 3) activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalization of borrowing costs shall be ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale have been done. And subsequent borrowing costs are recognized in the income statement.

During the capitalization period, the amount of interest to be capitalized for each accounting period shall be determined as follows:

- 1) where funds are borrowed for a specific-purpose, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds;
- 2) where funds are borrowed for a general-purpose, the amount of interest to be capitalized on such

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

borrowings is determined by applying a weighted average interest rate to the weighted average of the excess amounts of cumulative expenditure on the asset over and above the amounts of specific-purpose borrowings.

During the construction or manufacture of assets that are qualified for capitalization, if abnormal discontinuance, other than procedures necessary for their reaching the expected useful conditions, happens, and the duration of the discontinuance is over three months, the capitalization of the borrowing costs is suspended. Borrowing costs incurred during the discontinuance are recognized as expense and charged to the income statement of the current period, till the construction or manufacture of the assets resumes.

16. Intangible assets

An intangible asset probably shall be recognized only when the economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets are initially measured at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition, if the fair value can be reliably measured.

The useful life of the intangible assets shall be assessed according to the estimated beneficial period expected to generate economic benefits. An intangible asset shall be regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

The useful lives of the intangible assets are as follow:

Useful life

| | |
|-----------------------|----------------|
| Land use right | 43 to 50 years |
| Software | 2 years |
| Trademark | 10 years |
| Non-patent technology | 5 years |

Land use rights that are purchased or acquired through the payment of land use fees are accounted for as intangible assets. With respect to self-developed properties, the corresponding land use right and buildings should be recorded as intangible and fixed assets separately. As to the purchased properties, if the reasonable allocation of outlays cannot be made between land and buildings, all assets purchased will be recorded as fixed assets. The cost of a finite useful life intangible asset is amortized using the straight-line method during the estimated useful life. For an intangible asset with a finite useful life, the Group reviews the estimated useful life and amortization method at least at the end of each year and adjusts if necessary.

The Group should test an intangible asset with an indefinite useful life for impairment by comparing its recoverable amount with its carrying amount annually, whenever there is an indication that the intangible asset may be impaired. An intangible asset with an indefinite useful life shall not be amortized.

The useful life of an intangible asset that is not being amortised shall be reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If there are indicators that the intangible asset has finite useful life, the accounting treatment would be in accordance with the intangible asset with finite useful life.

17. Research and development expenditures

The Group classified the internal research and development expenditures as follows: research expenditures and development cost.

The expenditures in research stage are charged to the current income on occurrence.

The expenditures in development stage are capitalized that should meet all the conditions of (a) it is technically feasible to finish intangible assets for use or sale; (b) it is intended to finish and use or sell the intangible assets; (c) the usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets itself or the intangible assets will be used internally; (d) it is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources; and (e) the development expenditures of the intangible assets can be reliably measured. Expenses incurred that don't meet the above requirements unanimously should be expensed in the income statement of the reporting period.

The Group discriminates between research and development stage with the condition that the project research has been determined, in which the relevant research complete all the fractionalization of products measurements and final product scheme under final approval of management. The expenditures incurred before project-determination stage is charged to the current income, otherwise it is recorded as development cost.

18. Impairment of assets

The Group determines the impairment of assets, other than the impairment of inventory, deferred income taxes, and financial assets, using the following methods:

The Group assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs impairment tests. Goodwill arising from a business combination and an intangible asset with an indefinite useful life are tested for impairment at least at the end of every year, irrespective of whether there is any indication that the asset may be impaired. An intangible asset which is not ready for its intended use is tested for impairment at least at the end of every year.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flow expected to be derived from the asset. The Group estimates the recoverable amount on an individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group is based on whether major cash flows generated by the asset group are independent of the cash flows from other assets or asset groups.

When the recoverable amount of an asset or asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount. The impairment of asset is provided for and the impairment loss is recognized in the income statement for the current period.

For the purpose of impairment testing, the carrying amount of goodwill acquired in a business combination is allocated, on a reasonable basis, to related asset groups; if it is impossible to allocate to the related asset groups, it is allocated to each of the related sets of asset groups. Each of the related asset groups or related sets of asset groups is a group or set of asset group that is able to benefit from the synergies of the business combination and shall not be larger than a reportable segment determined by the Group.

When an impairment test is conducted on an asset group or a set of asset groups that contains goodwill, if there is any indication of impairment, the Group firstly tests the asset group or the set of asset groups excluding the amount of goodwill allocated for impairment, i.e., it determines and compares the recoverable amount with the related carrying amount and then recognize impairment loss if any. Thereafter, the Group tests the asset group or set of asset groups including goodwill for impairment, the carrying amount (including the portion of the carrying amount of goodwill allocated) of the related asset group or set of asset groups is compared to its recoverable amount. If the carrying amount of the asset group or set of asset groups is higher than its recoverable amount, the amount of the impairment loss is firstly eliminated by and amortized to the book value of the goodwill included in the asset group or set of asset groups, and then eliminated by the book value

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

of other assets according to the proportion of the book values of assets other than the goodwill in the asset group or set of asset groups.

Once the above impairment loss is recognized, it cannot be reversed in subsequent periods.

19. Long-term deferred expenses

The long-term deferred expenses represent the payment for the improvement on buildings and other expenses, which have been paid and should be deferred in the following years. Long-term deferred expenses are amortized on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortization.

20. Employee benefits

Employee benefits refer to all kinds of remunerations or compensation made by enterprises to their employees in exchange for services provided by the employees or termination of labor relation. Employee compensation includes short-term compensation and post-employment benefits. The benefits offered by enterprises to the spouse, children, the dependents of the employee, the family member of deceased employee and other beneficiaries are also employee compensation.

Short-term employee salaries

During the accounting period of employee rendering service, the actual employees salaries and are charged to the statement of profit or loss as they become payable in balance sheet.

Post-employment benefits (Defined contribution plans)

The employees of the Group participate in pension insurance, which is managed by local government and the relevant expenditure, is recognized, when incurred, in the costs of relevant assets or the profit and loss for the current period.

Post-employment benefits (Defined benefit plan)

The Group operates a defined benefit pension plan which requires contributions to be made to a separately administered fund. The benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Remeasurements arising from defined benefit pension plans are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained profits through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier of: the date of the plan amendment or curtailment; and the date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under administrative expenses in the consolidated statement of profit or loss by function: •service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; net interest expense or income.

Termination benefits

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

21. Provisions

An obligation related to a contingency shall be recognised by the Group as a provision when all of the following conditions are satisfied, except for contingent considerations and contingent liabilities assumed in a business combination not involving entities under common control:

- 1) the obligation is a present obligation of the Group;
- 2) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation;
- 3) a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are initially measured according to the current best estimate for the expenditure necessary for the performance of relevant present obligations, with comprehensive consideration given to factors such as the risks, uncertainty and time value of money relating to contingencies. The book value of the contingent liabilities should be reviewed at each balance sheet date. If there is objective evidence showing that the book value cannot reflect the present best estimate, the book value should be adjusted according to the best estimate.

The contingent liabilities of the acquiree acquired in the business combination involving entities not under common control are measured at fair value upon initial recognition. After initial recognition, the balance of the amount recognized according to the estimated liabilities and the amount initially recognized after deducting the accumulated amortization determined by the revenue recognition principle is subsequently measured at the higher of the two.

22. Share-based payments

The share-based payments shall consist of equity-settled share-based payments and cash-settled share-based payments. The term "equity-settled share-based payment" refers to a transaction in which an enterprise grants shares or other equity instruments as a consideration in return for services.

The equity-settled share-based payment in return for employee services shall be measured at the fair value of the equity instruments granted to the employees. As to an equity-settled share-based payment in return for services of employees, if the right may be exercised immediately after the grant, the fair value of the equity instruments shall, on the date of the grant, be included in the relevant cost or expense and the capital reserves shall be increased accordingly. As to an equity-settled share-based payment in return for employee services, if the right cannot be exercised until the vesting period comes to an end or until the prescribed performance conditions are met, then on each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the number of vested equity instruments, be included in the relevant costs or expenses and the capital reserves at the fair value of the equities instruments on the date of the grant. The fair value is determined using Black-Scholes model (Note XI).

Within the vesting period or before the prescribed performance conditions are met, the relevant costs or expenses and capital reserves shall be determined and increased based on the best estimate of the number of vested equity instruments on each balance sheet date.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

23. Revenue

Revenue is recognized only when an inflow of economic benefits is probable, the amount of which can be reliably measured, and all of the following conditions are qualified.

Revenue from the sale of goods

The Group has transferred to the buyer the significant risks and rewards of ownership of the goods; the Group retains neither continuing management involvement to the degree usually associated with ownership nor effective control over the goods sold; and the amount of revenue can be measured reliably. The proceeds earned from sales of goods are determined based on the amount received or receivable as stipulated in the contract or agreement, otherwise the amount is not fair; If the amount received or receivable as stipulated in the contract or agreement is collected in a defer method, it includes the financing elements and should be determined according to the fair value of the amount received or receivable as stipulated in the contract or agreement.

Revenue from the rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction is recognized using the percentage of completion method, or otherwise, the revenue is recognized to the extent of costs incurred that are expected to be recoverable. The outcome of a transaction involving rendering of services can be estimated reliably when all of the following conditions are satisfied: the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow into the Group; the stage of completion of the transaction can be measured reliably; and the costs incurred and to be incurred for the transaction can be measured reliably. The Group determines the stage of completion of a transaction involving the rendering of services by using the proportion of services performed to date to the total services to be performed. The total amount of revenue earned from rendering service are determined based on the amount received or receivable as stipulated in the contract or agreement, otherwise the amount is not fair.

Interest income

It should be measured based on the length of time for which the Group's cash is used by others and the applicable effective interest rate.

Royalty income

Royalty income is recognized according to the agreed time and method by both parties in related contracts.

Rental income

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

Rental income from operating leases is recognized by the lesser in the income statement on a straight-line basis over the lease term. The contingent rents shall be recorded in the profits and losses of the period in which they actually arise.

24. Government grants

A government grant is recognized only when there is reasonable assurance that the entity will comply with any conditions attached to the grant and the grant will be received. Monetary grants are accounted for at received or receivable amount. Non-monetary grants are accounted for at fair value. If there is no reliable fair value available, the grants are accounted for a nominal amount.

A government grant which is specified by the government documents to be used to purchase and construct the long-term assets shall be recognized as the government grant related to assets. A government grant which is not specified by the government documents shall be judged based on the basic conditions to obtain the government grant. The one whose basic condition was to purchase and construct the long-term assets shall be recognized as the government grant related to assets.

The Group uses the gross method to account for government grants.

Government grants related to income to be used as compensation for future expenses or losses shall be recognized as deferred income and shall be charged to the current profit or loss or be used to write down the relevant loss, during the recognition of the relevant cost expenses or losses; or used as compensation for relevant expenses or losses already incurred by enterprises shall be directly charged to the profit and loss account in the current period or used to write down the relevant cost.

The government grants related to assets shall be used to write down the book value of the relevant assets or be recognized as deferred income. The government grants related to assets, recognized as deferred income, shall be charged to the profit and loss reasonably and systematically in stages over the useful lives of the relevant assets. The government grants measured at nominal amount shall be directly charged to the current profit and loss. The remaining book value of the government grants related to assets should be charged to the profit and loss account in the current period when the relative assets sold, transferred, disposed or damaged.

25. Income taxes

Income tax comprises current and deferred tax. Income tax is recognized as an income or an expense and include in the income statement for the current period, except to the extent that the tax arises from a business combination or if it relates to a transaction or event which is recognized directly in equity.

Current income tax liabilities or assets for the current and prior periods, are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

For temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, and temporary differences between the carrying amounts and the tax bases of items, the tax bases of which can be determined for tax purposes, but which have not been recognized as assets and liabilities, deferred taxes are provided using the liability method.

A deferred tax liability is recognized for all taxable temporary differences, except:

- (1) to the extent that the deferred tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which contains both of the following characteristics: the transaction is not a business combination and at the time of the transaction, it affects neither the accounting profit nor taxable profit or loss.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

(2) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in jointly-controlled enterprises, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is recognized for deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- (1) where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (2) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, according to the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects at the balance sheet date, to recover the assets or settle the liabilities.

At the balance sheet date, the Group reviews the book value of deferred tax assets. If it is probable that sufficient taxable income cannot be generated to use the tax benefits of deferred tax assets, the book value of deferred tax assets should be reduced. When it is probable that sufficient taxable income can be generated, the amount of such reduction should be reversed. When it is probable that sufficient taxable income can be generated, the amount of such reduction should be reversed.

When the following conditions are met at the same time, the deferred tax assets and deferred tax liabilities are listed at the net amount after offset: the legal right to settle the current income tax assets and current income tax liabilities at the net amount; the deferred tax assets and deferred tax liabilities are related to the income tax levied by the same tax collection and management department on the same taxable subject or different taxpaying subjects. However, in the future, during each period when the significant deferred tax assets and deferred tax liabilities are reversed, the tax payer involved intends to settle the current income tax assets and current income tax liabilities with net amount or obtain assets and pay off debts at the same time.

26. Leases

A finance lease is a lease that transfers in substance all the risks and rewards incident to ownership of an asset. An operating lease is a lease other than a finance lease.

The Group recording the operating lease as a lessee

Lease payments under an operating lease are recognized by a lessee on a straight-line basis over the lease term, and either included in the cost of another related asset or charged to the income statement for the current period. The contingent rents shall be recorded in the profits and losses of the period in which they actually arise.

The Group recording the operating lease as a lessor

Rental income from operating leases is recognized by the lessor in the income statement on a straight-line basis over the lease term. The contingent rents shall be recorded in the profits and losses of the period in which they

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

actually arise.

27. Profit distribution

The cash dividend of the Group is recognized as liabilities after the approval of general meeting of stockholders.

28. Safety fund

The safety fund extracted by the Group shall be recognized as the cost of the related products or income statement, while be recognized as special reserve. When using safety fund, it shall be distinguished whether it will form fixed assets or not. The expenditure shall write down the special reserve; the capital expenditure shall be recognized as fixed assets when meet the expected conditions for use, and write down the special reserve while recognizing accumulated depreciation with the same amount.

29. Fair value measurement

The Group measures its equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly; Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

30. Significant accounting judgments and estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts and disclosures of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the balance sheet date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments which have significant effect on the financial statements:

Operating leases - as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Business model

The classification of financial assets at initial recognition depends on the business model of the Group's management of financial assets. When judging the business model, the Group considers the methods including enterprise evaluation and reporting of financial asset performance to key management personnel, risks affecting financial asset performance and its management method and the way in which related business managers get paid. When evaluating whether to take contract cash flow as the goal, the Group needs to analyze and judge the reasons, time, frequency and value of the sale of financial assets before the due date.

Contract cash flow characteristics

The classification of financial assets at initial recognitions depends on the contractual cash flow characteristics of the financial assets. It is necessary to determine whether the contractual cash flow is only for the payment of principal and interest based on outstanding principal, including correction of the time value of money during the evaluation, it is necessary to determine whether there is a significant difference compared to the benchmark cash flow. For financial assets that include prepayment characteristics, it is necessary to determine whether the fair value of the prepayment characteristics is very small, etc.

Uncertainty of accounting estimates

The crucial assumptions of significant accounting estimates in future and other crucial sources of estimated uncertainty, which may result in the significant adjustments to the book value of the subsequent accounting period, are as the following:

Impairment of financial instruments

The Group uses the expected credit loss model to assess the impairment of financial instruments. The application of the expected credit loss model requires significant judgments and estimates. All reasonable and valid information must be considered, including forward-looking information. In making these judgments and estimates, the Group infers the expected changes in the credit risk of the debtor based on historical repayment data combined with economic policies, macroeconomic indicators, industry risks and other factors. Different estimates may affect the provision for impairment losses. The provision for impairment losses may not be equal to the actual amount of future impairment losses.

Impairment of non-current assets other than financial assets (goodwill excluded)

The Group assesses at each reporting date whether there is an indication that non-current assets other than financial assets may be impaired. If there is any sign of possible assets impairment, the assets concerned should be subject to impairment test. When the carrying amount of an asset or the relevant assets group exceeds its recoverable amount which is the higher one of the net amount of the fair value of the asset minus the disposal expenses and the present value of the expected future cash flow of the asset, the asset is considered impaired. The fair value minus the disposal expenses is determined by reference to the recent market transactions price or observed market price less any directly attributable expenditure for disposing. When making an estimate of the present value of the future cash flow of an asset, the Group should estimate the future cash flows of the asset or the relevant assets group, with the appropriate discount rate selected to reflect the present value of the future cash flows.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

Fair value of unlisted equity investments

For unlisted equity instrument investments, several valuation models are used to estimate the fair value. This requires the Group to make estimates of unobservable market parameters such as price-to-book ratio, discount rate, sustainable growth rate, asset price index, etc., and is therefore uncertain.

Development expenditures

When determining the capitalization amount, management should make assumptions such as the expected cash flows of the assets related, the applicable discount rate and expected benefit period.

Deferred tax assets

The Group should recognize the deferred income tax assets arising from all the existing unutilized tax deficits and deductible temporary differences to the extent of the amount of the taxable income which it is most likely to obtain and which can be deducted from the deductible temporary differences. Enormous accounting judgments, as well as the tax planning are compulsory for management to estimate the time and amount of prospective taxable profits and thus determine the appropriate amount of the deferred tax assets concerned.

Warranty

The Group provides warranties on automobile and undertakes to repair or replace items that fail to perform satisfactorily based on certain pre-determined conditions. Factors that influence estimation of related warranty claim include: 1) renewal of laws and regulations; 2) quality promotion of Group products; 3) change of parts and labour cost. In general, the Group records warranty based on selling volume and estimated compensatory unit warranty cost, deduction multi-agreed compensation from suppliers. As at balance sheet day, the Group launches retrospective analysis on warranty carrying amount in consideration of accrual warranty payment during relative warranty period, and recent trends of product renovation and replacement, and further adjustment if necessary. Any increase or decrease in the provision would affect profit or loss in future years.

Depreciation and amortization

The Group's management determines the estimated useful lives and residual value of fixed assets and intangible assets. This estimate is based on the historical experience of actual useful lives of fixed assets and intangible assets of similar nature and functions. Management will increase the depreciation and amortization charges where useful lives are less than previously estimated.

31. Changes in accounting policies and estimates

Changes in accounting policies

The New Guidelines for Financial Instruments

In 2017, the Ministry of Finance issued the revised "Accounting Standard for enterprise No.22 -- Recognition and Measurement of Financial Instruments"; "Accounting Standard for enterprise No.23 – the Transfer of Financial Assets"; "Accounting Standard for enterprise No.24 – Hedging" and "Accounting Standard for enterprise No.37 – the List of Financial Instrument" (generally referred to as "the New Financial Instrument Guidelines"). The Group will conduct accounting treatment in accordance with the new financial instrument standards from January 1, 2019. According to the convergence provisions, no adjustment will be made to the information of the comparable period. The difference between the new standards and the current standards implemented on the first day will be retroactively adjusted to adjust the undistributed profit or other comprehensive income at the beginning of 2019.

The New Guidelines for Financial Instruments have changed the classification and measurement methods of financial assets, which identified three main categories of measurement: amortized cost; other comprehensive income measured to fair value and whose changes; the current profit and loss measured to fair value and whose changes. Enterprises are supposed to consider their own business models and the contractual cash flow

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

characteristics of financial assets to carry out the above classification. Equity instrument investment needs to be measured at fair value and its changes are included in the current profit and loss, but at initial recognition, non-trading equity instrument investments can be irrevocably designated as financial assets measured at fair value and their changes are included in other comprehensive income.

The New Standard for Financial Instruments requires that the impairment measurement of financial assets should be changed to "expected credit loss model" from "incurred loss model". It is appropriate for the financial assets measured at amortized cost and those measured at fair value with changes included in other comprehensive income.

The Group designated part of the equity investment held as a financial asset measured at fair value and its changes included in other comprehensive income on January 1, 2019 and reported as an investment in other equity instruments.

The New Guidelines for Financial Instruments (continued)

On the date of initial implementation, the classification and measurement results of financial assets in accordance with the financial instrument recognition and measurement standards before and after revision are as follows:

The Group

| | Recognition and measurement standards for financial instruments before amendment | Recognition and measurement standards for financial instruments after amendment | | |
|--------------------------|--|---|---|-------------------|
| | Measurement category | Carrying amount | Measurement category | Carrying amount |
| Cash | Amortized cost (The loan and Account receivable) | 9,980,544,526.14 | Amortized cost | 9,980,544,526.14 |
| Account receivable | Amortized cost (The loan and Account receivable) | 1,409,419,600.50 | Amortized cost | 1,409,419,600.50 |
| Notes receivable | Amortized cost (The loan and Account receivable) | 20,561,625,805.24 | Amortized cost | 20,561,625,805.24 |
| Other account receivable | Amortized cost (The loan and Account receivable) | 3,233,020,118.16 | Amortized cost | 3,233,020,118.16 |
| Equity investment | Measure at fair value and its changes are included in the other comprehensive income (Assets available for sale) | 1,530,321,311.31 | Measure at fair value and its changes are included in the current profit and loss (the Requirement of the Guidelines) | 1,530,321,311.31 |
| Equity investment | Amortized cost (Assets available for sale) | 427,552,000.00 | Measure at fair value and its changes are included in the other comprehensive income (Specified) | 582,679,600.00 |

The Company

| | Recognition and measurement standards for financial instruments before amendment | Recognition and measurement standards for financial instruments after amendment | | |
|------|--|---|----------------------|------------------|
| | Measurement category | Carrying amount | Measurement category | Carrying amount |
| Cash | Amortized cost (The loan and Account | 7,310,973,018.99 | Amortized cost | 7,310,973,018.99 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

| | | | | |
|--------------------------|--|-------------------|---|-------------------|
| | receivable) | | | |
| Account receivable | Amortized cost (The loan and Account receivable) | 5,679,160,679.69 | Amortized cost | 5,679,160,679.69 |
| Notes receivable | Amortized cost (The loan and Account receivable) | 19,391,160,283.70 | Amortized cost | 19,391,160,283.70 |
| Other account receivable | Amortized cost (The loan and Account receivable) | 2,326,885,353.29 | Amortized cost | 2,326,885,353.29 |
| Equity investment | Measure at fair value and its changes are included in the other comprehensive income (Assets available for sale) | 123,540,000.00 | Measure at fair value and its changes are included in the current profit and loss (the Requirement of the Guidelines) | 123,540,000.00 |
| Equity investment | Amortized cost (Assets available for sale) | 417,642,000.00 | Measure at fair value and its changes are included in the other comprehensive income (Specified) | 572,793,000.00 |

The New Guidelines for Financial Instruments (continued)

On the date of initial implementation, the origin face value adjustment of financial assets is the adjustment table for the new financial asset face value classified and measured in accordance with the revised financial instrument recognition and measurement standards:

The Group

| | Face value as listed in the original financial instrument standard 31 December 2018 | Rearrange | Remeasurement | Face value as listed in the original financial instrument standard 1 January 2019 |
|---|--|------------------|---------------|--|
| Financial assets measured at amortized cost | | | | |
| <i>Cash</i> | 9,980,544,526.14 | - | - | 9,980,544,526.14 |
| <i>Account receivable</i> | 1,409,419,600.50 | - | - | 1,409,419,600.50 |
| <i>Note receivable</i> | 20,561,625,805.24 | - | - | 20,561,625,805.24 |
| <i>Other account receivable</i> | 3,233,020,118.16 | - | - | 3,233,020,118.16 |
| <i>Equity investment-financial asset available for sale</i> | - | - | - | - |
| Balance as listed in the original financial instrument standard | 427,552,000.00 | - | - | - |
| Less: transferred out to be measured at fair value and its changes are included in other comprehensive income (new financial instrument standard) | - | (427,552,000.00) | - | - |
| Balances listed under the new financial instrument standard | - | - | - | - |
| Total financial assets measured at amortized cost | 35,612,162,050.04 | (427,552,000.00) | - | 35,184,610,050.04 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

| | | | | |
|--|------------------|--------------------|----------------|----------------|
| Measure at fair value and its changes are included in the other comprehensive income | | | | |
| <i>Equity investment-financial asset available for sale</i> | - | - | - | - |
| Balance as listed in the original financial instrument standard | 1,530,321,311.31 | - | - | - |
| Plus: transfer to the fair value measurement and its change into other comprehensive income – equity instruments (new financial instrument standard) | - | 427,552,000.00 | - | - |
| Less: transferred out to be measured at fair value and its changes are included in other comprehensive income (new financial instrument standard) | - | (1,530,321,311.31) | - | - |
| Remeasurement: first execution date fair value change | - | - | 155,127,600.00 | - |
| Balances listed under the new financial instrument standard | - | - | - | 582,679,600.00 |

The New Guidelines for Financial Instruments (continued)

The Group (continued)

| | Face value as listed in the original financial instrument standard 31 December 2018 | Rearrange | Remeasurement | Face value as listed in the original financial instrument standard 1 January 2019 |
|--|--|--------------------|-----------------------|--|
| Total financial assets measured at fair value and whose changes are recorded in other comprehensive income | 1,530,321,311.31 | (1,102,769,311.31) | 155,127,600.00 | 582,679,600.00 |
| Financial assets measured at fair value and whose changes are recorded in other comprehensive income | | | | |
| Balances listed under the new financial instrument standard | - | - | - | - |
| Plus: transfer to the fair value measurement and its change into other comprehensive income – equity instruments (new financial instrument standard) | - | 1,530,321,311.31 | - | - |
| Balance list under the new financial instrument standard | - | - | - | 1,530,321,311.31 |
| Total financial assets measured at fair value and whose changes are recorded into the current profit and loss | - | 1,530,321,311.31 | - | 1,530,321,311.31 |
| Total | 37,142,483,361.35 | - | 155,127,600.00 | 37,297,610,961.35 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

The New Guidelines for Financial Instruments (continued)

On the date of initial implementation, the origin face value adjustment of financial assets is the adjustment table for the new financial asset face value classified and measured in accordance with the revised financial instrument recognition and measurement standards:

The Company (continued)

| | Face value as listed in the original financial instrument standard 31 December 2018 | Rearrange | Remeasurement | Face value as listed in the original financial instrument standard 1 January 2019 |
|--|--|------------------|----------------|--|
| Financial assets measured at amortized cost | | | | |
| <i>Cash</i> | 7,310,973,018.99 | - | - | 7,310,973,018.99 |
| <i>Account receivable</i> | 5,679,160,679.69 | - | - | 5,679,160,679.69 |
| <i>Note receivable</i> | 19,391,160,283.70 | - | - | 19,391,160,283.70 |
| <i>Other account receivable</i> | 2,326,885,353.29 | - | - | 2,326,885,353.29 |
| <i>Equity investment-financial asset available for sale</i> | - | - | - | - |
| Balance as listed in the original financial instrument standard | 417,642,000.00 | - | - | - |
| Less: transferred out to be measured at fair value and its changes are included in other comprehensive income (new financial instrument standard) | - | (417,642,000.00) | - | - |
| Balances listed under the new financial instrument standard | - | - | - | - |
| Total financial assets measured at amortized cost | 35,125,821,335.67 | (417,642,000.00) | - | 34,708,179,335.67 |
| Measure at fair value and its changes are included in the other comprehensive income | | | | |
| <i>Equity investment-financial asset available for sale</i> | - | - | - | - |
| Balance as listed in the original financial instrument standard | 123,540,000.00 | - | - | - |
| Plus: transfer to the fair value measurement and its change into other comprehensive income – equity instruments (new financial instrument standard) | - | 417,642,000.00 | - | - |
| Less: transferred out to be measured at fair value and its changes are included in other comprehensive income (new financial instrument standard) | - | (123,540,000.00) | - | - |
| Remeasurement: first execution date | - | - | 155,151,000.00 | - |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

| | | | | |
|-------------------|--|--|--|--|
| fair value change | | | | |
|-------------------|--|--|--|--|

The New Guidelines for Financial Instruments (continued)

The Company (continued)

| | Face value as listed in the original financial instrument standard 31 December 2018 | Rearrange | Remeasurement | Face value as listed in the original financial instrument standard 1 January 2019 |
|--|--|----------------|-----------------------|--|
| Total financial assets measured at fair value and whose changes are recorded in other comprehensive income | 123,540,000.00 | 294,102,000.00 | 155,151,000.00 | 572,793,000.00 |
| Financial assets measured at fair value and whose changes are recorded in other comprehensive income | | | | |
| Balances listed under the new financial instrument standard | - | - | - | - |
| Plus: transfer to the fair value measurement and its change into other comprehensive income - equity instruments (new financial instrument standard) | - | 123,540,000.00 | - | - |
| Balance list under the new financial instrument standard | - | - | - | 123,540,000.00 |
| Total financial assets measured at fair value and whose changes are recorded into the current profit and loss | - | 123,540,000.00 | - | 123,540,000.00 |
| Total | 35,249,361,335.67 | - | 155,151,000.00 | 35,404,512,335.67 |

Changes in the presentation of financial statements

To meet the requirements of the Notice on Revising and Issuing Format of 2019 Financial Statements for General Business Enterprises (Cai Kuai [2019] No.6) and the Notice on Revising and Issuing Format of Consolidated Financial Statements (2019 edition) (Cai Kuai [2019] No.16), in the balance sheet, the amounts previously presented in "notes and trade receivables" shall be split into "notes receivable" and "trade receivables", the amounts previously presented in "notes and trade payables" shall be split into "notes payable" and "trade payables", the notes receivables at fair value through other comprehensive income previously presented in "other current assets" are separately presented in "receivables financing", the "interests receivable" in "other receivables" is changed to reflect only the outstanding interests on financial instruments that expired and can be collected at the balance sheet date (the interests on the financial instrument accrued using the effective interest method are included in the outstanding amount of the corresponding financial instrument); the "interests payable" in "other payables" is changed to reflect only the outstanding interests on financial instruments that expired and should be paid at the balance sheet date (the interests on the financial instrument accrued using the effective interest method are included in the outstanding amount of the corresponding financial instrument), No need to retroactively adjust the comparative data according to the convergence provisions of the new financial instrument standards

The cumulative effect of retrospective adjustments caused by the above changes in accounting policies are stated as follows:

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

| | Face value before the changes in accounting policies | Changes in accounting policies | | Face value after the changes in accounting policies |
|--|--|--|---|---|
| | 31 December 2018 | The effects of the new financial instrument standard | Other financial statement presentation method change impact | 1 January 2019 |
| The Group | | | | |
| Notes receivable | - | - | 20,561,625,805.24 | 20,561,625,805.24 |
| Account receivable | - | - | 1,409,419,600.50 | 1,409,419,600.50 |
| Notes and account receivable | 21,971,045,405.74 | - | (21,971,045,405.74) | - |
| Other account receivable | 3,250,452,923.70 | - | (17,432,805.54) | 3,233,020,118.16 |
| Other current assets | 2,227,565,353.23 | - | 17,432,805.54 | 2,244,998,158.77 |
| Financial assets available for sale | 1,957,873,311.31 | (1,957,873,311.31) | - | - |
| Financial assets for trading | - | 1,530,321,311.31 | - | 1,530,321,311.31 |
| Investment in other equity instruments | - | 582,679,600.00 | - | 582,679,600.00 |
| Notes payable | - | - | 14,807,862,262.39 | 14,807,862,262.39 |
| Account payable | - | - | 13,916,201,276.95 | 13,916,201,276.95 |
| Notes and account payable | 28,724,063,539.34 | - | (28,724,063,539.34) | - |
| Research and development costs | 2,543,265,379.12 | - | 641,523,542.56 | 3,184,788,921.68 |
| Management costs | 2,782,755,531.47 | - | (641,523,542.56) | 2,141,231,988.91 |
| The Company | | | | |
| Notes receivable | - | - | 19,391,160,283.70 | 19,391,160,283.70 |
| Account receivable | - | - | 5,679,160,679.69 | 5,679,160,679.69 |
| Notes and account receivable | 25,070,320,963.39 | - | (25,070,320,963.39) | - |
| Other account receivable | 2,344,318,158.83 | - | (17,432,805.54) | 2,326,885,353.29 |
| Other current assets | 1,355,155,749.21 | - | 17,432,805.54 | 1,372,588,554.75 |
| Financial assets available for sale | 541,182,000.00 | (541,182,000.00) | - | - |
| Financial assets for trading | - | 123,540,000.00 | - | 123,540,000.00 |
| Investment in other equity instruments | - | 572,793,000.00 | - | 572,793,000.00 |
| Notes payable | - | - | 13,572,757,870.72 | 13,572,757,870.72 |
| Account payable | - | - | 10,690,985,635.15 | 10,690,985,635.15 |
| Notes and account payable | 24,263,743,505.87 | - | (24,263,743,505.87) | - |
| Research and development costs | 2,468,444,658.83 | - | 552,635,596.44 | 3,021,080,255.27 |
| Management costs | 2,154,623,063.20 | - | (552,635,596.44) | 1,601,985,466.76 |

IV TAXES

1. Main taxes and tax rates

Value added tax ("VAT") - VAT payable is the difference between VAT output and less deductible VAT input for the current year.
VAT output of sales of products has been calculated by applying a rate of 13% to the taxable value since 1 April 2019 (16% before 1 April 2019).
And VAT output of income from providing labor services has been calculated by applying a rate of 6% to the taxable value during this year.

Consumption tax - Consumption tax is calculated at 1%, 3% or 5% of taxable income.

City maintenance and construction tax - 5% or 7% of the turnover tax paid is calculated and paid.

Educational surcharge - 3% of the actual turnover tax paid is calculated and paid.

Local educational surcharge - 2% of the turnover tax actually paid is calculated and paid.

Corporate income tax - Corporate income tax is paid at 15% or 25% of taxable income.

2. Tax benefits

According to the relevant provisions of the national high-tech identification and relevant tax preferential policies, the following companies of the group are identified as high-tech enterprises and are subjected to the preferential corporate income tax rate of 15% within the prescribed period: the company (2018-2020), and the Company's subsidiaries including Hefei Changan Automobile Company Limited (2019-2021), Hebei Changan Automobile Company Limited (2017-2019), Baoding Changan Bus Manufacturing Company Limited (2017-2019), Chongqing Changan Connected Car Technology Co., Ltd. (2019-2021) and Beijing Changan Automotive Engineering Technology Company Limited (2018-2020).

In accordance to Circular for Further Implementation of Tax Incentives In the Development of Western Regions (Cai Shui [2011] No. 58) collectively issued by the ministry of Finance, the Customs General Administration and the National Taxation Bureau of PRC, from 1 January 2011 to 31 December 2020, enterprises located in the Western Region and engaged in encouraged business would be entitled to a preferential CIT rate of 15%. The Company's subsidiaries, including Chongqing Changan Special Automobile Co., Ltd, Chongqing Changan Automobile Supporting Service Co., Ltd. and Chongqing Changan Suzuki Automobile Co., Ltd. are qualified to the requirement and are subjected to the preferential tax rate of 15%.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash

| Item | 2019 | 2018 |
|--------------|-------------------|------------------|
| Cash | 18,280.08 | 14,374.84 |
| Cash at bank | 9,360,456,394.81 | 9,648,139,239.96 |
| Other cash | 705,696,678.59 | 332,390,911.34 |
| Total | 10,066,171,353.48 | 9,980,544,526.14 |

As at 31 December 2019, the book value of restricted cash and cash equivalents is RMB705,696,678.59 (As at 31 December 2018: RMB332,390,911.34), which was mainly restricted for the issuance of acceptance bill.

