



**Chongqing Changan Automobile Company Limited**  
**2019 Semi-annual Report**

**August 2019**

## **Chapter 1 Important Notice, Contents, and Definitions**

The Board of Directors, the Board of Supervisors, Directors, Supervisors and Senior Executives of the 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.

All the directors attended the board meeting for reviewing the semi-annual report.

For the first half of 2019, the Company has no plans of cash dividend, no bonus shares and no share converted from capital reserve.

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.

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 report shall be presented in both Chinese and English, and should there be any conflicting understanding of the text, the Chinese version shall prevail.

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### Definitions

Items	Refers to	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 Co., Ltd., Changan Automobile (Group) Co., Ltd., a subsidiary company of South Industries, the controlling shareholder of the Company before December, 2005
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
CAPSA	Refers to	Changan PSA Automobiles Co., Ltd, a JV of the Company
Jiangling Holding	Refers to	Jiangling Holding Co., Ltd., a JV of the Company
Changan Finance	Refers to	Changan Auto Finance Co.Ltd Company's Joint Stock Company
Financial Co. of CSGC	Refers to	Financial Co. of China South Industries Group Co., Ltd. ,
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, a Joint Stock Company 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 name in Chinese	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		

### 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	
Telephone	023-67594008	
Fax	023-67866055	
E-mail address	cazqc@changan.com.cn	

### III. Others

#### 1. Way of contact

Whether registration address, office address and its post code as well as website and email of the Company changed in the reporting period or not

Applicable  Not applicable

The registration address, office address and post code as well as website and email of the Company did not change in the reporting period. See more details in Annual Report 2018.

#### 2. Information disclosure and preparation place

Whether information disclosure and preparation place changed in reporting period or not

Applicable  Not applicable

The newspaper appointed for information disclosure, the website for the publication of the semi-annual report appointed by CSRC and the preparation place for semi-annual report did not change in the reporting period. See more details in Annual Report 2018.

### 3. Other relevant information

Whether other relevant information changed in the reporting period or not

Applicable  Not applicable

## IV. Summary of Accounting Data and Financial Indexes

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

Yes  No

	Report period	Same period of last year	Increase/decrease y-o-y (%)
Operating revenue (Yuan)	29,875,780,096.84	35,642,832,190.04	-16.18%
Net profit belonging to shareholders of the listed company (Yuan)	-2,240,039,761.11	1,609,606,578.84	-239.17%
Net profit belonging to shareholders of the listed company after deduction of non-recurring profit and loss (Yuan)	-2,911,767,596.44	695,716,688.41	-518.53%
Net cash flow arising from operating activities (Yuan)	4,220,263,630.95	4,401,401,760.15	-4.12%
Basic earnings per share (Yuan/Share)	-0.47	0.34	-238.24%
Diluted earnings per share (Yuan/Share)	Not applicable	Not applicable	Not applicable
Return on equity (ROE) (%)	-4.97%	3.39%	Down 8.36 points
	Report period	Same period of last year	Increase/decrease y-o-y (%)
Total assets (RMB)	92,648,982,677.77	93,488,854,098.95	-0.90%
Net assets attributable to shareholder of the listed company(RMB)	43,972,470,820.42	46,244,958,676.52	-4.91%

## V. 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

## 3. Explanation of the differences in accounting data under domestic and overseas accounting standards

Applicable  Not applicable

## VI. Non-recurring items and amounts

Applicable  Not applicable

In RMB Yuan

Item	Amount	Illustration
Non-recurring items and amounts(including accrued reversal assets impairment part)	9,392,459.28	
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)	620,733,074.11	
Current net profit from beginning to combined date of business combination under common control		
In addition to the effective hedging business related to the normal business of the company, the gains and losses from changes in fair value arising from the holding of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities, and disposal of transactional financial assets, derivative finance Investment income from assets, trading financial liabilities, derivative financial liabilities and other debt investments	40,337,151.27	
Other non-business income and expenditures other than the above items	6,191,613.24	
Interest on deferred payment of funds received by non-financial enterprises	18,205,918.42	
Subtract: Influenced amount of income tax	13,119,121.76	
Influenced amount of minority shareholders' equity (after tax)	10,013,259.23	
Total	671,727,835.33	--

According to "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, defined as recurring items, are listed in the announcement No. 1 and 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 so on 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 now 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, Honor and Oushang series; a series of famous JV products such as all new Focus, new Mondeo, Kuga, Edge, Axela, CX-5, CX-8, DS7 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

Changan builds a research and development system based on the realization of classic products, focusing on breakthroughs in intelligent technology, new energy technologies, product experience design, etc. Based on the long-term development, Changan continuously invest on research and development. In the first half of 2019, nearly 400 science and technology projects were launched. As of June 2019, the company has applied for 11,611 domestic and foreign patents, including 3,414 invention patents. Changan is deepening the "Beidou Tianshu" strategy and building differentiated competitiveness. As the acceleration of the "shangri-la" program, Changan obtained initial results of leading technology. The global R&D center with a total investment of 4.3 billion yuan was officially put into use, and Changan entered the "open sharing, global synergy" R&D 4.0 era.

**New products delivery released on schedule.** The new products such as CS85 COUPE, new CS15, new CS95, Keshang, Eado ET, KaichengF70, CS75 PLUS were put into production on tim. Auchan X7 was released. We first released the first brand of modular power technology platform of China brand - Blue Whale NE platform, fully embraced electrification, created a strong power, and opened the Changan Automobile Power 3.0 era. All products are smoothly switched to the sixth national standards.

**R&D technology is progressing steadily.** APA5.0 automatic parking technology achieves first volume production in the CS75 PLUS. CS75 PLUS debuted at the Shanghai Auto Show "Equipped with BLUECORE 2.0TGDI + Aisin 8AT strongest power combination" and "BLUECORE 1.5TGDI+ Aisin 6AT classic power combination". L2 level technology continues to spread. CS85 COUPE and CS75 PLUS equipped with a car system developed by the joint venture company "Wu Tong Che Lian" realized mass production. Changan leads the industry in terms of ecological resources. A new generation of voice interactive system launched in the new CS95, reaching industry leading level. For the first time, the industry realized the demonstration road operation of Xiantao Data Valley public road. Core technologies such as battery safety and big data platform have achieved initial results. Eado EV520 finished a comprehensive cruising range of 612 kilometers and won over more than 10 models with absolute advantage in the 6th Qinghai Lake Electric Vehicle Challenge.

**Open cooperation and win-win development.** "Changan-Huawei Joint Innovation Center" and "Changan-Tencent Joint Innovation Center" formally unveiled, and will develop in-depth cooperation in areas such as intelligence, new energy, network security, big data, new retail and post-market.

**Changan Automobile Global R&D Center was officially opened.** Under the guidance of "The Third Entrepreneurship – Innovation and Entrepreneurship Program", Changan continues to deepen its research and development. Integrate global resources to create an open shared wisdom research and development platform-- Changan Automobile Global R&D Center. The center has a total investment of 4.3 billion yuan and covers an area of more than 1,000 acres. It has 7 functions including design, test and management, covering 12 major fields such as simulation analysis, noise vibration and collision safety and has more than 180 laboratories including hybrids, air conditioning systems, non-metallic materials, and the world's leading data centers built with cloud technology. The official opening of the global R&D center marks a key step for Changan Automobile to promote the construction of a smart city in Chongqing, realize the dream of China's automobile power, and lead the world's automobile civilization.

## Chapter 4 Business Discussion and Analysis

### I. Overview

In 2018, the sales volume of the Chinese auto market fell for the first time in 28 years, which marks the Chinese auto market has gradually entered a period of deep adjustment after years of rapid growth, as the market base continues to expand. Zero growth and negative growth will become the new normal. In the first half of 2019, the auto market continues to be under pressure with great changes in industrial policies and fierce competition in the industry and negative growth, price war, new four, new competitive relationship, etc. The industry has entered a more brutal knockout. From January to June 2019, the production and sales of the Chinese auto market continued to fall. The cumulative production and sales reached 12.132 million units and 12.323 million units respectively, declining by 13.7% and 12.4% year-on-year respectively. 10.127 million units of passenger cars were sold, declining by 14.0% year-on-year. Among them, car sales fell by 12.9% year-on-year, and SUV fell by 13.4% year-on-year. Among the new energy passenger vehicles, the production and sales of pure electric passenger vehicles reached 440,000 units, a year-on-year increase of 69.8%, maintaining a high-speed growth momentum. Industry concentration is further improved. The top ten enterprise groups in the automobile sales totaled 10.997 million units, declining 12.1% year-on-year. The decline was slightly smaller than the industry, accounting for 89.2% of the total automobile sales, which was 0.3 percentage points higher than the same period of the previous year. (The above data comes from "China Automotive Industry Production and Marketing Newsletter" China Association of Automobile Manufacturers and its industry information release)

In the first half of 2019, Changan Automobile is guided by the "365 ascending action" for quality improvement. With the key to "deepening reform, improving efficiency, focusing on marketing and leading quality", the Company deeply implemented "the third entrepreneurship - innovation and entrepreneurship plan", and solidly promoted the transformation and upgrading of enterprises. Efforts were made to overcome the adverse effects of large downturns in the economy and negative growth in the industry, and we did our utmost to complete various business objectives. In the first half of the year, Changan sold 825,000 units, ranking the sixth in China's auto industry. The main results during the reporting period are as follows:

#### **1. Solidly promote the implementation of the strategy, and continuously deepen the reform and adjustment**

Release the "3rd Entrepreneurship - Innovation and Entrepreneurship Program" version 2.0, and gather full strategic consensus. Continue to deepen institutional reforms and Auchan, light vehicles and other mixed changes are in an orderly manner. Strengthen institutional innovation, propose a new organizational planning direction, establish business units such as manufacturing centers, platform development centers, and large customer business units, and streamline 270 organizations. Strengthen the incentive and restraint mechanism, high-level personnel to strengthen performance linkage and strict assessment, and continue to optimize the matching of people and posts to ensure that personnel are relatively stable. Strongly promote the project and investment mechanism to encourage value creation.

#### **2. Pay close attention to the improvement of management quality and improve efficiency**

In-depth implementation of the quality improvement "365" ascending action, with efficiency and efficiency as the core, adhere to the goal orientation, optimize resource allocation, implement operational quality improvement projects, focus on resources to create classic products, optimize product structure, reduce costs, lean investment projects, strictly control inventory and other means, innovative management mechanisms, strict management, and gradually improve the quality of operations. The 1/2 project is strongly promoted, and business process optimization is continuously promoted, and the process efficiency is continuously improved, strengthen data-driven management, unify the CA-DDM platform and data, guide the improvement of each segment's business through big data thematic analysis report, further enhance operational and service capabilities, and to joint ventures.

#### **3. Product lineage is more perfect, and technological innovation is remarkable**

A variety of new or replacement products such as S85 COUPE, new CS95, new CS15, Keshang, etc, are published on time. The CS75 PLUS, created by the international design team, was unveiled at the Shanghai Auto Show and won unanimous praise from the

industry. The Changan Kaicheng F70, designed in conjunction with the French PSA, was unveiled for the first time. The brand new powertrain brand - Blue Whale Power shocked release, Chinese automotive industry's first modular engine development platform – BLUECORE NE medium and small displacement engine platform was born. All products are smoothly switched to the sixth national standards. Ruichi CC received a 5-star rating with a comprehensive score of 86.9% test, and successfully selected as "2019 Safety Car" for the C-NCAP compact passenger car class.

#### **4. The “Beidou Tianshu” plan continued to deepen, and the “Shangri-La” plan accelerated**

Deepen the “Beidou Tianshu” plan and continue to build differentiated competitiveness. Realize the industry's first L4 level autonomous driving in the open road scene in Chongqing Xiantao Data Valley. APA5.0 achieves the first mass production in the industry on CS75 PLUS, and L2 technology continues to be popularized. The cooperation with Tencent has achieved rapid results, CS85 COUPE、CS75 PLUSF equipped with a car system developed by "Wu Tong Che Lian" realized mass production. Changan leads the industry in terms of ecological resources. A new generation of voice interactive system launched in the new CS95, reaching industry leading level. The global R&D center costed 4.3 billion was officially put into use, marking the official opening of the R&D 4.0 era of “open sharing, global synergy”.

Accelerated landing of the "Shangri-La" program, technology leadership has begun to show results. Progress has been achieved in the development of exclusive platforms for new energy vehicles. Core technologies such as big data platform and battery safety have achieved initial results. New energy products are more abundant, CS15EV400 and Eado ET are on the market as scheduled. The Eado EV520, with a comprehensive life capability of 612 kilometers, won the A3 comprehensive champion and 9 individual champions and media recommendation awards in the 6th Qinghai Lake Electric Vehicle Challenge. The fish-mouth battery and electric drive system integration plant were officially put into operation, and the pace of new energy development was accelerated.

#### **5. Increase marketing efforts, steadily improve customer operations**

The 100-day marketing attack is remarkable. The sales of Changan passenger brands in May and June increased by the same period. In the first half of the year, the average sales volume of key products CS75 series, CS55 series, CS35 series and Eado series reached 10,000 units. Changan Ford's retail sales gradually increased from May to June, and key products such as Shuangfu Series, Ruijie and Mondeo achieved a significant increase. The channel layout has been continuously improved and have been sunk, and the integration has been promoted in an orderly manner. The customer's operation has been steadily improved, and the membership has grown rapidly. As of June, the number of Changan Automobile members exceeded 8.2 million. Build an omni-channel service system, improve the vehicle road rescue management measures, and achieve 24-hour service online, and enhance customer experience and satisfaction. Establish a communication mechanism with dealers and suppliers, carry out a variety of customer exchange activities, and actively listen to the front line voice. The performance of large customers has been remarkable, increasing customer sourcing, promoting the innovative cooperation mode of travel platforms, and accelerating the promotion of direct B-side solutions.

#### **6. Joint ventures face challenges and strategic adjustments continue to deepen**

Deepen communication and exchanges, and negotiate with the JV partners to develop the Changan Ford Revitalization Plan. Fully implement the "two leading" strategy of effecton and products, and the “five major upgrades” strategy of marketing, efficiency, quality, supply chain and new-field cooperation, and promote the rapid improvement of Changan Ford's management quality. Changan Mazda launched the CX-5 and Angke Sela annual models, and the cloud control version boosted sales, with 61,000 units sold in the first half of the year. At the same time, strengthen high-level interaction and strategic coordination to ensure that Changan Mazda's operations improved. The reform and innovation of Jiangling Holdings has been basically completed, and the follow-up transformation development path has been clarified.

#### **7. The construction of the ecological circle has been solidly promoted, and the emerging business has accelerated**

Intensively cooperate with the National Information Center in joint projects, special research, trend research, and research methods and system construction, and promote Changan Automobile's "third entrepreneurship-innovation and entrepreneurship plan ". Deepen strategic cooperation with Huawei and establish the "Changan-Huawei Joint Innovation Center" to carry out in-depth cooperation in intelligent forward-looking technologies. The T3 travel project was jointly established with FAW and Dongfeng and

Nanjing Leading Technology Co., Ltd. was established and officially put into operation. The “Changan Travel” business continued to advance, with more than 9,000 vehicles operating, of which the time-sharing business scale has reached the top in Chongqing. The new marketing business has been promoted in an orderly manner, and the core business circle construction mode has been continuously verified. The brands cover Changan Passenger, Auchan, Changan Ford and other products, of which high-value models account for more than half of sales.

## II. Analysis of Main Business

### 1. Overview

Are they identical with those disclosed in the "I. Overview" in the Chapter of Business Discussion and Analysis?

Yes  No

Please refer to the content of "I. Overview" in the Chapter of Business Discussion and Analysis.

### 2. Y-o-y changes of main financial data

In RMB Yuan

	Current period	Same period of last year(restated)	Y-o-y increase/decrease	Reasons for changes
Operating revenue	29,875,780,096.84	35,642,832,190.04	-16.18%	
Operating cost	27,419,410,626.92	30,614,845,704.45	-10.44%	
Operating expenses	1,443,216,541.30	2,543,462,428.51	-43.26%	Mainly due to the decrease in sales volume of products, the reduction in the use of commercial resources and freight
General and administrative expenses	1,260,364,119.97	1,048,876,421.66	20.16%	
Financial expenses	-96,832,709.15	-225,518,842.31	57.06%	Mainly due to the decrease in interest income caused by the decrease in current stock funds
Income tax expense	116,567,696.08	15,288,317.83	662.46%	Mainly due to the decrease in current deferred income tax assets
R&D expenses	1,302,956,091.53	1,106,524,840.39	17.75%	
Subtotal of cash inflow from operating activities	4,220,263,630.95	4,401,401,760.15	-4.12%	
Subtotal of cash inflow from investment activities	-3,684,509,162.66	-2,973,370,521.87	-23.92%	

Subtotal of cash inflow from financing activity	-65,487,944.32	869,502,774.20	-107.53%	Mainly due to the decrease in the impact of the invoicing margin of the acceptance bill
Net increase in cash and cash equivalents	499,453,398.49	2,316,338,311.36	-78.44%	Mainly due to the decrease in cash inflow from financing activities and investment activities

Major changes on profit composition or profit resources in reporting period

Applicable  Not applicable

### 3. Composition of Main Business

In RMB Yuan

	Operating revenue	Operating cost	Gross profit	Increase or decrease of operating revenue y-o-y	Increase or decrease of operating cost y-o-y	Increase or decrease of gross profit y-o-y
<b>According to industries</b>						
Automobile Production	29,100,899,960.18	26,869,270,640.75	7.67%	-15.51%	-10.95%	Down 4.73%
<b>According to products</b>						
Vehicles	29,039,911,031.57	26,783,426,523.20	7.77%	-15.50%	-10.97%	Down 4.70%
<b>According to region</b>						
China	27,640,776,612.07	25,429,548,405.65	8.00%	-16.57%	-11.65%	Down 5.12%

### III. Analysis of non principal business

Applicable  Not applicable

### IV. Assets and liability

#### 1. The significant changes of the assets and liability

In RMB Yuan

Item	Current period		Same period of last year		Increase/decrease (%)	YoY change (%)
	Amount	Ratio in total assets(%)	Amount	Ratio in total assets(%)		
Monetary capital	10,535,284,892.55	11.37%	24,067,745,140.49	23.97%	-12.60%	Mainly due to the negative net cash flow from operating, investment and financing

						activities at the end of the same period of the previous year
Accounts receivable	2,011,970,761.86	2.17%	1,925,729,920.41	1.92%	0.25%	
Inventory	5,705,376,137.26	6.16%	4,726,421,476.59	4.71%	1.45%	
Investment property	7,216,205.50	0.01%	7,442,917.06	0.01%	0.00%	
Long-term equity investment	13,951,703,216.21	15.06%	15,638,035,950.97	15.57%	-0.51%	
Fixed assets	23,096,697,122.71	24.93%	18,456,584,832.13	18.38%	6.55%	
Construction in progress	5,178,469,344.52	5.59%	4,728,241,031.94	4.71%	0.88%	
Short-term loan	210,000,000.00	0.23%	186,000,000.00	0.19%	0.04%	
Long-term loan	-	0.00%	-	0.00%	0.00%	
Transactional financial assets	1,570,658,462.58	1.70%	-	0.00%	1.70%	According to the new "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments" and "Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments", the portion of fair value measurement previously stated in the "Available-for-sale financial assets" is reclassified into "Transactional financial assets".
Available for sale financial assets	-	-	564,227,000.00	0.56%	-0.56%	According to the new "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments" and "Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments", it is reclassified into "Investment in other equity instruments" by the

						cost measurement component and reclassified into "Transactional financial assets" by the fair value measurement component.
Investment in other equity instruments	504,572,800.00	0.54%	-	-	0.54%	According to the new "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments" and "Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments", the portion of cost measurement previously stated in the "Available-for-sale financial assets" is reclassified into "Investment in other equity instruments".

## 2. Assets and liabilities measured by fair value

Applicable  Not applicable

In RMB Yuan

Item	Amount at year beginning	Comprehensive income in the reporting period	Accumulated fair value changes included in profit or loss	Impairment provisions in the reporting period	Purchasing (increasing) amount in the reporting period	Selling (reducing) amount in the reporting period	Amount at year end
Financial assets							
Transactional financial assets			40,337,151.27		1,530,321,311.31		1,570,658,462.58
Other equity investment					504,572,800.00		504,572,800.00
Available for sale financial assets	1,530,321,311.31					1,530,321,311.31	-
Subtotal of financial assets	1,530,321,311.31	-	40,337,151.27	-	2,034,894,111.31	1,530,321,311.31	2,075,231,262.58
Total	1,530,321,311.31	-	40,337,151.27	-	2,034,894,111.31	1,530,321,311.31	2,075,231,262.58

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

Yes  No



After January 1, 2019, the company designated part of the equity investment as a financial asset measured at fair value through other comprehensive income, which is reported as other equity instrument investment.

### 3. Property rights limits by the end of report period

In RMB Yuan

Item	book value at the end of this year	Limited Reason
Monetary fund	387,677,879.26	Acceptance bond
Notes receivable	282,704,275.96	Pledge for issuing bills payable
Intangible assets	18,289,841.52	Mortgage loans and obtain the amount of commercial acceptance
<b>Total</b>	<b>688,671,996.74</b>	

## V. Analysis of Investment

### 1. General information

Applicable  Not applicable

External investment		
Investment Amount in the report period(Yuan)	Investment Amount in the same period of last year(Yuan)	Variance rate
1,800,000,000	2,198,000,000	-18.11%
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

Applicable  Not applicable

Company name	Principal business	Investment	Investment	Share-holding	Capital	Partner	Investment	Progress on	Any	Disclosure	Disclosure
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		mode	amount	ratio	source		period	book closing date	litigations	date(in case)	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	--	--	2,198,000,000	--	--	--	--	--	--	--	--

### 3. Major non-equity investment in the reporting period

Please refer to Notes 7 Item 13 “Construction in progress” in the Financial Statement.

### 4. Investment of Financial Assets

#### (1) Equity-holdings in financial enterprises

√ Applicable   □ Not applicable

Company name	Company variety	Initial investment cost (Yuan)	Opening equity Holdings (share)	Opening equity holding ratio (%)	Closing equity holdings (share)	Closing equity Holdings (%)	Closing book value (Yuan)	Gain/loss in the reporting period (Yuan)	Accounting title	Equity source
Southwest Securities	Securities Firm	50,000,000	35,500,000	0.63%	35,500,000	0.63%	175,370,000	51,830,000	Transactional financial assets	Initial investment
Ningde Times New Energy Technology Co., Ltd.	Electrical machinery and equipment manufacturing	1,052,930,406.36	22,999,575	1.05%	22,999,575	1.05%	1,395,288,462.58	-11,492,848.73	Transactional financial assets	Initial investment

#### (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 Equity

□ Applicable   √ Not applicable

There is no selling of major equity.

## 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
Changan Mazda Automobile Co., Ltd	11,097 USD	50%	Produce and sell auto and parts	1,354,127	757,314	87,396
Chongqing Changan Suzuki Automobile Co., Ltd	133,764	100%	Produce and sell auto and parts	310,585	93,954	-24,576
Jiangling Holding Co., Ltd	100,000	50%	Produce and sell auto and parts	943,398	12,075	-47,283
Changan Ford Automobile Co., Ltd	24,100 USD	50%	Produce and sell auto and parts	4,176,587	1,206,028	-77,689

Subsidiaries acquired and sold in the reporting period

Applicable  Not applicable

During the reporting period, Changan newly established Chongqing Chehemei Technology Co., Ltd. It is included in the consolidated statements in 2019.

Name	Acquisition and disposal of subsidiaries during the reporting period	On the overall production and operation and performance impact
Chongqing Chehemei Technology Co., Ltd	Newly established	None

## VIII. Structural main business under the company control

Applicable  Not applicable

## IX. Forecast for the operating performance of Jan.-Sep. 2019

The accumulated net profit forecast for the beginning of the year to the end of the next reporting period may be a loss or a warning and explanation of a significant change compared with the same period of the previous year

Applicable  Not applicable

## X. Possible risks and corresponding measures

**1. Policy and regulatory risks:** New energy safety supervision will be further tightened, or relevant management rules will be issued to improve corporate compliance operating costs. The Ministry of Communications will control vehicle logistics violations, and strengthen the notification of violations. It is possible to introduce policies such as “removal mechanism for logistics enterprises”, and the stricter treatment will lead to an increase in the logistics cost of the whole vehicle.

Actions: Adhere to compliance management, make pre-plans in advance. Implement cost reduction and efficiency improvement, and strictly control costs.

**2. Market competition risk:** Since the first negative growth in March 2018, the Chinese auto market has been declining for 15

consecutive months, and the auto market has really entered the era of “low growth and negative growth”. The stock competition situation is still grim. The competition of new products in the industry is fierce, and the price reduction promotion is increasingly frequent. The joint ventures strengthen the layout of the middle and low-end market, and the price of joint venture products moves downwards. The competition of independent brands is fierce, and the pace of elimination of enterprises is accelerating.

Actions: In the face of the new competitive situation, the company will speed up the upgrading of products and rapidly improve the overall comprehensive competitiveness. At the same time, we will seize the opportunity of national strategic development, actively expand overseas markets, and enhance the competitiveness of the international market.

**3. Business model risk:** With the rapid advancement and development of the “new four” (electricalization, interconnection, sharing, and intelligentization) of automobiles, the huge business opportunities brought about by them have attracted a large influx of various capitals and carried out on the industry. They disrupted the industry, causing disorderly competition in the market and changing the traditional business model.

Actions: Changan Automobile will seize the strategic opportunity period and realize the transformation from traditional automobile manufacturing industry to intelligent travel technology company and become an internationally competitive Chinese brand.

## XI. Interviews and visits in the reporting period

√ Applicable   □ Not applicable

Date	Manner	Object	Content discussed and material offered
2019.1.2	On-Site Survey	Institution	For details, see the January 4, 2019 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: January 2, 2019 investor relations activities record sheet
2019.1.10	On-Site Survey	Institution	For details, see the January 14, 2019 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: January 10, 2019 investor relations activities record sheet(1)
2019.1.10	On-Site Survey	Institution	For details, see the January 14, 2019 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: January 10, 2019 investor relations activities record sheet(2)
2019.1.10	On-Site Survey	Institution	For details, see the January 14, 2019 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: January 10, 2019 investor relations activities record sheet(3)
2019.1.11	On-Site Survey	Institution	For details, see the January 14, 2019 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: January 11, 2019 investor relations activities record sheet(1)
2019.1.11	On-Site Survey	Institution	For details, see the January 14, 2019 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: January 11, 2019 investor relations activities record sheet(2)
2019.1.15	On-Site Survey	Institution	For details, see the January 17, 2019 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan automobile: February 15, 2019 investor relations activities record sheet(1)
2019.1.15	On-Site Survey	Institution	For details, see the January 18, 2019 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan automobile: February 15, 2019 investor

			relations activities record sheet(2)
2019.1.16	On-Site Survey	Institution	For details, see the January 18, 2019 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: January 16, 2019 investor relations activities record sheet
2019.1.18	On-Site Survey	Institution	For details, see the January 22, 2019 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: January 18, 2019 investor relations activities record sheet
2019.1.22	On-Site Survey	Institution	For details, see the January 24, 2019 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: January 22, 2019 investor relations activities record sheet(1)
2019.1.22	On-Site Survey	Institution	For details, see the January 24, 2019 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: January 22, 2019 investor relations activities record sheet(2)
2019.2.26	On-Site Survey	Institution	For details, see the February 27, 2019 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: February 26, 2019 investor relations activities record sheet
2019.2.28	On-Site Survey	Institution	For details, see the March 1, 2019 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: February 28 2019 investor relations activities record sheet
2019.3.5	On-Site Survey	Institution	For details, see the March 7, 2019 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: March 5, 2019 investor relations activities record sheet
2019.3.14	On-Site Survey	Institution	For details, see the March 18, 2019 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: March 14, 2019 investor relations activities record sheet(1)
2019.3.14	On-Site Survey	Institution	For details, see the March 18, 2019 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: March 14, 2019 investor relations activities record sheet(2)
2019.3.19	On-Site Survey	Institution	For details, see the March 20, 2019 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: March 19, 2019 investor relations activities record sheet
2019.3.22	On-Site Survey	Institution	For details, see the March 25, 2019 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: March 22, 2019 investor relations activities record sheet
2019.4.30	On-Site Survey	Institution	For details, see the May 7, 2019 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: April 30, 2019 investor relations activities record sheet
2019.5.6	On-Site Survey	Institution	For details, see the May 7, 2019 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: May 6, 2019 investor relations activities record sheet

2019.5.10	On-Site Survey	Institution	For details, see the May 13, 2019 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: May 10, 2019 investor relations activities record sheet
2019.5.14	On-Site Survey	Institution	For details, see the May 16, 2019 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: May 14, 2019 investor relations activities record sheet
2019.6.12	On-Site Survey	Institution	For details, see the June 14, 2019 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: June 12, 2019 investor relations activities record sheet(1)
2019.6.12	On-Site Survey	Institution	For details, see the June 14, 2019 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: June 12, 2019 investor relations activities record sheet(2)
2019.6.21	On-Site Survey	Institution	For details, see the June 25, 2019 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: June 21, 2019 investor relations activities record sheet
2019.6.28	On-Site Survey	Institution	For details, see the July 2, 2019 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: June 28, 2019 investor relations activities record sheet

## Chapter 5 Important Matters

### I. Annual shareholders meeting and interim shareholders meeting during the reporting period

#### 1. Shareholders meeting during the reporting period

Meeting Session	Type	Investors' participation ratio	Holding Date	Disclosure Date	Disclosure Index
2018 Annual Shareholders Meeting	Annual	58.387%	Jun, 27th, 2019	Jun, 28th, 2019	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> 2018 Annual Shareholders Meeting Resolution Announcement(Announcement Number: 2019-45)
2019 The First Interim Shareholders Meeting	Interim	43.615%	Jan, 3th, 2019	Jan, 4th, 2019	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> 2019 The First Interim Shareholders Meeting Resolution Announcement(Announcement Number: 2019-02)

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

Applicable  Non-applicable

### II. Preplan for Company common stock profit distribution and capital reserves converting into share capital in the reporting period

Applicable  Non-applicable

The company plans not to distribute cash dividends, not to send bonus shares, not to increase equity by provident fund in the first half of the year.

