



**Chongqing Changan Automobile  
Company Limited**

**2020 Annual Report**

**April, 2021**

## Chapter 1 Important Notice, Contents, and Definitions

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

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

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

The name of the directors absent	Positions	Reasons for the absence	Name of the consignee
Tan Xiaogang	Director	Business trip	Zhou Zhiping
Liu Jipeng	Independent director	Business trip	Pang Yong
Tan Xiaosheng	Independent director	Business trip	Li Qingwen

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

The preplan profit distribution of the Company deliberated and approved by the Board is: Based on the total share capital of 5,439,591,574 shares, a cash dividend of RMB 3.06 (tax included) will be distributed to all shareholders for every 10 shares, and 4 shares will be converted from the capital reserve for every 10 shares.

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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 (Group) Co., Ltd., a subsidiary company of South Industries
Nanjing Changan	Refers to	Nanjing Changan Automobile Co., Ltd., a subsidiary company of the Company
Hebei Changan	Refers to	Hebei Changan Automobile Co., Ltd., a subsidiary company of the Company
Hefei Changan	Refers to	Hefei Changan Automobile Co., Ltd., a subsidiary company of the Company
Changan Bus	Refers to	Baoding Changan Bus Co., Ltd., a subsidiary company of the Company
International Company	Refers to	Chongqing Changan Automobile International Sale Service Co., Ltd., a subsidiary company of the Company
Changan 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
Jiangling Holding	Refers to	Jiangling Holding Co., Ltd., an associate of the Company
Changan Finance	Refers to	Changan Automobile Financing Co., Ltd., an associate of the Company
South Industries Finance	Refers to	China South Industries Group Finance Co., Ltd., a subsidiary company of South Industries
UPI	Refers to	United Prosperity (Hong Kong) Investment Co., Ltd., a subsidiary company of China Changan
Hafei Group	Refers to	Harbin Hafei Automobile Industry Group Co., Ltd., a subsidiary company of China Changan
CMAL	Refers to	Chongqing Changan Minsheng APLL Logistics Co., Ltd., an associate of China Changan

## Chapter 2 Company Profile & Main Financial Indexes

### I. Basic Information

Stock abbreviation	Changan Automobile 、 Changan B	Stock Code	000625、200625
Listed on	Shenzhen Stock Exchange		
Company 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	Zhu Huarong		
Registered address	No. 260, East Jianxin Road Jiangbei District, Chongqing		
Post code of the registered address	400023		
Office address	No. 260, East Jianxin Road, Jiangbei District, Chongqing		
Post code of the office address	400023		
Website	<a href="http://www.changan.com.cn">http://www.changan.com.cn</a>		
E-mail address	cazqc@changan.com.cn		

### II. Contact Information

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

### III. Information Disclosure and Filing Site

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

#### IV. Changes of Registration Information

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

#### V. Other Relevant Information

The accounting firm employed by the Company:

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

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

Applicable  Not applicable

Sponsor name	Sponsor's office address	Name of sponsor representative	Continuous supervision period
CITIC Securities Co., Ltd.	21st Floor, CITIC Securities Building, No. 48 Liangmaqiao Road, Chaoyang District, Beijing	He Yang, Chen Shumian	October 26, 2020-December 31, 2021

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

Applicable  Not applicable

## VI. Summary of Accounting Data and Financial Indexes

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

Yes  No

	2020	2019	Increase/decrease on a y-o-y basis (%)	2018
Operating revenue (Yuan)	84,565,544,146.58	70,595,245,133.28	19.79%	66,298,270,389.77
Net profit belonging to shareholders of the listed company (Yuan)	3,324,251,164.16	-2,646,719,356.53	225.60%	680,728,392.03
Net profit belonging to shareholders of the listed company after deduction of non-recurring profit and loss (Yuan)	-3,249,984,527.77	-4,762,446,597.61	31.76%	-3,165,070,272.21
Net cash flow arising from operating activities (Yuan)	10,675,953,479.24	3,881,748,238.39	175.03%	-3,887,475,302.44
Basic earnings per share (Yuan/Share)	0.68	-0.55	223.64%	0.14
Diluted earnings per share (Yuan/Share)	Not applicable	Not applicable	Not applicable	Not applicable
Return on equity (ROE) (%)	7.13%	-5.86%	Up 12.99 Points	1.45%
	End of 2020	End of 2019	Increase/decrease of the end of current year compared with that of the previous year (%)	End of 2018
Total assets (Yuan)	120,915,805,349.52	97,617,053,590.38	23.87%	93,488,854,098.95
Net assets belonging to shareholders of the listed company (Yuan)	53,410,193,236.09	44,028,312,743.66	21.31%	46,244,958,676.52

The lower of the company's net profit before and after deduction of non-recurring gains and losses in the most recent three fiscal years is negative, and the audit report of the most recent year shows that the company's ability to continue operations is uncertain

Yes  No

The lower of the net profit before and after non-recurring gains and losses is negative

Yes  No

Item	2020	2019	Notes
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Operating revenue (Yuan)	84,565,544,146.58	70,595,245,133.28	Company's operating income (before deduction)
Operating revenue deduction amount (yuan)	113,349,438.04	55,177,961.32	Business income not related to the main business
Amount after deduction of operating revenue (yuan)	84,452,194,708.54	70,540,067,171.96	Company's operating income (after deduction)

## VII. The differences between domestic and international accounting standards

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

Applicable  Not applicable

No difference.

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

Applicable  Not applicable

No difference.

(3). Explanation of reasons for differences in accounting data under domestic and foreign accounting standards

Applicable  Not applicable

## VIII. Key financial indicators for the quarter

Unit: Yuan

	First Quarter	Second Quarter	Third Quarter	Forth Quarter
Business income	11,564,077,463.34	21,217,580,015.76	23,059,924,854.44	28,723,961,813.04
Net profit attributable to shareholders of listing Corporation	631,077,888.63	1,971,088,514.05	883,806,569.75	-161,721,808.27
Net profit attributable to shareholders of the listing Corporation after deducting non-recurring gains and losses	-1,793,324,817.62	-823,563,483.85	519,048,534.49	-1,152,144,760.79
Net cash flows from operating activities	4,155,344,266.52	2,757,242,427.08	106,853,186.71	3,656,513,598.93

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

Yes  No

## IX. Non-recurring items and amounts

Applicable  Not applicable

Unit: Yuan

Item	2020	2019	2018
Non-recurring items and amounts (including accrued reversal assets impairment part)	29,465,046.07	56,658,864.17	8,561,074.73



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)	797,901,407.24	1,537,625,620.93	2,873,192,102.56
The investment cost of the enterprise to obtain subsidiaries and joint ventures which is less than the fair value of the identifiable net assets of the investee when the investment is obtained	-	-	1,020,821,274.01
In addition to the effective hedging business related to the company's normal business operations, the fair value of gains and losses from changes in fair value	2,035,390,665.86	889,154,888.69	-
Gains and losses on entrusted loans	13,768,160.42	6,771,226.43	-
Losses arising from business combinations not under common control	-6,937,641.07	-	-
Investment income from disposal of long-term equity investments	1,398,196,002.13	-	-
Gains from the remeasurement of the remaining equity at fair value after the loss of control	2,246,681,836.54		
Except the above other operating income and expenses	-27,519,486.75	-135,258,766.14	48,285,737.46
Interest on deferred payment of funds received by non financial enterprises	17,795,918.37	28,553,488.65	29,303,167.73
Reduction: the impact of income tax	-91,514,483.25	250,459,302.04	82,007,701.31
Impact of minority shareholders' equity (after tax)	22,020,700.13	17,318,779.61	52,356,990.94
Total	6,574,235,691.93	2,115,727,241.08	3,845,798,664.24

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

Applicable  Not applicable

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

## Chapter 3 Analysis of Main Business

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

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

Yes  No

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

Changan automobile always adheres to the mission of "leading the car civilization for the benefit of human life", and the concept of "energy conservation, environmental protection, scientific and technological intelligence", vigorously develops new energy and smart cars, guides the automobile civilization by the use of scientific and technological innovation, and provides customers with high quality products and services. After years of development, the company owns many famous brands such as Changan passenger car, Oushang automobile, Kaicheng automobile, Changan Ford, Changan Mazda and so on. Up to now, the company has successfully launched a series of classic brands such as CS series, Eado series, UNI, Oushang series, and Shenqi series; a series of famous JV products such as all new Focus, Escort, Escape, Edge, Explorer, Adventurer, Axela, CX-5, CX-8, CX-30 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.

During the reporting period, major changes have taken place in industrial policies and major regulations. The specific circumstances of the changes and their impact on the company are as follows:

#### 1. industrial policy (new energy)

##### (1) Policy on financial subsidies

On December 31, 2020, the Ministry of Finance and other four ministries and departments issued *the notice on further improving the financial subsidy policy for the promotion and application of new energy vehicles*, which clarifies the financial subsidy policy for new energy vehicles in 2021 and will be implemented since January 1<sup>st</sup>, 2021. Firstly, as for the subsidy standards, the implementation of the 2020 subsidy policy (financial construction [2020] No. 86) is clear-cut: New Energy vehicle subsidy standards in non-public Transport Sector decreased by 20% on the basis of the 2020 standard; New Energy vehicle subsidy standards in public Transport Sector decreased by 10% on the basis of the 2020 standard. New Energy subsidy income of Chang'an automobile in 2020 amounted to 67 million yuan. Secondly, in terms of technical indicators, the policy maintained the same threshold of technical indicators such as energy density, driving range and energy consumption of the power battery system while the technical threshold requirements such as driving range and energy consumption of plug-in hybrid electric vehicle (including add-program) are adjusted. The technical difficulty after adjustment is consistent with the technical difficulty under NEDC working condition. In addition, special emphasis has been placed on the safety responsibility of new energy vehicles and the prevention of disorderly expansion of production capacity.

Technical indicators of financial subsidies for new energy vehicle remain stable, the amount of subsidies reduced to some extent, and it is conducive to the continuity of the company's products and improve the profitability of vehicles.

##### (2) New Energy Vehicle Points

On June 15, 2020, the Ministry of Industry and Information Technology published *the decision on revising the regulations on the concurrent management of the average fuel consumption of passenger vehicle enterprises and the new energy vehicle points*, which specifies that the new energy vehicle points of the 2021、2022、2023 are 14%、16% and 18% respectively with the increasing proportion. At the same time, the new energy points for single unit will be reduced by 20% to 40%.

New Energy points policy requires the vehicle companies to produce more new energy vehicles. Otherwise, they need to purchase the points to meet the point requirements, both of which will create greater financial pressure on the company, and affect the company's

current profit level.

## 2. Major Regulatory Requirements (fuel standards, emission requirements, electric vehicles, etc.)

### (1) Fuel Standards and emission requirements

China's motor vehicle emission standards system has drawn on the practices of the European Union, taking into account the specific development of relevant industries in China as well as environmental and management requirements, and is implemented step by step. Since 2000, China began to implement the first national standard, until now the sixth national emission standards (GB 18352.6-2016) have been fully implemented in light vehicles.

As shown in the table below:

year		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Light car	Diesel oil	0	I				II				III				IV			V		VI				
	gasoline	0	I				II				III		IV			V		VI						
	Gas fuel	0.	I				II				III		IV			V		VI						
Heavy vehicle	Diesel oil	0		I		II				III				IV			V							
	gasoline	0			I	II				III		IV												
	Gas fuel	0		I		II				III		IV		V										

All the company's products have already met the sixth national emission standards.

### (2) The standards for electric vehicles

In 2020, two mandatory standards in the field of new energy vehicles, GB 18384-2020 *safety requirements for electric vehicles* and GB 38031-2020 *safety requirements for power storage batteries for electric vehicles*, were issued in 2020 and imposed on January 1, 2021. The GB 18384-2020 safety requirements for electric vehicles (EVS), *replacing the original GB/T 18384-2015, safety requirements series standards for use*, specify the requirements, functional safety requirements and test methods for personal electric shock protection in normal use. Several relevant safety requirements are added or deleted in the GB 18384-2020 safety requirements and the corresponding test methods are clarified. Some of the mandatory standards have been implemented, and the new thermal runaway alarm requirements have been added. GB 38031-2020 *safety requirements for power storage batteries of new energy vehicles* specifies the safety requirements and test methods for power storage batteries, battery packs or systems.

The above change enables enterprises to increase R&D investment in Battery Safety Application Research, big data monitoring, on-board alarm, thermal runaway suppression and so on. At the same time, due to the increase of safety control components and strength requirements, the vehicle cost will also increase correspondingly, but the safety and reliability of the vehicle has been greatly improved.

## II. Major changes in assets

### 1、 Major changes in assets

No significant changes in major assets during the reporting period

### 2、 Main Overseas Assets

Applicable  Not applicable

## III. Core Competence Analysis

In 2020, Chang'an automobile firmly set the direction of its third innovation and entrepreneurship program, issued its innovation and entrepreneurship plan 3.0, accelerated the landing of the "Beidou Tianshu" plan and the "Shangri-la" plan, and initiated a new chapter of development in all respects. In 2020, the Company spent 4.142 billion yuan on product and technology projects development

to build the industry's leading R & D strength.

**Constantly build classic products.** UNI-T, Eado PLUS, CS55PLUS blue whale version, Reaton CC blue whale version, CS75PLUS 2020 version, CS75PLUS 2021 version, Oushang X5, Keshang EV, Benben E-Star, CS55 pure electric version, NE15TG-AA and other products were launched on time. The CS75 series, the Eado series, CS55 PLUS, CS35 PLUS were sold 267 thousand units, 175 thousand units, 110 thousand units, and 95 thousand units respectively. The sales number of UNI-T and Oushang X5 amounted to 69,000 and 40,000 cars in 2020.

**Constant improvement of key capabilities.** The Company completes the first domestic L3 mass production technology release, and continues to enhance the core technical capacity of autopilot. The first launch of sight bright screen, lip recognition and other functions evolves into "Voice+Video" intelligent interactive iteration. The new electronic and electrical architecture completes the integration of the body area controller and the cockpit area controller. The first carbon fiber-aluminum alloy hybrid body has been successfully trial-produced and rolled off the line. The first high-performance pure electric four-wheel drive SUV has been successfully trial-produced and rolled off the line, and the self-designed control software of fuel cell system breaks through the key technology and lays a foundation for the following industrial application. The gene technology of pleasant driving quality is applied in UNI-T vehicle body posture control, dynamic torque control and so on. Chang'an new energy seven-in-one electric drive system (XTDM16) won the first high efficiency ratio a-class product certification of electric vehicle drive motor system issued by China Automotive Research and Development Corporation and will be the first launch of the next generation digital vehicle. Chang'an automobile "PM0.1" composite anti-bacterial and anti-toxic high-efficiency filter acquires the "CATARC CN95" certification issued by the China Automobile technology Research Center Certification Center, and becomes the highest level of certification of automobile air conditioning filter products, which sets a new benchmark for healthy cars. Chang'an blue whale 2.0T prototype longitudinal engine has successfully ignited at the Company's global R & D Centre, marking the smooth starting of the Chang'an blue whale 2.0 era.

**Adhere to the guidance of scientific and technological innovation.** The first Chinese automobile multimedia international standard ITU-T T.749.3 *Automobile multimedia network use cases and requirements* participated and led by Changan Automobile was officially released after global publicity. The core of the standard adopts the network deep integration technology of "5g+satellite, integration of heaven and earth" which is independently innovated by China, breaking the long-term monopoly of Europe, America, Japan and South Korea in the field of automobile electronics, marking the beginning of China's multimedia integration technology to the world. Among them, the project of *research and industrial application of advanced technology and manufacturing technology of typical lightweight automobile parts* won the first prize of Chongqing Science and technology progress award, and the project of *research and development and application of key technologies of Changan intelligent automobile platform* won the second prize of automobile industry science and technology Progress Award. In 2020, 1091 patents have been applied, including 400 invention patents. As of 2020, 1474 valid invention patents have been obtained. In depth cooperation with Huawei and CATL, the Company jointly build "intelligent networked electric vehicle platform". Chang'an vehicle software platform is constructed guided by the intelligent strategy of "Beidou Tianshu" of Chang'an Automobile and the research and development of vehicle software platform is highly focused. Chang'an software center is settled in Xiantao data valley. Changan blue whale NE1.5T high pressure direct injection engine has carried out the limit operation test of no less than 200+ hours, successfully challenged the Guinness world record, and won the honorary title of "China heart" 2020 top ten engines in 2020.

**The brand potential is steadily improving.** Firstly, define the brand structure of the four major businesses, and release version 3.0 of the company's brand management principles. Clarify the brand positioning of Chang'an Automobile, promote the landing of core values, refresh the brand visual image in Beijing auto show, promote the "1361" brand upward operation system, accelerate the landing of digital system; initially build brand value and visual system of Oushang and Kaicheng brands. Secondly, create brand labels such as Chang'an design and power, realize the coordinated development of double sequence division; actively respond to the epidemic situation, carry out communication transformation, and build a new brand experience platform with live broadcast as the origin and public relations as the traction. Thirdly, return to the central media, launch the plan brand day activities with CCTV-2, release fashion blockbusters with new image of senior executives, realize all-round image rejuvenation, create a breakthrough new mode of cooperation between media and enterprises, and empower the brand of Changan Automobile. Fourthly, build enterprise content matrix and

specialization, achieve continuous improvement of communication form and content quality, and realize the brand upward.

## Chapter 4 Business Discussion and Analysis

### I. Overview

2020 is a very unusual year in the history of new China. The international situation is grim and complicated. The task of reform and development and stability in China is arduous and heavy. The COVID-19 epidemic has brought serious impact to the development of the economy and society. However, under the strong leadership of the Party Central Committee, China became the only major economy to achieve economic growth in the world this year. The three major battles have made decisive achievements, scientific and technological innovation has made significant progress, and important breakthroughs have been achieved in reform and opening up, and people's livelihood has been effectively guaranteed.

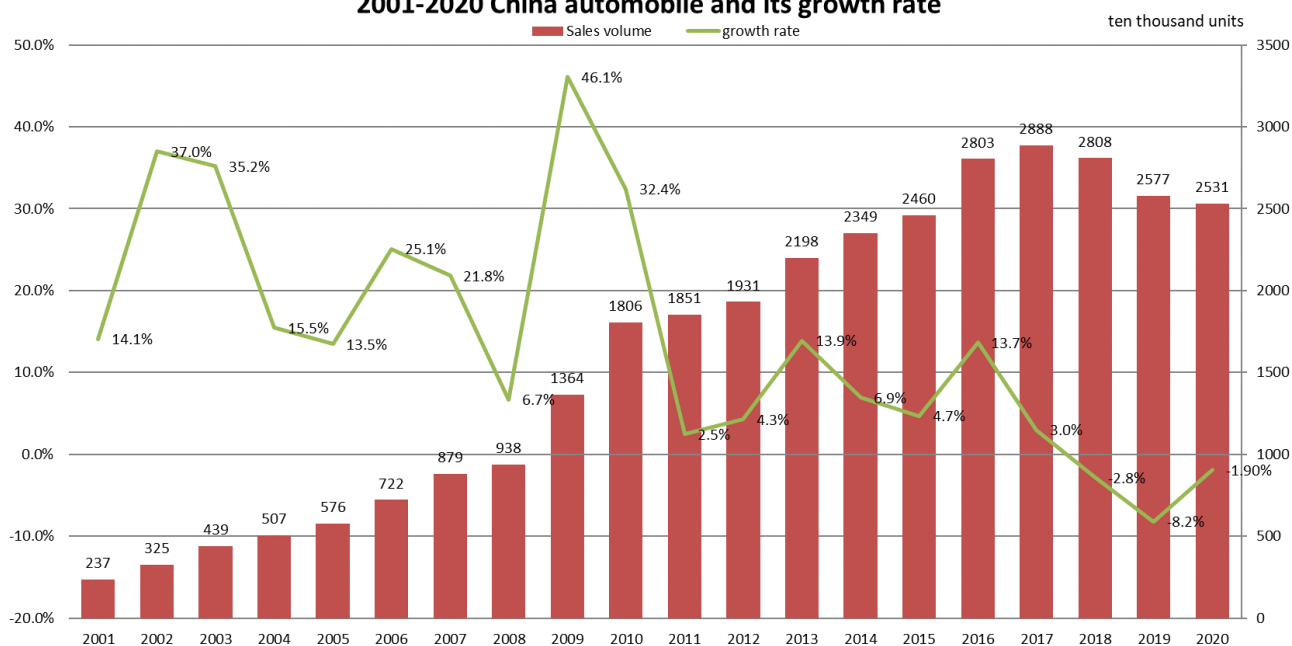
Affected by the epidemic situation, China's automobile market suffered a setback in early 2020. However, with the continuous improvement of the national epidemic prevention and control situation, the orderly promotion of resumption of work and production, the continuous recovery of consumer confidence, the continuous recovery of domestic automobile market from April, the automobile enterprises' production and operation improved and the V-shaped reversal trend went throughout the year. In 2020, the cumulative production and sales of China's automobile market reached 25.525 million and 25.311 million respectively, with a year-on-year decrease of 2.0% and 1.9% respectively. The sales of passenger cars decreased by 6.0% year-on-year to 20.178 million; the sales of commercial vehicles were 5.133 million driven by the upgrading of emission standards and new infrastructure, up 18.7% year-on-year. The new energy vehicle market has entered a new stage of development after experiencing the pain of subsidization. The sales of pure electric passenger cars are 1.246 million, a year-on-year growth of 14.6% with the proportion of personal consumption and the proportion of non-restricted cities increasing significantly. At the same time, the epidemic also accelerated the reshuffle of the industry. The sales volume of the top ten enterprise groups in the narrow sense of passenger car sales in the whole year totaled 18.81 million, accounting for 94.5% of the total automobile sales, up 0.3% over the same period of last year.

In 2020, the sales volume of passenger car market still showed a year-on-year decline, but the second half of the year recovered better than expected under the promotion of consumer stimulus policies and the rise of automobile demand after the epidemic. The market share of China's brand passenger cars continued to decline under the pressure of joint venture brand prices, but the decline rate narrowed by 1.1% compared with the previous year. Among the joint venture brands, the share of Japanese and American brands increased by 1.8% and 0.8% respectively, while that of Korean brands decreased by 1.3%. The performance of various segments of passenger car market is different. In 2020, the sale number of sedans is 9.275 million, a year-on-year decrease of 9.9%. The top ten brands in sales volume are mainly Japanese and European brands, accounting for 34.0% of the total sales volume of car. The overall performance of SUV market is better than that of passenger car industry by 6.6% on a year-on-year basis, and the sales volume exceeds that of sedans for the first time. The top ten SUVs in sales volume are mainly Chinese brands, European brands and Japanese brands, among which CS75 has a higher growth rate, with a year-on-year growth rate of nearly 40%. Japanese brands are outstanding with four brands in the top ten.

With the gradual maturity of the new energy vehicle industry chain, the improvement of consumers' understanding and acceptance of new energy vehicles, the rich and diversified new energy vehicle products provided by backbone enterprises and the gradual improvement of new energy use environment, the new energy vehicle market in 2020 will go out of the downturn after the decline of subsidies in 2019 and enter a new growth stage. New energy vehicles are recognized by more and more consumers. The proportion of individual consumption of new energy has increased to nearly 70%, and the proportion of non-restricted cities has reached 60%. From the perspective of vehicle type structure, the new energy market will be polarized in 2020, that is, the share of high-end and micro power will increase rapidly, and the total share of the two will reach 46.2%. The top 10 in terms of sales volume are the new forces of car making and the micro electric products of Chinese brands. [the above data / information comes from China automobile industry production and marketing Express (China Automobile Industry Association) and its industry information release]

In 2020, Chang'an Automobile will not forget its original intention and stick to its strategic transformation. It sold 2.04 million vehicles in 2020 with a year-on-year growth of 14.0%. Changan Automobile adheres to technology leading, strives to break through the core technology, and is committed to creating classic products that satisfy users. Since its launch in June, UNI-T as the first high-end product of UNI was sold more than 10,000 cars a month, which is in short supply; CS75plus has sold more than 15000 cars a month for nine consecutive months, boosting the annual sales of CS75 series to exceed 267 thousand cars; Eado plus has sold more than 10,000 cars a month since its launch at the end of March, which ranked the first compact car of Chinese brands; CS55plus has stable monthly sales driven by blue whale in 10,000 units; CS35 series cumulative sales reached one million, ranking in the forefront of small SUV. Oushang X7 entered the mainstream passenger car competition circle, with annual sales exceeding 80,000 units; Oushang X5, built on MPA's exclusive SUV platform, sold more than 10000 units in the first month of its launch; Lincoln adventurer continued to sell well after its launch, and ranked fifth in the segment market in 2020, strongly supporting Lincoln brand to become the fastest growing luxury SUV brand in 2020.

2001-2020 China automobile and its growth rate



Production and sales of China's auto industry in 2020

	2020 Accumulative production (ten thousand)	y-o-y increase (%)	2020 Accumulative production (ten thousand)	y-o-y increase (%)
Automobile	2522.5	-2.0	2531.1	-1.9
Passenger cars	1999.4	-6.5	2017.8	-6.0
Sedan	918.9	-10.0	927.5	-9.9
MPV	101.1	-26.8	105.4	-23.8
SUV	939.8	0.1	946.1	0.7
Cross-passenger car	39.5	-1.7	38.8	-2.9
Commercial car	523.1	20.0	513.3	18.7
New energy cars	136.6	7.5	136.7	10.9
New energy Passenger cars	124.7	11.3	124.6	14.6

EV	99.1	9.4	100.0	16.1
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The above data comes from *China automobile industry production and marketing express* (China Automobile Industry Association) and its industry information release.

In 2020, around the overall strategy of "quick contraction, provincial payment, transformation direction, ecological construction, reserve, anti-scrag, stabilize the team and security", Changan automobile overcome the difficulties such as economic downturn and industry decline caused by COVID-19 and other factors, quickly promote the resumption of production and recovery, seize opportunities and take advantage of the trend, and the growth of production and business is going against the trend, ushering in a new round of rising channels, and firm transformation results are emerging.

### **1. Make every effort to prevent and control the COVID-19, and promptly organize the resumption of work and production**

Since the outbreak of the COVID-19, Changan automobile put the people first and life first, act with confidence and speed, carry out scientific prevention and control, implement precise measures, and take solid steps to prevent and control all epidemics after the resumption of domestic workers to achieve "0" infection, and the Company achieved significant results in the epidemic prevention and control. In the face of the epidemic, Chang'an automobile actively carried out the social responsibility of listed companies, donating 10 million yuan for the prevention and control of the epidemic at the first time; in the early days of the epidemic, there was an extreme shortage of face masks worldwide, Chang'an automobile has taken the initiative to purchase nearly 700,000 face masks for some medical institutions and government units. In 28 days, a face mask production line was set up to produce 12.13 million face masks, with a total donation of 3 million face masks. The Company has produced 11,000 vehicles for medical care and provided 9,863 additional jobs and grass-roots staff per capita income increased by 1,280 yuan.

In order to effectively co-ordinate the prevention and control of the epidemic and the development of the enterprise economy, Chang'an automobile has persisted in "grasping both ways and not erring on both sides" , "pulling, robbing and forcing" to carry out the entire industrial chain to produce and save itself, respond quickly to production demand, and actively coordinate the production of materials, the cooperation pulls more than 5000 partners from the industrial chain to resume work, production and market. With the improving situation of national epidemic prevention and control, Chang'an automobile has seized the opportunity of post-epidemic market recovery and regained its momentum. In 2020, the designed production capacity of 2.05 million vehicles reached 60% of usage, and the sales volume has been increasing for the ninth consecutive month since April, compared with the same period last year. The year-on-year market share increased by 1.1% and the cumulative sales increased by 15.9%, showing a better development trend.

### **2. Continue to strengthen the strategic landing, the steady implementation of reform and adjustment**

Chang 'an automobile firmly deepened the transformation strategy, with "customer-oriented, firm reform, innovative marketing, ultimate efficiency" as the key, the Company in 2020 firmly pushed forward "the third start-up plan for innovation and entrepreneurship" , seriously planned the "14th five-year plan" and the Vision for 2030. The Company has conducted in-depth discussions on building a new development pattern, generating new development momentum, stimulating new development vitality and creating new competitive advantages, completing the third start-up stage 4.0 and the company's "14th five-year" strategic plan, clarified the new connotation of the intelligent low-carbon travel technology company, and emphasized the new development idea of the transition to the new automobile and the new ecology, at the same time optimize the strategic structure, corporate form and other content so as to make the transformation objectives more specific and the logic more clear for the company's sustainable high-quality development direction. The Company will continue to deepen strategic cooperation and jointly build high-end smart car brands and high-tech and high-end products with Huawei and CATL. The Company will join hands with leading companies in various fields, such as the China Automobile Center and the Sinopharm Group, to complement each other's strengths, to carry out all-round and deep-level cooperation and jointly promote the enterprise to become stronger, better and bigger.

Major reform projects have been steadily implemented such as Changan Peugeot Citroen Automobile and Oushang automobile; light vehicle reform has completed the establishment of joint venture. The Company continued to deepen organizational change, set up software technology enterprise and UNI innovation operation center, promoted the top-level structure change of "small headquarters + business group + sharing platform + incubation center", built a matrix organization mode of "customer-oriented and product-oriented",



and set up product CEO to improve product development efficiency and profitability. The Company strengthened the construction of talent team, built a talent supply system of market-oriented employment and contract management, and introduced mature talents in software, new energy, intelligence and other aspects through multiple channels. Strengthen the incentive constraints, fully implement the project follow-up investment mechanism, establish the incentive mechanism for incubating innovative business, and help the development of new business. The company should comprehensively carry out the "digital business project", promote the company's digital transformation, release the four major operation process architecture and working mechanism, and build a decision-making system with products as the main line; promote the construction of CADDM platform, transparent research, production, supply and marketing management; carry out the "data analysis competition", and create a digital cultural atmosphere for all staff.

### **3. Adhere to the bottom line thinking, business quality continuing to improve**

While effectively doing a good job in epidemic prevention and control, Changan Automobile fully implemented the "16 character" policy, and made overall efforts to improve the operation quality. The Company continued to deepen the work of "increasing revenue, reducing cost, saving expenditure, controlling investment, reducing inventory, financing, cashing in and reforming". In the past three years, the Company shut down 1.09 million backward vehicle capacity and 0.5 million engine capacity, and further optimized the product and capacity structure. The average price of the independent brand continued to rise with significant results in cost reduction and cost saving, and the overall business quality continued to improve. In the face of the adverse impact of the epidemic on the whole industry and the complex and changeable international relations on the supply guarantee of enterprises, Chang'an Automobile deeply studied and judged the current and future domestic and international situation and enterprise operation status, and made the overall plans to formulate the overall response strategy of "fast contraction, save expenditure; grab resources, be sustainable; change direction, build ecology; stabilize team, and ensure safety" so as to ensure the normal production and operation order to the maximum extent, a working group was set up to sort out and screen the materials that may have supply guarantee risks one by one, formulate targeted solutions, reserve key parts materials in advance, formulate alternative schemes and other means, and formulate medium and long-term supply guarantee schemes to ensure the safety of the industrial chain supply chain full and stable.

### **4. Product innovation achieving the initial results, the brand achieving new results**

The Company strengthened the creation of classic products and the Eado plus was well recognized by the market with the pre-sale orders exceeding ten thousand for 16 days, and the occupation of the forefront of the market segment. Uni-T, as the first high-end product of UNI series, is officially launched, and shaped an interesting future mass producer of science and technology; UNI-K, as the second product of UNI series, made a wonderful appearance in Guangzhou International Auto Show 2020. Changan Automobile's high-end product series Vision-V was officially released at Beijing auto show, depicting the innovative form of future cars and the pleasant experience of travel for users. Oushang X5, built on MPa's exclusive SUV platform, had a vehicle engine system comparable to the mainstream medium and high-end models; Oushang X7 EV- the first intelligent pure electric SUV, and Oushang Keshan EV-the first pure electric high-end business travel MPV were officially released, marking that Chang'an Oushang officially entered the pure electric era. Represented by CS55plus blue whale and Ruicheng CC blue whale, Chang'an "blue whale family" models are recognized by more and more users with the annual cumulative sales of more than 0.9 million vehicles, setting a new market benchmark for China's automobile power technology. Changan Ford explorers entered the mainstream joint venture medium and large-scale SUV circuit; Lincoln adventurer's sales quickly ranked in the forefront of the segment market after listing, competing with the first-line luxury brands. Chang'an Mazda CX-30, a new generation of SUV for travel, was launched on the market, further enriching Mazda's product line in China.

With clear brand upward path, the Company released group brand management principle 3.0, clarified the four business brand structure and strategic direction, promoted the new and upward development of products and people, clarified the brand positioning of "technology Chang'an intelligent partner" of passenger cars, and the brand positioning of "walking with a better life" of Oushang automobile. The Company renewed the brand visual image, flattened the monochrome logo more in line with the new trend of youth and digital. The brand-new brand exclusive font "Chang'an gravitation body" was officially unveiled, and through the font design, the brand's "sense of technology with temperature" and "sense of partner care" were conveyed. 57% of the users of UNI-T, a new series product, are grabbed from a joint venture brand; UNI-K real cars showed up at Guangzhou auto show, receiving the attention far more

than UNI-T and CS75plus over the same period. Through the innovation of communication forms, such as live broadcasting activities on the market, public welfare live broadcasting with goods, and "together" film and television implantation, the company can achieve a win-win situation of brand value penetration and user flow, and directly reach the new generation of consumers. "Ten thousand people we media" cloud live broadcasting had an average of 3000 per day, with a total of more than 0.42 million live broadcasting, and the number of communicators exceeded 4.4 billion. The Company promoted the continuous improvement of brand potential, planned a series of activities of Chang'an Automobile Brand day, created hot topics such as "Chang'an Automobile ark structure", and carried out multi-directional communication through mainstream media, so as to make the company's brand potential rise.