As at 31 December 2019, the cash at bank oversea is equivalent to RMB159,973,528.25 (As at 31 December 2018: RMB329,881,255.11).

Cash at banks earns interest at floating rates based on daily bank deposit rates. Notice deposits are made for periods of 7 days, and short-term deposits are made for periods of 3 months to 12 months, depending on the cash requirements of the Group, and earn interest at respective deposit rates.

2. Financial assets held for trading

| | 2019 |
|---|------------------|
| Financial assets measured at fair value and whose changes are recorded into the current profit and loss | |
| - Investment in equity instrument | 2,419,476,200.00 |

On December 31, 2019, the financial assets held for trading measured at fair value are 35.5 million common shares of Southwest Securities Company Limited and 23 million restricted shares of Contemporary Amperex Technology Ltd .

3. Notes receivable

(1) Classification of notes receivable

| Type | 2019 | 2018 |
|----------------------------|-------------------|-------------------|
| Commercial acceptance bill | 7,475,629,607.72 | 6,687,321,419.20 |
| Bank acceptance bill | 19,330,005,979.47 | 13,874,304,386.04 |
| Total | 26,805,635,587.19 | 20,561,625,805.24 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

3. Notes receivable and accounts receivable(continued)

(2) Pledged notes receivable

| Type | 2019 | 2018 |
|----------------------------|------------------|----------------|
| Commercial acceptance bill | 365,040,070.00 | 384,462,570.00 |
| Bank acceptance bill | 2,760,059,280.00 | 85,160,000.00 |
| Total | 3,125,099,350.00 | 469,622,570.00 |

As at 31 December 2019 and 2018, notes receivable with above carrying amount were pledged to issue notes payable.

(3) Endorsed or discounted but unexpired notes receivable as at the end of reporting period are as follow:

| | 2019 | | 2018 | |
|----------------------------|------------------|------------------|------------------|------------------|
| | Derecognition | Un-derecognition | Derecognition | Un-derecognition |
| Commercial acceptance bill | 662,937,930.00 | - | 147,853,740.00 | - |
| Bank acceptance bill | 1,937,078,894.54 | - | 1,498,687,956.97 | - |
| Total | 2,600,016,824.54 | - | 1,646,541,696.97 | - |

(4) As at 31 December 2019, no note receivables converted to accounts receivable due to the non-acceptance (As at 31 December 2018: RMB29,079,401.00.)

4. Accounts receivable

(1) Aging analysis of the accounts receivable as at 31 December 2019 is as follows:

| Aging | 2019 | 2018 |
|-----------------|-----------------|------------------|
| Within 1 year | 678,737,828.90 | 1,147,795,158.16 |
| 1 to 2 years | 141,612,978.25 | 96,258,167.82 |
| 2 to 3 years | 33,700,863.10 | 112,117,946.39 |
| Over 3 years | 68,414,880.58 | 143,862,648.03 |
| Total | 922,466,550.83 | 1,500,033,920.40 |
| | | |
| Less: Provision | (84,152,474.01) | (90,614,319.90) |
| | 838,314,076.82 | 1,409,419,600.50 |

(2) The movements in provision for impairment of accounts receivable are as follows:

| | Beginning balance | Addition | | Deduction | | Ending balance |
|------|-------------------|---------------|---------------|--------------|---------------|----------------|
| | | Provision | Other | Reversal | Write-off | |
| 2019 | 90,614,319.90 | 13,362,617.00 | - | 6,450,000.00 | 13,374,462.89 | 84,152,474.01 |
| 2018 | 36,030,522.31 | 13,490,022.81 | 42,008,512.00 | 832,031.73 | 82,705.49 | 90,614,319.90 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

4. Notes receivable (continued)

(3) Analysis of accounts receivable by category as at 31 December 2019 is as follows:

| Item | 2019 | | | |
|--|-----------------------|---------------|----------------------|-------------|
| | Balance | | Provision | |
| | Amount | (%) | Amount | (%) |
| Individually analyzed for provision | 216,876,810.50 | 23.51 | 49,267,460.68 | 22.72 |
| Accounts receivable analyzed as groups for provision | 705,589,740.33 | 76.49 | 34,885,013.33 | 4.94 |
| Total | 922,466,550.83 | 100.00 | 84,152,474.01 | 9.12 |

| Item | 2018 | | | |
|---|-------------------------|---------------|----------------------|-------------|
| | Balance | | Provision | |
| | Amount | (%) | Amount | (%) |
| Individually significant items and analyzed individually for provision | 858,892,602.36 | 57.26 | 44,226,423.35 | 5.15 |
| Accounts receivable analyzed as groups for provision | | | | |
| Group 1. Accounts receivable analyzed for provision according to aging analysis | 427,323,980.23 | 28.49 | 29,225,702.47 | 6.84 |
| Group 2. Accounts receivable from related parties | 185,492,616.70 | 12.37 | - | - |
| Group subtotal | 612,816,596.93 | 40.85 | 29,225,702.47 | 4.77 |
| Individually insignificant items but analyzed individually for provision | 28,324,721.11 | 1.89 | 17,162,194.08 | 60.59 |
| 合计 | 1,500,033,920.40 | 100.00 | 90,614,319.90 | 6.04 |

(4) The Group's accounts receivable was analyzed for provision by expected credit loss model

| | 2019 | | | 2018 | | |
|---------------|----------------------------------|-------------------------------|--|-----------------------|---------------------|------------------------|
| | Estimated face value for default | Expected credit loss rate (%) | Expected credit loss for the entire duration | Face balance | Provision ratio (%) | Provision for bad debt |
| Within 1 year | 601,963,326.69 | 0.80 | 4,799,025.50 | 356,681,581.72 | 0.02 | 68,746.54 |
| 1 to 2 years | 56,368,999.03 | 7.54 | 4,250,219.24 | 34,680,938.03 | 10.00 | 3,468,093.80 |
| 2 to 3 years | 20,043,284.25 | 31.23 | 6,258,614.71 | 11,214,542.66 | 30.00 | 3,364,362.80 |
| 3 to 4 years | 10,355,210.70 | 42.66 | 4,417,566.60 | 1,106,688.03 | 50.00 | 553,344.02 |
| 4 to 5 years | 2,411,538.03 | 45.52 | 1,097,691.19 | 9,345,372.38 | 80.00 | 7,476,297.90 |
| Over 5 years | 14,447,381.63 | 97.33 | 14,061,896.09 | 14,294,857.41 | 100.00 | 14,294,857.41 |
| Total | 705,589,740.33 | 4.94 | 34,885,013.33 | 427,323,980.23 | 6.84 | 29,225,702.47 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

4. Notes receivable (continued)

- (5) In 2019, provision for accounts receivable amounted to RMB13,362,617.00 (2018: RMB13,490,022.81). Provision for accounts receivable amounted to RMB6,450,000.00 has been reversed (2018: RMB832,031.73).
- (6) As at 31 December 2019, Provision for accounts receivable amounted to RMB13,374,462.89 has been written off (2018: RMB82,705.49).
- (7) As at 31 December 2019, accounts receivable from Top 5 clients amounted to RMB191,520,443.31, accounted for 20.76% of the total accounts receivable (2018: RMB564,688,036.12, accounted for 37.65% of the total amount).
- (8) There were no accounts receivable derecognized due to transfer of financial assets during 2019 (2018: Nil).

5. Prepayments

- (1) Aging analysis of the prepayments is as follows:

| Aging | 2019 | | 2018 | |
|---------------|----------------|----------------|----------------|----------------|
| | Amount | Percentage (%) | Amount | Percentage (%) |
| Within 1 year | 427,508,750.42 | 68.53 | 781,698,728.24 | 90.24 |
| 1 to 2 years | 190,277,683.92 | 30.50 | 77,209,604.94 | 8.91 |
| 2 to 3 years | 4,480,529.56 | 0.72 | 5,320,836.56 | 0.61 |
| Over 3 years | 1,534,932.17 | 0.25 | 2,020,579.77 | 0.23 |
| Total | 623,801,896.07 | 100.00 | 866,249,749.51 | 100 |

- (2) As at 31 December 2019, prepayments to Top 5 suppliers amounted to RMB465,836,148.17, which accounted for 74.68% of the total prepayments (2018: RMB692,025,641.94, which accounted for 79.89% of the total amount).

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

6. Other receivables

(1) Aging analysis of other receivables as at 31 December 2019 is as follows:

| | 2019 | 2018 |
|---------------|------------------|------------------|
| Within 1 year | 1,627,799,420.78 | 1,959,280,906.55 |
| 1 to 2 years | 1,667,806,094.07 | 1,185,294,003.76 |
| 2 to 3 years | 503,954,545.01 | 73,740,285.90 |
| Over 3 years | 57,790,016.71 | 22,553,085.53 |
| Total | 3,857,350,076.57 | 3,240,868,281.74 |
| Provision | (125,594,084.11) | (7,848,163.58) |
| | 3,731,755,992.46 | 3,233,020,118.16 |

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

| Nature | 2019 | 2018 |
|--------------------|------------------|------------------|
| New energy subsidy | 3,462,221,902.09 | 2,847,788,412.50 |
| Reserve | 41,810,604.18 | 85,243,135.73 |
| Margin | 13,965,172.56 | 16,370,802.38 |
| Other | 213,758,313.63 | 283,617,767.55 |
| Total | 3,731,755,992.46 | 3,233,020,118.16 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

6. Other receivables (continued)

(3) In 2019, the changes in the provision for bad debts for other receivables based on the 12-month expected credit losses and the expected credit losses for the entire duration are as follows:

| | Stage 1 12-month ECLs | Stage 2 Lifetime ECLs | Stage 3 Credit-impaired financial assets (Lifetime ECLs) | Total |
|------------------------------------|--------------------------|--------------------------|---|----------------|
| Opening balance | 688,784.69 | 473,328.51 | 6,686,050.38 | 7,848,163.58 |
| Changes due to the opening balance | | | | |
| - Transfer to Stage 2 | - | - | - | - |
| - Transfer to Stage 3 | (150,000.00) | (348,425.91) | 498,425.91 | - |
| - Turn back Stage 2 | - | - | - | - |
| - Turn back Stage 1 | - | - | - | - |
| Provision | 135,958.46 | 111,637,659.12 | 7,431,094.18 | 119,204,711.76 |
| Reversal | (383,561.14) | (76,035.60) | - | (459,596.74) |
| Transfer | - | - | - | - |
| Write-off | - | - | (999,194.49) | (999,194.49) |
| | | | | |
| Closing balance | 291,182.01 | 111,686,526.12 | 13,616,375.98 | 125,594,084.11 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

6. Other receivables (continued)

Movement of other account receivable balance as follow:

| | Stage 1 12-month ECLs | Stage 2 Lifetime ECLs | Stage 3 Credit-impaired financial assets (Lifetime ECLs) | Total |
|---------------------------|--------------------------|--------------------------|---|------------------|
| Opening balance | 3,228,443,949.91 | 5,738,281.45 | 6,686,050.38 | 3,240,868,281.74 |
| Changes due to the | | | | |
| - Transfer to Stage 2 | (2,203,754,203.78) | 2,203,754,203.78 | - | - |
| - Transfer to Stage 3 | (5,079,519.22) | (2,850,000.87) | 7,929,520.09 | - |
| - Turn back Stage 2 | - | - | - | - |
| - Turn back Stage 1 | - | - | - | - |
| Addition | 1,603,831,056.07 | 667,724.40 | - | 1,604,498,780.47 |
| Derecognition | (417,662,893.72) | (569,354,897.43) | - | (987,017,791.15) |
| Write-off | - | - | (999,194.49) | (999,194.49) |
| Closing balance | 2,205,778,389.26 | 1,637,955,311.33 | 13,616,375.98 | 3,857,350,076.57 |

(4) In 2018, movements of provisions for other receivables are as follows:

| | Beginning balance | Addition | | Deduction | | Ending balance |
|------|----------------------|------------|----------------|--------------|-----------|-------------------|
| | | Provision | Other addition | Reversal | Write-off | |
| 2018 | 4,156,595.68 | 576,587.36 | 4,348,209.00 | 1,176,673.66 | 56,554.80 | 7,848,163.58 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

6. Other receivables (continued)

Analysis of other receivables by category as at 31 December 2018 is as follows:

| Item | 2018 | | | |
|---|-------------------------|------------|---------------------|-------------|
| | Balance | | Provision | |
| | Amount | % | Amount | % |
| Individually significant items and analyzed individually for provision | 2,780,889,774.62 | 85.80 | - | - |
| Group 1. Other receivables analyzed for provision according to aging analysis | 323,279,832.19 | 9.98 | 1,212,982.16 | 0.38 |
| Group 2. Other receivables from related parties | 126,128,653.39 | 3.89 | - | - |
| Group subtotal | 449,408,485.58 | 13.87 | 1,212,982.16 | 0.27 |
| Individually insignificant items but analyzed individually for provision | 10,570,021.54 | 0.33 | 6,635,181.42 | 62.77 |
| Total | 3,240,868,281.74 | 100 | 7,848,163.58 | 0.24 |

In groups, other receivables were analyzed for provision by aging:

| Aging | 2018 | | | |
|------------------------|-----------------------|------------|---------------------|--|
| | Balance | | Provision | |
| | Amount | % | | |
| Within 1-year subtotal | 317,541,550.74 | 98.22 | 290,391.47 | |
| 1 to 2 years | 5,113,633.10 | 1.58 | 511,363.31 | |
| 2 to 3 years | 253,452.00 | 0.08 | 76,035.60 | |
| 3 to 4 years | 34,672.34 | 0.01 | 17,336.17 | |
| 4 to 5 years | 93,342.00 | 0.03 | 74,673.60 | |
| Over 5 years | 243,182.01 | 0.08 | 243,182.01 | |
| Total | 323,279,832.19 | 100 | 1,212,982.16 | |

- (5) For the year ended 31 December 2019, provision for other receivables amounted to RMB119,204,711.76 have been accrued (2018: RMB576,587.36). Provision for other receivables amounted to RMB459,596.74 has been reversed (2018: RMB1,176,673.66).
- (6) For the year ended 31 December 2019, provision for impairment of other receivables amounted to RMB999,194.49 has been written off (2018: RMB56,554.80).

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

6. Other receivables (continued)

(7) As at 31 December 2019, top five debtors of other receivables are as follows:

| Debtors | Amount | Nature | Aging | Proportion of total other receivables (%) | Provision |
|--------------|-------------------------|-----------------------|--------------|---|-----------------------|
| First | 1,770,677,411.60 | New energy subsidy | 0-4 years | 45.90 | 111,066,213.00 |
| Second | 1,071,115,340.00 | New energy subsidy | Within 1year | 27.77 | - |
| Third | 430,588,852.51 | New energy subsidy | 0-5years | 11.16 | 1,572,800.00 |
| Fourth | 131,582,160.00 | New energy subsidy | Within 1year | 3.41 | - |
| Fifth | 124,312,677.94 | Commission processing | 1-2years | 3.22 | - |
| Total | 3,528,276,442.05 | | | 91.47 | 112,639,013.00 |

As at 31 December 2018, top five debtors of other receivables are as follows:

| Debtors | Amount | Nature | Aging | Proportion of total other receivables (%) | Provision |
|--------------|-------------------------|-----------------------|--------------------|---|-----------|
| First | 1,667,483,759.60 | New energy subsidy | Within four years | 51.45 | - |
| Second | 538,567,705.00 | New energy subsidy | Within four years | 16.62 | - |
| Third | 414,492,285.00 | New energy subsidy | Within three years | 12.79 | - |
| Fourth | 124,312,677.94 | Commission processing | Within one year | 3.84 | - |
| Fifth | 107,479,260.00 | New energy subsidy | Within one year | 3.32 | - |
| Total | 2,852,335,687.54 | | | 88.02 | - |

(8) For the year ended 2019, there is no accounts receivable derecognized due to transfer of financial assets.
 (2018: Nil).

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

7. Inventories

(1) Classification of inventories

| Item | 2019 | | | 2018 | | |
|-------------------------------|-------------------------|-----------------------|-------------------------|-------------------------|-----------------------|-------------------------|
| | Balance | Provision | Net value | Balance | Provision | Net value |
| Raw materials | 843,669,443.37 | 350,525,510.02 | 493,143,933.35 | 2,029,706,541.33 | 181,897,353.27 | 1,847,809,188.06 |
| Material in transit | 293,575,861.15 | - | 293,575,861.15 | 318,420,244.84 | - | 318,420,244.84 |
| Work in progress | 657,730,109.37 | 28,324,925.14 | 629,405,183.93 | 1,413,892,484.38 | 35,473,526.73 | 1,378,418,957.65 |
| Finish goods | 1,958,389,227.87 | 83,956,153.45 | 1,874,433,074.42 | 1,292,509,122.51 | 76,519,657.33 | 1,215,989,465.18 |
| Consigned processing material | 51,101,639.03 | - | 51,101,639.03 | 110,310,364.86 | - | 110,310,364.86 |
| Consumables | 33,781,796.49 | - | 33,781,796.49 | 46,472,236.60 | - | 46,472,236.60 |
| Total | 3,838,248,076.98 | 462,806,588.61 | 3,375,441,488.37 | 5,211,310,994.52 | 293,890,537.33 | 4,917,420,457.19 |

(2) Provision for inventories

2019

| Type | Beginning balance | Additions | | Deduction | Ending balance |
|------------------|-----------------------|-----------------------|----------|----------------------|-----------------------|
| | | Provision | Other | | |
| Raw materials | 181,897,353.27 | 176,755,422.47 | - | 8,127,265.72 | 350,525,510.02 |
| Work in progress | 35,473,526.73 | 2,744,458.87 | - | 9,893,060.46 | 28,324,925.14 |
| Finish goods | 76,519,657.33 | 45,220,725.83 | - | 37,784,229.71 | 83,956,153.45 |
| Total | 293,890,537.33 | 224,720,607.17 | - | 55,804,555.89 | 462,806,588.61 |

2018

| Type | Beginning balance | Additions | | Deduction | Ending balance |
|------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | Provision | Other | | |
| Raw materials | 33,713,007.05 | 163,124,568.33 | 161,591,998.30 | 176,532,220.41 | 181,897,353.27 |
| Work in progress | 32,329,369.55 | 6,303,861.08 | 1,985,609.60 | 5,145,313.50 | 35,473,526.73 |
| Finish goods | 103,902,330.06 | 68,184,792.87 | 17,456,727.63 | 113,024,193.23 | 76,519,657.33 |
| Total | 169,944,706.66 | 237,613,222.28 | 181,034,335.53 | 294,701,727.14 | 293,890,537.33 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

7. Inventories(continued)

(3) Note for inventory provision

The Group assesses whether the cost of inventory is higher than the net realizable value and makes provision of the difference. Net realizable value is the estimated by selling price in the ordinary course of business deduct estimated costs in further production to sell and estimated necessary distribution expense and tax expense. The reversal of inventory provisions is due to price rebound of previous impaired inventories by net realizable value test, while written off inventory provisions are due to selling off of previous impaired inventories in current year.

8. Other current assets

| Item | 2019 | 2018 |
|--------------------------|-------------------------|-------------------------|
| Input VAT to be deducted | 1,428,518,317.99 | 2,227,386,063.11 |
| Entrusted loan | 300,000,000.00 | - |
| Others | 17,601,810.05 | 17,612,095.66 |
| Total | 1,746,120,128.04 | 2,244,998,158.77 |

On December 31, 2019, the entrusted loan is lent by the Group to our joint venture company Jiangling Holding Company Limited through China Everbright Bank Company Limited Chongqing branch. The loan term is one year and will expire on June 24, 2020 with an annual interest rate of 4.35%.

9. Available-for-sale financial assets (only available for 2018)

| Item | 2018 | | |
|--------------------------------------|-------------------------|----------------------|-------------------------|
| | Book value | Provision | Net value |
| Available-for-sale equity instrument | | | |
| Measured at fair value | 1,557,441,311.31 | 27,120,000.00 | 1,530,321,311.31 |
| Measured at historical cost | 429,361,274.00 | 1,809,274.00 | 427,552,000.00 |
| Total | 1,986,802,585.31 | 28,929,274.00 | 1,957,873,311.31 |

Available-for-sale financial assets measured at fair value:

As at 31 December 2018, the available-for-sale equity securities instrument measured at fair value is 35.50 million ordinary shares of Southwest Securities Co., Ltd., and 23 million restricted shares of Contemporary Amperex Technology Co., Ltd.

| Item | 2018 |
|---|------------------|
| Cost of equity instrument | 1,050,000,821.00 |
| Fair value | 1,530,321,311.31 |
| Accumulated amount of change in fair value recorded in other comprehensive income | 349,824,952.31 |
| Provision | 27,120,000.00 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

9. Available-for-sale financial assets (only available for 2018) (continued)

Available-for-sale financial assets measured at historical cost:

2018

| Item | Book value | | | | Provision | | | | Shareholding Ratio (%) | Cash dividend in current year |
|---|-----------------------|----------------------|----------|-----------------------|---------------------|----------|----------|---------------------|------------------------|-------------------------------|
| | Beginning balance | Addition | Disposal | Ending balance | Beginning balance | Addition | Disposal | Ending balance | | |
| China South Industry Group Finance Co., Ltd. | 80,000,000.00 | - | - | 80,000,000.00 | - | - | - | - | 3.83 | 48,909,006.75 |
| Chongqing Ante trading Co., Ltd | 3,000,000.00 | - | - | 3,000,000.00 | - | - | - | - | 10.00 | - |
| Sichuan Glass Co., Ltd. | 1,809,274.00 | - | - | 1,809,274.00 | 1,809,274.00 | - | - | 1,809,274.00 | 0.64 | - |
| Zhong Fa Lian Investment Co., Ltd. | 21,000,000.00 | - | - | 21,000,000.00 | - | - | - | - | 10.00 | - |
| CAER(Beijing) automobile Lightweight Technology Research Institution Co., Ltd. | 3,000,000.00 | - | - | 3,000,000.00 | - | - | - | - | 6.89 | - |
| Guoqi Automobile Power Cell Research Co., Ltd. | 40,000,000.00 | - | - | 40,000,000.00 | - | - | - | - | 7.41 | 449,438.20 |
| United Prosperity Investment (ShenZhen) Co., Ltd | 30,552,000.00 | - | - | 30,552,000.00 | - | - | - | - | 5.00 | - |
| Corun Hybrid Power Technology Co. Ltd | 200,000,000.00 | - | - | 200,000,000.00 | - | - | - | - | 9.24 | - |
| Guoqi (Beijing) Intelligent Network Association Automotive Research Institute Co., Ltd. | - | 50,000,000.00 | - | 50,000,000.00 | - | - | - | - | 5.56 | - |
| Total | 379,361,274.00 | 50,000,000.00 | - | 429,361,274.00 | 1,809,274.00 | - | - | 1,809,274.00 | | 49,358,444.95 |

Impairment provisions movements of financial assets available for sale as follow:

2018

| Provision for available-for-sale financial assets | Beginning balance | Addition | Disposal | Ending balance |
|---|----------------------|----------|----------|----------------------|
| Available-for-sale financial assets measured at fair value | 27,120,000.00 | - | - | 27,120,000.00 |
| Available-for-sale financial assets measured at historical cost | 1,809,274.00 | - | - | 1,809,274.00 |
| Total | 28,929,274.00 | - | - | 28,929,274.00 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
(Expressed in Renminbi Yuan)

10. Long-term equity investments

2019

| Investee | Beginning balance | Addition | Investment income under equity method | Other equity variation | Cash dividends declared | Other Deduction | Provision | Book value ending balance | Provision ending balance |
|--|--------------------------|-------------------------|---------------------------------------|------------------------|---------------------------|---------------------------|-----------|---------------------------|--------------------------|
| Joint Venture | | | | | | | | | |
| Jiangling Holding Co., Ltd. (note 2) | 2,493,754,915.53 | - | (221,583,996.94) | - | - | (2,272,170,918.59) | - | - | - |
| Changan Ford Automobile Co., Ltd. | 3,709,784,507.11 | - | (1,926,961,179.20) | - | - | - | - | 1,782,823,327.91 | - |
| Changan Mazda Automobile Co., Ltd. | 2,472,626,663.41 | - | 929,384,241.61 | - | (1,225,000,000.00) | - | - | 2,377,010,905.02 | - |
| Changan Ford Mazda Engine Co., Ltd. | 827,803,757.96 | - | 39,968,582.73 | - | (37,500,000.00) | - | - | 830,272,340.69 | - |
| Changan PSA Automobiles Co., Ltd. | 1,456,519,068.74 | - | (1,110,480,084.87) | - | - | - | - | 346,038,983.87 | - |
| Changan Weilai New Energy Automobile Technology Co., Ltd. | 44,065,513.91 | - | (56,937,233.33) | - | - | - | - | (12,871,719.42) | - |
| Nanchang Jiangling Holding Co., Ltd. | - | 2,063,742,852.93 | 18,072,312.40 | - | - | - | - | 2,081,815,165.31 | - |
| Subtotal | 11,004,554,426.66 | 2,063,742,852.93 | (2,328,537,357.60) | - | (1,262,500,000.00) | (2,272,170,918.59) | - | 7,205,089,003.38 | - |
| Associates | | | | | | | | | |
| Chongqing Changan Kuayue Automobile Co., Ltd. | 116,588,234.97 | - | 75,417,039.13 | - | - | - | - | 192,005,274.10 | - |
| Chongqing Changan Kuayue Automobile Sales Co., Ltd. (note1) | - | - | - | - | - | - | - | - | - |
| Beijing Fang'an crescent taxi Co., Ltd. (note1) | - | - | - | - | - | - | - | - | - |
| Changan Automobile Financing Co.,Ltd | 2,030,617,157.41 | - | 239,321,406.72 | - | (74,897,909.69) | - | - | 2,195,040,654.44 | - |
| Hainan Anxinxing Information Technology Co., Ltd. | 5,536,555.21 | - | (1,976,171.11) | - | - | - | - | 3,560,384.10 | - |
| Nanjing Chelai Travel Technology Co., Ltd. | 1,813,616.14 | - | (338,671.05) | - | - | - | - | 1,474,945.09 | - |
| Hunan Guoxin Semiconductor Technology Co., Ltd. | 25,000,000.00 | - | 152,447.20 | - | - | - | - | 25,152,447.20 | - |
| Beijing Wutong Chelian Technology Co., Ltd. | 85,856,852.57 | - | (81,762,342.17) | - | - | - | - | 4,094,510.40 | - |
| Anhe (Chongqing) Equity Investment Fund Management Co., Ltd. | 2,500,000.00 | - | (560,394.14) | - | - | - | - | 1,939,605.86 | - |
| Hangzhou Chelizi Intelligent Technology Co., Ltd. | 2,703,275.87 | - | 4,824,296.36 | - | - | - | - | 7,527,572.23 | - |
| Nanjing Leading Equity Investment Partnership | - | 858,267,717.00 | 76,950,606.32 | - | - | - | - | 935,218,323.32 | - |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
(Expressed in Renminbi Yuan)

| | | | | | | | | | |
|--|--------------------------|-------------------------|---------------------------|-----------------------|---------------------------|---------------------------|----------|--------------------------|----------|
| Nanjing Leading Equity Investment Management Co., Ltd. | - | 1,500,000.00 | (54,584.31) | - | - | - | - | 1,445,415.69 | - |
| Pakistan Master Automobile Co., Ltd. | - | 36,795,899.66 | - | - | - | - | - | 36,795,899.66 | - |
| Jiangling Holding Co., Ltd. (Note 2) | - | 208,428,065.68 | (142,252,166.55) | 332,817,054.49 | - | - | - | 398,992,953.62 | - |
| Subtotal | 2,270,615,692.17 | 1,104,991,682.34 | 169,721,466.40 | 332,817,054.49 | (74,897,909.69) | - | - | 3,803,247,985.71 | - |
| Total | 13,275,170,118.83 | 3,168,734,535.25 | (2,158,815,891.20) | 332,817,054.49 | (1,337,397,909.69) | (2,272,170,918.59) | - | 11,008,336,989.09 | - |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

10. Long-term equity investments(continued)

Note1: As at 31 December 2019, the Group is not responsible for extra loss from Chongqing Changan Kuayue Automobile Sales Co., Ltd. and Beijing Fang'an cresent taxi Co., Ltd. Therefore, when excess losses of these two associates occurred, the Group just reduced its correspondent long-term equity investment to zero, and did not recognize contingent liabilities accordingly.

Note2: In 2019, the joint venture of the group, Jiangling Holding Co., Ltd., was separated into Jiangling Holding Co., Ltd., and the newly established Nanchang Jiangling Investment Co., Ltd . Jiangling Holdings Co., Ltd introduced new investors after the split. Upon completion of the capital increase, the group held 25% of the equity of Jiangling Holding Co., Ltd , which converted to an associate of the group.

2018

| Investee | Beginning balance | Addition | Investment income under equity method | Other comprehensive income | Other equity variation | Cash dividends declared | Other Deduction | Provision | Book value ending balance | Provision ending balance |
|--|--------------------------|-------------------------|---------------------------------------|----------------------------|------------------------|---------------------------|-------------------------|-----------|---------------------------|--------------------------|
| Joint Venture | | | | | | | | | | |
| Chongqing Changan Suzuki Automobile Co., Ltd. | 1,190,705,710.43 | - | (595,756,652.13) | - | - | - | (594,949,058.30) | - | - | - |
| Jiangling Holding Co., Ltd. | 2,907,749,943.37 | - | (409,453,173.08) | (706,228.88) | (3,835,625.88) | - | - | - | 2,493,754,915.53 | - |
| Changan Ford Automobile Co., Ltd. | 4,125,426,104.20 | - | (415,641,597.09) | - | - | - | - | - | 3,709,784,507.11 | - |
| Changan Mazda Automobile Co., Ltd. | 2,439,429,811.02 | - | 1,263,196,852.39 | - | - | (1,230,000,000.00) | - | - | 2,472,626,663.41 | - |
| Changan Ford Mazda Engine Co., Ltd. | 903,838,395.08 | - | 38,465,362.88 | - | - | (114,500,000.00) | - | - | 827,803,757.96 | - |
| Changan PSA Automobiles Co., Ltd. | 93,561,126.76 | 1,800,000,000.00 | (437,042,058.02) | - | - | - | - | - | 1,456,519,068.74 | - |
| Changan Weilai New Energy Automobile Technology Co., Ltd. | - | 49,000,000.00 | (4,934,486.09) | - | - | - | - | - | 44,065,513.91 | - |
| Subtotal | 11,660,711,090.86 | 1,849,000,000.00 | (561,165,751.14) | (706,228.88) | (3,835,625.88) | (1,344,500,000.00) | (594,949,058.30) | - | 11,004,554,426.66 | - |
| Associates | | | | | | | | | | |
| Chongqing Changan Kuayue Automobile Co., Ltd. | 101,399,892.43 | - | 28,908,342.54 | - | - | (13,720,000.00) | - | - | 116,588,234.97 | - |
| Chongqing Changan Kuayue Automobile Sales Co., Ltd. (note1) | - | - | - | - | - | - | - | - | - | - |
| Beijing Fang'an cresent taxi Co., Ltd. | - | - | - | - | - | - | - | - | - | - |
| Changan Automobile Financing Co.,Ltd | 1,817,669,991.73 | - | 212,947,165.68 | - | - | - | - | - | 2,030,617,157.41 | - |
| Zhenjiang Demao Hairun equity investment fund partnership (limited partnership)(note2) | 518,742,921.95 | - | (239,867.54) | 77,231,613.62 | - | - | (595,734,668.03) | - | - | - |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

| | | | | | | | | | | | |
|--|--------------------------|-------------------------|-------------------------|----------------------|-----------------------|---------------------------|---------------------------|----------|--------------------------|---------------|---|
| Hainan Anxing Information Technology Co., Ltd. | - | 6,000,000.00 | (463,444.79) | - | - | - | - | - | - | 5,536,555.21 | - |
| Nanjing Chelai Travel Technology Co., Ltd. | - | 2,000,000.00 | (186,383.86) | - | - | - | - | - | - | 1,813,616.14 | - |
| Hunan Guoxin Semiconductor Technology Co., Ltd. | - | 25,000,000.00 | - | - | - | - | - | - | - | 25,000,000.00 | - |
| Beijing Wutong Chelian Technology Co., Ltd. | - | 98,000,000.00 | (12,143,147.43) | - | - | - | - | - | - | 85,856,852.57 | - |
| Anhe (Chongqing) Equity Investment Fund Management Co., Ltd. | - | 2,500,000.00 | - | - | - | - | - | - | - | 2,500,000.00 | - |
| Hangzhou Chelizi Intelligent Technology Co., Ltd. | - | 2,243,750.00 | 459,525.87 | - | - | - | - | - | - | 2,703,275.87 | - |
| Subtotal | 2,437,812,806.11 | 135,743,750.00 | 229,282,190.47 | 77,231,613.62 | - | (13,720,000.00) | (595,734,668.03) | - | 2,270,615,692.17 | - | |
| Total | 14,098,523,896.97 | 1,984,743,750.00 | (331,883,560.67) | 76,525,384.74 | (3,835,625.88) | (1,358,220,000.00) | (1,190,683,726.33) | - | 13,275,170,118.83 | - | |

11. Investment in other equity instruments

| | Accumulative changes in fair value included in other comprehensive income | Fair value | Dividends Income | Reason for being designated as fair value through other comprehensive income |
|---|---|----------------|------------------|--|
| Corun Hybrid Power Technology Co. Ltd | 4,097,255.00 | 204,820,300.00 | - | Unlisted equity instruments |
| China South Industry Group Finance Co., Ltd. | 135,103,250.00 | 315,965,800.00 | 38,343,163.30 | Unlisted equity instruments |
| Guoqi (Beijing) Intelligent Network Association Automotive Research Institute Co., Ltd. | 42,500,000.00 | 100,000,000.00 | - | Unlisted equity instruments |
| Guoqi Automobile Power Cell Research Co., Ltd. | 10,657,725.00 | 52,538,500.00 | - | Unlisted equity instruments |
| United Prosperity Investment (ShenZhen) Co., Ltd | 3,085,075.00 | 34,181,500.00 | - | Unlisted equity instruments |
| Zhong Fa Lian Investment Co., Ltd. | - | 21,000,000.00 | - | Unlisted equity instruments |
| Chongqing Ante trading Co., Ltd | - | 3,000,000.00 | - | Unlisted equity instruments |
| CAERI(Beijing) automobile Lightweight Technology Research Institution Co., Ltd. | - | 3,000,000.00 | - | Unlisted equity instruments |

Chongqing Changan Automobile Company Limited

Notes to Financial Statement

Year ended 31 December 2019

(Expressed in Renminbi Yuan)

| Sichuan Glass Co., Ltd. | - | - | - | Unlisted equity instruments |
|-------------------------|----------------|----------------|---------------|-----------------------------|
| | | | | |
| 合计 | 195,443,305.00 | 734,506,100.00 | 38,343,163.30 | |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
(Expressed in Renminbi Yuan)

12. Investment property

Cost Model

| Item | Buildings | |
|---|---------------|---------------|
| | 2019 | 2018 |
| Original cost | | |
| Beginning and Ending | 10,050,100.00 | 10,050,100.00 |
| Accumulated depreciation and amortization | | |
| Beginning | 2,720,538.72 | 2,493,827.16 |
| Accrual | 226,711.56 | 226,711.56 |
| Ending | 2,947,250.28 | 2,720,538.72 |
| Impairment Provision | | |
| Beginning and Ending | - | - |
| Carrying amount | | |
| Ending | 7,102,849.72 | 7,329,561.28 |
| Beginning | 7,329,561.28 | 7,556,272.84 |

The investment property is rented to third parties in the form of operating lease.