### III. Commitments finished in implementation by the Company, shareholders, actual controller, acquirer, directors, supervisors, senior executives or other related parties in the reporting period and commitments unfinished in implementation at the end of the reporting period

Applicable  Non-applicable



#### **IV. The appointment and dismissal of accounting firms**

Is the semi-annual financial report audited?

Yes  No

#### **V. The board of directors, and supervisors explaining the "non standard audit report" from the accounting firm during the reporting period**

Applicable  Not-applicable

#### **VI. The board of directors explaining the "non standard audit report" of last year**

Applicable  Not-applicable

#### **VII. Bankruptcy restructuring related matters**

Applicable  Not-applicable

During the report period, no bankruptcy restructuring related matters occur.

#### **VIII. Crucial litigation events**

Crucial litigation and arbitration events

Applicable  Not-applicable

During the report period, the company has no crucial litigation or arbitration events.

Other litigation events

Applicable  Not-applicable

#### **IX. Punishment and rectification**

Applicable  Not-applicable

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

#### **X. The integrity of company and its controlling shareholder, actual controller**

Applicable  Not-applicable

#### **XI. 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 23th, 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.

## XII. Significant related party transactions

### 1. Related transactions related to day-to-day operation

For details, please refer to Note 12 "Related Party Relationships and Transactions" in the Financial Statements.

### 2. Assets or equity acquisition, sales related transactions

Applicable  Not-applicable

No related transaction of the acquisition or sale of assets or shares occurred during the reporting period.

### 3. Related transactions of common investment

Applicable  Not-applicable

During the reporting period, the company has no related transactions of common investment

### 4. Related rights and debt relations

Applicable  Not-applicable

For details, please refer to Note 12 "Related Party Relationships and Transactions" in the Financial Statements.

Whether there is any non-business related credits and debts

Applicable  Not-applicable

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 temporary announcement of related transactions

Name of temporary announcements	Temporary announcement date	Temporary announcement site name
Related transaction announcement that Chongqing Automobile Finance Co., Ltd. provides financial services	Feb, 1th, 2019	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Related Transactions Announcement that China South Industries Group Co., Ltd. provides financial service for the company	Feb, 1th, 2019	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement about increasing estimated amount of 2019 daily related transaction	Feb, 1th, 2019	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Supplementary announcement about increasing estimated amount of 2019 daily related transaction	Feb, 21th, 2019	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

Announcement of Related Transactions for Providing Entrusted Loans to Jiangling Holdings Limited	Apr, 23th, 2019	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
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### **XIII. The non-operating occupation for the capital by the controlling shareholder of the listed company and its related parties**

Applicable  Not-applicable

### **XIV. 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 12 of financial statements 4 (3) 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. Other major contract**

Applicable  Not-applicable

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

## **XV. Social responsibility**

### **1. Significant 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 349 pollutant outlets and 22 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. 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.

#### **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.

#### **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. In the first half of 2019, the Company obtained "Collision Laboratory Phase II Project EIA Approval", and completed the EIA acceptance about New Energy Phase I Project, Electric Drive Project and Automobile Product Structure Adjustment Project.

**Emergency preparedness and exercise of emergency environmental events**

Continue to carry out environmental protection emergency drills to enhance the response capacity to environmental emergencies. In the first half of 2019, all bases made environmental risk assessment reports and emergency plans for environmental emergencies. Nanjing Chang'an, completed the revision and filing of emergency plans for environmental emergencies. The Company carried out a company-level drill on chemical leakage.

**Programming and implementation of self-monitoring of the environment**

In the first half of 2019, Key sewage units of Changan Automobile: Yuzui Base of 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 carry out the declaration of national discharge permits in accordance with the requirements of laws and regulations. Oushang Automobile Business Department, Jiangbei Engine Factory and Yubei Factory carried out the 2018 Environmental Credit Evaluation.

**2. Fulfill social responsibility of targeted poverty alleviation**

√ Applicable   □ Not applicable

In the first half of 2019, Chang'an 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, and effectively promoted the precise poverty alleviation and public welfare in accordance with the decision-making and deployment work of the central party committee and the central government, and strived to promote better and faster economic and social development in poor areas.

**(1) In the first half of 2019, precise poverty alleviation in "two counties" of Yunnan**

**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 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 the first half of 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 the first half of 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.

**Changan Automobile Statistics on Poverty Alleviation in the first half of 2019**

Indicator	Unit	Quantity / Details
I . Total	—	—
1.funds	10 thousand RMB	2050
2. Material	10 thousand RMB	—
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	—	380
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; 289 3) Biyun Hope Primary School Project in Yanshan county; 200
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	Luxi Waste Collection and Transportation Facility Project; 470 Yanshan Garbage Collection Vehicle Purchase and Construction Project; 289 Inkshan Garbage Collection Tank Purchase

		Construction Project; 381 Pengshui County; 30
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**(4) Follow-up precision poverty alleviation plan**

According to the "Notice on Requesting Further Enhancement of Assistance to Mengxiang Automobile Training Base of Fuping Vocational Education Center" by the Office of the Poverty Alleviation Working Group of the State Administration of Organs Affairs, the Company will carry out the poverty alleviation work in Fuping County, Hebei Province, in the second half of 2019, mainly for upgrading the Mengxiang Automobile Training Base of Fuping Vocational and Technical Education Center to the regional comprehensive high-level automobile and intelligent manufacturing production and education integration training base construction project. The Company plans to donate the vehicles, spare parts, machinery and equipment, including 38 vehicles, 77 spare parts (2 categories and 8 kinds of materials), and 30 machines and equipment.

**XVI. Other important matters**

Applicable  Not-applicable

**XVII. Important matters of company subsidiaries**

Applicable  Not-applicable

## 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 (%)	Quantity
Non-circulated shares	139,781,303	2.91%						139,781,303	2.91%
1. State-owned legal person shares	139,762,403	2.91%						139,762,403	2.91%
2. Senior management personnel shares	18,900	0.00%						18,900	0.00%
Circulated shares	4,662,867,208	97.09%						4,662,867,208	97.09%
1. Domestic listed RMB shares	3,760,881,066	78.31%						3,760,881,066	78.31%
2. Domestic listed foreign shares	901,986,142	18.78%						901,986,142	18.78%
Total shares	4,802,648,511	100.00%						4,802,648,511	100.00%

#### Reason of stock changes

Applicable  Not-applicable

#### Approval of stock changes

Applicable  Not-applicable

#### Ownership transfer of stock change

Applicable  Not-applicable

#### Progress of Share Repurchase

Applicable  Not-applicable

#### Implementation Progress of Reducing Holdings of Repurchase Shares by 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	2019-10-14
Zhu Huarong	18,900	-	-	18,900	Executive lock stocks	6 months after the retirement
Total	139,781,303	-	-	139,781,303	--	--

## II. Issuing and listing of securities

Applicable  Not-applicable

## III. Shareholding and shareholders of the company

Unit: one share

At the end of the report period, the total number of shareholders		180,066		Number of preferred shareholders with resumed voting rights at the period-end		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	-	-	-	No pledge or freeze	

China Changan Automobile Co., Ltd.	State-owned legal person shares	19.32%	928,044,946	-	139,762,403	788,282,543	No pledge or freeze	
China securities finance Co, Ltd	domestic general legal person shares	4.88%	234,265,333	-	-	-	No pledge or freeze	
United Prosperity Investment Co., Limited	foreign legal person shares	3.21%	154,120,237	-	-	-	No pledge or freeze	
Central Huijin Investment Ltd.	domestic general legal person shares	1.15%	55,393,100	-	-	-	No pledge or freeze	
DRAGON BILLION SELECT MASTER FUND	foreign legal person shares	0.85%	40,597,114	-	-	-	No pledge or freeze	
GIC PRIVATE LIMITED	foreign legal person shares	0.73%	35,283,393	-9,519,830	-	-	No pledge or freeze	
Hong Kong Central Settlement Co., Ltd.	foreign legal person shares.	0.73%	34,925,042	11,276,995	-	-	No pledge or freeze	
National Social Security Fund 107 Portfolio	fund, finance products, etc.	0.57%	27,581,041	27,581,041	-	-	No pledge or freeze	
China Life Insurance Co., Ltd. - Dividend - Individual Dividend - 005L - FH002 Deep	fund, finance products, etc.	0.57%	27,309,067	27,309,067	-	-	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.	788,282,543	RMB ordinary shares	788,282,543					
China securities finance Co, Ltd	234,265,333	RMB ordinary shares	234,265,333					
United Prosperity Investment Co., Limited	154,120,237	Domestic listed foreign shares	154,120,237					
Central Huijin Investment Ltd.	55,393,100	RMB ordinary shares	55,393,100					

DRAGON BILLION SELECT MASTER FUND	40,597,114	Domestic listed foreign shares	40,597,114
GIC PRIVATE LIMITED	35,283,393	Domestic listed foreign shares	35,283,393
Hong Kong Central Settlement Co., Ltd.	34,925,042	RMB ordinary shares	34,925,042
National Social Security Fund 107 Portfolio	27,581,041	RMB ordinary shares	27,581,041
China Life Insurance Co., Ltd. - Dividend - Individual Dividend - 005L - FH002 Deep	27,309,067	RMB ordinary shares	27,309,067
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

#### IV. The change of the controlling shareholders and the actual controllers

During the reporting period the change of controlling shareholders

Available  Not- available

No changes in controlling shareholders during the reporting period.

The change of the actual controllers during the reporting period

Available  Not- available

No changes in the actual controllers during the reporting period.

## Chapter 7 Information about Directors, Supervisors, Senior Management

### I. Share ownership of directors, supervisors and senior managers

Available  Not- available

The share ownership of the directors, supervisors and senior managers has no change during the reporting period. For details, please refer to 2018 annual report.

### II. Departure and Hiring information of the directors, supervisors and senior manager

Name	Duties	Type	Date	Reason
Yan Ming	Supervisory board chairman	Election	Jan 3th, 2019	Appointment due to work
Zhang Anguo	Supervisor	Departure	Jun 12th, 2019	Reached the statutory retirement age

## Chapter 8 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 semi-annual report**

Yes  No

## Chapter 9 The Financial Statements

### I. Auditing Report

Semi-annual report is audited

Yes  No

No audit on the semi-annual financial report.

### II. Financial statement ment

Financial in notes to the statements of the unit is: RMB yuan

#### 1. Consolidated Balance Sheet

In RMB Yuan

Account	Ending Balance	Opening Balance
<b>Current assets:</b>		
Cash	10,535,284,892.55	9,980,544,526.14
Transactional financial assets	1,570,658,462.58	-
Notes receivable	15,646,668,140.73	20,561,625,805.24
Accounts receivable	2,011,970,761.86	1,409,419,600.50
Prepayments	1,037,445,041.94	866,249,749.51
Other receivables	3,508,904,992.23	3,250,452,923.70
Interest receivable	4,581,253.52	17,432,805.54
Dividend receivable	74,897,909.69	-
Inventories	5,705,376,137.26	4,917,420,457.19
Other current assets	2,386,633,331.39	2,227,565,353.23
<b>Total current assets</b>	<b>42,402,941,760.54</b>	<b>43,213,278,415.51</b>
<b>Non-current assets:</b>		
Available-for-sale financial assets	-	1,957,873,311.31
Long-term receivables	13,951,703,216.21	13,275,170,118.83
Other equity investment	504,572,800.00	-
Investment properties	7,216,205.50	7,329,561.28
Fixed assets	23,096,697,122.71	22,161,054,058.31
Construction in progress	5,178,469,344.52	5,383,844,030.75
Intangible assets	5,157,430,063.87	5,018,243,552.80

Development expenditure	760,182,010.40	789,597,615.60
Goodwill	9,804,394.00	9,804,394.00
Long-term deferred expenses	16,237,755.41	17,104,601.67
Deferred tax assets	1,563,728,004.61	1,655,554,438.89
Other non-current assets	-	-
Total non-current assets	50,246,040,917.23	50,275,575,683.44
Total assets	92,648,982,677.77	93,488,854,098.95
Current liabilities:		
Short-term loans	210,000,000.00	190,000,000.00
Notes payable	13,769,475,508.94	14,807,862,262.39
Accounts payable	14,276,660,036.85	13,916,201,276.95
Advances from customers	2,956,683,361.56	1,556,482,278.92
Payroll payable	718,633,011.49	1,362,995,277.56
Taxes payable	291,143,424.37	669,316,487.25
Other payables	5,165,398,262.95	3,079,749,015.81
Interest payables	-	-
Dividend payables	86,527,416.00	79,742.80
Non-current liabilities due within one year	-	6,594,120.00
Other current liabilities	3,496,651,739.73	4,325,441,152.61
Total current liabilities	40,884,645,345.89	39,914,641,871.49
Non-current liabilities:		
Long-term loans	-	-
Long-term payable	305,774,538.84	303,590,824.69
Long term payroll payable	50,169,379.85	53,837,000.00
Estimated liabilities	3,592,278,128.96	3,245,322,744.12
Deferred earnings	3,811,225,620.05	3,683,308,534.73
Deferred tax liabilities	128,477,234.19	135,231,170.59
Total non-current liabilities	7,887,924,901.89	7,421,290,274.13
Total liabilities	48,772,570,247.78	47,335,932,145.62
Owners' equity:		
Share capital	4,802,648,511.00	4,802,648,511.00
Capital reserves	5,057,242,440.17	5,057,242,440.17
Other Comprehensive Income	258,077,778.57	235,509,930.44

Special reserves	72,654,099.18	41,222,369.10
Surplus reserves	2,401,324,255.50	2,401,324,255.50
Retained earnings	31,380,523,736.00	33,707,011,170.31
Equity attributable to owners	43,972,470,820.42	46,244,958,676.52
Minority interests	-96,058,390.43	-92,036,723.19
<b>Total equity</b>	<b>43,876,412,429.99</b>	<b>46,152,921,953.33</b>
Total liabilities and owner's equity	92,648,982,677.77	93,488,854,098.95

## 2. Balance sheet

In RMB Yuan

Account	Ending Balance	Opening Balance
<b>Current assets:</b>		
Cash	6,698,422,103.34	7,310,973,018.99
Transactional financial assets	175,370,000.00	-
Notes receivable	14,161,450,629.65	19,391,160,283.70
Accounts receivable	6,945,459,716.89	5,679,160,679.69
Prepayments	898,186,001.89	671,849,711.04
Other receivables	2,500,415,415.10	2,344,318,158.83
Interest receivable	-	17,432,805.54
Dividend receivable	-	-
Inventories	4,621,978,826.11	3,851,783,233.12
Other current assets	1,464,380,012.55	1,355,155,749.21
<b>Total current assets</b>	<b>37,465,662,705.53</b>	<b>40,604,400,834.58</b>
<b>Non-current assets:</b>		
Available-for-sale financial assets		541,182,000.00
Long-term equity investments	19,034,465,670.17	18,017,137,600.72
Other equity investment	494,662,800.00	-
Investment properties	-	-
Fixed assets	17,810,903,333.74	16,795,537,563.35
Construction in progress	4,015,173,896.05	4,114,409,774.13
Intangible assets	3,925,681,021.92	4,054,893,372.88
Development expenditure	621,830,546.25	559,309,970.45
Goodwill	-	-
Long-term deferred expenses	11,563,878.39	12,555,353.69

Deferred tax assets	1,441,043,727.65	1,533,057,523.95
Other non-current assets	-	250,000,000.00
Total non-current assets	47,355,324,874.17	45,878,083,159.17
Total assets	84,820,987,579.70	86,482,483,993.75
Current liabilities:		
Short-term loans	-	-
Notes payable	12,199,985,904.83	13,572,757,870.72
Accounts payable	11,427,979,197.45	10,690,985,635.15
Advances from customers	2,683,222,204.98	1,208,631,011.05
Payroll payable	402,607,121.40	1,001,765,362.99
Taxes payable	218,034,971.63	604,525,457.30
Other payables	3,839,324,170.55	3,219,909,047.22
Interest payables	-	-
Dividend payables	86,447,673.20	-
Non-current liabilities within one year	-	-
Other current liabilities	3,082,258,825.11	3,923,419,042.37
Total current liabilities	33,853,412,395.95	34,221,993,426.80
Non-current liabilities:		
Long-term loans	-	-
Long-term payable	236,869,351.54	248,240,115.29
Long term payroll payable	20,933,120.15	24,315,000.00
Estimated liabilities	2,498,529,264.52	2,372,512,543.49
Deferred earnings	2,864,067,397.18	2,827,208,446.74
Deferred tax liabilities	34,458,242.04	26,683,742.04
Total non-current liabilities	5,654,857,375.43	5,498,959,847.56
Total liabilities	39,508,269,771.38	39,720,953,274.36
Owners' equity:		
Share capital	4,802,648,511.00	4,802,648,511.00
Capital reserves	4,705,917,638.38	4,705,917,638.38
Other comprehensive income	149,525,803.58	149,525,803.58
Special reserves	25,951,495.71	19,835,367.61
Surplus reserves	2,401,324,255.50	2,401,324,255.50
Retained earnings	33,227,350,104.15	34,682,279,143.32
Total owners' equity	45,312,717,808.32	46,761,530,719.39



Total liabilities and owners' equity	84,820,987,579.70	86,482,483,993.75
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### 3. Consolidated Income Statement

In RMB Yuan

Account	Current Period	Prior Period
1.Total operating revenue	29,875,780,096.84	35,642,832,190.04
Operating revenue	29,875,780,096.84	35,642,832,190.04
2.Total operating costs	32,409,385,145.35	36,375,105,754.27
Operating cost	27,419,410,626.92	30,614,845,704.45
Tax and surcharges	1,080,270,474.78	1,286,915,201.57
Operating expenses	1,443,216,541.30	2,543,462,428.51
General and administrative expenses	1,260,364,119.97	1,048,876,421.66
Research and development expenses	1,302,956,091.53	1,106,524,840.39
Financial expenses	-96,832,709.15	-225,518,842.31
Interest expense	28,216,059.24	13,996,367.31
Interest income	128,484,820.10	263,722,875.78
Add: Other income	620,733,074.11	1,116,231,219.32
Investment income	-108,336,709.94	1,362,011,815.11
Including: Investment income from associates and joint venture	-108,336,709.94	1,362,011,815.11
Exchange gains		
Gains from changes in fair value	40,337,151.27	-
Credit impairment loss	-9,529,733.66	-
Asset impairment loss	-152,676,538.06	-108,941,422.42
Gain on disposal of assets	9,392,459.28	18,771,809.69
3.Operating profit	-2,133,685,345.51	1,655,799,857.47
Add: Non-operating income	18,836,680.44	29,318,896.76
Less: Non-operating expenses	12,645,067.20	52,348,762.93
4.Total profit	-2,127,493,732.27	1,632,769,991.30
Less: Income tax expense	116,567,696.08	15,288,317.83
5.Net profit	-2,244,061,428.35	1,617,481,673.47
Classification by going concern		
Net profit from continuing operations	-2,244,061,428.35	1,617,481,673.47
Net profit from discontinued operations		

Classification by ownership attribution		
Net profit attributable to owners	-2,240,039,761.11	1,609,606,578.84
Minority interests	-4,021,667.24	7,875,094.63
6.Other comprehensive income, net of tax	22,567,848.13	247,029,533.59
Net after-tax net of other comprehensive income attributable to the parent company owner	22,567,848.13	247,029,533.59
Other comprehensive income that will be reclassified into profit or loss	22,567,848.13	247,029,533.59
Other comprehensive income of convertible gains and losses under the equity method	-	289,756,488.89
Gains and losses from changes in fair value of available-for-sale financial assets	-	-23,536,500.00
Foreign currency financial statement translation difference	22,567,848.13	-19,190,455.30
7.Total comprehensive income	-2,221,493,580.22	1,864,511,207.06
Total comprehensive income attributable to owners	-2,217,471,912.98	1,856,636,112.43
Total comprehensive income attributable to minority interest	-4,021,667.24	7,875,094.63
8.Earnings per share		
Basic earnings per share	-0.47	0.34
Diluted earnings per share	-0.47	0.34

#### 4. Income Statement

In RMB Yuan

Account	Current Period	Prior Period
1.Operating revenue	26,805,108,322.22	34,209,065,716.02
Less: Operating cost	24,637,906,770.95	29,726,487,573.72
Tax and surcharges	855,166,897.03	1,092,437,739.80
Operating expenses	902,216,576.48	2,298,436,366.37
General and administrative expenses	670,820,794.55	715,915,096.88
Research and development expenses	1,347,276,655.86	1,088,618,476.49
Financial expenses	-88,753,361.46	-248,434,734.69

Interest expense	14,997,114.41	-
Interest income	109,584,194.58	256,209,477.45
Add: Other income	406,839,978.09	761,820,507.26
Investment income	-73,898,822.33	1,995,138,886.45
Including: Investment income from associates and joint venture	-78,048,193.41	1,362,011,815.11
Exchange gains		
Gains from changes in fair value	51,830,000.00	
Credit impairment loss	-4,381,254.25	
Asset impairment loss	-141,818,001.51	-114,014,999.44
Gain on disposal of assets	6,747,426.61	23,972,983.02
2. Operating profit	-1,274,206,684.58	2,202,522,574.74
Add: Non-operating income	14,232,341.29	22,601,200.00
Less: Non-operating expenses	8,718,726.38	44,712,292.46
3. Total profit	-1,268,693,069.67	2,180,411,482.28
Less: Income tax expense	99,788,296.30	-31,839,831.42
4. Net profit	-1,368,481,365.97	2,212,251,313.70
Net profit from continuing operations	-1,368,481,365.97	2,212,251,313.70
Net profit from discontinued operations		
5. Other comprehensive income, net of tax	-	266,219,988.89
Other comprehensive income that will be reclassified into profit or loss	-	266,219,988.89
Other comprehensive income of convertible gains and losses under the equity method	-	289,756,488.89
Gains and losses from changes in fair value of available-for-sale financial assets	-	-23,536,500.00
6. Total comprehensive income	-1,368,481,365.97	2,478,471,302.59
7. Earnings per share		
Basic earnings per share	-0.28	0.46
Diluted earnings per share	-0.28	0.46

## 5. Consolidated cash flow statement

In RMB Yuan

Account	Current Period	Prior Period
1.Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	37,501,789,702.13	47,598,885,985.36
Refunds of taxes	305,232,064.00	196,358,525.83
Cash received relating to other operating activities	3,464,749,370.24	1,720,885,871.60
Subtotal of cash inflows	41,271,771,136.37	49,516,130,382.79
Cash paid for goods and services	29,029,097,098.22	36,479,347,621.36
Cash paid to and on behalf of employees	2,984,764,831.32	3,423,077,482.78
Cash paid for all types of taxes	1,743,016,544.47	1,795,067,722.02
Cash paid relating to other operating activities	3,294,629,031.41	3,417,235,796.48
Subtotal of cash outflows	37,051,507,505.42	45,114,728,622.64
Net cash flows from operating activities	4,220,263,630.95	4,401,401,760.15
2.Cashflows from investing activities:		
Cash received from investment income	-	114,500,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	5,214,056.34	18,444,059.30
Cash received relating to other investing activities	1,478,695.29	17,358,750.00
Subtotal of cash inflows	6,692,751.63	150,302,809.30
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	2,438,475,206.69	3,071,429,581.17
Cash paid for acquisition of investments	936,788,517.00	52,243,750.00
Cash paid relating to other investing activities	315,938,190.60	-
Subtotal of cash outflows	3,691,201,914.29	3,123,673,331.17
Net cash flows from investing activities	-3,684,509,162.66	-2,973,370,521.87
3.Cash flows from financing activities:		
Cash received from borrowings	41,000,000.00	166,000,000.00
Cash received relating to other	37,159,887.74	880,129,667.40

financing activities		
Subtotal of cash inflows	78,159,887.74	1,046,129,667.40
Cash repayments of borrowings	27,708,100.00	171,300,000.00
Cash paid for distribution of dividends or profits and interest expenses	23,367,744.44	5,326,893.20
Cash paid relating to other financing activities	92,571,987.62	-
Subtotal of cash outflows	143,647,832.06	176,626,893.20
Net cash flows from financing activities	-65,487,944.32	869,502,774.20
4.Effect of changes in exchange rate on cash	29,186,874.52	18,804,298.88
5.Net increase in cash and cash equivalents	499,453,398.49	2,316,338,311.36
Add: Opening balance of cash and cash equivalents	9,648,153,614.80	21,451,305,090.53
6.Closing balance of cash and cash equivalents	10,147,607,013.29	23,767,643,401.89

## 6. Cash flow statement

In RMB Yuan

Account	Current Period	Prior Period
1.Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	34,665,878,858.45	45,723,211,451.95
Refunds of taxes	-	-
Cash received relating to other operating activities	2,199,853,209.77	1,227,875,965.34
Subtotal of cash inflows	36,865,732,068.22	46,951,087,417.29
Cash paid for goods and services	26,688,730,896.99	34,485,733,663.71
Cash paid to and on behalf of employees	2,093,118,245.08	2,753,479,395.91
Cash paid for all types of taxes	1,228,855,624.27	1,308,603,097.31
Cash paid relating to other operating activities	3,878,425,262.91	3,359,852,336.20
Subtotal of cash outflows	33,889,130,029.25	41,907,668,493.13

Net cash flows from operating activities	2,976,602,038.97	5,043,418,924.16
2.Cashflows from investing activities:		
Cash received from return on investments	-	839,201.56
Cash received from investment income	4,398,333.33	119,200,416.67
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	-	18,417,859.30
Cash received relating to other investing activities	-	100,000,000.00
Subtotal of cash inflows	4,398,333.33	238,457,477.53
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	2,281,259,200.99	2,869,658,085.59
Cash paid for acquisition of investments	997,294,972.55	157,000,000.00
Cash paid relating to other investing activities	300,000,000.00	200,000,000.00
Subtotal of cash outflows	3,578,554,173.54	3,226,658,085.59
Net cash flows from investing activities	-3,574,155,840.21	-2,988,200,608.06
3.Cash flows from financing activities:		
Cash received from borrowings	-	-
Cash received relating to other financing activities	-	461,856,503.42
Subtotal of cash inflows	-	461,856,503.42
Cash repayments of borrowings	-	-
Cash paid for distribution of dividends or profits and interest expenses	14,997,114.41	-
Cash paid relating to other financing activities	-	-
Subtotal of cash outflows	14,997,114.41	-
Net cash flows from financing activities	-14,997,114.41	461,856,503.42
4.Effect of changes in exchange rate on cash	-	-
5.Net increase in cash and cash	-612,550,915.65	2,517,074,819.52

equivalents		
Add: Opening balance of cash and cash equivalents	7,310,973,018.99	20,172,657,984.53
6.Closing balance of cash and cash equivalents	6,698,422,103.34	22,689,732,804.05

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

In RMB Yuan

Items	Current period									
	Equity attributable to owners								Minority interest	Total equity
	Share capital	Capital reserves	Less: Treasury shares	Special reserves	Surplus reserves	General reserves	Retained earnings	Other comprehensive income		
I. At end of last year	4,802,648,511.00	5,057,242,440.17	-	41,222,369.10	2,401,324,255.50		33,707,011,170.31	235,509,930.44	-92,036,723.19	46,152,921,953.33
II. At beginning of year	4,802,648,511.00	5,057,242,440.17	-	41,222,369.10	2,401,324,255.50		33,707,011,170.31	235,509,930.44	-92,036,723.19	46,152,921,953.33
III. Changes during the year	-	-	-	31,431,730.08	-		-2,326,487,434.31	22,567,848.13	-4,021,667.24	-2,276,509,523.34
1. Total comprehensive income							-2,240,039,761.11	22,567,848.13	-4,021,667.24	-2,221,493,580.22
2. Capital contributed by owners and capital decreases										-
3. Distribution of profit							-86,447,673.20			-86,447,673.20
Distribution to owners							-86,447,673.20			-86,447,673.20
4. Special reserves				31,431,730.08						31,431,730.08
(1) Pick-up in current period				36,229,412.78						36,229,412.78
(2) Used in current period				-4,797,682.70						-4,797,682.70
IV. At end of current period	4,802,648,511.00	5,057,242,440.17	-	72,654,099.18	2,401,324,255.50	-	31,380,523,736.00	258,077,778.57	-96,058,390.43	43,876,412,429.99