### List of products listed in 2020

Date of listing	Model name	Model features
March,2020	Eado PLUS	<p>Eado plus, a quality sedan Evolver, leading the new style of contemporary sedan.</p> <p>The new generation of sports modeling: new high-value dual modeling front face with star pupil eye LED light group, set fashion and dynamic in one; humanized care type central control layout, super fiber zero sitting seat, star night piano keys, red and black two-color interior, collision with a fashionable and dynamic exquisite cockpit.</p> <p>International quality blue whale power: equipped with blue whale NE 1.4T high pressure direct injection engine, the peak power is 116kw, the peak torque 260N•m, the surging power is on the verge; the low fuel consumption of 5.9L per 100 km with 190 km more per tank of oil; meeting the national 6th emission standards, fuel saving and environmental protection.</p> <p>Embracing intelligent luxury driving cabin: adopting integrated dual 10.25 inch high-definition large screen, in-call intelligent interactive system, PAB early warning auxiliary braking system, pause and go full speed adaptive cruise, 360 ° look around dash cam to make life more comfortable.</p> <p>Intelligent health management system: through the "material selection and production control system", strictly controlling the odor and VOC, equipped with "pm 0.1 filter guard + healthy fresh air purification system" and self-drying air conditioning function, to create a healthy, environmentally friendly and comfortable driving environment for users.</p>
August,2020	CS55PLUS Blue Whale Version	<p>CS55PLUS blue whale is another fashionable and personalized SUV for young people in the compact SUV market under the international R&amp;D pattern of Changan Automobile.</p> <p>Style design: CS55PLUS blue whale version, with a new family design, stimulates the visual impact of lava explosion. Equipped with Obsidian gradual change grille, fierce battle unbounded LED high and low light integrated headlamp, 18 inch edge shadow wheel hub, laser sword through LED tail lamp, the first to catch the eye; technology care for central control layout, hot blood gushes for driving and control; CS55PLUS blue whale version with both cutting edge and momentum, making the eye-catching style further.</p> <p>Blue whale power: CS55PLUS blue whale version is equipped with blue whale NE1.5T high-pressure direct injection engine, which interprets the leading R&amp;D concept of "strength, quiet and clean" with a number of global first launches and global leading technologies. The maximum rated power is 132kw, and the maximum torque of 300N • m can be output at 1250rpm, which gives consideration to power performance, energy saving and environmental protection.</p> <p>Intelligent interaction: CS55PLUS blue whale version is equipped with IFLYTEK 2.0 system, which makes the system operation more fluent. 360° HD panoramic image, 360° dash</p>

		<p>cam, intelligent voice interaction for every trip.</p> <p>Quality technology: CS55PLUS blue whale version, from the advanced wisdom factory, with wisdom to creating first-class quality. Through a series of high standard and rigorous tests covering active and passive safety, high standard vehicle quality is ensured.</p> <p>Safety defense: CS55PLUS blue whale version, equipped with high-strength energy absorbing body, 6 airbags configuration, TPMS intelligent tire pressure monitoring, etc., to fully protect the body safety and help you cross the border.</p> <p>Comfortable driving: the whole system is equipped with fresh air system, PM0.1 filter, enhanced four-wheel independent suspension system, Nexteer electronic power steering system, CS55PLUS blue whale version, not afraid of bumpy road, just enjoy the road ahead.</p>
September, 2020	CS75PLUS 2021 Version	<p>CS75 plus is based on the concept of Changan performance family. Through the upgrade of platform architecture and power system, it comprehensively considers the balance of various performances under the scenario of users, and is positioned as the car of A+class SUV tomorrow. With advanced product strength, it can meet the user's future car demand.</p> <p>Design: CS75 plus is designed by a European design team composed of more than 200 foreign designers from 24 countries. It adopts the design concept of Yuyue, with tension front face, dynamic posture and coordinated color, making the whole car full of future design style.</p> <p>Wisdom: the high matching vehicles are equipped with the intelligent functions of APA5.0, mobile phone bluetooth key and so on. The AT model of Changan, equipped with the intelligent system of the Indus vehicle, is developed by Changan and Tencent Integrate Tencent's ecological resources and become a truly intelligent Internet vehicle.</p> <p>Power: it is equipped with the classic power combination "blue whale 1.5TGDI + Aisin 6AT" and the gold power combination "blue whale 2.0 TGDI + Aisin 8AT". Both engines have won the title of "top ten engines of China heart", and the transmission is the latest generation of Aisin transmission.</p> <p>Safety: CS75 plus has won 6 outstanding achievements in C-NCAP five-star safety and China Insurance Research Institute collision. It is equipped with 6 airbags and 38.3% high strength steel, leading the level of the same class.</p>
June, 2020	UNI-T	<p>UNI-T meets the diversified needs of the young generation of consumers through its new design, powerful intelligent vehicle system, new blue whale power and platform architecture, and L3 level automatic driving technology.</p> <p>Lattice gravity: UNI-T grille adopts parametric design, based on the geometric application of multivariate function, accurately arranges 150 diamond elements; abandons complex body lines, sculptures light and shadow changes with simple and elegant "pure surface"; hidden door handle and body surface are integrated; the original V-shaped spoiler is one of the symbolic designs of UNI-T, whose inspiration comes from aerodynamics A new swept wing design.</p> <p>Smart gravity: the integrated dual 10.3 inch screen design is adopted to provide AI active services such as exclusive greeting for getting on, bright screen for sight, distraction reminder for getting off the highway, and advanced technology configuration such as L3 level automatic driving in the future. In addition, it is equipped with incall vehicle remote control system and IACC integrated adaptive cruise system for intelligent assistance and easy travel.</p> <p>Racing gravity: the blue whale NE1.5T high pressure direct injection engine carried by UNI-T coming from the blue whale NE power platform, the first modular engine development</p>

		<p>platform in China. Its maximum power is 132kw (180hp), 1250rpm (1250-3500rpm) can output the maximum torque up to 300N.m, so that the turbine hysteresis is reduced to not be perceived by the driver, and the fuel consumption per 100 km is 6.3L, meeting the national 6B emission, taking into account the power performance, energy saving and environmental protection. Equipped with a new blue whale 7-speed wet dual clutch transmission, quick response, no sense switching, calmly cope with various working conditions. The comprehensive transmission efficiency is as high as 94.3%, and the surging power has no damage to output.</p> <p>Safety and health: PM0.1 filtering system is equipped in the whole system to comprehensively filter virus; steel strength is up to 1500MPa, and high strength steel and above account for 61%, making the body of steel; meanwhile, AEB automatic emergency braking auxiliary system, LDW lane departure warning and other active intelligent safety systems are equipped to provide all-round safety protection.</p>
November,2020	Oushang X5	<p>Oushang X5 is a brand new strategic model of Oushang automobile. It has four super product forces: super sense design, super moving force, super sense intelligence, super sense space, and refreshes the new benchmark of sport SUV.</p> <p>Oushang X5 is the first SUV to show the beauty of light and shadow with the brand-new "shaping light" aesthetic design. Inspired by light, Oushang X5 creates the most wonderful light and shadow flow with the new body shape by designing the dynamic body surface. It has the lowest center of mass height of 630 mm and the widest body of 1860 mm. It perfectly presents the body surface of wide body and low prone motion posture, and makes light and shadow flow's form and spirit, speed and power are displayed incisively and vividly.</p> <p>Oushang X5 is equipped with blue whale NE 1.5T high-pressure direct injection engine, blue whale 7-speed wet dual clutch transmission and racing sports chassis adjustment. The maximum power is 132kw, the maximum torque is 300N·m, and it has 180 powerful horsepower. At the same time, starting response time is only 360ms, acceleration speed 0-60km/h is only 3.63s, surging new power with speed and power, completely release the dynamic.</p> <p>Cool and fun with the latest generation of smart power. Onstyle3.0 intelligent ecosystem caters to the needs and characteristics of modern young people's car life, brings them a new experience of fast, smart, simple and pleasant, and comes with FOTA auto upgrade function. There are also intelligent systems such as face recognition, remote vehicle control, the car KTV, track mode, etc. through intelligence and technology. Oushang X5 is born for young people. It is dedicated to become the first high gloss car for contemporary young people with dynamic appearance and sports soul in mind.</p>
December,2020	Oushang X7	<p>The 2021 Oushang X7 is a popular urban SUV. It is sincerely recommended by 100 thousand old car owners to continue its popularity. With the "three good" label of "good looking, good driving, good fuel saving", it will bring more comfortable and intelligent driving experience for the enterprising family of the popular generation. The 2021 Oushang X7 adopts the design concept of "natural aesthetics" in appearance design, and is recognized by the international CMF Design Award; 2780mm super long wheelbase brings super comfortable riding space and 140mm comfortable leg space in the second row at the same time; open Onstyle intelligent Internet connected vehicle system is equipped with internal and external</p>

		<p>dual camera face recognition system, supporting APA 5.0 one click automatic parking, combined with Huawei hicar, realizes the full scene experience with mobile phone as the core; Oushang X7 is equipped with bluecore 1.5TGDI aluminum engine + blue whale 7-speed wet dual clutch transmission power combination, 8 million km rigorous test verification, shift sensitive and smooth, more fuel-efficient; car height strong steel accounted for 75%, plus front airbag + front side airbag combination, can maximize the protection of driving safety. PM0.1 high efficiency anti-virus filter is equipped with wake-up LED light group and 3000lm millisecond level lighting, which brings safe and intimate driving experience; flexible subframe can absorb and attenuate vibration and noise from road surface, and upgrade NVH performance in an all-round way.</p>
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### **5. Accelerate the promotion of "Beidou Tianshu" and "Shangri La" plans, technology leading product innovation**

Accelerate the implementation of "Beidou Tianshu" plan, establish software technology company, build vehicle software platform, and deeply cultivate software to define vehicle. The second "Beidou Tianshu" achievement conference was held, and the Tianshu science and technology project cooperation agreement was signed with Chongqing Municipality government, focusing on the development of automatic driving platform above L4 level, the development of automatic driving vehicle, and the commercial operation of automatic driving, so as to realize the mass production and large-scale commercial operation of driving platform after 2025. The first mass production experience of L3 level automatic driving in China has been completed; the industry's first line of sight bright screen, automatic ventilation of smoking, lip recognition, etc. have promoted the evolution of intelligent interaction from "voice based" to "voice + video". The company participated in and led the formulation of the first international standard of China's automobile multimedia, which marked the beginning of China's multimedia integration technology to the world.

The Company further promoted the "Shangri La" plan, completed the reform of the mixed ownership of Chang'an new energy, and introduced the four party strategic investors. The company have mastered 17 core technologies including seven in one electric drive assembly, pure electric platform EPA1、EPA2 and safety battery. Changan new energy's first smart power exchange demonstration station, built with CATL, Aodong, State Grid, iron tower and other power exchange alliance partners, was officially opened to the public and put into demonstration operation. It took only 30 seconds to replace the power battery once. The successful launch of blue whale 2.0T longitudinal B prototype indicates that the research and development of Chang'an blue whale 2.0T longitudinal engine has achieved phased results, which will further boost the light vehicle project to achieve cost reduction.

The Company focused on customers and developed high-quality products. UNI and classic series support each other while forming a performance division. Classic products are added and popular products are overlapped; UNI series of high-end products shaped interesting future mass producers of science and technology. The architecture of Chang'an ark has entered the application verification stage, covering all A0-C models. Blue whale NE 1.5T engine won the title of "China heart" top ten engines in 2020, and successfully challenged the Guinness world record of "longest live video" with full load operation. The Company focused on new technology development, it won 10 awards in the 2020 "China automobile industry science and Technology Award", ranking first among automobile enterprises; CS75 plus won the CCTV annual best intelligent connected vehicle Award; UNI won the "Horizon Cup" annual intelligent SUV award of China's intelligent car, and won the first place in the 2020 "i-vista automatic driving challenge" automatic parking and No.1 of independent brand of car in the automatic braking.

### **6. Build marketing system and improve customer experience**

At the end of the reporting period, the company had 1617 cooperative distributors. The Company focused on customers, built a collaborative marketing system of product planning, brand promotion and marketing tactics, and promoted the four efficiency changes of "contact, making deal, customer acquisition and collaboration". By strengthening the channel carrying capacity, Chang'an passenger car built new UNI service center, experience store and other channels with the channel point coverage rate significantly improved; Oushang has implemented the differentiated store building strategy, and the prefecture level city coverage rate exceeded 70%. Accelerate the digital transformation of marketing, operate UNI planet public domain platform and Chang'an gravity private domain

APP, and directly connect to the three values of "marketing, users and ecology"; Oushang automobile uses Oushang style APP to realize dealers' direct connection to customers and their orders.

In order to provide 19 million users with pleasant experience and temperature, Changan Automobile adhered to the service concept of "fast, direct, accurate and interactive", started the "No.1 Project" - customer service project, unswervingly implemented the "five promises", and transformed from serving customers to operating customers. The company carried out 28 operations such as "inventory, channel upgrade, loan approval" to quickly respond to customer needs, improved customer experience and met customers' diversified needs at the same time. The Company conducted the service product planning work, created professional, convenient, active and pleasant service products, listened to the voice of customers, set up a team of chief experience officer, interacted with the company's senior executives online. The Company launched the Online Changan encyclopedia sharing interactive platform for users to solve the problems in the process of using the car with online a month cumulative customer visits more than 400 thousand. Customer satisfaction continued to improve, in the report on customer satisfaction evaluation of 20 brand automobile 4S stores released by China Consumer Association, Chang'an Automobile won the first place in service satisfaction of its own brand 4S stores with a high score of 84.2.

### **7. Continuously deepen joint venture and cooperation, and steadily improve business quality**

The Company unswervingly pushed forward the "revitalization plan" of Changan Ford, focus on "two leading items, five major improvements", and through a series of measures such as strengthening operation monitoring, increasing new product launch, and implementing the optimization of marketing system, the Company promoted the steady improvement of Changan Ford's business quality. Changan Ford gradually stabilized and picked up its sales volume, and achieved a year-on-year outperformance over the industry in terms of annual sales volume, with a sales volume of 253 thousand vehicles, a year-on-year increase of 37.7%, accounting for the market share increasing by 0.41% year-on-year, rising to the 12th place in the sales ranking of joint venture narrow sense passenger car enterprises. Four brand-new models, including Ford Explorer and Lincoln adventurer were successfully launched, and they achieved high attention and top sales in the market segments. Among them, Ford Explorer went on the market in July, and its cumulative sales exceeded 10000 in three months. From October to December, its market share in the market segments was more than 20%, and its annual sales volume ranked third in the market segments.

Chang'an Mazda continued to create characteristic products and adhere to value marketing. The next generation Mazda 3 Axela X ignition honor and Mazda CX-30 X ignition honor are officially listed; the next generation Mazda3 Axela has won six excellent evaluations in the C-IASI collision test of China Insurance Research Institute, showing super safety strength. Chang'an Mazda defined the future product plan, launched the next generation product project, implemented the digital marketing reform with innovative and rich marketing ideas and forms, and continued to provide users with favorite products, technologies and service experience.

### **8. Actively build supporting system to meet the production demand of core parts**

The Company actively promoted the continuous optimization and improvement of the supporting system through going out and inviting in and opening up the supply chain channels, established a supplier library covering the whole industry so as to meet the company's differentiated needs. At the same time, the Company optimized the supplier performance evaluation, so that the fittest can be eliminated, and the supplier system can be activated, so as to strengthen the competition, reduce the procurement cost, and provide support for the long-term operation of the enterprise. Different procurement strategies were formulated for different products: the Company actively promoted the centralized procurement of bulk materials, integrated common brand businesses such as passenger cars, Oushang and Kaicheng, centralized procurement volume, unified bidding points, and reduced the procurement costs; the Company coordinated R&D, procurement and production, and actively promote platform and modular work. In the next five years, the value of platform and modular parts will account for a large proportion through scale efficiency, the status of parts was reduced by 50%, and the cost was reduced by 30%.

The Company actively promoted the strategic cooperation with suppliers according to the characteristics of product categories and the company's development needs, worked with suppliers to give full play to their respective advantages, achieved resource sharing, cost optimization, partnership depth cooperation, and established Chang'an supplier community with Chang'an characteristics. Based on "mutual respect, value creation and benefit sharing", the Company encouraged suppliers to tap the potential of cost reduction and jointly promote vave to achieve the situation of cost reduction, achievement sharing and benefit win-win.

CS75 series, the main model of Changan Automobile, adopted a combination of self-made production and external procurement. Key parts, such as blue whale direct injection engine, are independently researched and developed by Changan Automobile, which can effectively control the cost and enhance the quality control of key parts through self-made. In cooperation with international first-class parts enterprises, the Company purchased Aisin 8AT and 6AT transmissions and Chongqing Qingshan Industrial Co., Ltd 7-speed wet dual clutch transmission, Berg Warner AWD all wheel drive system, and Wutong car link TINNOVE intelligent system. External procurement integrated industry resources, selected suitable suppliers, made CS75 be safer and more intelligent, maximized enterprise benefits, and provided support for continuous improvement of company performance.

## II. Analysis of Main Business

### 1、 Overview

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

Yes  No

### 2、 Income and cost

#### (1) Composition of the operating revenue

Unit : Yuan

	2020		2019		Increase/decrease on a y-o-y basis (%)
	Sum	Share of operating income (%)	Sum	Share of operating income (%)	
Operating revenue	84,565,544,146.58	100.00%	70,595,245,133.28	100.00%	19.79%
<b>Industry</b>					
Automobile	84,565,544,146.58	100.00%	70,595,245,133.28	100.00%	19.79%
<b>Products</b>					
Vehicles	82,795,178,990.48	97.91%	69,392,923,811.93	98.30%	19.31%
Provision of labor services and others	1,770,365,156.10	2.09%	1,202,321,321.35	1.70%	47.25%
<b>Area</b>					
China	80,532,222,529.71	95.23%	67,531,869,212.59	95.66%	19.25%
Overseas	4,033,321,616.87	4.77%	3,063,375,920.69	4.34%	31.66%

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

Applicable  Not applicable

Unit : Yuan

	Operating Revenue	Operating Cost	Gross margin	Increase/decrease on a year-on-year basis Operating Revenue (%)	Increase/decrease on a year-on-year basis Operating Cost (%)	Increase/decrease on a year-on-year basis gross margin
Industry						
Automobile	84,565,544,146.58	72,473,471,726.85	14.30%	19.79%	20.32%	Down 0.38 points
Products						
Sales of products	82,795,178,990.48	71,490,822,214.20	13.65%	19.31%	19.79%	Down 0.35 points

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

Applicable  Not applicable

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

Yes  No

Unit: One set

Industry	Item	2020	2019	Increase/decrease on a year-on-year basis (%)
Automobile Industry	Sales volume	2,003,663	1,759,916	13.85%
	China	1,921,209	1,690,163	13.67%
	Overseas	82,454	67,753	21.70%
	Production volume	2,033,160	1,797,026	13.14%
	China	1,950,706	1,729,273	12.80%
	Overseas	82,454	67,753	21.70%
	Stock volume	86,837	58,371	48.77%
	Market share (%)	7.92%	6.81%	Up 1.11 points

Note: The above sales volume and production volume are consistent with the date from the Company and its subsidiaries and JVs. The analysis over market share is based on the data from China Automobile Industry Association. Changan PSA Peugeot Citroen Automobile Co., Ltd. has been excluded from the data for 2019.

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

Applicable  Not applicable

Since the second half of 2020, the shortage of automotive chips has swept the world. As the new year approaches, the risk of chip shortages has intensified. Changan Automobile has proactively stocked up to meet the needs of the Spring Festival peak season. At the end of December, the scale of corporate inventories has increased year-on-year.

Production and operation of new energy vehicles

Unit: One set

Product Category	Capacity status	Production volume	Sales volume
New energy passenger car	700 thousand	30,671	34,926



New Energy Commercial Vehicle	170 thousand	2,422	2,187
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Note: The above sales volume and production volume are consistent with the date from the Company and its subsidiaries and JVs. The production capacity of new energy vehicles is in line with that of fuel vehicles.

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

Applicable  Not applicable

#### (5) Cost

Unit: Ten Thousand Yuan

Industry classification	Item	2020		2019		Increase/decrease on a year-on-year basis (%)
		Amount	Ratio in operation cost (%)	Amount	Ratio in operation cost (%)	
Automobile Production	Product Sale	7,149,082	98.64%	5,967,922	99.08%	19.79%
	Provision of labor services and others	98,265	1.36%	55,337	0.92%	77.58%
Total		7,247,347	100.00%	6,023,259	100.00%	20.32%

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

Applicable  Not applicable

During the reporting period, Changan Automobile established a new subsidiary, Chongqing Changan Automobile Software Technology Co., Ltd., co-established Chongqing Changan Kaicheng Automobile Technology Co., Ltd. with Chongqing Linkong Development Investment Group Co., Ltd., accounting for 83.64% of the equity, acquired Changan Weilai New Energy Automobile Technology Co., Ltd., and a total of three companies were included in the scope of the consolidated statement. Chongqing Changan New Energy Automobile Technology Co., Ltd. introduced strategic investors and its shareholding ratio was reduced to 48.95%. It was no longer included in the scope of consolidation, and subsequent measurement was carried out according to the equity method.

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

Applicable  Not applicable

#### (8) Main Customers and principal suppliers

##### Main Customers

Total sales amount to top 5 customers (RMB)	7,255,859,946.45
Proportion of sales to top 5 customers in the annual sales (%)	8.58%
Proportion of sales amount of the related party in the top 5 customers (%)	4.52%

**Top 5 customers**

Unit : Yuan

Serial No.	company	Sales value	proportion in total sales (%)
1	First	1,754,076,224.00	2.07%
2	Second	1,681,023,197.66	1.99%
3	Third	1,624,459,884.38	1.92%
4	Fourth	1,149,704,763.57	1.36%
5	Fifth	1,046,595,876.84	1.24%
total		7,255,859,946.45	8.58%

**Other descriptions of major customers**

□ Applicable    √ Not applicable

**Principal suppliers**

Total purchase amount to top 5 suppliers (RMB)	10,409,278,935.75
Proportion of purchase to top 5 suppliers in the annual purchase (%)	14.56%
Proportion of purchase amount of the related party in the top 5 suppliers (%)	8.38%

**Top 5 suppliers**

Unit : Yuan

Serial No.	Company name	Purchase value	Proportion in the total purchase(%)
1	First	3,684,739,124.13	5.15%
2	Second	2,310,795,366.63	3.23%
3	Third	1,516,055,918.29	2.12%
4	Fourth	1,526,698,062.32	2.14%
5	Fifth	1,370,990,464.38	1.92%
Total		10,409,278,935.75	14.56%

**Other descriptions of major suppliers**

□ Applicable    √ Not applicable

**3、 Expenses**

Unit: Ten Thousand Yuan

Item	2020	2019	increase/decrease (%)	Description of major changes
Selling expense	3,413,296,854.70	4,591,170,885.94	-25.66%	
Management expense	4,273,555,030.82	2,265,231,518.65	88.66%	New energy points and employee compensation increase
Financial expense	-210,224,449.63	-190,849,511.73	-10.15%	

R&D expense	3,153,888,007.29	3,169,063,761.13	-0.48%	
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#### 4、Research and Development Expenditure

Applicable     Not applicable

In 2020, Changan Automobile invested 4.142 billion yuan in product and technology project development, and continued to build industry-leading research and development strength.

#### R&D investment Table

	2020	2019	Changes in ratio
Labor Number	6,636	7,829	-15.24%
Proportion of labor in the Company	16.47%	21.30%	Down 4.83 points
Investment value (yuan)	4,141,752,049.28	4,478,435,313.28	-7.52%
Proportion of investment in the revenue	4.90%	6.34%	Down 1.44 points
Capitalization (yuan)	987,864,041.99	1,309,371,552.15	-24.55%
Proportion of capitalization in R&D investment	23.85%	29.24%	Down 5.39 points

Note: In 2020, Chongqing Changan New Energy Automobile Technology Co., Ltd. was not included in this report.

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

Applicable     Not applicable

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

Applicable     Not applicable

#### 5、Cash Flow

Unit: Yuan

Item	2020	2019	Increase/decrease (%)
Subtotal of cash inflows from operating activities	89,514,237,309.63	75,201,286,289.37	19.03%
Subtotal of cash outflows from operating activities	78,838,283,830.39	71,319,538,050.98	10.54%
Net cash flows from operating activities	10,675,953,479.24	3,881,748,238.39	175.03%
Subtotal of cash inflows from investing activities	6,821,367,307.44	2,291,173,505.54	197.72%
Subtotal of cash outflows from investing activities	3,216,664,440.15	6,085,786,845.19	-47.14%
Net cash flows from investing activities	3,604,702,867.29	-3,794,613,339.65	195.00%
Subtotal of cash inflows from financing activities	8,600,917,401.42	337,719,805.56	2446.76%
Subtotal of cash outflows from financing activities	1,553,526,997.52	738,294,133.17	110.42%

Net cash flows from financing activities	7,047,390,403.90	-400,574,327.61	1859.32%
Net increase in cash and cash equivalents	21,295,493,382.74	-287,678,939.91	7502.52%

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

√ Applicable    □ Not applicable

In 2020, the “net cash flow from operating activities” increased by RMB 6.794 billion from the previous year, mainly due to the significant increase in “cash received from the sale of goods and the provision of labor services” compared with the previous year; the “net cash flow from investment activities” was higher than the previous year. The annual increase of 7.399 billion yuan was mainly due to the substantial increase in “cash received from investment income” over the previous year; and “cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets” and “cash paid for investment” “Substantially decreased from the previous year; “Net cash flow from financing activities” increased by 7.448 billion yuan from the previous year, mainly due to the “cash received from absorbing investments” and “cash received from borrowings” significantly compared to the previous year increase.

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

√ Applicable    □ Not applicable

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

**III. Analysis of non principal business**

□ Applicable    √ Not applicable

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

Unit: Yuan

Item	Dec.31,2020		Dec.31,2019		Increase/ decrease (%)	instructions
	Amount	Ratio in total assets (%)	Amount	Ratio in total assets (%)		
Cash	32,001,775,600.07	26.47%	10,066,171,353.48	10.31%	16.16%	Net cash flow from operating activities increased, net cash flow from investing activities increased, net cash flow from financing activities increased
Notes receivable	2,141,197,139.45	1.77%	838,314,076.82	0.86%	0.91%	Mainly due to the changes in the scope of consolidation in the current period, the accounts receivable in the original consolidation scope were turned into accounts receivable outside the consolidation scope
Inventory	5,967,516,230.57	4.94%	3,375,441,488.37	3.46%	1.48%	In order to cope with the peak

						sales season before the Spring Festival, increase inventory reserves in advance
Investment property	6,876,138.16	0.01%	7,102,849.72	0.01%	0.00%	
Long-term equity investments	12,109,089,795.67	10.01%	11,008,336,989.09	11.28%	-1.27%	
Fixed assets	26,436,757,696.96	21.86%	26,939,490,554.19	27.60%	-5.74%	
Construction in progress	1,048,036,148.70	0.87%	1,729,803,028.43	1.77%	-0.90%	During the reporting period, the project was converted to fixed assets
Short-term loans	578,000,000.00	0.48%	229,580,000.00	0.24%	0.24%	During the epidemic, the company obtained special loans from financial institutions to deal with uncertain risks
Long-term loans	955,300,000.00	0.79%	55,300,000.00	0.06%	0.73%	Caused by the company's new special loan

## 2、Assets and liabilities measured by fair value

Unit: Yuan

Item	Amount at year beginning	Profit and loss from changes in fair value in the current period	Accumulated fair value changes included in equity	Impairment provisions in the reporting period	Amount purchased in the current period	Amount sold in the current period	Amount at year end
<b>Financial assets</b>							
Transactional financial assets	2,419,476,200.00	2,035,390,665.86				-	204,254,400.00
Equity instrument investment	734,506,100.00		-39,516,100.00			-3,000,000.00	691,990,000.00
Subtotal of financial assets	3,153,982,300.00	2,035,390,665.86	-39,516,100.00			-	896,244,400.00
Others	-	-	-			-	-
Total	3,153,982,300.00	2,035,390,665.86	-39,516,100.00			-	896,244,400.00
Financial liabilities	-	-	-	-	-	-	-

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

Yes  No

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

Item	Book value at the end of this year	Limited Reason
Cash	1,345,807,542.44	Used to open the acceptance deposit
Notes receivable and accounts receivable	7,320,550,460.00	Notes receivable pledge to issue notes payable
Intangible assets	17,661,564.48	Obtain liquidity borrowings and obtain commercial acceptance bills
Fixed assets	22,953,779.68	Obtain liquidity borrowings and obtain commercial acceptance bills
Total	8,706,973,346.60	

## V. Analysis of Investment

### 1、General information

Applicable  Not applicable

External investment		
Investment Amount in the report period (RMB)	Investment Amount in 2017 (RMB)	Variance rate
3,790,000,000	1,800,000,000	110.56%
Particulars of investees		
Company Name	Principal business	Proportion in the investees' equity (%)
Zhongqi Chuangzhi Technology Co., Ltd.	Licensed items: technology import and export; import and export agency; import and export of goods (items that are subject to approval in accordance with the law can only be carried out after the approval of the relevant departments, and the specific business items are subject to the approval results) General projects: technical services, technology development, technical consultation, technical exchanges, technology transfer, technology promotion; industrial design services; software development; industrial automatic control system device manufacturing; industrial automatic control system device sales; mechanical parts and components sales; electric power Sales of electronic components; sales of electronic products; research and development of auto parts; retail of auto parts; wholesale of auto parts; sales of new energy vehicle production and testing equipment; sales of new energy vehicles; motor vehicle	3.125%

	modification services; integrated circuit manufacturing; electronic components Device manufacturing; engineering and technical research and experimental development; electrical signal equipment manufacturing; sales of new catalytic materials and additives; research and development of electronic special materials; battery sales; battery manufacturing (except for items subject to approval according to law, independent of business license Carry out business activities)	
Chongqing Changan Kaicheng Automobile Technology Co., Ltd.	Licensed items: car rental, technology import and export, import and export of goods (items that are subject to approval in accordance with the law can only be carried out after the approval of the relevant departments, and the specific business projects are subject to the approval documents or licenses of the relevant departments) General items: new automobile sales, automobile parts wholesale, automobile parts and accessories manufacturing, new energy automobile sales, new energy automobile electrical accessories sales, automobile parts research and development, technical services, technical development, technical consultation, technical exchanges, Technology transfer, technology promotion, engineering and technology research and experimental development, software development, information consulting services (not including licensing information consulting services), mold manufacturing, mold sales, domestic cargo transportation agency, energy saving management services, energy recovery system research and development, New energy prime mover equipment manufacturing, emerging energy technology research and development, Internet sales (except for the sale of commodities that require licenses), old automobile sales, automobile spare parts retail, motor vehicle repair and maintenance (except for items subject to legal approval, business operations License to carry out business activities independently according to law)	83.64%
Hefei Changan Automobile Co., Ltd.	Changan brand series cars, other passenger cars, light trucks, special vehicles and (pure electric) new energy vehicles; design, manufacturing, product sales and after-sales service of auto parts; warehousing (except dangerous goods) services, house leasing; technology Consultation and services (should be subject to administrative permission and shall not operate without permission).	100%

Note: The above are investment projects approved by the board of directors during the reporting period. For specific information, please refer to the "Announcement on Related Party Transactions of T3 Technology Platform Companies" (Announcement Number: 2020-06), "Announcement on Resolutions of the First Meeting of the Eighth Session of the Board of Directors" (Announcement Number: 2020-56), and "The Eighth Session Announcement of Resolutions of the Fourth Meeting of the Board of Directors (Announcement No.: 2020-76).

## 2、Major equity investment in the reporting period

Applicable     Not applicable

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

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

### 4、Investment of Financial Assets

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

√ Applicable    □ Not applicable

Securities variety	Securities code	Securities short name	Initial investment cost (Yuan)	Number of shares held at the beginning of the period (Share)	Percentage of shares held at the beginning of the period	Number of shares held at the end of the period (Share)	Percentage of shares held at the end of the period	Book value at the end of the period (Yuan)	Reporting period profit and loss (Yuan)	Accounting account	Source of shares
Stock	600369	Southwest Securities	50,000,000	35,500,000	0.63%	33,630,000	0.51%	180,929,400.00	10,891,844.22	Transactional financial assets	Initial investment
Stock	300750	CATL	1,000,000,821	22,999,575	1.06%	0	0	0.00	1,989,583,062.47	Transactional financial assets	Initial investment
Total			1,050,000,821	58,499,575	--	33,630,000	--	180,929,400.00	2,000,474,906.69	--	--

#### (2) Derivative Investments

□ Applicable    √ Not applicable

### 5、Use of raised funds

√ Applicable    □ Not applicable

#### (1) Overall use of raised funds

√ Applicable    □ Not applicable

Unit: ten thousand yuan

Year of Raising	Recruitment method	Total funds raised	The total amount of funds raised in the current period has been used	The total amount of funds raised has been used	The total amount of funds raised during the reporting period	Cumulative total amount of funds raised for change of purpose	Proportion of total raised funds for cumulative changes	The total amount of funds raised has not been used	The purpose and destination of the raised funds not yet used	Amount of funds raised after being idle for more than two years
2020	Non-public offering of shares	598,608.41	325,207.93	325,207.93	0	0	0%	273,400.48	Deposited in a special account for raised funds	0
Total	--	598,608.41	325,207.93	325,207.93	0	0	0%	273,400.48	--	0

#### Description of the overall use of raised funds

The board of directors of the company believes that the company has disclosed the storage and actual use of the company's raised funds in a timely, true, accurate and complete manner in accordance with the "Guidelines for the Standardized Operation of Listed Companies on the Shenzhen



Stock Exchange" and relevant format guidelines. Violations of fund management. The company has faithfully fulfilled its obligation to disclose the investment direction and progress of the raised funds.

## (2) Promise of raised funds

√ Applicable    □ Not applicable

Unit: ten thousand yuan

Total funds raised				598,608.41			Total funds raised this year				325,207.93	
The total amount of funds raised during the reporting period				Not applicable			The total amount of funds raised has been invested				325,207.93	
Proportion of total raised funds for cumulative changes				Not applicable								
Commitment to investment projects	Whether the project has been changed	Total committed investment of raised funds (Note 1)	Adjusted total investment	Commitment investment amount as of the end of the period (1)	Amount invested this year	Cumulative investment amount as of the end of the period (2)	Investment progress as of the end of the period% (3) = (2)/(1)	Whether the project has reached the intended usable state	Benefits realized this year	Whether it meets the expected return	Whether the feasibility of the project has changed significantly	Reasons for not reaching the planned construction period
H series fifth phase, NE1 series first phase engine production capacity construction project	No	141,568.38	141,568.38	141,568.38	41,447.94	41,447.94	29%	No	Not applicable	Not applicable	No	Not applicable
Crash Laboratory Capacity Upgrade Construction Project	No	11,505.75	11,505.75	11,505.75	567.96	567.96	5%	No	Not applicable	Not applicable	No	Not applicable
CD569 production line construction project	No	15,576.22	15,576.22	15,576.22	57.08	57.08	0%	No	Not applicable	Not applicable	No	Not applicable
Hefei Changan Automobile Co., Ltd. adjustment and upgrade project	No	249,958.06	249,958.06	249,958.06	103,134.95	103,134.95	41%	No	Not applicable	Not applicable	No	Not applicable
Supplementary working capital	No	180,000.00	180,000.00	180,000.00	180,000.00	180,000.00	100%	No	Not applicable	Not applicable	No	Not applicable
<b>Total</b>		<b>598,608.41</b>	<b>598,608.41</b>	<b>598,608.41</b>	<b>325,207.93</b>	<b>325,207.93</b>	<b>54%</b>	-	-	-	-	-
The situation and reasons for not reaching the planned progress or expected benefits (divided into specific projects)	There was no such situation during the reporting period.											
Description of major changes in the feasibility of the project	There was no such situation during the reporting period.											
Preliminary investment and replacement of raised funds investment projects	On November 18, 2020, the Ninth Meeting of the Eighth Session of the Board of Directors of the Company reviewed and approved the "Proposal on the Use of Raised Funds to Replace Early Investment in Own Funds", and agreed to use raised funds of RMB 1,378,818,553.05 to replace pre-invested investment projects. Self-funded. The replacement of the raised funds has been verified by the Ernst & Young Hua Ming (2020) Special Zi No. 60662431_D05 special report issued by Ernst & Young Hua Ming Certified Public Accountants (special general partnership).											
Temporarily supplement liquidity with idle raised funds	There was no such situation during the reporting period.											

Cash management of idle raised funds and investment in related products	There was no such situation during the reporting period.
Permanently supplement working capital with over-raised funds or return bank loans	There was no such situation during the reporting period.
The amount of funds raised and the reason for its formation	The fundraising project is still in progress, and the raised funds have not been used up yet.
Other use of raised funds	There was no such situation during the reporting period.

Note 1: The actual net proceeds raised by the company is RMB 5,986,084,079.35, which is lower than the total planned investment amount of the raised funds disclosed in the issuance plan. According to the issuance plan, the part of the funds raised from the issuance that cannot meet the funding needs of the project will be solved by the company's self-raised funds.

### (3) Changes in raised funds

Applicable    Not applicable

## VI. Selling of major assets and major equity

### 1、Selling of major assets

Applicable    Not applicable

There is no selling of major assets.

### 2、Selling of major equity

Applicable    Not applicable

On December 3, 2019, Chongqing Changan New Energy Vehicle Technology Co., Ltd. (hereinafter referred to as "new energy technology company"), a wholly-owned subsidiary of Changan Automobile, introduced four strategic investors. After the capital increase is completed, the company's share of the new energy technology company's equity has dropped from 100% to 48.9546%. For details, please refer to the "Announcement on the Public Investment Increase of the Wholly-owned Subsidiary Company and the Company's Abandonment of Priority Subscription of Capital Contributions to Capital Increase and Capital Increase" (Announcement number: 2019-67). On January 13, 2020, the matter was reviewed and approved by the first extraordinary general meeting of shareholders in 2020 (Announcement No. 2020-04). On January 20, 2020, new energy technology company completed the industrial and commercial change registration. For details, please refer to the "Announcement on the Progress of the Wholly-owned Subsidiary Company's Capital Increase by Public Listing and the Company's Abandonment of Capital Increase and Share Priority Subscription of Investment Rights" (Announcement Number : 2020-04).

On December 30, 2019, Changan Automobile and Shenzhen Qianhai Ruizhi Investment Co., Ltd. (hereinafter referred to as "Qianhai Ruizhi") signed the "Equity Transfer Agreement" and transferred all the 50% equity of Changan PSA to Qianhai Ruizhi. For details, please refer to the "Announcement on the Sale of Equity Interests in Joint Ventures" (Announcement No. 2020-02). On January 13, 2020, the matter was reviewed and approved by the first extraordinary general meeting of shareholders in 2020 (Announcement No. 2020-04). On May 21, 2020, the company completed the industrial and commercial change registration. For details, please refer

to the "Announcement on the Progress of the Sale of Equity in Joint Ventures" (Announcement Number: 2020-42).

## VII. Analysis of main holding companies and equity companies

√ Applicable    □ Not applicable

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

Unit: ten thousand yuan

Name	Registered capital	Equity held	Main businesses	Total assets	Main operating income	Net profit
Zhenjiang Demao Hairun Equity Investment Fund Partnership (Limited Partnership)	150,001	100%	Engaged in non-securities equity investment activities and related consulting business	135	-	199,097
Chongqing Changan Auto Union Technology Co., Ltd.	8,850	100%	Lease	130,139	9,297	-38,369
Changan Mazda Automobile Co. Ltd	11,097USD	50%	Produce and sell auto and parts	1,134,653	1,726,463	147,568
Nanchang Jiangling Investment Co., Ltd.	100,000	50%	Investment management, industrial investment and asset management	465,069	-	-107,202
Chongqing Changan New Energy Automobile Technology Co., Ltd.	20,223	48.95%	Produce and sell auto and parts	568,443	214,791	-116,190

Subsidiaries acquired and sold in the reporting period

√ Applicable    □ Not applicable

During the reporting period, Changan Automobile established a new subsidiary, Chongqing Changan Automobile Software Technology Co., Ltd., co-established Chongqing Changan Kaicheng Automobile Technology Co., Ltd. with Chongqing Linkong Development Investment Group Co., Ltd., accounting for 83.64% of the equity, acquired Changan Weilai New Energy Automobile Technology Co., Ltd., and a total of three companies were included in the scope of the consolidated statement. Chongqing Changan New Energy Automobile Technology Co., Ltd. introduced strategic investors and its shareholding ratio was reduced to 48.95%. It was no longer included in the scope of consolidation, and subsequent measurement was carried out according to the equity method.

Name	Acquisition and disposal of subsidiaries during the reporting period	On the overall production and operation and performance impact
Chongqing Changan Automobile Software Technology Co., Ltd.	Newly established	No major influence
Changan Weilai New Energy Automobile Technology Co., Ltd.	Business combination not under common control	No major influence
Chongqing Changan Kaicheng Automobile Technology Co., Ltd.	Newly established	No major influence
Chongqing Changan New Energy Automobile Technology Co., Ltd.	Dilution of equity	Major influence

## VIII. Structural main business under the company control

Applicable Not applicable

## IX. The company's future development prospect

### 1. Industry pattern and trend

(1) New era: the global automobile industry undergoing profound changes, and the new era breeding new opportunities.

Macro environment: the world is facing a great change that has not happened in a century. The fourth industrial revolution promotes the transformation of global economic growth momentum, with an average annual growth rate of 2.5% in the next five years. China held the Fifth Plenary Session of the 19th CPC Central Committee to start a new journey of building a modern socialist country in an all-round way, with an average annual economic growth of 5.2% in the next five years.