As at 31 December 2019, there is no investment property without property certificate (As at 31 December 2018: Nil).

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
(Expressed in Renminbi Yuan)

13. Fixed assets

(1) Details of fixed assets

2019

| Item | Buildings | Machinery | Vehicles | Other Equipment | Total |
|--|-------------------|-------------------|------------------|------------------|-------------------|
| Original cost | | | | | |
| Beginning | 9,889,579,515.34 | 21,927,380,270.82 | 1,213,223,699.56 | 7,644,065,328.46 | 40,674,248,814.18 |
| Purchase | 10,051,085.36 | 10,383,228.89 | 923,091.00 | 17,745,714.28 | 39,103,119.53 |
| Transfer from Construction in progress | 1,255,128,220.82 | 5,381,232,681.61 | 155,920,892.72 | 1,165,455,499.85 | 7,957,737,295.00 |
| Other addition | 10,598,771.51 | 1,695,411,683.79 | 14,198,727.44 | 540,601,707.84 | 2,260,810,890.58 |
| Disposal | 11,144,160,050.01 | 25,623,584,497.53 | 1,355,868,955.84 | 8,286,664,834.75 | 46,410,278,338.13 |
| Ending | | | | | |
| Accumulated depreciation | | | | | |
| Beginning | 2,147,206,657.32 | 11,026,127,942.23 | 405,520,581.39 | 3,773,744,928.55 | 17,352,600,109.49 |
| Accrual | 372,877,646.57 | 1,796,628,985.33 | 236,791,742.00 | 609,619,331.30 | 3,015,917,705.20 |
| Other addition | 4,681,943.62 | 1,326,233,165.27 | 13,079,362.87 | 414,130,901.34 | 1,758,125,373.10 |
| Disposal | 2,515,402,360.27 | 11,496,523,762.29 | 629,232,960.52 | 3,969,233,358.51 | 18,610,392,441.59 |
| Ending | | | | | |
| Impairment provision | | | | | |
| Beginning | 82,452,249.51 | 895,917,567.96 | 36,271,972.06 | 145,952,856.85 | 1,160,594,646.38 |
| Accrual | 3,249,811.61 | 83,337,033.15 | 919,442.01 | 35,466,815.08 | 122,973,101.85 |
| Other addition | 109,876.41 | 348,207,151.12 | 429,524.88 | 74,425,853.47 | 423,172,405.88 |
| Disposal | 85,592,184.71 | 631,047,449.99 | 36,761,889.19 | 106,993,818.46 | 860,395,342.35 |
| Ending | | | | | |
| Carrying amount | | | | | |
| Ending | 8,543,165,505.03 | 13,496,013,285.25 | 689,874,106.13 | 4,210,437,657.78 | 26,939,490,554.19 |
| Beginning | 7,659,920,608.51 | 10,005,334,760.63 | 771,431,146.11 | 3,724,367,543.06 | 22,161,054,058.31 |

Chongqing Changan Automobile Company Limited

Notes to Financial Statement

Year ended 31 December 2019

(Expressed in Renminbi Yuan)

13. Fixed assets (continued)

(1) Details of fixed assets (continued)

2018

| Item | Buildings | Machinery | Vehicles | Other Equipment | Total |
|--|------------------|-------------------|------------------|------------------|-------------------|
| Original cost | | | | | |
| Beginning | 7,588,350,429.43 | 17,780,317,915.84 | 758,168,041.39 | 4,965,243,303.05 | 31,092,079,689.71 |
| Purchase | 23,926,779.57 | 23,571,882.60 | 3,099,101.17 | 26,846,795.56 | 77,444,558.90 |
| Transfer from Construction in progress | 1,327,900,008.98 | 756,278,671.99 | 432,279,275.46 | 1,379,046,064.13 | 3,895,504,020.56 |
| Other addition | 954,716,283.23 | 3,602,516,085.77 | 24,428,654.75 | 1,329,694,549.68 | 5,911,355,573.43 |
| Disposal | 5,313,985.87 | 235,304,285.38 | 4,751,373.21 | 56,765,383.96 | 302,135,028.42 |
| Ending | 9,889,579,515.34 | 21,927,380,270.82 | 1,213,223,699.56 | 7,644,065,328.46 | 40,674,248,814.18 |
| Accumulated depreciation | | | | | |
| Beginning | 1,585,639,930.24 | 7,183,157,682.85 | 207,356,765.94 | 2,190,616,451.00 | 11,166,770,830.03 |
| Accrual | 293,956,868.75 | 1,410,740,403.02 | 181,011,982.63 | 448,572,044.96 | 2,334,281,299.36 |
| Other addition | 269,696,084.63 | 2,650,379,521.25 | 20,023,995.95 | 1,165,493,091.83 | 4,105,592,693.66 |
| Disposal | 2,086,226.30 | 218,149,664.89 | 2,872,163.13 | 30,936,659.24 | 254,044,713.56 |
| Ending | 2,147,206,657.32 | 11,026,127,942.23 | 405,520,581.39 | 3,773,744,928.55 | 17,352,600,109.49 |
| Impairment provision | | | | | |
| Beginning | 83,371,676.72 | 673,609,726.30 | 223,852.23 | 123,574,653.73 | 880,779,908.98 |
| Accrual | 400,000.00 | 87,862,065.28 | 36,048,119.83 | 17,301,545.17 | 141,611,730.28 |
| Other addition | 708,576.48 | 149,779,328.80 | - | 6,351,188.48 | 156,839,093.76 |
| Disposal | 2,028,003.69 | 15,333,552.42 | - | 1,274,530.53 | 18,636,086.64 |
| Ending | 82,452,249.51 | 895,917,567.96 | 36,271,972.06 | 145,952,856.85 | 1,160,594,646.38 |
| Carrying amount | | | | | |
| Ending | 7,659,920,608.51 | 10,005,334,760.63 | 771,431,146.11 | 3,724,367,543.06 | 22,161,054,058.31 |
| Beginning | 5,919,338,822.47 | 9,923,550,506.69 | 550,587,423.22 | 2,651,052,198.32 | 19,044,528,950.70 |
| | | | | | |

(2) Fixed assets that are temporarily unused

2019

| Item | Original cost | Accumulated depreciation | Impairment provision | Carrying amount |
|-----------------|------------------|--------------------------|----------------------|-----------------|
| Buildings | 129,796,057.23 | 65,393,233.85 | 44,613,642.16 | 19,789,181.22 |
| Machinery | 573,645,176.56 | 391,306,715.37 | 168,519,406.43 | 13,819,054.76 |
| Vehicles | 3,245,203.10 | 3,146,307.43 | 46,835.20 | 52,060.47 |
| Other Equipment | 297,958,260.66 | 206,412,768.71 | 86,401,828.63 | 5,143,663.32 |
| Total | 1,004,644,697.55 | 666,259,025.36 | 299,581,712.42 | 38,803,959.77 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

13. Fixed assets (continued)

(2) Fixed assets that are temporarily unused (continued)

2018

| Item | Original cost | Accumulated depreciation | Impairment provision | Carrying amount |
|-----------------|-------------------------|--------------------------|-----------------------|----------------------|
| Buildings | 224,485,202.11 | 125,177,360.10 | 77,423,503.00 | 21,884,339.01 |
| Machinery | 1,976,159,790.51 | 1,347,119,942.38 | 615,716,084.44 | 13,323,763.69 |
| Vehicles | 1,879,595.78 | 1,578,167.36 | 275,067.08 | 26,361.34 |
| Other Equipment | 434,967,988.89 | 312,070,125.63 | 119,315,817.56 | 3,582,045.70 |
| Total | 2,637,492,577.29 | 1,785,945,595.47 | 812,730,472.08 | 38,816,509.74 |

(3) The book value of fixed assets which are rented out under operating leases is as follow:

| Item | 2019 | 2018 |
|-----------|---------------|---------------|
| Buildings | 74,985,870.88 | 56,946,778.73 |
| Machinery | 9,443,408.12 | 11,813,715.84 |

(4) Fixed assets without property certificate as at 31 December 2019 are as follow:

| Item | Carrying amount | Reason for incomplete certificate of title |
|--|-----------------|--|
| Painting plant | 584,289,477.40 | Under processing |
| Assemble plant | 568,400,161.73 | Under processing |
| Welding workshop | 307,497,805.57 | Under processing |
| Yu Zui Auto City | 243,927,566.71 | Under processing |
| Welding Workshop | 216,339,074.69 | Under processing |
| Stamping Workshop | 215,919,166.74 | Under processing |
| H plant Phase IV | 147,826,329.97 | Under processing |
| Other plant | 91,709,015.23 | Under processing |
| Other facilities | 73,456,456.32 | Under processing |
| S Engine plant | 61,499,636.18 | Under processing |
| Engine Plant | 58,386,780.80 | Under processing |
| New Energy Battery Workshop | 52,632,785.72 | Under processing |
| Second plant and public building | 34,660,294.32 | Under processing |
| EA Casting workshop Phase I | 34,065,399.30 | Under processing |
| Staff cafeteria | 28,100,103.33 | Under processing |
| Office building | 17,081,906.23 | Under processing |
| Vehicle capability Lab | 7,031,193.45 | Under processing |
| Buildings in testing projects of Dianjiang | 4,644,244.02 | Under processing |
| Technology center workshop | 4,504,408.80 | Under processing |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

14. Construction in progress

(1) Details of construction in progress

| Item | 2019 | | | 2018 | | |
|---|-------------------------|----------------------|-------------------------|-------------------------|----------------------|-------------------------|
| | Balance | Provision | Carrying amount | Balance | Provision | Carrying amount |
| Mini-bus production equipment | 59,110,263.16 | - | 59,110,263.16 | 815,889,070.57 | - | 815,889,070.57 |
| Yuzui motor city project | 39,547,629.19 | - | 39,547,629.19 | 51,962,876.25 | - | 51,962,876.25 |
| Car production equipment | 104,070,401.86 | - | 104,070,401.86 | 181,137,313.03 | - | 181,137,313.03 |
| Engine plant | 880,128,770.64 | - | 880,128,770.64 | 1,458,726,257.58 | - | 1,458,726,257.58 |
| Vehicle research institution | 40,087,119.45 | - | 40,087,119.45 | 854,570,879.08 | - | 854,570,879.08 |
| Vehicle moulds | 284,573,714.88 | - | 284,573,714.88 | 420,284,566.37 | - | 420,284,566.37 |
| Light vehicle technical transformation project of Baoding Changan bus | 65,394,282.59 | - | 65,394,282.59 | 83,207,252.58 | - | 83,207,252.58 |
| Beijing vehicle construction project | 60,307,306.09 | - | 60,307,306.09 | 98,585,664.59 | - | 98,585,664.59 |
| Car production Project of Hefei Changan | 6,491,703.97 | - | 6,491,703.97 | 872,832,482.14 | - | 872,832,482.14 |
| Others | 239,490,564.60 | 49,398,728.00 | 190,091,836.60 | 595,963,063.44 | 49,315,394.88 | 546,647,668.56 |
| Total | 1,779,201,756.43 | 49,398,728.00 | 1,729,803,028.43 | 5,433,159,425.63 | 49,315,394.88 | 5,383,844,030.75 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

14. Construction in progress (continued)

(2) Movements of significant construction in progress in 2019

| Project | Budget (RMB ⁰ ,000) | Beginning balance | Addition | Transfer to fixed assets | The project investments' proportion of budget | Progress of construction | Source of funds | Ending balance |
|---|-----------------------------------|-------------------------|-------------------------|--------------------------|---|-----------------------------|--------------------|-------------------------|
| Mini-bus production equipment | 539,977.00 | 815,889,070.57 | 669,970,155.04 | 1,426,748,962.45 | 77% | 77% | Self-raised | 59,110,263.16 |
| Yuzui motor city project | 564,027.00 | 51,962,876.25 | 127,147,462.86 | 139,562,709.92 | 80% | 80% | Self-raised | 39,547,629.19 |
| Car production equipment | 735,202.00 | 181,137,313.03 | 280,561,074.87 | 357,627,986.04 | 31% | 31% | Self-raised | 104,070,401.86 |
| Engine plant | 942,516.00 | 1,458,726,257.58 | 1,375,360,914.30 | 1,953,958,401.24 | 95% | 95% | Self-raised | 880,128,770.64 |
| Vehicle research institution | 251,830.00 | 854,570,879.08 | 315,087,543.90 | 1,129,571,303.53 | 90% | 90% | Self-raised | 40,087,119.45 |
| Vehicle moulds | 242,050.00 | 420,284,566.37 | 165,308,918.23 | 301,019,769.72 | 93% | 93% | Self-raised | 284,573,714.88 |
| Light vehicle technical transformation project of Baoding Changan Bus | 143,776.00 | 83,207,252.58 | 109,955,391.66 | 127,768,361.65 | 46% | 46% | Self-raised | 65,394,282.59 |
| Beijing vehicle construction project | 513,262.53 | 98,585,664.59 | 54,616,917.35 | 92,895,275.85 | 73% | 73% | Self-raised | 60,307,306.09 |
| Car production project of Hefei Changan | 389,601.00 | 872,832,482.14 | 996,304,527.39 | 1,862,645,305.56 | 76% | 76% | Self-raised | 6,491,703.97 |
| Others | | 546,647,668.56 | 209,383,387.08 | 565,939,219.04 | | | Self-raised | 190,091,836.60 |
| Total | | 5,383,844,030.75 | 4,303,696,292.68 | 7,957,737,295.00 | | | Self-raised | 1,729,803,028.43 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

14. Construction in progress (continued)

(2) Movements of significant construction in progress in 2018:

| Project | Budget (RMB ⁰ ,000) | Beginning balance | Addition | Transfer to fixed assets | The project investments' proportion of budget | Progress of construction | Source of funds | Ending balance |
|---|-----------------------------------|-------------------------|-------------------------|--------------------------|---|--------------------------|-----------------|-------------------------|
| Mini-bus production equipment | 523,977.00 | 997,340,616.73 | 822,003,529.66 | 1,003,455,075.82 | 67% | 67% | Raised | 815,889,070.57 |
| Yuzui motor city project | 564,027.00 | 247,220,662.88 | 284,256,842.83 | 479,514,629.46 | 78% | 78% | Raised | 51,962,876.25 |
| Car production equipment | 735,202.00 | 165,767,240.81 | 525,824,999.59 | 510,454,927.37 | 28% | 28% | Raised | 181,137,313.03 |
| Engine plant | 827,789.00 | 341,191,269.61 | 1,350,482,008.58 | 232,947,020.61 | 92% | 92% | Raised | 1,458,726,257.58 |
| Vehicle research institution | 226,830.00 | 401,869,572.35 | 637,783,509.21 | 185,082,202.48 | 86% | 86% | Raised | 854,570,879.08 |
| Vehicle moulds | 225,550.00 | 365,419,879.40 | 365,375,476.56 | 310,510,789.59 | 92% | 92% | Raised | 420,284,566.37 |
| Light vehicle technical transformation project of Baoding Changan Bus | 92,867.00 | 28,393,497.74 | 99,638,888.18 | 44,825,133.34 | 57% | 57% | Raised | 83,207,252.58 |
| Beijing vehicle construction project | 513,262.53 | 163,600,842.58 | 177,445,536.24 | 242,460,714.23 | 72% | 72% | Raised | 98,585,664.59 |
| Car production project of Hefei Changan | 412,108.00 | 156,409,567.96 | 920,575,058.27 | 204,152,144.09 | 48% | 48% | Raised | 872,832,482.14 |
| Others | | 366,960,005.46 | 828,626,292.45 | 659,967,092.92 | - | - | Raised | 495,484,251.65 |
| Total | | 3,234,173,155.52 | 6,045,174,895.79 | 3,895,504,020.56 | | | | 5,383,844,030.75 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

15. Intangible assets

2019

| Item | Land use rights | Software use rights | Trademark use rights | Non-patent technology | Total |
|-----------------------------------|------------------|---------------------|----------------------|-----------------------|-------------------|
| Original cost | | | | | |
| Beginning | 2,753,082,390.28 | 632,418,610.26 | 211,784,400.00 | 5,628,937,137.87 | 9,226,222,538.41 |
| Purchase | - | 72,741,193.22 | - | - | 72,741,193.22 |
| Internal research and development | - | - | - | 1,191,538,130.67 | 1,191,538,130.67 |
| Other additions | - | - | - | 110,678.40 | 110,678.40 |
| Ending | 2,753,082,390.28 | 705,159,803.48 | 211,784,400.00 | 6,820,364,590.14 | 10,490,391,183.90 |
| Accumulated amortization | | | | | |
| Beginning | 403,454,284.03 | 510,503,061.87 | 170,953,466.62 | 2,893,723,166.60 | 3,978,633,979.12 |
| Accrual | 58,527,222.30 | 54,162,005.48 | 17,500,000.00 | 894,872,734.70 | 1,025,061,962.48 |
| Other additions | - | - | - | 9,007.93 | 9,007.93 |
| Ending | 461,981,506.33 | 564,665,067.35 | 188,453,466.62 | 3,788,586,893.37 | 5,003,686,933.67 |
| Impairment provision | | | | | |
| Beginning | - | 23,617,923.17 | - | 205,727,083.32 | 229,345,006.49 |
| Accrual | - | - | - | 47,739,930.25 | 47,739,930.25 |
| Other additions | - | - | - | - | - |
| Ending | - | 23,617,923.17 | - | 253,467,013.57 | 277,084,936.74 |
| Carrying amount | | | | | |
| Ending | 2,291,100,883.95 | 116,876,812.96 | 23,330,933.38 | 2,778,310,683.20 | 5,209,619,313.49 |
| Beginning | 2,349,628,106.25 | 98,297,625.22 | 40,830,933.38 | 2,529,486,887.95 | 5,018,243,552.80 |

2018

| Item | Land use rights | Software use rights | Trademark use rights | Non-patent technology | Total |
|-----------------------------------|------------------|---------------------|----------------------|-----------------------|------------------|
| Original cost | | | | | |
| Beginning | 2,384,260,724.00 | 440,803,454.31 | 211,784,400.00 | 4,120,145,819.00 | 7,156,994,397.31 |
| Purchase | - | 123,109,392.52 | - | - | 123,109,392.52 |
| Internal research and development | - | - | - | 1,297,212,770.58 | 1,297,212,770.58 |
| Other additions | 368,821,666.28 | 68,505,763.43 | - | 211,578,548.29 | 648,905,978.00 |
| Ending | 2,753,082,390.28 | 632,418,610.26 | 211,784,400.00 | 5,628,937,137.87 | 9,226,222,538.41 |
| Accumulated amortization | | | | | |
| Beginning | 280,991,802.54 | 396,959,100.18 | 153,453,466.62 | 2,054,012,177.29 | 2,885,416,546.63 |
| Accrual | 49,968,327.29 | 56,772,368.14 | 17,500,000.00 | 641,523,542.56 | 765,764,237.99 |
| Other additions | 72,494,154.20 | 56,771,593.55 | - | 198,187,446.75 | 327,453,194.50 |
| Ending | 403,454,284.03 | 510,503,061.87 | 170,953,466.62 | 2,893,723,166.60 | 3,978,633,979.12 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

| Impairment provision | | | | | |
|----------------------|------------------|---------------|---------------|------------------|------------------|
| Beginning | - | 21,319,804.81 | - | 202,312,916.20 | 223,632,721.01 |
| Accrual | - | - | - | 3,414,167.12 | 3,414,167.12 |
| Other additions | - | 2,298,118.36 | - | - | 2,298,118.36 |
| Ending | - | 23,617,923.17 | - | 205,727,083.32 | 229,345,006.49 |
| Carrying amount | | | | | |
| Ending | 2,349,628,106.25 | 98,297,625.22 | 40,830,933.38 | 2,529,486,887.95 | 5,018,243,552.80 |
| Beginning | 2,103,268,921.46 | 22,524,549.32 | 58,330,933.38 | 1,863,820,725.51 | 4,047,945,129.67 |

15. Intangible assets (continued)

As at 31 December 2019, the intangible assets from internal research and development accounted for 53.33% of total intangible assets (as at 31 December 2018: 50.41%).

As at 31 December 2019, there is no land use right with no certificate (As at 31 December 2018: Nil).

16. Development expenditure

2019

| Item | Beginning balance | Addition | Deduction | | Ending balance |
|------------------------|-------------------|-----------------------------------|---------------------------------|---|----------------|
| | | Internal research and development | Recognized as intangible assets | Charged to income Statement of the current year | |
| Automobile Development | 789,597,615.60 | 1,309,371,552.15 | 1,191,538,130.67 | 92,685,572.88 | 814,745,464.20 |

2018

| Item | Beginning balance | Addition | Deduction | | Ending balance |
|------------------------|-------------------|-----------------------------------|---------------------------------|---|----------------|
| | | Internal research and development | Recognized as intangible assets | Charged to income Statement of the current year | |
| Automobile Development | 836,638,328.10 | 1,279,944,707.42 | 1,297,212,770.58 | 29,772,649.34 | 789,597,615.60 |

17. Goodwill

2019 and 2018

| Investee | Beginning balance | Addition | Deduction | Ending balance |
|------------------------------------|-------------------|---|-----------|----------------|
| | | Business combination under common control | Disposal | |
| Hebei Changan Automobile Co., Ltd. | 9,804,394.00 | - | - | 9,804,394.00 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

| | | | | |
|--------------------------------------|--------------|---|---|--------------|
| Nanjing Changan Automobile Co., Ltd. | - | - | - | - |
| Total | 9,804,394.00 | - | - | 9,804,394.00 |

Movement of provision for goodwill is as follow:

2019 and 2018

| Investee | Beginning balance | Addition | Deduction | Ending balance |
|--------------------------------------|-------------------|----------|-----------|----------------|
| | | Accrual | Disposal | |
| Nanjing Changan Automobile Co., Ltd. | 73,465,335.00 | - | - | 73,465,335.00 |

Due to the accumulated losses of Nanjing Changan Automobile Co., Ltd., provision for related goodwill has been fully accrued and amounted to RMB73,465,335.00.

18. Long-term deferred expenses

2019

| Item | Beginning balance | Addition | Amortization | Ending balance |
|------|-------------------|--------------|--------------|----------------|
| 2019 | 17,104,601.67 | 3,991,609.29 | 6,768,571.06 | 14,327,639.90 |
| 2018 | 13,545,589.39 | 7,475,597.77 | 3,916,585.49 | 17,104,601.67 |

19. Deferred tax assets and liabilities

Deferred income tax assets and deferred income tax liabilities that are not offset:

| Item | 2019 | | 2018 | |
|---|----------------------|----------------------------------|---------------------|----------------------------------|
| | Deferred tax assets: | Deductible temporary differences | Deferred tax assets | Deductible temporary differences |
| Assets provision | 1,096,277,037.39 | 164,441,555.61 | 1,192,875,928.31 | 178,931,389.28 |
| Accrued expenses and contingent liabilities | 5,787,629,284.18 | 868,144,392.63 | 5,755,288,762.17 | 863,293,314.33 |
| Unpaid tech development expense and advertisement expense | 356,768,621.37 | 53,515,293.21 | 477,578,425.86 | 71,636,763.88 |
| Deferred income | 2,737,366,931.07 | 410,605,039.66 | 3,116,680,509.64 | 467,502,076.45 |
| Unpaid salary and bonus and others | 305,961,692.44 | 45,894,253.82 | 494,605,966.69 | 74,190,894.95 |
| Total | 10,284,003,566.45 | 1,542,600,534.93 | 11,037,029,592.67 | 1,655,554,438.89 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

19. Deferred tax assets and liabilities (continued)

| Item | 2019 | | 2018 | |
|--|-------------------------------|--------------------------|-------------------------------|--------------------------|
| | Taxable temporary differences | Deferred tax liabilities | Taxable temporary differences | Deferred tax liabilities |
| Deferred tax liabilities: | | | | |
| Available-for-sale financial assets on the changes in fair value recorded in capital reserve | 1,626,528,679.00 | 243,979,301.85 | 507,440,490.31 | 76,116,073.54 |
| Fair value adjustment of business combination not under common control | 274,831,525.87 | 41,224,728.88 | 394,100,647.03 | 59,115,097.05 |
| Other | 76,925,730.40 | 11,538,859.56 | - | - |
| Total | 1,978,285,935.27 | 296,742,890.29 | 901,541,137.34 | 135,231,170.59 |

Unrecognized deductible temporary differences and tax losses of unrecognized are as follows:

| Item | 2019 | 2018 |
|-------------------------------------|--------------------------|-------------------------|
| The deductible temporary difference | 2,819,674,898.01 | 2,438,545,953.61 |
| The deductible tax loss | 8,045,254,649.13 | 4,871,204,656.42 |
| Total | 10,864,929,547.14 | 7,309,750,610.03 |

Note: Due to the uncertainty of whether there will be enough taxable profit in future to utilize the above deductible loss, no deferred tax assets have been recognized accordingly.

Maturity period for unrecognized deductible tax losses:

| Year | 2019 | 2018 |
|------------------|-------------------------|-------------------------|
| 2019 | - | 659,281,850.63 |
| 2020 | 114,124,498.57 | 348,563,349.93 |
| 2021 | 35,368,427.70 | 103,219,695.88 |
| 2022 | 200,696,545.78 | 898,588,459.22 |
| 2023 | 962,591,126.51 | 2,861,551,300.76 |
| 2024 and onwards | 6,732,474,050.57 | - |
| Total | 8,045,254,649.13 | 4,871,204,656.42 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

20. Provision for the impairment of assets

2019

| Item | Beginning | | Deduction | | Ending |
|--|------------------|----------------|--------------|----------------|------------------|
| | | | Reversal | Write-off | |
| I. Bad debt provision | 98,462,483.48 | 132,567,328.76 | 6,909,596.74 | 14,373,657.38 | 209,746,558.12 |
| II. Provision for inventory | 293,890,537.33 | 224,720,607.17 | 10,322.17 | 55,794,233.72 | 462,806,588.61 |
| III. Provision for fixed assets | 1,160,594,646.38 | 122,973,101.85 | - | 423,172,405.88 | 860,395,342.35 |
| IV. Provision for construction in progress | 49,315,394.88 | 83,333.12 | - | - | 49,398,728.00 |
| V. Provision for intangible assets | 229,345,006.49 | 47,739,930.25 | - | - | 277,084,936.74 |
| VI. Provision for goodwill | 73,465,335.00 | - | - | - | 73,465,335.00 |
| Total | 1,905,073,403.56 | 528,084,301.15 | 6,919,918.91 | 493,340,296.98 | 1,932,897,488.82 |

Note: Accrued provision for fixed assets is mainly due to the abandoned factory and impairment of machinery and molds for the discontinued productions this year

Accrued provision for intangible assets is mainly due to the impairment of the non-patent technology for the discontinued productions.

The Group adopted the new financial instruments accounting standard since January 1, 2019, the amounts recorded in account "available for sale financial assets" in 2018 reclassified to the financial assets measured at fair value and the fair value changes recorded in other comprehensive income, the provision accrued in account "available for sale financial assets" reclassified at January 1, 2019 accordingly.

2018

| Item | Beginning | Addition | | Deduction | | Ending |
|--|------------------|----------------|----------------|----------------|----------------|------------------|
| | | provision | Other addition | Reversal | Write-off | |
| I. Bad debt provision | 40,187,117.99 | 14,066,610.17 | 46,356,721.00 | 2,008,705.39 | 139,260.29 | 98,462,483.48 |
| II. Provision for inventory | 169,944,706.66 | 237,613,222.28 | 181,034,335.53 | 156,142,459.77 | 138,559,267.37 | 293,890,537.33 |
| III. Provision for fixed assets | 880,779,908.98 | 141,611,730.28 | 156,839,093.76 | - | 18,636,086.64 | 1,160,594,646.38 |
| IV. Provision for construction in progress | - | - | 49,315,394.88 | - | - | 49,315,394.88 |
| V. Provision for intangible assets | 223,632,721.01 | 3,414,167.12 | 2,298,118.36 | - | - | 229,345,006.49 |
| VI. Provision for goodwill | 73,465,335.00 | - | - | - | - | 73,465,335.00 |
| VII. Provision for available-for-sale financial assets | 28,929,274.00 | - | - | - | - | 28,929,274.00 |
| Total | 1,416,939,063.64 | 396,705,729.85 | 435,843,663.53 | 158,151,165.16 | 157,334,614.30 | 1,934,002,677.56 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

21. Short-term loans

Classification of short-term loans:

| Item | 2019 | 2018 |
|-----------------|----------------|----------------|
| Mortgage loans | 50,000,000.00 | 40,000,000.00 |
| guaranteed loan | 179,580,000.00 | 150,000,000.00 |
| Total | 229,580,000.00 | 190,000,000.00 |

As at 31 December 2019, the interest rates of the above loans were 3.91%-5.20% (as at 31 December 2018: 4.35%-5.20%).

As at 31 December 2019, there is no overdue short-term loan (as at 31 December 2018: Nil).

In 2019, the Group obtained a working capital mortgage of RMB 50,000,000.00 from China South Industry Group Finance Co., Ltd. with the land use right with book value of RMB 18,080,415.84 and fixed assets with book value of RMB 24,200,714.44 as collateral (2018: With the book value of the land use right of RMB 18,499,267.20 and the book value of the fixed assets of RMB 26,729,742.04, the group obtains the working capital mortgage loan of RMB 40,000,000.00 from China South Industry Group Finance Co., Ltd.

22. Notes payable

| Item | 2019 | 2018 |
|----------------------------|-------------------|-------------------|
| Commercial acceptance bill | 2,551,863,471.51 | 2,946,482,019.96 |
| Bank acceptance bill | 10,878,679,822.72 | 11,861,380,242.43 |
| Total | 13,430,543,294.23 | 14,807,862,262.39 |

As at 31 December 2019, there is no overdued unpaid notes payable (as at 31 December 2018: Nil)

23. Accounts payable

| | 2019年 | 2018年 |
|------------------|-------------------|-------------------|
| accounts payable | 18,905,725,271.50 | 13,916,201,276.95 |

As at 31 December 2019, there is no significant accounts payable aged over one year (as at 31 December 2018: Nil).

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

24. Advances from customers

| Item | 2019 | 2018 |
|-------------------------|------------------|------------------|
| Advances from customers | 2,315,641,685.78 | 1,556,482,278.92 |

As at 31 December 2019, advances from customers of RMB 260,238,126.83 aged over one year is mainly credit guarantee charged to dealers (as at 31 December 2018: RMB 216,726,918.21).

25. Payroll payable

2019

| Item | Beginning | Addition | Deduction | Ending |
|----------------------------|------------------|------------------|------------------|------------------|
| Short term salary benefits | 1,271,461,842.35 | 4,902,928,307.23 | 5,201,783,794.98 | 972,606,354.60 |
| Defined contribution plans | 84,410,435.21 | 493,073,936.79 | 508,999,944.69 | 68,484,427.31 |
| Early retirement benefits | 7,123,000.00 | 8,925,762.83 | 10,803,762.83 | 5,245,000.00 |
| Total | 1,362,995,277.56 | 5,404,928,006.85 | 5,721,587,502.50 | 1,046,335,781.91 |

2018

| Item | Beginning | Addition | Deduction | Ending |
|----------------------------|------------------|------------------|------------------|------------------|
| Short term salary benefits | 1,567,656,287.03 | 5,281,251,280.32 | 5,577,445,725.00 | 1,271,461,842.35 |
| Defined contribution plans | 68,156,035.30 | 566,571,969.66 | 550,317,569.75 | 84,410,435.21 |
| Early retirement benefits | 5,073,000.00 | 10,387,769.63 | 8,337,769.63 | 7,123,000.00 |
| Total | 1,640,885,322.33 | 5,858,211,019.61 | 6,136,101,064.38 | 1,362,995,277.56 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

25. Payroll payable (continued)

Short term salary benefits:

2019

| Item | Beginning | Addition | Deduction | Ending |
|--|-------------------------|-------------------------|-------------------------|-----------------------|
| Salary, bonus, allowance and subsidy | 1,077,447,577.69 | 3,939,344,440.24 | 4,238,980,908.85 | 777,811,109.08 |
| Employee benefit | 45,611,590.61 | 230,351,764.50 | 264,306,315.57 | 11,657,039.54 |
| Social insurance | 3,379,369.66 | 325,520,272.55 | 317,519,224.78 | 11,380,417.43 |
| Medical insurance | 532,854.88 | 284,975,364.87 | 283,988,065.45 | 1,520,154.30 |
| Industrial injury insurance | 1,437,746.05 | 36,669,991.37 | 29,487,616.28 | 8,620,121.14 |
| Maternity insurance | 1,408,768.73 | 3,874,916.31 | 4,043,543.05 | 1,240,141.99 |
| Housing accumulation fund | 9,422,677.58 | 290,581,751.15 | 297,207,126.28 | 2,797,302.45 |
| Labor fund and employee education fund | 135,600,626.81 | 117,130,078.79 | 83,770,219.50 | 168,960,486.10 |
| Total | 1,271,461,842.35 | 4,902,928,307.23 | 5,201,783,794.98 | 972,606,354.60 |

2018

| Item | Beginning | Addition | Deduction | Ending |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| Salary, bonus, allowance and subsidy | 1,207,501,206.86 | 4,488,234,330.21 | 4,618,287,959.38 | 1,077,447,577.69 |
| Employee benefit | 207,402,348.95 | 88,951,550.95 | 250,742,309.29 | 45,611,590.61 |
| Social insurance | (174,158.92) | 307,202,837.90 | 303,649,309.32 | 3,379,369.66 |
| Medical insurance | 559,230.30 | 272,234,008.27 | 272,260,383.69 | 532,854.88 |
| Industrial injury insurance | (3,096,589.29) | 32,563,345.54 | 28,029,010.20 | 1,437,746.05 |
| Maternity insurance | 2,363,200.07 | 2,405,484.09 | 3,359,915.43 | 1,408,768.73 |
| Housing accumulation fund | 59,222,161.27 | 258,334,142.47 | 308,133,626.16 | 9,422,677.58 |
| Labor fund and employee education fund | 93,704,728.87 | 138,528,418.79 | 96,632,520.85 | 135,600,626.81 |
| Total | 1,567,656,287.03 | 5,281,251,280.32 | 5,577,445,725.00 | 1,271,461,842.35 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

25. Payroll payable (continued)

Defined contribution plans:

2019

| Item | Beginning | Addition | Deduction | Ending |
|---------------------------|---------------|----------------|----------------|---------------|
| Basic retirement security | 76,517,169.90 | 477,667,218.04 | 493,147,391.06 | 61,036,996.88 |
| Unemployment insurance | 7,893,265.31 | 15,406,718.75 | 15,852,553.63 | 7,447,430.43 |
| Total | 84,410,435.21 | 493,073,936.79 | 508,999,944.69 | 68,484,427.31 |

2018

| Item | Beginning | Addition | Deduction | Ending |
|---------------------------|---------------|----------------|----------------|---------------|
| Basic retirement security | 60,088,662.53 | 551,646,640.84 | 535,218,133.47 | 76,517,169.90 |
| Unemployment insurance | 8,067,372.77 | 14,925,328.82 | 15,099,436.28 | 7,893,265.31 |
| Total | 68,156,035.30 | 566,571,969.66 | 550,317,569.75 | 84,410,435.21 |

The salary, bonus, allowance and subsidy, employee benefits and other social insurances mentioned above are paid in time according to related laws and regulations and sets of the Group.