## Prior period

In RMB Yuan

Items	Prior period									
	Equity attributable to owners								Minority interest	Total equity
	Share capital	Capital reserves	Less: Treasury shares	Special reserves	Surplus reserves	General reserves	Retained earnings	Other comprehensive income		
I. At end of last year	4,802,648,511.00	5,099,405,956.94	-	28,279,733.06	2,401,324,255.50	-	35,184,073,061.94	82,959,423.84	-135,511,683.82	47,463,179,258.46
II. At beginning of year	4,802,648,511.00	5,099,405,956.94	-	28,279,733.06	2,401,324,255.50	-	35,184,073,061.94	82,959,423.84	-135,511,683.82	47,463,179,258.46
III. Changes during the year	-	-	-	17,709,058.85	-	-	-548,183,704.82	247,029,533.59	7,875,094.63	-275,570,017.75
1. Total comprehensive income	-	-	-	-	-	-	1,609,606,578.84	247,029,533.59	7,875,094.63	1,864,511,207.06
2. Capital contributed by owners and capital decreases										
3. Distribution of profit	-	-	-	-	-	-	-2,157,790,283.66	-	-	-2,157,790,283.66
Distribution to owners	-	-	-	-	-	-	-2,157,790,283.66	-	-	-2,157,790,283.66
4. Special reserves	-	-	-	17,709,058.85	-	-	-	-	-	17,709,058.85
(1) Pick-up in current period	-	-	-	40,997,574.06	-	-	-	-	-	40,997,574.06
(2) Used in current period	-	-	-	-23,288,515.21	-	-	-	-	-	-23,288,515.21
IV. At end of current period	4,802,648,511.00	5,099,405,956.94	-	45,988,791.91	2,401,324,255.50	-	34,635,889,357.12	329,988,957.43	-127,636,589.19	47,187,609,240.71

## 8. Statement of changes in shareholders' equity

In RMB Yuan

Items	Current period							
	Share capital	Capital reserves	Less: Treasury shares	Special reserves	Surplus reserves	Retained earnings	Other comprehensive income	Total equity
I. At end of last year	4,802,648,511.00	4,705,917,638.38		19,835,367.61	2,401,324,255.50	34,682,279,143.32	149,525,803.58	46,761,530,719.39
II. At beginning of year	4,802,648,511.00	4,705,917,638.38	-	19,835,367.61	2,401,324,255.50	34,682,279,143.32	149,525,803.58	46,761,530,719.39
III. Changes during the year	-	-	-	6,116,128.10	-	-1,454,929,039.17	-	-1,448,812,911.07
1. Total comprehensive income						-1,368,481,365.97	-	-1,368,481,365.97
2. Capital contributed by owners and capital decreases								-
The amount of shares paid into the owner's equity								
3. Distribution of profit						-86,447,673.20		-86,447,673.20
Distribution to owners						-86,447,673.20		-86,447,673.20
4. Special reserves				6,116,128.10				6,116,128.10
(1) Pick-up in current period				23,037,668.82				23,037,668.82
(2) Used in current period				-16,921,540.72				-16,921,540.72
IV. At end of current period	4,802,648,511.00	4,705,917,638.38	-	25,951,495.71	2,401,324,255.50	33,227,350,104.15	149,525,803.58	45,312,717,808.32

Prior period

In RMB Yuan

Items	Prior period							
	Share capital	Capital reserves	Less: Treasury shares	Special reserves	Surplus reserves	Retained earnings	Other comprehensive income	Total equity
I. At end of last year	4,802,648,511.00	4,717,192,101.72	-	12,013,706.73	2,401,324,255.50	36,640,962,334.05	132,520,410.88	48,706,661,319.88
II. At beginning of year	4,802,648,511.00	4,717,192,101.72	-	12,013,706.73	2,401,324,255.50	36,640,962,334.05	132,520,410.88	48,706,661,319.88
III. Changes during the year	-	-	-	10,769,602.18	-	54,461,030.04	266,219,988.89	331,450,621.11
1.Total comprehensive income	-	-	-	-	-	2,212,251,313.70	266,219,988.89	2,478,471,302.59
2. Capital contributed by owners and capital decreases								
The amount of shares paid into the owner's equity								
3. Distribution of profit	-	-	-	-	-	-2,157,790,283.66	-	-2,157,790,283.66
Distribution to owners	-	-	-	-	-	-2,157,790,283.66	-	-2,157,790,283.66
4. Special reserves	-	-	-	10,769,602.18	-	-	-	10,769,602.18
(1) Pick-up in current period	-	-	-	28,985,079.84	-	-	-	28,985,079.84
(2) Used in current period	-	-	-	-18,215,477.66	-	-	-	-18,215,477.66
IV. At end of current period	4,802,648,511.00	4,717,192,101.72	-	22,783,308.91	2,401,324,255.50	36,695,423,364.09	398,740,399.77	49,038,111,940.99

### III. CORPORATE INFORMATION

Chongqing Changan Automobile Company Limited (hereafter referred to as the “Company”) was established by China Changan Automobile Group (hereafter referred to as the “Changan Group”) as the individual originator on 31 October 1996. The company was set up using the group’s net asset relating to the operation of mini cars and engine, the shares it owned in Chongqing Changan Suzuki company limited (equal to 506,190,000 shares of the Company) and the fund raised from the issuance of 250,000,000 foreign capital stock (B shares), with total share capital of RMB756,190,000.

With the approval of China Securities Regulatory Commission, the company initially floated on share market on 19 May 1997 by issuing 120,000,000 common shares (A share) to the public. The offering increased the total share capital to RMB 876,190,000.

On 26 June 1998, the Company issued 4 shares for each 10 shares to existing shareholders of the original 876,190,000 shares. The issuance was made from capital reserve and increased the total share capital to RMB 1,226,666,000.

On 26 May 2004, the Company offered 2 bonus shares for each 10 shares held by existing shareholders, which increased the total share capital from RMB 1,226,666,000 to RMB 1,471,999,200.

On 26 August 2004, with the approval of China Securities Regulatory Commission, the Company offered 148,850,000 common shares (A share) to the market, which increased the total share capital to RMB 1,620,849,200.

In December 2005, China South Industries Group Corporation (hereafter referred to as the “South Group”), the ultimate parent company, used the common share (850,399,200 shares) owned by its subsidiary, Changan Group, as part of the investment to establish China South Industries Motor Company (hereafter referred to as “South Industries Motor”). The share occupied 52.466% of the Company’s total share capital. Therefore, South industries Motor became the parent company of the Company. On 30 March 2006, the transfer of share was registered by Shenzhen branch of China Securities Depository and Clearing Corporation limited.

In May 2006, South Industries Motor issued 3.2 bonus shares for each 10 shares to the shareholders at the implementation date of reformation of non-tradable shares for their non-tradable shares according to the” Reply of the problems related to the reformation of non-tradable shares of Chongqing Changan Automobile Co., Ltd.” (2006[442] Guo Zi Chan Quan) issued by the State-owned Assets Supervision and Administration Commission of State Council and the related shareholder’s meeting. After the reformation of non-tradable shares, South Industries Motor occupied 45.548% of equity through 738,255,200 common shares.

On 15 May 2007, the Company issued 2 bonus shares for each 10 shares to existing shareholders, which increased the total share capital from RMB 1,620,849,200 to RMB 1,945,019,040.

On 30 May 2008, the Company issued 2 shares for each 10 shares owned by existing shareholders. The issuance was made from capital reserve and increased the total share capital to RMB 2,334,022,848.

On 3 March 2009, the secondary temporary shareholder meeting was held. The board resolution about ‘the reacquisition of foreign capital stock listed in China’ was approved in the meeting. For the buyback period ended on 3 March 2010, the company repurchased

8,365,233 shares in total, equal to 0.3584% of total capital. On 17 March 2009, the company cancelled the share and the share capital decreased to RMB 2,325,657,615.

On 1 July 2009, with the approval of State Administration for Industry and Commercial, South industries Motor, the parent company changed its name to China Changan Automobile Industry (Group) Co., Ltd. (hereafter referred to as the “China Changan”).

With the approval of China Securities Regulatory Commission on 14 January 2011, the Company issued 360,166,022 common shares (A share), which increased the total share capital to RMB 2,685,823,637. After the completion of the issuance, China Changan holds 1,163,787,489 shares of the Company's common stock, and the held equity interest decreased to 43.33%.

On 18 May 2011, the Company issued 4 bonus shares for each 10 shares and issued 4 shares to 10 shares from capital reserve to existing shareholders. After this issuance, the total share capital has been increased to RMB 4,834,482,546.

On 21 December 2011, the first temporary shareholder meeting was held. The board resolution about ‘the reacquisition of foreign capital stock listed in China’ was approved in the meeting. For the buyback period ended on 20 March 2012, the company repurchased 171,596,438 shares in total, equal to 3.55% of total capital. On 30 March 2012, the company cancelled the share and the share capital decreased to RMB 4,662,886,108.

During 2013 and 2014, China Changan, the parent company of the Company, continuously sold 181,260,000 and 89,962,264 shares in total in secondary market. As at 31 December 2014, China Changan holds 1,823,595,216 shares of the Company’s ordinary shares, with shares proportion decreasing to 39.11%.

With the approval of China Securities Regulatory Commission on 14 September 2016, the Company issued 139,762,403 non-public common shares (A share) to China Changan Automobile Industry (Group) Co., Ltd., which caused the total share capital increased to RMB 4,802,648,511. After the completion of the issuance, China Changan holds 1,963,357,619 shares of the Company's common stock, with shares proportion increasing to 40.88%.

On June 15, 2018, with the approval of the state-owned assets supervision and administration commission of the state council, China Changan, the controlling shareholder of the company, transfers the 1,035,312,673 a-share shares held by the company to the ultimate holding company of the company, South Group and equipment group co., ltd. free of charge.

On December 31, 2018, the controlling shareholder of the company, China Changan and its wholly-owned subsidiary, Zhonghui futong (Hong Kong) investment co., LTD., together held 1,082,165,183 ordinary shares of the company, with an equity ratio of 22.53%. The ultimate controlling company of the company is China South Industries Group Co., Ltd.

The Group's main business activities are: the manufacture and sales of automobiles, automobile engine series products and accessory parts.

The scope of consolidation in the consolidated financial statement is determined based on control. For the change of the consolidation scope, please refer to Note 8.

## IV. BASIS OF PREPERATION

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.

## V. 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 (note 5 (9-10)), inventory valuation (Note 5 (11)), depreciation of fixed assets, intangible assets amortization (Note 5 (14) (17)), condition of capitalization of research and development expense (Note 5 (18)) and revenue recognition and measurement (Note 5 (24)).

### 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 30 June 2019 and the financial results and the cash flows for the half 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 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 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 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 recognises the remaining difference in profit or loss.

If a business combination not under the same control is realized step by step through multiple transactions, the equity of the purchased party held before the purchase date shall be re-measured according to the fair value of the equity on the purchase date, and the difference between the fair value and the book value shall be included in the calculation. Current profit and loss; if the equity of the purchased party held before the purchase date involves other comprehensive income under the equity method, it shall be accounted for on the same basis as the investee directly disposes the relevant assets or liabilities, except for net profit or loss, other comprehensive income. Changes in other shareholders' equity other than the profit distribution are transferred to the current profit and loss of the purchase date.

## 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 venturers. Joint ventures refer to those joint venture arrangements, only the right to net assets of which is enjoyed by the joint venturers.

Any joint venturer 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.

## 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

### (1) Financial instruments (Applicable since January 1, 2019)

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.

The Group derecognizes a financial asset (or part of a financial asset, or part of a group of similar financial assets), be written off from the account and balance sheet, when the following conditions are met:

- (1) the rights to receive cash flows from the asset have expired;
- (2) the Group transferred the rights to receive cash flows from the asset, or has assumed an 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 asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the underlying obligation of a financial liability has been discharged or cancelled or has expired, the financial liability is derecognized. If an existing financial liability is replaced by the same creditor, with a new financial liability that has substantially different terms, or if the terms of an existing financial liability are substantially revised, such replacement or revision is accounted for as the derecognition of the original liability and the recognition of a new liability, and the difference thus resulted is recognized in profit or loss for the current period.

When buy or sell financial instruments under a normal way, financial instruments are recognized or derecognized according to the transaction date accounting. A normal way to buy or sell financial instruments refers to, according to the contract terms, receive or deliver financial instruments within the period as required by legal regulation or generally accepted guidelines. Transaction date refers to the date when the Group committed to buy or sell financial instruments.

#### Classification and measurement of financial assets

At the initial recognition, according to the business model of managing financial assets and the contractual cash flow characteristics of financial assets, the Company classifies the financial assets into the financial assets measured at fair value and whose changes are included in current profit or loss, the financial assets measured at amortized cost, the financial assets measured at fair value and whose changes are included in other comprehensive income. A financial asset is recognized initially at fair value. However, if the accounts receivable or bills receivable arising from the sale of goods or the provision of services do not contain significant financing elements or the financing elements not exceeding one year, the initial measurement shall be made according to the transaction price.

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

##### *Financial assets measured at amortized cost*

The Company classifies the financial assets that meet the following conditions as financial assets measured at amortized cost: the group's business model for managing the financial assets is to collect contractual cash flows; the contractual terms of the financial assets stipulate that cash flow generated on a specific date is only paid for the principal and interest based on the outstanding principal amount. After initial recognition, such financial assets are measured at amortized cost by using the effective interest method. Gains or losses arising from financial assets which are measured at amortized cost and are not a component of any hedging relationship are included in current profit or loss when being derecognized, amortized by effective interest method, or impaired. Such financial assets mainly include monetary funds, accounts receivable and notes receivable, other receivables, creditor's rights investment and long-term receivables. The Group will present the creditor's rights investment and long-term receivables maturing within one year from the balance sheet date as non-current assets maturing within one year, and the creditor's rights investment within one year from the original maturity date as other current assets.

##### *Debt Instrument Investment measured at fair value and whose changes are included in other comprehensive income*

Financial assets that meet the following conditions are classified as financial assets measured at fair value and whose changes are

included in other comprehensive gains: the business model of the Group's management of the financial assets is both to collect contractual cash flows and to sell financial assets; the terms of the contract of the financial assets stipulate that the financial assets shall be subject to specific conditions. The cash flow generated by the date is only the payment of principal and interest based on the amount of outstanding principal. The real interest rate method is used to confirm the interest income of such financial assets. Except that interest income, impairment loss and exchange difference are recognized as current gains and losses, other changes in fair value are included in other comprehensive gains. When financial assets are terminated, the accumulated gains or losses previously included in other comprehensive gains are transferred from other comprehensive gains and recorded in current profits and losses. Such financial assets are reported as other creditor's rights investment, other creditor's rights investment due within one year from the balance sheet date is reported as non-current assets due within one year, and other creditor's rights investment due within one year from the original maturity date is reported as other current assets.

*Equity Instrument Investment Measured at Fair Value and Its Changes Included in Other Comprehensive Income*

The Group irrevocably chooses to designate some non-tradable equity instrument investments as financial assets measured at fair value and whose changes are included in other comprehensive income. Only relevant dividend income (excluding dividend income explicitly recovered as part of investment cost) is included in current profits and losses, and subsequent changes in fair value are included in its current profits and losses. His comprehensive income does not require any provision for impairment. When financial assets are terminated, the accumulated gains or losses previously included in other comprehensive gains are transferred from other comprehensive gains and included in retained earnings. Such financial assets are reported as investments in other equity instruments.

If one of the following conditions is satisfied, it belongs to transactional financial assets: the purpose of acquiring relevant financial assets is mainly to sell or repurchase in the near future; it belongs to a part of the identifiable financial instruments portfolio under centralized management, and there is objective evidence that enterprises have adopted short-term profitability mode in the near future; it belongs to derivative instruments, but it does not belong to derivative instruments. The derivatives designated as valid hedging instruments and in accordance with financial guarantee contracts shall be excluded.

*Financial Assets Measured at Fair Value and Their Changes Included in Current Profits and Losses*

The above-mentioned financial assets measured at amortized cost and those measured at fair value and whose changes are included in other comprehensive income are classified as financial assets measured at fair value and whose changes are included in current profits and losses. For such financial assets, fair value is used for subsequent measurement, and all changes in fair value are included in current profits and losses. Such financial assets are reported as transactional financial assets, and other non-current financial assets whose maturity exceeds one year from the balance sheet date and whose expected holdings exceed one year are reported as other non-current financial assets.

Only when accounting mismatches can be eliminated or significantly reduced can financial assets be designated as financial assets measured at fair value and recorded in current profits and losses at the initial measurement.

When an enterprise designates a financial asset as a financial asset measured at fair value and its changes are included in current profits and losses, it can not be reclassified as other financial assets; nor can other financial assets be re-designated as a financial asset measured at fair value after initial confirmation and its changes are included in current profits and losses.

Classification and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified into the following categories: financial liabilities at fair value through profit or loss, other financial liabilities, and the derivatives designated as effective hedging instrument. For financial liabilities at fair value through profit or loss, relevant transaction costs are directly recognized in profit or loss for the current period, and transaction costs relating to other financial liabilities are included in the initial recognition amounts.

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

*Financial liabilities measured at fair value and recorded in current profits and losses*

Financial liabilities, which are measured at fair value and whose changes are included in current profits and losses, include transactional financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities designated at the time of initial recognition as financial liabilities measured at fair value and whose changes are included in current profits and losses.

Those who satisfy one of the following conditions are transactional financial liabilities: the purpose of assuming relevant financial liabilities is mainly to sell or repurchase in the near future; they are part of a centrally managed identifiable portfolio of financial instruments, and there is objective evidence that enterprises have adopted short-term profitability mode in the near future; they are derivatives, but they are not. The derivatives designated as valid hedging instruments and in accordance with financial guarantee contracts shall be excluded. Transactional financial liabilities (including derivatives belonging to financial liabilities) are subsequently measured according to fair value. Except for hedging accounting, all changes in fair value are included in current profits and losses.

*Other financial liabilities*

After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Impairment of financial assets

Based on anticipated credit losses, the Group undertakes impairment treatment of financial assets measured at amortized cost, investment in debt instruments measured at fair value and whose changes are included in other comprehensive gains, and confirms loss preparation.

Credit loss refers to the difference between the cash flow of all contracts discounted according to the original real interest rate and the expected cash flow of all contracts receivable according to the contract, i.e. the present value of all cash shortages. Among them, the financial assets purchased by the Group or originated from which credit impairment has occurred shall be discounted at the actual interest rate adjusted by the credit of the financial assets.

For receivables and contractual assets that do not contain significant financing components, the Group uses simplified measurement methods to measure loss preparation in accordance with the amount of anticipated credit losses equivalent to the entire life cycle.

In addition to the simplified measurement method mentioned above, the Group assesses whether its credit risk has increased significantly since the initial confirmation on each balance sheet day. If the credit risk has not increased significantly since the initial confirmation, it is in the first stage, and the Group is in accordance with the amount equivalent to the expected credit loss in the next

12 months. If the credit risk has increased significantly since the initial confirmation, but no credit impairment has occurred, it is in the second stage. The group measures the loss preparation according to the amount equivalent to the anticipated credit loss during the whole life period, and calculates the interest income according to the book balance and the actual interest rate. Interest income is calculated with the actual interest rate; if credit impairment occurs after initial confirmation, it is in the third stage. The group measures loss preparation according to the amount equivalent to the expected credit loss during the whole life period, and calculates interest income according to the amortized cost and the actual interest rate. For financial instruments with low credit risk on balance sheet day, the Group assumes that their credit risk has not increased significantly since the initial confirmation.

The Group evaluates the expected credit losses of financial instruments on a single and combined basis. Considering the credit risk characteristics of different customers, the Group evaluates the expected credit losses of financial instruments based on the age portfolio.

In assessing anticipated credit losses, the Group takes into account reasonable and valid information on past events, current conditions and future economic forecasts.

When the Group no longer reasonably expects to be able to recover all or part of the cash flow of the financial assets contract, the Group directly deducts the book balance of the financial assets.

#### 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 recognised 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.

If the transfer of financial assets is continued to be involved by providing financial guarantee, the assets formed by the continued involvement shall be confirmed according to the lower of the book value of the financial assets and the amount of financial guarantee. The amount of financial guarantee refers to the maximum amount that will be required to be repaid in the consideration received.

## **(2) Financial instruments (Applicable before January 1, 2019)**

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.

The Group derecognizes a financial asset (or part of a financial asset, or part of a group of similar financial assets), be written off from the account and balance sheet , when the following conditions are met:

- (1) the rights to receive cash flows from the asset have expired;
- (2) the Group transferred the rights to receive cash flows from the asset, or has assumed an 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 asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the underlying obligation of a financial liability has been discharged or cancelled or has expired, the financial liability is derecognized. If an existing financial liability is replaced by the same creditor, with a new financial liability that has substantially different terms, or if the terms of an existing financial liability are substantially revised, such replacement or revision is accounted for as the derecognition of the original liability and the recognition of a new liability, and the difference thus resulted is recognized in profit or loss for the current period.

When buy or sell financial instruments under a normal way, financial instruments are recognized or derecognized according to the transaction date accounting. A normal way to buy or sell financial instruments refers to, according to the contract terms, receive or deliver financial instruments within the period as required by legal regulation or generally accepted guidelines. Transaction date refers to the date when the Group committed to buy or sell financial instruments.

#### Classification and measurement of financial assets

Financial assets are, on initial recognition, classified into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets, and the derivatives designated as effective hedging instrument. A financial asset is recognized initially at fair value. In the case of financial assets at fair value through profit or loss, relevant transaction costs are directly charged to the profit and loss of the current period; transaction costs relating to financial assets of other categories are included in the amount initially recognized.

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

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial

recognition as at fair value through profit or loss. A financial asset held for trading is the financial asset that meets one of the following conditions: the financial asset is acquired for the purpose of selling it in a short term; the financial asset is a part of a group of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this group for the purpose of short-term profits; the financial asset is a derivative, except for a derivative that is designated as effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured. For such kind of financial assets, fair values are adopted for subsequent measurement. All the realized or unrealized gains or losses on these financial assets are recognized in profit or loss for the current period. Dividend or interest income related to financial assets at fair value through profit or loss is recognized in profit or loss for the current period.

#### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. Such kind of financial assets are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognition, impairment or amortization are recognized in profit or loss for the current period.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such kind of financial assets are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognition, impairment or amortization are recognized in profit or loss for the current period.

#### *Available-for-sale financial assets*

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as the above financial assets. After initial recognition, available-for-sale financial assets are measured at fair value. The premium/discount is amortized using effective interest method and recognized as interest income or expense. A gain or loss arising from a change in the fair value of an available-for-sale financial asset is recognized in other comprehensive income as a component of capital reserve, except for impairment losses and foreign exchange gains and losses resulted from monetary financial assets, until the financial asset is derecognized or determined to be impaired, at which time the accumulated gain or loss previously recognized in capital reserve is removed from capital reserve and recognized in profit or loss for the current period. Interests and dividends relating to an available-for-sale financial asset are recognized in profit or loss for the current period.

The equity investment instruments, for which there is no quoted price in active market and whose fair value cannot be reliably measured, shall be measured at cost.

#### Classification and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified into the following categories: financial liabilities at fair value through profit or loss, other financial liabilities, and the derivatives designated as effective hedging instrument. For financial liabilities at fair value through profit or loss, relevant transaction costs are directly recognized in profit or loss for the current period,

and transaction costs relating to other financial liabilities 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 those designated as at fair value through profit or loss. A financial liability held for trading is the financial liability that meets one of the following conditions: the financial liability is assumed for the purpose of repurchasing it in a short term; the financial liability is a part of a group of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this group for the purpose of short-term profits; the financial liability is a derivative, except for a derivative that is designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price form an active market) whose fair value cannot be reliably measured. For such kind of financial liabilities, fair values are adopted for subsequent measurement. All the realized or unrealized gains or losses on these financial liabilities are recognized in profit or loss for the current period.

#### *Other financial liabilities*

After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

#### 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 recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### Impairment of financial assets

The Group assesses the carrying amount of a financial asset, at the balance sheet date. If there is objective evidence that the financial asset is impaired, the Group makes provision for the impairment loss. Objective evidence that a financial asset is impaired is evidence arising from one or more events that occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset which can be reliably estimated.

#### *Financial assets carried at amortized cost*

When the financial assets carried at amortized cost are impaired, the carrying amount of the financial asset shall be reduced to the present value of the estimated future cash flow (excluding future credit losses that have not been incurred). The amount of reduction is recognized as an impairment loss in the income statement. Present value of estimated future cash flow is discounted at the financial asset's original effective interest rate and includes the value of any related collateral.

If a financial asset is individually significant, the Group assesses the asset individually for impairment, and recognizes the amount of



impairment in the income statement if there is objective evidence of impairment. For a financial asset that is not individually significant, the Group can include the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Assets for which an impairment loss is individually recognized will not be included in a collective assessment of impairment.

If, subsequent to the recognition of an impairment loss on a financial asset carried at amortized cost, there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed and recognized in the income statement. However, the reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed.

#### *Available-for-sale financial assets*

When there is objective evidence that the asset is impaired, the cumulative loss from declines in fair value that had been recognized directly in capital reserve are removed from equity and recognized in the income statement. The amount of the cumulative loss that is removed from capital reserves and recognized in the income statement (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in the income statement.

Impairment of financial assets In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is “significant” or “prolonged” requires judgement. “Significant” is evaluated against the original cost of the investment and “prolonged” against the period in which the fair value has been below its original cost. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is “significant” or “prolonged” requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

#### *Financial assets carried at cost*

If objective evidence shows that the financial assets carried at cost are impaired, the difference between the present value discounted at the prevailing rate of return of similar financial assets and the book value of the financial asset are provided as a provision and recognized in the current income statement. The impairment loss recognized cannot be reversed.

#### 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. Accounts receivable

### (1) Accounts receivable (effective since 1 January 2019)

The determination method and accounting treatment method of the anticipated credit loss of bills receivable and accounts receivable of the Group as of January 1, 2019 are detailed in this chapter "9. Financial instruments (for trial use as since January 1, 2019)".

### (2) Accounts receivable (effective before 1 January 2019)

① Accounts receivable which is individually significant and analyzed individually for provision :

Criterion for individually significant items	Accounts receivable balance greater than RMB15 million due from non-related parties
Method for provision	A provision of the difference between recoverable amount and book value is recognized based on individually analysis

② Accounts receivable analyzed by credit risk characteristics group for provision :

Criterion for group	
Group 1	Accounts receivable due from non-related parties other than individually significant items or insignificantly but analyzed individually for provision
Group 2	Accounts receivable due from related parties
Method for the provision of group	
Group 1	Making provision according to aging analysis
Group 2	A provision of the difference between recoverable amount and book value is recognized based on individually analysis.

Group 1, the provision analyzed according to aging analysis:

Aging	Accounts receivable Provision percentage (%)	Other receivables Provision percentage (%)
Within 1 year		
Within 6 months	0	0

6 to 12 months	5	5
1 to 2 years	10	10
2 to 3 years	30	30
3 to 4 years	50	50
4 to 5 years	80	80
Above 5 years	100	100

③Accounts receivable which is individually insignificant but analyzed individually for provision

Criterion for individually analysis for provision	There is objective evidence that the accounts receivable due from non-related parties is impaired and the future recoverable possibility is little.
Method for provision	A provision of the difference between recoverable amount and book value is recognized individually.

## 11. 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 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.

## 12. 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 beard 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, 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 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.

### 13. 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.

### 14. 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:

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.

## 15. 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.

## 16. 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 of sale.

The capitalization of borrowing costs 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 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.

## 17. 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.

## 18. 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.

## 19. 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 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.

## 20. 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.

## 21. 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

Termination benefits are recognised 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.

## **22. 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.

## **23. 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 a 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 13).

Within the vesting period or before the prescribed performance conditons 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.

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.

## 24. 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

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.

## **25. 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.

## 26. 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.
- (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.

At the same time, when the following conditions are met, the deferred income tax assets and deferred income tax liabilities are shown as net after offsetting: they have the legal right to settle current income tax assets and current income tax liabilities in net terms; deferred income tax assets and deferred income tax liabilities are levied on the same taxpayable subject by the same tax collection and administration department. Income tax is related to or related to different tax payers, but in the future, during each important period of the transfer of deferred income tax assets and deferred income tax liabilities, the tax payers involved intend to settle the current income tax assets and current income tax liabilities in net or to acquire assets and pay off debts simultaneously.