Policy orientation: guide the automobile industry to "zero emission" transformation. The government should improve the consumption environment, encourage car sales in the countryside, trade in old cars for new ones, and use new energy, so as to stabilize the sustained and good development trend of the industry. The government will accelerate the construction of standards, infrastructure and systems.

Industry trend: new technologies such as electrification, intellectualization and digitization accelerated the innovation and integration. New energy has entered a period of rapid development, automatic driving L3 has entered a period of popularization, and L4 has gradually entered into commercial operation. Global auto companies are restructuring their business: product function, customer ecology and business model. Global auto sales grow by 3% annually, and China's first market position is more consolidated, with an average annual growth of more than 3-4%.

Consumption characteristics: the third and fourth tier cities will be the main contribution of new car increment in the future. New energy, special vehicles, second-hand cars and other markets have great potential for growth. The additional replacement contributed more than 50% to the sales of new cars. China has entered the third consumer society, and its consumption values are moving towards quality, high-end and personalized character.

(2) New pattern: China's auto industry speeding up the reshuffle and reshaping the competition pattern

The survival of the fittest is accelerated, Matthew effect is highlighted, and leading enterprises of independent brands rise. The stable share of independent brands can be maintained at about 30%. With the expansion of competition and cooperation fields brought by industrial transformation, enterprises need to build core competitiveness, strengthen cooperation, integrate global cross-border and peer high-quality resources to become an efficient way to enhance competitiveness. The overseas expansion of Chinese automobile enterprises is the only way to become stronger. The 2022 is the turning point of joint venture development, and the cooperation pattern will be reconstructed.

(3) New strategy: brand upward and four modernizations transformation being the theme of Chinese brand transformation

The strategic transformation of major Chinese brands tends to be the same, focusing on five aspects: stronger autonomy, brand upward, digital transformation, ecological cooperation and overseas expansion. The planning of domestic automobile enterprises has changed from scale expansion to focus on development quality.

### 2. Company development strategy

The company adheres to the new development concept, persist in innovation driven, adhere to open cooperation, adhere to the transformation and development, and guide the development of China's national automobile brand with the development of high quality. Strengthen the direction of the third entrepreneurship, and accelerate the transformation to an intelligent low-carbon travel technology company by strengthening the main business, fast transformation, seizing the market and building the ecology. Strengthen manufacturing advantages, speed up the improvement of scientific and technological capabilities, take science and technology as the means, and "intelligent, electric" as the characteristics, promote the development of the company to the sharing industry and ecological

industry, and form a "new automobile + new ecological" industrial company.

### 3. Business plan

The business objective of the board of directors of the company in 2021 is to produce and sell more than 2.15 million vehicles. In order to achieve the above goals, the company takes "firm transformation, innovative breakthrough, digital drive, quality improvement and efficiency" as the key, focuses on revenue, cost and profit, strengthens marketing traction and pays close attention to business quality. The Company will focus on the following work: firstly, pay close attention to the implementation of strategy to transform to intelligent low-carbon travel technology company; secondly, promote the innovation and breakthrough to drive transformation and upgrading; thirdly, pay attention to income growth, consolidate the foundation and do incremental reform to promote high-quality development; fourthly, strive for cost breakthrough to achieve cost reduction in the whole region and promote quality and efficiency improvement; fifthly, improve efficiency to build "efficiency" as the core of the organization; Sixthly, build the ability to create differentiated competitive advantage; seventhly, strengthen brand promotion and cultural innovation to form a strong Chinese brand image and strong IP; eighthly, strengthen basic guarantees and lead high-quality development.

### 4. Capital expenditure plan of the company in 2021

In order to achieve the strategic objectives of the company, it is estimated that the investment plan of the company and its controlling subsidiaries will be 3.56 billion yuan in 2021, including 2.27 billion yuan in fixed assets and 1.29 billion yuan in equity investment. Fixed assets investment has continuously focused on new products and R&D capacity construction, increased investment in high-end new energy products, and continuously improved core R&D capabilities such as intelligence and modeling and digital operation capabilities. Equity investment mainly supports the development of middle and high-end brands, strengthens the R&D and operation investment of high-level automatic driving technology, and continues to layout travel and industrial ecological development. The company will study and formulate various channels' fund-raising plan and fund use plan according to the project progress and the operation and financing environment, so as to improve the efficiency of fund use and reduce the cost of funds.

### 5. Possible risks

Firstly, the risk of COVID-19.

COVID-19 sporadic risk has not yet been completely eliminated, and for a longer period of time, our country needs to maintain internal anti rebound and external input control measures. Once sporadic epidemic occurs, travel control will be strictly implemented in medium and high-risk areas, and there may be local impact on customer collection at sales terminals.

Countermeasures: firstly, speed up the process of new marketing layout, increase online promotion and service, strengthen user contacts, and strive to control the market impact to the minimum; secondly, strengthen the service experience of users in the whole process of car purchase and use by strengthening auto finance and other post market services.

Secondly, the risk of macroeconomic growth falling short of expectations.

On the one hand, China's economic development is still in the stage of structural adjustment, transformation and upgrading, and economic growth is still facing downward pressure. On the other hand, the world economy will still face uncertainties and risks in 2021. Firstly, the vaccine can not be popularized globally within this year, and the effectiveness of the vaccine still needs to be further verified; secondly, the hidden danger of financial crisis caused by the huge debts of many countries still exists. After the outbreak of the epidemic, many countries generally adopted large-scale loose monetary policy and financial rescue measures, which led to the rise of global public debt, limited the policy room for maneuver, and weakened the ability to deal with the crisis; thirdly, Global trade protectionism may continue to affect the recovery of the world economy. Western populism and protectionism will not disappear in a short time. Trade frictions may still cause tension in international economic and trade relations and inhibit market confidence and economic recovery momentum. As an alternative consumption, automobile has a strong correlation with the macroeconomic situation, residents' employment and income expectations. If the macroeconomic growth is less than expected, it may lead to the lack of consumer confidence.

Countermeasures: strengthen the research on the macroeconomic situation. The company has formed a research and judgment mechanism of daily, weekly, monthly and quarterly information tracking and strategic environment. On the basis of fully studying and

judging the situation, the company has made a good plan to deal with the challenges of the external environment, timely adjusted its business strategy, and made scientific response.

Thirdly, the risk of increasing competition in the industry.

On the one hand, after the conclusion of RCEP and China-EU investment agreement, foreign brands may accelerate China's market layout and intensify market competition. On the other hand, the products of domestic emerging automobile manufacturers are accelerating to go on the market, while the weak brands are being eliminated in the competition, the enterprise integration and reorganization are speeding up, and the change of products and brands is speeding up.

Countermeasures: on the one hand, strengthen technological innovation, accelerate product upgrading and new product introduction, and enhance product competitiveness; on the other hand, focus on improving organizational efficiency, accelerate the pace of reform, vigorously promote organizational mechanism reform, fully stimulate personnel vitality and organizational efficiency, process efficiency, improve operational efficiency, and accelerate the implementation of the company's third innovation and entrepreneurship strategy.

Fourthly, the risk of supply chain.

First, the impact of global COVID-19 on the automobile industry chain can not be completely eliminated in the short term. During the epidemic period, investment in global manufacturing industry declined. After production gradually recovered, there was a capacity gap in some parts. For example, the shortage of auto chips since the end of last year will continue in phases. Second, due to the long automobile industry chain and wide regional distribution, the global division of labor and cooperation has been affected by the epidemic situation, and the production efficiency of some parts enterprises has declined. In addition, the sporadic epidemic in China may involve auto parts gathering areas, which also poses potential risks to the production and supply guarantee of vehicle enterprises.

Countermeasures: first, optimize the production organization mode to ensure the normal production operation; second, strengthen the cooperation, sharing and symbiosis relationship among enterprises in the industrial chain, increase the reserve of risk components in time; third, continuously promote the backup alternatives of some key core components.

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

Date	Manner	Type of Reception Object	Index
2020.01.14	On-Site Survey	Institution	For details, see the January 16, 2020 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: January 14, 2020 investor relations activities record sheet
2020.01.21	On-Site Survey	Institution	For details, see the January 21, 2020 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: January 21, 2020 investor relations activities record sheet
2020.04.30	"Panorama Roadshow World" Webcast	All investors	For details, see the May 6, 2020 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: April 30, 2020 investor relations activities record sheet
2020.05.07	Telephone conference	Institution	For details, see the May 9, 2020 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: May 7, 2020 investor relations activities record sheet
2020.05.08	Telephone conference	Institution	For details, see the May 9, 2020 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: May 8, 2020 investor

			relations activities record sheet
2020.05.12	Telephone conference	Institution	For details, see the May 14, 2020 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: May 12, 2020 investor relations activities record sheet(1)
2020.05.12	On-Site Survey	Institution	For details, see the May 14, 2020 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: May 12, 2020 investor relations activities record sheet(2)
2020.06.24	On-Site Survey	Institution	For details, see the June 28, 2020 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: June 24, 2020 investor relations activities record sheet
2020.07.14	Telephone conference	Institution	For details, see the July 17, 2020 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: July 14, 2020 investor relations activities record sheet
2020.07.15	Telephone conference	Institution	For details, see the July 17, 2020 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: July 15, 2020 investor relations activities record sheet
2020.07.16	Telephone conference	Institution	For details, see the July 17, 2020 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: July 16, 2020 investor relations activities record sheet
2020.07.17	On-Site Survey	Institution	For details, see the July 21, 2020 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: July 17, 2020 investor relations activities record sheet
2020.08.31	On-Site Survey	Institution	For details, see the September 2, 2020 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: August 31, 2020 investor relations activities record sheet
2020.09.01	On-Site Survey	Institution	For details, see the September 3, 2020 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: September 1, 2020 investor relations activities record sheet
2020.10.16	On-Site Survey	Institution	For details, see the October 20, 2020 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: October 16, 2020 investor relations activities record sheet
2020.11.03	On-Site Survey	Institution	For details, see the November 6, 2020 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: November 3, 2020 investor relations activities record sheet (1)
2020.11.03	On-Site Survey	Institution	For details, see the November 6, 2020 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: November 3, 2020 investor relations activities record sheet (2)
2020.11.06	On-Site Survey	Institution	For details, see the November 9, 2020 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: November 6, 2020 investor relations activities record sheet
2020.12.03	On-Site Survey	Institution	For details, see the December 7, 2020 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: December 3, 2020 investor relations activities record sheet
2020.12.07	On-Site Survey	Institution	For details, see the December 9, 2020 Shenzhen stock exchange interactive ( <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> ) on the Changan Automobile: December 7, 2020

			investor relations activities record sheet
Reception Times			20
Number of Agencies			302
Number of Individuals			0
Number of other entities			0
Whether to disclose undisclosed important information			No



## Chapter 5 Important Matters

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

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

applicable  not applicable

According to the China Securities Regulatory Commission requirements, in combination with the practical situation of the company, the Company has rectified the “Articles of Association” and clarified about the distributable profit caliber, dividend distribution way, principle, form, cash dividend conditions and proportion, stock dividend condition, plans to set up and review procedures, the implementation, the conditions of distribution policy adjustment, and decision-making procedures, etc, to strengthen the supervision function of independent directors in the profit distribution plan, policy adjustment, and strengthen the guarantee system of the dividend return for investors. For details of the company’s specific distribution policy, please refer to the Articles of Association. Company’s reported profit distribution plan and equity shares in line with the relevant provisions of the Articles of Association and relevant provisions.

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

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

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

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

In 2020, the preplan profit distribution of the Company deliberated and approved by the Board is: Based on the total share capital of 5,439,591,574 shares, a cash dividend of RMB 3.06 (tax included) will be distributed to all shareholders for every 10 shares, and 4 shares will be converted from the capital reserve for every 10 shares.

**Share out Cash Bonus Table for last three years**

Unit: Yuan

Year	Cash dividend amount (tax included)	Net profit attributable to shareholders of listed companies in dividends annual	The net profit ratio (%) attributable to shareholders of listed companies in

		consolidated statements	consolidated statements
2020	1,664,515,021.64	3,324,251,164.16	50.07%
2019	-	-2,646,719,356.53	-
2018	86,447,673.20	680,728,392.03	12.70%

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

For every 10 shares to send bonus shares	-
For every 10 shares dividend number (RMB) (tax included)	3.06
Number of transfers for every 10 shares (shares)	4
The equity base of distribution plan(shares)	5,439,591,574
Total cash dividends (yuan) (tax included)	1,664,515,021.64
Distributable profits (yuan)	35,848,636,357.95
Proportion (%) of cash dividends to total profit distribution	100%
Cash dividend policy:	
Others	
Detailed statement of profit allocation or plan that capital accumulation fund turn to be added	
<p>The fifteenth meeting of the eighth session of the company's board of directors reviewed and approved the "Proposal on the 2020 Profit Distribution Plan", which still needs to be submitted to the company's 2020 annual general meeting of shareholders for deliberation. The matter complies with the company's articles of association, the relevant decision-making procedures and mechanisms are complete, and the legitimate rights and interests of small and medium investors are fully protected. Independent directors perform their duties and express their opinions.</p>	

## III. Commitments Fulfillment Condition

1、The company's actual controllers, shareholders, related parties, acquirers, and the company and other commitments that have been fulfilled by the relevant parties during the reporting period and have not yet been fulfilled as of the end of the reporting period.

Commitments	Commitment entity	Commitment content	Commitment time	period for commitment	Performance
Other small shareholders commitment	China Changan Automobile Group Co., Ltd.	In order to avoid and eventually solve the possible competition or potential competitors, better maintain the interests of investors, the company controlling shareholder China Changan made the commitment: In two consecutive years profit of Harbin Hf Automobile Industry Group Co,	September, 2010		The Harbin Hefei Automobile Industry Group Co at present is still running at a loss, The conditions have not yet reached the profitable for two consecutive years.

		With the continuous development ability and management level is improved significantly. Under such condition, the enterprise will be affiliated into the company.			
Commitments made during IPO or refinancing	Southern Industrial Asset Management Co., Ltd.	The shares of Changan Auto subscribed through this issuance will not be transferred in any way within 36 months after the end of this issuance, including but not limited to public transfer through the securities market or through agreement.	October 2020	36 months	Normal performance
	China South Industries Group Co., Ltd.		October 2020	36 months	Normal performance
	China Changan Automobile Group Co., Ltd.		October 2020	36 months	Normal performance
	China Southern Fund Management Co., Ltd.	The company agrees not to transfer the shares subscribed for this time within six months from the date of the end of this issuance of Changan Automobile (referring to the date when the shares of this issuance are listed). The company entrusts the board of directors of Changan Automobile to apply to the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. to lock up the above-mentioned subscription shares of the company to ensure that the above-mentioned shares held by the company will not be transferred within six months from the end of the issuance.	October 2020	6 months	Normal performance
	China Galaxy Securities Co., Ltd.		October 2020	6 months	Normal performance
	JPMorgan Chase Bank, National Association		October 2020	6 months	Normal performance
	Guotai Junan Securities Co., Ltd.		October 2020	6 months	Normal performance
	Caitong Fund Management Co., Ltd.		October 2020	6 months	Normal performance
	Wells Fargo Fund Management		October 2020	6 months	Normal performance

	Co., Ltd.				
	Guosen Securities Co., Ltd.		October 2020	6 months	Normal performance
	Chuangjin Hexin Fund Management Co., Ltd.		October 2020	6 months	Normal performance
	Invesco Great Wall Fund Management Co., Ltd.		October 2020	6 months	Normal performance
	Southern Industrial Asset Management Co., Ltd.	1. The company promises to strictly abide by the "Securities Law" on the purchase and sale of listed company stocks, from six months before the issuance to six months after the completion of the issuance, not through centralized bidding transactions, block transactions, etc. Directly or indirectly buy and sell Changan Automobile stocks. 2. If the company violates the aforesaid commitment to buy and sell the shares of Changan Automobile Company, it shall belong to Changan Automobile for the proceeds from the illegal trading of shares of Changan Automobile Company, and shall be willing to bear corresponding legal liabilities.	August 2020	Six months before the issuance to six months after the completion of the issuance	Normal performance
	China South Industries Group Co., Ltd.		August 2020	Six months before the issuance to six months after the completion of the issuance	Normal performance
	China Changan Automobile Group Co., Ltd.		August 2020	Six months before the issuance to six months after the completion of the issuance	Normal performance
Whether the promise is fulfilled on time	Yes				

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

Applicable Not-applicable

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

Applicable Not-applicable

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

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

Applicable Not-applicable

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

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

Applicable  Not-applicable

For details, please refer to "31. Accounting Policies and Changes in Accounting Estimates" of the "Significant Accounting Policies and Accounting Estimates" in Note 3 to the Financial Statements in the "2020 Annual Report of the Company".

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

Applicable Not-applicable

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

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

Applicable  Not applicable

During the reporting period, Changan Automobile established a new subsidiary, Chongqing Changan Automobile Software Technology Co., Ltd., co-established Chongqing Changan Kaicheng Automobile Technology Co., Ltd. with Chongqing Linkong Development Investment Group Co., Ltd., accounting for 83.64% of the equity, acquired Changan Weilai New Energy Automobile Technology Co., Ltd., and a total of three companies were included in the scope of the consolidated statement. Chongqing Changan New Energy Automobile Technology Co., Ltd. introduced strategic investors and its shareholding ratio was reduced to 48.95%. It was no longer included in the scope of consolidation, and subsequent measurement was carried out according to the equity method.

#### **IX. The appointment, dismissal of the accounting firm**

##### **The appointment of the accounting firm**

The name of the domestic accounting firm	Ernst & Young Hua Ming LLP
--	----------------------------

Domestic accounting firms payment (ten thousand Yuan)	386
A continuous years of domestic accounting firms audit service	14
Domestic accounting firm of Certified Public Accountants name	Qiao Chun, Hu Yan

Whether to change the accounting firms

Applicable Not-applicable

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

Applicable Not-applicable

Through the approval from the company's 2019 annual shareholders' meeting, the company hired Ernst &Young Huaming certified public accountants (special ordinary partnership) as the company's 2020 annual internal control audit certified public accountants. In 2020 the internal control audit fee paid for the internal control auditing services provided by Ernst &Young Huaming certified public accountants (special ordinary partnership) is RMB 1.166 million yuan.

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

Applicable Not-applicable

## **XI. Bankruptcy restructuring related matters**

Applicable Not-applicable

During the report period no bankruptcy restructure related matters occur.

## **XII. Crucial litigation and arbitration events**

Applicable Not-applicable

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

## **XIII. Punishment and rectification**

Applicable Not-applicable

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

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

Applicable Not-applicable

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

Applicable Not-applicable

On July 13, 2020, the company held the second meeting of the eighth session of the board of directors, and reviewed and approved

3 proposals related to the restricted stock incentive plan. For details, please refer to the "Announcement on Resolutions of the Second Meeting of the Eighth Board of Directors" (Announcement number: 2020-63).

On February 1, 2021, the company held the eleventh meeting of the eighth session of the board of directors, and reviewed and approved two proposals related to the revision of the restricted stock incentive plan. For details, please refer to the "Resolutions of the Eleventh Meeting of the Eighth Board of Directors" Announcement (Announcement Number: 2021-05).

On February 18, 2021, the company held the first extraordinary general meeting of shareholders in 2021, and reviewed and approved 3 proposals related to the restricted stock incentive plan. For details, please refer to the "Announcement on Resolutions of the First Extraordinary General Meeting of 2021" (Announcement) Number: 2021-13).

On February 22, 2021, the company held the twelfth meeting of the eighth session of the board of directors, at which it reviewed and approved the "Proposal on Adjusting the List of Restricted A Shares Incentive Plan and the Number of Incentives Granted" and "Regarding the Restriction of A Shares" The Proposal for the First Grant of Restricted Stocks to Incentives of the Stock Incentive Plan. For details, please refer to the "Announcement on Resolutions of the Twelfth Meeting of the Eighth Board of Directors" (Announcement Number: 2021-14).

On March 5, 2021, the shares granted by equity incentives is listed for circulation. For details, please refer to the "Announcement on Completion of Registration for the First Grant of A Share Restricted Stock Incentive Plan" (Announcement No.: 2021-20).

## **XVI. Significant related party transactions**

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

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

### **2、 Assets or equity acquisition, sales related transactions**

Applicable Not-applicable

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

### **3、 Related transactions of common investment**

Applicable Not-applicable

On January 17, 2020, Changan Automobile signed an agreement with China First Automobile Co., Ltd., Dongfeng Motor Group Co., Ltd., China South Industries Group Co., Ltd., and Nanjing Jiangning Economic Development Technology Development Co., Ltd. to jointly initiate the establishment of China Automobile Chuangzhi Technology Co., Ltd., with a registered capital of 16 billion yuan, of which Changan Automobile invested 500 million yuan, holding 3.125% of the shares. For details, please refer to the "Announcement on Related Party Transactions of T3 Technology Platform Companies" (Announcement No.: 2020-06).

### **4、 Related rights and debt relations**

Applicable Not-applicable

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

Whether there is any non-business related credits and debts

Yes No

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

## 5、Other significant related transactions

√applicable □ not applicable

Related queries in disclosure website of interim report of related transactions

Name of temporary announcement	Temporary announcement date	Temporary announcement site name
Announcement on related party transactions regarding the subscription of non-publicly issued A shares by related parties	April 28, 2020	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement on expected daily related transactions in 2020	April 30, 2020	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement on related-party transactions on entrusted loans to Jiangling Holdings for one year	June 23, 2020	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement on related party transactions regarding the provision of financial services by China South Industry Group Finance Co.,Ltd (Note 1)	August 31, 2020	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement on related party transactions regarding the provision of financial services by Changan Automobile Finance Co.,Ltd (Note 2)	August 31, 2020	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

**Note 1:** Changan Automobile has signed a Financial Service Agreement with China South Industry Group Finance Co.,Ltd and strictly implemented the approval procedures from BOD meeting and Shareholders' meeting. In accordance with "Administrative Measures for Financial Companies of Enterprise Groups" issued by CBRC, Changan Automobile reviewed China South Industry Group Finance Co.,Ltd and issued a risk assessment report.(For details, please refer to "A report on risk assessment of China South Industry Group Finance Co.,Ltd" disclosed on <http://www.cninfo.com.cn> on Feb., 23rd 2021)

In 2020, China South Industry Group Finance Co.,Ltd provided the following services for the company:

- ① Provide the maximum deposit balance of not more than 10.5 billion, and the deposit interest rates should not be lower than that of other domestic financial institutions over the same period;
- ② Provide the maximum credit total of 12 billion yuan and related credit services, the credit rate provided by the finance Company for Changan Automobile should not be higher than that of other domestic financial institutions over the same period;
- ③ Provide the maximum credit total of 18 billion auto financial services and other financial services, and set the prices for financial services in accordance with the standards not higher than market fair prices or national standards.

**Note 2:** Changan Automobile has signed a Financial Service Agreement with Changan Automobile Finance Co.,Ltd and strictly implemented the approval procedures from BOD meeting and Shareholders' meeting. In accordance with "Administrative Measures for Motor Financing Companies" issued by CBRC, Changan Automobile reviewed Changan auto finance and issued a risk assessment report.(For details, please refer to "A report on risk assessment of Changan Automobile Finance" disclosed on <http://www.cninfo.com.cn> on Feb., 23rd 2021)

In 2020, Changan auto Finance provided the following services for the company:

- ① Provide the maximum deposit balance of not more than 7.5 billion, and the deposit interest rates should not be lower than that of other domestic financial institutions over the same period;
- ② Provide the maximum of 3 billion yuan in auto finance personal consumer credit discount service, and set the prices for financial services in accordance with the standards not higher than market fair prices or national standards;
- ③ Provide the maximum credit total of 6 billion auto financial services and other financial services, and set the prices for financial



services in accordance with the standards not higher than market fair prices or national standards.

## **XVII. Major contract and its performance**

### **1、 Trusteeship, contracting, leasing matters**

#### **(1) Trusteeship**

Applicable Not-applicable

Information about Trusteeship

There is no Trusteeship during the reporting period.

#### **(2) contracting**

Applicable Not-applicable

Information about contracting

There is no contracting during the reporting period.

#### **(3) Leasing**

Applicable Not-applicable

Information about leasing

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

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

Applicable Not-applicable

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

### **2、 Major guarantee**

Applicable Not-applicable

There's no major guarantee during the report period.

### **3、 Entrust others for cash assets management**

#### **(1) Entrust financial situation**

Applicable Not-applicable

There's no entrusting situation during the reporting period.

#### **(2) Entrusted loans situation**

Applicable Not applicable

On June 22, 2020, the first meeting of the eighth session of the company's board of directors reviewed and approved the "Proposal

on the Extension of the Entrusted Loan to Jiangling Holdings for One Year", and agreed to extend the entrusted loan of 300 million yuan to the joint venture Jiangling Holdings Co., Ltd. for one year. For details, please refer to the "Announcement on Related-Party Transactions on the Extension of Entrusted Loans to Jiangling Holdings for One Year" (Announcement No.: 2020-57).

#### 4、Major contracts for daily operations

Applicable Not-applicable

#### 5、Other major contract

Applicable Not-applicable

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

### XVIII. Social responsibility

#### 1、Performance of social responsibilities

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

#### 2、Fulfillment of social responsibility for targeted poverty alleviation

Applicable Not applicable

2020, The Company coordinated the entire company, contributed its poverty relief efforts by overcoming the COVID-19 impact on poverty alleviation, scientifically and efficiently carrying out the work of precision poverty alleviation.

##### (1) Fixed Poverty Alleviation Programs in 2020

—The company donated RMB 4.5 million to Luxi County.

In terms of educational poverty alleviation projects: firstly, the upgrading and reconstruction project of Zuma Primary school in Xiangyang Township of Luxi County, with an investment of 1.5 million yuan, was used to improve the facilities of Zuma primary school in Xiangyang Township. The construction contents included teaching building, hardening of school roads, basketball court, etc. Secondly, the skills training project for rural new vocational farmers in Luxi County, with an investment of 500,000 yuan, provided skills training for 100 farmers with employment intention and ability (no less than 50 poverty-stricken households with filing card), and the training content is mainly welder and electrician skills. Through "help each other " training, let them master one skill and increase their income by transferring labor force.

On the health poverty alleviation projects: support the allocation project of negative pressure ambulance in Luxi County with an investment of 390,000 yuan. 2 negative pressure ambulances according to the relevant procurement requirements were purchased for the usage by Luxi County People's Hospital and Luxi County traditional Chinese medicine hospital. Through the allocation of negative pressure ambulance, we can improve the prevention and control ability of infectious diseases in Luxi County, and enhance the emergency response ability of sudden infectious diseases.

On the livelihood poverty alleviation projects: firstly, Luxi County dynamic monitoring prevention and control poverty return fund, with an investment of 1.51 million yuan, was mainly used for poor households, marginal households, monitoring households and other difficult groups. The implementation of the project can consolidate the achievements of poverty alleviation in Luxi County, improve the quality of poverty alleviation, and prevent the returning to poverty and the increase of poverty population. Secondly, Luxi

County emergency rescue vehicle configuration project invested 600,000 yuan to purchase fire engines. In accordance with the relevant procurement requirements, four small emergency rescue water tankers were purchased for fire fighting operations, and the property rights of the assets were owned by the fire rescue brigade of Luxi County. The implementation of the project can effectively avoid the occurrence of poverty caused by disaster.

——6 million yuan donated to Yanshan County for poverty alleviation

On the industrial development poverty alleviation project: Panlong Township black feather silky fowl house dehumidification equipment purchase project invested 2.36 million yuan, which was organized and implemented by Panlong Township People's government. The cooperative development mode of "government + cooperative + industry + Post (poor households)" was adopted, and the government invested the assistance funds into Yunyan breeding professional cooperative of Yanshan County to implement the purchase of black feather silky fowl house dehumidification equipment. The term of cooperation is 60 months. The cooperative voluntarily takes the farm and its property as the risk mortgage of cooperative funds, and pays 180,000 yuan of cooperative income every 12 months. The cooperative income is mainly used for public welfare post labor remuneration and public welfare undertakings, so as to consolidate the achievements of poverty alleviation.

On the education poverty alleviation project: firstly, all schools in Ameng town implemented the campus ancillary projects, with an investment of 1.1 million, a wall of 200 metres, a retaining wall of 900 m<sup>3</sup>, a hardening of 1200 m<sup>2</sup> of activity site, 90 m<sup>2</sup> of new toilet bath room, 18 m<sup>2</sup> of duty room and the gate. We should improve the conditions for running schools and make them meet the requirements of balanced development of compulsory education. Secondly, the construction project of shower halls in Yanshan County Campus, with an investment of 2 million, was used to implement 15 bathrooms (540 square meters in total) with solar energy and shower equipment. The implementation of the project has met the needs of 15 rural schools, improved school conditions and promoted the healthy growth of rural students.

On the health poverty alleviation project: Yanshan County negative pressure ambulance project, with an investment of 540,000 yuan, purchased two Chang'an RuiXing M90 negative pressure ambulances, equipped with transfer ventilator and defibrillator on the basis of standard configuration. The status of no negative pressure ambulance in Yanshan County can be changed, which is conducive to the transshipment of infectious diseases, especially the current epidemic prevention and control of COVID-19.

——Poverty alleviation the Company donated 300,000 yuan to Pengshui County, Chongqing

According to the spirit of the notice of Chongqing development and Reform Commission poverty alleviation group leading group office on printing and distributing the key points of Counterpart Assistance in Pengshui County in 2020 ([2020] No.1), Chang'an Automobile invested 300,000 yuan of Counterpart Assistance Fund in Pengshui County, Chongqing, after the deliberation and approval of the president's office meeting of Chang'an Automobile on May 20, 2020.

——Poverty alleviation the Company donated 200,000 yuan to Chongqing Youyang County

According to the spirit of the notice of Chongqing Jiangbei District Counterpart Assistance leading group office on 2020 Jiangbei Youyang counterpart assistance work plan (Jiangbei counterpart Office [2020] No. 2), Chang'an Automobile invested 200,000 yuan in Youyang County for the construction project of 7 groups of hot springs and 5 groups of Dagou Bianmin road in gantian village, Muye Township, Youyang County.

## **(2) Poverty alleviation through consumption in 2020**

Chang'an Automobile and the people's daily client completed the first network wide public welfare live broadcasting with goods activities in Luxi and Yanshan counties of Yunnan Province, with the theme of "poverty alleviation, love and innovation". The total number of viewers reached 34.1 million, the number of praise exceeded 10 million, and the sales of live broadcasting with goods reached 1.33493 million yuan.

According to the arrangement of the local government, the company's subsidiaries, all employees, enterprises and institutions, social organizations, cadres and employees, and social caring people affiliated to the Chang'an Automobile ecosystem were extensively mobilized to purchase more than 1.1 million yuan of agricultural and sideline products from Pengshui and Youyang counties in Chongqing, promoting the poor people to increase their income; more than 5,000 people were registered as members of Chongqing

poverty alleviation Museum of China social poverty alleviation network and participated in poverty alleviation through consumption. The Company actively responded to the call, and organized employees to carry out cultural and tourism consumption poverty alleviation activities in Pengshui.

### Changan Automobile Statistics on Poverty Alleviation in 2020

Indicator	Unit	Quantity / Details
I. Total	——	——
1. funds	10 thousand RMB	1100
2. Material	10 thousand RMB	0
II. Subdivision	——	——
1. Industrial poverty alleviation	——	236
1.1 Industrial poverty alleviation project	——	1)The purchase project of dehumidification equipment for Heiyu black chicken brooding house in Panlong township of Yanshan County: 236
2. Education poverty alleviation	——	510
2.1 Project and investment of improving educational resources in poor areas	10 thousand RMB	1)The University of Ameng town, Yanshan County, carried out the campus affiliated project:110 2)Yanshan County Campus Love bathhouse construction project: 200 3) Project of upgrading in Zuma primary school in Xiangyang Township of Luxi County: 150 4)4) Luxi County Rural New Vocational farmers skills training project: 50
3. Medical and health poverty alleviation	——	93
3.1 Medical and health resources invested in poverty areas	10 thousand RMB	1)Configuration project of negative pressure ambulance in Luxi County: 39 2)Configuration project of negative pressure ambulance in Yanshan County: 54
4. Other projects - people's livelihood poverty alleviation	——	261
4.1 Amount of investment	10 thousand RMB	1)Luxi County dynamic monitoring prevention and control of poverty Fund: 151 2) Luxi County emergency rescue vehicle configuration project: 60 3) Pengshui County: 30 4)Group 7 hot spring and group 5 Dagou Bianmin road construction project of gantian village, Muye Township, Youyang County: 20

### (3) Effective link work plan between strengthening and expanding the achievements of poverty alleviation and Rural Revitalization in 2021

In 2021, the company will take a higher position to make overall arrangement, vigorously promote and innovate ideas, do a good job in consolidating and expanding the achievements of poverty alleviation, effectively link up with rural revitalization, create a characteristic poverty alleviation mode of "one machine, two wings", earnestly fulfill its social responsibility, and make new contributions to the comprehensive construction of a socialist modern country.

——Target task

According to the 2021 work plan, 11.5 million yuan (including 1 million yuan from Chang'an Mazda Automobile Co., Ltd.) will be invested in poverty alleviation in Luxi County and Yanshan County of Yunnan Province, and 500,000 yuan will be invested in consumption poverty alleviation plan.

According to the key points of the poverty alleviation group of Chongqing development and Reform Commission, 300,000 yuan of aid donation plan and 500,000 yuan of consumption poverty alleviation guidance plan were invested in Pengshui County, Chongqing.

According to the work plan of Counterpart Assistance in Jiangbei District, it is planned to invest 800,000 yuan in Youyang County, Chongqing.

——Key work

It is planned to invest 12.6 million yuan in poverty alleviation funds to realize rural industrial prosperity, ecological livability and affluence, and comprehensively promote rural revitalization.

Innovate the poverty alleviation mode, and introduce the e-commerce of agricultural products in designated poverty alleviation areas into the PMS platform of customer service company. Passenger car marketing division and sales company of Oushang Automobile Division issued policies to encourage dealers to purchase characteristic agricultural products on PMS platform of customer service company as new car gift and feedback gift to carry out promotional activities. It not only enriches the promotion resources, but also promotes the sales of characteristic agricultural products in designated poverty alleviation areas, helps the poverty alleviation regional characteristic agricultural and sideline products to the whole country, forms a long-term mechanism, and consolidates and expands the achievements of poverty alleviation.

Deepen the cooperation between schools and enterprises, give full play to the advantages of automobile industry, set up "Chang'an Automobile class" in poverty areas with skill training as the starting point, carry out automobile training base construction, automobile professional teacher training and other projects, spare no effort to build a state-level automobile training demonstration base, and plan to recruit 100 students, so as to train one person, get employment one, and get rid of poverty one, and truly stimulate the inner motivation.

### 3、 Fulfill the social responsibility of the environmental protection

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

Yes No

#### Basic status

Changan Automobile mainly produces engines and automobiles. The main pollutants are chemical oxygen demand, ammonia nitrogen, total nickel, toluene, xylene and non-methane hydrocarbon, etc in strict accordance with the "environmental protection law of the people's Republic of China" and national and local emission standards, and there was no illegal emission incident or administrative penalty incident by local ecological and environmental authorities. 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 403 pollutant outlets and 19 water pollutant outlets. The emission standards were strictly implemented according to the national sewage comprehensive discharge standard, the water pollutant discharge standard in Beijing, the national standard for the comprehensive emission of air pollutants, the standard for the emission of air pollutants on the surface of automobile manufacturing in Chongqing, the standard for the comprehensive emission of air pollutants, and the vehicle Manufacturing industry (painting process) air pollutant emission standard in Beijing, national industrial enterprise boundary environmental noise emission standard and so on. The total emission of major pollutants: 868.697tons of chemical oxygen, 75.0146 tons of ammonia nitrogen, 201.836 tons of sulfur dioxide, 255.144 tons of nitrogen oxides and quantitative volatile organic compounds 4070.796 tons.

All the pollutants in the company are discharged, and there is no excess total emission.

Solid wastes are separately collected and stored. Main dangerous wastes are wastewater and sludge treatment, paint slag, phosphated residue and waste solvent, etc. The units with hazardous waste business qualification are entrusted to dispose hazardous wastes. The general industrial solid wastes and household garbage are disposed by the units with qualification according to the requirement of the local government. The waste electrical and electronic products are disassembled by the units with qualification and are safely disposed by the units with hazardous waste business qualification. During the reporting period, 12,365 tons of hazardous waste and 115,496 tons of general industrial solid waste were disposed.

#### **Construction and operation of pollution prevention facilities**

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

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

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

During the reporting period, the EIA approval of CD569 production line project, DCT shell self-made project, DCT shell self-made phase II project, mask production line and other projects has been obtained, and the environmental protection acceptance of NE1 phase I production line project (phase I), emission laboratory project and mask production line project has been completed.

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

During the reporting period, each base prepared (revised) emergency resource investigation report, environmental risk assessment report, emergency plan for environmental emergencies and on-site disposal plan according to the requirements of laws and regulations; each base prepared emergency drill plan according to the requirements of laws and regulations, and carried out 20 factory level emergency drills and 384 workshop level emergency drills as planned, continuously improving the practicability of emergency plan and the emergency department of employees. Each base continued to carry out the investigation and rectification of environmental emergencies, and prevent the occurrence of environmental emergencies. No environmental emergency occurred during the reporting period.

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

In 2020, Key sewage units of Changan Automobile: Liangjiang Factory, Jiangbei Engine Factory, Yubei Factory, Beijing Changan, Hefei Changan, Chongqing LingYao Automobile, Nanjing Chang'an, Chongqing Chang'an Kaicheng Automobile Technology (Hebei Chang'an and Baoding Changan Bus). All the key sewage made self-monitoring schemes, and self-monitoring has been carried out, and information disclosure has been carried out according to the requirements of the local ecological environment department.