26. Taxes payable

| Item | 2019 | 2018 |
|---|----------------|-----------------|
| Value-added tax | 84,852,296.03 | 9,641,450.47 |
| Consumption tax | 629,406,972.37 | 658,869,177.63 |
| Corporate income tax | 120,351,092.86 | (19,968,952.37) |
| City maintenance and construction tax and education surcharge | 34,455,756.66 | 9,333,772.54 |
| Others | 20,026,324.88 | 11,441,038.98 |
| Total | 889,092,442.80 | 669,316,487.25 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

27. Other payables

| | 2019 | 2018 |
|------------------|------------------|------------------|
| Dividend payable | - | 79,742.80 |
| Other payables | 4,809,918,141.45 | 3,079,669,273.01 |
| Total | 4,809,918,141.45 | 3,079,749,015.81 |

Other payables

| Item | 2019 | 2018 |
|---------------------------------|------------------|------------------|
| Project funds | 2,091,437,803.04 | 1,271,262,272.32 |
| Deposits of dealer and supplier | 284,705,119.28 | 133,434,563.54 |
| Maintenance fees | 158,503,895.70 | 205,714,188.51 |
| Advertisement fees | 405,752,873.43 | 750,771,372.18 |
| Warehousing and transport fees | 247,969,064.86 | 123,222,758.15 |
| Advances of equity transfer | 831,300,000.00 | - |
| Others | 790,249,385.14 | 595,264,118.31 |
| Total | 4,809,918,141.45 | 3,079,669,273.01 |

28. Contingent liabilities

2019

| Item | Beginning | Addition | Deduction | Ending |
|-----------------------|------------------|----------------|----------------|------------------|
| Warranty | 2,610,780,818.12 | 781,546,593.88 | 629,561,064.50 | 2,762,766,347.50 |
| Supplier compensation | 634,541,926.00 | - | 44,727,434.22 | 589,814,491.78 |
| Total | 3,245,322,744.12 | 781,546,593.88 | 674,288,498.72 | 3,352,580,839.28 |

2018

| Item | Beginning | Addition | Deduction | Ending |
|-----------------------|------------------|------------------|----------------|------------------|
| Warranty | 2,423,958,274.70 | 712,598,648.92 | 525,776,105.50 | 2,610,780,818.12 |
| Supplier compensation | - | 634,541,926.00 | - | 634,541,926.00 |
| Total | 2,423,958,274.70 | 1,347,140,574.92 | 525,776,105.50 | 3,245,322,744.12 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

29. Other current liabilities

| Item | 2019 | 2018 |
|-------------------------------------|-------------------------|-------------------------|
| Accrued commercial discount payable | 3,028,296,317.93 | 2,883,344,577.38 |
| Accrued transportation fee | 501,351,278.96 | 537,462,389.91 |
| Accrued market development expense | 355,903,653.68 | 443,397,362.38 |
| Accrued utilities | 25,777,106.11 | 36,910,207.22 |
| Accrued labor service fee | 39,493,497.48 | 37,723,105.48 |
| Accrued technology royalty | 101,005,700.82 | 128,055,835.93 |
| Accrued lease fee | 83,111,810.66 | 98,306,892.29 |
| Others | 119,003,396.13 | 160,240,782.02 |
| Total | 4,253,942,761.77 | 4,325,441,152.61 |

30. Current portion of non-current liabilities

| Item | 2019 | 2018 |
|------------------------------|------|--------------|
| Long-term loan within 1 year | - | 6,594,120.00 |

31. Long-term Loan

| Item | 2019 | 2018 |
|-------------------------------|----------------------|----------------|
| Credit loan | 55,300,000.00 | 6,594,120.00 |
| Deduction: Loan within 1 year | - | (6,594,120.00) |
| Total | 55,300,000.00 | - |

As at 31 December 2019, the interest rates of the above loans were 1.00% (as at 31 December 2018: 3.044%).

As at 31 December 2019, there is no overdue long-term loans (as at 31 December 2018: Nil).

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

32. Long-term payables

| | 2019 | 2018 |
|------------------|----------------|----------------|
| Special payables | 857,356,423.71 | 303,590,824.69 |

Special payables:

2019

| Item | Beginning | Addition | Deduction | Ending |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| New vehicle product | 20,684,920.29 | 3,026,900.00 | 10,314,074.81 | 13,397,745.48 |
| Changan automobile E class Gasoline engine cylinder block, cylinder head production line project | 22,984,695.64 | - | 22,984,695.64 | - |
| Land relocation compensation | 55,350,709.40 | 500,000,000.00 | - | 555,350,709.40 |
| Development and industrialization of C206 pure electric cars | 3,446,280.58 | - | 3,415,113.03 | 31,167.55 |
| Intelligent manufacturing project | 104,783,625.98 | 67,802,899.55 | 4,828,994.45 | 167,757,531.08 |
| Lightweight design of automobile structure | 52,890,838.71 | 21,360,000.00 | 25,290,720.71 | 48,960,118.00 |
| Others | 43,449,754.09 | 74,955,560.32 | 46,546,162.21 | 71,859,152.20 |
| Total | 303,590,824.69 | 667,145,359.87 | 113,379,760.85 | 857,356,423.71 |

2018

| Item | Beginning | Addition | Deduction | Ending |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| New vehicle product | 7,808,326.58 | 22,360,900.00 | 9,484,306.29 | 20,684,920.29 |
| Changan automobile E class Gasoline engine cylinder block, cylinder head production line project | 67,480,246.95 | - | 44,495,551.31 | 22,984,695.64 |
| Land relocation compensation | 55,350,709.40 | - | - | 55,350,709.40 |
| Development and industrialization of C206 pure electric cars | 14,582,280.58 | - | 11,136,000.00 | 3,446,280.58 |
| Intelligent manufacturing project | 45,455,157.40 | 79,908,937.74 | 20,580,469.16 | 104,783,625.98 |
| Lightweight design of automobile structure | 63,564,705.20 | 1,300,829.00 | 11,974,695.49 | 52,890,838.71 |
| Others | 36,365,724.91 | 28,760,473.84 | 21,676,444.66 | 43,449,754.09 |
| Total | 290,607,151.02 | 132,331,140.58 | 119,347,466.91 | 303,590,824.69 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

33. Long-term payroll payable

| Item | 2019 | 2018 |
|--|---------------|---------------|
| Net obligation of defined benefit plan | 31,965,000.00 | 33,534,000.00 |
| Early retirement | 13,967,000.00 | 20,303,000.00 |
| Total | 45,932,000.00 | 53,837,000.00 |

In addition to basic retirement security and unemployment insurance, which are managed by local government, the Group offers different kinds of overall pension and annual compensation to some retired employees until their death. The group provides subsidies to former military personnel who participated in specific wars and offers large medical treatment insurance for all retired personnel. The group also offered early-retired salary, social insurances and housing accumulation fund with different standards until their formal retirement (Male: Age 60; Female: Age 50 or 55). These amounts of social insurances and housing accumulation fund are based on cost base and statutory proportion.

The present value of the defined benefits plans is valued by expected cumulative welfare units determination, which was ensured by Aon Hewitt China at 31 December 2019.

As at balance sheet day, key actuarial assumptions are as follows:

| | 2019 | 2018 |
|-------------------------------|-----------|-----------|
| Discount rate | | |
| Retired employees | 3.25% | 3.25% |
| Early retired employees | 2.75% | 3.00% |
| Retirement age | | |
| Male | 60 | 60 |
| Female | 50/55 | 50/55 |
| Increase rate of key benefits | | |
| Retired employees | 0.0%-4.0% | 0.0%-6.0% |
| Early retired employees | 0.0%-4.0% | 0.0%-4.0% |

The future mortality rate is based on China experience life table of life insurance (2010-2013) "CL (2010-2013)", the table is a public statistic in PRC.

The sensitive analyses of key assumption are as follows:

| 2019 | Increase % | Increase/(Decrease) in the obligation of defined benefits plan | Decrease % | Increase/(Decrease) in the obligation of defined benefits plan |
|-------------------------------|------------|--|------------|--|
| Discount rate | 0.5% | (1,670,000.00) | 0.5% | 1,805,000.00 |
| Increase rate of key benefits | 0.5% | 1,806,000.00 | 0.5% | (1,682,000.00) |
| Mortality rate | 5% | (465,000.00) | 5% | 489,000.00 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

2018

| | Increase % | Increase/(Decrease) in the obligation of defined benefits plan | Decrease % | Increase/(Decrease) in the obligation of defined benefits plan |
|-------------------------------|------------|--|------------|--|
| Discount rate | 0.5% | (1,907,000.00) | 0.5% | 2,061,000.00 |
| Increase rate of key benefits | 0.5% | 2,101,000.00 | 0.5% | (1,922,000.00) |
| Mortality rate | 5% | (476,000.00) | 5% | 501,000.00 |

The sensitive analysis above is based on the deduction to reasonable change of key assumption as at the balance sheet date. Sensitive analysis is resulted from fluctuation of main assumptions with other assumptions unchanged. As all assumptions are not isolated from each other, sensitive analysis shall not represent actual result of obligation of defined benefits plan.

The related costs of the defined benefit plan charged to income statement are as follows:

| | 2019 | 2018 |
|---|--------------|-----------------|
| Service costs- current period | 43,000.00 | (79,656,000.00) |
| Net interest | 1,050,000.00 | 4,110,000.00 |
| Post employment benefits, net | 1,093,000.00 | (75,546,000.00) |
| Recorded in general administrative expenses | 1,093,000.00 | (75,546,000.00) |

Movement of present value of defined benefits plan is as follows:

| | Defined Benefit Plan Obligation | |
|--|---------------------------------|-----------------|
| | 2019 | 2018 |
| Beginning balance | 33,534,000.00 | 100,782,000.00 |
| Charged to income Statement of the current period | | |
| Service costs- current period | 43,000.00 | (79,656,000.00) |
| Interest expense, net | 1,050,000.00 | 4,110,000.00 |
| Actuarial losses charged to other comprehensive income | (254,000.00) | 13,214,000.00 |
| Benefits Payment | (2,408,000.00) | (4,916,000.00) |
| Ending balance | 31,965,000.00 | 33,534,000.00 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

34. Deferred income

2019

| Item | Beginning | Addition | Deduction | Ending |
|-------------------------------------|-------------------------|-----------------------|-------------------------|-------------------------|
| Government grants related to assets | 2,871,932,225.37 | 224,667,080.00 | 237,726,222.29 | 2,858,873,083.08 |
| Government grants related to gains | 673,754,999.84 | 703,273,000.00 | 1,167,197,918.74 | 209,830,081.10 |
| Others | 137,621,309.52 | 25,771,589.42 | 37,804,983.91 | 125,587,915.03 |
| Total | 3,683,308,534.73 | 953,711,669.42 | 1,442,729,124.94 | 3,194,291,079.21 |

2018

| Item | Beginning | Addition | Deduction | Ending |
|-------------------------------------|-------------------------|-----------------------|-----------------------|-------------------------|
| Government grants related to assets | 2,825,085,486.08 | 258,126,338.83 | 211,279,599.54 | 2,871,932,225.37 |
| Government grants related to gains | 754,048,245.36 | 302,298,761.19 | 382,592,006.71 | 673,754,999.84 |
| Others | 48,683,687.61 | 142,238,902.00 | 53,301,280.09 | 137,621,309.52 |
| Total | 3,627,817,419.05 | 702,664,002.02 | 647,172,886.34 | 3,683,308,534.73 |

Chongqing Changan Automobile Company Limited

Notes to Financial Statement

Year ended 31 December 2019

(Expressed in Renminbi Yuan)

34. Deferred income(continued)

As at 31 December 2019, details of liabilities related to government grants are as follows:

| Item | Beginning | Addition | Recorded to non-operating income | Deduction | Ending | Relates to asset/gain |
|--|-------------------------|-----------------------|----------------------------------|-----------------------|-------------------------|-----------------------|
| Funds for Beijing Changan project | 1,166,388,574.21 | - | 36,308,168.78 | - | 1,130,080,405.43 | Related to assets |
| Subsidies for the automobile comprehensive testing ground project | 459,704,416.60 | - | 28,199,166.67 | - | 431,505,249.93 | Related to assets |
| Subsidies for the construction of Hefei new plants | 326,888,250.56 | 120,682,000.00 | 55,643,599.74 | - | 391,926,650.82 | Related to assets |
| Funds for Yuzui motor city project | 233,030,612.08 | - | 5,683,673.47 | - | 227,346,938.61 | Related to assets |
| New energy subsidy | 132,908,316.53 | 70,375,080.00 | 58,144,047.49 | - | 145,139,349.04 | Related to assets |
| Light vehicle technical transformation project of Baoding Changan Bus | 128,340,591.54 | - | 6,820,018.44 | - | 121,520,573.10 | Related to assets |
| Engine production restructure program | 90,977,443.51 | - | 9,022,556.39 | - | 81,954,887.12 | Related to assets |
| Industry upgrading project for small displacement engine and technological transformation project for CB type engine production line | 76,688,194.59 | - | 15,965,833.33 | - | 60,722,361.26 | Related to assets |
| Changan automobile E class Gasoline engine cylinder block, cylinder head production line project | 45,344,600.00 | - | - | - | 45,344,600.00 | Related to assets |
| Expansion of production capacity project | 37,446,511.51 | - | 4,686,606.83 | - | 32,759,904.68 | Related to assets |
| Funds for H series engine | 32,000,000.08 | - | 5,333,333.33 | - | 26,666,666.75 | Related to assets |
| Others | 142,214,714.16 | 33,610,000.00 | 11,919,217.82 | - | 163,905,496.34 | Related to assets |
| Subtotal | 2,871,932,225.37 | 224,667,080.00 | 237,726,222.29 | - | 2,858,873,083.08 | |
| Subsidy of Nanjing new energy research and development | 600,000,000.00 | 100,000,000.00 | - | 700,000,000.00 | - | Related to income |
| Research and development fund subsidy of Hefei Changan | 71,456,238.65 | 600,000,000.00 | 466,896,031.92 | - | 204,560,206.73 | Related to income |
| New energy power system research and development subsidy | 2,298,761.19 | - | 37,876.11 | - | 2,260,885.08 | Related to income |
| Other | - | 3,273,000.00 | 264,010.71 | - | 3,008,989.29 | Related to income |
| Subtotal | 673,754,999.84 | 703,273,000.00 | 467,197,918.74 | 700,000,000.00 | 209,830,081.10 | |
| Total | 3,545,687,225.21 | 927,940,080.00 | 704,924,141.03 | 700,000,000.00 | 3,068,703,164.18 | |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

34. Deferred income (continued)

As at 31 December 2018, details of liability related to government grants are as follows:

| Item | Beginning | Addition | Recorded to non-operating income | Ending | Relates to asset/gain |
|--|------------------|----------------|----------------------------------|------------------|-----------------------|
| Funds for Beijing Changan project | 1,202,042,715.17 | - | 35,654,140.96 | 1,166,388,574.21 | Relates to asset |
| Subsidies for the automobile comprehensive testing ground project | 487,903,583.27 | - | 28,199,166.67 | 459,704,416.60 | Relates to asset |
| Subsidies for the construction of Hefei new plants | 328,769,680.06 | 44,876,000.00 | 46,757,429.50 | 326,888,250.56 | Relates to asset |
| Funds for Yuzui motor city project | 238,714,285.60 | - | 5,683,673.52 | 233,030,612.08 | Relates to asset |
| New energy subsidy | 27,738,250.00 | 134,157,000.00 | 28,986,933.47 | 132,908,316.53 | Relates to asset |
| Light vehicle technical transformation project of Baoding Changan Bus | 135,160,610.02 | - | 6,820,018.48 | 128,340,591.54 | Relates to asset |
| Engine production restructure program | 100,000,000.00 | - | 9,022,556.49 | 90,977,443.51 | Relates to asset |
| Industry upgrading project for small displacement engine and technological transformation project for CB type engine production line | 92,654,027.88 | - | 15,965,833.29 | 76,688,194.59 | Relates to asset |
| Changan automobile E class Gasoline engine cylinder block, cylinder head production line project | - | 45,344,600.00 | - | 45,344,600.00 | Relates to asset |
| Expansion of production capacity project | 42,133,118.34 | - | 4,686,606.83 | 37,446,511.51 | Relates to asset |
| Funds for H series engine | 37,333,333.40 | - | 5,333,333.32 | 32,000,000.08 | Relates to asset |
| Others | 132,635,882.34 | 33,748,738.83 | 24,169,907.01 | 142,214,714.16 | Relates to asset |
| Subtotal | 2,825,085,486.08 | 258,126,338.83 | 211,279,599.54 | 2,871,932,225.37 | |
| Subsidy of Nanjing new energy research and development | 600,000,000.00 | - | - | 600,000,000.00 | Relates to income |
| Research and development fund subsidy of Hefei Changan | 154,048,245.36 | 300,000,000.00 | 382,592,006.71 | 71,456,238.65 | Relates to income |
| New energy power system research and development subsidy | - | 2,298,761.19 | - | 2,298,761.19 | Relates to income |
| Subtotal | 754,048,245.36 | 302,298,761.19 | 382,592,006.71 | 673,754,999.84 | |
| Total | 3,579,133,731.44 | 560,425,100.02 | 593,871,606.25 | 3,545,687,225.21 | |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

35. Share capital

2019

| | | 31 December 2018 | movement | | | | | 31 December 2019 |
|--------------------------------|---|---------------------|-----------------------|-------------------|---|---------------|---------------|---------------------|
| | | | Issuance of shares | Stock dividend | Transfer of reserve to common shares | Others | Sub-total | |
| I. Restricted shares | | | | | | | | |
| 1 | Shares held by state-owned legal persons | 139,762,403 | - | - | - | (139,762,403) | (139,762,403) | - |
| 2 | Shares held by domestic natural person | 18,900 | - | - | - | - | - | 18,900 |
| Total of restricted shares | | 139,781,303 | | - | - | - | - | 18,900 |
| II. Unrestricted shares | | | | | | | | |
| 1 | RMB ordinary shares | 3,760,881,066 | - | - | - | 139,762,403 | 139,762,403 | 3,900,643,469 |
| 2 | Foreign-funded shares listed domestically | 901,986,142 | - | - | - | - | - | 901,986,142 |
| Total of unrestricted shares | | 4,662,867,208 | | - | - | - | - | 4,802,629,611 |
| III. Total shares | | 4,802,648,511 | - | - | - | - | - | 4,802,648,511 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2018
 (Expressed in Renminbi Yuan)

35. Share capital (continued)

2018

| | | 31 December 2017 | movement | | | | | 31 December 2018 |
|------------------------------|---|---------------------|-----------------------|-------------------|---|--------|-----------|------------------|
| | | | Issuance of shares | Stock dividend | Transfer of reserve to common shares | Others | Sub-total | |
| I. | Restricted shares | | | | | | | |
| 1 | Shares held by state-owned legal persons | 139,762,403 | - | - | - | - | - | 139,762,403 |
| 2 | Shares held by domestic natural person | 18,900 | - | - | - | - | - | 18,900 |
| Total of restricted shares | | 139,781,303 | - | - | - | - | - | 139,781,303 |
| II. | Unrestricted shares | | | | | | | |
| 1 | RMB ordinary shares | 3,760,881,066 | - | - | - | - | - | 3,760,881,066 |
| 2 | Foreign-funded shares listed domestically | 901,986,142 | - | - | - | - | - | 901,986,142 |
| Total of unrestricted shares | | 4,662,867,208 | - | - | - | - | - | 4,662,867,208 |
| III. | Total shares | 4,802,648,511 | - | - | - | - | - | 4,802,648,511 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

36. Capital reserves

2019

| Item | Beginning | Addition | Deduction | Ending |
|--|-------------------------|-----------------------|----------------------|-------------------------|
| Share premium | 4,938,329,830.94 | - | - | 4,938,329,830.94 |
| Share-based payment | 23,961,900.00 | - | 23,961,900.00 | - |
| Capital reserve transferred arising from the old standards | 44,496,899.00 | - | - | 44,496,899.00 |
| Restricted capital reserve of equity investments | 17,015,985.20 | - | - | 17,015,985.20 |
| Others (Note 1) | 33,437,825.03 | 332,817,054.49 | - | 366,254,879.52 |
| Total | 5,057,242,440.17 | 332,817,054.49 | 23,961,900.00 | 5,366,097,594.66 |

2018

| Item | Beginning | Addition | Deduction | Ending |
|--|-------------------------|----------------------|----------------------|-------------------------|
| Share premium | 4,969,218,884.37 | - | 30,889,053.43 | 4,938,329,830.94 |
| Share-based payment | 32,697,000.00 | 11,014,600.00 | 19,749,700.00 | 23,961,900.00 |
| Capital reserve transferred arising from the old standards | 44,496,899.00 | - | - | 44,496,899.00 |
| Restricted capital reserve of equity investments | 17,015,985.20 | - | - | 17,015,985.20 |
| Others | 35,977,188.37 | - | 2,539,363.34 | 33,437,825.03 |
| Total | 5,099,405,956.94 | 11,014,600.00 | 53,178,116.77 | 5,057,242,440.17 |

Note1: The increase in other capital reserve in 2019 is due to the change in the capital reserve of the joint venture Jiangling Holdings Co., Ltd., which is included in RMB 332,817,054.49.

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

37. Other comprehensive income

Accumulated other comprehensive income in balance sheet attributable to parent company is as follows:

| | 31 December 2018 | Movement | 1 January 2019 | Movement | 31 December 2019 |
|--|-----------------------|-------------------------|----------------------|----------------------|-----------------------|
| Change in net liability or assets from defined benefit plan | 1,175,000.00 | - | 1,175,000.00 | 254,000.00 | 1,429,000.00 |
| Comprehensive income which cannot be reclassified into profit and loss under equity method | (2,088,068.00) | - | (2,088,068.00) | - | (2,088,068.00) |
| Fair value change generated from available for sale financial assets | 297,351,209.45 | (165,492,749.45) | 131,858,460.00 | 63,584,845.00 | 195,443,305.00 |
| Foreign currency translation difference | (60,928,211.01) | - | (60,928,211.01) | 6,138,554.20 | (54,789,656.81) |
| Total | 235,509,930.44 | (165,492,749.45) | 70,017,180.99 | 69,977,399.20 | 139,994,580.19 |

| | 1 January 2018 | Movement | 31 December 2018 |
|--|----------------------|-----------------------|-----------------------|
| Change in net liability or assets from defined benefit plan | 14,389,000.00 | (13,214,000.00) | 1,175,000.00 |
| Comprehensive income which cannot be reclassified into profit and loss under equity method | (1,381,839.12) | (706,228.88) | (2,088,068.00) |
| Fair value change generated from available for sale financial assets | 120,262,249.99 | 177,088,959.46 | 297,351,209.45 |
| Foreign currency translation difference | (50,309,987.03) | (10,618,223.98) | (60,928,211.01) |
| Total | 82,959,423.84 | 152,550,506.60 | 235,509,930.44 |

Current occurrence amount of other comprehensive income in income statement attributable to parent company:

2019

| | Amount before tax | Deduct: amounts transferred to income statement which were recognized in other comprehensive income in prior period | Deduct: Income tax | Amount attributable to owners | Amount attributable to minority interests |
|--|----------------------|---|----------------------|-------------------------------|---|
| Other comprehensive income not to be reclassified to profit or loss in subsequent period | | | | | |
| Change in net liability or assets from defined benefit plan | 254,000.00 | - | - | 254,000.00 | - |
| Fair value change of Investment in other equity instruments | 74,805,700.00 | - | 11,220,855.00 | 63,584,845.00 | - |
| Subtotal | 75,059,700.00 | - | 11,220,855.00 | 63,838,845.00 | - |
| Other comprehensive income will be reclassified to profit or loss in subsequent period | | | | | |
| Foreign currency translation difference | 6,138,554.20 | - | - | 6,138,554.20 | - |
| Subtotal | 6,138,554.20 | - | - | 6,138,554.20 | - |
| Total | 81,198,254.20 | - | 11,220,855.00 | 69,977,399.20 | |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

37. Other comprehensive income (continued)

2018

| | Amount before tax | Deduct: amounts transferred to income statement which were recognized in other comprehensive income in prior period | Deduct: Income tax | Amount attributable to owners | Amount attributable to minority interests |
|---|-----------------------|---|----------------------|-------------------------------|---|
| Other comprehensive income not to be reclassified to profit or loss in subsequent period | | | | | |
| Change in net liability or assets from defined benefit plan | (13,214,000.00) | - | - | (13,214,000.00) | - |
| Comprehensive income which can not be reclassified into profit and loss under equity method | (706,228.88) | - | - | (706,228.88) | - |
| Subtotal | (13,920,228.88) | - | - | (13,920,228.88) | - |
| Other comprehensive income will be reclassified to profit or loss in subsequent period | | | | | |
| Fair value change of available for sale financial assets | 208,339,952.31 | - | 31,250,992.85 | 177,088,959.46 | - |
| Foreign currency translation difference | (10,618,223.98) | - | - | (10,618,223.98) | - |
| Subtotal | 197,721,728.33 | - | 31,250,992.85 | 166,470,735.48 | - |
| Total | 183,801,499.45 | - | 31,250,992.85 | 152,550,506.60 | - |

38. Special reserves

2019

| Item | Beginning | Addition | Deduction | Ending |
|-------------|---------------|---------------|---------------|---------------|
| Safety fund | 41,222,369.10 | 79,135,417.54 | 73,281,543.93 | 47,076,242.71 |

2018

| Item | Beginning | Addition | Deduction | Ending |
|-------------|---------------|---------------|---------------|---------------|
| Safety fund | 28,279,733.06 | 83,826,318.58 | 70,883,682.54 | 41,222,369.10 |

The Group accrued safety fund according to the circular of <the Guidance of Safety Fund Accrual and Usage> (Cai Qi [2012] No. 16) issued by the Ministry of Finance and the State Administration of work safety on 14 February 2012.

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

39. Surplus reserves

2019 and 2018

| Item | Beginning | Addition | Deduction | Ending |
|-------------------|------------------|----------|-----------|------------------|
| Statutory surplus | 2,401,324,255.50 | - | - | 2,401,324,255.50 |

The Company appropriated statutory surplus reserves based on profit after tax. When statutory surplus reserves account for 50% of paid-in capital, no further surplus reserve will be appropriated.

40. Retained earnings

| Item | 2019 | 2018 |
|--|--------------------|-------------------|
| Retained earnings at beginning of the year | 33,707,011,170.31 | 35,184,073,061.94 |
| Adjustment | 297,351,209.45 | - |
| Retained earnings after adjustment | 34,004,362,379.76 | 35,184,073,061.94 |
| Add: Profits attributable to parent company for the current year | (2,646,719,356.53) | 680,728,392.03 |
| Less: Appropriation to statutory surplus reserves | - | - |
| Less: Ordinary share dividend of cash | 86,471,463.63 | 2,157,790,283.66 |
| Retained earnings at the end of year | 31,271,171,559.60 | 33,707,011,170.31 |

Adjustment: as stated in note III, 31 and note V, 2, the common shares of Southwest Securities Company Limited and restricted shares of Contemporary Amperex Technology Company Limited held by the Group have been reclassified from financial assets at fair value through other comprehensive income to financial assets at fair value through profit or loss. Meanwhile, the related other comprehensive income has been reclassified to retained earnings, which affects the retained earnings at the beginning of the year about RMB297,351,209.45.

According to the decision of the 65th meeting of the 7th Board of Directors of the Company, no profit distribution will be made in 2019. The above profit distribution plan has yet to be considered and approved by the company's general meeting of shareholders.

41. Operating revenue and cost

| Item | 2019 | | 2018 | |
|----------------|-------------------|-------------------|-------------------|-------------------|
| | Revenue | Cost | Revenue | Cost |
| Main business | 69,315,716,509.29 | 59,445,831,613.01 | 64,490,487,252.71 | 55,116,734,739.05 |
| Other business | 1,279,528,623.99 | 786,753,815.07 | 1,807,783,137.06 | 1,466,733,630.09 |
| Total | 70,595,245,133.28 | 60,232,585,428.08 | 66,298,270,389.77 | 56,583,468,369.14 |

Operating revenue listed as follows:

| Item | 2019 | 2018 |
|----------------------------------|-------------------|-------------------|
| Sale of goods | 70,528,420,564.07 | 66,276,054,153.09 |
| Provide labor and other services | 66,824,569.21 | 22,216,236.68 |
| Total | 70,595,245,133.28 | 66,298,270,389.77 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

42. Tax and surcharges

| Item | 2019 | 2018 |
|---------------------------------------|-------------------------|-------------------------|
| Consumption tax | 1,998,619,440.93 | 1,887,596,418.76 |
| City maintenance and construction tax | 160,739,584.91 | 121,084,067.02 |
| Educational surcharge | 118,587,412.13 | 107,471,391.03 |
| Others | 210,110,629.86 | 189,766,107.53 |
| Total | 2,488,057,067.83 | 2,305,917,984.34 |

43. Operating expenses

| Item | 2019 | 2018 |
|--|-------------------------|-------------------------|
| Payroll and welfare | 420,884,406.19 | 326,700,194.59 |
| Promotion, advertising fee and Sales service fee | 2,224,959,385.19 | 2,981,253,072.70 |
| Transportation expenses | 1,796,397,367.83 | 1,728,743,073.33 |
| Travelling expenses | 89,905,543.70 | 82,924,351.46 |
| Package expenses | 8,979,853.46 | 18,172,933.96 |
| Consulting fee | 9,278,821.91 | 20,414,125.10 |
| Training fee | 28,185,324.64 | 58,950,405.11 |
| Others | 12,580,183.02 | 66,097,190.23 |
| Total | 4,591,170,885.94 | 5,283,255,346.48 |

44. General and administrative expenses

| Item | 2019 | 2018 |
|-------------------------------|-------------------------|-------------------------|
| Payroll and welfare | 1,360,795,649.37 | 1,230,385,974.33 |
| Administrative expenses | 314,648,478.13 | 378,467,226.08 |
| Depreciation and amortization | 276,550,788.64 | 244,302,232.68 |
| Miscellaneous service charges | 60,861,235.59 | 53,961,042.11 |
| Traffic expenses | 39,399,677.23 | 65,664,475.92 |
| Travelling expenses | 24,604,006.43 | 54,238,378.61 |
| Others | 188,371,683.26 | 114,212,659.18 |
| Total | 2,265,231,518.65 | 2,141,231,988.91 |

45. Research and development expenses

| Item | 2019 | 2018 |
|------|------|------|
| | | |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

| | | |
|-------------------------------|-------------------------|-------------------------|
| Payroll and welfare | 1,079,128,106.16 | 1,432,753,634.55 |
| Material fee | 223,007,996.05 | 241,258,297.80 |
| Subcontract fee | 321,189,407.67 | 201,398,428.01 |
| Survey and traffic expenses | 81,309,580.38 | 128,375,837.23 |
| Test fee | 187,139,269.95 | 146,093,293.23 |
| Depreciation and amortization | 1,129,018,488.23 | 820,906,255.98 |
| Others | 148,270,912.69 | 214,003,174.88 |
| Total | 3,169,063,761.13 | 3,184,788,921.68 |

46. Financial income

| Item | 2019 | 2018 |
|-------------------------------------|-----------------------|-----------------------|
| Interest income | 245,520,358.56 | 476,922,766.94 |
| Less: Foreign exchange gain or loss | (8,130,682.63) | 14,802,579.62 |
| Interest expense | 40,109,729.93 | 11,700,010.25 |
| Others | 22,691,799.53 | 23,358,142.01 |
| Total | 190,849,511.73 | 427,062,035.06 |

47. Other income

| Item | 2019 | 2018 | Amount recognized in 2019 as non-recurring profit and loss |
|--------------|------------------|------------------|--|
| Other income | 1,537,625,620.93 | 2,873,192,102.56 | 1,537,625,620.93 |

Government grants recognized as current income are as follows:

| Item | 2019 | 2018 | Relates to asset/gain |
|--|---------------|---------------|-----------------------|
| New energy subsidy | 58,144,047.49 | 28,986,933.47 | Assets |
| Subsidies for the construction of Hefei new plants | 55,643,599.74 | 46,757,429.50 | Assets |
| Funds for Beijing Changan project | 36,308,168.78 | 35,654,140.96 | Assets |
| Comprehensive testing field program | 28,199,166.67 | 28,199,166.67 | Assets |
| Industry upgrading project for small displacement engine and technological transformation project for CB type engine production line | 15,965,833.33 | 15,965,833.29 | Assets |
| Engine capacity structure adjustment project | 9,022,556.39 | 9,022,556.49 | Assets |
| Light vehicle technical transformation project of Baoding Changan Bus | 6,820,018.44 | 6,820,018.48 | Assets |
| Funds for Yuzui motor city project | 5,683,673.47 | 5,683,673.52 | Assets |
| Funds for H series engine | 5,333,333.33 | 5,333,333.32 | Assets |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

| | | | |
|--|------------------|------------------|--------|
| Expansion of production capacity project | 4,686,606.83 | 4,686,606.83 | Assets |
| Other | 11,919,217.82 | 24,169,907.01 | Assets |
| Subtotal | 237,726,222.29 | 211,279,599.54 | |
| Hefei Changan R & D funding subsidies | 466,896,031.92 | 382,592,006.71 | Income |
| Enterprise development fund | 397,250,000.00 | 1,426,333,900.00 | Income |
| Post stability subsidy | 257,216,017.31 | - | Income |
| Nanjing Changan R & D funding subsidies | 61,370,000.00 | 151,000,000.00 | Income |
| Government grants for development expenses | 39,306,000.00 | 478,596,700.00 | Income |
| Others | 77,861,349.41 | 223,389,896.31 | Income |
| Subtotal | 1,299,899,398.64 | 2,661,912,503.02 | |
| Total | 1,537,625,620.93 | 2,873,192,102.56 | |

48. Investment income

| Item | 2019 | 2018 |
|---|--------------------|------------------|
| Long-term equity investment income under equity method | (2,158,815,891.20) | (331,883,560.67) |
| Gains generated by business combinations not under common control(note) | - | 209,443,337.73 |
| The investment income of financial asset held for trading during its holding period | 4,332,388.16 | - |
| Dividend income from remaining investments in other equity instruments | 38,343,163.30 | - |
| Investment income during holding period from available-for-sale financial assets | - | 51,133,446.15 |
| Entrusted loan interest income | 6,771,226.43 | - |
| Total | (2,109,369,113.31) | (71,306,776.79) |

49. Fair value change

| | 2019 | 2018 |
|-----------------------------------|----------------|------|
| Financial assets held for trading | 889,154,888.69 | - |

50. Impairment loss of credit (only available for 2019)

| | 2019 |
|---------------------------------|----------------|
| Bad debt for account receivable | 6,912,617.00 |
| Bad debt for other receivables | 118,745,115.02 |
| 合计 | 125,657,732.02 |

51. Impairment loss on assets

| Item | 2019 | 2018 |
|-----------------------------|----------------|---------------|
| I. Bad debt loss | - | 12,057,904.78 |
| II. Impairment of inventory | 224,710,285.00 | 81,470,762.51 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

| | | |
|--|----------------|----------------|
| III. Impairment of fixed assets | 122,973,101.85 | 141,611,730.28 |
| IV. Impairment of intangible assets | 47,739,930.25 | 3,414,167.12 |
| V. Impairment of available-for-sale financial assets | 83,333.12 | - |
| Total | 395,506,650.22 | 238,554,564.69 |

52. Gain on disposal of assets

| Item | 2019 | 2018 | Amount recognized in 2018 as non-recurring profit and loss |
|----------------------------------|---------------|--------------|--|
| Gain on disposal of fixed-assets | 56,658,864.17 | 8,561,074.73 | 56,658,864.17 |

53. Non-operating income

| Item | 2019 | 2018 | Amount recognized in 2019 as non-recurring profit and loss |
|---|---------------|----------------|--|
| Gains generated by business combinations not under common control | - | 811,377,936.28 | - |
| Fines, penalties and others | 49,703,849.18 | 104,841,288.40 | 49,703,849.18 |
| Total | 49,703,849.18 | 916,219,224.68 | 49,703,849.18 |

54. Non-operating expenses

| Item | 2019 | 2018 | Amount recognized in 2019 as non-recurring profit and loss |
|---------------------|----------------|---------------|--|
| Donation | 30,198,295.92 | 27,582,524.12 | 30,198,295.92 |
| Vehicle premium | 6,029,776.00 | 5,098,810.00 | 6,029,776.00 |
| Fines and penalties | 81,475,589.37 | 3,860,473.32 | 81,475,589.37 |
| Others | 67,258,954.03 | 20,013,743.50 | 67,258,954.03 |
| Total | 184,962,615.32 | 56,555,550.94 | 184,962,615.32 |

55. Income tax expense

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

| Item | 2019 | 2018 |
|-----------------------------|-----------------------|------------------------|
| Current income tax expense | 166,789,357.70 | 59,356,673.11 |
| Deferred income tax expense | 239,975,628.66 | (124,490,731.15) |
| Total | 406,764,986.36 | (65,134,058.04) |

The relationship between income tax expense and profit before tax is as follows:

| Item | 2019 | 2018 |
|---|---------------------------|-----------------------|
| Profit/(loss) before tax | (2,242,366,904.52) | 658,225,323.83 |
| Tax at the applicable tax rate | (336,355,035.69) | 98,733,798.57 |
| Impact of different tax rates of subsidiaries | (46,985,923.84) | (21,467,247.81) |
| Adjustments to current income tax of previous period | 14,818,867.16 | (4,629,283.01) |
| Profit or loss attributable to joint ventures and associates | 343,313,319.80 | 66,960,893.21 |
| Non-taxable income | (6,645,717.84) | (163,680,879.95) |
| Non-deductible tax expense | 9,061,952.29 | 3,836,286.40 |
| Usage previous deductible losses | (66,761,248.99) | (19,645,340.05) |
| Unrecognized deductible temporary differences and deductible losses | 722,485,517.59 | 317,046,456.24 |
| Additional deduction arising from research and development expense | (226,166,744.12) | (342,288,741.64) |
| Tax expense under actual tax rate of the Group | 406,764,986.36 | (65,134,058.04) |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

56. Earnings per share ("EPS")

The basic EPS is calculated by dividing the net profit of the current period attributable to the ordinary shareholders of the Company by the weighted average number of outstanding ordinary shares.