## 27. 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 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.

## 28. Profit distribution

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

## 29. 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.

### 30. 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.

### 31. 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 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.

#### Uncertainty of accounting estimates

The following are the key assumptions about the future on the balance sheet date and other key sources of uncertainty in estimating assets and liabilities that may lead to significant adjustments in the book value of assets and liabilities in future accounting periods.

#### *Impairment of available-for-sale*

Prior to January 1, 2019, the Group classified certain assets as financial assets for sale and included changes in their fair value directly in other comprehensive earnings. When the fair value falls, management assumes that the value falls to determine whether there is a loss of impairment that needs to be recognized in the profits and losses.

#### *Impairment of financial instruments*

The Group uses the anticipated credit loss model to evaluate the impairment of financial instruments. The application of the anticipated credit loss model needs to make significant judgments and estimates, taking into account all reasonable and reliable information, including forward-looking information. In making such judgments and estimates, the Group infers the expected changes in the debtor's credit risk based on historical repayment data combined with economic policies, macroeconomic indicators, industry risks and other factors.

#### *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.

#### *Bad debt provisions*

Provisions are made under the allowance method. For each individually significant receivable, the impairment test should be conducted individually. Where there is evidence that indicates impairment, the loss should be recognized with the respective provision accrued, equaling to the difference between the present value of the future cash flows and the book value of receivables. For other receivables concerned, management should accrue the general provisions, along with the receivables individually tested while no impairment incurred, taking in account the collectability.

#### *Inventory impairment based on the net realizable value*

According to accounting policy, inventories shall be measured at the lower of cost and the net realizable value. Provision for inventories is recognized in the income statement when the cost is higher than the net realizable value and when the inventories are obsolete and slow-moving. The Group will reassess whether a single inventory is obsolete, slow-moving or whether the net realizable value is lower than the inventories' cost at end of each year.

#### *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.

**32. Changes in accounting policies and estimates**Changes in accounting policies

In 2017, the Ministry of Finance promulgated revised Accounting Standards for Enterprises No. 22 - Recognition and Measurement of Financial Instruments, Accounting Standards for Enterprises No. 23 - Transfer of Financial Assets, Accounting Standards for Enterprises No. 24 - Hedging and Accounting Standards for Enterprises No. 37 - Presentation of Financial Instruments (abbreviated as "New Financial Workers"). Since January 1, 2019, the Group has carried out accounting treatment in accordance with the newly revised above-mentioned standards. According to the cohesion rules, the information during the comparable period is not adjusted.

*New Financial Instrument Guidelines*

The new financial instrument standards have changed the classification and measurement methods of financial assets, and identified three main measurement categories: amortized cost; fair value measurement and its changes are included in other comprehensive income; fair value measurement and its changes are included in current profits and losses. Enterprises need to consider their own business model, as well as the characteristics of contractual cash flow of financial assets for the above classification. Equity instrument investment should be measured at fair value and its changes should be included in current profits and losses. However, when initial confirmation is made, non-tradable equity instrument investment can be irrevocably designated as a financial asset measured at fair value and its changes should be included in other comprehensive income.

The new financial instrument standard requires that the measurement of impairment of financial assets be changed from "the model of loss

incurred" to "the model of anticipated credit loss", which is applicable to financial assets measured at amortized cost, financial assets measured at fair value and whose changes are included in other comprehensive gains, as well as loan commitments and financial guarantee contracts.

After January 1, 2019, the Group designated some of its equity investments as financial assets measured at fair value and included their changes in other comprehensive income, and reported them as investments in other equity instruments.

On the first execution day, financial assets are classified and measured according to the revised and revised financial instrument recognition and measurement standards. The results are as follows:

The group and the Company

Before the prevision		After the prevision	
Category	Book Value	Category	Book Value
Equity Investment	Measured at fair value and recorded in other combined earnings (assets available for sale) 1,957,873,311.31	Measured at fair value and recorded in current profits and losses (transactional financial assets)	1,530,321,311.31
		Measured at fair value and its changes are included in other comprehensive earnings (investment in other equity instruments)	427,552,000.00

Report item changes

The company prepares the semi-annual financial statements for 2019 according to the financial statement format stipulated in Accounting No. 6 and its interpretation, divides the "notes receivable and accounts receivable" in the balance sheet into "notes receivable" and "accounts receivable" presentation, and "notes payable and accounts payable" into "notes payable" and "accounts payable". The Group has retrospectively adjusted the comparative data accordingly.

## VI. Taxes

### 1. The major categories of taxes and surcharges

Categories of taxes and surcharges	Basis of tax	Tax rate
Value added tax ("VAT")	Levy on the taxable sales and rendering of services, deducted the deductible input VAT.	5%、6%、9%(10%)或 13%(16%) Note: The taxable income shall be calculated at the tax rate of 16% or 10% before April 1, 2019. The taxable income shall be calculated at the rate of 13% or 9% from April 1, 2019.
Consumption tax	Taxable sales	1%, 3% or 5%
City maintenance and construction tax	The turnover taxes paid	5% or 7%
Educational surcharge	The turnover taxes paid	3%
Local educational surcharge	The turnover taxes paid	2%
Corporate income tax	Taxable income	15% or 25%

## 2. Tax benefits

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%. For the year ended 2017, the Company, Changan Special Sales and Chongqing Changan Automobile Supporting are qualified to the requirement and acquired permission of the preferential tax rate of 15% from Chongqing Jiangbei National Tax Bureau (refer to Jiang Fa Gai Ti[2015] No. 135).

In accordance to Circular of the Administrative Measures for the Certification of New and High Technology Enterprises (Guo Ke Fa Huo [2016] No. 32) and Circular of the Working Guidance on the Recognition of Hi-tech Enterprises (Guo Ke Fa Huo [2016] No. 195), the subsidiary of Hefei Changan Automobile Co., Ltd. obtained the certificate of new and high technology enterprise on 21 October 2016 and is subjected to the preferential tax rate of 15% from 2016 to 2018. This year, we have submitted a review of the qualifications of high-tech enterprises. It is expected to be approved in the near future. From 2019 to 2021, we will continue to enjoy the 15% corporate income tax preferential policy for high-tech enterprises.

In accordance to Circular of the Administrative Measures for the Certification of New and High Technology Enterprises (Guo Ke Fa Huo [2016] No. 32) and Circular of the Working Guidance on the Recognition of Hi-tech Enterprises (Guo Ke Fa Huo [2016] No. 195), the subsidiaries of Hebei Changan Automobile Co., Ltd. and Hebei Baoding Changan Bus Co., Ltd. obtained the certificate of new and high technology enterprise on 21 July 2017 and on 27 October 2017, and are subjected to the preferential tax rate of 15% from 2017 to 2019.

## VII. Notes to the consolidated financial statements

### 1. Cash and cash equivalents

In RMB Yuan

Item	Ending	Beginning
Cash	17,875.99	14,374.84
Cash at bank	10,147,589,137.30	9,648,139,239.96
Other cash	387,677,879.26	332,390,911.34
Total	10,535,284,892.55	9,980,544,526.14

As at 30 June 2019, the book value of restricted cash and cash equivalents is RMB 387,677,879.26, which was mainly restricted for the issuance of acceptance bill.

As at 30 June 2019, the cash at bank oversea is equivalent to RMB 237,146,846.03.

### 2. Transactional financial assets (Applicable from January 1, 2019)

Item	Ending
Financial assets measured at fair value through profit or loss	1,570,658,462.58
Total	1,570,658,462.58

### 3. Notes receivable

#### (1) Classification of notes receivable

In RMB Yuan

Type	Ending	Beginning
Commercial acceptance bill	2,243,353,649.97	6,687,321,419.20
Bank acceptance bill	13,403,314,490.76	13,874,304,386.04
Total	15,646,668,140.73	20,561,625,805.24

#### (2) The notes receivable pledged as follows:

Type	30 June 2019	31 December 2018
Commercial acceptance bill	266,141,440.00	384,462,570.00
Bank acceptance bill	16,562,835.96	85,160,000.00
Total	282,704,275.96	469,622,570.00

The bank acceptance bill of the above amount has been pledged for the notereceivable on 30 June 2019 and 31 December 2018.

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

In RMB Yuan

Type	Ending		Beginning	
	Derecognition	Un-derecognition	Derecognition	Un-derecognition
Commercial acceptance bill	153,040,000.00	-	147,853,740.00	-
Bank acceptance bill	3,839,509,514.21	-	1,498,687,956.97	-
Total	3,992,549,514.21	-	1,646,541,696.97	-

### 4. Accounts receivable

#### (1) Disclosure of accounts receivable

In RMB Yuan

Item	2019			
	Balance		Provision	
	Amount	%	Amount	%
Single item assessment credit expected credit loss provision for bad debts	89,833,683.79	4.26	62,917,348.77	70.04
Assess bad debt provision for expected credit expected loss according to credit risk characteristics combination	2,020,132,181.21	95.74	35,077,754.37	1.74
Total	2,109,965,865.00	100.00	97,995,103.14	4.64

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	28.48	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
Total	1,500,033,920.40	100	90,614,319.90	6.04

On June 30, 2019, the accounts receivable for single provision for bad debts were as follows:

In RMB Yuan

Serial No.	Balance	Provision	Expected credit loss rate	Reason
1	39,138,955.35	12,236,785.13	31.26	Dealers caused by foreign exchange control are not well paid
2	24,025,073.81	24,025,073.81	100.00	The company's legal affairs have been prosecuted and the case is under way.
3	6,119,941.69	6,119,941.69	100.00	Customer has gone bankrupt.
Others	20,549,712.94	20,535,548.14	99.93	Customer bankruptcy, etc.
Total	89,833,683.79	62,917,348.77	70.04	

The Group's expected credit loss portfolio based on credit risk assessment is as follows:

In RMB Yuan

Aging	Estimated book balance for default	Expected credit loss rate	Expected credit loss for the entire life
Within 1 year	1,883,415,093.97	0.09	1,695,169.14
1 to 2 years	50,443,014.41	2.92	1,470,491.10
2 to 3 years	30,065,004.51	21.91	6,585,758.27
3 to 4 years	24,837,623.29	6.97	1,731,489.45
4 to 5 years	3,616,303.48	46.09	1,666,832.90
Over 5 years	27,755,141.55	79.01	21,928,013.51
Total	2,020,132,181.21	1.74	35,077,754.37

**(2) On June 30, 2019, the top five accounts receivable totaled RMB 1,028,011,275.44, accounting for 48.73% of the total**

accounts receivable (2018: RMB 564,688,036.12, accounting for 37.65% of the total accounts receivable).

**(3) Provision for bad debts withdrawn, recovered or reversed in the current period**

Category	Opening Balance	Current change amount			Ending Balance
		Accrual	Turn back	Write off	
Accounts receivable bad debt provision	90,614,319.90	7,447,883.24	67,100.00		97,995,103.14
Total	90,614,319.90	7,447,883.24	67,100.00		97,995,103.14

**(4) From January to June 2019, the group has no accounts receivable as a termination of financial assets transfer (2018: none).**

## 5. Prepayments

**(1) An aged analysis of the prepayments is as follows:**

In RMB Yuan

Aging	Ending		Beginning	
	Amount	%	Amount	%
Within 1 year	828,207,088.93	79.84	781,698,728.24	90.25
1 to 2 years	207,186,837.75	19.97	77,209,604.94	8.91
2 to 3 years	30,535.49	-	5,320,836.56	0.61
Over 3 years	2,020,579.77	0.19	2,020,579.77	0.23
Total	1,037,445,041.94	100.00	866,249,749.51	100.00

As at 30 June 2019, the total amount of the top five prepayments was RMB 818,823,877.64, accounting for 78.93% of the total amount of prepayments (2017: RMB 692,025,641.94, accounting for 79.89%).

## 6. Other receivables

In RMB Yuan

Item	Ending	Beginning
Interest receivable	4,581,253.52	17,432,805.54
Dividend receivable	74,897,909.69	
Other receivables	3,429,425,829.02	3,233,020,118.16
合计	3,508,904,992.23	3,250,452,923.70

### Interest receivable

In RMB Yuan

Item	Ending	Beginning
Fixed deposits	4,581,253.52	17,432,805.54

**Dividend receivable**

Item	Beginning	Increased in this period	Reduced in this period	Ending	Reason for not recovering	Whether the relevant amount is impaired
Dividends receivable within one year	-	74,897,909.69	-	74,897,909.69		No
Total		74,897,909.69		74,897,909.69	--	--

**Other receivables**

(1) The changes in bad debt provision for other receivables based on 12-month expected credit losses and the entire lifetime expected credit losses are as follows (2019 only):

In RMB Yuan

Bad debt preparation	first stage	second stage	third stage	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (single assessment)	Expected credit loss for the entire duration (combination assessment)	
Balance on January 1, 2019	290,391.47	6,635,181.42	922,590.69	7,848,163.58
The balance of January 1, 2019 is in this issue.	-	-	-	-
-- Transfer to the second stage	-29,326.52		29,326.52	-
-- Transfer to the third stage				-
- Turn back to the second stage				-
- Turn back to the first stage				-
Current accrual		2,949,736.83	17,325.21	2,967,062.04
Return this issue			818,111.62	818,111.62
Resale in the current period				-
Write-off of this period				-
Other changes				-
Total	261,064.95	9,584,918.25	151,130.80	9,997,114.00

The changes in the book balance of other receivables are as follows:

Book balance	first stage	second stage	third stage	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (single	Expected credit loss for the entire duration	

		assessment)	(combination assessment)	
Balance on January 1, 2019	3,224,559,978.75	6,635,181.42	5,738,281.45	3,236,933,441.62
The balance of January 1, 2019 is in this issue.	-	-	-	-
-- Transfer to the second stage	-586,530.34		586,530.34	-
-- Transfer to the third stage				-
- Turn back to the second stage				-
- Turn back to the first stage				-
New in this issue	195,035,459.71	2,949,736.83	13,121,060.07	211,106,256.61
Termination confirmation			8,616,755.21	8,616,755.21
Write-off of this period				-
Other changes				-
Total	3,419,008,908.12	9,584,918.25	10,829,116.65	3,439,422,943.02

Other receivables are indicated by type (2018 only):

In RMB Yuan

Type	Beginning			
	Book balance		Bad debt preparation	
	Amount	%	Amount	%
Other receivables with significant single amount and single provision for bad debts	2,780,889,774.62	85.80		-
Other receivables with provision for bad debts by combination				
Combination 1. Other receivables with provision for bad debts by aging analysis	323,279,832.19	9.98	1,212,982.16	0.38
Combination 2. Other receivables with provision for bad debts by related parties	126,128,653.39	3.89	-	
Combined subtotal	449,408,485.58	13.87	1,212,982.16	0.27
Other receivables that are not significant in individual amount but are individually provisioned for bad debts	10,570,021.54	0.33	6,635,181.42	62.77
Total	3,240,868,281.74	100.00	7,848,163.58	0.24

(2) From January to June 2019, provision for bad debts was RMB 2,967,062.04 (2018: RMB 576,587.36 was accrued, and bad debt provision increased by RMB 4,348,209.00 due to the acquisition of Changan Suzuki), and the provision for bad debts was RMB 818,111.62 (2018 : RMB 1,176,673.66).

(3) The other accounts receivable actually written off from January to June 2019 were RMB 0 (2018: RMB 56,554.80).

(4) From January to June 2019, the group has no other receivables as a termination of financial assets transfer (2018: none).



**(5) Top five debtors of other receivables are as follows:**

In RMB Yuan

Debtors	Ending balance	Years	Proportion of total other receivables (%)
First	1,865,146,017.60	Within 4 years	54.23
Second	702,085,026.74	Within 4 years	20.41
Third	315,259,435.40	Within 3 years	9.17
Fourth	124,312,677.99	Within 1 year	3.61
Fifth	91,385,460.00	Within 2 years	2.66
Total	3,098,188,617.73	-	90.08

**7. Inventory****(1) Classification of inventory**

In RMB Yuan

Item	Ending			Beginning		
	Balance	Provision	Net value	Balance	Provision	Net value
Raw materials	1,389,922,376.25	203,070,981.68	1,186,851,394.57	2,029,706,541.33	181,897,353.27	1,847,809,188.06
Work in transit	103,745,221.41	-	103,745,221.41	318,420,244.84	-	318,420,244.84
Work in progress	832,526,220.55	27,231,163.66	805,295,056.89	1,413,892,484.38	35,473,526.73	1,378,418,957.65
Commodity stock	3,737,132,783.85	167,615,041.67	3,569,517,742.18	1,292,509,122.51	76,519,657.33	1,215,989,465.18
Revolving materials	-	-	-	110,310,364.86	-	110,310,364.86
Spare parts	39,966,722.21	-	39,966,722.21	46,472,236.60	-	46,472,236.60
Total	6,103,293,324.27	397,917,187.01	5,705,376,137.26	5,211,310,994.52	293,890,537.33	4,917,420,457.19

**(2) Provision for inventory**

In RMB Yuan

Type	Beginning	Provision	Deduction		Ending
			Reversal	Write-off	
Raw materials	181,897,353.27	45,654,482.92	20,374,619.52	4,106,234.99	203,070,981.68
Work in progress	35,473,526.73	1,330,008.90	-	9,572,371.97	27,231,163.66
Commodity stock	76,519,657.33	126,266,125.80	199,460.04	34,971,281.42	167,615,041.67
Total	293,890,537.33	173,250,617.62	20,574,079.56	48,649,888.38	397,917,187.01

**8. Other current assets**

In RMB Yuan

Item	Ending	Beginning
Accrual input tax	2,064,442,729.98	2,227,386,063.11
Others	322,190,601.41	179,290.12
Total	2,386,633,331.39	2,227,565,353.23

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

In RMB Yuan

Item	Ending	Beginning
Available-for-sale equity securities		
Measured at fair value	-	1,530,321,311.31
Measured by cost	-	427,552,000.00
Total	-	1,957,873,311.31

In 2017, the Ministry of Finance successively revised and issued the "Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments", "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments", and Accounting Standards for Business Enterprises No. 23 - Financial Assets Relevant guidelines for financial instruments such as Transfer. According to regulations, the company has implemented the new financial instruments standard since January 1, 2019, and reclassified available-for-sale financial assets into trading financial assets and other equity instruments.

## 10. Other equity instrument investments (applicable from January 1, 2019)

Invested unit	Opening balance	Initial impairment provision	Increased this year	Reduced this year	Ending balance	Final impairment provision	%
Weapon Equipment Group Finance Co., Ltd.			157,020,800.00		157,020,800.00		3.83
Sichuan Glass Co., Ltd			1,809,274.00		1,809,274.00	1,809,274.00	0.60
Zhongfa Lian Investment Co., Ltd.			21,000,000.00		21,000,000.00		10.37
Chongqing Ante Import and Export Trade Co., Ltd.			3,000,000.00		3,000,000.00		10.00
Guoqi (Beijing) Automotive Lightweight Technology Research Institute Co., Ltd.			3,000,000.00		3,000,000.00		6.90
Guolian Automotive Power Battery Research Luyuan Co., Ltd.			40,000,000.00		40,000,000.00		7.41
Zhonghui Futong Financial			30,552,000.00		30,552,000.00		5.00

Leasing (Shenzhen) Co., Ltd.							
Keliyuan 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	-	-	506,382,074.00	-	506,382,074.00	1,809,274.00	

## 11. Long-term equity investment

In RMB Yuan

Investee	Accounting method	Initial amount	Beginning	Addition/ (deduction)	Ending	Shareholding percentage (%)	Voting percentage (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	Current provision	Current cash dividends
1. Joint ventures											
Jiangling Holdings Co., Ltd.	Equity	1,008,511,522.00	2,493,754,915.53	-236,679,161.41	2,257,075,754.12	50.00%	50.00%	-	-	-	-
Changan Ford Motor Co., Ltd.	Equity	975,232,926.29	3,709,784,507.11	-388,312,379.14	3,321,472,127.97	50.00%	50.00%	-	-	-	-
Changan Mazda Automobile Co., Ltd.	Equity	1,097,839,635.00	2,472,626,663.41	431,236,189.99	2,903,862,853.40	50.00%	50.00%	-	-	-	-
Changan Mazda Engine Co., Ltd.	Equity	786,734,634.10	827,803,757.96	22,279,051.96	850,082,809.92	50.00%	50.00%	-	-	-	-
Changan Peugeot Citroen Automobile Co., Ltd.	Equity	3,807,841,700.00	1,456,519,068.74	-37,577,002.31	1,418,942,066.43	50.00%	50.00%	-	-	-	-
Changan Weilai New Energy Automobile Technology Co., Ltd.	Equity	49,000,000.00	44,065,513.91	-16,493,522.92	27,571,990.99	50.00%	50.00%	-	-	-	-
2. Associates											
Chongqing Changan Crossing Vehicle Co., Ltd.	Equity	61,800,885.00	116,588,234.97	39,038,877.69	155,627,112.66	34.30%	34.30%	-	-	-	-
Chongqing Changan Cross Vehicle Marketing Co., Ltd.	Equity	1.00	-	-	-	34.30%	34.30%	-	-	-	-
Beijing Fangan Xinyue Taxi Co., Ltd.	Equity	6,000,000.00	-	-	-	20.70%	20.70%	-	-	-	-
Changan Automobile Finance Co.,	Equity	1,805,000,000.00	2,030,617,157.41	46,724,451.22	2,077,341,608.63	28.66%	28.66%	-	-	-	-

Ltd.												
Hainan Anxinxing Information Technology Co., Ltd.	Equity	6,000,000.00	5,536,555.21	-775,195.24	4,761,359.97	30.00%	30.00%	-	-	-	-	-
Nanjing Chelai Travel Technology Co., Ltd.	Equity	2,000,000.00	1,813,616.14	-238,955.00	1,574,661.14	10.00%	10.00%	-	-	-	-	-
Hunan Guoxin Semiconductor Technology Co., Ltd.	Equity	25,000,000.00	25,000,000.00	-145,569.13	24,854,430.87	25.00%	25.00%	-	-	-	-	-
Anhe (Chongqing) Equity Investment Fund Management Co., Ltd.	Equity	2,500,000.00	2,500,000.00	-166,798.94	2,333,201.06	25.00%	25.00%	-	-	-	-	-
Hangzhou Chelizi Intelligent Technology Co., Ltd.	Equity	2,243,750.00	2,703,275.87	852,500.11	3,555,775.98	20.00%	20.00%	-	-	-	-	-
Nanjing Leading Equity Investment Partnership	Equity	858,267,717.00		846,264,828.30	846,264,828.30	16.39%	16.39%	-	-	-	-	-
Nanjing Lingxing Equity Investment Management Co., Ltd.	Equity	1,500,000.00		1,500,000.00	1,500,000.00	15.00%	15.00%					
other	Equity	98,000,000.00	85,856,852.57	-30,974,217.80	54,882,634.77	49.00%	49.00%					
Total	--	10,593,472,770.39	13,275,170,118.83	676,533,097.38	13,951,703,216.21	--	--	--	--	--	--	--

## 12. Investment property

According to the cost of the investment real estate

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
I. Original cost	10,050,100.00			10,050,100.00
Buildings	10,050,100.00			10,050,100.00
II. Accumulated depreciation and amortization	2,720,538.72	113,355.78		2,833,894.50
Buildings	2,720,538.72	113,355.78		2,833,894.50
III. Net Value	7,329,561.28	-113,355.78		7,216,205.50
Buildings	7,329,561.28	-113,355.78		7,216,205.50
IV. Impairment Provision	7,329,561.28	-113,355.78		7,216,205.50
Buildings	7,329,561.28	-113,355.78		7,216,205.50

## 13. Fixed assets

	Beginning	Ending
Fixed assets	23,096,697,122.71	22,161,054,058.31
Fixed assets cleanup		
total	23,096,697,122.71	22,161,054,058.31

Fixed assets

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
I. Original cost	40,674,248,814.18	2,346,338,248.66	8,490,208.62	43,012,096,854.22
Buildings	9,889,579,515.34	88,520,701.41	2,725,898.44	9,975,374,318.31
Machinery	21,927,380,270.82	965,242,220.50	689,154.17	22,891,933,337.15
Vehicles	1,213,223,699.56	513,755,057.84	487,730.25	1,726,491,027.15
Other Equipments	7,644,065,328.46	778,820,268.91	4,587,425.76	8,418,298,171.61
II. Accumulated depreciation	17,352,600,109.49	1,412,812,879.82	5,947,502.87	18,759,465,486.44
Buildings	2,147,206,657.32	153,514,251.20	808,226.36	2,299,912,682.16
Machinery	11,026,127,942.23	711,495,302.76	645,979.80	11,736,977,265.19
Vehicles	405,520,581.39	278,918,455.42	189,329.30	684,249,707.51
Other Equipments	3,773,744,928.55	268,884,870.44	4,303,967.41	4,038,325,831.58

III. Net Value	23,321,648,704.69	933,525,368.84	2,542,705.75	24,252,631,367.78
Buildings	7,742,372,858.02	-64,993,549.79	1,917,672.08	7,675,461,636.15
Machinery	10,901,252,328.59	253,746,917.74	43,174.37	11,154,956,071.96
Vehicles	807,703,118.17	234,836,602.42	298,400.95	1,042,241,319.64
Other Equipments	3,870,320,399.91	509,935,398.47	283,458.35	4,379,972,340.03
IV. Impairment Provision	1,160,594,646.38	-	4,660,401.31	1,155,934,245.07
Buildings	82,452,249.51	-	-	82,452,249.51
Machinery	895,917,567.96	-	265,375.48	895,652,192.48
Vehicles	36,271,972.06	-	-	36,271,972.06
Other Equipments	145,952,856.85	-	4,395,025.83	141,557,831.02
V. Book Value	22,161,054,058.31	933,525,368.84	-2,117,695.56	23,096,697,122.71
Buildings	7,659,920,608.51	-64,993,549.79	1,917,672.08	7,593,009,386.64
Machinery	10,005,334,760.63	253,746,917.74	-222,201.11	10,259,303,879.48
Vehicles	771,431,146.11	234,836,602.42	298,400.95	1,005,969,347.58
Other Equipments	3,724,367,543.06	509,935,398.47	-4,111,567.48	4,238,414,509.01

The depreciation during the reporting period is RMB 1,412,812,879.82. During the period the construction in progress amounting to RMB 2,332,323,509.58 is transferred to the fixed asset.

## 14. Construction in progress

### (1) Details of construction in progress

In RMB Yuan

Item	Closing balance			Opening balance		
	Balance	Provision	Book value	Balance	Provision	Book value
Mini-bus production equipment	218,182,423.55		218,182,423.55	815,889,070.57	-	815,889,070.57
Yuzui motor city project	5,981,953.14		5,981,953.14	51,962,876.25	-	51,962,876.25
Car production equipment	243,224,594.25		243,224,594.25	181,137,313.03	-	181,137,313.03
Engine plant	1,909,833,300.91		1,909,833,300.91	1,458,726,257.58	-	1,458,726,257.58
Vehicle research institution	950,213,737.56		950,213,737.56	854,570,879.08	-	854,570,879.08
Vehicle moulds	343,625,680.95		343,625,680.95	420,284,566.37	-	420,284,566.37
Light vehicle technical transformation project of Baoding Changan bus	60,153,349.31		60,153,349.31	83,207,252.58	-	83,207,252.58
Plant for vehicle test project	920,000.00		920,000.00	6,643,182.68	-	6,643,182.68

Beijing vehicle construction project	118,804,482.72		118,804,482.72	98,585,664.59	-	98,585,664.59
Engine Base of Nanjing	-		-	499,150.94	-	499,150.94
Yuzui Refitting factory	12,276,085.40		12,276,085.40	12,276,085.40	-	12,276,085.40
Car production Project Of Hefei Changan	934,063,696.44		934,063,696.44	872,832,482.14	-	872,832,482.14
Others	430,505,435.17	49,315,394.88	381,190,040.29	576,544,644.42	49,315,394.88	527,229,249.54
<b>Total</b>	<b>5,227,784,739.40</b>	<b>49,315,394.88</b>	<b>5,178,469,344.52</b>	<b>5,433,159,425.63</b>	<b>49,315,394.88</b>	<b>5,383,844,030.75</b>

**(2) Movement of major construction in progress projects**

In RMB Yuan

Item	Beginning	Addition	Transferred to fixed assets	Deduction	Ending
Mini-bus production equipment	815,889,070.57	531,757,827.46	1,129,464,474.48	-	218,182,423.55
Yuzui motor city project	51,962,876.25	54,169,722.66	100,150,645.77	-	5,981,953.14
Car production equipment	181,137,313.03	72,616,133.72	10,528,852.50	-	243,224,594.25
Engine plant	1,458,726,257.58	609,155,139.77	158,048,096.44	-	1,909,833,300.91
Vehicle research institution	854,570,879.08	165,954,927.63	70,280,881.12	31,188.03	950,213,737.56
Vehicle moulds	420,284,566.37	52,636,717.80	129,295,603.22	-	343,625,680.95
Light vehicle technical transformation project of Baoding Changan bus	83,207,252.58	8,277,205.78	31,331,109.05		60,153,349.31
Plant for vehicle test project	6,643,182.68	1,429,248.10	7,131,898.78	20,532.00	920,000.00
Beijing vehicle construction project	98,585,664.59	63,099,651.54	42,880,833.41		118,804,482.72
Engine Base of Nanjing	499,150.94	41,509.43	540,660.37		
Yuzui Refitting factory	12,276,085.40				12,276,085.40
Car production Project Of Hefei Changan	872,832,482.14	188,092,832.10	126,861,617.80		934,063,696.44
Others	527,229,249.54	379,771,109.56	525,808,836.64	1,482.17	381,190,040.29
<b>Total</b>	<b>5,383,844,030.75</b>	<b>2,127,002,025.55</b>	<b>2,332,323,509.58</b>	<b>53,202.20</b>	<b>5,178,469,344.52</b>

**(3) Provision for impairment of construction in progress**

On June 30, 2019, the balance of impairment provision for construction in progress was 49,315,394.88 yuan. There was no accrued or resold amount in the current year. (In 2018, Changan Suzuki was acquired, and the provision for impairment of construction in progress increased by RMB 49,315,394.88).