#### **Others**

During the reporting period, all bases carried out the declaration of national sewage permits in accordance with regulations and obtained national sewage permits. Jiangbei Engine Factory, Nanjing Chang'an, Chongqing LingYao Automobile have carried out good environmental protection, while the others are all environmental integrity enterprises.

## **XIX. Other important events**

Applicable Not-applicable

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

## **XX. Important matters of the Company's subsidiary**

Applicable Not-applicable

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

## Chapter 6 Changes in the shareholding of the company and shareholders

### I. Change in shareholdings

#### 1、Change in shareholdings

Unit: One share

	Balance before current change		Addition and deduction (+, -) during change				Balance after current change	
	Quantity	Ratio (%)	Additional issued	Stock dividend	Provident fund transfer	other	Quantity	Ratio (%)
Non-circulated shares	18,900	0.00%	560,747,663				560,766,563	10.46%
1、State-owned legal person shares	0	0.00%	283,138,318				283,138,318	5.28%
2、Other domestic holdings	18,900	0.00%	244,899,065				244,917,965	4.57%
Among them: shareholding by domestic legal persons	0	0.00%	244,899,065				244,899,065	4.57%
Senior management personnel shares	18,900	0.00%					18,900	0.00%
3、Foreign shareholding	0	0.00%	32,710,280				32,710,280	0.61%
Circulated shares	4,802,629,611	100.00%					4,802,629,611	89.54%
1、Domestic listed RMB shares	3,900,643,469	81.22%					3,900,643,469	72.72%
2、Domestic listed foreign shares	901,986,142	18.78%					901,986,142	16.82%
Total shares	4,802,648,511	100.00%	560,747,663				5,363,396,174	100.00%

#### Reason of stock changes

√ applicable   □ not applicable

The company's 2020 non-public issuance of A shares will be completed in October 2020 (for details, please refer to the "Non-public Issuance of A Shares" disclosed on [www.cninfo.com.cn](http://www.cninfo.com.cn) on October 22, 2020. Share Issuance Status Report and Listing Announcement (Summary)), the number of shares in the non-public offering is 560,747,663 shares. After the issuance, the total number of shares of the company will be changed from 4,802,648,511 shares to 5,363,396,174 shares.

#### Approval of stock changes

√ applicable   □ not applicable

1. The internal decision-making procedures for issuance and performance

The company held the 64th meeting of the seventh board of directors and the 2019 annual general meeting of shareholders on



April 27, 2020 and May 22, 2020, respectively, to deliberate and pass the "Proposal on the Company's Non-public Issuance of A Shares", etc. 13 Motions. The third meeting of the eighth session of the board of directors and the third extraordinary general meeting of shareholders in 2020 were held on July 24, 2020 and August 10, 2020, respectively, to deliberate and approve the "Regarding the adjustment of the company's 2020 non-public issuance of A shares. -The issuance of 5 proposals including the "Proposal on the Validity Period of Resolutions of the General Meeting of Shareholders".

## 2. The review process of the issuance regulatory authority

On June 9, 2020, the company received the "China Securities Regulatory Commission Administrative License Application Acceptance Form" issued by the China Securities Regulatory Commission; on September 7, 2020, the application for non-public issuance of shares was approved by the China Securities Regulatory Commission's Issuance Review Committee; On September 18, 2020, the company received the "Approval of Chongqing Changan Automobile Co., Ltd. Non-public Issuance of Shares" issued by the China Securities Regulatory Commission (Zheng Jian Xu Xu [2020] No. 2256), which approved the company's non-public issuance of no more than 1,440,794,553 shares New shares.

### Ownership transfer of stock change

applicable  not applicable

The company's non-public offering of 560,747,663 shares in 2020 will be listed on the Shenzhen Stock Exchange on October 26, 2020.

### Progress in the implementation of stock repurchase

applicable  not applicable

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

applicable  not applicable

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

applicable  not applicable

Due to the non-public offering of shares in 2020, the total share capital increased by 560,747,663 shares (accounting for 10.46% of the total share capital after the issuance). At the same time, the issuance price is higher than the net assets per share, so the basic earnings per share for the most recent year and the most recent period will be increased. As a result, the net assets per share attributable to the company's common shareholders have risen, and the overall impact on the company's financial indicators is relatively small.

### 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 South Industries Group Co., Ltd.			2,764,486	2,764,486	Non-public issuance of A shares in 2020	2023-10-26
China Changan			93,457,944	93,457,944	Non-public issuance of	2023-10-26

Automobile Co., Ltd.					A shares in 2020	
Southern Industrial Asset Management Co., Ltd.			186,915,888	186,915,888	Non-public issuance of A shares in 2020	2023-10-26
China Southern Fund Management Co., Ltd.			147,289,719	147,289,719	Non-public issuance of A shares in 2020	2021-04-26
China Galaxy Securities Co., Ltd.			38,317,757	38,317,757	Non-public issuance of A shares in 2020	2021-04-26
JPMorgan Chase Bank, National Association			32,710,280	32,710,280	Non-public issuance of A shares in 2020	2021-04-26
Guotai Junan Securities Co., Ltd.			14,018,691	14,018,691	Non-public issuance of A shares in 2020	2021-04-26
Caitong Fund Management Co., Ltd.			10,990,654	10,990,654	Non-public issuance of A shares in 2020	2021-04-26
Wells Fargo Fund Management Co., Ltd.			10,319,626	10,319,626	Non-public issuance of A shares in 2020	2021-04-26
Guosen Securities Co., Ltd.			10,280,373	10,280,373	Non-public issuance of A shares in 2020	2021-04-26
Chuangjin Hexin Fund Management Co., Ltd.			9,345,794	9,345,794	Non-public issuance of A shares in 2020	2021-04-26
Invesco Great Wall Fund Management Co., Ltd.			4,336,451	4,336,451	Non-public issuance of A shares in 2020	2021-04-26
Zhu Huarong	18,900	-	-	18,900	Executive lock stocks	6 months after the retirement
Total	18,900	-	560,747,663	560,766,563	--	--

## II. Issuing and listing of securities

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

√ applicable    □ not applicable

The name of the stock and its	Issue date	Issue price (or interest rate)	Issue number	Listing date	Number of approved listing	Transaction termination
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derivative securities					transactions	date
Stocks						
The company's non-public offering of shares in 2020	2020-10-26	10.70 yuan/share	560,747,663	2020-10-26	560,747,663	

Explanation of securities issuance (excluding preferred shares) during the reporting period

The company's non-public offering of 560,747,663 shares in 2020 will be listed on the Shenzhen Stock Exchange on October 26, 2020.

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

applicable  not applicable

### 1. Matters concerning non-public issuance of stocks

During the reporting period, due to the company's non-public issuance of stocks, the net amount of funds raised was RMB 5,986,871,772.65. The company's net assets will increase and the debt-to-asset ratio will decrease accordingly. The structure is more reasonable.

### 2. Free transfer matters

On April 18, 2020, the company disclosed the "Indicative Announcement Concerning the Gratuitous Transfer of 0.71% of the Company's Equity by the Actual Controller" (Announcement Number: 2020-18). The company's actual controller, Weapon Equipment Group, has signed a free transfer agreement with China Electronics Technology Investment Holdings Co., Ltd. (hereinafter referred to as "China Electronics Technology Investment Holdings") to transfer the 34,232,588 shares of Changan Automobile it holds, which is the company's total issued shares. 0.71% of the share capital will be transferred to CLP Investment and Control for free.

On May 29, 2020, the company disclosed the "Announcement on Obtaining the Approval of the State-owned Assets Supervision and Administration Commission of the State Council for the Gratuitous Transfer of the Company's Equity by the Actual Controller" (Announcement No.: 2020-45). On June 19, 2020, the company disclosed the "Announcement on Completion of Transfer Registration for the Gratuitous Transfer of State-Owned Equity of the Actual Controller" (Announcement No.: 2020-54), confirming that the above-mentioned freely transferred shares have completed the transfer and registration procedures, and the date of transfer It is June 18, 2020.

## 3、Existing internal staff shares

Available  Non available

## III. Shareholders and actual controllers situation

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

Unit: one share

Number of ordinary shareholders at the period-end	351,846	Number of ordinary shareholders at the month-end prior to the disclosure of this Report	381,802	Number of preferred shareholders with resumed voting rights at the period-end	0	Number of preferred shareholders with resumed voting rights at the month-end prior to the disclosure of	0
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							this Report		
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 Changan Automobile Co., Ltd.	State-owned legal person shares	19.05%	1,021,502,890	93,457,944	93,457,944	928,044,946	No pledge or freeze		
China South Industries Group Co., Ltd.	State-owned legal person shares	18.72%	1,003,844,571	-31,468,102	2,764,486	1,001,080,085	No pledge or freeze		
China securities finance Co, Ltd	domestic general legal person shares	4.37%	234,265,333	-	-	234,265,333	No pledge or freeze		
Southern Industrial Asset Management Co., Ltd.	State-owned legal person shares	3.48%	186,915,888	186,915,888	186,915,888	-	No pledge or freeze		
Hong Kong Central Clearing Company Limited	foreign legal person shares	3.45%	184,875,179	67,178,451	-	184,875,179	No pledge or freeze		
United Prosperity (Hongkong) Investment Co., Limited	foreign legal person shares	2.87%	154,120,237	-	-	154,120,237	No pledge or freeze		
Central Huijin Investment Ltd.	domestic general legal person shares	1.03%	55,393,100	-	-	55,393,100	No pledge or freeze		
China Galaxy Securities Co., Ltd.	domestic general legal person shares	0.71%	38,317,757	38,315,357	38,317,757	-	No pledge or freeze		
JPMORGAN CHASE BANK,NATIONAL ASSOCIATION	foreign legal person shares	0.61%	32,710,378	32,710,243	32,710,280	98	No pledge or freeze		
CHINA INT'L CAPITAL CORP HONG KONG SECURITIES LTD	foreign legal person shares	0.53%	28,319,474	21,973,069	-	28,319,474	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., With its wholly-owned subsidiary, Southern Industrial Asset Management 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 Changan Automobile Co., Ltd.	1,001,080,085	RMB ordinary shares	1,001,080,085
China South Industries Group Co., Ltd.	928,044,946	RMB ordinary shares	928,044,946
China securities finance Co, Ltd	234,265,333	RMB ordinary shares	234,265,333
Hong Kong Central Clearing Company Limited	184,875,179	RMB ordinary shares	184,875,179
United Prosperity (Hongkong) 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
CHINA INT'L CAPITAL CORP HONG KONG SECURITIES LTD	28,319,474	Domestic listed foreign shares	28,319,474
CAPE ANN GLOBAL DEVELOPING MARKETS FUND	27,629,760	Domestic listed foreign shares	27,629,760
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	26,727,436	Domestic listed foreign shares	26,727,436
DRAGON BILLION SELECT MASTER FUND	24,203,339	Domestic listed foreign shares	24,203,339
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., With its wholly-owned subsidiary, Southern Industrial Asset Management Co., Ltd., the actual controller; China Changan Automobile Group Co., Ltd., the controlling shareholder, and its wholly owned subsidiary United Prosperity (Hong Kong) Investment Co., Limited. belong to the concerted actor regulated by "Disclosure Administration of Shares Change Information of The Listed Company".		

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

Available  Not- available

The company top 10 shareholders of ordinary shares, and the top 10 circulated shareholders did not agree on the repurchase transactions during the reporting period.

**2、The controlling shareholder of the company.**

Nature of the controlling shareholder: the central state-owned

Type of the controlling shareholder: legal person

Name	Legal /Representative	Date of establishment	Organization code	Business scope and major products:
CHINA CHANGAN AUTOMOBILE GROUP CO., LTD	Zhou Zhiping	Dec 26th, 2005	911100007109339484	Design, development, manufacture and sales of automobile & motorcycle, automobile & motorcycle engine, automotive and motor cycle components & parts; sales of optical products, electronic and photoelectron products, night-time vision device, information and communication equipment; technical development, technical transfer, technical consultation, technical training, and other technical service relative with the operation mentioned above; imports and exports; merge and acquisition and consultation of assets restructuring ; Operating telecommunications services; acting as an agent for bookkeeping.

The controlling equity and equity during the reporting period, the controlling shareholder of listed companies in other domestic and foreign markets	To the reporting period, the holding companies: Harbin Dongan Auto Engine Co., Ltd. (stock code 600178); Hunan Tianyan Machinery Co., Ltd. (stock code 600698), Chongqing Changan Minsheng APLL Logistics Co., Ltd.(stock code 01292.HK)
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**The change of controlling shareholder during the reporting period**

Available  Not- available

No changes in controlling shareholder during the reporting period.

**3、The actual controller of the company and those acting in concert**

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

Type of the ultimate controller: legal person

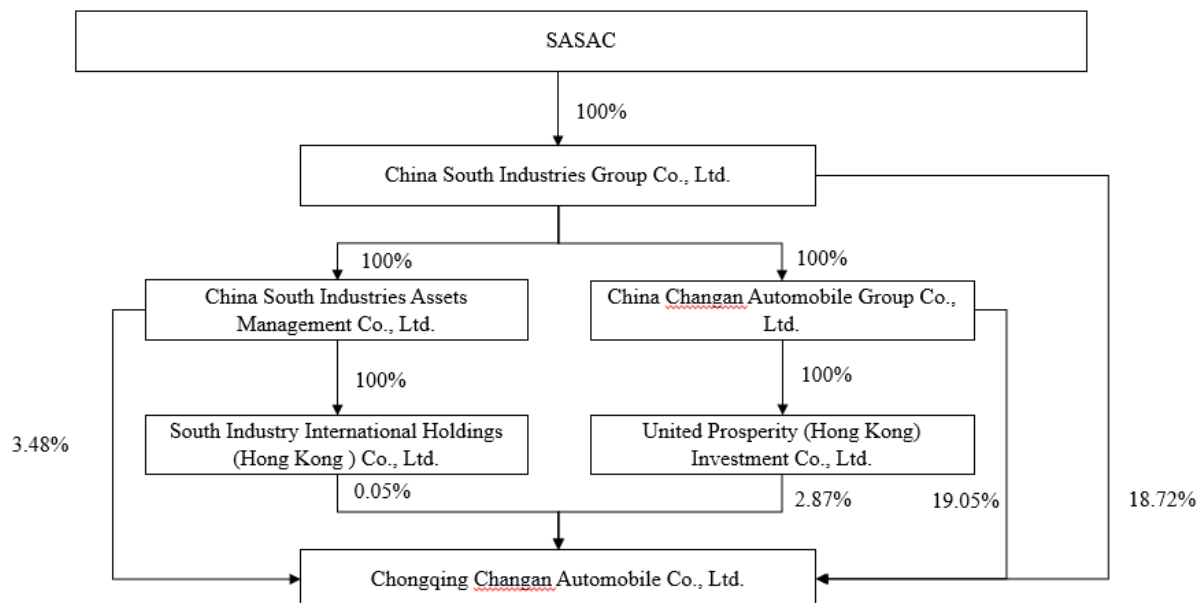
Name	Legal /Representative	Date of establishment	Organization code	Business scope and major products:
China South Industries Group Corp.	Xu Xianping	29 Jun.,1999	91110000710926043F	investment and management of state-owned assets; manufacturing of guns and firearms; engineering prospecting, designing, construction, contracting, construction supervision; equipment installation, etc.
The controlling equity and equity during the reporting period, the controlling shareholder of listed companies in other domestic and foreign markets	To the reporting period, direct or indirect holding companies: Harbin Dongan Auto Engine Co., Ltd. (stock code 600178); Baoding Tianwei Electric Co., Ltd. (stock code 600550); Jiangling Motors Co., Ltd. (stock code 000550); Hunan Tianyan Machinery Co., Ltd. (stock code 600698); Chongqing Jianshe Automotive Systems Co., Ltd. (stock code 200054); China Optical Group Co., Ltd. (stock code 002189); Yunnan West Instrument industrial Co., Ltd. (stock code 002265); Chongqing Changan Minsheng logistics Limited (stock code 01292.HK).			

**The change of the ultimate controller during the reporting period**

Available  Not- available

No changes in the ultimate controller during the reporting period.

Relationship among the Company and its controlling shareholders:



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

Available  Not available

**4、 Other legal shareholders with over 10% holding**

Available  Not available

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

Available  Not available

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

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

Name	Position	As state	Gender	Age	Term start date	Term Termination date	Shares held at beginning (stock)	increased share number in this issue (stock)	decrease d share number in this issue (stock)	share number at the end (stock)
Zhu Huarong	Chairman, Secretary of the Party Committee	present	M	55	2020-06-22	2023-06-22	25,200	-	-	25,200
Tan Xiaogang	Director	present	M	57	2020-06-22	2023-06-22				
Zhou Zhiping	Director	present	M	50	2020-06-22	2023-06-22				
Zhang Bo	Director	present	M	42	2021-02-18	2023-06-22				
Liu Gang	Director	present	M	54	2021-02-18	2023-06-22				
Wang Jun	Director, President, Deputy Secretary of the Party Committee	present	M	48	2020-06-22	2023-06-22				
Zhang Deyong	Director, The chief accountant	present	M	46	2020-06-22	2023-06-22				
Liu Jipeng	independent director	present	M	64	2020-06-22	2023-06-22				
Li Qingwen	independent director	present	M	65	2020-06-22	2023-06-22				
Chen Quanshi	independent director	present	M	75	2020-06-22	2023-06-22				
Ren Xiaochang	independent director	present	M	64	2020-06-22	2023-06-22				
Pang Yong	independent director	present	M	51	2020-06-22	2023-06-22				



Tan Xiaosheng	independent director	present	M	50	2020-06-22	2023-06-22				
Wei Xinjiang	independent director	present	M	51	2020-06-22	2023-06-22				
Cao Xingquan	independent director	present	M	49	2020-06-22	2023-06-22				
Yan Ming	Chairman of the supervisory	present	M	55	2020-06-22	2023-06-22				
Sun Dahong	Supervisor	present	M	54	2020-06-22	2023-06-22				
Zhao Jun	Supervisor	present	M	59	2020-06-22	2023-06-22				
Wang Yanhui	Employee Supervisor	present	F	54	2020-06-19	2023-06-22				
Luo Yan	Employee Supervisor	present	F	46	2020-06-19	2023-06-22				
Yuan Mingxue	Deputy Secretary of the Party Committee	present	M	52	2020-07-13	2023-06-22				
Liu Bo	Deputy Vice Director	present	M	54	2020-07-13	2023-06-22				
He Chaobing	Deputy Vice Director	present	M	53	2020-07-13	2023-06-22				
Li Wei	Deputy Vice Director	present	M	54	2020-07-13	2023-06-22				
Hua Zhanbiao	Commission for Discipline Inspection	present	M	53	2020-07-13	2023-06-22				
Tan Benhong	Deputy Vice Director	present	M	45	2020-07-13	2023-06-22				
Ye Pei	Deputy Vice Director	present	M	45	2020-07-13	2023-06-22				
Zhao Fei	Deputy Vice Director	present	M	46	2020-07-13	2023-06-22				
Chen Wei	Vice President	present	M	48	2020-07-13	2023-06-22				
Li Mingcai	Vice President	present	M	39	2020-07-13	2023-06-22				
Li Jun	Board Sectary	present	F	51	2020-07-13	2023-06-22				
Zhang Baolin	Chairman of the board	Departure	M	58	2017-09-22	2020-06-05				
Zhang	Deputy Vice	Departure	F	54	2016-03-23	2020-07-13				

Jingjing	Director									
Liu Zhengjun	Deputy Director	Vice Departure	M	55	2020-07-13	2020-10-22				
Zhang Dongjun	Director	Departure	M	54	2018-05-18	2020-06-22				
Lv Laisheng	Director	Departure	M	46	2020-06-22	2020-11-13				
Zhao Huixia	Supervisor	Departure	M	60	2016-03-23	2020-06-22				
Total							25,200	-	-	25,200

## II. Personnel Changes of directors, supervisors and senior management

Name	Duties	Type	Date	Reason
Zhu Huarong	Director ,Chairman	Election	June 22th, 2020	Appointment due to work
Tan Xiaogang	Director	Election	June 22th, 2020	Appointment due to work
Lv Laisheng	Director	Election	June 22th, 2020	Appointment due to work
Zhou Zhiping	Director	Election	June 22th, 2020	Appointment due to work
Zhang Bo	Director	Election	June 22th, 2021	Appointment due to work
Liu Gang	Director	Election	Feb 18th, 2021	Appointment due to work
Wang Jun	Director	Election	Feb 18th, 2020	Appointment due to work
Zhang Deyong	Director	Election	June 22th, 2020	Appointment due to work
Liu Jipeng	independent director	Election	June 22th, 2020	Appointment due to work
Li Qingwen	independent director	Election	June 22th, 2020	Appointment due to work
Chen Quanshi	independent director	Election	June 22th, 2020	Appointment due to work
Ren Xiaochang	independent director	Election	June 22th, 2020	Appointment due to work
Pang Yong	independent director	Election	June 22th, 2020	Appointment due to work
Tan Xiaosheng	independent director	Election	June 22th, 2020	Appointment due to work
Wei Xinjiang	independent director	Election	June 22th, 2020	Appointment due to work
Cao Xingquan	independent director	Election	June 22th, 2020	Appointment due to work
Yan Ming	Supervisory board chairman	Election	June 22th, 2020	Appointment due to work
Sun Dahong	Supervisor	Election	June 22th, 2020	Appointment due to work
Zhao Jun	Supervisor	Election	June 22th, 2020	Appointment due to work
Wang Yanhui	Employee Supervisor	Election	June 19th, 2020	Appointment due to work
Luo Yan	Employee Supervisor	Election	June 19th, 2020	Appointment due to work
Zhu Huarong	President, Party Secretary	recruitment	July 13th, 2020	Appointment due to work
Wang Jun	President	recruitment	Oct 15th, 2020	Appointment due to work

Wang Jun	Deputy Secretary of the Party Committee (Identified as a senior manager)	recruitment	July 13th, 2020	Appointment due to work
Yuan Mingxue	Executive Vice President	recruitment	July 13th, 2020	Appointment due to work
Liu Bo	Deputy Vice Director	recruitment	July 13th, 2020	Appointment due to work
He Chaobing	Deputy Vice Director	recruitment	July 13th, 2020	Appointment due to work
Li Wei	Deputy Vice Director	recruitment	July 13th, 2020	Appointment due to work
Hua Zhanbiao	Secretary of the Commission for Discipline Inspection (identified as a senior manager)	recruitment	July 13th, 2020	Appointment due to work
Tan Benhong	Deputy Vice Director	recruitment	July 13th, 2020	Appointment due to work
Liu Zhengjun	Deputy Vice Director	recruitment	July 13th, 2020	Appointment due to work
Zhang Deyong	The chief accountant	recruitment	July 13th, 2020	Appointment due to work
Ye Pei	Vice President	recruitment	July 13th, 2020	Appointment due to work
Zhao Fei	Vice President	recruitment	July 13th, 2020	Appointment due to work
Chen Wei	Vice President	recruitment	July 13th, 2020	Appointment due to work
Li Mingcai	Vice President	recruitment	July 13th, 2020	Appointment due to work
Li Jun	Board Secretary	recruitment	July 13th, 2020	Appointment due to work
Yuan Mingxue	Deputy Secretary of the Party Committee (Identified as a senior manager)	recruitment	March 30, 2021	Appointment due to work
Ye Pei	Deputy Vice Director	recruitment	March 30, 2021	Appointment due to work
Zhao Fei	Deputy Vice Director	recruitment	March 30, 2021	Appointment due to work
Zhang Baolin	Chairman	Departure	June 5th, 2020	Job change
Zhang Dongjun	Director	Departure	June 22th, 2020	General election
Zhao Huixia	Supervisor	Departure	June 22th, 2020	General election
Zhang Jingjing	Deputy Vice Director	Departure	Oct 15th, 2020	General election
Zhu Huarong	President	Departure	Oct 22th, 2020	Job change
Liu zhengjun	Deputy Vice Director	Departure	June 13th, 2020	Job change
Lv Laisheng	Director	Departure	Nov 13th, 2020	Job change
Yuan Mingxue	Executive Vice President	Departure	March 30, 2021	Job change
Ye Pei	Vice President	Departure	March 30, 2021	Job change
Zhao Fei	Vice President	Departure	March 30, 2021	Job change

### III. Employment

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

managers

### 1、Directors

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

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

Mr. Zhou Zhiping, Director. Born in 1971, the doctor graduate, senior engineer. He is currently the employee director, director of the Audit and Risk Management Department (Office of the Supervisory Board) of China South Industries Group Corporation, chairman, president and party secretary of China Changan Automobile Group. He was deputy director of Motor sector of development and planning department of China South Industries Group Corp, manager and director of long-term planning sector of development and planning department of China South Industries Group Corporation, deputy director and director of capital operation Department of China South Industries Group Corp, the general manager of the southern industrial asset management Ltd, the secretary of party committee and the labor union chairman of Changan Automobile.

Mr. Zhang Bo, director. Born in 1978, master's degree, senior accountant. He is currently the Director of the Finance Department of China South Industries Group Co., Ltd. Served as the Deputy Director and Deputy Director of the Finance Division of the Finance Department (General Division) of the China South Industries Group Corporation, Investigator and Deputy Director of the Finance Department of the Finance Department of China South Industries Group Corporation, Director and Chief Accountant of Chongqing Wangjiang Industry Co., Ltd., Deputy Director of the Finance Department of China South Industries Group Co., Ltd. (in charge of work).

Mr. Liu Gang, director. Born in 1966, bachelor's degree, senior engineer. He is currently the director of the Science and Technology Quality Network Information Department of China South Industries Group Co., Ltd. Served as Deputy Director and Director of the Research Department of the 58th Research Institute of China Ordnance Industry, Deputy Director and Director of the 58th Research Institute of China Ordnance Industry, Deputy Director of the Southwest Region Department of China Ordnance Equipment Group Corporation, and Vice President of China Ordnance Equipment Research Institute Director, Director of the Science and Technology Quality Department (Information Department) and Director of the Science and Technology and Information Department of China South Industries Group Corporation.

Mr. Wang Jun, Director, President and Deputy Secretary of the Party Committee. Born in 1972, master's degree, senior engineer. Served as Deputy Director and Director of the Scientific Research Management Division of the Company's Technology Center, Director of the Science and Technology Management Division of the Science and Technology Quality Department, Deputy Director and Director of the Product Planning Division of the Automotive Engineering Research Institute, Manager of the Product Management Division of the Marketing Department of Changan Automobile Sales Co., Ltd. Director, Deputy Minister and Minister of the Product Planning Division of the Marketing Department, Assistant to the President of Changan Automobile and General Manager of Changan Automobile Sales Co., Ltd., Secretary of the Party Committee, Deputy General Manager and General Manager of the Commercial Vehicle Division, Executive Vice President of Changan Automobile, and Integrated Management of Two Industrializations Representative, chairman of the labor union, president of Chang'an Automobile University.

Mr. Zhang Deyong, director, the chief accountant, born in 1975, MPAcc, senior accountant. He was the Deputy Director, Director, Assistant to the Director of the Finance Division of China Institute of Weaponry and Equipment Group, Deputy Director of the Finance Department of China Weaponry and Equipment Group Corporation Member, deputy director of the financial department of China Weapon Equipment Group Corporation (on duty), director, chief accountant and member of the party committee of Chongqing Changan Industry Group Co., Ltd., executive vice president of Changan Automobile.

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

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

Mr. Chen Quanshi, independent director, born in 1945, bachelor's degree. He is currently a professor and director of the Department of Automotive Engineering of Tsinghua University and honorary director of the Electric Vehicle Branch of the China Automobile Engineering Society. He once served as director of the Electric Vehicle Research Office, vice president of the School of Mechanical Engineering of Tsinghua University, head of the Department of Automotive Engineering, and director of the Automobile Research Institute. To undertake the topic of "Fuel Cell City Passenger Vehicle Technology Research" in the major national "863" electric vehicle projects, national energy conservation and new energy vehicle 863 major projects; He won the first prize for scientific and technological progress in Beijing in 2009 and the second prize for national invention(ranked second). He published a monograph "Fuel Cell Electric Vehicle"(first author) 2004, Tsinghua University Press; Editor-in-Chief of Advanced Electric Vehicle Technology (First Author) the first edition of 2007 (won the second prize of the National Machinery Industry Science and Technology Progress Award).

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

Mr. Pang Yong, independent director, born in 1969, master's degree. Currently, he is the chairman and CEO of IDEO, and adjunct

professor of Jilin University, the vice president of the China Federation of Industry and Commerce Automobile Dealers, the vice president of the China-Europe Alumni Automobile Industry Association, a member of the Jiusan Society, and a member of Alxa SEE. As a senior expert in the Chinese automobile industry, an advocate of the lean operation model of China's automobile marketing, focusing on digital services for the implementation of the new four modernizations in the automotive industry, he led team to build a data- and technology-driven channel dealer competitiveness database and evaluation system "AD-CAS", based on the solution + SaaS platform to enable the implementation of a new model of automobile retail. Enthusiastic for public welfare, there are special scholarship programs for students in Tsinghua University, Jilin University, Beijing University of Aeronautics and Astronautics, and Tongji University.

Mr. Tan Xiaosheng, independent director, born in 1970, bachelor. Founder, chairman, senior engineer of Beijing Cyber Yingjie Technology Co., Ltd., founder of Zhengqi College. Served as the technical president and chief security officer of 360 Group. In 2020, he was awarded the title of the first batch of network security innovation and entrepreneurial instructors from the Cyber Security Industry Development Center of the Ministry of Industry and Information Technology, and a cyber security expert from the Cyber Security Bureau of the Ministry of Public Security. In 2018, he was awarded the title of Excellent Network Security Talent by the China Internet Development Foundation, and is a director and deputy secretary-general of the China Computer Federation (CCF). In 2012, he was awarded the title of Zhongguancun High-end Leading Talent, and a member of the Safety Science and Engineering Professional Teaching Committee of the Ministry of Education. Worked successively in Xi'an Jiaotong University, Peking University Founder, Shenzhen Hyundai, Shenzhen Haoxin, 3721, Yahoo China, MySpace China, 360 Group, engaged in anti-virus system under DOS operating system, disk copy software, Chinese character operating system, large-scale management information System research and development, leading the telecommunication business support system, search engine, big data/cloud computing platform system, network security research, network security product development team.

Mr. Wei Xinjiang, independent director, was born in 1969, PHD, researcher. He is currently the Deputy General Manager of the Development Planning Department of China Life Pension Insurance Co., Ltd. and senior researcher of China life financial research institute. He was engaged in teaching and scientific research for 13 years at the International Investment Department of the Chinese Academy of Finance and the Institute of Finance and economics of foreign trade and Economy University. He studied at Holland business school, the University of Birmingham, the European Commission and the United Nations Hague International Court of justice for 3 years. He is the expert in international business, overseas M & A, operation of capital market and so on. It has rich research on finance, insurance, overseas investment, and comprehensive finance and so on. He also served as a part-time professor and postgraduate instructor of School of Finance and Finance of Renmin University of China, the School of International Business and Economics of the University of International Business and Economics and the Holland business school. He has published nearly 160 papers in international and domestic journals, and 8 books, such as the fraud and anti-fraud of automobile insurance, the comparative study of the anti-monopoly policies between the United States and the EU, and the analysis of the accounting statements and investment value of the enterprises.

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

## 2、 Supervisors

Mr. Yan Ming, Chairman of the Supervisory Board, born in 1965, Master of Law, Senior Political Engineer. He is currently the senior professional of the Audit and Risk Department of China South Industries Co., Ltd., Chairman of the Weaponry Equipment Group Finance Co., Ltd. Baoding Tianwei Group Co., Ltd. He served as Deputy Minister and Minister of Organization Department of Jialing Industrial Co., Ltd.; United Front Department Minister, Party School Executive Vice President, Director of Human Resources Development Management Office of Jialing Industrial Co., Ltd.; Deputy Party Secretary and Disciplinary Committee Secretary of Jialing Industry Co., Ltd.; Deputy Director of Human Resources Department of China South Industries (Exchange); Deputy Director and Director of the Party Group Work Department(Supervision Department) of China South Industries Co., Ltd., Deputy Chairman of the Party Group Discipline Inspection Unit, Member, Deputy Secretary, Member and Secretary of the CPC Ordinance Group directly under the Committee; Director of the Supervision Department of China South Industries and deputy leader of the Party Group Discipline Inspection Unit; Audit and Risk Department Inspector of China South Industries; Chairman of the Supervisory Board of Baoding Tianwei Group Co., Ltd., Zhonghui Fortis(Shenzhen) Co., Ltd., Southern Industrial Assets Management Co., Ltd., Weaponry Equipment Group Finance Co., Ltd.

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

Mr. Zhao Jun, supervisor. Born in 1961, bachelor degree, senior engineer. He is currently the Intermediate Specialist of the Audit and Risk Management Department (Office of Supervisory Affairs) of China South Industries Group Co., Ltd., and the Chairman of the Supervisory Board of Southern Industrial Asset Management Co., Ltd. Served as Deputy Director and Director of the Operation Department of the Economic and Trade Bureau of China South Industries Corporation, Director of the Economic Operation Department of the Economic Operation Department of China South Industries Group Corporation, Deputy General Manager of Beijing Beiji Mechanical and Electrical Industry Co., Ltd., China South Industries Group Corporation Director of the Economic Operation Department, Director of the Office of Directors Affairs, Director of the Capital Operation Department, Chief Accountant, Director of the Board of Directors, Secretary of the Party Committee, Secretary of the Disciplinary Committee, Chairman of the Labor Union of Beijing Beiji Mechanical and Electrical Industry Co., Ltd., Audit and Risk Department of China South Industries Group Corporation deputy director.

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

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

## 3、 Senior Management other than Directors and Supervisors

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

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

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

Mr. Li Wei, Executive Vice President. Born in 1966, master's degree, senior engineer. Served as the director of the Changan Company's Test and Inspection Institute, the director of the Test Institute of the Automobile Research Institute, the director of the Body Design Institute, the director of the Beijing Research Institute, the assistant to the president of Changan Automobile and the executive vice president and party secretary of the Changan Automobile Engineering Research Institute, General Manager and Secretary of the Party Committee of Chongqing Changan New Energy Automobile Technology Co., Ltd.

Mr. Hua Dubiao, Secretary of the Commission for Discipline Inspection and Director of the Office of the Inspection Work Leading Group. Born in 1967, bachelor degree, senior accountant. Served as Deputy Director of the Company's Audit Department, Deputy Director of the Audit and Supervision Department, Director of the Audit Department, Director of the Audit and Supervision Department, Deputy Secretary of the Party Branch, Deputy Secretary of the Company's Disciplinary Committee, Assistant President of the Company and Director of the Finance Department, and Secretary of the Party Branch, General Manager of Chongqing Changan Auto Union Technology Co., Ltd.

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

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

Mr. Zhao Fei, the executive vice president and executive vice president of Changan Ford, Secretary of the party committee, born in 1974, master's degree, senior engineer. He used to be the technical director and technical quality manager of the engine Department of Changan Ford Mazda Automobile Co., Ltd.; Engine Director of Changan Ford Mazda Automobile Co., Ltd.; Institute Director of



Chang 'an Automobile Research Institute Engine Technology; Deputy director of Chang 'an Engine 4 Factory; China Chang'an Group's deputy general manager of science and technology development department; Director and General Manager of Harbin Dongan Automobile Engine Manufacturing Co. Ltd.. Party secretary and chairman of Harbin Dongan automobile engine manufacturing Co., Ltd., assistant to President and minister of strategic planning, party branch secretary, vice president of Changan Automobile.

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

Mr. Li Mingcai, vice president and General Manager of International Sales Company, General Counsel of the Company, and Representative of Managers of Integration of Industrialization and Industrialization. Born in 1981, master's degree. He used to be the acting manager and manager of the sales department of Chongqing Changan Automobile International Sales Service Co., Ltd.. Changan Automobile Overseas Business Development Department Assistant General Manager and Sales Regional Manager, Deputy General Manager of Overseas Business Development Department, General Manager of International Sales Company, Deputy General Manager of Changan Automobile Overseas Business Development Department, Director of Russian JV Project, Brazilian Project Manager, general manager of overseas business department.