The Company has no dilutive potential ordinary shares.

| | 2019 | 2018 |
|--|--------------------|------------------|
| Earnings | | |
| Net profit attributable to ordinary shareholders | (2,646,719,356.53) | 680,728,392.03 |
| Shares | | |
| Weighted average ordinary shares | 4,802,648,511.00 | 4,802,648,511.00 |

Note: In 2019, no change in the number of ordinary shares or potential common shares has occurred. Therefore, the total share capital is 4,802,648,511 shares. The EPS for reporting period is calculated based on this number of shares.

From the balance sheet day and to the approval date of reporting, there is no event that may causes changes in ordinary shares or potential ordinary shares.

57. Notes to cash flow statement

(1) Items of cash received relating to other operating activities are as follows:

| Item | 2019 | 2018 |
|---|-------------------------|-------------------------|
| Interest income | 245,520,358.56 | 476,922,766.94 |
| Government grants related to operating activities | 2,427,786,919.77 | 2,972,076,736.91 |
| Others | 1,345,854,279.36 | 1,319,095,385.38 |
| Total | 4,019,161,557.69 | 4,768,094,889.23 |

(2) Items of cash paid relating to other operating activities are as follows:

| Item | 2019 | 2018 |
|-----------------------------------|-------------------------|-------------------------|
| Selling expense | 4,243,108,756.85 | 4,309,012,845.31 |
| Administrative expense | 701,218,540.63 | 666,543,781.90 |
| Research and development expenses | 737,909,170.70 | 689,870,733.35 |
| Refund of government subsidies | 700,000,000.00 | - |
| Others | 644,165,606.15 | 1,104,054,021.14 |
| Total | 7,026,402,074.33 | 6,769,481,381.70 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

57. Notes to cash flow statement (continued)

(3) Items of cash received relating to other investing activities are as follows:

| Item | 2019 | 2018 |
|--|------|------------------|
| Net cash received from business combinations | - | 1,036,263,749.91 |

(4) Items of cash received relating to other financing activities are as follows:

| | 2019 | 2018 |
|----------------|----------------|------|
| Entrusted loan | 300,000,000.00 | - |

(5) Items of cash received relating to other financing activities are as follows:

| Item | 2019 | 2018 |
|------------------------------|---------------|----------------|
| Withdraw for deposit of bill | 32,839,805.56 | 855,280,377.20 |

(6) Items of cash paid relating to other financing activities are as follows:

| Item | 2019 | 2018 |
|--|-----------------------|----------------------|
| Payment for deposit of bill | 395,159,204.54 | - |
| Acquisition of minority shareholders' equity | - | 30,344,195.00 |
| Total | 395,159,204.54 | 30,344,195.00 |

58. Supplementary information of cash flow statement

(1) Supplementary information of cash flow statement

| Supplementary information | 2019 | 2018 |
|---|--------------------|---------------------|
| 1. Cash flows from operating activities calculated by adjusting the net profit | | |
| Net profit | (2,649,131,890.88) | 723,359,381.87 |
| Add: impairment provision for assets | 521,164,382.24 | 238,554,564.69 |
| Depreciation of fixed assets | 3,015,917,705.20 | 2,334,281,299.36 |
| Depreciation and amortization of investment property | 226,711.56 | 226,711.56 |
| Amortization of intangible assets | 1,025,061,962.48 | 765,764,237.99 |
| Amortization of long-term deferred expense | 6,768,571.06 | 3,916,585.49 |
| Increase in deferred income | (489,017,455.52) | 52,824,676.85 |
| Disposal loss on fixed assets, intangible assets and others long-term assets | (56,658,864.17) | (8,561,074.73) |
| Loss of abandonment of fixed assets | 61,599,450.00 | - |
| Income of fair value movement | (889,154,888.69) | - |
| Financial expense | 40,109,729.93 | 11,700,010.25 |
| Investment income | 2,109,369,113.31 | 71,306,776.79 |
| Increase in deferred tax assets | 112,953,903.96 | (121,696,627.62) |
| Decrease in inventory | 1,317,268,683.80 | 162,147,313.89 |
| Deferred income tax liabilities increased | 127,021,724.70 | (2,794,103.52) |
| Decrease in operating receivables | (6,933,919,137.79) | 7,012,744,770.54 |
| Increase in operating payables | 6,610,407,218.35 | (14,321,540,062.30) |
| Others | (48,238,681.15) | (809,709,763.55) |
| Net cash flows from operating activities | 3,881,748,238.39 | (3,887,475,302.44) |
| 2. Movement of cash and cash equivalents | | |
| Ending balance of cash | 9,360,474,674.89 | 9,648,153,614.80 |
| Less: beginning balance of cash | 9,648,153,614.80 | 21,451,305,090.53 |
| Decrease in cash and cash equivalents | (287,678,939.91) | (11,803,151,475.73) |

58. Supplementary information of cash flow statement (continued)

(2) The major non-cash investing and financing activities:

| Item | 2019 | 2018 |
|--|------------------|------------------|
| Endorsed bank acceptance received by sales and providing service | 3,292,638,946.70 | 3,032,518,773.00 |

(3) Cash and cash equivalents

| Item | 2019 | 2018 |
|--|------------------|------------------|
| I. Cash | | |
| Including: Cash on hand | 18,280.08 | 14,374.84 |
| Bank deposits that can be readily used | 9,360,456,394.81 | 9,648,139,239.96 |
| II. Cash equivalents | - | - |
| III. Ending balance of cash and cash equivalents | 9,360,474,674.89 | 9,648,153,614.80 |

Note: The restricted cash and cash equivalents of the Group are not included in the cash and cash equivalents.

59. The assets with ownership or right restricted

| Item | 2019 | 2018 | Notes |
|--|------------------|----------------|--------|
| Cash and cash equivalents | 705,696,678.59 | 332,390,911.34 | Note 1 |
| Notes receivable and Accounts receivable | 3,125,099,350.00 | 469,622,570.00 | Note 2 |
| Intangible assets | 18,080,415.84 | 18,499,267.20 | Note 3 |
| Fixed assets | 24,200,714.44 | 26,729,742.04 | Note 3 |

Note 1: As at 31 December 2019 and 31 December 2018, the Group has restricted cash at banks for the issuance of bank acceptance bill.

Note 2: As at 31 December 2019, notes receivable with a book value of RMB3,125,099,350.00 (31 December 2018: RMB469,622,570.00) has been pledged to issue bank acceptance bills.

Note 3: As at 31 December 2019, land use right with book value of RMB18,080,415.84 and fixed assets with book value of RMB24,200,714.44 has been pledged to obtain RMB50,000,000.00 short-term loan from China South Industry Group Finance Co., Ltd. The amortization of the land use right above is RMB418,851.36, the depreciation of the fixed assets above is RMB2,529,027.60.

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

6o. Foreign Monetary Item

| Item | 2019 | | | 2018 | | |
|---------------------|-------------------|---------------|-------------------|-------------------|---------------|-------------------|
| | Original Currency | Exchange Rate | Translated to RMB | Original Currency | Exchange Rate | Translated to RMB |
| Cash | | | | | | |
| USD | 12,051,146.32 | 6.9762 | 84,071,206.96 | 8,751,966.06 | 6.8632 | 60,066,493.46 |
| GBP | 2,705,025.17 | 9.1501 | 24,751,250.81 | 2,373,542.00 | 8.6762 | 20,593,325.10 |
| EUR | 3,335,742.03 | 7.8155 | 26,070,491.84 | 4,048,438.85 | 7.8023 | 31,587,134.44 |
| JPY | 128,999,237.00 | 0.0641 | 8,267,045.10 | 64,912,028.43 | 0.0619 | 4,018,054.56 |
| SUR | 746,523,266.53 | 0.1129 | 84,257,705.03 | 239,651,676.87 | 0.0990 | 23,725,516.01 |
| BRL | 571,845.63 | 1.7378 | 993,754.73 | 553,990.20 | 1.8287 | 1,013,081.88 |
| Accounts receivable | | | | | | |
| USD | 20,851,192.18 | 6.9762 | 145,462,086.89 | 14,372,769.49 | 6.8632 | 98,643,191.56 |
| Other receivables | | | | | | |
| USD | 2,102,288.89 | 6.9762 | 14,665,987.75 | 2,876,923.86 | 6.8632 | 19,744,903.84 |
| JPY | 17,101,991.07 | 0.0641 | 1,095,998.20 | 16,387,327.63 | 0.0619 | 1,014,375.58 |
| EUR | 1,710,130.00 | 7.8155 | 13,365,521.02 | 3,514,473.56 | 7.8023 | 27,420,977.06 |
| SUR | 1,312,803.70 | 9.1501 | 12,012,285.14 | 1,243,071.00 | 8.6762 | 10,785,132.61 |
| BRL | - | 1.7378 | - | 14,146.87 | 1.8287 | 25,870.38 |
| Accounts Payable | | | | | | |
| USD | 528,062.06 | 6.9762 | 3,683,866.54 | 868,583.12 | 6.8632 | 5,961,259.67 |
| JPY | 10,747,095.93 | 0.0641 | 688,738.39 | 20,635,052.40 | 0.0619 | 1,277,309.74 |
| EUR | 960,196.00 | 7.8155 | 7,504,411.84 | 2,451,927.12 | 7.8023 | 19,130,670.97 |
| GBP | 462,384.83 | 9.1501 | 4,230,867.43 | 965,218.00 | 8.6762 | 8,374,424.41 |
| Other Payables | | | | | | |
| USD | 5,502,387.24 | 6.9762 | 38,385,753.86 | 777,462.07 | 6.8632 | 5,335,877.68 |
| GBP | 178,041.96 | 9.1501 | 1,629,101.74 | 1,760,110.00 | 8.6762 | 15,271,066.38 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

VI Shares in other entities

1. Shares in subsidiaries

The subsidiaries of the Company are as follows:

| Company name | Main operating place | Registered place | Nature of business | Registered capital (o,ooo) | Total proportion of shareholders (%) | |
|---|----------------------------|----------------------------|--------------------|----------------------------|--------------------------------------|----------|
| | | | | | direct | indirect |
| I. The subsidiary formed by establish or investment | | | | | | |
| Hebei Changan Automobile Co., Ltd. (note 1) | Dingzhou | Dingzhou | Manufacturing | 46,469 | 94.22 | |
| Chongqing Changan International Automobile Sales Co., Ltd. | Chongqing | Chongqing | sales | 1,376 | 100.00 | |
| Chongqing Changan Connected Car Technology Co., Ltd. | Chongqing | Chongqing | Lease | 8,850 | 100.00 | 1.00 |
| Chongqing Changan Special Automobile Co., Ltd (note 2) | Chongqing | Chongqing | Sales | 2,000 | 50.00 | |
| Chongqing Changan Automobile Supporting Service Co., Ltd. | Chongqing | Chongqing | sales | 3,000 | 99.00 | |
| Chongqing Changan New Energy Automobile Co. Ltd. | Chongqing | Chongqing | R&D | 2,900 | 100.00 | |
| Chongqing Changan Europe Design Academy Co., Ltd. | Turin, Italy | Turin, Italy | R&D | EUR1,738.36 | 100.00 | |
| Changan United Kingdom R&D Center Co., Ltd. | Nottingham, United Kingdom | Nottingham, United Kingdom | R&D | GBP2,482 | 100.00 | - |
| Beijing Changan R&D Center Co., Ltd. | Beijing | Beijing | R&D | 100 | 100.00 | - |
| Changan Japan Designing Center Co.,Ltd. | Yokohama, Japan | Yokohama, Japan | R&D | JPY2,000 | 100.00 | - |
| Changan United States R&D Center Co., Ltd. | Troy, United states | Detriot, United states | R&D | USD154 | 100.00 | - |
| Changan Automobile Russia Co., Ltd. | Moscow, Russia | Moscow, Russia | Sales | RUB220,382 | 100.00 | - |
| Changan Brazil Holdings Limited | St. Paul, Brazil | St. Paul, Brazil | Sales | BRL100 | 100.00 | - |
| Changan automobile investment (Shenzhen) Co., Ltd. | Shenzhen | Shenzhen | Sales | 14,800 | 100.00 | |
| Hangzhou Changan Yixing Technology Co., Ltd. | Hangzhou | Hangzhou | Lease | 500 | 100.00 | - |
| Hefei Changan Yixing Technology Co., Ltd. | Hefei | Hefei | Lease | 500 | 100.00 | - |
| Nanjing Changan Connected Car Technology Co., Ltd. | Nanjing | Nanjing | Lease | 500 | 100.00 | - |
| Nanjing Changan New Energy Automobile Sales & Service Co., Ltd. | Nanjing | Nanjing | Sales | 5,000 | 100.00 | |
| Fuqing Changan New Energy Automobile Co. Ltd. | Nanjing | Nanjing | Sales | 200 | 100.00 | - |
| Xiamen Changan New Energy Automobile Co. Ltd. | Xiamen | Xiamen | Sales | 200 | 100.00 | - |

Chongqing Changan Automobile Company Limited

Notes to Financial Statement

Year ended 31 December 2019

(Expressed in Renminbi Yuan)

| | | | | | | |
|--|-----------|-----------|---------------|---------|--------|---|
| Guangzhou Changan New Energy Automobile Co. Ltd. | Guangzhou | Guangzhou | Sales | 400 | 100.00 | - |
| Chongqing Chehemei Technology Co., Ltd. | Chongqing | Chongqing | Sales | 1,000 | 100 | - |
| Chongqing Changan New Energy Automobile Technology Co., Ltd. | Chongqing | Chongqing | Sales | 9,900 | 100.00 | - |
| II. subsidiaries acquired through business combinations not under common control | | | | | | |
| Nanjing Changan Automobile Co., Ltd.(note1) | Nanjing | Nanjing | Manufacturing | 60,181 | 84.73 | - |
| Chongqing Changan Suzuki Automobile Co., Ltd. | Chongqing | Chongqing | Manufacturing | 133,764 | 100.00 | - |
| Zhenjiang Demao Hairun Equity Investment Fund Partnership (Limited Partnership) | Zhenjiang | Zhenjiang | finance | 150,001 | 100.00 | - |
| III. The subsidiary formed by business combination under common control | | | | | | |
| Hebei Baoding Changan Bus Co., Ltd. | Dingzhou | Dingzhou | Manufacturing | 3,000 | 100.00 | - |
| Hefei Changan Automobile Co.,Ltd. | Hefei | Hefei | Manufacturing | 77,500 | 100.00 | - |

Note 1: The Company's voting rights for Nanjing Changan Automobile Co., Ltd. and Hebei Changan Automobile Co., Ltd. are 93.79% and 95.62% respectively. The reason for the inconsistent ratio of shareholding ratio to voting rights is that some minority shareholders entrust the company to exercise voting rights.

Note 2: The remaining shareholders of Chongqing Changan Special Purpose Vehicle Co., Ltd. signed the "Consensus Action People Agreement" with the company, and they all agreed to vote according to the voting intention of the company. Therefore, the company can control it, so it will be included in the consolidated financial the scope of the report.

As at 31 December 2019, the Group has no subsidiaries with important minority interests.

2. Shares in joint ventures and associates

| Company name | Main operating place | Registered place | Nature of business | Registered capital (0,000) | Total proportion of shareholders (%) | | Accounting treatment |
|---|----------------------|------------------|--|----------------------------|--------------------------------------|----------|----------------------|
| | | | | | direct | indirect | |
| I. Joint ventures | | | | | | | |
| Changan Ford Automobile Co., Ltd. | Chongqing | Chongqing | Manufacture and sale of automobiles, and components | USD24,100 | 50.00 | - | The equity method |
| Changan Mazda Automobile Co., Ltd. | Nanjing | Nanjing | Manufacture and sale of automobiles, and components | USD11,097 | 50.00 | - | The equity method |
| Changan Mazda Engine Co., Ltd.(Note) | Nanjing | Nanjing | Manufacture and sale of automobiles, and components | USD20,966 | 50.00 | - | The equity method |
| Changan PSA Automobiles Co., Ltd. | Shenzhen | Shenzhen | Manufacture and sale of automobiles, and components | 760,000 | 50.00 | - | The equity method |
| Changan Weilai New Energy Automobile Technology Co., Ltd. | Nanjing | Nanjing | Manufacture and sale of automobiles, and components | 9,800 | 50.00 | - | The equity method |
| Nanchang Jiangling Investment Co., Ltd. | Nanchang | Nanchang | Management of investment, industry and assets | 100,000 | 50.00 | - | The equity method |
| II. Associates | | | | | | | |
| Chongqing Changan Kuayue Automobile Co., Ltd. | Chongqing | Chongqing | Develop, product and sale of automobile and components; import and | 6,533 | 34.30 | - | The equity method |

Chongqing Changan Automobile Company Limited

Notes to Financial Statement

Year ended 31 December 2019

(Expressed in Renminbi Yuan)

| | | | export goods. | | | | |
|--|-----------|-----------|--|------------|-------|-------|-------------------|
| Chongqing Changan Kuayue Automobile Sales Co., Ltd. | Chongqing | Chongqing | Sale of Changan Kuayue's automobile and agricultural cars and components. Technical advisory services for automobile | 300 | 34.30 | - | The equity method |
| Beijing Fang'an crescent taxi Co., Ltd. | Beijing | Beijing | Regional taxi operation | 2,897.96 | 20.70 | - | The equity method |
| Changan Automobile Finacing Co., Ltd. | Chongqing | Chongqing | Provide car loan; provide vehicle loans and operating equipment loans to car dealers, including the construction loans of exhibition hall, spare parts loans and maintenance equipment loans, etc. | 476,843.10 | 28.66 | - | The equity method |
| Hainan Anxingxing Information Technology Co., Ltd. | Chengmai | Chengmai | Software and hardware technology development, technical consulting, auto parts sales | 3,000 | 30.00 | - | The equity method |
| Nanjing Chelai Travel Technology Co., Ltd. | Nanjing | Nanjing | Car sales, leasing, software technology development, technical services | 10,000 | 10.00 | - | The equity method |
| Hunan Guoxin Semiconductor Technology Co., Ltd. | Zhuzhou | Zhuzhou | Technology development consulting, technical services, technology transfer in the field of power semiconductors | 50,000 | 25.00 | - | The equity method |
| Beijing Wutong Chelian Technology Co., Ltd. | Beijing | Beijing | Technology development, technical consulting, technical services, technology transfer | 20,000 | - | 49.00 | The equity method |
| Anhe (Chongqing) Equity Investment Fund Management Co., Ltd. | Chongqing | Chongqing | Equity investment management | 1,000 | - | 25.00 | The equity method |
| Hangzhou Chelizi Intelligent Technology Co., Ltd. | Hangzhou | Hangzhou | Car travel service | 630 | - | 20.00 | The equity method |

2. Shares in joint ventures and associates (continued)

| Company name | Main operating place | Registered place | Nature of business | Registered capital (0,000) | Total proportion of shareholders (%) | | Accounting treatment |
|---|----------------------|------------------|--|----------------------------|--------------------------------------|----------|----------------------|
| | | | | | direct | indirect | |
| II. Associates | | | | | | | |
| Pakistan Master Automobile Co., Ltd. | Pakistan | Pakistan | Car travel service | BRL75,000 | - | 30.00 | The equity method |
| Jiangling Holding Co., Ltd. | Nanchang | Nanchang | Production and sales of automobiles and auto parts | 200,000 | 25.00 | - | The equity method |
| Nanjing Leading Equity Investment Partnership (Limited Partnership) | Nanjing | Nanjing | Equity investment, venture capital; investment in non-publicly traded equity such as non-listed companies' equity, listed companies' non-publicly issued equity, and related services. | 876,000 | 16.39 | - | The equity method |
| Nanjing Leading Equity Investment Management Co., Ltd.) | Nanjing | Nanjing | Entrusted with the management of private equity investment funds, engaged in equity investment management and related services | 1,000 | 15.00 | - | The equity method |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

2. Shares in joint ventures and associates (continued)

Changan Ford Automobile Co., Ltd. is the important joint venture to the Group and makes great influence in the share of profit and loss in joint venture and associates, the Group adopts equity method to deal with the investment to it.

The table below shows the financial status of Changan Ford Automobile Co., Ltd., and all the information has been adjusted to eliminate the difference of the accounting policies.

| | 2019 | 2018 |
|---|--------------------|-------------------|
| Current assets | 15,855,818,973.00 | 13,008,234,449.00 |
| Of which: cash and cash equivalent | 6,147,195,270.00 | 2,276,585,106.00 |
| Non-current assets | 31,865,453,438.00 | 29,167,707,557.00 |
| Total assets | 47,721,272,411.00 | 42,175,942,006.00 |
| | | |
| Current liabilities | 33,821,313,974.00 | 29,971,079,402.00 |
| Non-current liabilities | 10,133,779,777.00 | 4,587,988,735.00 |
| Total liabilities | 43,955,093,751.00 | 34,559,068,137.00 |
| | | |
| Minority interests | 84,802,769.00 | 78,302,490.00 |
| Equity attributable to owners | 3,681,375,891.00 | 7,538,571,379.00 |
| Net asset owned according to share proportion | 1,840,687,945.50 | 3,769,285,689.50 |
| Adjustment | (57,864,617.59) | (59,501,182.39) |
| Book value of investment | 1,782,823,327.91 | 3,709,784,507.11 |
| | | |
| Operating revenue | 28,096,027,801.00 | 49,754,282,303.00 |
| Financial expenses- interest income | 64,059,181.00 | 65,983,748.00 |
| Financial expenses- interest expense | 713,200,770.00 | 243,439,266.00 |
| Income tax expense | 954,312,779.00 | (185,229,789.00) |
| Net profit | (3,850,695,209.00) | (792,490,479.00) |
| | | |
| Dividend | - | - |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

2. Shares in joint ventures and associates (continued)

The table below shows the financial status of the less important joint ventures and associates:

| | 2019 | 2018 |
|--|-------------------------|-------------------------|
| Joint venture | | |
| Total book value of the investment | 5,422,265,675.47 | 7,294,769,919.55 |
| Total amount calculated by shareholding proportion | | |
| Net profit | (401,576,178.40) | (145,524,154.05) |
| Other comprehensive income | - | (706,228.88) |
| Total comprehensive income | (401,576,178.40) | (146,230,382.93) |
| | | |
| Total book value of the investment | 3,803,247,985.71 | 2,270,615,692.17 |
| Total amount calculated by shareholding proportion | | |
| Net profit | 169,721,466.40 | 229,282,190.47 |
| Other comprehensive income | - | 77,231,613.62 |
| Total comprehensive income | 169,721,466.40 | 306,513,804.09 |

As at 31 December 2019, since the Group has no obligation to undertake the extra loss of Chongqing Changan Kuayue Automobile Sales Co., Ltd and Beijing Fang'an crescent taxi Co., Ltd, when extra loss occurs, the Group writes down the long-term investment to zero without recognizing the extra loss.

VII Risks associated with financial instruments

1. Classification of financial instruments

As at balance sheet day, the book values of financial instruments are as follows:

Financial assets

| 2019 | Financial assets measured at fair value and whose changes are recorded in the current profit and loss (standard required) | Financial assets measured at amortized cost | Financial assets measured at fair value and whose changes are recorded in the current profit and loss (specified) | Total |
|---------------------------------------|---|---|---|-------------------|
| Cash | - | 10,066,171,353.48 | - | 10,066,171,353.48 |
| Financial assets for trading | 2,419,476,200.00 | - | - | 2,419,476,200.00 |
| Notes receivable | - | 26,805,635,587.19 | - | 26,805,635,587.19 |
| Accounts receivable | - | 838,314,076.82 | - | 838,314,076.82 |
| Other receivables | - | 3,731,755,992.46 | - | 3,731,755,992.46 |
| Other current assets | - | 317,546,789.66 | - | 317,546,789.66 |
| Investment in other equity instrument | - | - | 734,506,100.00 | 734,506,100.00 |
| Total | 2,419,476,200.00 | 41,759,423,799.61 | 734,506,100.00 | 44,913,406,099.61 |

| 2018 | Loans and accounts receivable | Available-for-sale financial assets | Total |
|-------------------------------------|-------------------------------|-------------------------------------|-------------------|
| Cash | 9,980,544,526.14 | - | 9,980,544,526.14 |
| Notes receivable | 20,561,625,805.24 | - | 20,561,625,805.24 |
| Accounts receivable | 1,409,419,600.50 | - | 1,409,419,600.50 |
| Other receivables | 3,233,020,118.16 | - | 3,233,020,118.16 |
| Other current assets | 17,432,805.54 | - | 17,432,805.54 |
| Financial asset available for sales | - | 1,957,873,311.31 | 1,957,873,311.31 |
| Total | 35,202,042,855.58 | 1,957,873,311.31 | 37,159,916,166.89 |

Financial liabilities

| | Other financial liabilities | |
|------------------|-----------------------------|-------------------|
| | 2019 | 2018 |
| Short-term loans | 229,580,000.00 | 190,000,000.00 |
| Notes payable | 13,430,543,294.23 | 14,807,862,262.39 |
| Accounts payable | 18,905,725,271.50 | 13,916,201,276.95 |
| Other payables | 4,809,918,141.45 | 3,079,749,015.81 |
| Long-term loan | 55,300,000.00 | 6,594,120.00 |
| Total | 37,431,066,707.18 | 32,000,406,675.15 |

2. Transfer of financial assets

The transferred financial assets that entirely derecognized but continuing involved

As at 31 December 2019, the Group has endorsed bank acceptance bill with a carrying amount of RMB1,894,125,685.18 (2018: RMB1,473,189,956.97) to suppliers to settle the accounts payable. The maturities of the notes are between 1 to 6 months. According to the relevant provisions of the "law of negotiable instruments", if the banks refuse the payment, the holder has the right of recourse to the Group (the "continuing involvement"). The Group holds the view that almost all the risks and rewards concerned have been transferred; therefore, the book value of the accounts payable should be derecognized. The maximum loss and the undiscounted cash flow of the continuing involvement and repurchase is equal to its book value, the Group regards the fair value of the continuing involvement is not significant.

In 2019, the Group didn't recognize profit or loss on the transferring date. No revenue or expense should be recognized in accordance with the continuing involvement in the current period. The indorsement occurred flatly in this period.

3. Risks of financial instruments

The Group faces risks of various financial instruments in its daily activities, mainly including credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and price risk). The main financial instruments of the Group include monetary funds, equity investments, loans, bills receivable, accounts receivable, bills payable, accounts payable, etc. The risks associated with these financial instruments and the risk management strategies adopted by the Group to reduce these risks are described below.

The Group has formulated risk management policies to identify and analyze the risks faced by the Group, set appropriate risk acceptance levels and design corresponding internal control procedures to monitor the Group's risk levels. The Group will periodically re-examine these risk management policies and related internal control systems to adapt to changes in market conditions or the Group's operating activities. The internal audit department also regularly and irregularly checks whether the implementation of the internal control system complies with the risk management policy.

Credit risk

The Group only deals with recognized and reputable third parties. In accordance with the Group's policy, a credit review is required for all customers who require credit transactions. In addition, the Group continuously monitors the balance of accounts receivable to ensure that the Group does not face significant bad debt risk. For transactions that are not settled with the relevant business unit's bookkeeping standard currency, the Group does not provide credit transaction conditions unless specifically approved by the Group's credit control department.

Since the counterparties of monetary funds and bank acceptance receivables are reputable banks with higher credit ratings, these financial instruments have lower credit risk.

3. Risks of financial instruments (continued)

Credit risk (continued)

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and available-for-sale financial assets, other receivables, dividend receivables and certain derivatives financial instruments, the Group's exposure to credit risk arising from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments, listed as book value of financial assets in consolidated financial statements. In 2019, there was no credit risk arising from financial guarantee.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

No gage is required since the Group trades only with recognized, creditworthy third parties. Credit risks are managed by clients and industries collectively. As at 31 December 2019, among the Group's collections with specific credit risk, 20.76% (2018: 37.65%) of accounts receivables of the Group are due from top five clients. The Group does not hold any gage from or enhance credit limit to these clients.

2019

Judgment criteria for significant increase in credit risk

The group evaluates on each balance sheet date whether the credit risk of the relevant financial instruments has increased significantly since the initial recognition. In determining whether credit risk has increased significantly since the initial recognition, the group considers that reasonable and evidence-based information can be obtained without unnecessary additional cost or effort, including qualitative and quantitative analysis based on the group's historical data, external credit risk ratings and forward-looking information. Based on a single financial instrument or a portfolio of financial instruments with similar credit risk characteristics, the group compares the default risk of financial instruments on the balance sheet date with the default risk on the initial confirmation date to determine the change of default risk of financial instruments during their expected duration.

When one or more of the following quantitative or qualitative criteria are triggered, the group believes that the credit risk of financial instruments has significantly increased:

- the quantitative criterion is that the default probability of the remaining duration on the report date increases by more than a certain percentage compared with the initial confirmation;
- qualitative criteria mainly include material adverse changes in the operating or financial situation of the debtor, early warning customer list, etc.;

Definition of assets that have incurred credit impairment

In order to determine whether credit impairment occurs, the group adopts a definition standard consistent with the internal credit risk management objectives for relevant financial instruments, and considers both quantitative and qualitative indicators. The group mainly takes the following factors into consideration when evaluating whether the debtor has credit impairment:

- significant financial difficulties of the issuer or debtor;
- debtor breaches the contract, such as default or overdue payment of interest or principal;

3. Risks of financial instruments (continued)

Credit risk (continued)

- the creditor gives the debtor concessions that the debtor would not have made under any other circumstances for economic or contractual reasons related to the debtor's financial difficulties;
- the debtor is likely to go bankrupt or undergo other financial restructuring;
- the financial difficulties of the issuer or debtor result in the disappearance of an active market for the financial asset;
- purchase or source a financial asset at a substantial discount that reflects the fact that a credit loss has occurred.

The credit impairment of financial assets may be caused by the joint action of multiple events, but not by events that can be identified separately.

A parameter for measuring expected credit losses

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

According to whether the credit risk has significantly increased and whether the credit impairment has occurred, the group measures the impairment provision for different assets with the expected credit loss of 12 months or the whole duration respectively. The key parameters of expected credit loss measurement include default probability, default loss rate and default risk exposure. The group takes into account the quantitative analysis and forward-looking information of historical statistical data (such as counterparty rating, guarantee method and types of collateral, repayment method, etc.) to establish default probability, default loss rate and default risk exposure models.

The relevant definition is as follows:

- probability of default is the probability that the debtor will not be able to meet its repayment obligations in the next 12 months or throughout the remaining period. The default probability of the group is adjusted based on the results of the historical credit loss model and forward-looking information is added to reflect the default probability of the debtor in the current macroeconomic environment.
- the default loss rate refers to the group's expectation of the extent of losses from default risk exposure. Default loss rates also vary depending on the type of counterparty, the type and priority of recourse, and the collateral. The default loss rate is the percentage of the risk exposure loss at the time of default, calculated on the basis of the next 12 months or the whole duration;
- default exposure is the amount that should be paid to the group at the time of default over the next 12 months or throughout the remaining duration.