## 15. Intangible assets

### Details of intangible assets

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
<b>I. Original cost</b>	9,226,222,538.41	624,420,788.46	-	9,850,643,326.87
Land use rights	2,753,082,390.28	-	-	2,753,082,390.28
Software use rights	632,418,610.26	7,717,112.61	-	640,135,722.87
Trademark use rights	211,784,400.00	-	-	211,784,400.00
Non-patent technology	5,628,937,137.87	616,703,675.85	-	6,245,640,813.72
<b>II. Accumulated amortization</b>	3,978,633,979.12	485,234,277.39	-	4,463,868,256.51
Land use rights	403,454,284.03	30,222,421.91	-	433,676,705.94
Software use rights	510,503,061.87	20,642,786.11	-	531,145,847.98
Trademark use rights	170,953,466.62	8,763,934.35	-	179,717,400.97
Non-patent technology	2,893,723,166.60	425,605,135.02	-	3,319,328,301.62
<b>III. Net value</b>	5,247,588,559.29	139,186,511.07	-	5,386,775,070.36
Land use rights	2,349,628,106.25	-30,222,421.91	-	2,319,405,684.34
Software use rights	121,915,548.39	-12,925,673.50	-	108,989,874.89
Trademark use rights	40,830,933.38	-8,763,934.35	-	32,066,999.03
Non-patent technology	2,735,213,971.27	191,098,540.83	-	2,926,312,512.10
<b>IV. Impairment provision</b>	229,345,006.49	-	-	229,345,006.49
Land use rights	2,298,118.36	-	-	2,298,118.36
Software use rights	21,319,804.81	-	-	21,319,804.81
Non-patent technology	205,727,083.32	-	-	205,727,083.32
<b>V. Book value</b>	5,018,243,552.80	139,186,511.07	-	5,157,430,063.87
Land use rights	2,347,329,987.89	-30,222,421.91	-	2,317,107,565.98
Software use rights	100,595,743.58	-12,925,673.50	-	87,670,070.08
Trademark use rights	40,830,933.38	-8,763,934.35	-	32,066,999.03
Non-patent technology	2,529,486,887.95	191,098,540.83	-	2,720,585,428.78

As at 30 June 2019, the intangible assets from internal research and development account for 52.75% of total intangible assets.

## 16. Development expenditure

In RMB Yuan

Item	Beginning	Addition	Deduction	
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			Charged to income Statement of the Current period	Charged to income Statement of the Current period	Ending
Automobile Development	789,597,615.60	663,276,329.42	76,047,969.60	616,643,965.02	760,182,010.40
Total	789,597,615.60	663,276,329.42	76,047,969.60	616,643,965.02	760,182,010.40

## 17. Goodwill

In RMB Yuan

Investee	Beginning	Addition	Deduction	Ending	Impairment provision
Hebei Changan Automobile Co., Ltd	9,804,394.00			9,804,394.00	
Nanjing Changan Automobile Co., Ltd					73,465,335.00
Total	9,804,394.00			9,804,394.00	73,465,335.00

## 18. Long-term deferred expenses

In RMB Yuan

Item	Beginning	Addition	Amortization	Other deduction	Ending
Long-term deferred expenses	17,104,601.67	1,913,020.99	2,285,013.79	494,853.46	16,237,755.41
Total	17,104,601.67	1,913,020.99	2,285,013.79	494,853.46	16,237,755.41

## 19. Deferred tax assets and liabilities

Recognized deferred tax assets and liabilities:

In RMB Yuan

Item	Ending	Beginning
Deferred tax assets:		
Provision for the impairment of assets	195,028,800.31	178,931,389.28
Accrued expenses and contingent liabilities	759,225,831.00	863,293,314.33
Unpaid tech development expense and advertisement expense	101,258,288.44	71,636,763.88
Deferred income	472,108,267.04	467,502,076.45
Unpaid salary and bonus and others	36,106,817.82	74,190,894.95
Subtotal	1,563,728,004.61	1,655,554,438.89
Deferred tax liabilities:		
Changes in fair value of available-for-sale financial		76,116,073.54

assets		
Changes in fair value of trading financial assets	82,166,646.24	
Fair value adjustment of business combination not under the same control	46,310,587.95	59115097.05
Subtotal	128,477,234.19	135,231,170.59

## 20. Provision for the impairment of assets

In RMB Yuan

Item	Beginning	Addition		Deduction			Ending
		Current accrual	Other increase	Reversal	Write-off	Other reduction	
I. Bad debt provision	98,462,483.48	10,414,945.28		885,211.62			107,992,217.14
II. Provision for obsolete inventory	293,890,537.33	173,250,617.62		20,574,079.56	48,649,888.38		397,917,187.01
III. Provision for the impairment of fixed assets	1,160,594,646.38				4,660,401.31		1,155,934,245.07
IV. Provision for the impairment of intangible assets	229,345,006.49						229,345,006.49
V. Provision for the impairment of goodwill	73,465,335.00						73,465,335.00
VI. Provision for the impairment of available-for-sale financial assets	49,315,394.88						49,315,394.88
VII. Provision for impairment of available-for-sale financial assets	28,929,274.00					28,929,274.00	
VIII. Other equity instruments			1,809,274.00				1,809,274.00

investment impairment provision							
Total	1,934,002,677.56	183,665,562.90	1,809,274.00	21,459,291.18	53,310,289.69	28,929,274.00	2,015,778,659.59

**21. Short-term loans**

In RMB Yuan

Item	Ending	Beginning
Pledge loans	60,000,000.00	40,000,000.00
Guaranteed loans	-	
Credit loans	150,000,000.00	150,000,000.00
Total	210,000,000.00	190,000,000.00

**22. Notes payable**

In RMB Yuan

Item	Ending	Beginning
Commercial acceptance bill		2,946,482,019.96
Bank acceptance bill	13,769,475,508.94	11,861,380,242.43
Total	13,769,475,508.94	14,807,862,262.39

**23. Accounts payable**

In RMB Yuan

Item	Ending	Beginning
Accounts payable	14,276,660,036.85	13,916,201,276.95
total	14,276,660,036.85	13,916,201,276.95

**24. Advances from customers**

In RMB Yuan

Item	Ending	Beginning
Advances from customers	2,956,683,361.56	1,556,482,278.92
total	2,956,683,361.56	1,556,482,278.92

**25. Payroll payable**

30 June 2019

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
Short term salary benefits	1,271,461,842.35	2,009,984,286.64	2,666,995,493.94	614,450,635.05
Defined contribution plans	84,410,435.21	246,314,325.96	244,459,768.83	86,264,992.34
Early retirement benefits	7,123,000.00	11,946,648.33	1,152,264.23	17,917,384.10
Total	1,362,995,277.56	2,268,245,260.93	2,912,607,527.00	718,633,011.49

Short term salary benefits as follows:

30 June 2019

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
Salary, bonus, allowance and subsidy	1,077,447,577.69	1,484,593,041.13	2,195,561,155.16	366,479,463.66
Employee benefit	45,611,590.61	78,079,279.84	75,656,837.51	48,034,032.94
Social insurance	3,379,369.66	236,358,091.76	234,957,718.01	4,779,743.41
Housing accumulation fund	9,422,677.58	146,465,413.34	146,605,427.98	9,282,662.94
Labor fund and employee education fund	135,600,626.81	64,488,460.57	14,214,355.28	185,874,732.10
Total	1,271,461,842.35	2,009,984,286.64	2,666,995,493.94	614,450,635.05

Defined contribution plans as follows:

30 June 2019

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
Basic retirement security	76,517,169.90	239,621,331.31	237,709,806.47	78,428,694.74
Unemployment insurance	7,893,265.31	6,692,994.65	6,749,962.36	7,836,297.60
Total	84,410,435.21	246,314,325.96	244,459,768.83	86,264,992.34

## 26. Taxes payable

In RMB Yuan

Item	Ending	Beginning
Value-added tax	5,159,464.47	9,641,450.47
Consumption tax	239,049,926.42	658,869,177.63
Corporate income tax	30,437,097.13	-19,968,952.37
Individual Income tax	1,463,366.34	655,007.28
City maintenance and construction tax, education	4,504,831.21	9,333,772.54

additional expenses		
Others	10,528,738.80	10,786,031.70
Total	291,143,424.37	669,316,487.25

## 27. Other payables

Item	Ending	Beginning
Dividend payable	86,527,416.00	79,742.80
Other payables	5,078,870,846.95	3,079,669,273.01
合计	5,165,398,262.95	3,079,749,015.81

Dividend payable

In RMB Yuan

Item	Ending	Beginning
Dividend payable – A share dividend	86,447,673.20	
Dividend payable – Hebei Changan Minority interests	79,742.80	79,742.80
Total	86,527,416.00	79,742.80

Other payables

In RMB Yuan

Item	Ending	Beginning
Deposits of dealer and supplier	1,791,134,921.16	133,434,563.54
Maintenance fees	146,266,708.47	205,714,188.51
Advertising fees	452,999,910.77	750,771,372.18
Warehousing and transport fees	267,088,420.59	123,222,758.15
Integrated service charges and miscellaneous expenses	207,668,516.93	110,960,485.47
Purchase and construction of fixed assets, intangible assets and project deposits	1,445,922,536.66	1,271,262,272.32
Others	767,789,832.37	484,303,632.84
Total	5,078,870,846.95	3,079,669,273.01

## 28. Estimated liabilities

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
product quality assurance	2,610,780,818.12	645,442,330.86	274,432,792.39	2,981,790,356.59
Supplier compensation	634,541,926.00		24,054,153.63	610,487,772.37

Total	3,245,322,744.12	645,442,330.86	298,486,946.02	3,592,278,128.96
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Note: The product quality assurance is the maintenance cost of the estimated three-package period of the sold vehicle.

## 29. Other current liabilities

In RMB Yuan

Item	Ending	Beginning
Accrued utilities	6,088,846.05	36,910,207.22
Accrued transportation fee	465,862,022.77	537,462,389.91
Accrued maintenance fee	28,206,664.07	37,723,105.48
Accrued technology transfer and development fee	487,062,803.54	128,055,835.93
Accrued commercial discount payable	1,834,314,241.41	2,883,344,577.38
Accrued market development expense	324,529,202.03	443,397,362.38
Accrued rental fee	14,182,051.07	98,306,892.29
Accrued consultancy fee		43,982,256.70
Others	336,405,908.79	116,258,525.32
Total	3,496,651,739.73	4,325,441,152.61

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

In RMB Yuan

Item	Ending	Beginning
Non-current liabilities due within one year	-	6,594,120.00
Total	-	6,594,120.00

## 31. Long-term loans

In RMB Yuan

Item	Ending	Beginning
Credit loan	-	6,594,120.00
Deduction of loans due within one year	-	-6,594,120.00
Total	-	-

## 32. Long-term payables

Item	Ending	Beginning
Special payables	305,774,538.84	303,590,824.69

Total	305,774,538.84	303,590,824.69
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## Special payables

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
New car development	20,684,920.29	3,026,900.00	1,747,628.15	21,964,192.14
Changan Automobile E-type gasoline engine cylinder block, cylinder head machine plus production line demonstration project	22,984,695.64		22,984,695.64	
Land demolition compensation	55,350,709.40			55,350,709.40
C206 pure electric vehicle development and industrialization project	3,446,280.58			3,446,280.58
Intelligent manufacturing special project	104,783,625.98	1,246,700.00	7,339,177.27	98,691,148.71
Lightweight design of automobile structure	52,890,838.71	21,000,000.00	12,102,012.55	61,788,826.16
Others	43,449,754.09	38,395,377.90	17,311,750.14	64,533,381.85
Total	303,590,824.69	63,668,977.90	61,485,263.75	305,774,538.84

**33. Deferred income**

30 June, 2019

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
Government grants related to assets	2,871,932,225.37	1,440,000.00	88,821,798.04	2,784,550,427.33
Government grants related to income	673,754,999.84	400,000,000.00	71,456,238.65	1,002,298,761.19
Others	137,621,309.52	136,155,386.10	249,400,264.09	24,376,431.53
Total	3,683,308,534.73	537,595,386.10	409,678,300.78	3,811,225,620.05

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 income	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
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As at 30 June 2019, details of liabilities related to government grants are as follows:

Item	Beginning	Addition	Recorded to other income	Ending	Relates to asset/gain
Project subsidy funds	2,343,587,752.65	1,440,000.00	58,818,721.02	2,286,209,031.63	Related to asset
Subsidies for plant construction	338,633,250.56		24,748,714.76	313,884,535.80	Related to asset
Technical innovation funds	16,150,000.00			16,150,000.00	Related to asset
Other asset - related subsidies	173,561,222.16		5,254,362.26	168,306,859.90	Related to asset
Other income - related subsidies	673,754,999.84	400,000,000.00	71,456,238.65	1,002,298,761.19	Related to income
Total	3,545,687,225.21	401,440,000.00	160,278,036.69	3,786,849,188.52	

As at 31 December 2018, details of liabilities related to government grants are as follows:

Item	Beginning	Addition	Recorded to non-operating income	Ending	Relates to asset/gain
Project subsidy funds	2,393,683,325.86	79,093,338.83	129,188,912.04	2,343,587,752.65	Related to asset
Subsidies for plant construction	343,254,680.06	44,876,000.00	49,497,429.50	338,633,250.56	Related to asset
Technical innovation funds	16,150,000.00			16,150,000.00	Related to asset
Other asset - related subsidies	71,997,480.16	134,157,000.00	32,593,258.00	173,561,222.16	Related to asset
Other income - related subsidies	754,048,245.36	302,298,761.19	382,592,006.71	673,754,999.84	Related to income
Total	3,579,133,731.44	560,425,100.02	593,871,606.25	3,545,687,225.21	

### 34. Share capital

In RMB Yuan

	Beginning	Current movement					Ending
		Issuance of shares	Stock dividend	Transfer of reserve to common shares	others	Subtotal	
The sum of shares	4,802,648,511.00	-	-	-	-	-	4,802,648,511.00

**35. Capital reserves**

In RMB Yuan

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	33,437,825.03	-	-	33,437,825.03
<b>Total</b>	<b>5,057,242,440.17</b>	<b>-</b>	<b>-</b>	<b>5,057,242,440.17</b>

**36. Other comprehensive income**

In RMB Yuan

Item	Report period	Same period of last year
1. Profits (loss) generated from available for sale financial assets		-27,690,000.00
Less: Available for sale financial assets arising from income tax effect		-4,153,500.00
Net - through other comprehensive income into the profits and losses of the current		-
<b>Subtotal</b>		<b>-23,536,500.00</b>
2. Translation differences of foreign currency financial statements	22,567,848.13	-19,190,455.30
3. Shares in the other comprehensive income of the investee accounted for according to the equity method		289,756,488.89
<b>Total</b>	<b>22,567,848.13</b>	<b>247,029,533.59</b>

**37. Surplus reserves**

In RMB Yuan

Item	Beginning	Addition	Deduction	Ending
Statutory surplus	2,401,324,255.50	-	-	2,401,324,255.50
<b>Total</b>	<b>2,401,324,255.50</b>	<b>-</b>	<b>-</b>	<b>2,401,324,255.50</b>

**38. Retained earnings**

In RMB Yuan

Item	Sum
Retained earnings at beginning of year before adjustments	33,707,011,170.31
Adjust the early undistributed profits total	
Retained earnings at beginning of year after adjustments	33,707,011,170.31
Add: Net profit belong to parent company	-2,240,039,761.11
Less: the statutory surplus reserves	
Extract discretionary surplus reserve	
Extract general risk preparation	
Common stock dividends payable	86,447,673.20
Retained earnings at the end	31,380,523,736.00

**39. Operating revenue and cost****(1) Operating revenue and operating cost**

In RMB Yuan

Item	Report period	Same period of last year
Operating revenue	29,100,899,960.18	34,440,982,013.45
Other operating revenue	774,880,136.66	1,201,850,176.59
Operating cost	27,419,410,626.92	30,614,845,704.45

**(2) Main business (divisions)**

In RMB Yuan

Item	Report period		Same period of last year	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Motor industry	29,100,899,960.18	26,869,270,640.75	34,440,982,013.45	30,172,410,492.58
Total	29,100,899,960.18	26,869,270,640.75	34,440,982,013.45	30,172,410,492.58

**(3) Main business (product)**

In RMB Yuan

Item	Report period		Same period of last year	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Sale of goods	29,039,911,031.57	26,783,426,523.20	34,368,280,256.20	30,082,686,676.78
Outsourcing processing	60,988,928.61	85,844,117.55	72,701,757.25	89,723,815.80
Total	29,100,899,960.18	26,869,270,640.75	34,440,982,013.45	30,172,410,492.58

**(4) Main business areas (points)**

In RMB Yuan

Item	Report period		Same period of last year	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Domestic	27,640,776,612.07	25,429,548,405.65	33,128,902,612.24	28,783,568,072.99
Overseas	1,460,123,348.11	1,439,722,235.10	1,312,079,401.21	1,388,842,419.59
Total	29,100,899,960.18	26,869,270,640.75	34,440,982,013.45	30,172,410,492.58

**40. Tax and surcharges**

In RMB Yuan

Item	Report period	Same period of last year
Consumption tax	858,219,663.65	1,046,865,578.31
City maintenance and construction tax	66,201,215.72	81,462,766.85
Education additional expenses	48,193,289.93	60,907,556.48
Others	107,656,305.48	97,679,299.93
Total	1,080,270,474.78	1,286,915,201.57

**41. Operating expenses**

In RMB Yuan

Item	Report period	Same period of last year
Payroll and welfare	217,259,045.38	179,109,833.87
Promotional advertising fees and sales service fees	315,728,251.14	1,212,685,702.28
Transportation expenses	840,974,104.51	1,045,016,389.46
Travelling expenses	39,917,298.97	30,138,418.47
Package expenses	12,659,730.13	30,646,835.90
Administrative expenses	2,538,568.31	2,271,915.34
Consulting fee	3,900,858.69	2,347,166.50
Training fee	3,755,007.88	15,475,414.33
Others	6,483,676.29	25,770,752.36
Total	1,443,216,541.30	2,543,462,428.51

**42. General and administrative expenses**

In RMB Yuan

Item	Report period	Same period of last year
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Payroll and welfare	511,834,200.57	530,842,721.95
Administrative expenses	8,543,521.30	5,913,317.34
Depreciation and amortization	556,027,643.30	410,403,475.53
Miscellaneous service charges	5,974,056.43	1,189,374.05
Traffic expenses	11,461,479.61	23,356,637.81
Travelling expenses	10,780,103.21	29,427,519.57
Entertainment expenses	1,162,489.46	1,531,047.02
Others	154,580,626.09	46,212,328.39
<b>Total</b>	<b>1,260,364,119.97</b>	<b>1,048,876,421.66</b>

#### 43. Research and development expenses

Item	Report period	Same period of last year
Wages and benefits	701,527,180.22	810,581,975.90
Material fee	85,090,579.88	65,395,559.56
Subcontract fee	333,086,743.60	81,396,090.19
Travel research fee	17,519,367.04	31,264,931.10
Test fee	49,958,628.39	42,934,689.91
Depreciation and amortization	84,795,731.04	72,497,637.56
other fee	30,977,861.36	2,453,956.17
<b>Total</b>	<b>1,302,956,091.53</b>	<b>1,106,524,840.39</b>

#### 44. Financial expenses

In RMB Yuan

Item	Report period	Same period of last year
Interest expense	28,216,059.24	13,996,367.31
Less: interest income	128,484,820.10	263,722,875.78
Exchange gain or loss	-2,640,391.42	16,320,129.48
Others	6,076,443.13	7,887,536.68
<b>Total</b>	<b>-96,832,709.15</b>	<b>-225,518,842.31</b>

#### 45. Assets disposal income

In RMB Yuan

Item	Report period	Same period of last year	Included in 2018 non-recurring gains and losses

Fixed assets disposal income	9,392,459.28	18,771,809.69	9,392,459.28
Total	9,392,459.28	18,771,809.69	9,392,459.28

**46. Impairment loss on assets**

In RMB Yuan

Item	Report period	Same period of last year
1. Bad debt loss	-	2,102,999.91
2. Impairment provision of obsolete inventory	152,676,538.06	106,838,422.51
Total	152,676,538.06	108,941,422.42

**47. Credit impairment loss (applicable from January 1, 2019)**

Item	Report period	Same period of last year
I. Notes receivable and bad debts of accounts receivable	7,380,783.24	
2. Loss of bad debts of other receivables	2,148,950.42	
Total	9,529,733.66	

**48. Changes in fair value gains and losses**

Sources of income from changes in fair value	Report period	Same period of last year
Transactional financial assets	40,337,151.27	
Total	40,337,151.27	

**49. Investment income**

In RMB Yuan

Item	Report period	Same period of last year
Long-term equity investment income under equity method	-108,336,709.94	1,362,011,815.11
Total	-108,336,709.94	1,362,011,815.11

**50. Other income**

In RMB Yuan

Item	Report period	Same period of last year	Explain
R&D special funds	476,456,238.65	526,000,000.00	
Vehicle development project support	-	331,454,741.70	

Research and development grants for power and intelligent technology	-	100,000,000.00	
Deferred revenue amortization	110,976,095.19	78,888,221.15	
Other government subsidies	33,300,740.27	79,888,256.47	
<b>Total</b>	<b>620,733,074.11</b>	<b>1,116,231,219.32</b>	

## 51. Non-operating income

In RMB Yuan

Item	Report period	Same period of last year
Fines and others	18,836,680.44	29,318,896.76
<b>Total</b>	<b>18,836,680.44</b>	<b>29,318,896.76</b>

## 52. Non-operating expenses

In RMB Yuan

Item	Report period	Same period of last year
Donation	2,300,000.00	22,300,000.00
Vehicle reward	6,029,776.00	4,080,100.00
Fines and late fees	1,065,115.94	2,968,836.54
Others	3,250,175.26	22,999,826.39
<b>Total</b>	<b>12,645,067.20</b>	<b>52,348,762.93</b>

## 53. Income tax expenses

In RMB Yuan

Item	Report period	Same period of last year
Current income tax expense	31,508,825.01	43,577,796.68
Deferred income tax adjustment	85,058,871.07	-28,289,478.85
<b>Total</b>	<b>116,567,696.08</b>	<b>15,288,317.83</b>

## 54. Notes to cash flow statement

### (1) The major cash received relating to other operating activities

In RMB Yuan

Item	Amount
Interest income	119,244,542.40
Government grants related to operating activities	840,966,704.05

Others	2,504,538,123.79
<b>Total</b>	<b>3,464,749,370.24</b>

**(2) The major cash paid relating to other operating activities**

In RMB Yuan

Item	Amount
Selling expenses	722,315,326.41
Administrative expenses	1,086,113,871.84
Others	1,486,199,833.16
<b>Total</b>	<b>3,294,629,031.41</b>

**(3) The major cash received relating to other investing activities**

In RMB Yuan

Item	Amount
Others	1,478,695.29
<b>Total</b>	<b>1,478,695.29</b>

**(4) The major cash paid relating to other investing activities**

In RMB Yuan

Item	Amount
Others	315,938,190.60
<b>Total</b>	<b>315,938,190.60</b>

**(5) The major cash received relating to other financing activities**

In RMB Yuan

Item	Amount
Redemption of the deposit for acceptance	37,159,887.74
<b>Total</b>	<b>37,159,887.74</b>

**(6) The major cash paid relating to other financing activities**

Item	Amount
Payment of acceptance bills/other	92,446,855.66
Others	125,131.96
<b>Total</b>	<b>92,571,987.62</b>

**55. Supplementary information of cash flow statement****(1) Supplementary information of cash flow statement**

In RMB Yuan

Supplementary information	Current Amount	Prior-period Amount
1. Cash flow relating to operating activities calculated by		



adjusting the net profit		
Net profit	-2,244,061,428.35	1,617,481,673.47
Add: credit impairment loss	9,529,733.66	
Add: provision for assets impairment	152,676,538.06	108,941,422.42
Depreciation of fixed assets, oil and gas assets, productive biological assets	1,412,926,235.60	1,045,654,724.17
Amortization of intangible assets	485,234,277.39	349,623,578.41
Amortization of long-term deferred expense	1,190,008.24	113,355.78
Disposal loss/(income) on fixed assets, intangible assets and others long-term assets(with "-" for gains)	9,392,459.28	18,771,809.69
Loss of fair value change (revenue is marked with "-")	-40,337,151.27	-
Financial expense(with "-" for gains)	-96,832,709.15	-225,518,842.31
Investment loss(with "-" for gains)	108,336,709.94	-1,362,011,815.11
Decrease in deferred tax assets(with "-" for gains)	91,826,434.28	-28,289,478.86
Decrease in inventory(with "-" for gains)	-787,955,680.07	-60,238,054.79
Decrease in operating receivables(with "-" for gains)	3,615,249,233.77	9,804,878,336.43
Increase in operating payables(with "-" for gains)	1,406,660,271.88	-6,910,067,427.00
Others	96,428,697.69	42,062,477.85
Net cash flows from operating activities	4,220,263,630.95	4,401,401,760.15
2. Investment and financing activities involving no cash incomings / outgoings		
3. Movement of cash and cash equivalents		
Ending balance of cash equivalents	10,147,607,013.29	23,767,643,401.89
Less: beginning balance of cash equivalents	9,648,153,614.80	21,451,305,090.53
Net increase in cash and cash equivalents	499,453,398.49	2,316,338,311.36

**(2) Cash and cash equivalents**

In RMB Yuan

Item	Ending balance	Beginning balance
I. Cash		
Including: Cash on hand	17,875.99	14,374.84
Bank deposits that can be readily used	10,147,589,137.30	9,648,139,239.96
II. Ending balance of cash and cash equivalents	10,147,607,013.29	9,648,153,614.80

## VIII. The change of consolidation scope

### 1. Business combination not under the Same Control

Applicable  Not Applicable

### 2. Combination under the same control

Applicable  Not Applicable

### 3. Counter purchase

Applicable  Not Applicable

### 4. Disposing subsidiary

Whether there is a single disposal of the subsidiary company investment that is the loss of control of the situation

Applicable  Not Applicable

Whether there is a situation of the loss of control over the period of the investment and the loss of control of the subsidiary company through multiple transactions

Applicable  Not Applicable

### 5. Change of consolidation scope due to other reasons

#### (1) Newly established subsidiary companies during the reporting period

Name	Registered Address	Type of business	Registered Capital(Ten Thousand Yuan)	Proportion of shares enjoyed by the group
Chongqing Chehemei Technology Co., Ltd.	Chongqing	Sales	1000	100.00

#### (2) Subsidiary clearing during the reporting period

Applicable  Not Applicable

Subsidiary clearing during the reporting period and related circumstances:

Applicable  Not Applicable

## IX. Stake in other entities

### 1. Rights in subsidiaries

The subsidiaries of the Company are as follows :

Company name	Main operating	Registered place	Nature of business	Registered capital (ten	Total proportion of shareholders
--------------	----------------	------------------	--------------------	-------------------------	----------------------------------

	place			thousand)	(% )	
					Direct	Indirect
I. The subsidiary formed by establishment 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 Vehicle Networking Technology Co., Ltd.	Chongqing	Chongqing	Sales	8,850	100.00	-
Chongqing Changan Special Automobile Sales Co., Ltd (Note 2)	Chongqing	Chongqing	Sales	500	50.00	-
Chongqing Changan Automobile Supporting Service Co., Ltd.	Chongqing	Chongqing	Sales	3,000	99.00	1.00
Chongqing Changan New Energy Automobile Co. Ltd.	Chongqing	Chongqing	R&D	2,900	65.00	-
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	-
Harbin Changan R&D Center Co., Ltd.	Habin	Habin	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	Troy, United states	R&D	USD154	100.00	-
Changan Automobile Russia Co., Ltd.	Moscow, Russia	Moscow, Russia	Sales	USD20	100.00	-
Changan Brazil Holdings Limited	St. Paul, Brazil	St. Paul, Brazil	Sales	BRL100	100.00	-
Shenzhen Changan New Energy Automobile Service Co., Ltd	Shenzhen	Shenzhen	Sales	5000	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	-
Beijing Changan Vehicle Networking Technology Co., Ltd.	Beijing	Beijing	Lease	500	100.00	-
Haikou Changan Vehicle Networking Technology Co., Ltd.	Haikou	Haikou	Lease	500	100.00	-
Changan Vehicle Networking (Shanghai) Technology Co., Ltd.	Shanghai	Shanghai	Lease	500	100.00	-

Tianjin Changan Vehicle Networking Technology Co., Ltd.	Tianjin	Tianjin	Lease	500	100.00	-
Xiamen Changan New Energy Automobile Sales & Service Co., Ltd.	Xiamen	Xiamen	Sales	200	100.00	-
Guangzhou Changan New Energy Automobile Sales & Service Co., Ltd.	Guangzhou	Guangzhou	Sales	400	100.00	-
Fuzhou Fuqing Changan New Energy Automobile Sales & Service Co., Ltd.	Fuzhou	Fuzhou	Sales	200	100.00	-
Chongqing Chehemei Technology Co., Ltd.	Chongqing	Chongqing	Sales	1000	100.00	
Chongqing Changan New Energy Automobile Technology Co., Ltd.	Chongqing	Chongqing	R&D	9900	100.00	-
<b>II. The subsidiary formed by business combination not under common control</b>						
Nanjing Changan Automobile Co., Ltd.(Note1)	Nanjing	Nanjing	Manufacturing	60,181	84.73	-
Chongqing Changan Suzuki Automobile Co., Ltd.Zhenjiang Demao Hairun Equity Investment Fund Partnership (Limited Partnership)	Chongqing	Chongqing	Manufacturing	133,764	100.00	
Zhenjiang Demao Hairun Equity Investment Fund Partnership (Limited Partnership)	Zhenjiang	Zhenjiang	Financial industry	150,001	100.00	
<b>III. The subsidiary formed by business combination under common control</b>						
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 owns 93.79% and 95.70% of voting shares of Nanjing Changan Automobile Co., Ltd. And Hebei Changan Automobile Co., Ltd. respectively, the difference between proportion of voting shares and proportion of shares held is due to the voting right consigned from minority shareholders.