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

#### Employment in shareholders' work unit

√Applicable    □ Not applicable

Name	Name of shareholders' work unit	Position in shareholders' work unit	Term start date	Term end date	Whether get allowance in shareholders' work unit
Zhu Huarong	China South Industries Group Corp、 China Changan	the Assistant President of China South Industries Group Corp, the director of China Changan			N
Zhou Zhiping	China South Industries Group Corp、 China Changan	the employee director, director of the Audit and Risk Management Department (Office of the Supervisory Board) of China South Industries Group Corporation, chairman, president and party secretary of China Changan Automobile Group			Y, Receiving the Payment allowance in China Changan
Tan Xiaogang	China South Industries Group Corp	Director of the Strategic Development			Y
Zhang Bo	China South Industries	Director of Finance Department			Y

	Group Corp				
Liu Gang	China South Industries Group Corp	Director of Information Department of Science and Technology Quality Network			Y
Yan Ming	China South Industries Group Corp	Audit and Risk Department Senior Specialist			Y
Zhao Jun	China South Industries Group Corp	Audit and Risk Management Department (Office of Supervisors Affairs) Intermediate Specialist			Y
Sun Dahong	China South Industries Group Corp	Deputy Director of Legal Department			Y

**Employment in other work unit**

√Applicable □ Not applicable

Name	Name of other work units	Position in other work units	Term start date	Term end date	Whether get allowance in other work unit
Liu Jipeng	China University of Political Science and Law	Dean of Capital Finance Research Institute, China University of Political Science and Law, second-level professor, doctoral supervisor; chief expert of major projects of the National Social Science Fund; legal counsel of the State-owned Assets Supervision and Administration Commission of the State Council; vice chairman of China Enterprise Reform and Development Research Association; independent of China Association of Listed Companies Deputy Director of the Board Committee; Member of the Legal Advisory Committee of the Shenzhen Stock Exchange			Y
Li Qingwen	China Energy& Automobile Media Group	the dean of the Automobile Evaluation Institute, dean of Beijing invisible unicorn information technology institute and vice chairman of the China Automobile Talent Research Association			Y
Tan Xiaosheng	Beijing Saiboyingjie Technology Co., Ltd	Founder, Chairman, Senior Engineer, Beijing Cyber Yingjie Technology Co., Ltd., Founder of Zhengqi College			Y
Pang Yong	IDEO	Chairman and CEO of IDEO , adjunct professor of Jilin University, the vice president of the China Federation of Industry and Commerce Automobile Dealers, the vice president of the China-Europe Alumni Automobile Industry Association, a member of the Jiusan Society, and a member of Alxa SEE.			Y

Wei Xinjiang	China Life Insurance (Group)	Deputy General Manager of Development Planning Department of China Life Pension Insurance Co., Ltd., Senior Researcher of China Life Financial Research Institute			Y
Chen Quanshi	Tsinghua University	a professor and director of the Department of Automotive Engineering of Tsinghua University, director of the Electric Vehicle Research Office, and honorary director of the Electric Vehicle Branch of the China Automobile Engineering Society.			Y
Cao Xingquan	Southwest University	a professor at the School of Civil and Commercial Law of Southwest University of Political Science and Law, and a doctoral tutor in the direction of civil and commercial law			Y
Position in other work unit	This table only shows the main office performance and position of independent directors.				

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

Applicable Not applicable

### IV. Remuneration of directors, supervisors and senior management

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

Decision-making process: The annual remuneration of the company's directors, supervisors, and senior executives, except for independent directors, is issued in accordance with the relevant remuneration management regulations and standards of China South Industries Group Corporation and based on the achievement of performance targets. Payment of company independent directors is prescribed by the board of directors and submitted to the board of directors of the company, and approved by the shareholders' general meeting.

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

Actual payments: Senior management staff will be paid a monthly basic salary, and annual performance awards and special awards will be cashed out in a lump sum in the current period based on the annual assessment. In 2020, directors, supervisors and senior

executives who receive remuneration from the company will receive a total of 27.8058 million yuan in remuneration payable from the company.

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

Name	Position	Gender	age	status	Total earning from the company(yuan)
Zhu Huarong	Chairman, Secretary of the Party Committee	M	55	Present	2,028,522
Wang Jun	Director, President, Deputy Secretary of the Party Committee	M	48	Present	1,477,221
Zhou Zhiping	Director	M	50	Present	-
Liu Gang	Director	M	54	Present	-
Tan Xiaogang	Director	M	57	Present	-
Zhang Bo	Director	M	42	Present	-
Zhang Deyong	Director, Chief accountant	M	46	Present	1,901,256
Liu Jipeng	Independent Director	M	64	Present	120,000
Li Qingwen	Independent Director	M	65	Present	120,000
Chen Quanshi	Independent Director	M	75	Present	120,000
Ren Xiaochang	Independent Director	M	64	Present	120,000
Pang Yong	Independent Director	M	51	Present	120,000
Tan Xiaosheng	Independent Director	M	50	Present	120,000
Wei Xinjiang	Independent Director	M	51	Present	120,000
Cao Xingquan	Independent Director	M	49	Present	120,000
Yan Ming	Chairman of the supervisory	M	55	Present	-
Sun Dahong	Supervisor	M	54	Departure	-
Zhao Huixia	Supervisor	M	60	Present	-
Wang Yanhui	Employee Supervisor	F	54	Present	984,878
Luo Yan	Employee Supervisor	F	46	Present	314,536
Yuan Mingxue	Deputy Secretary of the Party Committee	M	52	Present	1,919,865
Liu Bo	Executive vice president	M	54	Present	1,728,522
He Chaobing	Executive vice president	M	53	Present	1,440,522
Zhang Jingjing	Executive vice president	F	54	Departure	1,710,341
Li Wei	Executive vice president	M	54	Present	1,428,522
Hua Zhanbiao	Commission for Discipline Inspection	M	53	Present	1,428,522
Tan Benhong	Executive vice president	M	45	Present	1,464,522

Liu Zhengjun	Executive vice president	M	55	Departure	1,731,248
Ye Pei	Executive vice president	M	45	Present	2,018,755
Zhao Fei	Executive vice president	M	46	Present	1,411,155
Chen Wei	vice president	M	48	Present	1,452,522
Li Mingcai	vice president	M	39	Present	1,464,522
Li Jun	the Secretary of BOD	F	51	Present	940,371
Total	--	--	--	--	27,805,802

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

Applicable  Not applicable

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

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

## VI. The Employees of the Company

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

Number of employees in the parent company(persons)	27,835
Number of employees in major subsidiaries(persons)	12,463
Total number of active employees(persons)	40,298
Total number of current salaried employees(persons)	40,298
Number of retired employees whose parent company and major subsidiary bear the costs(persons)	6,509
Professional composition	
Professional component categories	Professional Composition(persons)
Production personnel	25,984
Sales staff	1,708
Technicians	8,054
Finance staff	379
Administrators	402
Managers	3,771
Total	40,298
Educational Background	
Type of education	Number (persons)

PHD	100
Postgraduate	1,961
Bachelor degree	11,402
University specialty	9,353
Secondary school, high school and corresponding education	15,358
Secondary and below	2,124
Total	40,298

## 2. Compensation policy

The company continues to deepen the reform of the distribution system, improve the market-based distribution mechanism, adhere to the performance-oriented, remuneration and benefit linkage mechanism, and comprehensively carry out labor cost-linked operation management, which forces business departments to improve operating quality, promote efficiency, benefit improvement and value creation. The company continues to establish and improve the medium and long-term incentive and restraint mechanism, closely binding the medium and long-term operations of the core and backbone companies, and support the company's strategic development.

## 3. Training plan

The company's employee training will focus on Changan Automobile's third entrepreneurship-the strategic deployment of innovation and entrepreneurship, with "firm transformation, innovation, breakthrough digital drive, quality improvement and efficiency improvement" as the key, focusing on the training of six key capabilities, and doing a good job in the annual education of all employees in the L sequence. The training will fully integrate and utilize social resources, solidly promote training projects at all levels, create a new type of talent team that supports the strategy, and promote the company's transformation into a smart low-carbon travel technology company

## 4. Outsourcing of services

Applicable     Not applicable

## Chapter 8 Corporate Governance

### I. The basic situation of corporate governance

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

The company has established an effective internal control system over the financial report. According to company's operation and management characteristics, the company strictly implemented the "Enterprise Accounting Standards", improved the basic accounting management, established a sound financial system, optimized accounting and statements preparation process, strengthened the financial supervision, conducted the in-depth implementation of financial management, established the management foundation work, accounting and finance management authorization, the monetary fund management, financing, purchasing and payment, fixed assets, projects under construction, accounting policy, accounting estimate, consolidated financial statements, cost management, inventory management, financial analysis and other financial management system to ensure the quality of accounting information and the safety of the Company property. According to internal control deficiencies identified standards of the financial report, there is no internal control defects over financial reporting in the report period. The full text of the internal control self-evaluation report is published on <http://www.cninfo.com.cn> on April 20, 2021.

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

yes no

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

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

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

### III. Competition situation

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

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

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

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

Meeting Session	Type	Investors' participation ratio	Opening Time	Disclosure Time	Disclosure Index
2020 First Interim Shareholders Meeting	Interim	44.572%	Jan. 2020 13,	Jan. 14, 2020	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> 2020 First Interim Shareholders Meeting Resolution Announcement(Announcement Number: 2020-04)
2019 Annual Shareholders Meeting	Annual	59.488%	May. 2020 22,	May. 23, 2020	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> 2019 Annual Shareholders Meeting Resolution Announcement(Announcement Number: 2020-44)
2020 Second Interim Shareholders Meeting	Interim	46.695%	June. 2020 22,	June. 23, 2020	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> 2020 Second Interim Shareholders Meeting Resolution Announcement(Announcement Number: 2020-55)
2020 Third Interim Shareholders Meeting	Interim	16.823%	August. 2020 10,	August. 2020 11,	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> 2020 Third Interim Shareholders Meeting Resolution Announcement(Announcement Number: 2020-74)
2020 Fourth Interim Shareholders Meeting	Interim	20.783%	September. 30, 2020	October. 2020 9,	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> 2020 Fourth Interim Shareholders Meeting Resolution Announcement(Announcement Number: 2020-85)

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

Applicable  Non-applicable

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

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

Independent directors attend board of directors and the shareholders meeting						
Names of independent directors	Times of attending the board of directors during the report	Times of presence	Times of attendance by	Times of entrust	Times of absence	Whether absent from the meeting



	period		communication mode	attendance		for two consecutive times
Liu Jipeng	17	2	15			N
Li Qingwen	17	2	15			N
Chen Quanshi	17	1	15	1		N
Ren Xiaochang	17	2	15			N
Pang Yong	17	2	15			N
Tan Xiaosheng	17	2	15			N
Wei Xinjiang	17	1	15	1		N
Cao Xingquan	17	2	15			N
Times for independent directors attending the shareholders meeting						3

**The explanation on absence in two consecutive board of directors meetings**

Applicable Non-applicable

## 2、Independent directors express disagreement to company related matters

**Whether independent directors express disagreement to company related matters.**

Yes  No

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

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

**Whether the suggestions of Independent directors are adopted or not**

Yes No

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

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

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

### 1、Audit Committee

The audit committee under the board of directors consists of one non-independent directors and two independent directors. The chairman of the committee is Mr. Liu Jipeng, who is an independent director. During the reporting period, the audit committee held 6 meetings and performed the following duties:

- 1) Review the overall audit plan and related audit requirements for 2019;
- 2) Review the financial and accounting statements prepared by the company, and will maintain close communication with the auditors, urge the accounting firm to submit audit reports within the agreed time limit; review and agree on the 2020 Action Plan of the Audit and Legal Department;
- 3) After the Ernst & Young Hua Ming issued 2019 annual audit report, the audit committee reviewed the 2019 annual financial statements (AUDIT) and major adjustments related to accounting firms, concluded the audit work of the Ernst & Young Hua Ming. The audit committee considered that Ernst & Young Hua Ming had professional competence, worked diligently, maintained their independence in audit, and completed 2019 annual audit task on

time. The audit committee voted and made resolutions on company's annual financial report, and agreed to submit the 2019 financial report to the board of directors for approval; Review the proposal on Recruitment of 2020 Annual Financial Report Auditor and Recruitment of 2020 Annual Internal Control Report Auditor, and agreed to submit the proposal to the board of directors for approval of continuing to hire Ernst & Young Hua Ming as the company's 2020 annual financial report auditor and 2020 Annual internal control report auditor; Review the internal control audit report of 2019, internal control self-evaluation report of 2019 and audit work report of the first quarter of 2020.

- 4) Review the report on audit and inspection in the half year of 2020;
- 5) Review the internal control report of the third quarter of 2020;
- 6) Review the overall audit plan and relevant audit requirements for 2020.

## 2、 Compensation and Review Committee

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

- 1) Review and agree to the "Bill on the Cancellation of Some Stock Options of the Company".
- 2) Review and agree to the motion of the company's A-share restricted stock incentive plan (Draft) and its abstract, the motion of the company's A-share restricted stock incentive plan implementation assessment management measures, and the motion of requesting the general meeting of shareholders to authorize the board of directors to handle matters related to equity incentive;
- 3) Review and agree to the motion on the annual salary distribution plan for deputy management performance in 2019.

## 3、 Compensation and Review Committee

The strategy and investment committee under the board of directors consists of three non-independent directors and one independent director. The chairman is Mr. Zhu Huarong. During the reporting period, the strategy and investment committee held 6 meetings and performed the following duties:

- 1) Review and approve the proposal on participating in T3 technology platform company;
- 2) Review and agree to the motion on the company's investment plan in 2020, the motion on the company's financing plan in 2020, the motion on the bill pool business, and the motion on the company's forward foreign exchange purchase transaction;
- 3) Review and agree to 11 proposals related to non-public offering of A-shares, including the proposal on the company's compliance with the conditions for non-public offering of A-shares;
- 4) Review and agree to the financial statements of 2019 and financial budget of 2020;
- 5) Review and agree to the proposal on the disposal of trading financial assets at the right time;
- 6) Review and agree to the proposal on forward foreign exchange settlement of subsidiaries of the company.

## VII. The work of the board of supervisors

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

Yes  No

The Board of Supervisors supervised and inspected the legal compliance of the company's financial situation, "three important and one big" decisions, business management activities, and implementation of major strategies. The Supervisory Board has no objection to the supervision matters during the reporting period.

## VIII. The evaluation and incentive of senior management

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

## IX. Internal Control

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

Yes  No

### 2、 Self-assessment report of internal control

Disclosure date of self-assessment report of internal control		April. 20, 2021
Disclosure index of self-assessment report of internal control		<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
proportion of total asset in the assessment accounting for the total asset in the financial statement		95.97%
proportion of revenue in the assessment accounting for the revenue in the financial statement		98.18%
Deficiency Definition Standard		
Type	Financial Report	Non Financial Report
qualitative standard	1. Fraud behavior of the directors, supervisors and senior management. 2. The company has corrected the published financial report, the significant wrong report due to fraud and mistakes, the significant mistakes in the financial report found by certified public accountants, but not found by the company's internal control. 3. The supervision of audit committee on the company's external financial report and internal control of financial report is not effective.	1.Lack democratic decision-making procedure or violation of democratic decision-making procedure 2.Violate national laws and regulations and get punished 3.Great loss of middle and senior management and senior technical personnel 4.Frequent media negative news with a large range 5.Signifant business lacks regulation control or regulation system becomes ineffective 6.The significant deficiencies of internal control is not corrected
quantitative standard	The amount of misstatement of the financial statements falls within the following ranges: Wrong report $\geq$ 1% of total asset	Determine the internal control deficiencies in financial reporting by reference to the quantitative criteria.
Financial Report Major Defects		0
Non-financial reporting significant number of defects		0
Financial Reporting Key Number of defects		0
Non-financial reporting Number of important defects		0

**X. Internal control audit report**

√Applicable   □Not applicable

deliberations in the internal control audit report	
The audit opinion of the internal control audit report compiled by Ernst & Young Hua Ming Accounting Firm: Chongqing Changan Automobile Co., Ltd keeps the effective financial report internal control on significant aspects from Dec.31st, 2020, according to “Basic Norms of Enterprise Internal Control” and other related regulations.	
Disclosure date of audit report of internal control	April.20, 2021
Disclosure index of audit report of internal control	Internal control audit report will be published on <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> on April.20, 2021
type of opinion on internal control audit report	standard and unqualified opinion
Whether there is huge deficiency in the non-financial report	No

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

□ Yes   √ No

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

√ Yes   □ No

## Chapter 9 Corporate Bonds

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

Yes  No

## **Chapter 10 Auditor's Report**

Ernst & Young Hua Ming Shen Zi (2021) No. 60662431\_D01  
Chongqing Changan Automobile Company Limited

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

## **Auditor's Report**

Ernst & Young Hua Ming Shen Zi (2021) No. 60662431\_D01  
Chongqing Changan Automobile Company Limited

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

### **Opinion**

We have audited the accompanying financial statements of Chongqing Changan Automobile Company Limited, which comprise the consolidated and the company balance sheet as at 31 December 2020, and the consolidated and the company income statements, the statements of changes in equity and the cash flow statements for the year then ended and notes to the financial statements.

In our opinion, the accompanying financial statements of Chongqing Changan Automobile Company Limited present fairly, in all material respects, the consolidated and the Company's financial position as at 31 December 2020, and the consolidated and the Company's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises ("ASBEs").

### **Basis for opinion**

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

### **Key audit matters**

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

**Auditor's Report (continued)**

Ernst & Young Hua Ming Shen Zi (2021) No. 60662431\_D01  
Chongqing Changan Automobile Company Limited

**Key audit matters (continued)**

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

Key audit matter	How our audit addressed the key audit matter
<p><i>Provision for warranties</i></p> <p>According to after-sales maintenance contracts or related national laws and regulations, Chongqing Changan Automobile Company Limited provides warranties on automobile and undertakes to repair or replace items that fail to perform satisfactorily based on certain pre-determined conditions. In addition, in order to maintain the quality and safety of the sold vehicle, Chongqing Changan Automobile Company Limited also promotes a recall based on needs. Chongqing Changan Automobile Company Limited should estimate and recognize the warranty costs and the corresponding liabilities.</p> <p>Provisions for warranties granted by Chongqing Changan Automobile Company Limited for the vehicles sold are recognized based on sales volume and past experience of the cost of repair and replacement, and labor cost, which involves a number of assumptions and judgments. Extra recalls are recognized based on the vehicles involved and the estimated average cost of repair and replacement, and labor cost, which involves a number of assumptions and judgments. Any increase or decrease in the provision would have a significant impact on the financial statements.</p> <p>Refer to Note III 21, 30 and Note V 27 of the consolidated financial statements for the disclosures of the provision for warranties.</p>	<p>With regard to the warranty provisions audited by us:</p> <ul style="list-style-type: none"> <li>• We understood and evaluated the process of the warranty provisions. In addition, we tested the key controls and application controls over the process of the warranty provisions.</li> <li>• We assessed the reasonableness and evaluated the major assumptions of management's warranty provision models. We tested the samples of payment of the warranty provisions and tested the mathematical accuracy of calculations therein by re-performing the calculations regarding the balance of the provisions.</li> <li>• We reviewed the adequacy of disclosures in the financial statements.</li> </ul>



**Auditor's Report (continued)**

Ernst & Young Hua Ming Shen Zi (2021) No. 60662431\_D01  
Chongqing Changan Automobile Company Limited

**Key audit matters (continued)**

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

## **Auditor's Report (continued)**

**Ernst & Young Hua Ming Shen Zi (2021) No. 60662431\_Do1**  
Chongqing Changan Automobile Company Limited

### **Other information**

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

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

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

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

### **Management's and governance' responsibility for the financial statements**

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

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

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

## Auditor's Report (continued)

Ernst & Young Hua Ming Shen Zi (2021) No. 60662431\_D01  
Chongqing Changan Automobile Company Limited

### Auditor's responsibilities for the audit of the financial statements

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

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

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

## Auditor's Report (continued)

Ernst & Young Hua Ming Shen Zi (2021) No. 60662431\_D01  
Chongqing Changan Automobile Company Limited

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

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

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

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

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

Qiao Chun

Ernst & Young Hua Ming (LLP)

Chinese Certified Public Accountant  
(Engagement partner)

Hu Yan

Chinese Certified Public Accountant

Beijing, the People's Republic of China

17 April 2021

Chongqing Changan Automobile Company Limited  
**CONSOLIDATED BALANCE SHEET**  
**31 December 2020**  
**(Expressed in Renminbi Yuan)**

	<u>Notes V</u>	<u>2020/12/31</u>	<u>2019/12/31</u>
<b>Current assets</b>			
Cash	1	32,001,775,600.07	10,066,171,353.48
Financial assets held for trading	2	204,254,400.00	2,419,476,200.00
Notes receivable	3	28,371,541,054.75	26,805,635,587.19
Accounts receivable	4	2,141,197,139.45	838,314,076.82
Prepayments	5	460,703,603.80	623,801,896.07
Other receivables	6	723,919,037.36	3,731,755,992.46
Inventories	7	5,967,516,230.57	3,375,441,488.37
Contract assets	8	1,450,031,414.61	-
Other current assets	9	<u>1,568,711,870.61</u>	<u>1,746,120,128.04</u>
<b>Total current assets</b>		<u>72,889,650,351.22</u>	<u>49,606,716,722.43</u>
<b>Non-current assets</b>			
Long-term equity investments	10	12,109,089,795.67	11,008,336,989.09
Other equity instrument investment	11	691,990,000.00	734,506,100.00
Investment property	12	6,876,138.16	7,102,849.72
Fixed assets	13	26,436,757,696.96	26,939,490,554.19
Construction in progress	14	1,048,036,148.70	1,729,803,028.43
Intangible assets	15	4,946,035,052.46	5,209,619,313.49
Development expenditure	16	596,577,787.95	814,745,464.20
Goodwill	17	48,883,188.37	9,804,394.00
Long-term deferred expenses	18	10,642,512.51	14,327,639.90
Deferred tax assets	19	<u>2,131,266,677.52</u>	<u>1,542,600,534.93</u>
<b>Total non-current assets</b>		<u>48,026,154,998.30</u>	<u>48,010,336,867.95</u>
<b>TOTAL ASSETS</b>		<u><u>120,915,805,349.52</u></u>	<u><u>97,617,053,590.38</u></u>

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited  
**CONSOLIDATED BALANCE SHEET (continued)**  
**31 December 2020**  
**(Expressed in Renminbi Yuan)**

	<u>Notes V</u>	<u>2020/12/31</u>	<u>2019/12/31</u>
<b>Current liabilities</b>			
Short-term loans	20	578,000,000.00	229,580,000.00
Notes payable	21	17,574,014,553.46	13,430,543,294.23
Accounts payable	22	23,118,793,794.42	18,905,725,271.50
Contract liabilities	23	4,471,158,190.75	
Advances from customers	23	-	2,315,641,685.78
Payroll payable	24	2,015,868,366.57	1,046,335,781.91
Taxes payable	25	1,292,001,263.86	889,092,442.80
Other payables	26	4,475,215,625.98	4,809,918,141.45
Contingent liabilities	27	3,125,170,942.46	3,352,580,839.28
Non-current liabilities due within one year	29	100,000,000.00	-
Other current liabilities	28	<u>5,842,758,104.08</u>	<u>4,253,942,761.77</u>
<b>Total current liabilities</b>		<u>62,592,980,841.58</u>	<u>49,233,360,218.72</u>
<b>Non-current liabilities</b>			
Long-term loans	29	955,300,000.00	55,300,000.00
Special payable	30	261,260,928.70	857,356,423.71
Long term payroll payable	31	41,634,000.00	45,932,000.00
Deferred income	32	3,469,017,384.88	3,194,291,079.21
Deferred tax liabilities	19	<u>115,304,728.61</u>	<u>296,742,890.29</u>
<b>Total non-current liabilities</b>		<u>4,842,517,042.19</u>	<u>4,449,622,393.21</u>
<b>Total liabilities</b>		<u>67,435,497,883.77</u>	<u>53,682,982,611.93</u>

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited  
**CONSOLIDATED BALANCE SHEET (continued)**  
 31 December 2020  
 (Expressed in Renminbi Yuan)

	<u>Notes V</u>	<u>2020/12/31</u>	<u>2019/12/31</u>
<b>Owners' equity</b>			
Share capital	33	5,363,396,174.00	4,802,648,511.00
Capital reserves	34	10,930,781,918.64	5,366,097,594.66
Other Comprehensive Income	35	78,420,720.78	139,994,580.19
Special reserves	36	40,847,443.41	47,076,242.71
Surplus reserves	37	2,681,698,087.00	2,401,324,255.50
Retained earnings	38	<u>34,315,048,892.26</u>	<u>31,271,171,559.60</u>
Equity attributable to owners		53,410,193,236.09	44,028,312,743.66
Minority interests		<u>70,114,229.66</u>	<u>(94,241,765.21)</u>
<b>Total equity</b>		<u>53,480,307,465.75</u>	<u>43,934,070,978.45</u>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<u>120,915,805,349.52</u>	<u>97,617,053,590.38</u>

The financial statements have been signed by:

Legal Representative: \_\_\_\_\_ Principal in Charge of Accountancy: \_\_\_\_\_ Chief Accountant: \_\_\_\_\_

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited  
**CONSOLIDATED INCOME STATEMENT**  
Year ended 31 December 2020  
(Expressed in Renminbi Yuan)

	Notes V	<u>2020</u>	<u>2019</u>
<b>Operating revenue</b>	39	84,565,544,146.58	70,595,245,133.28
Less: Operating cost	39	72,473,471,726.85	60,232,585,428.08
Tax and surcharges	40	3,228,273,573.84	2,488,057,067.83
Operating expenses	41	3,413,296,854.70	4,591,170,885.94
General and administrative expenses	42	4,273,555,030.82	2,265,231,518.65
Research and development expenses	43	3,153,888,007.29	3,169,063,761.13
Financial income	44	(210,224,449.63 )	(190,849,511.73 )
Interest expense		46,672,055.34	40,109,729.93
Interest income		341,543,220.81	245,520,358.56
Add: Other incomes	45	797,901,407.24	1,537,625,620.93
Investment income or loss	46	3,153,614,176.97	(2,109,369,113.31)
Including: Investment loss from associates and joint venture		(566,732,463.22 )	(2,158,815,891.20)
Earnings from fair value changes	47	2,035,390,665.86	889,154,888.69
Credit impairment loss	48	(107,743,059.89 )	(125,657,732.02)
Impairment loss	59	(1,517,807,107.17 )	(395,506,650.22)
Gain on disposal of assets	50	29,465,046.07	56,658,864.17
<b>Operating profit/ (loss)</b>		<b>2,624,104,531.79</b>	<b>(2,107,108,138.38 )</b>
Add: Non-operating income	51	61,938,556.89	49,703,849.18
Less: Non-operating expenses	52	89,458,043.64	184,962,615.32
<b>Total profit/ (loss)</b>		<b>2,596,585,045.04</b>	<b>(2,242,366,904.52 )</b>
Less: Income tax expense	53	(691,893,597.66 )	406,764,986.36
<b>Net profit/(loss)</b>		<b>3,288,478,642.70</b>	<b>(2,649,131,890.88 )</b>
<b>Classification by going concern</b>			
Net profit/(loss) from continuing operations		3,288,478,642.70	(2,649,131,890.88)
<b>Classification by ownership attribution</b>			
Net profit/(loss) attributable to owners		3,324,251,164.16	(2,646,719,356.53 )
Minority interests		(35,772,521.46)	(2,412,534.35 )

The notes form an integral part of the financial statements.



Chongqing Changan Automobile Company Limited  
**CONSOLIDATED INCOME STATEMENT (continued)**  
Year ended 31 December 2020  
(Expressed in Renminbi Yuan)

	Notes V	<u>2020</u>	<u>2019</u>
<b>Other comprehensive income, net of tax</b>			
Total comprehensive income attributable to owners, net of tax	35	(61,573,859.41)	69,977,399.20
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Change in net liability or assets from defined benefit plan		(207,000.00)	254,000.00
Changes in fair value of other equity investment		(33,588,685.00)	63,584,845.00
		(33,795,685.00)	63,838,845.00
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Foreign currency reserve		(27,778,174.41)	6,138,554.20
		(27,778,174.41)	6,138,554.20
Total comprehensive income attributable to minority interests, net of tax		-	-
<b>Total comprehensive income</b>		<b><u>3,226,904,783.29</u></b>	<b><u>(2,579,154,491.68)</u></b>
Total comprehensive income attributable to owners		3,262,677,304.75	(2,576,741,957.33)
Total comprehensive income attributable to minority interest		(35,772,521.46)	(2,412,534.35)
<b>Earnings per share</b>			
Basic earnings per share	54	0.68	(0.55)
Diluted earnings per share		Not Applicable	Not Applicable

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
Year ended 31 December 2020  
(Expressed in Renminbi Yuan)

2020

	Equity attributable to owners						Minority interest	Total equity	
	Share capital	Capital reserves	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings			
At 31 December 2019	4,802,648,511.00	5,366,097,594.66	139,994,580.19	47,076,242.71	2,401,324,255.50	31,271,171,559.60	44,028,312,743.66	(94,241,765.21)	43,934,070,978.45
Changes during the year:									
Total comprehensive income	-	-	(61,573,859.41)	-	-	3,324,251,164.16	3,262,677,304.75	(35,772,521.46)	3,226,904,783.29
Capital contributed by owners and capital decreases									
1. Ordinary shares invested by shareholders	560,747,663.00	5,426,124,109.65	-	-	-	-	5,986,871,772.65	-	5,986,871,772.65
2. Acquisition of minority shareholders	-	(1,175,706.59)	-	-	-	-	(1,175,706.59)	(11,074,002.41)	(12,249,709.00)
3. Others	-	139,735,920.92	-	-	-	-	139,735,920.92	210,264,079.08	350,000,000.00
Distribution of profit									
1. Distribution to owners	-	-	-	-	280,373,831.50	(280,373,831.50)	-	-	-
Special reserves									
1. Provided	-	-	-	75,056,248.96	-	-	75,056,248.96	816,634.51	75,872,883.47
2. Utilized	-	-	-	(81,285,048.26)	-	-	(81,285,048.26)	(481,014.92)	(81,766,063.18)
Acquire subsidiaries	-	-	-	-	-	-	-	602,820.07	602,820.07
At 31 December 2020	5,363,396,174.00	10,930,781,918.64	78,420,720.78	40,847,443.41	2,681,698,087.00	34,315,048,892.26	53,410,193,236.09	70,114,229.66	53,480,307,465.75

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (continued)**  
Year ended 31 December 2020  
(Expressed in Renminbi Yuan)

2019

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

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited  
**CONSOLIDATED CASH FLOW STATEMENT**  
Year ended 31 December 2020  
(Expressed in Renminbi Yuan)

	Notes V	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from sale of goods or rendering of services		87,031,938,095.61	70,578,207,834.29
Refunds of taxes		444,012,154.77	603,916,897.39
Cash received relating to other operating activities	55	<u>2,038,287,059.25</u>	<u>4,019,161,557.69</u>
<b>Subtotal of cash inflows</b>		<u>89,514,237,309.63</u>	<u>75,201,286,289.37</u>
Cash paid for goods and services		63,468,931,047.14	55,704,810,280.08
Cash paid to and on behalf of employees		6,048,636,349.99	5,633,184,648.81
Cash paid for all types of taxes		4,803,725,415.52	2,955,141,047.76
Cash paid relating to other operating activities	55	<u>4,516,991,017.74</u>	<u>7,026,402,074.33</u>
<b>Subtotal of cash outflows</b>		<u>78,838,283,830.39</u>	<u>71,319,538,050.98</u>
<b>Net cash flows from operating activities</b>	56	<u>10,675,953,479.24</u>	<u>3,881,748,238.39</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash received from recovery of investment		5,040,464,165.86	831,429,574.25
Cash received from return on investment		1,100,783,602.42	1,386,844,687.60
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		599,808,833.61	72,899,243.69
Cash received relating to other investing activities	55	<u>80,310,705.55</u>	<u>—</u>
<b>Subtotal of cash inflows</b>		<u>6,821,367,307.44</u>	<u>2,291,173,505.54</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		2,960,046,781.42	4,783,722,428.46
Cash paid for acquisition of investments		152,201,597.00	1,002,064,416.73
Other cash disbursed in connection with investment activities	55	<u>104,416,061.73</u>	<u>300,000,000.00</u>
<b>Subtotal of cash outflows</b>		<u>3,216,664,440.15</u>	<u>6,085,786,845.19</u>
<b>Net cash flows from investing activities</b>		<u>3,604,702,867.29</u>	<u>(3,794,613,339.65)</u>

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited  
**CONSOLIDATED CASH FLOW STATEMENT (continued)**  
Year ended 31 December 2020  
(Expressed in Renminbi Yuan)

	<u>Notes V</u>	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Cash received from absorbing equity investments		6,342,679,154.12	-
Including: cash received by the subsidiary from absorbing minority shareholders' investment		4,620,000.00	-
Cash received from borrowings		2,223,525,472.30	304,880,000.00
Cash received relating to other financing activities	55	<u>34,712,775.00</u>	<u>32,839,805.56</u>
<b>Sub-total of cash inflows</b>		<u>8,600,917,401.42</u>	<u>337,719,805.56</u>
Cash repayments of borrowings		875,105,472.30	216,594,120.00
Cash paid for distribution of dividends or profits and interest expenses		45,485,683.50	126,540,808.63
Cash paid relating to other financing activities	55	<u>632,935,841.72</u>	<u>395,159,204.54</u>
<b>Sub-total of cash outflows</b>		<u>1,553,526,997.52</u>	<u>738,294,133.17</u>
<b>Net cash flows from financing activities</b>		<u>7,047,390,403.90</u>	<u>(400,574,327.61)</u>
<b>EFFECT OF CHANGES IN EXCHANGE RATE ON CASH</b>		<u>(32,553,367.69)</u>	<u>25,760,488.96</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		21,295,493,382.74	(287,678,939.91)
Add: Opening balance of cash and cash equivalents		<u>9,360,474,674.89</u>	<u>9,648,153,614.80</u>
<b>CLOSING BALANCE OF CASH AND CASH EQUIVLANT</b>	56	<u><u>30,655,968,057.63</u></u>	<u><u>9,360,474,674.89</u></u>

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited  
**BALANCE SHEET**  
31 December 2020  
(Expressed in Renminbi Yuan)

	<u>Notes</u> <u>XIV</u>	<u>2020/12/31</u>	<u>2019/12/31</u>
<b>Current assets</b>			
Cash		25,238,014,025.38	6,563,020,335.56
Financial assets held for trading		180,929,400.00	184,245,000.00
Notes receivable		27,248,111,565.13	25,837,326,483.09
Accounts receivable	1	5,464,541,185.63	5,094,270,365.72
Prepayments		294,088,044.01	403,105,316.24
Other receivables	2	1,990,616,778.83	2,597,314,344.40
Inventories		4,332,579,774.46	1,735,570,691.28
Contract assets		941,046,613.60	-
Other current assets		<u>322,467,261.74</u>	<u>798,430,035.62</u>
<b>Total current assets</b>		<u>66,012,394,648.78</u>	<u>43,213,282,571.91</u>
<b>Non-current assets</b>			
Long-term equity investments	3	15,911,304,527.87	16,052,319,271.82
Other equity instrument investment		681,630,000.00	724,309,400.00
Fixed assets		19,757,553,675.99	20,301,231,002.41
Construction in progress		586,144,839.34	1,545,211,000.22
Intangible assets		3,653,199,216.48	4,030,438,649.57
Development expenditure		555,569,523.02	431,774,377.27
Long-term deferred expenses		7,470,626.86	9,719,259.84
Deferred tax assets		<u>1,803,491,965.40</u>	<u>1,318,884,054.48</u>
<b>Total non-current assets</b>		<u>42,956,364,374.96</u>	<u>44,413,887,015.61</u>
<b>TOTAL ASSETS</b>		<u><u>108,968,759,023.74</u></u>	<u><u>87,627,169,587.52</u></u>

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited  
**BALANCE SHEET (continued)**  
**31 December 2020**  
**(Expressed in Renminbi Yuan)**

	<u>2020/12/31</u>	<u>2019/12/31</u>
<b>Current liabilities</b>		
Short term loans	510,000,000.00	29,580,000.00
Notes payable	14,600,240,612.86	11,983,445,725.06
Accounts payable	18,770,044,628.44	15,601,432,751.74
Contract liabilities	3,885,522,883.33	-
Advances from customers	-	1,870,992,349.08
Payroll payable	1,604,474,120.45	641,340,149.30
Taxes payable	1,045,768,022.62	453,619,905.66
Other payables	3,166,636,684.63	4,301,257,819.04
Contingent liabilities	2,196,924,682.57	2,413,434,397.36
Non-current liabilities due within one year	100,000,000.00	-
Other current liabilities	<u>5,235,294,795.79</u>	<u>3,400,065,879.02</u>
<b>Total current liabilities</b>	<u>51,114,906,430.69</u>	<u>40,695,168,976.26</u>
<b>Non-current liabilities</b>		
Long term loans	955,300,000.00	55,300,000.00
Long term payable	187,142,303.66	285,768,478.89
Long term payroll payable	21,657,000.00	22,747,000.00
Deferred income	2,112,507,625.97	2,135,615,106.85
Deferred tax liabilities	<u>75,158,651.38</u>	<u>81,775,341.60</u>
<b>Total non-current liabilities</b>	<u>3,351,765,581.01</u>	<u>2,581,205,927.34</u>
<b>Total liabilities</b>	<u>54,466,672,011.70</u>	<u>43,276,374,903.60</u>
<b>Owner's equity</b>		
Share capital	5,363,396,174.00	4,802,648,511.00
Capital reserves	10,440,896,902.52	5,014,772,792.87
Other comprehensive income	159,954,052.00	259,380,413.58
Special reserves	7,505,438.57	19,917,658.63
Surplus reserves	2,681,698,087.00	2,401,324,255.50
Retained earnings	<u>35,848,636,357.95</u>	<u>31,852,751,052.34</u>
<b>Total owner's equity</b>	<u>54,502,087,012.04</u>	<u>44,350,794,683.92</u>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<u>108,968,759,023.74</u>	<u>87,627,169,587.52</u>

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited  
**INCOME STATEMENT**  
Year ended 31 December 2020  
(Expressed in Renminbi Yuan)

	<u>Notes</u> <u>XIV</u>	<u>2020</u>	<u>2019</u>
<b>Operating revenue</b>	4	81,557,686,002.18	64,952,750,206.63
Less: Operating cost	4	71,325,749,326.52	56,966,369,777.83
Tax and surcharges		2,076,319,015.77	1,763,695,806.32
Operating expenses		2,676,426,234.73	3,173,277,654.38
General and administrative expenses		3,508,937,049.67	1,433,878,532.92
Research and development expenses		2,833,804,608.42	2,659,328,815.49
Financial income		(240,206,881.20)	(159,213,197.04)
Interest income		30,585,489.75	22,298,902.58
Interest expense		283,501,457.93	194,548,964.11
Add: Other income		219,840,648.40	765,866,705.17
Investment income/(loss)	5	5,645,410,110.30	(2,023,549,132.39)
Including: Investment income from associates and from joint venture		(345,896,085.57)	(2,081,317,451.25)
Earnings from fair value changes		8,051,845.07	60,705,000.00
Impairment of credit		(74,210,826.52)	(121,430,481.42)
Impairment loss		(960,333,823.74)	(303,604,164.62)
Gain/(loss) on disposal of assets		(12,218,555.20)	45,709,560.34
<b>Operating profit</b>		4,203,196,046.58	(2,460,889,696.19)
Add: Non-operating income		43,045,534.64	32,324,558.40
Less: Non-operating expenses		88,772,476.11	165,234,410.53
<b>Total profit</b>		4,157,469,105.11	(2,593,799,548.32)
Less: Income tax expense		(473,687,949.10)	234,818,079.03
<b>Net profit</b>		4,631,157,054.21	(2,828,617,627.35)
<b>Classification by going concern</b>			
Net profit from continuing operations		4,631,157,054.21	(2,828,617,627.35)

The notes form an integral part of the financial statements.