The assessment of a significant increase in credit risk and the calculation of expected credit losses involve forward-looking information. Through the analysis of historical data, the group identifies the key economic indicators that affect the credit risks and expected credit losses of each business type.

3. Risks of financial instruments (continued)

Credit risk (continued)

2019 (continued)

As at the end of the year, the maturity analysis for the Group's financial assets not impaired is as follows:

| | Book balance | | | | |
|---------------------------------------|-----------------------------------|--|---------------|---------|------------------------|
| | Expected credit loss in 12 months | Expected credit loss for the entire duration | | | |
| | | Stage 1 | Stage 2 | Stage 3 | Simplified measurement |
| Cash | 10,066,171,353.48 | - | - | - | - |
| Financial assets for trading | 2,419,476,200.00 | - | - | - | - |
| Notes receivable | 26,805,635,587.19 | - | - | - | - |
| Accounts Receivable | - | - | - | - | 922,466,550.83 |
| Other receivables | 2,205,778,389.26 | 1,637,955,311.33 | 13,616,375.98 | - | - |
| Other current assets | 317,546,789.66 | - | - | - | - |
| Investment in other equity instrument | 734,506,100.00 | - | - | - | - |

2018

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

| | Total | Neither overdue nor impaired | Overdue but not impaired | | |
|-------------------------------------|-------------------|------------------------------|--------------------------|--------------------|---------------|
| | | | Within 3 months | 3 months to 1 year | Over 1 year |
| Cash | 9,980,544,526.14 | 9,980,544,526.14 | - | - | - |
| Notes receivable | 20,561,625,805.24 | 20,518,834,178.40 | 389,425.26 | 24,957,342.82 | 17,444,858.76 |
| Account receivable | 1,409,419,600.50 | 1,409,419,600.50 | - | - | - |
| Other receivables | 3,233,020,118.16 | 3,222,686,989.47 | 336,474.29 | 6,170,515.96 | 3,826,138.44 |
| Other current assets | 17,432,805.54 | 17,432,805.54 | - | - | - |
| Available for sale financial assets | 1,957,873,311.31 | 1,957,873,311.31 | - | - | - |

As at 31 December 2018, the balance of accounts receivable which is neither overdued nor impaired is mainly due to the customers who have no default records recently. overdued but not impaired accounts receivable are related to independent clients with satisfactory transaction records with the Group. Based on previous experience, since credit quality has no significant changes and the receivables can be fully recovered, the Group considers no impairment provision should be made to them. The Group does not hold any gage from or enhance credit limit to these clients.

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

3. Risks of financial instruments (continued)

Liquidity risk

The Group adopts cycle liquidity planning instrument to manage capital shortage risks. The instrument takes into consideration the maturity date of financial instruments plus estimated cash flow from the Group's operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility and sufficient cash to support operating capital through financing functions by the use of bank loans, debentures, etc.

The table below summarizes the maturity profile of the Group's financial liabilities based on the non-discounted cash flow of the contracts:

2019

| | Within 1 month | 1 to 3 months | 3 months to 1 year | 1 to 5 years | Total |
|------------------|------------------|------------------|--------------------|---------------|-------------------|
| Short-term loans | 10,873,355.54 | 11,662,192.77 | 225,320,407.33 | - | 247,855,955.64 |
| Notes payable | 2,199,933,553.00 | 4,009,043,006.46 | 7,221,566,734.77 | - | 13,430,543,294.23 |
| Accounts payable | 5,935,073,542.16 | 2,771,766,385.97 | 11,098,885,343.37 | - | 18,905,725,271.50 |
| Other payable | 2,617,278,106.27 | 863,614,813.37 | 1,329,025,221.81 | - | 4,809,918,141.45 |
| Long-term loan | 46,967.12 | 90,904.11 | 415,128.77 | 56,915,063.01 | 57,468,063.01 |
| Total | 9,863,205,524.09 | 7,656,177,302.68 | 19,875,212,836.05 | 56,915,063.01 | 37,451,510,725.83 |

2018

| | Within 1 month | 1 to 3 months | 3 months to 1 year | 1 to 5 years | Total |
|------------------|-------------------|-------------------|--------------------|--------------|-------------------|
| Short-term loans | 730,835.62 | 1,367,369.86 | 195,641,035.62 | - | 197,739,241.10 |
| Notes payable | 2,345,913,865.20 | 5,169,707,846.86 | 7,292,240,550.33 | - | 14,807,862,262.39 |
| Accounts payable | 5,994,446,844.73 | 6,488,809,039.97 | 1,432,945,392.25 | - | 13,916,201,276.95 |
| Other payable | 1,835,725,519.62 | 1,003,480,426.18 | 240,543,070.01 | - | 3,079,749,015.81 |
| Long-term loan | 25,605.43 | 6,601,553.83 | - | - | 6,627,159.26 |
| Total | 10,176,842,670.60 | 12,669,966,236.70 | 9,161,370,048.21 | - | 32,008,178,955.51 |

Market risk

Interest rate risk

The Group's revenue and operating cash flows are seldomly influenced by the interest fluctuation. As at 31 December 2019, the Group's loans are bearing fixed interest rate and the Group is not hedging the risk currently.

Foreign currency risk

The Group's exposures to fluctuation in foreign currency exchange rate mainly arise from operating activities where transactions are settled in currencies other than the units' functional currency and net investment to offshore subsidiary.

In 2019, the Group only has transactional currency exposures of 4.97% (2018: 3.55%) of its total revenue that is valued in currencies other than the units' functional currency. Since most of the Group's businesses are operated in China mainland, the estimated influence of fluctuation of foreign currency is insignificant; therefore, the Group hasn't carried out large amount of hedging to reduce the risk.

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

3. Risks of financial instruments (continued)

Equity instruments investment price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group's listed investments (note V. 21) are listed on the Shenzhen and Shanghai stock exchanges and are valued at quoted market prices at the end of the reporting period. The following table demonstrates the sensitivity to every 5% change (based on the carrying amount as at the end of reporting period) in the Group's net profit and fair value of the equity investments, with all other variables held constant.

| | Carrying amount of equity investments | Change in fair value | Increase/(decrease) in net profit | Increase/(decrease) in equity |
|---|---------------------------------------|----------------------|-----------------------------------|-------------------------------|
| 2019 | | | | |
| Shanghai- Equity investment included in financial assets at fair value through profit or loss | 184,245,000.00 | 5% | 7,830,412.50 | 7,830,412.50 |
| Shanghai- Equity investment included in financial assets at fair value through profit or loss | 184,245,000.00 | (5%) | (7,830,412.50) | (7,830,412.50) |
| Shenzhen- Equity investment included in financial assets at fair value through profit or loss | 2,235,231,200.00 | 5% | 94,997,326.00 | 94,997,326.00 |
| Shenzhen- Equity investment included in financial assets at fair value through profit or loss | 2,235,231,200.00 | (5%) | (94,997,326.00) | (94,997,326.00) |
| 2018 | | | | |
| Shanghai- Available for sale | 123,540,000.00 | 5% | 5,250,450.00 | 5,250,450.00 |
| Shanghai- Available for sale | 123,540,000.00 | (5%) | (5,250,450.00) | (5,250,450.00) |
| Shenzhen- Available for sale | 1,406,781,311.31 | 5% | 59,788,205.73 | 59,788,205.73 |
| Shenzhen- Available for sale | 1,406,781,311.31 | (5%) | (59,788,205.73) | (59,788,205.73) |

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

4. Capital management

The main goal of the Group's capital management is to ensure that the ability of continuous operation and maintain a healthy capital ratios in order to support business development, and to maximize shareholder value.

The Group manages the capital structure and adjusts it with the change of economy trend and the risk feature of the assets. To maintain or adjust the capital structure, the Group can rectify dividend distribution, return capital to shareholders or issue new shares. The Group is not subject to external mandatory capital requirements constraints. The goal, principle and procedure of capital management stay the same in 2018 and 2019.

The Group's leverage ratio on the balance sheet date is as follows:

| | 31 December 2019 | 31 December 2018 |
|----------------|------------------|------------------|
| Leverage ratio | <u>54.99%</u> | <u>50.63%</u> |

IX Disclosure of fair value

1. Assets and liabilities measured at fair value

2019

| | Input measured at fair value | | | |
|---------------------------------------|--|--|--|------------------|
| | Quoted price in active market (The first level) | Important and observable input(The second level) | Important but unobservable input (The third level) | Total |
| Financial asset held for trading | 184,245,000.00 | 2,235,231,200.00 | - | 2,419,476,200.00 |
| Investment in other equity instrument | - | - | 734,506,100.00 | 734,506,100.00 |
| Total | 184,245,000.00 | 2,235,231,200.00 | 734,506,100.00 | 3,153,982,300.00 |

2018

| | Input measured at fair value | | | |
|---|--|--|--|------------------|
| | Quoted price in active market (The first level) | Important and observable input(The second level) | Important but unobservable input (The third level) | Total |
| Available-for-sale financial assets- equity instruments | 123,540,000.00 | 1,406,781,311.31 | - | 1,530,321,311.31 |

2. Fair value estimation

Management has assessed and concluded accounts, including cash, notes receivable and accounts receivable, other receivables, short-term loans, other payables, notes payable and accounts payable and so on, whose fair value equals to book value because of its short term to overdue.

Financial assets and financial liabilities are measured at the amount that an asset could be exchanged for or by which a liability could be incurred or settled by knowledgeable, willing parties in a current arm's-length transaction, other than liquidation or unwilling sales. Methods and hypothesis followed are used for determining fair value.

Long-term loans use discounted cash flow method to determine its fair value, with discount rate in accordance with market return of other financial instruments based on similar terms, credit risks and remaining terms. As at 31 December 2019, the default risk of long-term loans was considered immaterial.

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
Year ended 31 December 2019
(Expressed in Renminbi Yuan)

2. Fair value estimation (continued)

The equity instruments listed by the Company include unrestricted ordinary shares and restricted shares. The unrestricted ordinary shares investment determines the fair value by market quotation, and the restricted stock investment uses the discounted valuation model to estimate the fair value. The Group's unlisted equity instrument USES the listed company comparison method to estimate the fair value. The assumptions adopted are not supported by observable market prices or interest rates. The group believes that the fair value and its variation, as estimated by valuation techniques, are reasonable and the most appropriate value at the balance sheet date.

3. Unobservable input

The following is an overview of the important unobservable input value of the third level fair value measurement:

| | | Fair value | Valuation techniques | Non-observable input value |
|---------------------------------------|--------------|----------------|----------------------------------|--|
| Investment in other equity instrument | Dec 31, 2019 | 734,506,100.00 | Market approach/ Income approach | Comparable transaction value multiplier / Post-tax discount rate |

| | | Fair value | Valuation techniques | Non-observable input value |
|---------------------------------------|--------------|----------------|------------------------------|----------------------------|
| Investment in other equity instrument | Dec 31, 2019 | 734,506,100.00 | Comparison of listed company | Liquidity discount |

X Related party relationships and transactions

1. The holding company

| Holding company | Place of registration | Registered capital | Nature of the business | Proportion of shares in the Company | Proportion of voting rights in the company |
|------------------------------------|-----------------------|--------------------|--|-------------------------------------|--|
| Changan Automobile Company Limited | Beijing | 6,092,273,400.00 | Automobile and its engines, spare parts manufacturing, marketing | 22.53% | 22.53% |

The ultimate holding company is China South Industries Group Corporation.

The registered capital of the holding company changed from RMB 4,582,373,700.00 to RMB 6,092,273,400.00 in 2019.

2. Subsidiaries

Refer to Note VI 1 for details of the Group's subsidiaries.

3. Joint ventures and associates

Refer to Note VI 2 for details of the Group's joint ventures and associates.

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

4. Other related parties

| Related parties | Relationship |
|---|---|
| China Changan Automobile Group. – Chongqing Tsingshan Transmission Branch (hereafter referred to as "CSIA-Chongqing Tsingshan Transmission Branch") | Controlled by the same ultimate holding company |
| Harbin Dongan Automotive Engine Manufacturing Co., Ltd. | Controlled by the same ultimate holding company |
| Harbin Dongan Auto Engine Co., Ltd. | Controlled by the same ultimate holding company |
| Sichuan Jian'an Industrial Co.,Ltd. | Controlled by the same ultimate holding company |
| Chongqing Wanyou Economic Development Co., Ltd | Controlled by the same ultimate holding company |
| Hubei Huazhong Marelli Automobile Lighting Co., | Controlled by the same ultimate holding company |
| Chengdu Huachuan Electric Equipment Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Dajiang Yuqiang Plastic Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Jianshe Automobile Air-conditioner Co., Ltd. | Controlled by the same ultimate holding company |
| Chengdu Wanyou Filter Co., Ltd. | Controlled by the same ultimate holding company |
| Hubei Xiaogan Huazhong Automobile Light Co., Ltd. | Controlled by the same ultimate holding company |
| Yunnan Xiyi Industries Co., Ltd. | Controlled by the same ultimate holding company |
| Sichuan Ningjiang Shanchuan Machinery Co, Ltd. | Controlled by the same ultimate holding company |
| Chongqing Changrong Machinery Co., Ltd. | Controlled by the same ultimate holding company |
| Chengdu Lingchuan Special Industry Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Shangfang Automobile Fittings Co., Ltd. | Controlled by the same ultimate holding company |
| Sichuan Ningjiang Shanchuan Machinery Co., Ltd Longchang shock absorber branch | Controlled by the same ultimate holding company |
| Chongqing Construction Tongda Industrial Co., Ltd. | Controlled by the same ultimate holding company |
| Chengdu Lingchuan Vehicle Oil Tank Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Dajiang Xinda Vehicles Shares Co., Ltd. | Controlled by the same ultimate holding company |
| Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Qingshan Transmission Sales Co., Ltd. | Controlled by the same ultimate holding company |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

| Related parties | Relationship |
|--|---|
| Chongqing Yihong Engineering Plastic Products Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Changan Property Management Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Dajiang Jiexin Forging Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Changan Industries Group Co. Ltd. | Controlled by the same ultimate holding company |
| Yunnan Wanyou Auto Sales and Service Co., Ltd. | Controlled by the same ultimate holding company |
| Guizhou Wanyou Auto Sales and Service Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Changfeng Jiquan Machinery Co., Ltd. | Controlled by the same ultimate holding company |
| Chengdu Wanyou Auto Trade Service Co., Ltd | Controlled by the same ultimate holding company |
| Beijing Beiji Mechanical and Electrical Industry Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Wanyou Ducheng Auto Sales Service Co., Ltd. | Controlled by the same ultimate holding company |
| Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Wanyou Xingjian Auto Sales & Service Co., Ltd. | Controlled by the same ultimate holding company |
| Ya'an Wanyou Auto Sales and Service Co., Ltd. | Controlled by the same ultimate holding company |
| Yunnan Xiangyu Auto Sales and Service Co., Ltd. | Controlled by the same ultimate holding company |
| Harbin Botong Auto Parts Co.,Ltd. | Controlled by the same ultimate holding company |
| Liangshan Wanyou Auto Sales & Service Co., Ltd. | Controlled by the same ultimate holding company |
| Panzhihua Wanyou Auto Sales & Service Co., Ltd. | Controlled by the same ultimate holding company |
| Nanning Wanyou Auto Sales and Service Co., Ltd. | Controlled by the same ultimate holding company |
| Luzhou Wanyou Automobile Service Co., Ltd. | Controlled by the same ultimate holding company |
| Guangxi Wanyou Auto Sales and Service Co., Ltd. | Controlled by the same ultimate holding company |
| Chengdu Wanyou Trading Co., Ltd. | Controlled by the same ultimate holding company |
| China Changan Automobile Group Tianjin Sales Co., Ltd. | Controlled by the same ultimate holding company |
| Bazhong Wanyou Auto Sales & Service Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Changan Construction Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Changan Real Estate Development Co., Ltd. | Controlled by the same ultimate holding company |
| Wanyou Automobile Investment Co., Ltd. | Controlled by the same ultimate holding company |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

| Related parties | Relationship |
|--|---|
| Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd. | Controlled by the same ultimate holding company |
| China Changan Automobile Group Hefei Investment Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Anfu Automobile Co., Ltd. | Controlled by the same ultimate holding company |
| China South Industry Group Finance Co., Ltd; | Controlled by the same ultimate holding company |
| Chengdu wanyou auto Sales and service co.,Ltd | Controlled by the same ultimate holding company |
| Kunming Wanling Auto Sales & Service Co., Ltd. | Controlled by the same ultimate holding company |
| China South Industry Assets Management Co.' Ltd. | Controlled by the same ultimate holding company |
| Harbin Hafei Automobile Industry Group Co.,Ltd. | Controlled by the same ultimate holding company |
| Chongqing Automobile Air-conditioner Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Jialing Yimin Special Equipment Co., Ltd. | Controlled by the same ultimate holding company |
| Chengdu Guangming Tianzhong Environmental Protection Technology Co., Ltd | Controlled by the same ultimate holding company |
| Chongqing Xiyi Automobile Connecting Rod Co., Ltd. | Controlled by the same ultimate holding company |
| Dali Wanling Auto Sales & Service Co., Ltd. | Controlled by the same ultimate holding company |
| Chongqing Changan Minsheng Logistics Co. Ltd | Participated by the Ultimate holding company |
| Chongqing Nexteer Steering System Co.,Ltd. | Participated by the Ultimate holding company |
| South Tianhe Chassis System Co., Ltd. | Participated by the Ultimate holding company |
| Southern Fojiya Auto Parts Co., Ltd. | Participated by the Ultimate holding company |
| South Inter Air-conditioner Co.,Ltd. | Participated by the Ultimate holding company |
| Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd. | Participated by the Ultimate holding company |
| Chongqing Lingxing Yuexiang Auto Service Co.,Ltd. | Companies in which the company participates |
| Nanjing Lingxing Yuexiang Auto Service Co.,Ltd. | Companies in which the company participates |
| Hangzhou Lingxing Yuexiang Auto Service Co.,Ltd. | Companies in which the company participates |

5. Major transactions between the Group and its related parties

(1) Transactions of goods and services

Purchases of goods and services from related parties

| Related parties | Nature of the transaction | 2019 | 2018 |
|--|--|------------------|------------------|
| Chongqing Changan Min Sheng Logistics Co., Ltd. | Purchase of spare parts and transportation fee | 1,842,826,345.72 | 1,389,088,291.94 |
| CSIA-Chongqing Tsingshan Transmission Branch | Purchase of spare parts | 1,445,693,679.11 | 1,284,085,746.55 |
| Harbin Dongan Auto Engine Co., Ltd. | Purchase of spare parts | 863,253,483.29 | 729,821,616.79 |
| Harbin Dongan Automotive Engine Manufacturing Co., Ltd. | Purchase of spare parts and accept service | 855,905,264.99 | 382,752,767.69 |
| Sichuan Jian'an Industrial Co., Ltd | Purchase of spare parts | 669,897,166.50 | 747,672,263.03 |
| Chongqing Nexteer Steering System Co.,Ltd. | Purchase of spare parts | 645,365,956.45 | 579,242,368.51 |
| Chongqing Wanyou Economic Development Co., Ltd. | Purchase of spare parts | 449,900,979.95 | 329,624,797.32 |
| South Tianhe Chassis System Co., Ltd. | Purchase of spare parts | 423,553,043.17 | 601,959,455.32 |
| Southern Fojiya Auto Parts Co., Ltd. | Accept service | 362,451,567.62 | 251,772,521.47 |
| South Inter Air-conditioner Co, .Ltd. | Purchase of spare parts | 343,160,145.30 | 490,615,574.48 |
| Hubei Huazhong Marelli Automobile Lighting Co., Ltd | Purchase of spare parts | 342,062,024.70 | - |
| Chengdu Huachuan Electric Equipment Co., Ltd. | Purchase of spare parts | 285,653,390.76 | 279,083,119.39 |
| Chongqing Dajiang Yuqiang Plastic Co., Ltd. | Purchase of spare parts | 151,818,323.38 | 276,123,847.99 |
| Chongqing Jianshe Automobile Air-conditioner Co., Ltd. | Purchase of spare parts | 104,933,521.74 | 110,293,645.11 |
| Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd. | Purchase of spare parts | 104,848,894.36 | 75,867,551.80 |
| Chengdu Wanyou Filter Co., Ltd. | Purchase of spare parts | 102,999,118.76 | 142,276,990.69 |
| Hubei Xiaogan Huazhong Automobile Light Co., Ltd. | Purchase of spare parts | 88,918,096.09 | 87,329,310.10 |
| Changan PSA Automobiles Co., Ltd. | Accept service | 79,147,833.93 | 6,309,145.00 |
| Yunnan Xiyi Industries Co., Ltd. | Purchase of spare parts | 74,537,241.94 | 88,997,586.25 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

| Related parties | Nature of the transaction | 2019 | 2018 |
|--|--|---------------|----------------|
| Sichuan Ningjiang Shanchuan Machinery Co., Ltd. | Purchase of spare parts | 73,268,453.17 | 105,758,408.84 |
| Chongqing Changrong Machinery Co., Ltd. | Purchase of spare parts | 52,501,322.75 | 18,795,175.93 |
| Chengdu Lingchuan Special Industry Co., Ltd. | Purchase of spare parts | 37,573,006.18 | 24,507,845.13 |
| Chongqing Shangfang Automobile Fittings Co., Ltd. | Purchase of spare parts | 31,151,137.10 | 47,857,427.57 |
| Sichuan Ningjiang Shanchuan Machinery Co., Ltd Longchang shock absorber branch | Purchase of spare parts | 30,386,872.74 | 37,353,791.80 |
| Chongqing Construction Tongda Industrial Co., Ltd. | Purchase of spare parts | 25,843,605.06 | - |
| Chengdu Lingchuan Vehicle Oil Tank Co., Ltd. | Purchase of spare parts | 23,453,388.49 | 74,135,330.06 |
| Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd. | Purchase of spare parts | 11,994,195.12 | 14,592,213.03 |
| Chongqing Qingshan Transmission Sales Co., Ltd. | Purchase of spare parts | 8,394,479.56 | 5,943,733.67 |
| Chongqing Yihong Engineering Plastic Products Co., Ltd. | Purchase of spare parts | 6,403,252.19 | 20,730,680.31 |
| Chongqing Changan Property Management Co., Ltd. | Accept service | 3,768,639.91 | 5,410,948.67 |
| Chongqing Dajiang Jiexin Forging Co., Ltd. | Accept service | 2,962,328.84 | 2,392,326.57 |
| Changan Ford Automobile Co., Ltd. | Purchase of spare parts and accept processing services | 2,590,337.26 | 57,461,801.63 |
| Chongqing Changan Industries Group Co. Ltd. | Purchase of spare parts and accept service | 1,684,045.48 | 46,447,919.42 |
| Yunnan Wanyou Auto Sales and Service Co., Ltd. | Accept service | 1,333,771.44 | 1,610,572.58 |
| Guizhou Wanyou Auto Sales and Service Co., Ltd. | Accept service | 1,152,962.38 | 1,158,331.89 |
| Chongqing Changfeng Jiquan Machinery Co., Ltd. | Purchase of spare parts | 784,396.13 | 22,462,283.98 |
| Chengdu Wanyou Auto Trade Service Co., Ltd. | Accept service | 758,199.25 | 675,086.70 |
| Beijing Beiji Mechanical and Electrical Industry Co., Ltd. | Accept service | 708,967.98 | 1,496,100.00 |
| Chongqing Wanyou Ducheng Auto Sales Service Co., Ltd. | Accept service | 465,125.25 | 472,699.15 |
| Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd. | Accept service | 406,108.89 | 406,387.74 |
| Chongqing Wanyou Xingjian Auto Sales & Service Co., Ltd. | Accept service | 291,142.59 | 729,801.70 |
| Ya'an Wanyou Auto Sales & Service Co., Ltd. | Accept service | 169,973.58 | 211,018.21 |
| Yunnan Xiangyu Auto Sales and Service Co., Ltd. | Accept service | 162,564.53 | 205,055.66 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

| Related parties | Nature of the transaction | 2019 | 2018 |
|--|--|-------------------------|-------------------------|
| Harbin Botong Auto Parts Co.,Ltd. | Accept service | 110,662.34 | 4,908,486.65 |
| Liangshan Wanyou Auto Sales & Service Co., Ltd. | Accept service | 106,207.55 | 15,943.40 |
| Panzhihua Wanyou Auto Sales & Service Co., Ltd. | Accept service | 103,757.84 | 34,680.85 |
| Nanning Wanyou Auto Sales and Service Co., Ltd. | Accept service | 77,083.32 | 167,618.87 |
| Luzhou Wanyou Automobile Service Co., Ltd. | Accept service | 75,239.09 | 32,522.83 |
| Guangxi Wanyou Auto Sales and Service Co., Ltd. | Accept service | 45,265.47 | 134,307.83 |
| Chengdu Wanyou Trading Co., Ltd. | Accept service | 39,638.09 | 37,072.74 |
| China Changan Automobile Group Tianjin Sales Co., Ltd. | Accept service | 29,492.96 | 34,151.89 |
| Bazhong Wanyou Auto Sales & Service Co., Ltd. | Accept service | 23,222.34 | 28,253.30 |
| Chongqing Dajiang Xinda vVehicle Co., Ltd. | Purchase of spare parts | - | 175,538,307.43 |
| Jiangling Holding Co., Ltd. | Procurement of complete vehicles and spare parts | - | 114,120,282.00 |
| Chongqing Changan Kuayue Automobile Co., Ltd. | Accept service | - | 67,598,856.98 |
| Chongqing Changan Suzuki Automobile Co., Ltd. | Purchase of spare parts and accept processing services | - | 19,420,028.65 |
| Sichuan Hongguang Machinery and Electrics Co., Ltd. | Purchase of spare parts | - | 8,969,159.75 |
| Chongqing Changan Construction Co., Ltd. | Accept service | - | 2,849,308.36 |
| Chongqing Changan Real Estate Development Co., Ltd. | Accept service | - | 8,962.26 |
| Total | | 9,555,744,922.63 | 8,737,629,483.46 |

The price of the Group's purchase from related parties is based on contracts agreed by both parties.

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

Sales of goods and services to related parties

| Relate parties | Nature of the transaction | 2019 | 2018 |
|---|-------------------------------------|------------------|------------------|
| Chongqing Wanyou Economic Development Co., Ltd. | Sales of vehicles and parts | 1,294,526,146.64 | 1,335,816,637.76 |
| Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd. | Sales of the vehicle | 1,020,942,159.56 | 958,757,083.78 |
| Yunnan Wanyou Auto Sales and Service Co., Ltd. | Sales of vehicles and parts | 857,858,507.32 | 675,259,160.22 |
| Guizhou Wanyou Auto Sales and Service Co., Ltd. | Sales of vehicles and parts | 705,328,475.27 | 808,716,796.96 |
| Chongqing Lingxing Yuexiang Automobile Service Co.,Ltd. | Sales of vehicles and parts | 639,500,000.00 | - |
| Wanyou automobile investment co. LTD | Sales of the vehicle | 402,904,992.87 | 507,090,525.03 |
| Chengdu Wanyou Auto Trade Service Co., Ltd. | Sales of vehicles and parts | 368,874,409.70 | 479,559,227.33 |
| Nanjing Lingxing yuexiang automobile service co., LTD | Sales of the vehicle | 337,067,431.56 | - |
| Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd. | Selling parts | 327,870,483.51 | 383,849,283.30 |
| Hangzhou Lingxing yuexiang automobile service co., LTD | Sales of vehicles and parts | 255,800,000.00 | - |
| China changan automobile group tianjin sales co. LTD | Sales of the vehicle | 134,375,668.38 | 157,624,228.55 |
| China Changan Automobile Group Hefei Investment Co., Ltd. | Sales of the vehicle | 123,295,447.31 | - |
| Yunnan xiangyu automobile sales and service co. LTD | Sales of the vehicle | 103,061,523.82 | 125,126,513.10 |
| Chongqing anfu automobile marketing co. LTD | Sales of the vehicle | 52,601,392.41 | 20,526,466.23 |
| Changan ford motor co. LTD | Selling parts and services | 46,055,323.95 | 165,787,061.88 |
| Harbin dong 'an automobile engine manufacturing co. LTD | Sales of vehicle parts and services | 39,397,590.22 | 2,295,518.58 |
| Guangxi wanyou automobile sales and service co. LTD | Sales of vehicles and parts | 35,978,961.30 | 129,352,559.19 |
| Nanning wanyou automobile sales service co. LTD | Sales of the vehicle | 22,459,166.57 | 32,422,600.95 |
| Changan weilai new energy automobile technology co. LTD | Provide labor services | 16,395,084.70 | - |
| Chongqing Changan minsheng logistics Co. Ltd | Selling parts and services | 14,366,909.02 | 82,883,629.96 |
| Chongqing changan crossing vehicle co. LTD | Sales of vehicles and parts | 8,689,641.51 | 6,483,396.23 |
| Hangzhou cherry intelligent technology co. LTD | Provide labor services | 6,861,386.18 | 16,714,615.80 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

| Relate parties | Nature of the transaction | 2019 | 2018 |
|---|-----------------------------|--------------|----------------|
| Harbin dong 'an automobile power co. LTD | Selling parts and services | 6,787,846.16 | 7,754,379.22 |
| Changan Mazda automobile co. LTD | Sales parts | 6,202,916.90 | 1,095,230.99 |
| Chengdu lingchuan vehicle fuel tank co. LTD | Selling parts and services | 3,670,059.16 | - |
| China changan automobile group co. LTD chongqing qingshan transmission branch | Provide labor services | 1,689,138.05 | 95,988.68 |
| China South Industries Group Financing Co., Ltd. | Provide labor services | 1,260,010.87 | 9,335,874.00 |
| Jiangling holdings LTD | Selling parts and services | 1,178,613.60 | 108,745,038.01 |
| Chongqing dajiang yuqiang plastic products co. LTD | Selling parts and services | 1,133,135.13 | - |
| Chengdu wanyou auto sales and service co.,LTD | Sales of vehicles and parts | 954,788.63 | - |
| Chengdu ningjiang zhaohe auto parts co. LTD | Selling parts and services | 897,104.41 | - |
| Changan Mazda Engine Co., Ltd. | Provide labor services | 495,283.02 | 30,132.08 |
| Chongqing changan industry (group) co. LTD | Selling parts and services | 368,958.17 | - |
| Chongqing Wanyou Ducheng Auto Sales Service Co., Ltd. | Sales of the vehicle | 267,771.57 | 196,879.96 |
| Chongqing wanyou xingjian automobile sales and service co. LTD | Sales of the vehicle | 263,101.81 | 177,344.51 |
| South Tianhe Chassis System Co., Ltd. | Provide labor services | 246,184.37 | 3,754.72 |
| Chongqing dajiang xinda vehicle co. LTD | Selling parts | 244,592.80 | - |
| Chongqing construction vehicle air conditioner co. LTD | Provide labor services | 217,873.93 | 49,056.61 |
| Chengdu Huachuan Electric Equipment Co., Ltd. | Selling parts and services | 175,702.23 | - |
| Chongqing changan construction engineering co. LTD | Provide labor services | 169,692.36 | 33,018.87 |
| Ya'an Wanyou Auto Sales and Service Co., Ltd. | Sales of the vehicle | 150,981.02 | 16,589.56 |
| Yunnan Xiyi Industrial Co., Ltd. | Selling parts | 142,800.00 | 6,605,219.44 |
| Chongqing changrong machinery co. LTD | Provide labor services | 124,339.62 | 3,754.72 |
| Chongqing construction tongda industrial co., LTD | Selling parts and services | 124,302.65 | - |
| South Intel air conditioning co. LTD | Provide labor services | 123,160.99 | 4,708.49 |
| Bazhong Wanyou Auto Sales & Service Co., Ltd. | Selling parts and services | 98,333.88 | - |
| Chengdu wanyou filter co. LTD | Provide labor services | 76,460.18 | 3,754.72 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

| Relate parties | Nature of the transaction | 2019 | 2018 |
|--|-------------------------------------|------------------|------------------|
| Nanjing car to travel technology co. LTD | Sales of the vehicle | 50,442.48 | - |
| Luzhou Wanyou Automobile Service Co., Ltd. | Sales of the vehicle | 42,972.66 | 58,264.92 |
| Panzhihua Wanyou Auto Sales & Service Co., Ltd. | Sales of the vehicle | 28,976.04 | 11,045.54 |
| Chongqing upper auto parts co. LTD | Selling parts | 20,037.74 | 47,075.48 |
| Chengdu wanyou trading co. LTD | Selling parts and services | 7,079.65 | - |
| Sichuan ningjiang shanchuan machinery co. LTD | Provide labor services | - | 3,754.72 |
| Sichuan Jian'an Industrial Co., Ltd | Provide labor services | - | 3,754.72 |
| Chengdu lingchuan special industry co. LTD | Selling parts | - | 311,546.13 |
| Chongqing changan real estate development co. LTD | Provide labor services | - | 62,735.85 |
| Chongqing nester steering system co. LTD | Provide labor services | - | 53,411.32 |
| Chongqing changan suzuki motor co. LTD | Sales of vehicle parts and services | - | 31,641,044.87 |
| Sichuan hongguang automobile electromechanical co. LTD | Selling parts | - | 2,151,388.40 |
| Kunming Wanling Auto Sales & Service Co., Ltd. | Sales of the vehicle | - | 1,754,335.49 |
| total | | 6,841,423,361.88 | 6,058,514,386.87 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

5. Major transactions between the Group and its related parties (continued)

(1) Transactions of goods and services (continued)

The price of the Group's sales to related parties is based on contracts agreed by all parties.

Other major related-party transactions

The price of the Group's other major related-party transactions is based on contracts agreed by all parties.