Note 2: The remaining shareholders of Chongqing Changan Special Automobile Co., Ltd. made an agreement with the Company that the remaining shareholders are to vote in accordance with the Company. The main financial and operating policies have been controlled by the Company, so it is included in the scope of consolidated financial statements.

As at June 30, 2019, the Group has no subsidiaries with important minority interests.

## 2. Transactions result in change of holdingshare proportion but no effect in control of subsidiaries

Applicable  Not applicable

## 3. Stakes in joint ventures and associates

Company name	Main operating place	Registered place	Nature of business	Registered capital (ten thousand)	Total proportion of shareholders (%)		Accounting treatment
					Direct	Inderect	
<b>I. Joint ventures</b>							

Jiangling Holding Co., Ltd.	Nanjing	Nanjing	Manufacture and sale of automobiles, and components	100,000	50.00	-	Equity
Changan Ford Automobile Co., Ltd.	Chongqing	Chongqing	Manufacture and sale of automobiles, and components	USD24,100	50.00	-	Equity
Changan Mazda Automobile Co., Ltd.	Nanjing	Nanjing	Manufacture and sale of automobiles, and components	USD11,097	50.00	-	Equity
Changan Mazda Engine Co., Ltd. (Note 1)	Nanjing	Nanjing	Manufacture and sale of automobiles, and components	USD20,996	50.00	-	Equity
Changan PSA Automobiles Co., Ltd.	Shenzhen	Shenzhen	Manufacture and sale of automobiles, and components	400,000	50.00	-	Equity
Changan Weilai New Energy Automobile Technology Co., Ltd.	Nanjing	Nanjing	Manufacture and sale of automobiles, and components	9,800	50.00	-	Equity
<b>II. Associates</b>							
Chongqing Changan Kuayue Automobile Co., Ltd.	Chongqing	Chongqing	Develop, product and sale of automobile and components; import and export goods.	6,533	34.30	-	Equity
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	-	Equity
Beijing Fang'an Taxi Co., Ltd.	Beijing	Beijing	For the car loan business	2,897.96	20.70	-	Equity
Chongqing Auto Finance 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.	476,843.1	28.66	-	Equity
Hainan Anxinxing Information Technology Co., Ltd.	Chengmai County	Chengmai County	Software and hardware technology development, technical	3,000	30.00	-	Equity

			consulting, auto parts sales				
Nanjing Chelai Travel Technology Co., Ltd.	Nanjing	Nanjing	Car sales, leasing, software technology development, technical services	10,000	10.00	-	Equity
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	-	Equity
Beijing Wutong Chelian Technology Co., Ltd.	Beijing	Beijing	Technology development, technical consulting, technical services, technology transfer	20,000	-	-	Equity
Anhe (Chongqing) Equity Investment Fund Management Co., Ltd.	Chongqing	Chongqing	Equity investment management	1,000	-	-	Equity
Hangzhou Chelizi Intelligent Technology Co., Ltd.	Hangzhou	Hangzhou	Car travel service	630	-	-	Equity
Nanjing Leading Equity Investment Partnership	Nanjing	Nanjing	Equity investment, venture capital investment	976,000	15.00	-	Equity
Nanjing Leading Equity Investment Management Co., Ltd.	Nanjing	Nanjing	Equity investment management	1,000	16.39	-	Equity

## X. 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

In RMB Yuan

2019.6.30	Financial Assets Measured at Fair Value and Their Changes Included in Current Profits and Losses	Measured at amortized cost	Measured at fair value and its changes are included in other comprehensive income
Cash		10,535,284,892.55	
Transactional financial assets	1,570,658,462.58		

Notes receivable		15,646,668,140.73	
Accounts receivable		2,011,970,761.86	
Other receivables		3,508,904,992.23	
Investment in other equity instruments			504,572,800.00
<b>Total</b>	<b>1,570,658,462.58</b>	<b>31,702,828,787.37</b>	<b>504,572,800.00</b>

In RMB Yuan

2018	Loans and accounts receivable	Available-for-sale financial assets
Cash	9,980,544,526.14	-
Notes receivable	20,561,625,805.24	-
Accounts receivable	1,409,419,600.50	
Other receivables	3,250,452,923.70	-
Available-for-sale financial assets	-	1,957,873,311.31
<b>Total</b>	<b>35,202,042,855.58</b>	<b>1,957,873,311.31</b>

## Financial liabilities

In RMB Yuan

	2019.6.30	2018.12.31
Short-term loans	210,000,000.00	190,000,000.00
Notes payable	13,769,475,508.94	14,807,862,262.39
Accounts payable	14,276,660,036.85	13,916,201,276.95
Other payables	5,165,398,262.95	3,079,749,015.81
Long-term loan	305,774,538.84	303,590,824.69
<b>Total</b>	<b>33,727,308,347.58</b>	<b>32,297,403,379.84</b>

## 2. Transfer of financial assets

### The transferred financial assets that entirely derecognized but continuing involved

As at 30 June 2019, the Group has endorsed bank acceptance bill with a carrying amount of RMB 2,195,073,464.21 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.

As of June 30, 2019, the Group operated a number of discount businesses with banks in China. The Group considers that the notes receivable with book value of RMB 1,797,476,050.00 have transferred most of the risks and rewards related to the notes receivable at the time of discount, thus meeting the conditions for termination of recognition of financial assets. On the discount day, the relevant receivables shall be terminated in full accordance with the book value. These terminated recognized receivables continue to be exposed to the greatest risk and have the same discounted cash flow as the book value of the receivables when they are repurchased. If the acceptor refuses to pay the bill when it matures, it has the right to recourse to the group ("continue to involve"). In the view of the Group, the continued involvement in fair value is not significant.

In the first half of 2019, the Group did not recognize gains or losses on its transfer date. The Group shall continue to be involved in the proceeds or expenses of the year in which the recognition of financial assets has been terminated and the cumulative recognition thereof. Endorsements occur roughly and evenly during the year.

## 3. Risks of financial instruments

The Group's principal financial instruments, except for derivatives, include bank loans, bonds payable, cash, etc. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as accounts receivable and accounts payable, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk. The Group's risk management policies are summarized below:

### **Credit risk**

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the special department of credit control.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, 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 2018, there was no credit risk arising from financial guarantee.



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 2018, among the Group's collections with specific credit risk, 48.73% 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.

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#### Credit Risk Increasing the Judgment Criteria Significantly

The Group assesses whether the credit risk of the relevant financial instruments has increased significantly since the initial confirmation on each balance sheet day. In determining whether credit risk has increased significantly since the initial confirmation, the Group considers that reasonable and valid information, including qualitative and quantitative analysis based on the Group's historical data, external credit risk rating and forward-looking information, can be obtained without unnecessary additional costs or efforts. Based on a single financial instrument or a portfolio of financial instruments with similar credit risk characteristics, the Group compares the risk of default of financial instruments on the balance sheet date with the risk of default on the initial confirmation date to determine the change of default risk of financial instruments during the expected lifetime.

When triggering one or more of the following quantitative and qualitative criteria, the Group believes that the credit risk of financial instruments has increased significantly:

Quantitative criteria are that the probability of default of the remaining duration of the reporting day rises by more than a certain percentage compared with the initial confirmation

Qualitative criteria include major adverse changes in the debtor's business or financial situation, early warning customer lists, etc.

The upper limit indicator is that the debtor's contract payments (including principal and interest) are overdue for more than [30] days. Other financial assets of the Group include monetary funds, sellable financial assets, other receivables, etc. The credit risk of these financial assets originates from the default of the counterparty, and the maximum risk exposure equals the book value of these instruments. The Group faces no credit risk in this year due to the provision of financial guarantees.

#### Definition of assets with impaired credit

In order to determine whether credit impairment occurs, the defining criteria adopted by the Group are consistent with the internal objectives of credit risk management for relevant financial instruments, taking into account quantitative and qualitative indicators. When assessing whether the debtor has suffered credit impairment, the Group mainly considers the following factors:

Major financial difficulties occur to the issuer or debtor;

The debtor breaches the contract, such as defaulting of the interest or overdue principal, etc.

The creditor gives the debtor concessions in no other case for economic or contractual considerations 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 lead to the disappearance of the active market of the financial assets;

Purchase or derivation of a financial asset at a substantial discount reflects the credit losses.

Credit impairment of financial assets may be caused by the interaction of multiple events, not necessarily by separate identifiable events.

#### Parameters for Measuring Expected Credit Loss

Depending on whether credit risk has increased significantly and whether credit impairment has occurred, the Group measures impairment provision for different assets by anticipated credit losses for 12 months or the whole life period, respectively. The key parameters of anticipated credit loss measurement include default probability, default loss rate and default risk exposure. Considering the quantitative analysis and forward-looking information of historical statistics (such as counterparty ratings, guarantees and collateral types, repayment methods, etc.), the Group establishes a default probability, default loss rate and default risk exposure model.

The relevant definitions are as follows:

The probability of default refers to the possibility that the debtor will not be able to fulfil its obligation to pay in the next 12 months or throughout the remaining period. The default probability of the group is adjusted based on the results of XX model, and forward-looking information is added to reflect the default probability of the debtor under the current macroeconomic environment.

The default loss rate refers to the group's expectation of the extent of loss from exposure to default risk. According to the type of counterparty, the way and priority of recourse, and the different collateral, the loss rate of breach of contract is also different. The default loss rate is the percentage of risk exposure loss at the time of default, which is calculated on the basis of the next 12 months or the whole duration.

The default risk exposure is the amount that the group should be repaid in the event of default in the next 12 months or throughout the remaining period.

#### Prospective information

The assessment of significant increase in credit risk and the calculation of anticipated credit losses involve forward-looking information. Through historical data analysis, the Group identifies key economic indicators affecting credit risk and expected credit loss of various business types.

The impact of these economic indicators on default probability and default loss rate varies with different business types. In this process, the Group applies expert judgment to forecast these economic indicators annually based on the results of expert judgment, and determines the impact of these economic indicators on default probability and default loss rate through [regression analysis].

#### **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.

#### **Market risk**

Interest rate risk

The Group's revenue and operating cash flows are seldomly influenced by the interest fluctuation. As at 30 June 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 30 June, 2019, the Group only has limited transactional currency exposures 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.

Equity instruments investment price risk

The Group is exposed to equity price risk arising from individual equity investments classified as transactional financial investments (Note VII 2) as at 30 June 2019. The Group's listed investments are listed on the Shanghai and Shenzhen stock exchanges and 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, based on their carrying amounts at the end of the reporting period.

	Carrying amount of equity investments	Change in fair value	Increase/(decrease) in equity
2019.6.30			
Shanghai- Transactional financial assets	175,370,000.00	5%	7,453,225.00
Shanghai- Transactional financial assets	175,370,000.00	-5%	-7,453,225.00
Shenzhen-Transactional financial assets	1,395,288,462.58	5%	59,299,759.66
Shenzhen-Transactional financial assets	1,395,288,462.58	-5%	-59,299,759.66
2018.12.31			
Shanghai- Available for sale	123,540,000.00	5%	5,250,450.00
Shanghai- Available for sale	123,540,000.00	-5%	-5,250,450.00
Shenzhen- Available for sale	1,406,781,311.31	5%	59,788,205.73
Shenzhen- Available for sale	1,406,781,311.31	-5%	-59,788,205.73

#### 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 30, June 2019.

The Group's leverage ratio on the balance sheet date is as follows:

	30 June 2019	31 December 2018
Leverage ratio	52.64%	50.63%

### XI. Disclosure of fair value

#### 1. Assets and liabilities measured at fair value

June 30, 2019

In RMB Yuan

	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
Trading financial assets - equity instrument investment	175,370,000.00	1,395,288,462.58		1,570,658,462.58
Other equity instruments			504,572,800.00	504,572,800.00

December 31, 2018

In RMB Yuan

	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 valuation

### Fair value of financial instruments

The management has assessed the monetary funds, notes receivable and accounts receivable, other receivables, short-term loans, other payables, bills payable and accounts payable. The fair value is equal to the book value because the remaining period is not long.

The fair value of financial assets and financial liabilities is determined by the amount of voluntarily exchange of assets or debt settlement between the parties to the transaction in a fair transaction, rather than the amount of money that is forced to sell or liquidate.

Long-term borrowings and long-term borrowings due within one year are determined using the discounted future cash flow method to determine the fair value, using the market yields of other financial instruments with similar contractual terms, credit risk and remaining maturity as the discount rate. On December 31, 2018, the risk assessment of long-term borrowings and long-term borrowings due within one year was not significant.

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. We believe that the fair value and its changes estimated by valuation techniques are reasonable and are also the most appropriate value on the balance sheet date.

## XII. Related parties and related party transactions

### 1. Parent company of the Company

Parent company	Related parties' relationship	Company type	Place of registration	Legal representative	Nature of the business	Registered capital	Proportion of shares in the Company (%)	Proportion of voting rights in the company (%)	Final controlling party	Organization Code
China Changan Automobile Group Co.,Ltd.	controlling shareholder	Liability limited	Beijing	Liu Weidong	Manufacture and sale of automobiles, engine, and components	4,582,373,700	22.53%	22.53%	China South Industries Group corporation	9111000-0710 93-39484

Main business and products: design, development, manufacturing and marketing of automobiles, motorcycles, automobile motorcycle engines, automobile motorcycle parts and components; Sales of optical products, electronic and optoelectronic products, night vision equipments, information and communications equipment; technology development, technology transfer, technical consulting, technical training, technical services related to the above mentioned business; Import and export business; Asset acquisitions, recapitalization.

## 2. Subsidiaries

See subsidiaries in IX. Stake in other entities.

## 3. Other related parties

Other related parties	Relationship
Changan Ford Automobile Co.,Ltd.	Joint venture
Changan Ford Automobile Co., Ltd. - Harbin branch	Joint venture
Changan Ford Automobile Co., Ltd. - Hangzhou branch	Joint venture
Changan Mazda Automobile Co.,Ltd.	Joint venture
Changan Mazda Engine Co., Ltd.	Joint venture
Jiangling Holding Co., Ltd.	Joint venture
Jiangling Holding Landwind Plant	Joint venture
Changan PSA Automobiles Co., Ltd.	Joint venture
Changan Weilai New Energy Automobile Technology Co., Ltd.	Joint venture
Changan Automobile Finance Co., Ltd.	Associated enterprise
Hainan Anxinxing Information Technology Co., Ltd.	Associated enterprise
Nanjing Chelai Travel Technology Co., Ltd.	Associated enterprise
Chongqing Changan Kuayue Automobile Co., Ltd.	Associated enterprise
Hangzhou Chelizi Intelligent Technology Co., Ltd.	Associated enterprise
Beijing Fangan Xinyue Taxi Co., Ltd.	Associated enterprise
Hunan Guoxin Semiconductor Technology Co., Ltd.	Associated enterprise
Chongqing Changan Kuayue Automobile Marketing Co., Ltd.	Associated enterprise
Chongqing Changan Industrial (Group) Co., Ltd.	Subordinate company of South Industries
Chongqing Changan Real Estate Development Co., Ltd.	Subordinate company of Changan Industries
Chongqing Changan Construction Engineering Co., Ltd.	Subordinate company of Changan Industries
Sichuan Hongguang Machinery and Electrics Co., Ltd.	Subordinate company of Changan Industries
Chongqing Changan Property Management Co., Ltd.	Subordinate company of Changan Industries
China Changan Automobile Co., Ltd.	Parent company
China Changan Automobile Co., Ltd. – Chongqing Qingshan Transmission Branch	Branch of China Changan
Sichuan Jianan Industrial Co., Ltd.	Subordinate company of China Changan
Sichuan Jian'an Industrial Co., Ltd. - Chengdu Jianan Axle Branch	Subordinate company of China Changan
South Air International Co.,Ltd.	Subordinate company of China Changan
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	Subordinate company of China Changan
Sichuan Ningjiang Shanchuan Machinery Co, Ltd. - Longchang Shock Absorber Branch	Subordinate company of China Changan

Other related parties	Relationship
Chengdu Huachuan Electric Equipment Co., Ltd.	Subordinate company of China Changan
Chongqing Automobile Air-Conditioning Co., Ltd.	Subordinate company of China Changan
Csgc Trw Chassis Systems Co.,Ltd.	Subordinate company of China Changan
Chongqing Changan Min Sheng Logistics Co., Ltd.	Subordinate company of China Changan
Chongqing Changan Min Sheng Logistics Co., Ltd. - Yubei branch	Subordinate company of China Changan
Chongqing Wanyou Auto Sales and Service Co., Ltd.	Subordinate company of China Changan
Chongqing Wanyou Longrui Auto Sales and Service Co., Ltd.	Subordinate company of China Changan
Chongqing Wanyou Longxing Auto Sales and Service Co., Ltd.	Subordinate company of China Changan
Guangxi Wanyou Auto Sales and Service Co., Ltd.	Subordinate company of China Changan
Nanning Wanyou Auto Sales and Service Co., Ltd.	Subordinate company of China Changan
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	Subordinate company of China Changan
Chengdu Wanyou Trading Co., Ltd.	Subordinate company of China Changan
Hafei Motor Co., Ltd.	Subordinate company of China Changan
Chongqing Anfu Automobile Marketing Co., Ltd.	Subordinate company of China Changan
China Changan Automobile Group Tianjin Sales Co., Ltd.	Subordinate company of China Changan
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd.	Subordinate company of China Changan
Harbin Dongan Auto Engine Co., Ltd.	Subordinate company of China Changan
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	Subordinate company of China Changan
United Prosperity Investment Co., Ltd (Hongkong)	Subordinate company of China Changan
United Prosperity Investment Co., Ltd (Shenzhen)	Subordinate company of China Changan
Wanyou Automobile Investment Co., Ltd.	Subordinate company of China Changan
Chengdu Wanyou Auto Trade Service Co., Ltd.	Subordinate company of China Changan
Chongqing Wanyou Economic Development Co., Ltd.	Subordinate company of China Changan
Chongqing Wanyou Economic Development Co., Ltd. – Changshou Branch	Subordinate company of China Changan
Chongqing Wanyou Economic Development Co., Ltd. – Fengdu Branch	Subordinate company of China Changan
Chongqing Wanyou Economic Development Co., Ltd. – Jjiangjin Branch	Subordinate company of China Changan
Chongqing Wanyou Economic Development Co., Ltd. – Qianjiang Branch	Subordinate company of China Changan
Chongqing Wanyou Economic Development Co., Ltd. – Dazu Branch	Subordinate company of China Changan
Chongqing Wanyou Economic Development Co., Ltd. – Hechuan Branch	Subordinate company of China Changan
Chongqing Wanyou Economic Development Co., Ltd. – Nanping Branch	Subordinate company of China Changan
Chongqing Wanyou Economic Development Co., Ltd. – Yongchuan Branch	Subordinate company of China Changan
Chongqing Wanyou Economic Development Co., Ltd. – Jiangnan Branch	Subordinate company of China Changan
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd.	Subordinate company of China Changan

Other related parties	Relationship
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd. – Guangxi Branch	Subordinate company of China Changan
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd. – Guizhou Branch	Subordinate company of China Changan
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd. – Parts Branch	Subordinate company of China Changan
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd. – Sichuan Branch	Subordinate company of China Changan
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd. –Yunnan Branch	Subordinate company of China Changan
Yunnan Wanyou Automobile Sales & Service Co., Ltd.	Subordinate company of China Changan
Guizhou Wanyou Automobile Sales & Service Co., Ltd.	Subordinate company of China Changan
Yunnan Xiangyu Automobile Sales & Service Co., Ltd.	Subordinate company of China Changan
Chongqing Fuji Supply Chain Management Co., Ltd.	Subordinate company of China Changan
Panzhuhua Wanyou Automobile Sales & Service Co., Ltd.	Subordinate company of China Changan
Ya'an Wanyou Automobile Sales & Service Co., Ltd.	Subordinate company of China Changan
Chongqing Wanyou Ducheng Automobile Sales & Service Co., Ltd.	Subordinate company of China Changan
Chongqing Wanyou Ducheng Automobile Sales & Service Co., Ltd. –Zhongxian Branch	Subordinate company of China Changan
Chongqing Wanyou Xingjian Automobile Sales & Service Co., Ltd.	Subordinate company of China Changan
Luzhou Wanyou Automobile Service Co., Ltd.	Subordinate company of China Changan
Luzhou Wanyou Automobile Service Co., Ltd. – Naxi Branch	Subordinate company of China Changan
Southern Faurecia Auto Parts Co., Ltd.	Subordinate company of China Changan
Chengdu Wanyou Automobile Sales & Service Co., Ltd.	Subordinate company of China Changan
Bazhong Wanyou Automobile Sales & Service Co., Ltd.	Subordinate company of China Changan
Liangshan Wanyou Automobile Sales & Service Co., Ltd.	Subordinate company of China Changan
Kunming Wanning Automobile Sales & Service Co., Ltd.	Subordinate company of China Changan
Harbin Botong Auto Parts Manufacturing Co., Ltd.	Subordinate company of China Changan
Chongqing Qingshan Transmission Sales Co., Ltd.	Subordinate company of South Group
Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	Subordinate company of South Group
Chongqing Changrong Machinery Co., Ltd.	Subordinate company of South Group
Chengdu Lingchuan Special Industry Co., Ltd.	Subordinate company of South Group
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	Subordinate company of South Group
Chongqing Changfeng Jiquan Machinery Co., Ltd.	Subordinate company of South Group
Yunnan Xiyi Industries Co., Ltd.	Subordinate company of South Group
Chongqing Shangfang Automobile Fittings Co., Ltd.	Subordinate company of South Group
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	Subordinate company of South Group
Chongqing Dajiang Yuqiang Plastic Co., Ltd.	Subordinate company of South Group
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	Subordinate company of South Group



Other related parties	Relationship
China South Industries Group Finance Co., Ltd.	Subordinate company of South Group
Southwest Ordnance Industry Corporation	Subordinate company of South Group
Chengdu Wanyou Filter Co., Ltd.	Subordinate company of South Group
Chongqing Yihong Engineering Plastic Products Co., Ltd.	Subordinate company of South Group
Beijing Beiji Mechanical and Electrical Industry Co., Ltd.	Subordinate company of South Group
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd.	Subordinate company of South Group
Chongqing Nexteer steering system co., Ltd	Subordinate company of South Group
Chongqing Dajiang Jiexing Forging Co., Ltd.	Subordinate company of South Group
Chongqing Jialing Yimin Special Equipment Co., Ltd.	Subordinate company of South Group
Chengdu Guangming Tianzhong Environmental Protection Technology Co., Ltd.	Subordinate company of South Group
Chongqing Xiyi Automobile Connecting Rod Co., Ltd.	Subordinate company of South Group
Chongqing Dajiang Guoli Precision Machinery Manufacturing Co., Ltd.	Subordinate company of South Group

#### 4. Related-party transaction

##### (1) Goods purchased and services received

In RMB Yuan

Related parties	Nature of the transaction	Current amount	Approved transaction amount	Whether it exceeds the transaction amount	Prior-period amount
Changan Ford Automobile Co.,Ltd.	Purchase of spare parts	840,032.40	1,413,003.88	No	196,358.68
Changan Ford Automobile Co.,Ltd. - Harbin branch	Purchase of spare parts	450,451.43	7,674,650.72	No	50,332,437.64
Jiangling Holding Co., Ltd.	Purchase of spare parts	-	1,650,000.00	No	211,813,380.00
Changan PSA Automobiles Co., Ltd.	Purchase of spare parts、Accept service	42,367,096.09	246,803,700.00	No	-
Chongqing Changan Kuayue Automobile Co., Ltd.	Purchase of spare parts	-	-	No	2,185,200.00
Hangzhou Chelizi Intelligent Technology Co., Ltd.	Purchase of spare parts	3,150,482.79	-	Yes	-
Chongqing Changan Industrial (Group) Co., Ltd.	Accept service	348,568.01	13,678,470.17	No	35,491,790.41

Related parties	Nature of the transaction	Current amount	Approved transaction amount	Whether it exceeds the transaction amount	Prior-period amount
Chongqing Changan Construction Engineering Co., Ltd.	Accept service	7,313,785.24	235,830,010.02	No	767,688.60
Sichuan Hongguang Machinery and Electrics Co., Ltd.	Purchase of spare parts	3,339,067.87	10,045,813.15	No	5,247,314.70
Chongqing Changan Property Management Co., Ltd.	Accept service	1,812,064.04	6,855,450.00	No	1,880,756.31
China Changan Automobile Co., Ltd. – Chongqing Qingshan Transmission Branch	Purchase of spare parts	455,343,757.53	1,682,734,997.69	No	790,009,094.86
Sichuan Jianan Industrial Co., Ltd.	Purchase of spare parts	353,770,028.01	755,184,952.97	No	396,002,416.92
Sichuan Jian'an Industrial Co., Ltd. - Chengdu Jianan Axle Branch	Purchase of spare parts	-	-	No	-20,068.28
South Air International Co.,Ltd.	Purchase of spare parts	153,661,141.06	625,914,322.13	No	278,286,144.78
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	Purchase of spare parts	34,121,749.07	168,945,306.07	No	68,700,314.53
Sichuan Ningjiang Shanchuan Machinery Co, Ltd. - Longchang Shock Absorber Branch	Purchase of spare parts	16,894,846.23	6,807,066.25	No	14,571,788.09
Chengdu Huachuan Electric Equipment Co., Ltd.	Purchase of spare parts	130,426,180.96	315,692,574.27	No	147,010,890.28
Chongqing Automobile Air-Conditioning Co., Ltd.	Purchase of spare parts	-	-	No	-
Csgc Trw Chassis Systems Co.,Ltd.	Purchase of spare parts	202,875,095.90	759,647,453.82	No	302,296,647.64
Chongqing Changan Min Sheng Logistics Co., Ltd.	Purchase of spare parts、Accept service	827,152,859.32	2,731,929,163.09	No	669,938,773.76
Guangxi Wanyou Auto Sales and Service Co., Ltd.	Accept service	63,818.11	-	No	-
Nanning Wanyou Auto Sales and Service Co., Ltd.	Accept service	70,493.10	-	No	-
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	Accept service	248,627.10	-	No	-
Chengdu Wanyou Trading Co., Ltd.	Accept service	18,514.24	-	No	-