Chongqing Changan Automobile Company Limited  
**INCOME STATEMENT (continued)**  
Year ended 31 December 2020  
(Expressed in Renminbi Yuan)

	<u>Notes</u> <u>XIV</u>	<u>2020</u>	<u>2019</u>
<b>Other comprehensive income, net of tax</b>			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Change in net liability or assets from defined benefit plan		(52,000.00)	216,000.00
Changes in fair value of other equity investment		<u>(33,727,490.00)</u>	<u>63,321,260.00</u>
		(33,779,490.00)	63,537,260.00
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Reclassification of financial assets recognized in other comprehensive income amounts		<u>(65,646,871.58)</u>	-
<b>Total comprehensive income</b>		<u><b>4,531,730,692.63</b></u>	<u><b>(2,765,080,367.35)</b></u>

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
Year ended 31 December 2020  
(Expressed in Renminbi Yuan)

	Share capital	Capital reserves	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total owner's equity
Balance at the end of the previous year and balance at the beginning of the current year	4,802,648,511.00	5,014,772,792.87	259,380,413.58	19,917,658.63	2,401,324,255.50	31,852,751,052.34	44,350,794,683.92
Changes during the year:							
Total comprehensive income	-	-	(99,426,361.58)	-	-	4,631,157,054.21	4,531,730,692.63
Capital contributed by owners and capital decreases							
1. Ordinary shares invested by shareholders	560,747,663.00	5,426,124,109.65	-	-	-	-	5,986,871,772.65
Distribution of profit							
1. Distribution to owners	-	-	-	-	280,373,831.50	(280,373,831.50)	-
Special reserves							
1. Provided	-	-	-	47,093,693.47	-	-	47,093,693.47
2. Utilized	-	-	-	(59,505,913.53)	-	-	(59,505,913.53)
Disposal subsidiaries	-	-	-	-	-	(354,897,917.10)	(354,897,917.10)
At 31 December 2020	5,363,396,174.00	10,440,896,902.52	159,954,052.00	7,505,438.57	2,681,698,087.00	35,848,636,357.95	54,502,087,012.04

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (continued)**  
Year ended 31 December 2020  
(Expressed in Renminbi Yuan)

	Share capital	Capital reserves	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total owner's equity
At 31 December 2018	4,802,648,511.00	4,705,917,638.38	149,525,803.58	19,835,367.61	2,401,324,255.50	34,682,279,143.32	46,761,530,719.39
Changes in accounting standard	-	-	46,317,350.00	-	-	85,561,000.00	131,878,350.00
At 1 January 2019	4,802,648,511.00	4,705,917,638.38	195,843,153.58	19,835,367.61	2,401,324,255.50	34,767,840,143.32	46,893,409,069.39
Changes during the year:							
Total comprehensive income	-	-	63,537,260.00	-	-	(2,828,617,627.35)	(2,765,080,367.35)
Capital contributed by owners and capital decreases							
1.The amount of share-based payments recorded in owners' equity	-	(23,961,900.00)	-	-	-	-	(23,961,900.00)
2.Others	-	332,817,054.49	-	-	-	-	332,817,054.49
Distribution of profit							
1.Distribution to owners	-	-	-	-	-	(86,471,463.63)	(86,471,463.63)
Special reserves							
1.Provided	-	-	-	49,268,965.50	-	-	49,268,965.50
2.Utilized	-	-	-	(49,186,674.48)	-	-	(49,186,674.48)
At 31 December 2019	<u>4,802,648,511.00</u>	<u>5,014,772,792.87</u>	<u>259,380,413.58</u>	<u>19,917,658.63</u>	<u>2,401,324,255.50</u>	<u>31,852,751,052.34</u>	<u>44,350,794,683.92</u>

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The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited  
**CASH FLOW STATEMENT**  
Year ended 31 December 2020  
(Expressed in Renminbi Yuan)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from sale of goods or rendering of services	76,182,140,798.10	63,365,386,343.87
Cash received relating to other operating activities	<u>649,216,551.28</u>	<u>2,494,240,256.21</u>
<b>Subtotal of cash inflows</b>	<u>76,831,357,349.38</u>	<u>65,859,626,600.08</u>
Cash paid for goods and services	56,827,422,505.14	50,430,826,053.22
Cash paid to and on behalf of employees	4,447,227,440.62	3,965,479,429.67
Cash paid for all types of taxes	2,531,097,548.18	1,889,492,304.51
Cash paid relating to other operating activities	<u>4,442,718,068.09</u>	<u>6,407,581,336.30</u>
<b>Subtotal of cash outflows</b>	<u>68,248,465,562.03</u>	<u>62,693,379,123.70</u>
<b>Net cash flows from operating activities</b>	<u>8,582,891,787.35</u>	<u>3,166,247,476.38</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash received from recovery of investment	5,032,818,905.43	831,300,000.00
Cash received from return on investment	1,706,242,444.17	1,395,166,228.50
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	4,999,947.95	60,445,420.20
Cash received relating to other investing activities	<u>16,388,900.00</u>	<u>—</u>
<b>Subtotal of cash inflows</b>	<u>6,760,450,197.55</u>	<u>2,286,911,648.70</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	1,884,767,686.71	4,021,334,954.67
Cash paid for acquisition of investments	2,268,598,581.00	1,855,926,872.55
Cash paid relating to other investing activities	<u>—</u>	<u>300,000,000.00</u>
<b>Subtotal of cash outflows</b>	<u>4,153,366,267.71</u>	<u>6,177,261,827.22</u>
<b>Net cash flows from investing activities</b>	<u>2,607,083,929.84</u>	<u>(3,890,350,178.52)</u>

The notes form an integral part of the financial statements.

Chongqing Changan Automobile Company Limited  
**CASH FLOW STATEMENT (continued)**  
Year ended 31 December 2020  
(Expressed in Renminbi Yuan)

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received from absorbing equity investments	5,988,059,154.12	–
Cash received from borrowings	<u>2,039,580,000.00</u>	<u>84,880,000.00</u>
<b>Sub-total of cash inflows</b>	<u>8,027,639,154.12</u>	<u>84,880,000.00</u>
Cash repayments of borrowings	559,160,000.00	–
Cash paid for distribution of dividends or profits and for interest expenses	29,417,041.35	108,729,981.28
Cash paid relating to other financing activities	<u>1,187,381.47</u>	<u>–</u>
<b>Sub-total of cash outflows</b>	<u>589,764,422.82</u>	<u>108,729,981.28</u>
<b>Net cash flows from financing activities</b>	<u>7,437,874,731.30</u>	<u>(23,849,981.28)</u>
<b>EFFECT OF CHANGES IN EXCHANGE RATE ON CASH</b>	<u>–</u>	<u>–</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	18,627,850,448.49	(747,952,683.42)
Add: Cash and cash equivalents at beginning of year	<u>6,563,020,335.57</u>	<u>7,310,973,018.99</u>
<b>CASH AND CASH EQUIVLANT AT END OF YEAR</b>	<u><u>25,190,870,784.06</u></u>	<u><u>6,563,020,335.57</u></u>

The notes form an integral part of the financial statements.

## I CORPORATE INFORMATION

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

In September 2020, with the approval of the China Securities Regulatory Commission, the company non-public issued 560,747,663 A-shares to 12 specific investors, including China South Industries Group Co., Ltd. (hereinafter referred to as "China South Group"), China Changan Automobile Group Co., Ltd. (hereinafter referred to as "China Changan") and South Industry Assets Management Co., Ltd. (hereinafter referred to as "Southern Assets"), etc. After the completion of the additional issuance, the total share capital increased to RMB 5,363,396,174.00.

Until December 31, 2020, the company's controlling shareholder China Changan and its wholly-owned subsidiary Zhonghui Futong (Hong Kong) Investment Company Limited held a total of ordinary shares of the company 1,175,623,127 shares with an equity ratio of 21.92%. China Changan's parent company China South Group and its wholly-owned subsidiary South Assets and South Industries International Holdings (Hong Kong) Company Ltd. hold 1,193,305,773 ordinary shares of the company, with a 22.25% shareholding ratio. China Changan and China South Group hold ordinary shares 2,368,928,900 in total with a shareholding ratio of 44.17%.

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

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

According to the Articles of Association, the financial statements, which has been approved by the board of directors on 17 April 2021, was submitted to general meeting of shareholders for approval.

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

## II 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.

## III SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present fairly and fully, the financial position of the Company as at 31 December 2020 and the financial results and the cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

### 2. Accounting year

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

### 3. Functional currency

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

### 4. Business combination

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



#### 4. Business combination (continued)

##### *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 recognized 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 recognize the remaining difference in profit or loss.

## **5. Consolidated financial statements**

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

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

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

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

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

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

## **6 Joint venture arrangement classification and joint operation**

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

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

## **7. Cash and cash equivalents**

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

## **8. Foreign currency translation**

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

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

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

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

## 9. Financial instruments

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

### Recognition and derecognition

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

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

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

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

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

### Classification and measurement of financial assets

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

## 9. Financial instruments (continued)

### Classification and measurement of financial assets (Continued)

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

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

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

#### *Debt investments measured at amortized cost*

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

#### *Debt investments at fair value through other comprehensive income*

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

#### *Equity investments at fair value through other comprehensive income*

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

## 9. Financial instruments (continued)

### Classification and measurement of financial assets (Continued)

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

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

### Classification and measurement of financial liabilities

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

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

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

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

#### *Other financial liabilities*

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

## 9. Financial instruments (continued)

### Impairment of financial assets

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

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

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

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

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

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

## 9. Financial instruments (continued)

### Offsetting of financial instruments

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

### Transfer of financial assets

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

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

## 10. Inventories

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

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

The Group applies a perpetual counting method of inventory.

At the balance sheet date, the inventory is stated at the lower of cost and net realizable value. If the cost is higher than the net realizable value, provision for the inventory should be made through profit or loss. If factors that resulted in the provision for the inventory have disappeared and made the net realizable value higher than their book value, the amount of the write-down should be reversed, to the extent of the amount of the provision for the inventory, and the reversed amount should be recognized in the income statement for the current period.

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



## **11. Long-term equity investments**

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

Long-term equity investments are recognized at initial investment cost upon acquisition. For a long-term equity investment acquired through a business combination under common control, the initial investment cost of the long-term equity investment shall be the absorbing party's share of the carrying amount of the owners' equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party at combination date. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed shall be adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess shall be adjusted to retained earnings. Any other comprehensive income previously recognized shall be accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities. The portion recognized based on changes in the investee's equity (other than net profit or loss, other comprehensive income and profit appropriation) is charged to profit or loss upon disposal of such long-term equity investment. For those partially disposed equity investments, gains or losses upon disposal are proportionately recognized in profit or loss when they still constitute long-term equity investments after the disposal and are fully charged to profit or loss when they are reclassified to financial instruments after the disposal. For business combination involving entities not under common control, the initial investment cost should be the cost of acquisition (for step acquisitions not under common control, the initial investment cost is the sum of the carrying amount of the equity investment in the acquiree held before the acquisition date and the additional investment cost paid on the acquisition date), which is the sum of the fair value of assets transferred, liabilities incurred or assumed and equity instruments issued. If the equity investments in the acquiree involve other comprehensive income prior to the acquisition date, when disposing of the investments, the relevant other comprehensive income will be accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities. The portion recognized based on changes in the investee's equity (other than net profit or loss, other comprehensive income and profit appropriation) is charged to profit or loss upon disposal of such long-term equity investment. The initial investment cost of a long-term equity investment acquired otherwise than through a business combination shall be determined as follows: for a long-term equity investment acquired by paying cash, the initial investment cost shall be the actual purchase price has been paid plus those costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment; for those acquired by the issue of equity securities, the initial investment cost shall be the fair value of the equity securities issued.

## **11. Long-term equity investments (continued)**

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 ventures). Significant influence is the power to participate in the financial and operating policy decisions of an economic activity but is not control or joint control over those policies.

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

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

**11. Long-term equity investments (continued)**

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

## 12. Investment property

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

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

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

## 13. Fixed assets

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

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

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

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

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

#### **14. Construction in progress**

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

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

#### **15. Borrowing costs**

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

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

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

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

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

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

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

#### 15. Borrowing costs (continued)

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

#### 16. Intangible assets

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

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

The useful lives of the intangible assets are as follow:

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

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

#### **16. Intangible assets (continued)**

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

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

#### **17. Research and development expenditures**

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

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

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

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

## **18. Impairment of assets**

The Group determines the impairment of assets, other than the impairment of inventory, contract assets and assets related to contract costs, 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.



#### **18. Impairment of assets (continued)**

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.

#### **19. Long-term deferred expenses**

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

#### **20. Employee benefits**

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

## **20. Employee benefits (continued)**

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

## 21. Provisions

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

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

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

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

## 22. Revenue from contracts with customers

The Group has fulfilled its performance obligations in the contracts, that is, the revenue is recognized when the customer obtains control of the relevant goods or services. Obtaining control over related goods or services means being able to lead the use of the goods or the provision of the services and obtain almost all of the economic benefits from it.

### Contracts for the sale of goods

A contract for the sale of goods between the Group and the customer usually includes the performance obligation to transfer of goods, transportation services and free maintenance. The Group allocates the transaction price to each individual performance obligation in accordance with the relative proportion of the stand-alone selling price of the goods or services promised by each individual performance obligation on the date of contract commencement. Regarding the performance obligations of the transferred goods, the Group usually recognizes revenue at the point when the performance obligations are fulfilled based on the following indicators, which include: a present right to payment for goods, the transfer of significant risks and rewards of ownership of goods, the transfer of legal title to goods, the transfer of physical possession of goods, the customer's acceptance of goods.

### **22. Revenue from contracts with customers (continued)**

#### Provide service contract

The performance obligations of the service provision contract between the Group and the

customer are due to the fact that the customer obtains and consumes the economic benefits brought by the performance of the group at the same time the group performs the contract, and the group has the right to accumulate the economic benefits during the entire contract period. The Group regards it as a performance obligation performed within a period, and recognizes the revenue according to the performance progress, unless the performance progress cannot be reasonably determined. In accordance with the output method, the Group determines the progress of the performance of the service provided based on the completed or delivered products. When the performance progress cannot be reasonably determined, if the cost incurred by the Group is expected to be compensated, the revenue will be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined.

#### Variable consideration

Some contracts between the Group and customers have sales rebate arrangements, forming variable consideration. The Group determines the best estimate of the variable consideration based on the expected value or the most likely amount, but the transaction price including the variable consideration does not exceed the amount that the accumulated recognized revenue will most likely not be materially reversed when the relevant uncertainty is eliminated.

#### Warranty obligations

In accordance with contractual agreements and legal provisions, the Group provides quality assurance for the goods sold. For guarantee quality assurance to ensure that the products sold meet the established standards, the Group conducts accounting treatment in accordance with Note III, 21. For the service quality assurance that provides a separate service in addition to the established standards to ensure that the goods sold meet the established standards, the Group regards it as a single performance obligation, based on the stand-alone selling price of the quality assurance of the goods and services provided. In a relative proportion, part of the transaction price is allocated to service quality assurance, and revenue is recognized when the customer obtains control of the service. When assessing whether the quality assurance provides a separate service in addition to ensuring that the products sold meet the established standards, the Group considers whether the quality assurance is a legal requirement, the quality assurance period, and the nature of the group's commitment to perform tasks.

## **22. Revenue from contracts with customers (continued)**

### Principal/agent

For the Group to lead a third party to provide services to customers on behalf of the Group, the Group has the right to independently determine the price of the goods or services traded, that is, the Group can control the relevant goods before transferring the goods to the customers, so the Group is the main responsible person, and recognize revenue based on the total consideration received or receivable. Otherwise, the Group acts as an agent and recognizes revenue based on the amount of commission or fees expected to be charged. This amount should be based on the net amount of the total consideration received or receivable minus the price payable to other related parties, or based on the established commission amount or proportions, etc.

## **23. Contract assets and contract liabilities**

The Group lists contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The group offsets the contract assets and contract liabilities under the same contract as net amount.

### Contract assets

Contract assets refer to the right to receive consideration for the transfer of goods or services to customers, and this right depends on factors other than the passage of time.

The determination method and accounting treatment method of the expected credit loss of the contract assets of the Group refer to Note III, 9.

### Contract liabilities

Contract liabilities refer to the obligation to transfer goods or services to customers for the consideration received or receivable from customers, such as the payment received by companies before the transfer of promised goods or services

#### **24. Government grants**

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

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

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

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

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

## 25. Income taxes

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

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

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

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

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

## 25. Income taxes (continued)

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

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

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

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

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



## **26. Leases**

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

### The Group recording the operating lease as a lessee

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

### The Group recording the operating lease as a lessor

Rental income from operating leases is recognized by the 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.

## **27. Profit distribution**

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

## **28. Safety fund**

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

## **29. Fair value measurement**

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

## 29. Fair value measurement (continued)

The Group measures 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 in the principal market for the asset or liability or in the most advantageous market for the asset or liability when a principal market is absent. The principal or the most advantageous market must be accessible to 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 and other supporting information are available to measure fair value, giving priority to the use of relevant observable inputs, and using unobservable inputs only when observable inputs are unavailable or not feasible to obtain.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization at the end of each reporting period.

### **30. Significant accounting judgments and estimates**

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

### **30. Significant accounting judgments and estimates (continued)**

#### *Business model*

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

#### *Contract cash flow characteristics*

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

#### Uncertainty of accounting estimates

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

#### *Impairment of financial instruments*

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

### 30. Significant accounting judgments and estimates (continued)

#### *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.

#### *Fair value of unlisted equity investments*

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

#### *Development expenditures*

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

#### *Deferred tax assets*

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

#### *Warranty*

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

### **30. Significant accounting judgments and estimates (continued)**

Uncertainty of accounting estimates (continued)

#### *Depreciation and amortization*

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

### **31. Changes in accounting policies and estimates**

#### Changes in accounting policies

##### *New revenue standard*

In 2017, the Ministry of Finance issued the revised "Accounting Standards for Business Enterprises No. 14-Revenue" (referred to as the "New Revenue Standards"). The Group began accounting treatment in accordance with the newly revised standards from January 1, 2020. According to the convergence regulations, the comparable period information will not be adjusted. The difference between the implementation of the new standards and the current standards on the first day will be retrospectively adjusted for retained earnings at the beginning of the reporting period.

The new revenue standard establishes a new revenue recognition model for regulating revenue generated from contracts with customers. According to the new revenue standards, the method of recognizing revenue should reflect the entity's transfer of goods or services to customers, and the amount of revenue should reflect the amount of consideration that the entity expects to be entitled to because of the transfer of these goods or services to customers. At the same time, the new revenue standard also regulates the judgments and estimates required for each link of revenue recognition.

### 31. Changes in accounting policies and estimates (continued)

Changes in accounting policies (continued)

The impacts of the implementation of the new revenue standard on the 2020 financial statements are as follows:

	Statement amount	Assumption based on original standard	influences
<i>Consolidated balance sheet</i>			
Other receivables	723,919,037.36	2,173,950,451.97	(1,450,031,414.61)
Contract assets	1,450,031,414.61	-	1,450,031,414.61
Advances from customers	-	3,779,593,859.42	(3,779,593,859.42)
Contract liabilities	4,471,158,190.75	-	4,471,158,190.75
Accrued expenses	5,842,758,104.08	5,850,330,954.08	(7,572,850.00)
Contingent liabilities	3,125,170,942.46	3,651,955,144.45	(526,784,201.99)
Deferred income	3,469,017,384.88	3,626,224,664.22	(157,207,279.34)
	<u>19,082,055,074.14</u>	<u>19,082,055,074.14</u>	<u>-</u>
<i>Consolidated income statement</i>			
Operating revenue	84,565,544,146.58	85,520,191,499.26	(954,647,352.68)
Operating expense	72,473,471,726.85	70,577,149,304.69	1,896,322,422.16
Selling expense	3,413,296,854.70	6,264,266,629.54	(2,850,969,774.84)
	<u>160,452,312,728.13</u>	<u>162,361,607,433.49</u>	<u>-</u>

### 31. Changes in accounting policies and estimates (continued)

#### Changes in accounting policies (continued)

The impacts of the implementation of the new revenue standard on the 2020 financial statements are as follows: (continued)

#### *Company balance sheet*

	Statement amount	Assumption based on original standard	Influences
<i>Company balance sheet</i>			
Other receivables	1,990,616,778.83	2,931,663,392.43	(941,046,613.60)
Contract assets	941,046,613.60	-	941,046,613.60
Advances from customers	-	3,305,994,526.82	(3,305,994,526.82)
Contract liabilities	3,885,522,883.33	-	3,885,522,883.33
Accrued expense	5,235,294,795.79	5,242,867,645.79	(7,572,850.00)
Contingent liabilities	2,196,924,682.57	2,723,708,884.56	(526,784,201.99)
Deferred income	2,112,507,625.97	2,157,678,930.49	(45,171,304.52)
	<u>16,361,913,380.09</u>	<u>16,361,913,380.09</u>	-
<i>Company income statement</i>			
Operating revenue	81,557,686,002.18	82,423,906,188.52	(866,220,186.34)
Operating expense	71,325,749,326.52	69,761,208,670.26	1,564,540,656.26
Selling expense	2,676,426,234.73	5,107,187,077.33	(2,430,760,842.60)
	<u>155,559,861,563.43</u>	<u>157,292,301,936.11</u>	-

The Group sells the entire vehicle business. Before January 1, 2020, the Group regards it as a sales product. On January 1, 2020, the Group analyzed that the business specifically includes transfer of goods, transportation services, and free maintenance service commitments, because customers can benefit from the above-mentioned goods or service pledges individually or from the use of other easily available resources, and the above-mentioned goods or service pledges can be separately distinguished from other goods or service pledges, respectively constitute a single performance obligation. Due to the implementation of the new revenue standard, the Group and the company will reclassify the advance receipts received from customers before fulfilling the contract performance obligations from items such as advance receipts to contract liabilities.



### 31. Changes in accounting policies and estimates (continued)

Changes in accounting policies (continued)

*New revenue standard (continued)*

The main effects of retrospective adjustments caused by the changes in the accounting policies of the above new revenue standard on the financial statements are as follows:

	Listed based on original standard	The influence of new revenue standard		Listed based on new standard
	Book value 2019/12/31	Reclassification	Remeasure ment	Book value 2020/01/01
<i>The Group</i>				
Advances from customers	2,315,641,685.78	(2,315,641,685.78)	-	-
Contract liabilities	-	2,940,466,751.09	-	2,940,466,751.09
Other receivables	3,731,755,992.46	(2,998,531,577.48)	-	733,224,414.98
Contract Assets	-	2,998,531,577.48	-	2,998,531,577.48
Contingent liabilities	3,352,580,839.28	(499,237,150.28)	-	2,853,343,689.00
Deferred income	3,194,291,079.21	(125,587,915.03)	-	3,068,703,164.18
<i>The company</i>				
Advances from customers	1,870,992,349.08	(1,870,992,349.08)	-	-
Contract liabilities	-	2,412,342,550.41	-	2,412,342,550.41
Other receivables	2,597,314,344.40	(1,415,538,410.60)	-	1,181,775,933.80
Contract Assets	-	1,415,538,410.60	-	1,415,538,410.60
Contingent liabilities	2,413,434,397.36	(499,237,150.28)	-	1,914,197,247.08
Deferred income	2,135,615,106.85	(42,113,051.05)	-	2,093,502,055.80

### **31. Changes in accounting policies and estimates (continued)**

Changes in accounting policies (continued)

*New revenue standard (continued)*

#### Related party disclosure scope

According to the requirements of the "Accounting Standards for Business Interpretation No. 13", from January 1, 2020, the following parties that were not previously regarded as related parties are regarded as related parties: other members of the company's corporate group (including parent companies and subsidiaries) ) Joint ventures and their subsidiaries or associates and their subsidiaries. This accounting policy change has affected the judgment of related parties and the disclosure of related party transactions, and the comparative data will not be adjusted retrospectively in accordance with the convergence regulations.

#### Changes in the presentation of financial statements

According to the "Questions and Answers on the Implementation of Accounting Standards for Business Enterprises" issued by the Ministry of Finance in December 2020, the Group reclassified the impairment losses of contract assets that were originally included in the "credit impairment losses" in the income statement to "asset impairment losses". The impact of this accounting policy change has no impact on the merger and the company's net profit and owners' equity.

## IV TAXES

### 1. Main taxes and tax rates

- Value added tax ("VAT") - The income from the sale of goods and the income from the provision of services are calculated at the tax rates of 13% and 6%, respectively, and the VAT is calculated on the basis of the difference after deducting the input tax that is allowed to be deducted in the current period.
- Consumption tax - Consumption tax is calculated at 1%, 3% or 5% of taxable income.
- City maintenance and construction tax - 5% or 7% of the turnover tax paid is calculated and paid.
- Educational surcharge - 3% of the actual turnover tax paid is calculated and paid.
- Local educational surcharge - 2% of the turnover tax actually paid is calculated and paid.
- Corporate income tax - Corporate income tax is paid at 15%, 20% or 25% of taxable income.

### 2. Tax benefits

According to the relevant provisions of the national high-tech identification and relevant tax preferential policies, the following companies of the group are identified as high-tech enterprises and are subjected to the preferential corporate income tax rate of 15% within the prescribed period: the company (2018-2020), and the Company's subsidiaries including Hefei Changan Automobile Company Limited (2019-2021), Hebei Changan Automobile Company Limited (2020-2023), Baoding Changan Bus Manufacturing Company Limited (2020-2023), Chongqing Changan Connected Car Technology Co., Ltd. (2019-2021).

In accordance to Circular for Further Implementation of Tax Incentives In the Development of Western Regions collectively issued by the ministry of Finance, the Customs General Administration and the National Taxation Bureau of PRC, from 1 January 2011 to 31 December 2020, enterprises located in the Western Region and engaged in encouraged business would be entitled to a preferential CIT rate of 15%. The Company's subsidiaries, including Changan International Corporation, Chongqing Changan Special Vehicle Co., Ltd., Chongqing Changan Automobile Customer Service Co., Ltd., Chongqing Changan Lingyao Automobile Co., Ltd., Chongqing Chehemei Technology Co., Ltd. and Chongqing Changan Automobile Software Technology Co., Ltd. are qualified to the requirement and are subjected to the preferential tax rate of 15%.

## V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Cash

	2020	2019
Cash	52,569.13	18,280.08
Cash at bank	30,655,915,488.50	9,360,456,394.81
Other cash	1,345,807,542.44	705,696,678.59
Total	32,001,775,600.07	10,066,171,353.48

As at 31 December 2020, the book value of restricted cash was RMB1,345,807,542.44, which was mainly restricted for the issuance of acceptance bill (As at 31 December 2019: RMB705,696,678.59).

As at 31 December 2020, the cash at bank overseas is equivalent to RMB220,217,500.18 (As at 31 December 2019: RMB159,973,528.25).

Cash at banks earns interest at floating rates based on daily bank deposit rates. The 7-day bank notice deposits and fixed deposits can be withdrawn at any time according to the cash requirements of the Group, and interest income is obtained according to the corresponding bank deposit rates.

### 2. Financial assets held for trading

	2020	2019
Equity instrument investment	180,929,400.00	2,419,476,200.00
Derivative financial assets	23,325,000.00	-
Total	204,254,400.00	2,419,476,200.00

As of December 31, 2020, the equity instrument investment was 33.63 million ordinary shares of Southwest Securities Co., Ltd. held by the group without selling restrictions (December 31, 2019: 35.5 million shares), and the derivative financial assets derived from the US dollar forward contract signed by the group.

### 3. Notes receivable

#### (1) Classification of notes receivable

	2020	2019
Commercial acceptance bill	11,456,829,106.12	7,475,629,607.72
Bank acceptance bill	16,914,711,948.63	19,330,005,979.47
Total	28,371,541,054.75	26,805,635,587.19

### 3. Notes receivable (continued)

Chongqing Changan Automobile Company Limited  
Notes to Financial Statement  
Year ended 31 December 2020  
(Expressed in Renminbi Yuan)

(2) Pledged notes receivable

	2020	2019
Commercial acceptance bill	1,707,332,200.00	365,040,070.00
Bank acceptance bill	5,613,218,260.00	2,760,059,280.00
Total	7,320,550,460.00	3,125,099,350.00

As at 31 December 2020 and 2019, notes receivable with above carrying amount were pledged to issue notes payable.

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

	2020		2019	
	Derecognition	Un-derecognition	Derecognition	Un-derecognition
Commercial acceptance bill	270,434,540.00	-	662,937,930.00	-
Bank acceptance bill	4,823,033,140.36	-	1,937,078,894.54	-
Total	5,093,467,680.36	-	2,600,016,824.54	-

(4) As at 31 December 2020, note receivables converted to accounts receivable due to the inability of the drawer to perform the contract were RMB999,460.00. (As at 31 December 2019: Nil.)

#### 4. Accounts receivable

(1) Aging analysis of the accounts receivable as at 31 December 2020 is as follows:

Aging	2020	2019
Within 1 year	1,801,562,183.50	678,737,828.90
1 to 2 years	371,018,064.79	141,612,978.25
2 to 3 years	60,086,826.22	33,700,863.10
Over 3 years	98,021,103.16	68,414,880.58
Total	2,330,688,177.67	922,466,550.83
Less: Provision	(189,491,038.22)	(84,152,474.01)
	2,141,197,139.45	838,314,076.82

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

	Beginning balance	Addition	Deduction		Ending balance
		Provision	Reversal	Write-off	
2020	84,152,474.01	105,402,877.08	28,657.87	35,655.00	189,491,038.22
2019	90,614,319.90	13,362,617.00	6,450,000.00	13,374,462.89	84,152,474.01

**4. Accounts receivable (continued)**

(3) Analysis of accounts receivable by category as at 31 December 2020 is as follows:

Item	2020			
	Balance		Provision	
	Amount	(%)	Amount	(%)
Individually analyzed for provision	1,739,103,610.26	74.62	129,549,853.46	7.45
Provision based on the combination of credit risk characteristics	591,584,567.41	25.38	59,941,184.76	10.13
Total	2,330,688,177.67	100.00	189,491,038.22	8.13

Item	2019			
	Balance		Provision	
	Amount	(%)	Amount	(%)
Individually analyzed for provision	216,876,810.50	23.51	49,267,460.68	22.72
Provision based on the combination of credit risk characteristics	705,589,740.33	76.49	34,885,013.33	4.94
Total	922,466,550.83	100.00	84,152,474.01	9.12

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

	2020			2019		
	Estimated face value for default	Expected credit loss rate (%)	Expected credit loss for the entire duration	Face balance	Provision ratio (%)	Provision for bad debt
Within 1 year	380,624,542.70	0.43	1,629,902.59	601,963,326.69	0.80	4,799,025.50
1 to 2 years	114,659,032.16	12.32	14,121,441.41	56,368,999.03	7.54	4,250,219.24
2 to 3 years	52,003,007.12	40.07	20,836,462.37	20,043,284.25	31.23	6,258,614.71
Over 3 years	44,297,985.43	52.72	23,353,378.39	27,214,130.36	71.94	19,577,153.88
Total	591,584,567.41	10.13	59,941,184.76	705,589,740.33	4.94	34,885,013.33

**4. Accounts receivable (continued)**

- (5) As at 31 December 2020, accounts receivable from Top 5 clients amounted to RMB1,427,737,884.48, accounted for 61.26% of the total accounts receivable (2019: RMB191,520,443.31, accounted for 20.76% of the total amount).
- (6) There were no accounts receivable derecognized due to transfer of financial assets during 2020 (2019: Nil).

**5. Prepayments**

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

Aging	2020		2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	399,060,385.64	86.61	427,508,750.42	68.53
1 to 2 years	25,223,574.66	5.48	190,277,683.92	30.50
2 to 3 years	36,342,451.32	7.89	4,480,529.56	0.72
Over 3 years	77,192.18	0.02	1,534,932.17	0.25
Total	460,703,603.80	100.00	623,801,896.07	100.00

- (2) As at 31 December 2020, prepayments to Top 5 suppliers amounted to RMB346,863,258.58, which accounted for 75.29% of the total prepayments (2019: RMB465,836,148.17, which accounted for 74.68% of the total amount).

## 6. Other receivables

(1) Aging analysis of other receivables as at 31 December 2020 is as follows:

	2020	2019
Within 1 year	331,458,596.48	1,627,799,420.78
1 to 2 years	129,964,617.73	1,667,806,094.07
2 to 3 years	194,978,317.34	503,954,545.01
Over 3 years	79,338,758.60	57,790,016.71
Total	735,740,290.15	3,857,350,076.57
Provision	(11,821,252.79)	(125,594,084.11)
	723,919,037.36	3,731,755,992.46

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

Nature	2020	2019
New energy subsidy	517,224,182.80	3,462,221,902.09
Reserve	18,868,220.28	41,810,604.18
Margin	4,075,233.90	13,965,172.56
Other	183,751,400.38	213,758,313.63
Total	723,919,037.36	3,731,755,992.46



**6. Other receivables (continued)**

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

2020

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Credit-impaired financial assets (Lifetime ECLs)	Total
Opening balance	291,182.01	111,686,526.12	13,616,375.98	125,594,084.11
Impact of applying the new revenue standard	-	(111,066,213.00)	(1,572,800.00)	(112,639,013.00)
Balance at the beginning of the year adjusted in accordance with the new income standards	291,182.01	620,313.12	12,043,575.98	12,955,071.11
Changes due to the opening balance				
- Transfer to Stage 2	-	-	-	-
- Transfer to Stage 3	-	(534,931.90)	534,931.90	-
- Turn back Stage 2	-	-	-	-
- Turn back Stage 1	-	-	-	-
Provision	-	-	4,323,884.00	4,323,884.00
Reversal	(21,912.55)	(43,298.66)	(1,889,832.11)	(1,955,043.32)
Transfer	-	-	-	-
Write-off	-	-	(3,502,659.00)	(3,502,659.00)
Closing balance	269,269.46	42,082.56	11,509,900.77	11,821,252.79

**6. Other receivables (continued)**

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

2019

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

**6. Other receivables (continued)**

(4) at 31 December 2020, top five debtors of other receivables are as follows:

2020

Debtors	Amount	Nature	Aging	Proportion of total other receivables (%)	Provision
First	404,133,442.00	New energy subsidy	Within 1year	54.93	-
Second	113,090,740.80	New energy subsidy	Within 1year	15.37	-
Third	124,312,677.99	Commission processing payments	2-3years	16.90	-
Fourth	6,750,000.00	Subsidy payment	Within 1year	0.92	-
Fifth	4,205,240.91	Steel models	0-2 years	0.57	4,205,240.91
Total	652,492,101.70			88.69	4,205,240.91

2019

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

(5) For the year ended 2020, there is no accounts receivable derecognized due to transfer of financial assets. (2019: Nil).

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7. Inventories

(1) Classification of inventories

Item	2020			2019		
	Balance	Provision	Net value	Balance	Provision	Net value
Raw materials	774,157,630.94	361,595,043.64	412,562,587.30	843,669,443.37	350,525,510.02	493,143,933.35
Material in transit	221,894,049.90	-	221,894,049.90	293,575,861.15	-	293,575,861.15
Work in progress	870,386,230.20	74,926,608.94	795,459,621.26	657,730,109.07	28,324,925.14	629,405,183.93
Finish goods	4,703,486,357.31	214,237,621.88	4,489,248,735.43	1,958,389,227.87	83,956,153.45	1,874,433,074.42
Consigned processing material	18,085,079.75	-	18,085,079.75	51,101,639.03	-	51,101,639.03
Consumables	30,266,156.93	-	30,266,156.93	33,781,796.49	-	33,781,796.49
Total	6,618,275,505.03	650,759,274.46	5,967,516,230.57	3,838,248,076.98	462,806,588.61	3,375,441,488.37

(2) Provision for inventories

2020

Type	Beginning balance	Provision	Reversal	Written off	Ending balance
Raw materials	350,525,510.02	94,085,337.27	82,618.04	82,933,185.61	361,595,043.64
Work in progress	28,324,925.14	60,682,147.02	-	14,080,463.22	74,926,608.94
Finish goods	83,956,153.45	171,283,419.92	1,661.31	41,000,290.18	214,237,621.88
Total	462,806,588.61	326,050,904.21	84,279.35	138,013,939.01	650,759,274.46

2019

Type	Beginning balance	Provision	Reversal	Written off	Ending balance
Raw materials	181,897,353.27	176,755,422.47	4,166.69	8,123,099.03	350,525,510.02
Work in progress	35,473,526.73	2,744,458.87	-	9,893,060.46	28,324,925.14
Finish goods	76,519,657.33	45,220,725.83	6,155.48	37,778,074.23	83,956,153.45
Total	293,890,537.33	224,720,607.17	10,322.17	55,794,233.72	462,806,588.61

## 7. Inventories (continued)

### (3) Note for inventory provision

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

## 8. Contract assets

Item	2020		
	Book balance	Impairment	Book value
Contract assets	1,584,180,347.49	134,148,932.88	1,450,031,414.61

The provision for impairment of contract assets based on expected credit losses throughout the duration of the contract in 2020

Balance at the end of the previous year	Changes in accounting policies	Balance at the beginning of the year	Provision	Reverse	Write off	end of year balance
-	112,639,013.00	112,639,013.00	50,796,386.88	29,286,467.00	-	134,148,932.88

## 9. Other current assets

	2020	2019
Input VAT to be deducted	847,632,683.61	1,428,518,317.99
Prepaid taxes and fees (Note 2)	402,351,805.17	-
Entrusted loan (Note 1)	300,000,000.00	300,000,000.00
Others	18,727,381.83	17,601,810.05
Total	1,568,711,870.61	1,746,120,128.04

Note 1: On December 31, 2020, the entrusted loan is the amount lent by the Group to the company's associate Jiangling Holdings Co., Ltd. through the Chongqing Branch of China Everbright Bank Co., Ltd. It will expire on June 24, 2021. The annual interest rate is 4.35%.