Expenses of integrated service charges

| Related parties | Nature of the transaction | 2019 | 2018 |
|---|---------------------------------|-----------------------|-----------------------|
| Chongqing Changan Industries Group Co. Ltd. | Payment of utilities | 84,695,582.89 | 93,054,489.94 |
| Chongqing Changan Industries Group Co. Ltd. | Others | 19,935,138.85 | 12,063,769.15 |
| Chongqing Changan Industries Group Co. Ltd. | Payment of land rental fees | 27,920,383.52 | 28,534,520.71 |
| Chongqing Changan Industries Group Co. Ltd. | Payment of building rental fees | 4,640,196.56 | 4,640,196.56 |
| Total | | 137,191,301.82 | 138,292,976.36 |

Purchase of project materials

| Related parties | 2019 | 2018 |
|--|-----------------------|-----------------------|
| Chongqing Changan Construction Co., Ltd. | 279,388,409.46 | 559,607,524.21 |
| Chongqing Wanyou Construction Co., Ltd. | - | 49,273,687.28 |
| Total | 279,388,409.46 | 608,881,211.49 |

Staff expenses for technical supporting

| Related parties | 2019 | 2018 |
|--|----------------------|----------------------|
| Changan Ford Automobile Co., Ltd. | 37,143,811.11 | 46,422,643.97 |
| Changan Mazda Automobile Co., Ltd. | 25,699,005.55 | 21,299,423.79 |
| Changan Mazda Engine Co., Ltd. | 17,126,423.37 | 16,698,952.77 |
| Hainan Anxinxing Information Technology Co., Ltd | 1,894,649.63 | - |
| Chongqing Changan Kuayue Automobile Co., Ltd. | 1,840,505.42 | 4,592,281.32 |
| Jiangling Holding Co., Ltd. | 1,484,296.87 | 640,737.47 |
| Changan PSA Automobiles Co., Ltd. | 242,271.06 | - |
| Chongqing Weilai New Energy Tech Co., Ltd. | 201,715.20 | - |
| Chongqing Changan Suzuki Automobile Co., Ltd. | - | 3,944,312.91 |
| Total | 85,632,678.21 | 93,598,352.23 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

Deferred interest income from funds

| Related parties | 2019 | 2018 |
|---|--------------|--------------|
| Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd. | 1,200,347.55 | 414,834.46 |
| Guizhou Wanyou Auto Sales and Service Co., Ltd. | 788,602.82 | 559,068.24 |
| Chongqing Wanyou Economic Development Co., Ltd. | 685,932.17 | 894,864.11 |
| Yunnan Wanyou Auto Sales and Service Co., Ltd. | 510,690.26 | 353,401.43 |
| Chengdu Wanyou Auto Trade Service Co., Ltd. | 224,380.52 | 369,869.50 |
| Wanyou Automobile Investment Co., Ltd. | 207,022.94 | 337,044.19 |
| Guangxi Wanyou Auto Sales and Service Co., Ltd. | 191,681.80 | 127,362.28 |
| Yunnan Xiangyu Auto Sales and Service Co., Ltd. | 76,081.41 | 46,192.24 |
| China Changan Automobile Group Tianjin Sales Co., Ltd. | 56,330.02 | 32,328.30 |
| Nanning Wanyou Auto Sales and Service Co., Ltd. | 41,829.76 | 32,994.83 |
| Total | 3,982,899.25 | 3,167,959.58 |

5. Major transactions between the Group and its related parties (continued)

(1) Transactions of goods and services (continued)

Equity trading between related parties

| Related parties | Type of transaction | 2019 | 2018 |
|--|--|------|---------------|
| China South Industry Assets Management Co.' Ltd. | Purchase of minority interests in subsidiaries | - | 30,344,195.00 |

(2) Lease between related parties

Rent assets to related parties

| Lessees | Type of leased assets | 2019 | 2018 |
|--|-----------------------|---------------|---------------|
| Chongqing Changan Industries Group Co. Ltd. | Building | 6,566,747.42 | 6,566,747.42 |
| Jiangling Holding Co., Ltd. | Equipment | 1,889,756.40 | 8,799,965.67 |
| Chongqing Changan MinSheng Logistics Co., Ltd. | Building | 1,760,438.60 | 2,283,720.00 |
| Total | | 10,216,942.42 | 17,650,433.09 |

Lease to related parties

| Lessor | Category of assets | 2019 | 2018 |
|--|----------------------------|-----------|---------------|
| Chongqing Changan Minsheng Logistics Co., Ltd. | Warehouse | 7,887,394 | 12,081,172.58 |
| Chongqing Changan Real Estate | Office building and garage | 1,152,601 | 2,824,308.00 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

| | | | |
|---|-----------|--------------|---------------|
| Development Co., Ltd. | | | |
| Chongqing Changan Industry (Group) Co., Ltd. | Warehouse | - | 2,320,669.33 |
| Chongqing Changan Property Management Co., Ltd. | houses | - | 164,505.72 |
| Total | | 9,039,996.09 | 17,390,655.63 |

(3) Deposits and loan interest from related parties

Interest income

| Related party | Type of transaction | 2019 | 2018 |
|--|--------------------------------|----------------|----------------|
| China South Industry Group Finance Co., Ltd. | Deposit interest income | 68,795,616.81 | 74,940,739.77 |
| Changan Automobile Financing Co., Ltd | Deposit Interest income | 31,600,000.00 | 62,300,000.00 |
| Jiangling Holding Co., Ltd. | Entrusted loan interest income | 6,771,226.43 | - |
| Total | | 107,166,843.24 | 137,240,739.77 |

Interest expense

| Related party | Type of transaction | 2019 | 2018 |
|--|-----------------------|--------------|--------------|
| China South Industry Group Finance Co., Ltd. | Loan interest expense | 9,425,222.23 | 9,008,290.98 |

(4) Other related party transaction

| Item | 2019 | 2018 |
|---|---------------|---------------|
| Compensation of key management personal | 10,460,906.41 | 10,748,878.64 |

6. Amounts due from/to related parties

Notes receivable

| Related parties | 2019 | 2018 |
|---|------------------|------------------|
| Wanyou Automobile Investment Co., Ltd. | 2,602,280,000.00 | 1,588,720,000.00 |
| Chengdu Wanyou Auto Trade Service Co., Ltd. | 9,500,000.00 | - |
| Harbin Dongan Auto Engine Co., Ltd. | 9,190,280.17 | - |
| Chongqing Wanyou Economic Development Co., Ltd. | 8,000,000.00 | 9,050,000.00 |
| Guizhou Wanyou Auto Sales and Service Co., Ltd. | 3,500,000.00 | - |
| Yunnan Wanyou Auto Sales and Service Co., Ltd. | - | 5,000,000.00 |
| Changan Ford Automobile Co., Ltd. | - | 2,128,658.11 |
| Total | 2,632,470,280.17 | 1,604,898,658.11 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

Accounts receivable

| Related parties | 2019 | 2018 |
|---|-----------------------|-----------------------|
| Jiangling Holding Co., Ltd. | 40,768,788.17 | 54,670,170.21 |
| Chongqing Changan Min Sheng Logistics Co., Ltd. | 31,516,680.23 | 24,295,732.61 |
| Changan Ford Automobile Co., Ltd. | 19,811,465.27 | 26,562,801.86 |
| Chongqing New Energy Weilai Co., Ltd. | 16,596,799.90 | - |
| Chongqing Changan Kuayue Automobile Co., Ltd. | 11,194,267.89 | 13,567,425.09 |
| Harbin Dongan Automotive Engine Manufacturing Co., Ltd. | 9,855,355.88 | 32,628,379.07 |
| Changan Mazda Automobile Co., Ltd. | 5,775,176.73 | 4,228,792.00 |
| Changan Mazda Engine Co., Ltd. | 5,042,050.65 | - |
| Chongqing Qingshan Transmission Sales Co., Ltd. | 1,737,782.37 | - |
| Chongqing Changan Industries Group Co. Ltd. | 719,539.69 | - |
| Hainan Anxinxing Information Technology Co., Ltd.- | 555,058.16 | - |
| Nanning Wanyou Auto Sales and Service Co., Ltd. | 13,398.00 | - |
| Guangxi Wanyou Auto Sales and Service Co., Ltd. | 997.60 | - |
| Chongqing Wanyou Auto Sales and Service Co., Ltd. | 50.00 | - |
| Changan PSA Automobiles Co., Ltd. | - | 9,377,634.60 |
| Yunnan Wanyou Auto Sales and Service Co., Ltd. | - | 8,494,704.49 |
| Chengdu Wanyou Auto Trade Service Co., Ltd. | - | 5,610,252.52 |
| Hangzhou Chelizi Intelligent Technology Co., Ltd. | - | 5,564,800.00 |
| Changan Automobile Financing Co.,Ltd. | - | 426,120.00 |
| Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd. | - | 65,804.25 |
| Total | 143,587,410.54 | 185,492,616.70 |

Prepayments

| Related parties | 2019 | 2018 |
|---|---------------------|---------------------|
| Changan PSA Automobiles Co., Ltd. | 8,826,473.38 | 8,826,473.38 |
| Guangxi Wanyou Auto Sales and Service Co., Ltd. | - | 124,497.13 |
| Total | 8,826,473.38 | 8,950,970.51 |

Other receivables

| Related party | 2019 | 2018 |
|---|----------------|----------------|
| Changan Ford Automobile Co., Ltd. | 124,312,677.99 | 124,312,677.99 |
| Changan Weilai New Energy Automobile Technology Co., Ltd. | 28,480,000.00 | - |
| Changan Mazda Engine Co., Ltd. | 8,505,710.03 | - |
| Harbin Hafei Automobile Industry Group Co., Ltd. | 1,500,000.00 | 1,500,000.00 |
| Chongqing Changan Industries Group Co. Ltd. | 1,157,446.69 | - |
| Chongqing Changan MinSheng Logistics Co., Ltd. | 2,000.00 | 47,975.40 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

| | | |
|-------------------------------------|----------------|----------------|
| Harbin Dongan Auto Engine Co., Ltd. | - | 268,000.00 |
| Total | 163,957,834.71 | 126,128,653.39 |

Other current assets

| Related parties | 2019 | 2018 |
|-----------------------------|----------------|------|
| Jiangling Holding Co., Ltd. | 300,000,000.00 | - |

Notes payable

| Related parties | 2019 | 2018 |
|---|------------------|------------------|
| Harbin Dongan Automotive Power Co., Ltd. | 456,350,000.00 | 460,430,000.00 |
| Harbin Dongan Automobile Engine Manufacturing Co., Ltd. | 215,280,000.00 | 112,940,000.00 |
| Chongqing Changan Minsheng Logistics Co., Ltd. | 208,474,669.94 | 221,925,743.41 |
| Chongqing Changan Construction Engineering Co., Ltd. | 121,867,838.20 | 298,387,280.00 |
| Chongqing Wanyou Economic Development Co., Ltd. | 85,000,000.00 | - |
| Chongqing Nexte Steering System Co., Ltd. | 74,380,000.00 | - |
| Chongqing Dajiang Yuqiang Plastic Products Co., Ltd. | 53,810,000.00 | 127,940,000.00 |
| Chengdu Ningjiang Zhaohe Auto Parts Co., Ltd. | 33,410,000.00 | - |
| Chongqing Jianshe Vehicle Air Conditioner Co., Ltd. | 33,330,000.00 | 50,060,000.00 |
| South Inte Air Conditioning Co., Ltd. | 23,620,000.00 | 149,430,000.00 |
| Chengdu Wanyou Filter Co., Ltd. | 21,280,000.00 | 23,950,000.00 |
| Hubei Huazhong Marelli Auto Lighting Co., Ltd. | 20,220,000.00 | - |
| Sichuan Ningjiang Mountain Machinery Co., Ltd. | 17,910,000.00 | 9,160,000.00 |
| Chengdu Lingchuan Special Industry Co., Ltd. | 11,750,000.00 | 8,000,000.00 |
| Hubei Xiaogan Huazhong Auto Lamp Co., Ltd. | 10,780,000.00 | 13,860,000.00 |
| Southern Fojia Auto Parts Co., Ltd. | 10,430,000.00 | 22,090,000.00 |
| Sichuan Jian'an Industry Co., Ltd. | 9,040,000.00 | 8,650,000.00 |
| Chongqing Changfeng Jiquan Machinery Co., Ltd. | 6,530,000.00 | 7,900,000.00 |
| Chengdu Jialing Huaxi Optical Precision Machinery Co., Ltd. | 5,990,000.00 | 7,270,000.00 |
| Chengdu Huachuan Electric Equipment Co., Ltd. | 5,250,000.00 | 2,490,000.00 |
| Chongqing Shangfang Automobile Fittings Co., Ltd. | 4,290,000.00 | 1,150,000.00 |
| China Changan Automobile Group Co., Ltd. Chongqing Qingshan Transmission Branch | 2,340,000.00 | 130,270,000.00 |
| Sichuan Ningjiang Shanchuan Machinery Co., Ltd Longchang shock absorber branch | 2,220,000.00 | 1,370,000.00 |
| Chongqing Construction Tongda Industrial Co., Ltd. | 1,830,000.00 | - |
| Chongqing Dajiang Jiexin Forging Co., Ltd. | 990,000.00 | 1,120,000.00 |
| Chongqing Yihong Engineering Plastic Products Co., Ltd. | - | 4,500,000.00 |
| Sichuan Hongguang Automobile Electromechanical Co., Ltd. | - | 2,240,000.00 |
| Changan Ford Motor Co., Ltd. | - | 1,749,094.40 |
| Total | 1,436,372,508.14 | 1,666,882,117.81 |

Accounts payable

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

| Related parties | 2019 | 2018 |
|--|----------------|----------------|
| CSIA-Chongqing Tsingshan Transmission Branch | 394,961,436.10 | 104,125,292.03 |
| Chongqing Nexteer Steering System Co.,Ltd. | 275,441,045.49 | 249,837,358.48 |
| Harbin Dongan Automotive Engine Manufacturing Co., Ltd. | 228,154,563.74 | 44,767,814.32 |
| Harbin Dongan Auto Engine Co., Ltd. | 203,956,811.46 | 161,417,419.68 |
| South Inter Air-conditioner Co.,Ltd. | 166,469,317.60 | 76,175,712.19 |
| Hubei Huazhong Marelli Auto Lighting Co., Ltd. | 124,726,255.34 | - |
| South Tianhe Chassis System Co., Ltd. | 113,131,244.68 | 106,558,182.07 |
| Changan PSA Automobiles Co., Ltd | 111,598,972.21 | - |
| Sichuan Jian'an Industrial Co., Ltd | 92,109,316.98 | 80,657,220.16 |
| South Faurecia Auto Parts Co., Ltd | 90,040,708.53 | 41,239,427.48 |
| Chongqing Changan MinSheng Logistics Co., Ltd. | 77,014,716.44 | 27,674,139.19 |
| Chongqing Wanyou Economic Development Co., Ltd. | 75,873,758.78 | 66,540,872.82 |
| Jiangling Holding Co., Ltd. | 54,252,872.36 | 53,715,373.73 |
| Chengdu Ningjiang Zhaohe Auto Parts Co, Ltd. | 49,157,712.35 | 24,826,794.96 |
| Chongqing Dajiang Yuqiang Plastic Co., Ltd. | 43,490,517.76 | 46,084,064.75 |
| Chengdu Huachuan Electric Equipment Co., Ltd. | 37,881,398.09 | 33,208,038.95 |
| Chongqing Jianshe Automobile Air-conditioner Co., Ltd. | 36,717,236.76 | 27,597,844.39 |
| Chongqing Changrong Machinery Co., Ltd. | 34,631,661.73 | 2,686,306.64 |
| Hubei Xiaogan Huazhong Automobile Light Co., Ltd | 16,125,402.98 | 21,513,647.99 |
| Chengdu Wanyou Filter Co., Ltd. | 14,735,390.09 | 21,426,685.22 |
| Chongqing Construction Tongda Co., Ltd | 13,392,905.91 | - |
| Chengdu Lingchuan Special Industry Co., Ltd. | 11,517,508.37 | 8,664,902.18 |
| Yunnan Xiyi Industries Co., Ltd. | 10,260,364.91 | 6,535,900.15 |
| Chongqing Shangfang Automobile Fittings Co., Ltd. | 9,623,137.04 | 9,100,420.32 |
| Sichuan Ningjiang Shanchuan Machinery Co, Ltd. | 6,519,879.37 | 17,161,138.52 |
| Chongqing Qingshan Transmission Sales Co., Ltd. | 6,000,654.43 | 5,262,876.71 |
| Chongqing Dajiang Xinda Vehicles Shares Co., Ltd. | 4,267,143.49 | 45,780,498.50 |
| Sichuan Ningjiang Shanchuan Machinery Co., Ltd. Longchang Shock Absorber Branch | 3,206,437.42 | 9,586,665.78 |
| Chongqing Yihong Engineering Plastic Products Co., Ltd | 2,483,796.69 | 2,524,005.52 |
| Chengdu Lingchuan Vehicle Fuel Tank Co., Ltd | 2,314,165.15 | 17,663,383.80 |
| Chengdu Jialing Huaxi Potical Precision Machinery Co., Ltd | 2,296,210.05 | 2,709,675.36 |
| China South Industry Group Finance Co., Ltd. | 1,091,699.47 | 2,215,125.47 |
| Chongqing Changfeng Jiquan Machinery Co., Ltd. | 771,021.74 | 9,917,256.01 |
| Harbin Hafei Automobile Industry Group Co., Ltd. | 661,117.68 | 661,117.68 |
| Chongqing Dajiang Jiexin Forging Co., Ltd. | 407,750.93 | 282,878.46 |
| Chongqing Automobile Air-conditioner Co., Ltd. | 205,041.51 | 177,312.15 |
| Chongqing Jialing Yimin Special Equipment Co., Ltd. | 104,496.50 | 104,496.50 |
| Chengdu Guangming Tanaka Environmental Protection Co., Ltd. | 83,175.03 | 85,473.47 |
| Chongqing Changan Kuayue Automobile Co., Ltd. | 47,749.88 | 1,263,841.59 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

| Related parties | 2019 | 2018 |
|--|-------------------------|-------------------------|
| Chongqing Changan Xiyi Automobile Connecting Rod Co., Ltd. | 44,233.62 | 67,466.78 |
| Hangzhou Chelizi Intelligent Technology Co., Ltd. | 10,300.00 | - |
| Beijing Beiji Electromechanical Industry Co., Ltd. | 6,129.88 | - |
| Changan Ford Automobile Co., Ltd. | 5,890.05 | 4,085,436.29 |
| Sichuan Hongguang Machinery and Electrics Co., Ltd. | - | 1,187,095.50 |
| Chongqing Changan Construction Co., Ltd. | - | 119,514.45 |
| Total | 2,315,791,148.59 | 1,335,208,676.24 |

Advances from customers

| Related parties | 2019 | 2018 |
|---|-----------------------|-----------------------|
| Chongqing Wanyou Economic Development Co., Ltd. | 142,137,256.41 | 30,602,220.89 |
| Wanyou Automobile Investment Co., Ltd. | 69,383,313.74 | 394,254.00 |
| Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd. | 65,138,573.75 | 23,961,768.86 |
| Guizhou Wanyou Auto Sales and Service Co., Ltd. | 52,269,285.08 | 24,770,462.88 |
| Yunnan Wanyou Auto Sales and Service Co., Ltd. | 42,896,658.83 | 6,741,068.88 |
| Chengdu Wanyou Auto Trade Service Co., Ltd. | 39,526,387.91 | 1,031,647.35 |
| Jiangling Holding Co., Ltd. | 6,854,200.00 | - |
| Yunnan Xiangyu Auto Sales and Service Co., Ltd. | 5,542,733.67 | 820,739.67 |
| China Changan Automobile Group Hefei Investment Co., Ltd. | 4,033,352.74 | - |
| China Changan Automobile Group Tianjin Sales Co., Ltd. | 2,144,856.26 | 7,694,948.94 |
| Chongqing Anfu Automobile Co., Ltd. | 1,507,840.00 | 1,764,144.00 |
| Chengdu wanyou auto Sales and Service Co.,Ltd | 1,489,422.47 | - |
| Guangxi Wanyou Auto Sales and Service Co., Ltd. | 1,405,317.17 | 2,031,019.64 |
| Chongqing Wanyou Zunda Automobile Sales & Service Co., | 755,716.55 | 2,874,902.88 |
| Harbin Hafei Automobile Industry Group Co.,Ltd. | 670,500.00 | 670,500.00 |
| Bazhong Wanyou Auto Sales and Service Co., Ltd. | 50,000.00 | - |
| Changan Auto Finance Co., Ltd. | 41,300.00 | - |
| Chongqing Shangfang Automobile Fittings Co., Ltd. | 3,980.00 | 3,980.00 |
| Chongqing Changan MinSheng Logistics Co., Ltd. | 259.00 | - |
| Chongqing Changan Kuayue Automobile Co., Ltd. | - | 9,833,525.00 |
| Chongqing Chang'an industry (Group) Co., Ltd, Ltd. | - | 5,289,712.91 |
| Changan Mazda Engine Co., Ltd. | - | 3,347,884.03 |
| Nanning Wanyou Auto Sales and Service Co., Ltd. | - | 1,000,769.87 |
| Kunming Wanling Auto Sales & Service Co., Ltd. | - | 36,548.04 |
| Dali Wanling Auto Sales & Service Co., Ltd. | - | 2,037.62 |
| Luzhou Wanyou Automobile Service Co., Ltd. | - | 121.00 |
| Total | 435,850,953.58 | 122,872,256.46 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

Other payables

| Related parties | 2019 | 2018 |
|---|-----------------------|-----------------------|
| Chongqing Changan MinSheng Logistics Co., Ltd. | 191,519,531.45 | 105,930,160.43 |
| Chongqing Changan Kuayue Automobile Co., Ltd. | 64,412,855.00 | - |
| Chongqing Changan Industries Group Co. Ltd. | 4,770,656.96 | 8,784,882.05 |
| Chongqing Changan Construction Co., Ltd. | 2,356,505.24 | 13,471,837.97 |
| Chongqing Changan Property Management Co., Ltd. | 1,655,478.59 | 2,252,567.36 |
| Changan Ford Automobile Co., Ltd. | 1,461,694.00 | - |
| Sichuan Jianan Industry Co., Ltd. | 579,179.33 | - |
| Chongqing Wanyou Economic Development Co., Ltd. | 415,466.55 | 111,551.22 |
| Hubei Huazhong Marelli Automobile Lighting Co., | 389,785.41 | - |
| Chongqing Nexteer Steering System Co.,Ltd. | 307,910.00 | - |
| Harbin Dongan Engine Co., Ltd. | 304,924.09 | - |
| Chongqing Anfu Automobile Co., Ltd. | 300,000.00 | 200,000.00 |
| Chongqing Changrong Machinery Co., Ltd. | 299,999.63 | - |
| South Inter Air-conditioner Co, .Ltd. | 190,324.96 | 35,844.50 |
| Changan Ford Mazda Engine Co., Ltd . | 144,115.79 | 144,115.79 |
| Chengdu Wanyou Filter Co., Ltd. | 121,303.84 | 120,000.00 |
| Nanning Wanyou Sales and Service Co., Ltd. | 120,520.60 | - |
| Yunnan Wanyou Auto Sales and Service Co., Ltd. | 108,223.30 | 26,100.00 |
| China Changan Automobile Group Tianjin Sales Co., Ltd. | 100,000.00 | - |
| Harbin Dongan Engine Co., Ltd. | 67,239.90 | - |
| South Tianhe Chassis System Co., Ltd | 65,122.43 | - |
| Chengdu Wanyou Auto Trade Service Co., Ltd. | 58,295.80 | - |
| Chengdu Huachuan Electric Equipment Co., Ltd | 51,037.08 | - |
| Chongqing Dajiang Xinda Vehicles Shares Co., Ltd. | 50,000.00 | 50,000.00 |
| Guangxi Wanyou Auto Sales and Service Co., Ltd. | 48,424.07 | - |
| Chengdu Lingchuan Industry Co., Ltd. | 26,343.16 | - |
| Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd. | 20,493.00 | 75,330.00 |
| Panzhihua Wanyou Auto Sales & Service Co., Ltd. | 16,219.40 | - |
| Ya'an Wanyou Auto Sales and Service Co., Ltd. | 12,267.46 | - |
| Hubei Xiaoqian Huazhong Automobile Light Co., Ltd | 10,951.72 | - |
| Sichuan Ningjiang Shanchuan Machinery Co, Ltd. | 8,324.53 | - |
| Chongqing Wanyou Sales and Service Co., Ltd. | 5,889.92 | - |
| Guizhou Wanyou Auto Sales and Service Co., Ltd. | 5,016.48 | 218,604.28 |
| Luzhou Wanyou Automobile Service Co., Ltd. | 3,770.68 | - |
| Bazhong Wanyou Auto Sales and Service Co., Ltd | 2,683.74 | - |
| Chengdu Wanyou Trading Co., Ltd | 1,176.14 | - |
| Chongqing Changfeng Jiquan Machinery Co., Ltd. | 800 | - |
| China South Industries Group Corporation | - | 29,580,000.00 |
| Changan PSA Automobiles Co., Ltd. | - | 26,007,857.90 |
| Chongqing Wanyou Zunda Automobile Sales & Service Co., | - | 550,000.00 |
| CSIA-Chongqing Tsingshan Transmission Branch | - | 439,120.00 |
| Chongqing Changan Real Estate Development Co., Ltd. | - | 277,907.42 |
| Total | 270,012,530.25 | 188,275,878.92 |

7. Cash deposited in related party

Chongqing Changan Automobile Company Limited

Notes to Financial Statement

Year ended 31 December 2019

(Expressed in Renminbi Yuan)

| Related party | 2019 | 2018 |
|--|------------------|------------------|
| China South Industry Group Finance Co., Ltd. | 5,352,685,473.98 | 3,312,617,903.21 |
| Changan Automobile Financing Co.,Ltd | 1,200,000,000.00 | 1,000,000,000.00 |
| Total | 6,552,685,473.98 | 4,312,617,903.21 |

In 2019, deposit rates in related party are 0.35% to 3.915%, deposit terms are 0 to 12 months. (in 2018, deposit rate was 0.35% to 3.915%, terms are 0 to 12 months.)

8. Loans from related parties

Short-term loans

| Related parties | Category | 2019 | 2018 |
|--|----------------|----------------|----------------|
| China South Industry Group Finance Co., Ltd. | Credit loan | 200,000,000.00 | 190,000,000.00 |
| China South Industries Group Corporation | Entrusted loan | 29,580,000.00 | - |
| Total | | 229,580,000.00 | 190,000,000.00 |

Refer to Note V 21 for the details of the interest rates of the short-term loan.

Long-term loans

| Related parties | Category | 2019 | 2018 |
|--|-------------|---------------|------|
| China South Industry Group Finance Co., Ltd. | Credit loan | 55,300,000.00 | - |

Refer to Note V 31 for the details of the interest rates of the long-term loan .

XI Share-based payments

1. General information

| | 2019 | 2018 |
|---|------|---------------|
| The total amount of the employee services as a result of the share-based payments | - | 23,961,900.00 |

The equity settled share-based payments are as follows:

| | 2019 | 2018 |
|---|-----------------|----------------|
| The accumulated amount of equity settled share-based payments included in capital reserve | - | 23,961,900.00 |
| The amount of equity settled share-based payments included in current year expense | (23,961,900.00) | (8,735,100.00) |

2. Share-based payment scheme

On 23 September 2016, the share option was approved to be granted on 23 September 2016 by the 12th meeting of the seventh session of the Board of Directors and the 8th meeting of the seventh session of Board of Supervisors. According to the share option scheme, the Company granted 29,140,000 options to 202 employees, conferring rights to purchase 1 A share of Changan Automobile for each option before the expiration date. Share options are granted to directors, chief executive officers and key technical and management personnel.

The share option will expire in 5 years. After the vesting period of 24 month since the grant date, the option shall be exercised in three periods. In each exercise period, 1/3 of the total options could be exercised when the prescribed performance conditions are met. The exercise price is RMB13.478 per share. The options granted shall be exercised before the expiration date. The share should not be exercised unless the prescribed conditions are met. The exercisable shares not exercised in above periods will be written off by the Company.

The performance indicators of the share option includes:

- (1) Return on equity (ROE)
- (2) Net profit growth rate attributable to owners
- (3) Economic value added (EVA), and
- (4) The ratio of prime operating revenue to operating revenue

The above net profit and ROE are based on net profit and weighted average net assets attributable to owners deducting non-recurring gains and losses.

The exercise terms of share options:

| Exercise Period | Exercise Ratio | Exercise Time | Exercise Terms |
|------------------------------|----------------|---|---|
| The 1 st exercise | 1/3 | The 1 st trading day since 24 month after the grant date | 2017 net profit growth rate based on 2015 average growth rate ≥3.2%(growth amount equivalent to |

Chongqing Changan Automobile Company Limited

Notes to Financial Statement

Year ended 31 December 2019

(Expressed in Renminbi Yuan)

| | | | |
|-------------------------------------|-----|---|---|
| period | | e grant date to the last trading day since 36 month after the grant date | RMB10,182,000,000); ROE≥15% The above indicators≥benchmark average, and ≥75 quartile ΔEVA>0; The ratio of prime operating revenue to operating revenue≥95% |
| The 2 nd exercise period | 1/3 | The 1st trading day since 36 month after the grant date to the last trading day since 48 month after the grant date | 2018 net profit growth rate based on 2015 average growth rate ≥3.2%(growth amount equivalent to RMB10,507,000,000); ROE≥15% The above indicators≥benchmark average, and ≥75 quartile ΔEVA>0; The ratio of prime operating revenue to operating revenue≥95% |
| The 3 rd exercise period | 1/3 | The 1st trading day since 48 month after the grant date to the last trading day since 60 month after the grant date | 2019 net profit growth rate based on 2015 average growth rate ≥3.2%(growth amount equivalent to RMB10,844,000,000); ROE≥15% The above indicators≥benchmark average, and ≥75 quartile ΔEVA>0; The ratio of prime operating revenue to operating revenue≥95% |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

2. Share-based payment scheme (continued)

The fair value of the equity-settled share option is determined using Black-Scholes model based on the estimate in accordance with the terms and conditions of the share options. The input variables are as follows:

| Valuation factors | 23 September 2016 |
|---|-------------------|
| Dividend rate (%) | 0% |
| Expected volatility (%) | 29.78% |
| Historical volatility (%) | 29.78% |
| Risk-free rate (%) | 2.4987% |
| Expected duration (year) | 4 |
| Share price as at the grant date (yuan) | 15.43 |

The expected duration of the option is based on the historical data of the past, which is not necessarily reflected in the exercise of the right in future. The expected volatility is based on the assumption that the historical volatility reflects the future trend, but not necessarily the actual results.

On the date of granting, the fair value of share options granted amounted to RMB139,527,600. Due to the fact that all of the prescribed performance conditions of the share option is not achieved, the Board of Directors of the Company approved to cancel 29.14 million shares of the share option.

XII Contingencies and commitments

1. Commitments

Contracted, but not provided for

| Item | 2019 | 2018 |
|------------------------|-------------------|-------------------|
| Capital commitments | 10,095,165,498.37 | 18,178,474,088.33 |
| Investment commitments | 500,000,000.00 | 1,600,000,000.00 |

2. Contingencies

As at 31 December 2019, no material contingencies needed to be disclosed.

XIII Events after the balance sheet date

1. The dividends after balance sheet date

| | |
|--------------------------------------|---------------------|
| Profits or dividends to be allocated | Refer to Note V 40. |
|--------------------------------------|---------------------|

2. Other events after the balance sheet date

In January 2020, the company's subsidiary Chongqing Changan new energy automobile technology co., LTD. ("new energy technology") introduced several strategic investors to increase capital upon the approval of the company's first extraordinary shareholders' meeting in 2020, and the company waived the right of pre-emptive subscription for this capital increase. After the completion of the capital increase, the share proportion of the new energy technology held by the company decreased to 48.95%, and the company lost its control over the new energy technology. The new energy technology changed from a subsidiary to a joint venture, and adopted the equity method for subsequent accounting. The capital increase was completed in January 2020, and its estimated impact on the group's financial statements is shown in our notice no. 2019-67 dated 4 December 2019.

In January, 2020, the company held the 61st meeting of the 7th board of directors, and the meeting passed the proposal on establishing T3 technology platform company (the name shall be determined through separate consultation). The company intends to invest RMB 500 million, or 3.125%, as a limited partner. As of the date of approval of this financial statement, the above investment matters have not been completed.

In April 2020, the ultimate holding company of the company, China South Industries Group Corporation, intends to transfer 34,232,588 shares of the company (0.71% of the total issued share capital of the company) to CETC Investment Holding Co., Ltd. with no compensation. After the share transfer, China South Industries Group Corporation and its persons acting in concert will hold 2,085,790,582 shares of the company, 43.43% of the total issued share capital of the company, which is still the ultimate holding company of the company. The share transfer will be implemented after getting the approval from China's State-owned Assets Supervision and Administration Commission. Up to the date of approval and report of the financial statements, the share transfer mentioned above has not been completed.

In April, 2020, the company held the sixty-fourth meeting of the seventh board of directors, which deliberated and passed the motion on the company's plan of non-public issuance of a-shares. This offering non-public, private bank stocks for domestic listing of the common stock (A shares), the stock value of 1 yuan per share, price is not lower than the price setting, the first 20 trading days before the company issued A shares 80% of the average stock trading and not lower than the company's latest audited net assets per share. The total amount of funds raised in this non-public offering is not more than RMB6 billion, which will be mainly used for investment in production and construction projects and supplementary working capital after deducting the issuance fees. After the company obtains the approval and approval document of China securities regulatory commission on this non-public development bank, it shall issue the document in accordance with the approval period and relevant regulations.

XIII Events after the balance sheet date (continued)

2. Other events after the balance sheet date (continued)

The outbreak of COVID-19 in China and other countries around the world has created uncertainties in the group's operations, and the group is exposed to both epidemic risk and economic downside risk. Given the dynamic nature of the situation, the group will do all it can to reduce the impact of the outbreak on its operations. The group will continue to monitor the development of novel coronavirus and evaluate its impact on the group's financial position and operating performance.

XIV Other important event

1. Lease arrangements

According to the lease contracts signed with the lessor, the minimum lease payments under non-cancellable leases are as follows:

| Item | 2019 | 2018 |
|-------------------------------------|---------------|---------------|
| Less than 1 year (including 1 year) | 19,806,931.61 | 21,731,575.60 |
| 1 to 2 years (including 2 years) | 1,265,530.79 | 18,988,604.18 |
| 2 to 3 years (including 3 years) | 219,481.62 | 14,221,234.39 |
| Over 3 years | 18,290.13 | 3,844,972.29 |
| Total | 21,310,234.15 | 58,786,386.46 |

2. Segment report

The Group identifies operating segments based on the internal organization structure, managerial requirements and internal reporting system, and identifies reportable segments based on operating segments and discloses segment information by operating segment.

An operating segment is a component of the Group that meets all the following conditions:

- (1) it engages in business activities from which it may earn revenues and incur expenses;
- (2) its operating results are regularly reviewed by the Company's management to make decisions about resources to be allocated to the segment and assess its performance; and
- (3) the Group can obtain relevant accounting information such as its financial position, operating results and cash flows.

If two or more segments have similar economic characteristics and meet certain conditions, they can be aggregated into a single operating segment.

The revenue and profit of the Group mainly consist of the automobile manufacturing and domestic sales. The Group's principal assets are in China. The operating performance of the Group has been evaluated as a whole by the management. So the segment report has not been prepared for this year.

3. Comparative Data

As stated in Note III 31, according to the <Notice on revising and printing the format of general enterprise financial statements in 2019> and <Notice on revising and printing the format of consolidated financial statements (2019 version)>, the accounting treatment, presentation and amount of a certain number of items in the financial statements have been revised to meet the new requirements. Accordingly, the data for 2018 have been adjusted, and the comparative data for 2018 have been re-classified and restated to ensure the presentation and accounting treatments are in conformity with the requirements for current year.