Related parties	Nature of the transaction	Current amount	Approved transaction amount	Whether it exceeds the transaction amount	Prior-period amount
China Changan Automobile Group Tianjin Sales Co., Ltd.	Accept service	25,144.55	-	No	-
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd.	Purchase of spare parts	47,772,865.85	49,128,786.79	No	11,369,508.22
Harbin Dongan Auto Engine Co., Ltd.	Purchase of spare parts	420,102,474.82	830,544,500.95	No	407,727,748.76
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	Purchase of spare parts	353,143,739.85	448,373,823.07	No	232,165,111.94
Chengdu Wanyou Auto Trade Service Co., Ltd.	Accept service	464,001.50	-	No	-
Chongqing Wanyou Economic Development Co., Ltd.	Purchase of spare parts、Accept service	134,932,176.36	434,639,017.58	No	191,811,118.53
Yunnan Wanyou Automobile Sales & Service Co., Ltd.	Accept service	1,084,974.53	-	No	-
Guizhou Wanyou Automobile Sales & Service Co., Ltd.	Accept service	986,717.54	-	No	-
Yunnan Xiangyu Automobile Sales & Service Co., Ltd.	Accept service	124,427.22	-	No	-
Panzhuhua Wanyou Automobile Sales & Service Co., Ltd.	Accept service	13,092.15	-	No	-
Ya'an Wanyou Automobile Sales & Service Co., Ltd.	Accept service	128,960.48	-	No	-
Chongqing Wanyou Ducheng Automobile Sales & Service Co., Ltd.	Accept service	327,791.37	-	No	-
Chongqing Wanyou Xingjian Automobile Sales & Service Co., Ltd.	Accept service	257,093.48	-	No	-
Luzhou Wanyou Automobile Service Co., Ltd.	Accept service	20,198.04	-	No	-
Southern Faurecia Auto Parts Co., Ltd.	Purchase of spare parts	114,560,039.57	501,336,000.00	No	-
Bazhong Wanyou Automobile Sales & Service Co., Ltd.	Accept service	14,698.71	-	No	-
Liangshan Wanyou Automobile Sales & Service Co., Ltd.	Accept service	40,679.82	-	No	-
Chongqing Qingshan Transmission Sales Co., Ltd.	Purchase of spare parts	3,559,602.32	6,189,337.21	No	3,372,342.00

Related parties	Nature of the transaction	Current amount	Approved transaction amount	Whether it exceeds the transaction amount	Prior-period amount
Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	Purchase of spare parts	46,683,372.83	76,474,295.70	No	41,165,671.16
Chongqing Changrong Machinery Co., Ltd.	Purchase of spare parts	6,433,171.02	17,359,212.30	No	12,476,284.96
Chengdu Lingchuan Special Industry Co., Ltd.	Purchase of spare parts	9,930,016.99	17,737,916.16	No	16,648,659.65
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	Purchase of spare parts	18,186,753.45	75,940,339.34	No	36,629,643.10
Chongqing Changfeng Jiquan Machinery Co., Ltd.	Purchase of spare parts	10,396,114.98	29,026,088.70	No	11,501,147.75
Yunnan Xiyi Industries Co., Ltd.	Purchase of spare parts	30,665,985.08	105,955,263.92	No	50,426,409.01
Chongqing Shangfang Automobile Fittings Co., Ltd.	Purchase of spare parts	15,447,216.43	49,476,726.42	No	25,730,159.90
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	Purchase of spare parts	7,009,231.20	160,146,161.27	No	81,105,898.94
Chongqing Dajiang Yuqiang Plastic Co., Ltd.	Purchase of spare parts	70,660,688.47	298,706,005.96	No	161,444,150.25
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	Purchase of spare parts	45,884,509.86	110,624,360.16	No	44,409,783.45
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	Purchase of spare parts	56,809,638.72	156,971,238.84	No	93,328,718.59
Chongqing Yihong Engineering Plastic Products Co., Ltd.	Purchase of spare parts	3,943,111.25	23,641,386.70	No	14,426,634.47
Beijing Beiji Mechanical and Electrical Industry Co., Ltd.	Purchase of spare parts	21,611.25	1,163,002.81	No	41,364.74
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd.	Purchase of spare parts	6,120,347.20	18,699,132.68	No	7,735,029.09
Chongqing Nexteer steering system co., Ltd	Purchase of spare parts	319,878,978.48	663,918,298.44	No	307,967,283.63
Chongqing Dajiang Jiexing Forging Co., Ltd.	Purchase of spare parts	1,178,761.66	3,243,514.03	No	778,239.55
Chengdu Guangming Tianzhong Environmental Protection Technology	Purchase of spare parts	-1,885.21	-	No	-1,771.14

Related parties	Nature of the transaction	Current amount	Approved transaction amount	Whether it exceeds the transaction amount	Prior-period amount
Co., Ltd.					
Chongqing Xiyi Automobile Connecting Rod Co., Ltd.	Purchase of spare parts	-5,769.12	-	No	-4,295.93
Chongqing Dajiang Guoli Precision Machinery Manufacturing Co., Ltd.	Purchase of spare parts	58,201,499.62	-	No	-
Chongqing Changan Suzuki Automobile Co., Ltd.	Purchase of spare parts	-	-	No	40,015,153.39
<b>Total</b>		<b>4,019,270,690.83</b>	<b>11,650,101,343.24</b>		<b>4,766,980,922.93</b>

The price of the Group's purchase from related parties is based on contracts agreed by both parties.

Note: The company calculated the actual amount of related party transactions according to the related parties under the same control of the South Group, and compared with the transaction amount approved at the beginning of the year.

## (2) Goods sold and services offered

In RMB Yuan

Related parties	Nature of the transaction	Current amount	Prior-period Amount
Changan Ford Automobile Co.,Ltd.	Sales of spare parts、 staff support	856,061.60	959,683.96
Changan Ford Automobile Co.,Ltd. - Harbin branch	Sales of spare parts、 staff support	-	-
Changan Ford Automobile Co., Ltd. - Hangzhou branch	Sales of spare parts、 staff support	20.37	
Changan Mazda Automobile Co.,Ltd.	Sales of spare parts	2,683,010.71	1,064,339.48
Changan Mazda Engine Co., Ltd.	Training fee	12,830.19	-
Jiangling Holding Co., Ltd.	Sales of spare parts、 staff support	-	92,466,850.38
Nanjing Chelai Travel Technology Co., Ltd.	Car rental income	50,442.48	
Chongqing Changan Kuayue Automobile Co., Ltd.	Income from trademark right	5,913.00	26,078.68
Hangzhou Chelizi Intelligent Technology Co., Ltd.	Car rental income	8,193,799.97	
Chongqing Changan Industrial (Group) Co., Ltd.	Sales of spare parts	312,427.84	-
Chongqing Changan Construction Engineering Co., Ltd.	Electricity fee	19,563.79	-
Sichuan Hongguang Machinery and Electrics Co., Ltd.	Sales of spare parts	804,913.61	965,831.85
China Changan Automobile Co., Ltd. – Chongqing Qingshan Transmission	Sales of vehicles and spare parts	270,959.66	3,754.72

Related parties	Nature of the transaction	Current amount	Prior-period Amount
Branch			
Sichuan Jianan Industrial Co., Ltd.	Sales of spare parts	-	3,754.72
South Air International Co.,Ltd.	Sales of vehicles and spare parts	-	4,708.49
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	Sales of vehicles and spare parts	-	3,754.72
Csgc Trw Chassis Systems Co.,Ltd.	Sales of vehicles and spare parts	-	3,754.72
Chongqing Changan Min Sheng Logistics Co., Ltd.	Sales of spare parts、 Training fee	9,384,009.45	49,034,525.61
Chongqing Changan Min Sheng Logistics Co., Ltd. – Yubei Branch	Electricity fee	292,914.38	
Guangxi Wanyou Auto Sales and Service Co., Ltd.	Sales of vehicles and spare parts	41,791,580.46	79,266,636.74
Nanning Wanyou Auto Sales and Service Co., Ltd.	Sales of vehicles and spare parts	17,029,211.44	18,660,666.94
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	Sales of vehicles and spare parts	414,364,744.60	564,089,962.66
Chongqing Anfu Automobile Marketing Co., Ltd.	Sales of vehicles	34,296,238.49	4,504,052.51
China Changan Automobile Group Tianjin Sales Co., Ltd.	Sales of vehicles and spare parts	62,048,690.92	96,595,781.73
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd.	Sales of spare parts	559,797.07	-
Harbin Dongan Auto Engine Co., Ltd.	Sales of spare parts	6,860,735.86	5,807,864.29
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	Sales of spare parts	11,294,757.38	541,580.93
Wanyou Automobile Investment Co., Ltd.	Sales of vehicles and spare parts	194,731,627.80	278,840,354.88
Chengdu Wanyou Auto Trade Service Co., Ltd.	Sales of vehicles and spare parts	173,518,730.23	307,793,749.81
Chongqing Wanyou Economic Development Co., Ltd.	Sales of vehicles and spare parts	392,673,110.16	466,874,730.20
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd. – Guangxi Branch	Sales of vehicles and spare parts	34,904.51	
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd. – Guizhou Branch	Sales of vehicles and spare parts	9,017.16	
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd. – Parts Branch	Sales of vehicles and spare parts	8,275.85	
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd. – Sichuan Branch	Sales of vehicles and spare parts	85,343.02	

Related parties	Nature of the transaction	Current amount	Prior-period Amount
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd. –Yunnan Branch	Sales of vehicles and spare parts	210,147,045.26	318,109,175.14
Yunnan Wanyou Automobile Sales & Service Co., Ltd.	Sales of vehicles and spare parts	7,825,827.75	12,136,503.95
Guizhou Wanyou Automobile Sales & Service Co., Ltd.	Sales of vehicles and spare parts	27,281,012.14	27,679,119.48
Yunnan Xiangyu Automobile Sales & Service Co., Ltd.	Sales of vehicles and spare parts	57,120,893.29	58,340,829.40
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd. – Guangxi Branch	Sales of vehicles and spare parts	41,796,231.44	57,749,959.33
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd. – Guizhou Branch	Sales of vehicles and spare parts	16,106,957.12	41,553,601.57
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd. – Parts Branch	Sales of vehicles and spare parts	309,384,958.88	350,671,270.23
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd. – Sichuan Branch	Sales of vehicles and spare parts	347,551,447.54	452,909,126.31
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd. –Yunnan Branch	Sales of vehicles and spare parts	45,082,563.98	67,497,061.87
Panzhihua Wanyou Automobile Sales & Service Co., Ltd.	Sales of vehicles and spare parts	-	11,045.54
Ya'an Wanyou Automobile Sales & Service Co., Ltd.	Sales of vehicles and spare parts	-	16,589.56
Chongqing Wanyou Ducheng Automobile Sales & Service Co., Ltd.	Sales of vehicles and spare parts	-	72,903.23
Chongqing Wanyou Ducheng Automobile Sales & Service Co., Ltd. – Zhongxian Branch	Sales of vehicles and spare parts	5,998.70	
Chongqing Wanyou Xingjian Automobile Sales & Service Co., Ltd.	Sales of vehicles and spare parts	-	71,605.18
Luzhou Wanyou Automobile Service Co., Ltd.	Sales of vehicles and spare parts	-	53,390.03
Chengdu Wanyou Automobile Sales & Service Co., Ltd.	Sales of vehicles and spare parts	3,373,560.20	
Chongqing Changrong Machinery Co., Ltd.	Sales of spare parts	124,339.62	3,754.72
Chengdu Lingchuan Special Industry Co., Ltd.	Sales of spare parts	2,011.39	10,007.55

Related parties	Nature of the transaction	Current amount	Prior-period Amount
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	Sales of spare parts	1,362,120.82	-
Yunnan Xiyi Industries Co., Ltd.	Sales of vehicles and spare parts	2,876,531.50	4,070,438.35
Chongqing Shangfang Automobile Fittings Co., Ltd.	Sales of vehicles and spare parts	20,037.74	35,037.74
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	Sales of vehicles and spare parts	-	-
Chongqing Dajiang Yuqiang Plastic Co., Ltd.	Sales of vehicles and spare parts	345,391.14	-
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	Sales of vehicles and spare parts	12,037.74	3,754.72
China South Industries Group Finance Co., Ltd.	Sales of vehicles and spare parts	1,260,010.87	5,333,618.49
Southwest Ordnance Industry Corporation	Sales of vehicles and spare parts	-	-
Chengdu Wanyou Filter Co., Ltd.	Sales of vehicles and spare parts	76,460.18	3,754.72
Chongqing Yihong Engineering Plastic Products Co., Ltd.	Sales of vehicles and spare parts	943.30	-
Chongqing Changan Suzuki Automobile Co., Ltd.	Sales of raw materials and spare parts	-	9,470,279.42
<b>Total</b>		<b>2,443,950,012.60</b>	<b>3,373,315,244.55</b>

The price of the Group's purchase from related parties is based on contracts agreed by both parties.

### (3) Related-party leasing

Rent assets to related parties

In RMB Yuan

Lessee	Type of leased assets	Starting date	Expiring date	Report period recognized rental
Jiangling Holdings Co., Ltd.	A102 production line	2017.04.01	2019.03.31	1,889,756.40
Chongqing Changan Industrial (Group) Co., Ltd.	Building	2018.01.01	2032.12.31	3,283,373.71

Rent assets from related parties

In RMB Yuan

Lessor	Type of leased assets	Starting date	Expiring date	Report period recognized rental
Chongqing Changan Real Estate Development Co., Ltd.	Building	2019.1.1	2019.6.30	483,861.90



Chongqing Changan Min Sheng Logistics Co., Ltd. – Hebei Branch	Storeroom	2019.1.1	2019.12.31	364,466.04
Chongqing Changan Real Estate Development Co., Ltd.	Site	2019.1.1	2019.5.31	668,740.00
Chongqing Changan Min Sheng Logistics Co., Ltd.	Storeroom	2018.9.20 (Kunming)	2019.9.19 (Kunming)	2,599,542.98
		2018.9.6 (Guangzhou)	2019.9.5 (Guangzhou)	
Chongqing Changan Min Sheng Logistics Co., Ltd.	Storeroom	2018.1.1	2018.12.31	6,000,000.00
Chongqing Changan Min Sheng Logistics Co., Ltd.	Storeroom	2018.9.4	2018.11.3 (Beijing)	1,153,170.00
		2018.9.6	2018.10.15 (CHongqing)	

**(4) Other related transactions**Integrated service charges

In RMB Yuan

Related parties	Nature of the transaction	Report period Amount	Same period of last period Amount
Changan Industries (Group) Co. Ltd	Payment of land rental fees	13,960,191.76	15,738,619.47
	Payment of building rental fees	2,320,098.28	2,320,098.28
	Payment of utilities	41,936,461.05	41,238,737.71
	Payment of fire fighting fees		
	Others	5,598,032.75	2,604,188.16
<b>Total</b>		<b>63,814,783.84</b>	<b>61,901,643.62</b>

Purchase of project materials

In RMB Yuan

Related parties	Report period Amount	Same period of last period Amount
Chongqing Changan Construction Co., Ltd	219,003,991.17	285,684,556.02
Chongqing Changan Min Sheng Logistics Co., Ltd.	510,059.11	362,735.93
Changan Industries (Group) Co. Ltd	6,163.00	-
Chongqing wanyou engineering installation co., ltd	-	49,273,687.28
<b>Total</b>	<b>219,520,213.28</b>	<b>335,320,979.23</b>

Staff expenses for technical supporting

In RMB Yuan

Related parties	Report period Amount	Same period of last period Amount
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Changan Mazda Automobile Co.,Ltd.	7,242,531.36	5,113,134.48
Changan Ford Automobile Co.,Ltd.	10,419,283.74	10,500,543.45
Changan Mazda Engine Co., Ltd.	833,481.46	-
Jiangling Holding Co., Ltd.	884,649.40	-
Changan PSA Automobiles Co., Ltd.	242,271.06	-
Hainan Anxixing Information Technology Co., Ltd.	652,302.36	-
Changan Ford Automobile Co.,Ltd.	-	1,539,750.64
<b>Total</b>	<b>20,274,519.38</b>	<b>17,153,428.57</b>

Technology development service charges

In RMB Yuan

Related parties	Report period Amount	Same period of last period Amount
Jiangling Holdings Co., Ltd.		1,886,792.45-
Changan Ford Automobile Co.,Ltd.	769,811.32	-
Harbin Dongan Auto Engine Co., Ltd.	11,320,754.71	-
<b>Total</b>	<b>12,090,566.03</b>	<b>1,886,792.45-</b>

Collection of trademark use rights fees

In RMB Yuan

Related parties	Report period Amount	Same period of last period Amount
Chongqing Changan Kuayue Automobile Co., Ltd.	8,689,641.51	6,483,396.23

Related party monetary funds

In RMB Yuan

Related parties	Ending Amount	Beginning Amount
China South Industries Group Finance Co., Ltd	4,716,330,300.07	3,312,617,903.21
Changan Automobile Finance Co., Ltd	500,000,000.00	1,000,000,000.00

In the first half of 2019, the annual rate of return of the company in the financial limited liability company of China South Industries Group Finance Co., Ltd and Changan automobile finance co., ltd is 1.97% and 3.77 % respectively.

Borrowing

## Short-term borrowing

In RMB Yuan

Related parties	Ending Amount	Beginning Amount
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China South Industries Group Finance Co., Ltd	210,000,000.00	190,000,000.00
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Interest income of deferred payment

In RMB Yuan

Related parties	Report period Amount	Same period of last period Amount
Wanyou Automobile Investment Co., Ltd.	0.00	2,186.32
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	373,037.00	116,762.05
China Changan Automobile Group Tianjin Sales Co., Ltd.	14,735.00	8,617.09
Chengdu Wanyou Auto Trade Service Co., Ltd.	193,056.00	48,452.99
Yunnan Wanyou Automobile Sales & Service Co., Ltd.	349,378.00	64,533.33
Guizhou Wanyou Automobile Sales & Service Co., Ltd.	97,614.00	28,282.91
Guangxi Wanyou Automobile Sales & Service Co., Ltd.	64,825.00	0.00
Nanning Wanyou Automobile Sales & Service Co., Ltd.	34,018.00	0.00
Chongqing Wanyou Economic Development Co., Ltd.	90,192.00	0.00
Chongqing Wanyou Economic Development Co., Ltd. - Jiangnan Branch	63,363.00	0.00
Yunnan Xiangyu Auto Sales and Service Co., Ltd.	78,469.00	0.00
<b>Total</b>	<b>1,358,687.00</b>	<b>268,834.69</b>

**5. Payment and receivables of related parties**

Payment receivables of related listed companies

In RMB Yuan

Items	Related parties	Ending balance		Beginning balance	
		Book balance	Provision for bad-debts	Book balance	Provision for bad-debts
Notes receivable	Wanyou Automobile Investment Co., Ltd.	1,082,530,000.00	-	1,588,720,000.00	-
Notes receivable	Chongqing Wanyou Economic Development Co., Ltd.	-	-	9,050,000.00	-
Notes receivable	Yunnan Wanyou Automobile Sales and Service Co., Ltd	-	-	5,000,000.00	-
Notes receivable	Changan Ford Automobile Co.,Ltd.	-	-	2,128,658.11	-
Notes receivable	Chongqing Changan Kuayue Automobile Marketing Co., Ltd.	7,000,000.00	-	-	-

Items	Related parties	Ending balance		Beginning balance	
		Book balance	Provision for bad-debts	Book balance	Provision for bad-debts
Notes receivable	Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	778,139.65	-	-	-
<b>Subtotal</b>		<b>1,090,308,139.65</b>	<b>-</b>	<b>1,604,898,658.11</b>	<b>-</b>
Account receivable	Jiangling Holding Co., Ltd.	61,931,302.44	-	54,670,170.21	-
Account receivable	Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	8,604,540.60	-	32,628,379.07	-
Account receivable	Changan Ford Automobile Co.,Ltd.	182,374.15	-	26,562,801.86	-
Account receivable	Chongqing Changan Minsheng Logistics Co., Ltd	29,333,952.45	-	24,295,732.61	-
Account receivable	Chongqing Changan Kuayue Automobile Co., Ltd.	12,567,120.00	-	13,567,425.09	-
Account receivable	Changan PSA Automobiles Co., Ltd.	61,126,194.06	-	9,377,634.60	-
Account receivable	Yunnan Wanyou Automobile Sales & Service Co., Ltd.	507,107.71	-	8,494,704.49	-
Account receivable	Chengdu Wanyou Trading Co., Ltd.	-	-	5,610,252.52	-
Account receivable	Hangzhou Chelizi Intelligent Technology Co., Ltd.	9,741,647.00	-	5,564,800.00	-
Account receivable	Changan Mazda Engine Co., Ltd.	-	-	4,228,792.00	-
Account receivable	Chongqing Changan Property Management Co., Ltd.	-	-	426,120.00	-
Account receivable	Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd.	-	-	65,804.25	-
Account receivable	Chongqing Changan Industrial (Group) Co., Ltd.	651,664.44	-	-	-
Account receivable	Harbin Dongan Auto Engine Co., Ltd.	13,200.00	-	-	-
Account receivable	Chongqing Changrong Machinery Co., Ltd.	131,800.00	-	-	-
Account	Chongqing Shangfang Automobile Fittings	17,260.00	-	-	-

Items	Related parties	Ending balance		Beginning balance	
		Book balance	Provision for bad-debts	Book balance	Provision for bad-debts
receivable	Co., Ltd.				
Account receivable	Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	12,760.00	-	-	-
<b>Subtotal</b>		<b>184,820,922.85</b>	<b>-</b>	<b>185,492,616.70</b>	<b>-</b>
Other receivable	Changan Ford Automobile Co.,Ltd.	-	-	124,312,677.99	-
Other receivable	Hafei Motor Co., Ltd.	-	-	1,500,000.00	-
Other receivable	Harbin Dongan Auto Engine Co., Ltd.	286,000.00	-	268,000.00	-
Other receivable	Chongqing Changan Minsheng Logistics Co., Ltd	-	-	47,975.40	-
Other receivable	Changan Ford Automobile Co., Ltd. - Harbin branch	124,312,677.99			
<b>Subtotal</b>		<b>124,598,677.99</b>	<b>-</b>	<b>126,128,653.39</b>	<b>-</b>
Advanced payment	Changan PSA Automobiles Co., Ltd.	8,826,473.38	-	8,826,473.38	-
Advanced payment	Guangxi Wanyou Auto Sales and Service Co., Ltd.		-	124,497.13	-
<b>Subtotal</b>		<b>8,826,473.38</b>	<b>-</b>	<b>8,950,970.51</b>	<b>-</b>

Accounts payable to related parties of listed companies

In RMB Yuan

Items	Related parties	Ending balance	Beginning balance
Notes payable	Harbin Dongan Auto Engine Co., Ltd.	403,600,000.00	460,430,000.00
Notes payable	Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	259,560,057.89	298,387,280.00
Notes payable	Chongqing Changan Minsheng Logistics Co., Ltd	209,934,301.71	221,925,743.41
Notes payable	South Air International Co.,Ltd.	128,210,000.00	149,430,000.00
Notes	China Changan Automobile Co., Ltd. -Chongqing Qingshan Transmission	4,330,000.00	130,270,000.00

Items	Related parties	Ending balance	Beginning balance
payable	Branch		
Notes payable	Chongqing Dajiang Yuqiang Plastic Co., Ltd.	86,280,000.00	127,940,000.00
Notes payable	Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	217,660,000.00	112,940,000.00
Notes payable	Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	49,270,000.00	50,060,000.00
Notes payable	Chengdu Wanyou Filter Co., Ltd.	31,590,000.00	23,950,000.00
Notes payable	Southern Faurecia Auto Parts Co., Ltd.	10,350,000.00	22,090,000.00
Notes payable	Hubei Xiaogan Huazhong Auto Lamp Co., Ltd.	17,800,000.00	13,860,000.00
Notes payable	Sichuan Ningjiang Shanchuan Machinery Co., Ltd.	11,080,000.00	9,160,000.00
Notes payable	Sichuan Jianan Industrial Co., Ltd.	12,400,000.00	8,650,000.00
Notes payable	Chengdu Lingchuan Special Industry Co., Ltd.	10,490,000.00	8,000,000.00
Notes payable	Chongqing Changfeng Jiquan Machinery Co., Ltd.	590,000.00	7,900,000.00
Notes payable	Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd.	8,050,000.00	7,270,000.00
Notes payable	Chongqing Yihong Engineering Plastic Products Co., Ltd.	1,540,000.00	4,500,000.00
Notes payable	Chengdu Huachuan Electric Equipment Co., Ltd.	3,920,000.00	2,490,000.00
Notes payable	Sichuan Hongguang Automobile Electrical Co., Ltd.	1,360,000.00	2,240,000.00
Notes payable	Changan Ford Automobile Co.,Ltd.	0.00	1,749,094.40
Notes payable	Sichuan Ningjiang Shanchuan Machinery Co., Ltd. Longchang Shock Absorber Branch	2,900,000.00	1,370,000.00
Notes payable	Chongqing Shangfang Auto Parts Co., Ltd.	1,530,000.00	1,150,000.00
Notes	Chongqing Dajiang Jiexin Forging Co., Ltd.	0.00	1,120,000.00

Items	Related parties	Ending balance	Beginning balance
payable			
Notes payable	Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd.	14,640,000.00	
小计		<b>1,487,084,359.60</b>	<b>1,666,882,117.81</b>
Account payable	Chongqing Nexteer steering system co., Ltd	248,328,304.82	249,837,358.48
Account payable	Harbin Dongan Auto Engine Co., Ltd.	173,010,450.18	161,417,419.68
Account payable	Csgc Trw Chassis Systems Co.,Ltd.	67,760,931.46	106,558,182.07
Account payable	China Changan Automobile Co., Ltd. –Chongqing Qingshan Transmission Branch	106,037,264.34	104,125,292.03
Account payable	Sichuan Jianan Industrial Co., Ltd.	59,919,255.16	80,657,220.16
Account payable	Southern Inte Air Conditioning Co., Ltd.	47,832,555.32	76,175,712.19
Account payable	Chongqing Wanyou Economic Development Co., Ltd.	53,619,585.33	66,540,872.82
Account payable	Jiangling Holding Co., Ltd.	102,373.73	53,715,373.73
Account payable	Chongqing Dajiang Yugqiang Plastic Products Co., Ltd.	15,704,492.67	46,084,064.75
Account payable	Chongqing Dajiang Xinda Automobile Co., Ltd.	1,764,432.05	45,780,498.50
Account payable	Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	50,632,826.43	44,767,814.32
Account payable	Southern Faurecia Auto Parts Co., Ltd.	32,430,193.79	41,239,427.48
Account payable	Chengdu Huachuan Electric Equipment Co., Ltd.	13,820,646.03	33,208,038.95
Account payable	Chongqing Changan Minsheng Logistics Co., Ltd	9,706,700.97	27,674,139.19
Account payable	Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	18,028,522.00	27,597,844.39
Account payable	Chengdu Ningjiang Zhaohe Auto Parts Co., Ltd.	36,111,454.21	24,826,794.96

Items	Related parties	Ending balance	Beginning balance
Account payable	Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	13,981,161.02	21,513,647.99
Account payable	Chengdu Wanyou Filter Co., Ltd.	19,377,897.54	21,426,685.22
Account payable	Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	9,751,045.39	17,663,383.80
Account payable	Sichuan Ningjiang Shanchuan Machinery Co., Ltd.	13,074,343.68	17,161,138.52
Account payable	Chongqing Changfeng Jiyu Machinery Co., Ltd.	10,197,431.07	9,917,256.01
Account payable	Sichuan Ningjiang Shanchuan Machinery Co, Ltd. - Longchang Shock Absorber Branch	2,448,737.54	9,586,665.78
Account payable	Chongqing Shangfang Auto Parts Co., Ltd.	5,462,008.12	9,100,420.32
Account payable	Chengdu Lingchuan Special Industry Co., Ltd.	1,934,670.34	8,664,902.18
Account payable	Yunnan Xiyi Industries Co., Ltd.	8,831,367.95	6,535,900.15
Account payable	Chongqing Qingshan Transmission Sales Co., Ltd.	5,254,023.60	5,262,876.71
Account payable	Changan Ford Automobile Co., Ltd	0.00	4,085,436.29
Account payable	Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd.	1,658,863.93	2,709,675.36
Account payable	Chongqing Changrong Machinery Co., Ltd.	1,576,019.76	2,686,306.64
Account payable	Chongqing Yihong Engineering Plastic Products Co., Ltd.	1,271,100.45	2,524,005.52
Account payable	Changan Industries Group Co. Ltd	204,484.37	2,215,125.47
Account payable	Chongqing Changan Kuayue Automobile Co., Ltd.	0.00	1,263,841.59
Account payable	Sichuan Hongguang Automobile Electrical Co., Ltd.	811,045.59	1,187,095.50
Account payable	Hafei Automobile Co., Ltd.	661,117.68	661,117.68