Note 2: On December 31, 2020, the prepayment of taxes and fees was mainly due to the prepayment of value-added tax and corporate income tax related to the sale of some land and factories by the Group.

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10. Long-term equity investments

2020

Investee	Beginning balance	Addition	Investment income under equity method	Other equity variation	Cash dividends declared	Other Deduction	Provision	Ending balance of book value	Ending balance of provision
<b>Joint Venture</b>									
Changan Ford Automobile Co., Ltd.	1,782,823,327.91	-	8,710,167.26	-	-	-	-	1,791,533,495.17	-
Changan Mazda Automobile Co., Ltd.	2,177,010,905.02	-	723,987,717.26	-	(905,000,000.00)	-	-	1,995,998,622.28	-
Changan Mazda Engine Co., Ltd.	830,272,340.69	-	39,596,915.75	-	(37,000,000.00)	-	-	832,869,256.44	-
Changan PSA Automobiles Co., Ltd.(note 4)	346,038,983.87	-	(114,234,986.00)	-	-	(231,803,997.87)	-	-	-
Changan Weilai New Energy Co., Ltd.(note 3)	(12,871,719.42)	-	(18,666,611.81)	-	-	31,538,331.23	-	-	-
Nanchang Jiangling Holding Co., Ltd.	2,081,815,165.31	-	(536,007,531.47)	-	-	-	-	1,545,807,633.84	-
<b>Subtotal</b>	<b>7,205,089,003.38</b>	<b>-</b>	<b>103,385,670.99</b>	<b>-</b>	<b>(942,000,000.00)</b>	<b>(200,265,666.64)</b>	<b>-</b>	<b>6,166,209,007.73</b>	<b>-</b>
<b>Associates</b>									
Chongqing Changan Kuayue Automobile Co., Ltd.	192,005,274.10	-	45,730,860.11	-	-	-	-	237,736,134.21	-
Chongqing Changan Kuayue Automobile Sales Co., Ltd.(note1)	-	-	-	-	-	-	-	-	-
Beijing Fang' an crescent taxi Co., Ltd.(note1)	-	-	-	-	-	-	-	-	-
Changan Automobile Financing Co.,Ltd	2,195,040,654.44	-	207,337,580.14	-	(64,528,859.83)	-	-	2,337,849,374.75	-
Hainan Anxinxing Information Technology Co., Ltd.	3,560,384.10	-	(1,244,331.18)	-	-	-	-	2,316,052.92	-
Nanjing Chelai Travel Technology Co., Ltd.	1,474,945.09	-	(282,339.82)	-	-	-	-	1,192,605.27	-
Hunan Guoxin Semiconductor Technology Co., Ltd.	25,152,447.20	-	221,362.27	-	-	-	-	25,373,809.47	-
Beijing Wutong Chelian Technology Co., Ltd.(note1)	4,094,510.40	50,198,870.93	(54,293,381.33)	-	-	-	-	-	-
Anhe (Chongqing) Equity Investment Fund Management Co., Ltd.	1,939,605.86	406,125.00	(827,553.39)	-	-	-	-	1,518,177.47	-
Hangzhou Chelizi Intelligent Technology Co., Ltd.	7,527,572.23	-	2,165,392.69	-	-	-	-	9,692,964.92	-
Nanjing Leading Equity Investment Management Co., Ltd. (Limited Partnership)	935,218,323.32	-	64,418,284.31	-	-	-	-	999,636,607.63	-
Nanjing Leading Equity Investment Partnership	1,445,415.69	-	(183,235.30)	-	-	-	-	1,262,180.39	-
Pakistan Master Automobile Co., Ltd.	36,795,899.66	-	(3,245,798.19)	-	-	-	-	33,550,101.47	-
Jiangling Holding Co., Ltd.	398,992,953.62	-	(197,256,309.37)	-	-	-	-	201,736,644.25	-
Chongqing Changan New Energy Vehicles Technology Co., Ltd.(note 2)	-	2,723,674,800.34	(732,658,665.15)	-	-	-	-	1,991,016,135.19	-
Zhongqi Chuangzhi Technology Co., Ltd.	-	100,000,000.00	-	-	-	-	-	100,000,000.00	-
<b>Subtotal</b>	<b>3,803,247,985.71</b>	<b>2,874,279,796.27</b>	<b>(670,118,134.21)</b>	<b>-</b>	<b>(64,528,859.83)</b>	<b>-</b>	<b>-</b>	<b>5,942,880,787.94</b>	<b>-</b>
<b>Total</b>	<b>11,008,336,989.09</b>	<b>2,874,279,796.27</b>	<b>(566,732,463.22)</b>	<b>-</b>	<b>(1,006,528,859.83)</b>	<b>(200,265,666.64)</b>	<b>-</b>	<b>12,109,089,795.67</b>	<b>-</b>

**10. Long-term equity investments(continued)**

- Note 1: On 2020 December 31, the Group of Chongqing Changan Kuayue Automobile Co., Ltd., Beijing Fang'an crescent taxi Co., Ltd. and Beijing Wutong Chelian Technology Co., Ltd. did not have the obligation to undertake extra losses, so the excess loss when it occurs, only the long-term equity investment was written down to zero. The excess losses related to the investment in the above three companies were not recognized.
- Note 2: In January 2020, the Group introduced investors to increase capital in Chongqing Changan New Energy Vehicles Technology Co., Ltd. After the capital increase, Chongqing Changan New Energy Vehicles Technology Co., Ltd. changed from a subsidiary to an associate.
- Note 3: In May 2020, the Group increased its capital in Changan Weilai New Energy Automobile Technology Co., Ltd. After the capital increase, Changan Weilai New Energy Automobile Technology Co., Ltd. changed from a joint venture to a subsidiary.
- Note 4: In April 2020, the Group sold its 50% equity interest in Changan PSA Automobile Co., Ltd. After the transaction is completed, the Group no longer holds any equity in Changan PSA Automobile Co., Ltd.

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10. Long-term equity investments(continued)

2019

Investee	Beginning balance	Addition	Investment income under equity method	Other equity variation	Cash dividends declared	Other Deduction	Provision	Ending balance of book value	Ending balance of provision
<b>Joint Venture</b>									
Jiangling Holding Co., Ltd. (note 2)	2,493,754,915.53	-	(221,583,996.94)	-	-	(2,272,170,918.59)	-	-	-
Changan Ford Automobile Co., Ltd.	3,709,784,597.11	-	(1,926,961,179.20)	-	-	-	-	1,782,823,327.91	-
Changan Mazda Automobile Co., Ltd.	2,472,626,661.41	-	929,384,241.61	-	(1,225,000,000.00)	-	-	2,177,010,905.02	-
Changan Mazda Engine Co., Ltd.	827,803,757.96	-	39,968,582.73	-	(37,500,000.00)	-	-	830,272,340.69	-
Changan PSA Automobiles Co., Ltd.	1,456,519,068.74	-	(1,110,480,084.87)	-	-	-	-	346,038,983.87	-
Changan Weilai New Energy Automobile Technology Co., Ltd.	44,065,513.91	-	(56,937,233.33)	-	-	-	-	(12,871,719.42)	-
Nanchang Jiangling Holding Co., Ltd.	-	2,063,742,852.91	18,072,312.40	-	-	-	-	2,081,815,165.31	-
<b>Subtotal</b>	<b>11,004,554,426.66</b>	<b>2,063,742,852.91</b>	<b>(2,328,537,357.60)</b>	<b>-</b>	<b>(1,262,500,000.00)</b>	<b>(2,272,170,918.59)</b>	<b>-</b>	<b>7,205,089,003.38</b>	<b>-</b>
<b>Associates</b>									
Chongqing Changan Kuayue Automobile Co., Ltd.	116,588,234.97	-	75,417,039.13	-	-	-	-	192,005,274.10	-
Chongqing Changan Kuayue Automobile Sales Co., Ltd. (note1)	-	-	-	-	-	-	-	-	-
Beijing Fang'an crescent taxi Co., Ltd. (note1)	-	-	-	-	-	-	-	-	-
Changan Automobile Financing Co.,Ltd	2,030,617,157.41	-	239,321,406.72	-	(74,897,909.69)	-	-	2,195,040,654.44	-
Hainan Anxinxing Information Technology Co., Ltd.	5,536,555.21	-	(1,976,171.11)	-	-	-	-	3,560,384.10	-
Nanjing Chelai Travel Technology Co., Ltd.	1,813,616.14	-	(338,671.05)	-	-	-	-	1,474,945.09	-
Hunan Guoxin Semiconductor Technology Co., Ltd.	25,000,000.00	-	152,447.20	-	-	-	-	25,152,447.20	-
Beijing Wutong Chelian Technology Co., Ltd.	85,856,852.57	-	(81,762,342.17)	-	-	-	-	4,094,510.40	-
Anhe (Chongqing) Equity Investment Fund Management Co., Ltd.	2,500,000.00	-	(560,394.14)	-	-	-	-	1,939,605.86	-
Hangzhou Chelizi Intelligent Technology Co., Ltd.	2,703,275.87	-	4,824,296.36	-	-	-	-	7,527,572.23	-
Nanjing Leading Equity Investment Partnership(Limited Partnership)	-	858,267,717.00	76,950,606.32	-	-	-	-	935,218,323.32	-
Nanjing Leading Equity Investment Management Co., Ltd.	-	1,500,000.00	(54,584.31)	-	-	-	-	1,445,415.69	-
Pakistan Master Automobile Co., Ltd.	-	36,795,899.66	-	-	-	-	-	36,795,899.66	-
Jiangling Holding Co., Ltd. (Note 2)	-	208,428,065.68	(142,252,166.55)	332,817,054.49	-	-	-	398,992,953.62	-
<b>Subtotal</b>	<b>2,270,615,692.17</b>	<b>1,104,991,682.34</b>	<b>169,721,466.40</b>	<b>332,817,054.49</b>	<b>(74,897,909.69)</b>	<b>-</b>	<b>-</b>	<b>3,803,247,985.71</b>	<b>-</b>
<b>Total</b>	<b>13,275,170,118.83</b>	<b>3,168,734,535.25</b>	<b>(2,158,815,891.20)</b>	<b>332,817,054.49</b>	<b>(1,337,397,909.69)</b>	<b>(2,272,170,918.59)</b>	<b>-</b>	<b>11,008,336,989.09</b>	<b>-</b>

11. Investment in other equity instruments

2020



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	Accumulative changes in fair value included in other comprehensive income	Fair value	Dividends Income	Reason for being designated as fair value through other comprehensive income
Corun Hybrid Power Technology Co. Ltd	8,090,000.00	208,090,000.00	-	Unlisted equity instruments
China South Industry Group Finance Co., Ltd.	160,099,200.00	317,120,000.00	23,884,391.86	Unlisted equity instruments
Guoqi (Beijing) Intelligent Network Association Automotive Research Institute Co., Ltd.	3,900,000.00	53,900,000.00	-	Unlisted equity instruments
Guoqi Automobile Power Cell Research Co., Ltd.	13,680,000.00	53,680,000.00	-	Unlisted equity instruments
China South Industry Group Financial Leasing Co., Ltd. (note2)	4,648,000.00	35,200,000.00	-	Unlisted equity instruments
Zhong Fa Lian Investment Co., Ltd.	-	21,000,000.00	1,470,000.00	Unlisted equity instruments
CAERI(Beijing) automobile Lightweight Technology Research Institution Co., Ltd.	-	3,000,000.00	-	Unlisted equity instruments
Sichuan Glass Co., Ltd.	-	-	-	Unlisted equity instruments
<b>Total</b>	<b>190,417,200.00</b>	<b>691,990,000.00</b>	<b>25,354,391.86</b>	

Note 1: In 2020, Chongqing Ante trading Co., Ltd completed the cancellation, and the Group recovered the investment in these equity instruments.

Note 2: In May 2020, United Prosperity Investment (ShenZhen) Co., Ltd. changed its name to China South Industry Group Financial Leasing Co., Ltd.

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**11. Investment in other equity instruments(continued)**

2019

	Accumulative changes in fair value included in other comprehensive income	Fair value	Dividends Income	Reason for being designated as fair value through other comprehensive income
Corun Hybrid Power Technology Co. Ltd	4,820,300.00	204,820,300.00	-	Unlisted equity instruments
China South Industry Group Finance Co., Ltd.	158,945,000.00	315,965,800.00	38,343,163.30	Unlisted equity instruments
Guoqi (Beijing) Intelligent Network Association Automotive Research Institute Co., Ltd.	50,000,000.00	100,000,000.00	-	Unlisted equity instruments
Guoqi Automobile Power Cell Research Co., Ltd.	12,538,500.00	52,538,500.00	-	Unlisted equity instruments
United Prosperity Investment (ShenZhen) Co., Ltd	3,629,500.00	34,181,500.00	-	Unlisted equity instruments
Zhong Fa Lian Investment Co., Ltd.	-	21,000,000.00	-	Unlisted equity instruments
Chongqing Ante trading Co., Ltd(note 1)	-	3,000,000.00	-	Unlisted equity instruments
CAERI(Beijing) automobile Lightweight Technology Research Institution Co., Ltd.	-	3,000,000.00	-	Unlisted equity instruments
Sichuan Glass Co., Ltd.	-	-	-	Unlisted equity instruments
<b>Total</b>	<b>229,933,300.00</b>	<b>734,506,100.00</b>	<b>38,343,163.30</b>	

## 12. Investment property

### Cost Model

Item	Buildings	
	2020	2019
Original cost		
Beginning and Ending balance	10,050,100.00	10,050,100.00
Accumulated depreciation and amortization		
Beginning	2,947,250.28	2,720,538.72
Accrual	226,711.56	226,711.56
Ending	3,173,961.84	2,947,250.28
Impairment Provision		
Beginning and Ending	-	-
Carrying amount		
Ending	6,876,138.16	7,102,849.72
Beginning	7,102,849.72	7,329,561.28

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

As at 31 December 2020, there is no investment property without property certificate (As at 31 December 2019: Nil).

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13. Fixed assets

(1) Details of fixed assets

2020

Item	Buildings	Machinery	Vehicles	Other Equipment	Total
Original cost					
Beginning	11,144,160,050.01	25,623,584,497.53	1,355,868,955.84	8,286,664,834.75	46,410,278,338.13
Purchase	3,782,255.92	10,233,771.87	716,168.53	712,526.80	15,444,723.12
Transfer from Construction in progress	1,627,629,987.71	995,605,904.96	358,185,689.31	956,035,182.68	3,937,456,764.66
Other addition	-	797,980.55	433,482.76	1,277,742.96	2,509,206.27
Other deduction	-	501,642.49	-	28,817,283.39	29,318,925.88
Disposal	5,762,657.18	238,939,328.14	282,022,974.05	106,295,085.12	633,020,044.49
Ending	12,769,809,636.46	26,390,781,184.28	1,433,181,322.39	9,109,577,918.68	49,703,350,061.81
Accumulated depreciation					
Beginning	2,515,402,360.27	11,496,523,762.29	629,232,960.52	3,969,233,358.51	18,610,392,441.59
Accrual	426,238,876.06	2,001,832,540.31	224,120,391.54	625,582,568.77	3,277,774,376.68
Other addition	-	151,492.51	104,035.84	289,523.48	545,051.83
Other deduction	-	101,641.45	-	5,787,985.65	5,889,627.10
Disposal	2,548,389.23	72,346,228.79	201,387,475.67	53,292,079.12	329,574,172.81
Ending	2,939,092,847.10	13,426,059,924.87	652,069,912.23	4,536,025,385.99	21,553,248,070.19
Impairment provision					
Beginning	85,592,184.71	631,047,449.99	36,761,889.19	106,993,818.46	860,395,342.35
Accrual	15,087,215.95	716,207,552.01	112,398,091.07	174,235,148.81	1,017,928,007.84
Disposal	-	91,414,911.14	25,119,945.65	48,444,198.74	164,979,055.53
Ending	100,679,400.66	1,255,840,090.86	124,040,034.61	232,784,768.53	1,713,344,294.66
Carrying amount					
Ending	9,730,037,388.70	11,708,881,168.55	657,071,375.55	4,340,767,764.16	26,436,757,696.96
Beginning	8,543,165,505.03	13,496,013,285.25	689,874,106.13	4,210,437,657.78	26,939,490,554.19

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13. Fixed assets (continued)

(1) Details of fixed assets (continued)

2019

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

(2) Fixed assets that are temporarily unused

On December 31, 2020, fixed assets with a book value of approximately RMB 135,900,346.33 (December 31, 2019: book value of approximately RMB 38,803,959.77) were temporarily idle due to product planning and other reasons.

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

Item	2020	2019
Buildings	172,080,235.67	74,985,870.88
Machinery	31,896,067.26	9,443,408.12

**13. Fixed assets (continued)**

(4) Fixed assets without property certificate as at 31 December 2020 are as follow:

Item	Carrying amount	Reason for incomplete certificate of title
Assembly workshop	787,042,105.81	Under processing
R&D Center	758,592,108.08	Under processing
Painting workshop	587,526,470.84	Under processing
Welding workshop	514,927,690.13	Under processing
Yuzui Auto City	235,107,029.57	Under processing
Stamping Workshop	208,974,780.42	Under processing
H plant Phase IV	143,466,732.14	Under processing
Other plants	118,567,180.28	Under processing
Other supporting facilities	116,845,557.39	Under processing
New energy battery production plant	69,700,148.90	Under processing
S series machine plant	59,686,333.17	Under processing
Engine workshop	59,671,609.69	Under processing
No.2 factory building, No.2 public station building	33,525,809.96	Under processing
EA Phase I Foundry Workshop	31,734,419.89	Under processing
Emission Capability Laboratory	23,760,281.88	Under processing
Staff cafeteria	22,751,911.75	Under processing
Office building	17,498,065.47	Under processing
Vehicle capability Lab	6,833,126.87	Under processing
Buildings in testing projects of Dianjiang	4,492,797.04	Under processing
Technology center workshop	4,136,776.66	Under processing

**14. Construction in progress**

(1) Details of construction in progress

Item	2020			2019		
	Balance	Provision	Carrying amount	Balance	Provision	Carrying amount
Mini-bus production equipment	17,743,577.36	-	17,743,577.36	59,110,263.16	-	59,110,263.16
Car production equipment	88,814,216.88	-	88,814,216.88	104,070,401.86	-	104,070,401.86
Engine plant	146,394,397.19	-	146,394,397.19	880,128,770.64	-	880,128,770.64
Vehicle research institution	38,021,494.37	-	38,021,494.37	40,087,119.45	-	40,087,119.45
Vehicle moulds	241,611,437.44	21,532,971.11	220,078,466.33	284,573,714.88	-	284,573,714.88
Car production Project of Hefei Changan	336,334.75	-	336,334.75	6,491,703.97	-	6,491,703.97
Others	586,467,649.83	49,819,988.01	536,647,661.82	404,739,782.47	49,398,728.00	355,341,054.47
<b>Total</b>	<b>1,119,389,107.82</b>	<b>71,352,959.12</b>	<b>1,048,036,148.70</b>	<b>1,779,201,756.43</b>	<b>49,398,728.00</b>	<b>1,729,803,028.43</b>

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**14. Construction in progress (continued)**

(2) Movements of significant construction in progress in 2020

Project	Budget (RMB0,000)	Beginning balance	Addition	Other deduction	Transfer to fixed assets	The project investments' proportion of budget	Progress of construction	Source of funds	Ending balance
Mini-bus production equipment	539,977.00	59,110,263.16	139,253,474.77	-	180,620,160.57	80%	80%	Self-funded	17,743,577.36
Car production equipment	773,144.00	104,070,401.86	221,519,672.72	-	236,775,857.70	33%	33%	Self-raised and additional issuance	88,814,216.88
Engine plant	983,766.00	880,128,770.64	612,968,962.61	-	1,346,703,336.06	98%	98%	Self-raised and additional issuance	146,394,397.19
Vehicle research institution	276,363.00	40,087,119.45	223,477,230.09	-	225,542,855.17	90%	90%	Self-funded	38,021,494.37
Vehicle moulds	268,991.20	284,573,714.88	275,966,240.96	-	340,461,489.51	94%	94%	Self-funded	220,078,466.33
Car production project of Hefei Changan	459,601.00	6,491,703.97	756,193,521.41	-	762,348,890.63	85%	85%	Self-raised and additional issuance	336,334.75
Others		355,341,054.47	1,026,929,366.45	618,584.08	845,004,175.02				536,647,661.82
<b>Total</b>		<b>1,729,803,028.43</b>	<b>3,256,308,469.01</b>	<b>618,584.08</b>	<b>3,937,456,764.66</b>				<b>1,048,036,148.70</b>



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14. Construction in progress (continued)

(2) Movements of significant construction in progress in 2019:

Project	Budget (RMB0,000)	Beginning balance	Addition	Transfer to fixed assets	The project investments' proportion of budget	Progress of construction	Source of funds	Ending balance
Mini-bus production equipment	539,977.00	815,889,070.57	669,970,155.04	1,426,748,962.45	77%	77%	Self-raised	59,110,263.16
Yuzui motor city project	564,027.00	51,962,876.25	127,147,462.86	139,562,709.92	80%	80%	Self-raised	39,547,629.19
Car production equipment	735,202.00	181,137,313.03	280,561,074.87	357,627,986.04	31%	31%	Self-raised	104,070,401.86
Engine plant	942,516.00	1,458,726,257.58	1,375,360,914.30	1,953,958,401.24	95%	95%	Self-raised	880,128,770.64
Vehicle research institution	251,830.00	854,570,879.08	315,087,543.90	1,129,571,303.53	90%	90%	Self-raised	40,087,119.45
Vehicle moulds	242,050.00	420,284,566.37	165,308,918.23	301,019,769.72	93%	93%	Self-raised	284,573,714.88
Light vehicle technical transformation project of Baoding Changan Bus	143,776.00	83,207,252.58	109,955,391.66	127,768,361.65	46%	46%	Self-raised	65,394,282.59
Beijing vehicle construction project	513,262.53	98,585,664.59	54,616,917.35	92,895,275.85	73%	73%	Self-raised	60,307,306.09
Car production project of Hefei Changan	389,601.00	872,832,482.14	996,304,527.39	1,862,645,305.56	76%	76%	Self-raised	6,491,703.97
Others		546,647,668.56	209,383,387.08	565,939,219.04			Self-raised	190,091,836.60
Total		5,383,844,030.75	4,303,696,292.68	7,957,737,295.00				1,729,803,028.43

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15. Intangible assets

2020

Item	Land use rights	Software use rights	Trademark use rights	Non-patent technology	Total
Original cost					
Beginning	2,753,082,390.28	705,159,803.48	211,784,400.00	6,820,364,590.14	10,490,391,183.90
Purchase	183,379,766.56	27,638,917.08	-	84,000.00	211,102,683.64
Internal research and development	-	-	-	813,240,999.00	813,240,999.00
Other additions	-	388,564.73	-	-	388,564.73
Other deduction	-	-	-	68,815,550.21	68,815,550.21
Disposal	-	360,323.10	-	-	360,323.10
Ending	2,936,462,156.84	732,826,962.19	211,784,400.00	7,564,874,038.93	11,445,947,557.96
Accumulated amortization					
Beginning	461,981,506.33	564,665,067.35	188,453,466.62	3,788,586,893.37	5,003,686,933.67
Accrual	60,286,821.32	54,937,693.57	17,500,000.00	959,903,041.03	1,092,627,555.92
Other additions	-	100,148.02	-	-	100,148.02
Other deduction	-	-	-	3,678,080.32	3,678,080.32
Disposal	-	357,312.00	-	-	357,312.00
Ending	522,268,327.65	619,345,596.94	205,953,466.62	4,744,811,854.08	6,092,379,245.29
Impairment provision					
Beginning	-	23,617,923.17	-	253,467,013.57	277,084,936.74
Accrual	-	-	-	130,448,323.47	130,448,323.47
Ending	-	23,617,923.17	-	383,915,337.04	407,533,260.21
Carrying amount					
Ending	2,414,193,829.19	89,863,442.08	5,830,933.38	2,436,146,847.81	4,946,035,052.46
Beginning	2,291,100,883.95	116,876,812.96	23,330,933.38	2,778,310,683.20	5,209,619,313.49

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**15. Intangible assets(continued)**

2019

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

As of December 31, 2020, intangible assets formed through internal research and development accounted for 49.25% of the year-end book value of intangible assets (December 31, 2019: 53.33%).

As of December 31, 2020, the book value of land use rights that have not completed the land use right certificate was RMB 181,350,887.85 (December 31, 2019: Nil).

**16. Development expenditure**

2020

Item	Beginning balance	Addition	Deduction			Ending balance
		Internal research and development	Recognized as intangible assets	Charged to income Statement of the current year	Other deduction	
Automobile Development	814,745,464.20	987,864,041.99	813,240,999.00	169,848,928.41	222,941,790.83	596,577,787.95

2019

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

## 17. Goodwill

2020

Investee	Beginning balance	Addition	Deduction	Ending balance
Hebei Changan Automobile Co., Ltd.	9,804,394.00	-	-	9,804,394.00
Nanjing Changan Automobile Co., Ltd.	-	-	-	-
Changan Weilai New Energy Automobile Technology Co., Ltd.	-	39,078,794.37	-	39,078,794.37
<b>Total</b>	<b>9,804,394.00</b>	<b>39,078,794.37</b>	<b>-</b>	<b>48,883,188.37</b>

2019

Investee	Beginning balance	Addition	Deduction	Ending balance
Hebei Changan Automobile Co., Ltd.	9,804,394.00	-	-	9,804,394.00
Nanjing Changan Automobile Co., Ltd.	-	-	-	-
<b>Total</b>	<b>9,804,394.00</b>	<b>-</b>	<b>-</b>	<b>9,804,394.00</b>

Movement of provision for goodwill is as follow:

2020 and 2019

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

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

## 18. Long-term deferred expenses

Item	Beginning balance	Addition	Amortization	Ending balance
2020	14,327,639.90	2,068,879.75	5,754,007.14	10,642,512.51
2019	17,104,601.67	3,991,609.29	6,768,571.06	14,327,639.90

## 19. Deferred tax assets and liabilities

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

Item	2020		2019	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Assets provision	2,269,403,109.47	340,410,466.42	1,096,277,037.39	164,441,555.61
Accrued expenses and contingent liabilities	7,445,862,452.35	1,116,879,367.85	5,787,629,284.18	868,144,392.63
Unpaid tech development expense and advertisement expense	847,106,263.84	127,040,348.39	356,768,621.37	53,515,293.21
Deferred income	2,844,260,662.36	426,639,099.35	2,737,366,931.07	410,605,039.66
Unpaid salary and bonus and others	801,812,028.91	120,297,395.51	305,961,692.44	45,894,253.82
<b>Total</b>	<b>14,208,444,516.93</b>	<b>2,131,266,677.52</b>	<b>10,284,003,566.45</b>	<b>1,542,600,534.93</b>

Item	2020		2019	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Available-for-sale financial assets on the changes in fair value recorded in capital reserve	383,159,045.10	57,473,856.77	1,626,528,679.00	243,979,301.85
Fair value adjustment of business combination not under common control	243,865,514.87	36,579,827.23	274,831,525.87	41,224,728.88
Other	141,673,630.78	21,251,044.61	76,925,730.40	11,538,859.56
<b>Total</b>	<b>768,698,190.75</b>	<b>115,304,728.61</b>	<b>1,978,285,935.27</b>	<b>296,742,890.29</b>

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

Item	2020	2019
The deductible temporary difference	2,819,701,163.81	2,819,674,898.01
The deductible tax loss	4,237,027,432.33	8,045,254,649.13
<b>Total</b>	<b>7,056,728,596.14</b>	<b>10,864,929,547.14</b>

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

## 19. Deferred tax assets and liabilities (continued)

Maturity period for unrecognized deductible tax losses:

Year	2020	2019
2020	-	114,124,498.57
2021	35,367,098.10	35,368,427.70
2022	190,021,844.24	200,696,545.78
2023	719,486,343.29	962,591,126.51
2024	767,913,990.65	668,059,432.50
2025 and beyond	2,524,238,156.05	6,064,414,618.07
Total	4,237,027,432.33	8,045,254,649.13

## 20. Short-term loans

Classification of short-term loans :

Item	2020	2019
Mortgage loans	48,000,000.00	50,000,000.00
guaranteed loan	530,000,000.00	179,580,000.00
Total	578,000,000.00	229,580,000.00

As at 31 December 2020, the interest rates of the above loans were 1.60%-5.20% (as at 31 December 2019: 3.91%-5.20%).

As at 31 December 2020, there is no overdue short-term loan (as at 31 December 2019: Nil).

In 2020, the Group used land use rights with a book value of RMB 17,661,564.48 and fixed assets with a book value of RMB 22,953,779.68 as collateral to obtain a working capital mortgage loan of RMB 48,000,000.00 from the China South Industries Group Finance Co., Ltd. (2019: The Group used land use rights with a book value of RMB 18,080,415.84 and fixed assets with a book value of RMB 24,200,714.44 to obtain a liquidity mortgage loan of RMB 50,000,000.00 from the China South Industries Group Finance Co., Ltd.).

## 21. Notes payable

Item	2020	2019
Commercial acceptance bill	4,562,217,151.91	2,551,863,471.51
Bank acceptance bill	13,011,797,401.55	10,878,679,822.72
Total	17,574,014,553.46	13,430,543,294.23

As at 31 December 2020, there is no overdue unpaid notes payable (as at 31 December 2019: Nil)

## 22. Accounts payable

	2020	2019
Accounts payable	23,118,793,794.42	18,905,725,271.50

As at 31 December 2020, there is no significant accounts payable aged over one year (as at 31 December 2019: Nil).

## 23. Contract liabilities/Advances from customers

2020

Item	2020
Contract liabilities	
Advance payment	3,779,593,859.42
Advance service payment	691,564,331.33
Total	4,471,158,190.75

2019

Item	2019
Advances from customers	
Advance payment	2,315,641,685.78

## 24. Payroll payable

2020

Item	Beginning	Addition	Deduction	Ending
Short term salary benefits	972,606,354.60	6,737,651,651.49	5,789,564,740.62	1,920,693,265.47
Defined contribution plans	68,484,427.31	347,393,568.42	324,797,894.63	91,080,101.10
Early retirement benefits	5,245,000.00	4,246,951.86	5,396,951.86	4,095,000.00
Total	1,046,335,781.91	7,089,292,171.77	6,119,759,587.11	2,015,868,366.57

2019

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

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**24. Payroll payable (continued)**

Short term salary benefits:

2020

Item	Beginning	Addition	Deduction	Ending
Salary, bonus, allowance and subsidy	777,811,109.08	5,592,280,564.92	4,794,404,461.84	1,575,687,212.16
Employee benefit	11,657,039.54	317,688,040.15	278,893,211.36	50,451,868.33
Social insurance	11,380,417.43	304,903,209.37	286,237,969.44	30,045,657.36
Medical insurance	1,520,154.30	279,890,193.81	262,090,668.80	19,319,679.31
Industrial injury insurance	8,620,121.14	24,401,854.30	23,633,194.98	9,388,780.46
Maternity insurance	1,240,141.99	611,161.26	514,105.66	1,337,197.59
Housing accumulation fund	2,797,302.45	376,304,300.74	304,469,566.82	74,632,036.37
Labor fund and employee education fund	168,960,486.10	146,475,536.31	125,559,531.16	189,876,491.25
<b>Total</b>	<b>972,606,354.60</b>	<b>6,737,651,651.49</b>	<b>5,789,564,740.62</b>	<b>1,920,693,265.47</b>

2019

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



#### 24. Payroll payable (continued)

Defined contribution plans:

2020

Item	Beginning	Addition	Deduction	Ending
Basic retirement security	61,036,996.88	336,307,315.34	315,115,429.86	82,228,882.36
Unemployment insurance	7,447,430.43	11,086,253.08	9,682,464.77	8,851,218.74
Total	68,484,427.31	347,393,568.42	324,797,894.63	91,080,101.10

2019

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

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

#### 25. Taxes payable

Item	2020	2019
Value-added tax	441,502,809.12	84,852,296.03
Consumption tax	730,908,794.38	629,406,972.37
Corporate income tax	60,154,873.22	120,351,092.86
City maintenance and construction tax and education surcharge	35,664,425.85	34,455,756.66
Others	23,770,361.29	20,026,324.88
Total	1,292,001,263.86	889,092,442.80

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**26. Other payables**

Item	2020	2019
Purchase and construction of fixed assets, intangible assets and engineering deposits	1,627,340,431.42	2,091,437,803.04
Advanced receipt of land and plant disposal fees	1,000,000,000.00	-
Advertisement fees	642,353,999.96	405,752,873.43
Maintenance fees	213,623,566.01	158,503,895.70
Customer and supplier margin	190,379,159.39	284,705,119.28
Storage fees and freight	120,627,263.12	247,969,064.86
Advanced receipt of equity transfer	-	831,300,000.00
Others	680,891,206.08	790,249,385.14
<b>Total</b>	<b>4,475,215,625.98</b>	<b>4,809,918,141.45</b>

**27. Contingent liabilities**

2020

Item	2019. 12.31	Changes in accounting policies	2020. 1.1	Addition	Deduction	Other deduction	Ending
Warranty	2,762,766,347.50	(499,237,150.28)	2,263,529,197.22	1,118,651,818.06	724,142,611.51	102,338,997.54	2,555,699,406.23
Supplier compensation	589,814,491.78	-	589,814,491.78	45,679,606.87	66,022,562.42	-	569,471,536.23
<b>Total</b>	<b>3,352,580,839.28</b>	<b>(499,237,150.28)</b>	<b>2,853,243,689.00</b>	<b>1,164,331,424.93</b>	<b>790,165,173.93</b>	<b>102,338,997.54</b>	<b>3,125,170,942.46</b>

2019

Item	Beginning	Addition	Deduction	Ending
Warranty	2,610,780,818.12	781,546,593.88	629,561,064.50	2,762,766,347.50
Supplier compensation	634,541,926.00	-	44,727,434.22	589,814,491.78
<b>Total</b>	<b>3,245,322,744.12</b>	<b>781,546,593.88</b>	<b>674,288,498.72</b>	<b>3,352,580,839.28</b>

## 28. Other current liabilities

Item	2020	2019
Accrued commercial discount payable	3,661,553,908.15	3,028,296,317.93
Accrued transportation fee	646,608,569.79	501,351,278.96
Accrued market development expense	475,834,141.44	355,903,653.68
Accrued utilities	25,513,787.11	25,777,106.11
Accrued labor service fee	56,717,786.02	39,493,497.48
Accrued technology royalty	78,382,904.18	101,005,700.82
Accrued lease fee	82,867,604.56	83,111,810.66
Accrued negative points for fuel consumption	674,762,264.15	-
Others	140,517,138.68	119,003,396.13
<b>Total</b>	<b>5,842,758,104.08</b>	<b>4,253,942,761.77</b>

## 29. Long-term Loan

Item	2020	2019
Credit loan	1,055,300,000.00	55,300,000.00
Deduction: Loan within 1 year	100,000,000.00	-
<b>Net long-term borrowings</b>	<b>955,300,000.00</b>	<b>55,300,000.00</b>

As at 31 December 2020, the interest rates of the above loans were 1.00%-3.00% (as at 31 December 2019: 1.00%).

As at 31 December 2020, there is no overdue long-term loans (as at 31 December 2019: Nil).

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**30. Long-term payables**

	2020	2019
Special payables	261,260,928.70	857,356,423.71

Special payables:

2020

Item	Beginning	Addition	Deduction	Other deduction	Ending
Land relocation compensation of Nanjing changan	555,350,709.40	-	500,000,000.00	-	55,350,709.40
Intelligent manufacturing project	167,757,531.08	129,500,264.00	165,392,557.11	-	131,865,237.97
Lightweight design of automobile structure	48,960,118.00	1,997,500.00	44,043,149.51	-	6,914,468.49
Others	85,288,065.23	29,079,748.00	45,237,300.39	2,000,000.00	67,130,512.84
<b>Total</b>	<b>857,356,423.71</b>	<b>160,577,512.00</b>	<b>754,673,007.01</b>	<b>2,000,000.00</b>	<b>261,260,928.70</b>

2019

Item	Beginning	Addition	Deduction	Ending
Changan automobile E class Gasoline engine cylinder block, cylinder head production line project	22,984,695.64	-	22,984,695.64	-
Land relocation compensation of Nanjing changan	55,350,709.40	500,000,000.00	-	555,350,709.40
Intelligent manufacturing project	104,783,625.98	67,802,899.55	4,828,994.45	167,757,531.08
Lightweight design of automobile structure	52,890,838.71	21,360,000.00	25,290,720.71	48,960,118.00
Others	67,580,954.96	77,982,460.32	60,275,350.05	85,288,065.23
<b>Total</b>	<b>303,590,824.69</b>	<b>667,145,359.87</b>	<b>113,379,760.85</b>	<b>857,356,423.71</b>

**31. Long-term payroll payable**

Item	2020	2019
Net obligation of defined benefit plan	30,832,000.00	31,965,000.00
Early retirement	10,802,000.00	13,967,000.00
<b>Total</b>	<b>41,634,000.00</b>	<b>45,932,000.00</b>

### 31. Long-term payroll payable (continued)

In addition to basic retirement security and unemployment insurance, which are managed by local government, the Group offers different kinds of overall pension and annual compensation to some retired employees until their death. The group provides subsidies to former military personnel who participated in specific wars and offers large medical treatment insurance for all retired personnel. The group also offered early-retired salary, social insurances and housing accumulation fund with different standards until their formal retirement (Male: Age 60; Female: Age 50 or 55). These amounts of social insurances and housing accumulation fund are based on cost base and statutory proportion.