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

XV Notes to the Company's financial statements

1. Accounts Receivable

(1) Aging analysis of accounts receivable as at 31 December 2019 is as follows:

| Aging | 2019 | 2018 |
|---------------|------------------|------------------|
| Within 1 year | 3,555,684,864.42 | 3,595,148,552.67 |
| 1 to 2 years | 822,210,403.02 | 1,225,896,003.03 |
| 2 to 3 years | 482,665,541.27 | 616,246,477.50 |
| Over 3 years | 256,419,059.60 | 257,429,428.54 |
| Total | 5,116,979,868.31 | 5,694,720,461.74 |
| Provision | (22,709,502.59) | (15,559,782.05) |
| | 5,094,270,365.72 | 5,679,160,679.69 |

(2) Movements of provision for accounts receivable are as follows:

| | Beginning | Addition | Reduction | | | Ending Balance |
|------|---------------|--------------|-----------|--------|-----------|----------------|
| | | | Reversal | Resale | Write-off | |
| 2019 | 15,559,782.05 | 7,149,720.54 | - | - | - | 22,709,502.59 |
| 2018 | 13,247,893.43 | 2,311,888.62 | - | - | - | 15,559,782.05 |

(3) Analysis of the accounts receivable by category as at 31 December 2019 is as follows:

| Item | 2019 | | | |
|--|------------------|--------|---------------|-------|
| | Balance | | Provision | |
| | Amount | % | Amount | % |
| Individually analyzed provision | 4,991,086,298.96 | 97.54 | - | - |
| Provision for bad debts based on credit risk characteristics | 125,893,569.35 | 2.46 | 22,709,502.59 | 18.04 |
| Total | 5,116,979,868.31 | 100.00 | 22,709,502.59 | 0.44 |

| Item | 2018 | | | |
|---|------------------|--------|---------------|-------|
| | Balance | | provision | |
| | Amount | % | Amount | % |
| Accounts receivable with significant single amount and separate provision for bad debts | 74,433,396.10 | 1.31 | - | - |
| Provision for bad debts based on credit risk characteristics | | | | |
| Group 1. Accounts receivable analyzed for provision according to aging analysis | 50,150,446.67 | 0.88 | 15,559,782.05 | 31.03 |
| Group 2. Accounts receivable from related parties | 5,570,136,618.97 | 97.81 | - | - |
| group subtotal | 5,620,287,065.64 | 98.69 | 15,559,782.05 | 0.28 |
| Total | 5,694,720,461.74 | 100.00 | 15,559,782.05 | 0.27 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

1. Accounts Receivable (continued)

(4) Accounts receivable was analyzed for provision by expected credit loss model:

| Aging | 2019 | | | 2018 | | |
|---------------|----------------|--------|---------------|---------------|--------|---------------|
| | Balance | | Provision | Balance | | Provision |
| | Amount | % | | Amount | % | |
| Within 1 year | 90,224,930.90 | 2.49 | 2,248,850.09 | 13,595,765.51 | — | 1.30 |
| 1 to 2 years | 26.00 | 22.04 | 5.73 | 19,562,282.40 | 10.00 | 1,956,228.24 |
| 2 to 3 years | 18,843,871.50 | 32.27 | 6,080,101.72 | 4,838,400.00 | 30.00 | 1,451,520.00 |
| 3 to 4 years | 4,898,440.32 | 50.10 | 2,454,244.41 | — | 50.00 | — |
| 4 to 5 years | — | — | — | 9,831.25 | 80.00 | 7,865.00 |
| Over 5 years | 11,926,300.63 | 100.00 | 11,926,300.63 | 12,144,167.51 | 100.00 | 12,144,167.51 |
| Total | 125,893,569.35 | 18.04 | 22,709,502.59 | 50,150,446.67 | 31.03 | 15,559,782.05 |

(5) As at 31 December 2019, accounts receivable from top 5 clients amounted to RMB4,011,467,403.94, accounted for 78.40% of the total amount (2018 : RMB4,575,962,128.25, accounted for 80.35% of the total amount).

(6) There are no accounts receivable derecognized due to transference of financial assets during 2019 (2018: Nil).

2. Other receivables

(1) Aging analysis of other receivables as at 31 December 2019 is as follows:

| Aging | 2019 | 2018 |
|---------------|------------------|------------------|
| Within 1 year | 1,082,612,634.77 | 1,924,149,413.17 |
| 1 to 2 years | 1,239,218,612.29 | 377,568,132.71 |
| 2 to 3 years | 366,133,362.21 | 14,030,436.00 |
| Over 3 years | 24,134,145.47 | 11,740,802.81 |
| Total | 2,712,098,754.74 | 2,327,488,784.69 |
| Provision | (114,784,410.34) | (603,431.40) |
| | 2,597,314,344.40 | 2,326,885,353.29 |

(2) Analysis of other receivables by nature is as follows:

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

| Nature | 2019 | 2018 |
|--------------------------------------|-------------------------|-------------------------|
| Energy-saving and new energy subsidy | 1,659,611,198.60 | 1,667,483,759.60 |
| Disposal income of assets | 23,424,046.17 | 119,142,595.23 |
| Loans to subsidiaries | 640,557,716.20 | 200,000,000.00 |
| Pretty cash | 36,352,884.22 | 83,196,870.08 |
| Others | 237,368,499.21 | 257,062,128.38 |
| Total | 2,597,314,344.40 | 2,326,885,353.29 |

(3) In 2019, the changes in the provision for bad debts for other receivables based on the 12-month expected credit loss and the expected credit loss for the entire duration are as follows

| | Stage 1 12-month ECLs | Stage 2 Lifetime ECLs | Stage 3 Credit-impaired financial assets (Lifetime ECLs) | Total |
|-----------------------|--------------------------|--------------------------|---|----------------|
| Opening balance | 155,223.55 | 348,425.91 | 99,781.94 | 603,431.40 |
| - Transfer to Stage 2 | - | - | - | - |
| - Transfer to Stage 3 | | (348,425.91) | 348,425.91 | - |
| - Turn back Stage 2 | - | - | - | - |
| - Turn back Stage 1 | - | - | - | - |
| Provision | 135,958.46 | 111,643,227.46 | 2,501,574.96 | 114,280,760.88 |
| Reversal | - | - | - | - |
| Transfer | - | - | (99,781.94) | (99,781.94) |
| Write-off | - | - | - | - |
| Other changes | - | - | - | - |
| Closing balance | 291,182.01 | 111,643,227.46 | 2,850,000.87 | 114,784,410.34 |

2. Other receivables (continued)

As to 2019, the movement of other receivable as follow:

| | Stage 1 12-month ECLs | Stage 2 Lifetime ECLs | Stage 3 Credit-impaired financial assets (Lifetime ECLs) | Total |
|-----------------------|--------------------------|--------------------------|---|------------------|
| Opening balance | 2,326,952,103.37 | 436,899.38 | 99,781.94 | 2,327,488,784.69 |
| - Transfer to Stage 2 | (1,664,613,313.78) | 1,664,613,313.78 | - | - |
| - Transfer to Stage 3 | (2,413,101.49) | (436,899.38) | 2,850,000.87 | - |

Chongqing Changan Automobile Company Limited

Notes to Financial Statement

Year ended 31 December 2019

(Expressed in Renminbi Yuan)

| | | | | |
|------------------------|-------------------------|-------------------------|---------------------|-------------------------|
| - Turn back Stage 2 | - | - | - | - |
| - Turn back Stage 1 | - | - | - | - |
| Provision | 706,450,278.94 | 516,085,890.00 | | 1,222,536,168.94 |
| Reversal | (271,211,635.50) | (566,614,781.45) | - | (837,826,416.95) |
| Transfer | - | - | (99,781.94) | (99,781.94) |
| Write-off | - | - | - | - |
| Closing balance | 1,095,164,331.54 | 1,614,084,422.33 | 2,850,000.87 | 2,712,098,754.74 |

(4) In 2018, the changes in bad debt provision for other receivables are as follows:

| | Balance at the beginning of 2019 | Increase | Decrease | | | Balance at the end of 2019 |
|------|----------------------------------|----------|------------|--------|-----------|----------------------------|
| | | | Reversal | Resale | Write off | |
| 2018 | 1,088,333.82 | - | 484,902.42 | - | - | 603,431.40 |

in 2018, analysis of other receivable categorized by nature as follow:

| Category | 2018 | | | |
|--|-------------------------|------------|-------------------|-------------|
| | Book value | | Provision | |
| | Amount | % | Amount | % |
| Other receivables with significant single amount and separate provision for bad debts | 1,720,350,524.62 | 73.91 | - | - |
| Combination 1, other receivables withdrawing bad debt provision according to aging analysis method | 118,981,025.65 | 5.12 | 603,431.40 | 0.51 |
| Combination 2. Other receivables accruing bad debt provision according to related parties | 488,157,234.42 | 20.97 | - | - |
| Combined subtotal | 607,138,260.07 | 26.09 | 603,431.40 | 0.10 |
| Other receivables whose single amount is not significant but single provision for bad debt provision | - | - | - | - |
| Total | 2,327,488,784.69 | 100 | 603,431.40 | 0.03 |

In the portfolio, other receivables withdrawing bad debt provision according to the aging analysis method:

| Aging | 2018 | | | |
|---------------|----------------|-------|-----------|------------|
| | Balance | | provision | |
| | Amount | % | | |
| Within 1 year | 118,544,126.27 | 99.63 | | 261,669.32 |

Chongqing Changan Automobile Company Limited

Notes to Financial Statement

Year ended 31 December 2019

(Expressed in Renminbi Yuan)

| | | | |
|--------------|--------------------------|------------|---------------------|
| 1 to 2 years | 65, 703. 03 | 0. 06 | 6, 570. 30 |
| 2 to 3 years | – | – | – |
| 3 to 4 years | 34, 672. 34 | 0. 03 | 17, 336. 17 |
| 4 to 5 years | 93, 342. 00 | 0. 08 | 74, 673. 60 |
| Over 5 years | 243, 182. 01 | 0. 20 | 243, 182. 01 |
| Total | 118, 981, 025. 65 | 100 | 603, 431. 40 |

(5) In 2019, there were no bad debt provisio of other receivables (2018: RMB 484,902.42) reversed.

(6) In 2019, the write-off amount of bad debt provision for other receivables was RMB 99,781.94. (2018: Nil).

(7) As at 31 December 2019, top five debtors of other receivables are as follows:

| Debtors | Amount | Aging | Proportion of total other receivables (%) | Ending balance of provision |
|--------------|-----------------------------|---------------|---|-----------------------------|
| First | 1, 770, 677, 411. 60 | Within 4years | 65. 30 | 111, 066, 213. 00 |
| Second | 446, 113, 924. 09 | Within 1 year | 16. 45 | – |
| Third | 200, 000, 000. 00 | 1 to 2 year | 7. 37 | – |
| Forth | 124, 312, 677. 99 | 1 to 2 year | 4. 58 | – |
| Fifth | 28, 480, 000. 00 | Within 1 year | 1. 05 | – |
| Total | 2, 569, 584, 013. 68 | | 94. 75 | 111, 066, 213. 00 |

(8) As of December 31, 2019, the company had no other receivables that were derecognized as a transfer of financial assets (December 31, 2018: Nil).

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

3. Long-term investments

2019

| Investee | Opening Balance | Addition | Investment income/loss under equity method | Other comprehensive income | Dividend of cash declared | Other deduction | Provision for impairment | Ending Balance of book value | Ending Balance of provision |
|---|--------------------------|-------------------------|--|----------------------------|---------------------------|---------------------------|--------------------------|------------------------------|-----------------------------|
| Joint ventures | | | | | | | | | |
| Jiangling Holding Co., Ltd. | 2,493,754,915.53 | - | (221,583,996.94) | - | - | (2,272,170,918.59) | - | - | - |
| Changan Ford Automobile Co., Ltd. | 3,709,784,507.11 | - | (1,926,961,179.20) | - | - | - | - | 1,782,823,327.91 | - |
| Changan Mazda Automobile Co., Ltd. | 2,472,626,663.41 | - | 929,384,241.61 | - | (1,225,000,000.00) | - | - | 2,177,010,905.02 | - |
| Changan Mazda Engine Co., Ltd. | 827,803,757.96 | - | 39,968,582.73 | - | (37,500,000.00) | - | - | 830,272,340.69 | - |
| Changan PSA Automobiles Co., Ltd. | 1,456,519,068.74 | - | (1,110,480,084.87) | - | - | - | - | 346,038,983.87 | - |
| Changan Weilai New Energy Automobile Technology Co., Ltd. | 44,065,513.91 | - | (56,937,233.33) | - | - | - | - | (12,871,719.42) | - |
| Nanchang Jiangling Investment Co., Ltd | - | 2,063,742,852.91 | 18,072,312.40 | - | - | - | - | 2,081,815,165.31 | - |
| Subtotal | 11,004,554,426.66 | 2,063,742,852.91 | (2,328,537,357.60) | - | (1,262,500,000.00) | (2,272,170,918.59) | - | 7,205,089,003.38 | - |
| Associates | | | | | | | | | |
| Chongqing Changan Kuayue Automobile Co., Ltd. | 116,588,234.97 | - | 75,447,039.13 | - | - | - | - | 192,005,274.10 | - |
| Chongqing Changan Kuayue Automobile Sales Co., Ltd. | - | - | - | - | - | - | - | - | - |
| Beijing Fangan Xinyue Taxi Co., Ltd. | - | - | - | - | - | - | - | - | - |
| Changan Auto Finance Co., Ltd. | 2,030,617,157.41 | - | 239,321,406.72 | - | (74,897,909.69) | - | - | 2,195,040,654.44 | - |
| Hainan Aninxing Information Technology Co., Ltd. | 5,536,555.21 | - | (1,976,171.11) | - | - | - | - | 3,560,384.10 | - |
| Nanjing Chelai Travel Technology Co., Ltd. | 1,813,616.14 | - | (338,671.05) | - | - | - | - | 1,474,945.09 | - |
| Hunan Guoxin Semiconductor Technology Co., Ltd. | 25,000,000.00 | - | 152,447.20 | - | - | - | - | 25,152,447.20 | - |
| Nanjing Leading Equity Investment Partnership | - | 858,267,717.00 | 76,950,606.32 | - | - | - | - | 935,218,733.32 | - |
| Nanjing Leading Equity Investment Management Co., Ltd | - | 1,500,000.00 | (54,584.31) | - | - | - | - | 1,445,415.69 | - |
| Jiangling Holding Co., Ltd | - | 208,428,065.68 | (142,252,166.55) | 332,817,054.49 | - | - | - | 398,992,953.62 | - |
| Subtotal | 2,179,555,563.73 | 1,068,195,782.68 | 247,219,906.35 | 332,817,054.49 | (74,897,909.69) | - | - | 3,752,890,397.56 | - |
| Subsidiaries | | | | | | | | | |
| Nanjing Changan Automobile Co., Ltd. | 422,533,259.00 | - | - | - | - | - | - | 422,533,259.00 | - |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

| Investee | Opening Balance | Addition | Investment income/loss under equity method | Other comprehensive income | Dividend of cash declared | Other deduction | Provision for impairment | Ending Balance of book value | Ending Balance of provision |
|---|-------------------------|-----------------------|--|----------------------------|---------------------------|-----------------|--------------------------|------------------------------|-----------------------------|
| Hebei Changan Automobile Co., Ltd. | 438,223,236.00 | - | - | - | - | - | - | 438,223,236.00 | - |
| Chongqing Changan Automobile International Sales Service Co., Ltd. | 13,068,581.00 | - | - | - | - | - | - | 13,068,581.00 | - |
| Chongqing Changan Auto Customer Service Co., Ltd. | 29,700,000.00 | - | - | - | - | - | - | 29,700,000.00 | - |
| Chongqing Changan Connected Car Technology Co., Ltd. | 88,500,000.00 | - | - | - | - | - | - | 88,500,000.00 | - |
| Chongqing Changan Special Purpose Vehicle Co., Ltd. | 2,500,000.00 | - | - | - | - | - | - | 2,500,000.00 | - |
| Chongqing Changan European Design Center Co., Ltd. | 155,469,913.50 | - | - | - | - | - | - | 155,469,913.50 | - |
| Chongqing Changan New Energy Automobile Co., Ltd. | 49,194,195.00 | - | - | - | - | - | (49,194,195.00) | - | (49,194,195.00) |
| Changan Automobile UK R & D Center Co., Ltd. | 236,387,395.40 | 13,706,455.55 | - | - | - | - | - | 250,093,850.95 | - |
| Beijing Changan Automotive Engineering Technology Research Co., Ltd. | 1,000,000.00 | - | - | - | - | - | - | 1,000,000.00 | - |
| Changan Japan Design Center Co., Ltd. | 1,396,370.15 | - | - | - | - | - | - | 1,396,370.15 | - |
| Changan American R & D Center Co., Ltd. | 10,243,460.00 | - | - | - | - | - | - | 10,243,460.00 | - |
| Baoding Changan Bus Manufacturing Co., Ltd. | 176,002,613.18 | - | - | - | - | - | - | 176,002,613.18 | - |
| Hefei Changan Automobile Co., Ltd. | 35,367,765.23 | - | - | - | - | - | - | 35,367,765.23 | - |
| Changan Automobile Russia Co., Ltd. | 1,242,589.15 | 250,000,000.00 | - | - | - | - | - | 251,242,589.15 | - |
| Changan Brazil Holdings Limited | 2,584,556.97 | - | - | - | - | - | - | 2,584,556.97 | - |
| Changan Automobile Investment (Shenzhen) Co., Ltd. | 148,000,000.00 | 36,800,000.00 | - | - | - | - | - | 184,800,000.00 | - |
| Nanjing Changan New Energy Automobile Sales Service Co., Ltd. | 50,000,000.00 | - | - | - | - | - | - | 50,000,000.00 | - |
| Fuzhou Fuqing Changan New Energy Automobile Sales Co., Ltd. | 2,000,000.00 | - | - | - | - | - | - | 2,000,000.00 | - |
| Xiamen Changan New Energy Automobile Sales Service Co., Ltd. | 2,000,000.00 | - | - | - | - | - | - | 2,000,000.00 | - |
| Guangzhou Changan New Energy Automobile Sales Service Co., Ltd. | 4,000,000.00 | - | - | - | - | - | - | 4,000,000.00 | - |
| Chongqing Changan New Energy Automobile Technology Co., Ltd. | 1,238,742,571.54 | - | - | - | - | - | - | 1,238,742,571.54 | - |
| Changan Suzuki Motor Co., Ltd. | 594,949,059.30 | - | - | - | - | - | - | 594,949,059.30 | - |
| Zhenjiang Demao Hairun Equity Investment Fund Partnership (Limited Partnership) | 1,129,922,044.91 | - | - | - | - | - | - | 1,129,922,044.91 | - |
| Chongqing Chehemei Technology Co., Ltd. | - | 10,000,000.00 | - | - | - | - | - | 10,000,000.00 | - |
| Subtotal | 4,833,027,610.33 | 310,506,455.55 | - | - | - | - | (49,194,195.00) | 5,094,339,870.88 | (49,194,195.00) |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

| Investee | Opening Balance | Addition | Investment income/loss under equity method | Other comprehensive income | Dividend of cash declared | Other deduction | Provision for impairment | Ending Balance of book value | Ending Balance of provision |
|----------|-------------------|------------------|--|----------------------------|---------------------------|--------------------|--------------------------|------------------------------|-----------------------------|
| Total | 18,017,137,600.72 | 3,442,445,091.14 | (2,081,317,451.25) | 332,817,054.49 | (1,337,397,909.69) | (2,272,170,918.59) | (49,194,195.00) | 16,052,319,271.82 | (49,194,195.00) |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

3. Long-term investments (continued)

2018

| Investee | Opening Balance | Addition | Deduction | Investment income/loss under equity method | Other comprehensive income | Other movements of equity | Dividend of cash declared | Other deduction | Provision | Ending Balance of book value | Ending Balance of provision |
|---|--------------------------|-------------------------|-----------|--|----------------------------|---------------------------|---------------------------|-------------------------|-----------|------------------------------|-----------------------------|
| Joint ventures | | | | | | | | | | | |
| Chongqing Changan Suzuki Automobile Co., Ltd. | 1,190,705,710.43 | - | - | (595,756,652.13) | - | - | - | (594,949,058.30) | - | - | - |
| Jiangling Holding Co., Ltd. | 2,907,749,943.37 | - | - | (409,453,173.08) | (706,228.88) | (3,835,625.88) | - | - | - | 2,493,754,915.53 | - |
| Changan Ford Automobile Co., Ltd. | 4,125,426,104.20 | - | - | (415,641,597.09) | - | - | - | - | - | 3,709,784,507.11 | - |
| Changan Mazda Automobile Co., Ltd. | 2,439,429,811.02 | - | - | 1,263,196,852.39 | - | - | (1,230,000,000.00) | - | - | 2,472,626,663.41 | - |
| Changan Ford Mazda Engine Co., Ltd. | 903,838,395.08 | - | - | 38,465,362.88 | - | - | (114,500,000.00) | - | - | 827,803,757.96 | - |
| Changan PSA Automobiles Co., Ltd. | 93,561,126.76 | 1,800,000,000.00 | - | (437,042,058.02) | - | - | - | - | - | 1,456,519,068.74 | - |
| Changan Weilai New Energy Automobile Technology Co., Ltd. | - | 49,000,000.00 | - | (4,934,486.09) | - | - | - | - | - | 44,065,513.91 | - |
| Subtotal | 11,660,711,090.86 | 1,849,000,000.00 | - | (561,165,751.14) | (706,228.88) | (3,835,625.88) | (1,344,500,000.00) | (594,949,058.30) | - | 11,004,554,426.66 | - |
| Associates | | | | | | | | | | | |
| Chongqing Changan Kuayue Automobile Co., Ltd. | 101,399,892.43 | - | - | 28,908,342.54 | - | - | (13,720,000.00) | - | - | 116,588,234.97 | - |
| Chongqing Changan Kuayue Automobile Sales Co., Ltd. | - | - | - | - | - | - | - | - | - | - | - |
| Beijing Fang'an taxi Co., Ltd. | - | - | - | - | - | - | - | - | - | - | - |
| Changan Automobile Financing Co.,Ltd | 1,817,669,991.73 | - | - | 212,947,165.68 | - | - | - | - | - | 2,030,617,157.41 | - |
| Zhenjiang Demao Hairun equity investment Co., Ltd. | 518,742,921.95 | - | - | (239,867.54) | 77,231,613.62 | - | - | (595,734,668.03) | - | - | - |
| Hainan Aninxing Information | - | 6,000,000.00 | - | (463,444.79) | - | - | - | - | - | 5,536,555.21 | - |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

| Investee | Opening Balance | Addition | Deduction | Investment income/loss under equity method | Other comprehensive income | Other movements of equity | Dividend of cash declared | Other deduction | Provision | Ending Balance of book value | Ending Balance of provision |
|--|-------------------------|----------------------|----------------|--|----------------------------|---------------------------|---------------------------|-------------------------|-----------|------------------------------|-----------------------------|
| Technology Co., Ltd. | | | | | | | | | | | |
| Nanjing Chelai Travel Technology Co., Ltd. | - | 2,000,000.00 | - | (186,383.86) | - | - | - | - | - | 1,813,616.14 | - |
| Hunan Guoxin Semiconductor Technology Co., Ltd. | - | 25,000,000.00 | - | - | - | - | - | - | - | 25,000,000.00 | - |
| Subtotal | 2,437,812,806.11 | 33,000,000.00 | - | 240,965,812.03 | 77,231,613.62 | - | (13,720,000.00) | (595,734,668.03) | - | 2,179,555,563.73 | - |
| Subsidiaries | | | | | | | | | | | |
| Nanjing Changan Automobile Co., Ltd. | 422,533,259.00 | - | - | - | - | - | - | - | - | 422,533,259.00 | - |
| Hebei Changan Automobile Co., Ltd. | 438,223,236.00 | - | - | - | - | - | - | - | - | 438,223,236.00 | - |
| Chongqing Changan International Automobile Sales Co., Ltd. | 13,068,581.00 | - | - | - | - | - | - | - | - | 13,068,581.00 | - |
| Chongqing Changan Automobile supporting service Co., Ltd. | 29,700,000.00 | - | - | - | - | - | - | - | - | 29,700,000.00 | - |
| Chongqing Changan Connected Car Technology Co., Ltd. | 88,500,000.00 | - | - | - | - | - | - | - | - | 88,500,000.00 | - |
| Chongqing Changan Automobile sales subsidiaries | 3,150,000.00 | - | (3,150,000.00) | - | - | - | - | - | - | - | - |
| Chongqing Changan Special Automobile sales Co., Ltd. | 2,500,000.00 | - | - | - | - | - | - | - | - | 2,500,000.00 | - |
| Chongqing Changan Europe Design Academy Co., Ltd. | 155,469,913.50 | - | - | - | - | - | - | - | - | 155,469,913.50 | - |
| Chongqing Changan new Energy Automobile Co. Ltd. | 18,850,000.00 | 30,344,195.00 | - | - | - | - | - | - | - | 49,194,195.00 | - |
| Changan United Kingdom R&D Center Co., Ltd. | 236,387,395.40 | - | - | - | - | - | - | - | - | 236,387,395.40 | - |
| Beijing Changan R&D Center Co., Ltd. | 1,000,000.00 | - | - | - | - | - | - | - | - | 1,000,000.00 | - |
| Harbin Changan R&D Center Co., Ltd. | 1,000,000.00 | - | (1,000,000.00) | - | - | - | - | - | - | - | - |
| Shanghai Changan R&D Center Co., Ltd. | 1,000,000.00 | - | (1,000,000.00) | - | - | - | - | - | - | - | - |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

| Investee | Opening Balance | Addition | Deduction | Investment income/loss under equity method | Other comprehensive income | Other movements of equity | Dividend of cash declared | Other deduction | Provision | Ending Balance of book value | Ending Balance of provision |
|---|-------------------|------------------|----------------|--|----------------------------|---------------------------|---------------------------|--------------------|-----------|------------------------------|-----------------------------|
| Changan Japan Designing Center Co., Ltd. | 1,396,370.15 | - | - | - | - | - | - | - | - | 1,396,370.15 | - |
| Changan United States R&D Center Co., Ltd. | 10,243,460.00 | - | - | - | - | - | - | - | - | 10,243,460.00 | - |
| Hebei Baoding Changan Bus Co., Ltd. | 176,002,613.18 | - | - | - | - | - | - | - | - | 176,002,613.18 | - |
| Hefei Changan Automobile Company Ltd. | 35,367,765.23 | - | - | - | - | - | - | - | - | 35,367,765.23 | - |
| Changan Automobile Russia Co., Ltd. | 1,242,589.15 | - | - | - | - | - | - | - | - | 1,242,589.15 | - |
| Changan Brazil Holdings Limited | 2,584,556.97 | - | - | - | - | - | - | - | - | 2,584,556.97 | - |
| Changan Automobile Investment (Shenzhen) Co., Ltd. | 50,000,000.00 | 98,000,000.00 | - | - | - | - | - | - | - | 148,000,000.00 | - |
| Nanjing Changan New Energy Automobile Sales & Service Co., Ltd. | - | 50,000,000.00 | - | - | - | - | - | - | - | 50,000,000.00 | - |
| Fuzhou Fuqing Changan New Energy Automobile Sales Co., Ltd. | - | 2,000,000.00 | - | - | - | - | - | - | - | 2,000,000.00 | - |
| Xiamen Changan New Energy Automobile Sales & Service Co., Ltd. | - | 2,000,000.00 | - | - | - | - | - | - | - | 2,000,000.00 | - |
| Guangzhou Changan New Energy Automobile Sales & Service Co., Ltd. | - | 4,000,000.00 | - | - | - | - | - | - | - | 4,000,000.00 | - |
| Chongqing Changan New Energy Automobile Technology Co., Ltd. | - | 1,238,742,571.54 | - | - | - | - | - | - | - | 1,238,742,571.54 | - |
| Changan Suzuki Automobile Co., Ltd. | - | 594,949,059.30 | - | - | - | - | - | - | - | 594,949,059.30 | - |
| Zhenjiang Demao Hairun Equity Investment Fund Partnership (Limited Partnership) | - | 1,129,922,044.91 | - | - | - | - | - | - | - | 1,129,922,044.91 | - |
| Subtotal | 1,688,239,739.58 | 3,149,957,870.75 | (5,150,000.00) | - | - | - | - | - | - | 4,833,027,610.33 | - |
| Total | 15,786,743,636.55 | 5,031,957,870.75 | (5,150,000.00) | (320,199,939.11) | 76,525,384.74 | (3,835,625.88) | (1,358,220,000.00) | (1,190,683,726.33) | - | 18,017,137,600.72 | - |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

4. Operating revenue and cost

(1) Operating revenue, operating cost

| Item | 2019 | | 2018 | |
|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Revenue | Cost | Revenue | Cost |
| Primary Operation | 62,405,086,095.26 | 55,655,630,963.93 | 60,779,233,113.82 | 53,517,880,999.83 |
| Other Operation | 2,547,664,111.37 | 1,310,738,813.90 | 2,600,231,648.38 | 991,067,244.30 |
| Total | 64,952,750,206.63 | 56,966,369,777.83 | 63,379,464,762.20 | 54,508,948,244.13 |

(2) Revenue listed by products are as follows:

| Item | 2019 | | 2018 | |
|------------------------|-------------------|-------------------|-------------------|-------------------|
| | Revenue | Cost | Revenue | Cost |
| Sales of goods | 64,819,437,399.53 | 56,789,535,212.96 | 63,173,489,211.84 | 54,268,833,774.82 |
| Outsourcing processing | 133,312,807.10 | 176,834,564.87 | 205,975,550.36 | 240,114,469.31 |
| Total | 64,952,750,206.63 | 56,966,369,777.83 | 63,379,464,762.20 | 54,508,948,244.13 |

5. Investment income

(1) Details of investment income

| Item | 2019 | 2018 |
|--|--------------------|------------------|
| Long-term equity investment income under cost method | 3,266,790.63 | 628,650,000.00 |
| Long-term equity investment income under equity method | (2,081,317,451.25) | (320,199,939.11) |
| Investment income of financial assets held for trading during the holding period | 1,065,597.53 | - |
| Dividend income from investments in other equity instruments still held | 38,343,163.30 | - |
| Investment income during holding period of available-for-sale financial assets | - | 51,133,446.15 |
| Others | 15,092,767.40 | 23,539,707.32 |
| Total | (2,023,549,132.39) | 383,123,214.36 |

Chongqing Changan Automobile Company Limited
 Notes to Financial Statement
 Year ended 31 December 2019
 (Expressed in Renminbi Yuan)

5. Investment income (continued)

(2) Long-term equity investment income under equity method

| Investee | 2019 | 2018 | Reason for the fluctuation |
|---|---------------------------|-------------------------|---|
| Changan Ford Automobile Co., Ltd. | (1,926,961,179.20) | (415,641,597.09) | Decrease in profit due to sales decrease |
| Changan Mazda Automobile Co., Ltd. | 929,384,241.61 | 1,263,196,852.39 | Decrease in profit due to sales decrease |
| Chongqing Changan Suzuki Automobile Co., Ltd. | - | (595,756,652.13) | Included in the scope of consolidation from November 2018 |
| Changan Mazda Engine Co., Ltd. | 39,968,582.73 | 38,465,362.88 | |
| Jiangling Holding Co., Ltd. | (363,836,163.49) | (409,453,173.08) | Decrease in investment proportion |
| Changan PSA Automobiles Co., Ltd. | (1,110,480,084.87) | (437,042,058.02) | Decrease in profit due to low sales |
| Nanchang Jiangling Investment Co., Ltd | 18,072,312.40 | - | |
| Chongqing Changan Kuayue Automobile Co.,Ltd. | 75,417,039.13 | 28,908,342.54 | Increase in profit due to sales expansion |
| Changan Automobile Financing Co.,Ltd | 239,321,406.72 | 212,947,165.68 | Increase in profit due to sales expansion |
| Zhenjiang Demao Hairun equity investment fund partnership (limited partnership) | - | (239,867.54) | |
| Changan Weilai New Energy Automobile Technology Co., Ltd. | (56,937,233.33) | (4,934,486.09) | Early establishment, operating loss |
| Hainan Anxinxing Information Technology Co., Ltd. | (1,976,171.11) | (463,444.79) | Early establishment, operating loss |
| Nanjing Chelai Travel Technology Co., Ltd. | (338,671.05) | (186,383.86) | Early establishment, operating loss |
| Nanjing Leading Equity Investment Partnership | 76,950,606.32 | - | |
| Nanjing Leading Equity Investment Management Co., Ltd. | (54,584.31) | - | |
| Hunan Guoxin Semiconductor Technology Co., Ltd. | 152,447.20 | - | |
| Total | (2,081,317,451.25) | (320,199,939.11) | |

1. Schedule of non-recurring profit and loss

| Item | 2019 |
|---|-------------------------|
| Non-current asset disposal gains and losses (including the write-off portion of the asset impairment provision) | 56,658,864.17 |
| Government subsidies included in the current profit and loss (closely related to the business of the enterprise, except for government subsidies that are fixed or quantified according to the national unified standard) | 1,537,625,620.93 |
| Interest on late payment of funds charged to non-financial enterprises | 28,553,488.65 |
| In addition to the effective hedging business related to the company's normal business operations, the fair value changes in gains and losses arising from holding trading financial assets | 889,154,888.69 |
| Gains and losses from entrusted loans | 6,771,226.43 |
| Other non-operating income and expenses other than the above | (135,258,766.14) |
| Income tax impact | (250,459,302.04) |
| Minority shareholders' equity impact (after tax) | (17,318,779.61) |
| Total | 2,115,727,241.08 |

The Group disclosed non-recurring profit and loss items in accordance with the regulations issued by China Security Regulation Commission, No 1 Regulation of Information Disclosure of Public Companies-Non-recurring Profit and Loss <CSRC 2008(43)>

2. Return on equity and earnings per share

2019

| Profit | Weighted average return on equity (%) | Earnings per share | |
|--|---------------------------------------|--------------------|-------------|
| | | Basic EPS | Diluted EPS |
| Net profit attributable to the Company's ordinary shareholders | (5.86) | (0.55) | N/A |
| Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit and loss | (10.54) | (0.99) | N/A |

2018

| Profit | Weighted average return on equity (%) | Earnings per share | |
|--|---------------------------------------|--------------------|-------------|
| | | Basic EPS | Diluted EPS |
| Net profit attributable to the Company's ordinary shareholders | 1.45 | 0.14 | N/A |
| Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit and loss | (6.75) | (0.66) | N/A |

In accordance with the regulations issued by China Security Regulation Commission, Regulation of Information Disclosure of Public Companies—the Calculation and Disclosure of Return of Net Assets and Earning per Share (2010 Revision), the Group disclosed the return of net assets and earnings per share in the reporting period.

Chapter 11 Documents for Future Reference

1. Financial reports with signatures and stamps of the legal representative, the chief accountant and the chief of accounting organization.
2. The original copy of audit report with the stamp of the CPA firm and the signature and stamp of the Certified Public Accountant.
3. All the original documents and manuscripts of the Company which has been disclosed in the reporting period in the newspapers designated by China Securities Regulatory Commission.

Annual reports disclosed in other securities markets.

Chairman of the Board:

Mr.Zhang Baolin

General Manager:

Mr. Zhu Huarong

Chongqing Changan Automobile Co., Ltd.

30 April, 2020