Items	Related parties	Ending balance	Beginning balance
Account payable	Chongqing Dajiang Jiexin Forging Co., Ltd.	695,944.05	282,878.46
Account payable	Chongqing Automobile Air Conditioner Co., Ltd.	205,041.51	177,312.15
Account payable	Chongqing Changan Construction Co., Ltd	5,063.37	119,514.45
Account payable	Chongqing Jialing Yimin Special Equipment Co., Ltd.	104,496.50	104,496.50
Account payable	Chengdu Guangming Tianzhong Environmental Protection Technology Co., Ltd.	83,316.71	85,473.47
Account payable	Chongqing Xiyi Automobile Connecting Rod Co., Ltd.	46,793.40	67,466.78
Account payable	Changan Ford Automobile Co., Ltd 哈尔滨分公司	3,483,034.37	-
Account payable	Changan PSA Automobiles Co., Ltd.	343,350,344.94	-
Account payable	Hangzhou Chelizi Intelligent Technology Co., Ltd.	3,024,321.25	-
Account payable	Changan Automobile Group Co ,Ltd.	0.00	-
Account payable	Beijing Beiji Mechanical and Electrical Industry Co., Ltd.	8,968.78	-
Account payable	Chongqing Dajiang Guoli Precision Machinery Manufacturing Co., Ltd.	27,774,621.58	-
<b>Subtotal</b>		<b>1,410,087,252.98</b>	<b>1,335,208,676.24</b>
Advance receipts	Chongqing Wanyou Economic Development Co., Ltd.	60,085,551.48	30,602,220.89
Advance receipts	Guizhou Wanyou Automobile Sales & Service Co., Ltd.	8,712,314.88	24,770,462.88
Advance receipts	Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	47,181,483.86	23,961,768.86
Advance receipts	Chongqing Changan Kuayue Automobile Co., Ltd	0.00	9,833,525.00
Advance receipts	China Changan Automobile Group Tianjin Sales Co., Ltd.	2,829,066.78	7,694,948.94
Advance	Yunnan Wanyou Automobile Sales & Service Co., Ltd.	0.00	6,741,068.88

Items	Related parties	Ending balance	Beginning balance
receipts			
Advance receipts	Changan Industries Group Co. Ltd.	0.00	5,289,712.91
Advance receipts	Changan Ford Mazda Engine Co., Ltd.	3,256,185.92	3,347,884.03
Advance receipts	Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd.	10,474,248.06	2,874,902.88
Advance receipts	Guangxi Wanyou Auto Sales and Service Co., Ltd.	2,452,974.14	2,031,019.64
Advance receipts	Chongqing Anfu Automobile Marketing Co., Ltd.	7,557,144.00	1,764,144.00
Advance receipts	Chengdu Wanyou Auto Trade Service Co., Ltd.	12,626,321.30	1,031,647.35
Advance receipts	Nanning Wanyou Auto Sales and Service Co., Ltd.	978,391.87	1,000,769.87
Advance receipts	Yunnan Xiangyu Automobile Sales & Service Co., Ltd.	603,506.67	820,739.67
Advance receipts	Hafei Motor Co., Ltd.	670,500.00	670,500.00
Advance receipts	Wanyou Automobile Investment Co., Ltd.	4,543,310.00	394,254.00
Advance receipts	Kunming Wanning Automobile Sales & Service Co., Ltd.	0.00	36,548.04
Advance receipts	Chongqing Shangfang Auto Parts Co., Ltd.	0.00	3,980.00
Advance receipts	Kunming Wanning Automobile Sales & Service Co., Ltd.	0.00	2,037.62
Advance receipts	Luzhou Wanyou Automobile Service Co., Ltd.	0.00	121.00
Advance receipts	Chongqing Changan Minsheng Logistics Co., Ltd	0.00	-
Advance receipts	Southwest Ordnance Industry Corporation	0.00	-
Advance receipts	Southern Inte Air Conditioning Co., Ltd.	0.00	-
Advance	Changan Mazda Automobile Co.,Ltd.	1,423,660.83	-

Items	Related parties	Ending balance	Beginning balance
receipts			
Advance receipts	Changan Automobile Finance Co., Ltd.	2,400.00	-
Advance receipts	Changan Automobile Group Co., Ltd.	153,207.00	-
Advance receipts	Changan Automobile Group Co., Ltd. 重庆青山变速器分公司	1.57	-
Advance receipts	Bazhong Wanyou Automobile Sales & Service Co., Ltd.	50,000.00	-
<b>Subtotal</b>		<b>163,600,268.36</b>	<b>122,872,256.46</b>
Other payables	Chongqing Changan Minsheng Logistics Co., Ltd	391,165,781.92	105,930,160.43
Other payables	China South Industries Group Co., Ltd.	0.00	29,580,000.00
Other payables	Changan PSA Automobiles Co., Ltd.	0.00	26,007,857.90
Other payables	Chongqing Changan Construction Engineering Co., Ltd.	13,835,695.04	13,471,837.97
Other payables	Changan Industries Group Co. Ltd.	14,929,972.09	8,784,882.05
Other payables	Chongqing Changan Property Management Co., Ltd.	2,892,305.28	2,252,567.36
Other payables	Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd.	550,000.00	550,000.00
Other payables	Chongqing Qingshan Transmission Sales Co., Ltd.	0.00	439,120.00
Other payables	Chongqing Changan Real Estate Development Co., Ltd.	0.00	277,907.42
Other payables	Guizhou Wanyou Automobile Sales & Service Co., Ltd.	26,215.00	218,604.28
Other payables	Chongqing Anfu Automobile Marketing Co., Ltd.	100,000.00	200,000.00
Other payables	Changan Ford Mazda Engine Co., Ltd.	0.00	144,115.79
Other payables	Chengdu Wanyou Filter Co., Ltd.	120,000.00	120,000.00

Items	Related parties	Ending balance	Beginning balance
Other payables	Chongqing Wanyou Economic Development Co., Ltd.	0.00	111,551.22
Other payables	Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	81,847.00	75,330.00
Other payables	Chongqing Dajiang Xinda Automobile Co., Ltd.	0.00	50,000.00
Other payables	Southern Inte Air Conditioning Co., Ltd. 空调有限公司	0.00	35,844.50
Other payables	Yunnan Wanyou Automobile Sales & Service Co., Ltd.	0.00	26,100.00
<b>Subtotal</b>		<b>423,701,816.33</b>	<b>188,275,878.92</b>

### XIII. Share-based payments

#### 1. General information

	2019.06
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:

	2019.06
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 expense	0.00

#### 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 RMB14.12 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 company has disclosed in June 1, 2017 "The 2016 annual notice of the implementation of equity distribution". According to the company's stock option incentive plan (Revised Draft), the relevant provisions on the stock option price adjustment, if dividends and capital reserve capitalization, stock dividends, stock split delivery, allotment, issuance or reduced matters occur before the stock exercise, the stock option price should be adjusted. The exercise price of the adjusted stock option is 13.478 yuan. The incentive object must be exercised within the validity period of the option exercise. If the exercise conditions are not met, the current stock options may not be exercised. If part of the stock options that meet the exercise conditions but are not exercised in the above exercise period are cancelled 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 <sup>st</sup> exercise period	1/3	The 1st trading day since 24 month after the grant date to the last trading day since 36 month after the grant date	2017 net profit growth rate based on 2015 average growth rate $\geq 3.2\%$ (growth amount equivalent to RMB10,182,000,000); ROE $\geq 15\%$ The above indicators $\geq$ benchmark average, and $\geq 75$ quartile $\Delta$ EVA $>0$ ; The ratio of prime operating revenue to operating revenue $\geq 95\%$
The 2 <sup>nd</sup> 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 $\geq 3.2\%$ (growth amount equivalent to RMB10,507,000,000); ROE $\geq 15\%$ The above indicators $\geq$ benchmark average, and $\geq 75$ quartile $\Delta$ EVA $>0$ ; The ratio of prime operating revenue to operating revenue $\geq 95\%$
The 3 <sup>rd</sup> exercise period	1/3	The 1st trading day since 48 month after the grant date to the last trading day since	2019 net profit growth rate based on 2015 average growth rate $\geq 3.2\%$ (growth amount equivalent to RMB10,844,000,000);

		e 60 month after the grant date	ROE $\geq$ 15% The above indicators $\geq$ benchmark average, and $\geq$ 75 quartile $\Delta$ EVA $>$ 0; The ratio of prime operating revenue to operating revenue $\geq$ 95%
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On the grant date, the fair value of the above stock options of the Company was RMB 139,527,600.00. As the performance appraisal target of the first and second exercise periods of the stock option incentive plan of the company has not reached the target, and a total of 19 incentive objects have respectively terminated the labor contract with the company, the company no longer meets the stock option incentive conditions. On December 31, 2018, a total of 20.33 million stock options were cancelled. After the cancellation, the company's stock options issued under the plan were 8.81 million, and the corresponding fair value was RMB 42,183,885.90. The share option fee confirmed by the company in June 2019 is RMB 0.00.

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	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.

## XIV. Commitments and Contingencies

### 1. Significant commitments

Investment commitment

By June 30th 2019, the group has no investment commitment that has been signed but not yet fulfilled.

### 2. Contingencies

By June 30th 2019, the company has no significant contingencies that need to be published.

## **XV. Events after the balance sheet date**

### **1. Significant non-adjusting events**

Applicable  Not Applicable

### **2. Distribution of profit**

Applicable  Not Applicable

### **3. Sales return**

Applicable  Not Applicable

## **XVI. Other important events**

### **1. Correction of accounting error of earlier stage**

Applicable  Not Applicable

### **2. Debt restructuring**

Applicable  Not Applicable

### **3. Asset replacement**

Applicable  Not Applicable

### **4. Annuity plan**

Applicable  Not Applicable

### **5. Discontinuing operation**

Applicable  Not Applicable

### **6. Information on business branch**

Identify business branch of the group according to internal organization structure, management requirements, internal reporting rules, and identify the report and information disclosed of the brand based on the identified branch.

Identify business branch of the group according to internal organization structure, management requirements, internal reporting rules, and identify the report and information disclosed of the brand based on the identified branch.

business branch refers to the component of the group that meets the following conditions:

- (1) the component has income and expenditure incurred in routine activities;
- (2) the management of the company regularly evaluates the operation performance of the component to decide the company's

resource distribution and evaluate its overall performance

(3) The group receives related accounting information on the financial situation, operation performance and cash flow.

If two or more components have similar economic features and meet the conditions, they should be consolidated into one branch.

Income and profit of the group consists of automobile manufacturing and domestic sales. Main asset of the group is in China. The management of the group evaluates the performance of the group as a whole. Thus, report of the branch is not included in this year's report.

## XVII. Notes to the main items of the parent company's financial statements

### 1. Account Receivables

#### (1) Account Receivables

Disclosure of accounts receivable

In RMB Yuan

Items	2019			
	Book balance		Provision for bad-debts	
	Amount	(%)	Amount	(%)
Individual assessment of credit expected loss and provision for bad debts				
Assess bad debt provision for expected credit expected loss according to credit risk characteristics combination	6,962,658,706.03	100.00	17,198,989.14	100.00
Total	6,962,658,706.03	100.00	17,198,989.14	100.00

In RMB Yuan

Items	2018			
	Book balance		Provision for bad-debts	
	Amount	(%)	Amount	(%)
Individually significant amount and account receivables of individually provision for bad debts	74,433,396.10	1.31	-	-
Account receivables of provision for bad-debts calculated and extracted by groups				
Group 1: account receivables of provision for bad-debts calculated and extracted by aging analysis	50,150,446.67	0.88	15,559,782.05	31.03
Group 2: Account receivables for related parties	5,570,136,618.97	97.81	-	-
Group subtotal	5,620,287,065.64	98.69	15,559,782.05	0.28
Notindividually significant amount but other receivables of individually	-	-	-	-



provision for bad debts				
Total	5,694,720,461.74	100	15,559,782.05	0.27

The parent company's portfolio of expected credit losses based on credit risk assessment is as follows:

In RMB Yuan

Account receivable age	Estimated book balance for default	Expected credit loss rate	Provision for bad-debts
Within 1 year	4,786,444,085.47	0.00	1.30
1 to 2 years	1,175,736,910.88	0.09	1,103,078.60
2 to 3 years	651,568,851.27	0.62	4,010,976.73
3 to 4 years	130,204,659.05	-	
4 to 5 years	137,850,362.59	-	
Over 5 years	80,853,836.77	14.95	12,084,932.51
Total	6,962,658,706.03	0.24	17,198,989.14

On June 30, 2019, the top five accounts receivable totalled RMB 5,631,531,067.57, accounting for 80.88% of the total accounts receivable (2018: RMB 4,575,962,128.25, accounting for 80.35% of the total accounts receivable)

Provision for bad debts withdrawn, recovered or reversed in the current period

In RMB Yuan

Items	Beginning	Current change amount			Beginning
		Provision	Withdrawn or recovered	Reversed	
Bad debt provision of accounts receivable	15,559,782.05	1,706,307.09	67,100.00		17,198,989.14
Total	15,559,782.05	1,706,307.09	67,100.00		17,198,989.14

## 2. Other receivables

In RMB Yuan

Items	Ending	Beginning
Interest receivable	4,581,253.52	17,432,805.54
Dividend receivable	74,897,909.69	
Other receivables	2,420,936,251.89	2,326,885,353.29
Total	2,500,415,415.10	2,344,318,158.83

Other receivables

The changes in bad debt provision for other receivables based on 12-month expected credit losses and the entire lifetime expected credit losses are as follows (Only for 2019):

In RMB Yuan

Bad debt provision	The first stage	The second stage	The second stage	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire life (Single evaluation)	Expected credit loss for the entire life (Group evaluation)	
Balance on January 1, 2019	261,669.32		341,762.08	603,431.40
In this period, Balance on January 1, 2019	-	-	-	-
--Transfer to the second stage	-29,326.52		29,326.52	-
--Transfer to the third stage				-
--Turn back to the second stage				-
--Turn back to the first stage				-
Current provision		2,949,782.81	825.21	2,950,608.02
Current return			208,560.86	208,560.86
Current reselling				-
Current verification				-
Other changes				-
Total	232,342.80	2,949,782.81	163,352.95	3,345,478.56

The changes in the balance of other receivables are as follows:

In RMB Yuan

Bad debt provision	The first stage	The second stage	The second stage	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire life (Single evaluation)	Expected credit loss for the entire life (Group evaluation)	
Balance on January 1, 2019	2,322,255,398.35		4,436,899.38	2,326,692,297.73
In this period, Balance on January 1, 2019	-	-	-	-
--Transfer to the second stage	-586,530.34		586,530.34	-
--Transfer to the third stage				-
--Turn back to the second stage				-
--Turn back to the first stage				-
New in this period	94,849,311.69	2,949,782.81	2,531,268.26	100,330,362.76
Derecognition			2,740,930.04	2,740,930.04
Current verification				-
Other changes				-

Total	2,416,518,179.70	2,949,782.81	4,813,767.94	2,424,281,730.45
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Other receivables are described by type (Only for 2018):

In RMB Yuan

Items	Beginning			
	Book balance		Provision for bad-debts	
	Amount	(%)	Amount	(%)
Individually significant amount and account receivables of individually provision for bad debts	1,720,350,524.62	73.91	-	-
Account receivables of provision for bad-debts calculated and extracted by groups				
Group 1: other receivables of provision for bad-debts calculated and extracted by aging analysis	118,981,025.65	5.12	603,431.40	0.51
Group 2: other receivables of provision for bad-debts calculated and extracted by related parties	488,157,234.42	20.97	-	-
Group subtotal	607,138,260.07	26.09	603,431.40	0.10
no Individually significant amount but other receivables of individually provision for bad debts	-	-	-	-
Total	2,327,488,784.69	100	603,431.40	0.03

## 3. Long-term equity investment

In RMB Yuan

Invested in	Accounting method	capitalized cost	beginning amount	increase/decrease	ending amount	Share proportion in the company invested (%)	Voting proportion in the company invested (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment provision in current period	cash bonus in current period
1、 Joint ventures										
Jiangling Holding Co., Ltd.	Equity	1,008,511,522.00	2,493,754,915.53	-236,679,161.41	2,257,075,754.12	50.00%	50.00%			
Changan Ford Automobile Co., Ltd	Equity	975,232,926.29	3,709,784,507.11	-388,312,379.14	3,321,472,127.97	50.00%	50.00%			
Changan Mazda Automobile Co.,Ltd.	Equity	1,097,839,635.00	2,472,626,663.41	431,236,189.88	2,903,862,853.29	50.00%	50.00%			
Changan Ford Mazda Engine Co., Ltd.	Equity	786,734,634.10	827,803,757.96	22,279,051.96	850,082,809.92	50.00%	50.00%			
Changan PSA Automobiles Co., Ltd.	Equity	3,807,841,700.00	1,456,519,068.74	-37,577,002.31	1,418,942,066.43	50.00%	50.00%			
Changan Weilai New Energy Automobile Technology Co., Ltd.	Equity	49,000,000.00	44,065,513.91	-16,493,522.92	27,571,990.99	50.00%	50.00%			
2、 Associated Enterprises										
Chongqing Changan Kuayue Automobile Co., Ltd	Equity	61,800,885.00	116,588,234.97	39,038,877.69	155,627,112.66	34.00%	34.00%			
Chongqing Changan Kuayue Automobile Marketing Co., Ltd.	Equity	1.00				34.00%	34.00%			

Invested in	Accounting method	capitalized cost	beginning amount	increase/decrease	ending amount	Share proportion in the company invested (%)	Voting proportion in the company invested (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	Impairment provision in current period	cash bonus in current period
Beijing Fang'an Xinyue taxi Co., Ltd	Equity	6,000,000.00				21.00%	21.00%	-			
Chongqing Auto Finance Co., Ltd.	Equity	1,805,000,000.00	2,030,617,157.41	46,724,451.22	2,077,341,608.63	29.00%	29.00%	-			
Hainan Anxinxing Information Technology Co., Ltd.	Equity	6,000,000.00	5,536,555.21	-775,195.24	4,761,359.97	30.00%	30.00%	-			
Nanjing Chelai Travel Technology Co., Ltd.	Equity	2,000,000.00	1,813,616.14	-238,955.00	1,574,661.14	10.00%	10.00%	-			
Hunan Guoxin Semiconductor Technology Co., Ltd.	Equity	25,000,000.00	25,000,000.00	-145,569.13	24,854,430.87	25.00%	25.00%	-			
Nanjing Leading Equity Investment Partnership	Equity	858,267,717.00		846,264,828.30	846,264,828.30	16.00%	16.00%	-			
Nanjing Lingxing Equity Investment Management Co., Ltd.	Equity	1,500,000.00		1,500,000.00	1,500,000.00	15.00%	15.00%	-			
3、 Subsidiaries											
Nanjing Changan Automobile Co., Ltd.	Cost	422,533,259.00	422,533,259.00		422,533,259.00	84.74%	84.74%	-			
Hebei Changan Automobile Co., Ltd.	Cost	438,223,236.00	438,223,236.00		438,223,236.00	95.06%	95.06%	-			
Chongqing Changan Automobile International Sales Service Co., Ltd.	Cost	13,068,581.00	13,068,581.00		13,068,581.00	100.00%	100.00%	-			

Invested in	Accounting method	capitalized cost	beginning amount	increase/decrease	ending amount	Share proportion in the company invested (%)	Voting proportion in the company invested (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	Impairment provision in current period	cash bonus in current period
Chongqing Changan Automobile Customer Service Co., Ltd.	Cost	29,700,000.00	29,700,000.00		29,700,000.00	100.00%	100.00%	-			
Chongqing Changan Chelian Technology Co., Ltd.	Cost	88,500,000.00	88,500,000.00		88,500,000.00	100.00%	100.00%	-			
Chongqing Changan Special Vehicle Co., Ltd.	Cost	2,500,000.00	2,500,000.00		2,500,000.00	50.00%	50.00%	-			
Chongqing Changan Europe Design Center Co., Ltd	Cost	155,469,913.50	155,469,913.50		155,469,913.50	100.00%	100.00%	-			
Chongqing Changan new Energy Automobile Co. Ltd	Cost	49,194,195.00	49,194,195.00		49,194,195.00	100.00%	100.00%	-			
Changan United Kingdom R&D Center Co., Ltd.	Cost	250,093,850.95	236,387,395.40	13,706,455.55	250,093,850.95	100.00%	100.00%	-			
Beijing Changan Automotive engineering and Technology Reseach Co., Ltd.	Cost	1,000,000.00	1,000,000.00		1,000,000.00	100.00%	100.00%	-			
Changan Japan Design Center Co., Ltd.	Cost	1,396,370.15	1,396,370.15		1,396,370.15	100.00%	100.00%	-			
Changan United States R&D Center	Cost	10,243,460.00	10,243,460.00		10,243,460.00	100.00%	100.00%	-			

Invested in	Accounting method	capitalized cost	beginning amount	increase/decrease	ending amount	Share proportion in the company invested (%)	Voting proportion in the company invested (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	Impairment provision in current period	cash bonus in current period
Co., Ltd.											
Baoding Changan Bus Manufacturing Co., Ltd.	Cost	176,002,613.18	176,002,613.18		176,002,613.18	100.00%	100.00%	-			
Hefei Changan Automobile Co., Ltd	Cost	35,367,765.23	35,367,765.23		35,367,765.23	100.00%	100.00%	-			
Changan Automobile Russia Co., Ltd.	Cost	251,242,589.15	1,242,589.15	250,000,000.00	251,242,589.15	100.00%	100.00%	-			
Changan Brazil Holding Co., Ltd	Cost	2,584,556.97	2,584,556.97		2,584,556.97	100.00%	100.00%	-			
Shenzhen Changan New Energy Automobile Service Co. Ltd	Cost	184,800,000.00	148,000,000.00	36,800,000.00	184,800,000.00	100.00%	100.00%	-			
Nanjing Changan New Energy Automobile Sales & Service Co., Ltd.	Cost	50,000,000.00	50,000,000.00		50,000,000.00	100.00%	100.00%	-			
Fuzhou Changan New Energy Automobile Sales & Service Co., Ltd.	Cost	2,000,000.00	2,000,000.00		2,000,000.00	100.00%	100.00%	-			
Xiamen Changan New Energy Automobile Sales & Service Co., Ltd.	Cost	2,000,000.00	2,000,000.00		2,000,000.00	100.00%	100.00%	-			
Guangzhou Changan New Energy Automobile Sales & Service Co., Ltd.	Cost	4,000,000.00	4,000,000.00		4,000,000.00	100.00%	100.00%	-			
Chongqing Changan New Energy	Cost	1,238,742,571.54	1,238,742,571.54		1,238,742,571.54	100.00%	100.00%	-			

Invested in	Accounting method	capitalized cost	beginning amount	increase/decrease	ending amount	Share proportion in the company invested (%)	Voting proportion in the company invested (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	Impairment provision in current period	cash bonus in current period
Automobile Technology Co., Ltd.											
Changan Suzuki Automobile Co., Ltd.	Cost	594,949,059.30	594,949,059.30		594,949,059.30	100.00%	100.00%	-			
Zhenjiang Demao Hairun Equity Investment Fund Partnership (Limited Partnership)	Cost	1,129,922,044.91	1,129,922,044.91		1,129,922,044.91	100.00%	100.00%	-			
Chongqing Chehemei Technology Co., Ltd.	Cost	10,000,000.00		10,000,000.00	10,000,000.00	100.00%	100.00%	-			
Total	--	15,634,263,086.27	18,017,137,600.72	1,017,328,069.45	19,034,465,670.17	—	—	—	—	—	0



#### 4. Operating revenue and cost

##### (1) Operating revenue

In RMB Yuan

Items	Current amount	Prior-period amount
Main business income	25,956,607,065.04	32,840,989,835.15
Other business income	848,501,257.18	1,368,075,880.87
Operating cost	24,637,906,770.95	29,726,487,573.72

##### (2) Main business (classified by industries)

In RMB Yuan

Industries	Current amount		Prior-period amount	
	revenue	cost	revenue	cost
Automobile manufacturing industry	25,956,607,065.04	24,182,358,106.88	32,840,989,835.15	29,084,851,115.73
Total	25,956,607,065.04	24,182,358,106.88	32,840,989,835.15	29,084,851,115.73

##### (3) Main business (classified by products)

In RMB Yuan

Products	Current amount		Prior-period amount	
	revenue	cost	revenue	cost
Sales of goods	25,895,618,136.43	24,096,513,989.33	32,768,288,077.90	28,995,127,299.93
Outsourcing processing	60,988,928.61	85,844,117.55	72,701,757.25	89,723,815.80
Total	25,956,607,065.04	24,182,358,106.88	32,840,989,835.15	29,084,851,115.73

#### 5. Investment income

##### (1) Details of investment income

In RMB Yuan

Items	Current amount	Prior-period amount
Long-term equity investment income measured by cost method		628,650,000.00
Long-term equity investment income measured by equity method	-78,048,193.41	1,362,011,815.11
investment income from long-term equity investment disposition		42,715.98
others	4,149,371.08	4,434,355.36
Total	-73,898,822.33	1,995,138,886.45

##### (2) Long-term equity investment income measured by cost accounting method

In RMB Yuan

Items	Current amount	Prior-period amount
Chongqing Changan Automobile Customer Service Co., Ltd.		628,650,000.00
Total	-	628,650,000.00

##### (3) Long-term equity investment income measured by equity accounting method

In RMB Yuan

Invested in company	Current amount	Prior-period amount
Changan Ford Automobile Co., Ltd	-388,312,379.14	866,427,723.13
Changan Mazda Automobile Co., Ltd	431,236,189.88	635,451,737.12
Changan Suzuki Automobile Co., Ltd.		-80,032,104.09
Changan Ford Mazda Engine Co., Ltd.	22,279,051.96	41,312,350.21

Jiangling Holding Co., Ltd	-236,679,161.41	-83,707,141.74
Changan PSA Automobiles Co., Ltd.	-37,577,002.31	-171,729,822.06
Chongqing Changan Kuayue Automobile Co., Ltd	39,038,877.69	17,458,524.85
Changan Auto Finance Co., Ltd.	121,622,360.91	137,070,317.23
Zhenjiang Demao Hairun Equity Investment Fund Partnership (Limited Partnership)		-239,769.54
Hunan Guoxin Semiconductor Technology Co., Ltd.	-145,569.13	
Hainan Anxinxing Information Technology Co., Ltd.	-775,195.24	
Nanjing Chelai Travel Technology Co., Ltd.	-238,955.00	
Changan Weilai New Energy Automobile Technology Co., Ltd.	-16,493,522.92	
Nanjing Leading Equity Investment Partnership (Limited Partnership)	-12,002,888.70	
Total	-78,048,193.41	1,362,011,815.11

## XVIII. Additional information

### 1. Non-recurring profit and loss statement of current period

In RMB Yuan

Items	Amount	Explanation
Profit and loss of non-current assets disposition	9,392,459.28	
Government subsidies counted in current profit and loss (except the government subsidies which are closely related with business events, and given certain amount according to national standards)	620,733,074.11	
Net profit or loss of the subsidiary from the beginning of the business combination to the merger date		
In addition to the effective hedging business related to the normal business of the company, the gains and losses from changes in fair value arising from the holding of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities, and disposal of transactional financial assets, derivative finance, investment income from trading financial assets, trading financial liabilities, derivative financial liabilities and other debt investments	40,337,151.27	
Other non-business incomings and outgoings except above-mentioned items	6,191,613.24	
Interest on deferred payment of funds received from non - financial enterprises	18,205,918.42	
Less: amount influenced by income tax	13,119,121.76	
Amount influenced by minority shareholders' interest (after tax)	10,013,259.23	
Total	671,727,835.33	

If the company identifies non-recurring profit and loss defined by *Information Disclosure by Companies Offering Securities to the Public No. 1--non-recurring profit and loss* and non-recurring profit and loss defined by *Information Disclosure by Companies Offering Securities to the Public No. 1--non-recurring profit and loss* as recurring profit and loss, explain the reasons.

Applicable  Not applicable

### 2. Return on equity and earnings per share

In RMB Yuan

Profit in report period	Weighted average return on equity	Earnings per share	
		Basic EPS	Basic EPS
Net profit belonging to the Company's common stockholders	-4.97%	-0.47	Not applicable

Net profit belonging to the Company's common stockholders after deducting non-recurring profit and loss	-6.46%	-0.61	Not applicable
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### 3. Accounting data difference by domestic and foreign accounting standards

**(1) Net profit and net asset differences from financial statements by global GAAC and prc GAAC**

Applicable  Not applicable

**(2) Net profit and net asset differences from financial statements by GAAC abroad and PRC GAAP**

Applicable  Not applicable

**(3) Description on accounting data differences by domestic and foreign accounting standards. If auditing institutions abroad have adjusted the data differences, identify the name of the auditing institution abroad.**

None

### 4. Others

Applicable  Not applicable

## Chapter 10 Documents for Future Reference

### Catalogue of Reference Files

- 1、 Semi-annual report with signature of legal representative;
- 2、 Financial statements, with the signatures and seals of legal representative, person in charge of accounting, and person in accounting agency;
- 3、 BOD resolutions and written confirmation documents signed by board members and senior executives;
- 4、 Written auditing opinions in form of resolution by the Board of Supervisors;
- 5、 All original copies of company documents and announcements disclosed in China Securities Journal, Securities Time, and Hong Kong Commercial Daily in reporting period.

The company will provide the the abovementioned reference files timely when required by China Securities Regulatory Commission and Shenzhen Stock Exchange, and required by shareholders according to law and corporate regulations.

Chairman: Zhang Baolin

Submit Date Approved by BOD: August 31, 2019