The present value of the defined benefits plans is valued by expected cumulative welfare units determination, which was ensured by Aon Hewitt China at 31 December 2020.

The related plans recognized in the profit and loss of the defined benefit plan are as follows:

	2020	2019
Service costs- current period	45,000.00	43,000.00
Net interest	1,000,000.00	1,050,000.00
Net post-employment benefit costs	1,045,000.00	1,093,000.00
Recorded in general administrative expenses	1,045,000.00	1,093,000.00

Movement of present value of defined benefits plan is as follows:

	Defined Benefit Plan Obligation	
	2020	2019
Beginning balance	31,965,000.00	33,534,000.00
Charged to income Statement of the current period		
Service costs- current period	45,000.00	43,000.00
Interest expense, net	1,000,000.00	1,050,000.00
Actuarial losses charged to other comprehensive income	207,000.00	(254,000.00)
Benefits Payment	(2,385,000.00)	(2,408,000.00)
Ending balance	30,832,000.00	31,965,000.00

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## 32. Deferred income

2020

Item	2019.12.31	Changes in accounting policies	2020.1.1	Addition	Deduction	2020.12.31
Government grants related to assets	2,858,873,083.08	-	2,858,873,083.08	387,053,262.98	385,555,108.94	2,860,371,237.12
Government grants related to gains	209,830,081.10	-	209,830,081.10	553,180,000.00	154,363,933.34	608,646,147.76
Others	125,587,915.03	(125,587,915.03)	-	-	-	-
<b>Total</b>	<b>3,194,291,079.21</b>	<b>(125,587,915.03)</b>	<b>3,068,703,164.18</b>	<b>940,233,262.98</b>	<b>539,919,042.28</b>	<b>3,469,017,384.88</b>

2019

Item	2019.1.1	Addition	Deduction	2020.12.31
Government grants related to assets	2,871,932,225.37	224,667,080.00	237,726,222.29	2,858,873,083.08
Government grants related to gains	673,754,999.84	703,273,000.00	1,167,197,918.74	209,830,081.10
Others	137,621,309.52	25,771,589.42	37,804,983.91	125,587,915.03
<b>Total</b>	<b>3,683,308,534.73</b>	<b>953,711,669.42</b>	<b>1,442,729,124.94</b>	<b>3,194,291,079.21</b>

As at 31 December 2020, details of liabilities related to government grants are as follows:

Item	2020.1.1	Addition	Recognized in other income	2020.12.31
<b>Related to assets:</b>	<b>2,858,873,083.08</b>	<b>387,053,262.98</b>	<b>385,555,108.94</b>	<b>2,860,371,237.12</b>
Production and construction subsidies	1,927,840,212.16	156,916,000.00	157,326,208.19	1,927,430,003.97
R&D technology subsidies	550,362,176.88	143,478,662.98	51,743,710.12	642,097,129.74
Other government subsidies	380,670,694.04	86,658,600.00	176,485,190.63	290,844,103.41
<b>Related to gains</b>	<b>209,830,081.10</b>	<b>553,180,000.00</b>	<b>154,363,933.34</b>	<b>608,646,147.76</b>
R&D technology subsidies	204,560,206.76	300,000,000.00	152,012,644.80	352,547,561.96
Other government subsidies	5,269,874.34	253,180,000.00	2,351,288.54	256,098,585.80
<b>Total</b>	<b>3,068,703,164.18</b>	<b>940,233,262.98</b>	<b>539,919,042.28</b>	<b>3,469,017,384.88</b>

**32. Deferred income (continued)**

As at 31 December 2019, details of liability related to government grants are as follows :

Item	2020.1.1	Addition	Recognized in other income	Other deduction	2020.12.31
<b>Related to assets:</b>	2,871,932,225.37	224,667,080.00	237,726,222.29	-	2,858,873,083.08
Production and construction subsidies	1,934,513,955.92	123,792,000.00	130,465,743.76	-	1,927,840,212.16
R&D technology subsidies	558,282,025.11	30,500,000.00	38,419,848.23	-	550,362,176.88
Other government subsidies	379,136,244.34	70,375,080.00	68,840,630.30	-	380,670,694.04
<b>Related to gains:</b>	673,754,999.84	703,273,000.00	467,197,918.74	700,000,000.00	209,830,081.10
R&D technology subsidies	71,456,238.68	600,000,000.00	466,896,031.92	-	204,560,206.76
Other government subsidies	602,298,761.16	103,273,000.00	301,886.82	700,000,000.00	5,269,874.34
<b>Total</b>	<b>3,545,687,225.21</b>	<b>927,940,080.00</b>	<b>704,924,141.03</b>	<b>700,000,000.00</b>	<b>3,068,703,164.18</b>

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**33. Share capital**

2020

		31 December 2019	movement				Sub-total	31 December 2020
			Issuance of shares	Stock dividend	Transfer of reserve to common shares	Others		
<b>I.</b>	<b>Restricted shares</b>							
1	Shares held by state-owned legal persons	-	283,138,318.00	-	-	-	283,138,318.00	
2	Other domestic shareholdings	-	244,899,065.00	-	-	-	244,899,065.00	
3	Foreign shareholdings	-	32,710,280.00	-	-	-	32,710,280.00	
4	Shares held by domestic natural person	18,900.00	-	-	-	-	18,900.00	
	Total of restricted shares	18,900.00	560,747,663.00	-	-	-	560,747,663.00	
<b>II.</b>	<b>Unrestricted shares</b>							
1	RMB ordinary shares	3,900,643,469.00	-	-	-	-	3,900,643,469.00	
2	Foreign-funded shares listed domestically	901,986,142.00	-	-	-	-	901,986,142.00	
	Total of unrestricted shares	4,802,629,611.00	-	-	-	-	4,802,629,611.00	
<b>III.</b>	<b>Total shares</b>	4,802,648,511.00	560,747,663.00	-	-	-	5,363,396,174.00	



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**33. Share capital (continued)**

2019

		31 December 2018	movement				Sub-total	31 December 2019
			Issuance of shares	Stock dividend	Transfer of reserve to common shares	Others		
<b>I.</b>	<b>Restricted shares</b>							
1	Shares held by state-owned legal persons	139,762,403.00	-	-	-	(139,762,403.00)	(139,762,403.00)	-
2	Shares held by domestic natural person	18,900.00	-	-	-	-	-	18,900.00
	Total of restricted shares	139,781,303.00	-	-	-	(139,762,403.00)	(139,762,403.00)	18,900.00
<b>II.</b>	<b>Unrestricted shares</b>							
1	RMB ordinary shares	3,760,881,066.00	-	-	-	139,762,403.00	139,762,403.00	3,900,643,469.00
2	Foreign-funded shares listed domestically	901,986,142.00	-	-	-	-	-	901,986,142.00
	Total of unrestricted shares	4,662,867,208.00	-	-	-	139,762,403.00	139,762,403.00	4,802,629,611.00
<b>III.</b>	<b>Total shares</b>	4,802,648,511.00	-	-	-	-	-	4,802,648,511.00

### 34. Capital reserves

2020

Item	Beginning	Addition	Deduction	Ending
Share premium	4,938,329,830.94	5,426,124,109.65	-	10,364,453,940.59
Capital reserve transferred arising from the old standards	44,496,899.00	-	-	44,496,899.00
Restricted capital reserve of equity investments	17,015,985.20	-	-	17,015,985.20
Others (Note 1)	366,254,879.52	139,735,920.92	1,175,706.59	504,815,093.85
Total	5,366,097,594.66	5,565,860,030.57	1,175,706.59	10,930,781,918.64

Note 1: In 2020, the increase in other capital reserves amounting to RMB 139,735,920.92 was due to the capital increase of the minority shareholders of Chongqing Changan Kaicheng Automobile Technology Co., Ltd., a non-wholly-owned subsidiary of the company, and the decrease in other capital reserves amounting to RMB 1,175,706.59 was due to the capital increase. The company purchased the minority shareholders' equity of Hebei Changan Automobile Co., Ltd.

2019

Item	Beginning	Addition	Deduction	Ending
Share premium	4,938,329,830.94	-	-	4,938,329,830.94
Share-based payment	23,961,900.00	-	23,961,900.00	-
Capital reserve transferred arising from the old standards	44,496,899.00	-	-	44,496,899.00
Restricted capital reserve of equity investments	17,015,985.20	-	-	17,015,985.20
Others	33,437,825.03	332,817,054.49	-	366,254,879.52
Total	5,057,242,440.17	332,817,054.49	23,961,900.00	5,366,097,594.66

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### 35. Other comprehensive income

Accumulated other comprehensive income in consolidated balance sheet attributable to parent company is as follows:

	2019.12.31	Movement	2020.12.31
Re-measurement of changes in defined benefit plans	1,429,000.00	(207,000.00)	1,222,000.00
Other comprehensive income that cannot be transferred to profit or loss under the equity method	(2,088,068.00)	-	(2,088,068.00)
Changes in the fair value of other equity instrument investments	195,443,305.00	(33,588,685.00)	161,854,620.00
Translation difference of foreign currency financial statements	(54,789,656.81)	(27,778,174.41)	(82,567,831.22)
Total	139,994,580.19	(61,573,859.41)	78,420,720.78

Item	2018.12.31	2019 accounting policy changes	2019.1.1	Movement	2019.12.31
Re-measurement of changes in defined benefit plans	1,175,000.00	-	1,175,000.00	254,000.00	1,429,000.00
Other comprehensive income that cannot be transferred to profit or loss under the equity method	(2,088,068.00)	-	(2,088,068.00)	-	(2,088,068.00)
Changes in the fair value of other equity instrument investments	297,351,209.45	(165,492,749.45)	131,858,460.00	63,584,845.00	195,443,305.00
Translation difference of foreign currency financial statements	(60,928,211.01)	-	(60,928,211.01)	6,138,554.20	(54,789,656.81)
Total	235,509,930.44	(165,492,749.45)	70,017,180.99	69,977,399.20	139,994,580.19

Current occurrence amount of other comprehensive income in consolidated income statement attributable to parent company:

2020

	Amount before tax	Deduct: amounts transferred to income statement which were recognized in other comprehensive income in prior period	Deduct: Income tax	Amount attributable to owners	Amount attributable to minority interests
Other comprehensive income not to be reclassified to profit or loss in subsequent period					
Change in net liability or assets from defined benefit plan	207,000.00	-	-	207,000.00	-
Fair value change of investment in other equity instruments	39,516,100.00	-	5,927,415.00	33,588,685.00	-
Subtotal	39,723,100.00	-	5,927,415.00	33,795,685.00	-
Other comprehensive income will be reclassified to profit or loss in subsequent period					
Foreign currency translation difference	27,778,174.41	-	-	27,778,174.41	-
Subtotal	27,778,174.41	-	-	27,778,174.41	-
Total	67,501,274.41	-	5,927,415.00	61,573,859.41	-

### 35. Other comprehensive income (continued)

2019

	Amount before tax	Deduct: amounts transferred to income statement which were recognized in other comprehensive income in prior period	Deduct: Income tax	Amount attributable to owners	Amount attributable to minority interests
Other comprehensive income not to be reclassified to profit or loss in subsequent period					
Change in net liability or assets from defined benefit plan	254,000.00	-	-	254,000.00	-
Fair value change of Investment in other equity instruments	74,805,700.00	-	11,220,855.00	63,584,845.00	-
Subtotal	75,059,700.00	-	11,220,855.00	63,838,845.00	-
Other comprehensive income will be reclassified to profit or loss in subsequent period					
Foreign currency translation difference	6,138,554.20	-	-	6,138,554.20	-
Subtotal	6,138,554.20	-	-	6,138,554.20	-
Total	81,198,254.20	-	11,220,855.00	69,977,399.20	-

### 36. Special reserves

2020

Item	Beginning	Addition	Deduction	Ending
Safety fund	47,076,242.71	75,056,248.96	81,285,048.26	40,847,443.41

2019

Item	Beginning	Addition	Deduction	Ending
Safety fund	41,222,369.10	79,135,417.54	73,281,543.93	47,076,242.71

The Group accrued safety fund according to the circular of <the Guidance of Safety Fund Accrual and Usage> (Cai Qi [2012] No. 16) issued by the Ministry of Finance and the State Administration of work safety on 14 February 2012.

### 37 Surplus reserves

2020

Item	Beginning	Addition	Deduction	Ending
Statutory surplus	2,401,324,255.50	280,373,831.50	-	2,681,698,087.00

2019

Item	Beginning	Addition	Deduction	Ending
Statutory surplus	2,401,324,255.50	-	-	2,401,324,255.50

The Company appropriated statutory surplus reserves based on profit after tax. When statutory surplus reserves account for 50% of paid-in capital, no further surplus reserve will be appropriated.

### 38. Retained earnings

Item	2020	2019
Retained earnings at beginning of the year	31,271,171,559.60	33,707,011,170.31
Adjustment	-	297,351,209.45
Retained earnings after adjustment	31,271,171,559.60	34,004,362,379.76
Add: Profits attributable to parent company for the current year	3,324,251,164.16	(2,646,719,356.53)
Less: Appropriation to statutory surplus reserves	280,373,831.50	-
Less: Ordinary share dividend of cash	-	86,471,463.63
Retained earnings at the end of year	34,315,048,892.26	31,271,171,559.60

According to the decision of the fifteenth meeting of the eighth session of the company's board of directors, the 2020 profit distribution plan is: based on the total share capital of 5,439,591,574 shares on the date of announcement, to distribute cash of RMB3.06 (including tax) for every 10 shares to all shareholders, totaling the distribution cash RMB 1,664,515,021.64 (tax included), and the capital reserve will be converted to 4 shares for every 10 shares. After the conversion, the total share capital will be changed to 7,615,428,203 shares. The above plan is yet to be reviewed and approved by the company's general meeting of shareholders.

### 39. Operating revenue and cost

Item	2020		2019	
	Revenue	Cost	Revenue	Cost
Main business	82,944,092,566.82	71,505,612,191.84	69,315,716,509.29	59,445,831,613.01
Other business	1,621,451,579.76	967,859,535.01	1,279,528,623.99	786,753,815.07
Total	84,565,544,146.58	72,473,471,726.85	70,595,245,133.28	60,232,585,428.08

Operating revenue listed as follows:

Item	2020	2019
Sale of goods	82,795,178,990.48	69,392,923,811.93
Provide labor and other services	1,770,365,156.10	1,202,321,321.35
Total	84,565,544,146.58	70,595,245,133.28

### 39. Operating revenue and cost (continued)

The breakdown of operating revenue generated from contracts with customers is as follows:

Item	2020
Revenue recognition time	
Recognize revenue at a certain point in time	83,994,052,692.32
Recognize revenue within a certain period of time	571,491,454.26
Total	84,565,544,146.58

The income recognized in the current year and included in the book value of contract liabilities at the beginning of the year is as follows:

Item	2020
Sales of goods	2,315,641,685.78
Provision of services and others	138,296,090.10
Total	2,453,937,775.88

The estimated time when the total transaction price that has not been fulfilled (or partially fulfilled) performance obligations allocated to the end of the year is recognized as revenue is as follows:

Item	2020
Within 1 year	3,933,781,216.77
More than 1 year	537,376,973.98
Total	4,471,158,190.75

### 40. Tax and surcharges

Item	2020	2019
Consumption tax	2,524,467,098.37	1,998,619,440.93
City maintenance and construction tax	257,640,935.66	160,739,584.91
Educational surcharge	190,517,078.15	118,587,412.13
Others	255,648,461.66	210,110,629.86
Total	3,228,273,573.84	2,488,057,067.83

#### 41. Operating expenses

Item	2020	2019
Payroll and welfare	472,740,938.97	420,884,406.19
Promotion, advertising fee and Sales service fee	2,565,795,656.38	2,224,959,385.19
Transportation and storage fees	231,401,208.99	1,796,397,367.83
Travelling expenses	65,224,349.32	89,905,543.70
Package expenses	15,020,690.68	8,979,853.46
Consulting fee	7,974,664.26	9,278,821.91
Training fee	12,005,918.53	28,185,324.64
Others	43,133,427.57	12,580,183.02
<b>Total</b>	<b>3,413,296,854.70</b>	<b>4,591,170,885.94</b>

#### 42. General and administrative expenses

Item	2020	2019
Payroll and welfare	2,673,763,574.52	1,360,795,649.37
Administrative expenses	298,175,266.20	314,648,478.13
Depreciation and amortization	266,028,419.76	276,550,788.64
Miscellaneous service charges	74,107,526.22	60,861,235.59
Traffic expenses	38,609,198.85	39,399,677.23
Travelling expenses	13,777,623.02	24,604,006.43
Negative points for fuel consumption	738,036,573.58	-
Others	171,056,848.67	188,371,683.26
<b>Total</b>	<b>4,273,555,030.82</b>	<b>2,265,231,518.65</b>

#### 43. Research and development expenses

Item	2020	2019
Payroll and welfare	1,085,597,553.81	1,079,128,106.16
Material fee	173,917,059.32	223,007,996.05
Subcontract fee	326,554,128.18	321,189,407.67
Survey and traffic expenses	75,341,701.46	81,309,580.38
Test fee	154,511,546.94	187,139,269.95
Depreciation and amortization	1,243,446,193.51	1,129,018,488.23
Others	94,519,824.07	148,270,912.69
<b>Total</b>	<b>3,153,888,007.29</b>	<b>3,169,063,761.13</b>

#### 44. Financial income

Item	2020	2019
Interest income	341,543,220.81	245,520,358.56
Less: Foreign exchange gain or loss	47,017,013.03	(8,130,682.63)
Interest expense	46,672,055.34	40,109,729.93
Others	37,629,702.81	22,691,799.53
<b>Total</b>	<b>210,224,449.63</b>	<b>190,849,511.73</b>

**45. Other income**

Item	2020	2019	Amount recognized in 2020 as non-recurring profit and loss
Other income	797,901,407.24	1,537,625,620.93	797,901,407.24

Government subsidies related to daily activities are as follows:

Item	2020	2019
Related to gains:	412,346,298.30	1,299,899,398.64
R&D technology subsidies	101,578,276.00	496,981,504.00
Production and construction subsidies	137,903,518.45	313,061,513.87
Other government subsidies	18,500,570.51	22,658,462.03
Amortization of deferred income-income	154,363,933.34	467,197,918.74
Related to assets:	385,555,108.94	237,726,222.29
Amortization of deferred Income-Assets	385,555,108.94	237,726,222.29
Total	797,901,407.24	1,537,625,620.93



#### 46. Investment income/(loss)

Item	2020	2019
Long-term equity investment losses accounted for by the equity method	(566,732,463.22)	(2,158,815,891.20)
Losses arising from business combination not under common control	(6,937,641.07)	-
The investment income of financial asset held for trading during its holding period	2,840,290.34	4,332,388.16
Dividend income from remaining investments in other equity instruments	25,354,391.86	38,343,163.30
Investment income from disposal of long-term equity investments	1,438,639,602.10	-
Gains from the remeasurement of the remaining equity at fair value after the loss of control	2,246,681,836.54	-
Interest income from entrusted loan	13,768,160.42	6,771,226.43
Total	3,153,614,176.97	(2,109,369,113.31)

#### 47. Fair value change

Item	2020	2019
Equity instrument investment	2,000,217,365.86	889,154,888.69
Derivative financial assets	35,173,300.00	-
Total	2,035,390,665.86	889,154,888.69

#### 48. Impairment loss of credit

Item	2020	2019
Bad debt for account receivable	105,374,219.21	6,912,617.00
Bad debt for other receivables	2,368,840.68	118,745,115.02
Total	107,743,059.89	125,657,732.02

#### 49. Impairment loss on assets

Item	2020	2019
Impairment of inventory	325,966,624.86	224,710,285.00
Impairment of fixed assets	1,017,928,007.84	122,973,101.85
Impairment of intangible assets	130,448,323.47	47,739,930.25
Impairment of construction in progress	21,954,231.12	83,333.12
Impairment of contract assets	21,509,919.88	-
Total	1,517,807,107.17	395,506,650.22

#### 50. Gain on disposal of assets

Item	2020	2019	Amount recognized in 2020 as non-recurring profit and loss
Gain on disposal of fixed-assets	29,465,046.07	56,658,864.17	29,465,046.07

### 51. Non-operating income

Item	2020	2019	Amount recognized in 2020 as non-recurring profit and loss
Fines, penalties and others	61,938,556.89	49,703,849.18	61,938,556.89

### 52. Non-operating expenses

Item	2020	2019	Amount recognized in 2020 as non-recurring profit and loss
Donation	17,300,950.00	30,198,295.92	17,300,950.00
Fines and penalties	69,135,425.39	81,475,589.37	69,135,425.39
Others	3,021,668.25	73,288,730.03	3,021,668.25
Total	89,458,043.64	184,962,615.32	89,458,043.64

### 53. Income tax expense

Item	2020	2019
Current income tax expense	72,283,291.61	166,789,357.70
Deferred income tax expense	(764,176,889.27)	239,975,628.66
Total	(691,893,597.66)	406,764,986.36

The relationship between income tax expense and profit/(loss) before tax is as follows:

Item	2020	2019
<b>Profit/(loss) before tax</b>	2,596,585,045.04	(2,242,366,904.52)
Tax at the applicable tax rate	389,487,756.76	(336,355,035.69)
Impact of different tax rates of subsidiaries	(23,809,703.40)	(46,985,923.84)
Adjustments to current income tax of previous period	(50,457,750.46)	14,818,867.16
Profit or loss attributable to joint ventures and associates	100,558,727.83	343,593,516.87
Non-taxable income	(452,046,612.16)	(6,647,240.42)
Non-deductible tax expense	9,866,001.00	8,783,277.80
Usage previous deductible losses	(714,292,371.18)	(66,761,248.99)
Unrecognized deductible temporary differences and deductible losses	268,065,428.20	722,485,517.59
Additional deduction arising from research and development expense	(219,265,074.25)	(226,166,744.12)
Tax expense under actual tax rate of the Group	(691,893,597.66)	406,764,986.36

#### 54. Earnings per share ("EPS")

The basic EPS is calculated by dividing the net profit of the current period attributable to the ordinary shareholders of the Company by the weighted average number of outstanding ordinary shares.

The Company has no dilutive potential ordinary shares.

Item	2020	2019
Earnings		
Net profit attributable to ordinary shareholders	3,324,251,164.16	(2,646,719,356.53)
Shares		
Weighted average ordinary shares	4,904,043,979.00	4,802,648,511.00

Note: In 2020, the company non-publicly issued 560,747,663 shares. Therefore, the number of ordinary shares issued in 2020 will increase from 4,802,648,511 shares to 5,363,396,174 shares. The company calculates the basic earnings per share for 2020 on this basis.

#### 55. Notes to cash flow statement

(1) Items of cash received relating to other operating activities are as follows:

Item	2020	2019
Interest income	341,543,220.81	245,520,358.56
Government grants related to operating activities	1,358,793,139.94	2,427,786,919.77
Others	337,950,698.50	1,345,854,279.36
Total	2,038,287,059.25	4,019,161,557.69

(2) Items of cash paid relating to other operating activities are as follows:

Item	2020	2019
Selling expense	2,907,979,028.67	4,243,108,756.85
Administrative expense	595,726,462.97	701,218,540.63
Research and development expenses	650,927,200.65	737,909,170.70
Refund of government subsidies	-	700,000,000.00
Others	362,358,325.45	644,165,606.15
Total	4,516,991,017.74	7,026,402,074.33

**55. Notes to cash flow statement (continued)**

(3) Items of cash received relating to other investing activities are as follows:

Item	2020	2019
Net cash received from business combinations	63,921,805.55	-
Capital occupation fee for equity transfer	16,388,900.00	-
Total	80,310,705.55	-

(4) items of cash received relating to other investing activities are as follows:

Item	2020	2019
Cash transferred out from the loss of control of the subsidiary	104,416,061.73	-
Entrusted Loan	-	300,000,000.00
Total	104,416,061.73	300,000,000.00

(5) Items of cash received relating to other financing activities are as follows:

Item	2020	2019
Withdraw for deposit of bill	34,712,775.00	32,839,805.56

(6) Items of cash paid relating to other financing activities are as follows:

Item	2020	2019
Payment for deposit of bill	619,498,751.25	395,159,204.54
Acquisition of minority shareholders' equity	12,249,709.00	-
Others	1,187,381.47	-
Total	632,935,841.72	395,159,204.54

## 56. Supplementary information of cash flow statement

### (1) Supplementary information of cash flow statement

Supplementary information	2020	2019
1. Cash flows from operating activities calculated by adjusting the net profit		
Net profit/(loss)	3,288,478,642.70	(2,649,131,890.88)
Add: impairment provision for assets	1,625,550,167.06	521,164,382.24
Depreciation of fixed assets	3,277,774,376.68	3,015,917,705.20
Depreciation and amortization of investment property	226,711.56	226,711.56
Amortization of intangible assets	1,092,627,555.92	1,025,061,962.48
Amortization of long-term deferred expense	5,754,007.14	6,768,571.06
Increase in deferred income	400,314,220.70	(489,017,455.52)
Disposal loss on fixed assets, intangible assets and others long-term assets	(29,465,046.07)	(56,658,864.17)
Loss of abandonment of fixed assets	(15,036,905.39)	61,599,450.00
Income of fair value movement	(2,035,390,665.86)	(889,154,888.69)
Financial expense	30,283,155.34	40,109,729.93
Investment income	(3,153,614,176.97)	2,109,369,113.31
Decrease in deferred tax assets	(588,666,142.59)	112,953,903.96
Decrease in inventory	(3,384,304,795.07)	1,317,268,683.80
Deferred income tax liabilities Decreased	(175,510,746.68)	127,021,724.70
Increase in operating receivables	(3,375,612,982.71)	(6,933,919,137.79)
Increase in operating payables	13,720,446,966.40	6,610,407,218.35
Others	(7,900,862.92)	(48,238,681.15)
Net cash flows from operating activities	10,675,953,479.24	3,881,748,238.39
2. Movement of cash and cash equivalents		
Ending balance of cash	30,655,968,057.63	9,360,474,674.89
Less: beginning balance of cash	9,360,474,674.89	9,648,153,614.80
Decrease in cash and cash equivalents	21,295,493,382.74	(287,678,939.91)

## 56. Supplementary information of cash flow statement (continued)

### (2) Endorsement of bills:

Item	2020	2019
Endorsed bank acceptance received by sales and providing service	9,857,912,334.04	3,292,638,946.70

### (3) Cash and cash equivalents

Item	2020	2019
I. Cash		
Including: Cash on hand	52,569.13	18,280.08
Bank deposits that can be readily used	30,655,915,488.50	9,360,456,394.81
II. Cash equivalents	-	-
III. Ending balance of cash and cash equivalents	30,655,968,057.63	9,360,474,674.89

Note: The restricted cash and cash equivalents of the Group are not included in the cash and cash equivalents.

## 57. The assets with ownership or right restricted

Item	2020	2019	Notes
Cash and cash equivalents	1,345,807,542.44	705,696,678.59	Note 1
Notes receivable and accounts receivable	7,320,550,460.00	3,125,099,350.00	Note 2
Intangible assets	17,661,564.48	18,080,415.84	Note 3
Fixed assets	22,953,779.68	24,200,714.44	Note 3

Note 1: As of December 31, 2020, and December 31, 2019, the cash with restricted ownership of the Group were mainly used for the issuance of acceptance bills.

Note 2: As of December 31, 2020, the Group's notes receivable with a book value of RMB 7,320,550,460.00 have been pledged for the issuance of notes payable (December 31, 2019: RMB 3,125,099,350.00).

Note 3: As of December 31, 2020, the Group's land use rights with a book value of RMB 17,661,564.48 and fixed assets with a book value of RMB 22,953,779.68 have been mortgaged to the Weapon Equipment Group Finance Co., Ltd. to obtain a current capital loan of RMB 48,000,000.00. The amortization amount of the above land use rights in 2020 is RMB 418,851.36, and the depreciation amount of the above fixed assets in 2020 is RMB 1,246,934.76.

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**58. Foreign Monetary Item**

Item	2020			2019		
	Original Currency	Exchange Rate	Translated to RMB	Original Currency	Exchange Rate	Translated to RMB
Cash						
USD	21,483,168.61	6.5249	140,175,526.85	12,051,146.32	6.9762	84,071,206.96
GBP	4,066,951.80	8.8903	36,156,421.59	2,705,025.17	9.1501	24,751,250.81
EUR	7,424,040.68	8.0250	59,577,926.46	3,335,742.03	7.8155	26,070,491.84
JPY	152,166,150.48	0.0632	9,616,900.71	128,999,237.00	0.0641	8,267,045.10
SUR	1,115,202,784.15	0.0877	97,803,284.17	746,523,266.53	0.1129	84,257,705.03
BRL	572,816.92	1.2563	719,629.90	571,845.63	1.7378	993,754.73
Accounts receivable						
USD	12,537,939.36	6.5249	81,808,800.53	20,851,192.18	6.9762	145,462,086.89
SUR	230,799,878.57	0.0877	20,241,149.35	-	0.1129	-
Other receivables						
USD	30,144.60	6.5249	196,690.50	2,102,288.89	6.9762	14,665,987.75
JPY	14,802,218.99	0.0632	935,500.24	17,101,991.07	0.0641	1,095,998.20
EUR	907,595.17	8.0250	7,283,451.24	1,710,130.00	7.8155	13,365,521.02
GBP	736,839.36	8.8903	6,550,722.96	1,312,803.70	9.1501	12,012,285.14
Accounts Payable						
USD	-	6.5249	-	528,062.06	6.9762	3,683,866.54
JPY	10,281,275.00	0.0632	649,776.58	10,747,095.93	0.0641	688,738.39
EUR	1,835,735.94	8.0250	14,731,780.92	960,196.00	7.8155	7,504,411.84
GBP	193,751.55	8.8903	1,722,509.40	462,384.83	9.1501	4,230,867.43
SUR	226,057,035.01	0.0877	19,825,201.97	-	0.1129	-
Other Payables						
USD	31,839.33	6.5249	207,748.44	5,502,387.24	6.9762	38,385,753.86
GBP	166,491.56	8.8903	1,480,159.92	178,041.96	9.1501	1,629,101.74

## VI Changes in the scope of consolidation

### 1. Business combination not under common control

The company originally held 50% of the equity of Changan Weilai New Energy Co., Ltd. (hereinafter referred to as "Changan Weilai"), and was able to exercise joint control over it, accounting for it under the equity method. During the year, the company acquired a 45.38% equity interest in Changan Weilai with cash of RMB 90,000,001.00, and the purchase date was May 31, 2020. After the completion of the acquisition, the company held a total of 95.38% of the equity of Changan Weilai.

The goodwill arising from the merger was RMB 39,078,794.37. Changan Wei's net loss from the date of purchase to the end of the year was RMB 98,349,164.08, and the net cash inflow was RMB 47,225,153.06.

### 2. Disposal of subsidiaries

Company name	Registered place	Business nature	The group's total shareholding ratio (%)	The group's total voting rights (%)	The reasons for not being a subsidiary
Chongqing Changan New Energy Vehicles Technology Co., Ltd. ("New Energy Technology")	Chongqing	Production and sales of new energy vehicles and parts	48.95%	48.95%	New investors lead to dilution of equity

According to the company and Chongqing Changxin Equity Investment Fund Partnership (Limited Partnership), Nanjing Runke Industry Investment Co., Ltd., Chongqing Liangjiang New Area For Business Management Partnership (Limited Partnership) and Chongqing Nanfang Industrial Equity Investment Fund Partnership (Limited Partnership) (hereinafter collectively referred to as the "investor") signed in January 2020 a capital increase agreement, the investor will increase the capital of the company's wholly-owned subsidiary New Energy Technology by RMB 2,840,000,000.00. After the capital increase is completed, the investors hold a total of 51.05% of the equity in New Energy Technology, the company's equity in New Energy Technology has dropped to 48.95%, and the New Energy Technology has been changed from a subsidiary of the company to an associated company. Since the completion date of the capital increase (January 21, 2020), the Group will no longer incorporate new energy technology into the scope of consolidation.



## 2. Disposal of subsidiaries (continued)

The relevant financial information of New Energy Technology are listed as follows:

Item	2020.1.21 Book value	2019.12.31 Book value
Current assets	2,164,329,019.08	2,076,322,906.26
Non-current assets	312,127,143.58	313,681,265.71
Current liabilities	1,895,124,201.32	1,774,027,393.40
Non-current liabilities	104,338,997.54	102,187,361.53
Net assets	476,992,963.80	513,789,417.04
Fair value of remaining equity	2,723,674,800.34	
Disposal income	2,246,681,836.54	

The operating results of New Energy Technology from January 1, 2020 to the completion date of the capital increase are listed below:

Item	2020.1.1-2020.1.21
Operating income	123,654,831.27
Operating cost	153,495,233.77
Net loss	64,659,825.75

## VII Shares in other entities

### 1. Shares in subsidiaries

The subsidiaries of the Company are as follows:

Company name	Main operating place	Registered place	Nature of business	Registered capital (0,000)	Total proportion of shareholders (%)	
					direct	indirect
I. The subsidiary formed by establish or investment						
Hebei Changan Automobile Co., Ltd. (note 4)	Dingzhou	Dingzhou	Manufacturing	46,469	-	95.62
Chongqing Changan International Automobile Sales Co., Ltd.	Chongqing	Chongqing	sales	1,376	100.00	
Chongqing Changan Connected Car Technology Co., Ltd.	Chongqing	Chongqing	Lease	8,850	100.00	1.00
Chongqing Changan Special Automobile Co., Ltd (note 2)	Chongqing	Chongqing	Sales	2,000	50.00	
Chongqing Changan Automobile Supporting Service Co., Ltd.	Chongqing	Chongqing	sales	3,000	99.00	
Chongqing Changan New Energy Automobile Co. Ltd.	Chongqing	Chongqing	R&D	2,900	100.00	
Chongqing Changan Europe Design Academy Co., Ltd.	Turin, Italy	Turin, Italy	R&D	EUR1,738	100.00	
Changan United Kingdom R&D Center Co., Ltd.	Nottingham, United Kingdom	Nottingham, United Kingdom	R&D	GBP2,639	100.00	-
Beijing Changan R&D Center Co., Ltd.	Beijing	Beijing	R&D	100	100.00	-
Changan Japan Designing Center Co., Ltd.	Yokohama, Japan	Yokohama, Japan	R&D	JPY1,000	100.00	-
Changan United States R&D Center Co., Ltd.	Troy, United states	Detriot, United states	R&D	USD154	100.00	-
Changan Automobile Russia Co., Ltd.	Moscow, Russia	Moscow, Russia	Sales	RUB220,382	100.00	-
Changan Brazil Holdings Limited	St. Paul, Brazil	St. Paul, Brazil	Sales	BRL100	100.00	-
Changan automobile investment (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	Sales	23,525	100.00	
Hangzhou Changan Yixing Technology Co., Ltd.	Hangzhou	Hangzhou	Lease	500	100.00	-
Hefei Changan Yixing Technology Co., Ltd.	Hefei	Hefei	Lease	500	100.00	-
Nanjing Changan Connected Car Technology Co., Ltd.	Nanjing	Nanjing	Lease	500	100.00	-
Nanjing Changan New Energy Automobile Sales & Service Co., Ltd.	Nanjing	Nanjing	Sales	5,000	100.00	
Fuqing Changan New Energy Automobile Co. Ltd.	Nanjing	Nanjing	Sales	200	100.00	-
Xiamen Changan New Energy Automobile Co. Ltd.	Xiamen	Xiamen	Sales	200	100.00	-
Guangzhou Changan New Energy Automobile Co. Ltd.	Guangzhou	Guangzhou	Sales	400	100.00	-
Chongqing Chehemei Technology Co., Ltd.	Chongqing	Chongqing	Sales	1,000	100	-
Chongqing Changan Kaicheng Automobile Technology Co., Ltd. (note 4)	Chongqing	Chongqing	R&D	100,000	83.64	
Chongqing Changan Automobile Software Technology Co., Ltd.	Chongqing	Chongqing	Sales	9,900	100.00	-

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**1. Shares in subsidiaries (continued)**

Company name	Main operating place	Registered place	Nature of business	Registered capital (0,000)	Total proportion of shareholders (%)	
					direct	indirect
II. subsidiaries acquired through business combinations not under common control						
Nanjing Changan Automobile Co., Ltd.(note1)	Nanjing	Nanjing	Manufacturing	60,181	84.73	-
Chongqing Changan Lingyao Automobile Co., Ltd.(note3)	Chongqing	Chongqing	Manufacturing	133,764	100.00	-
Zhenjiang Demao Hairun Equity Investment Fund Partnership (Limited Partnership)	Zhenjiang	Zhenjiang	finance	150,001	100.00	-
Changan Weilai New Energy Automobile Technology Co., Ltd.	Nanjing	Nanjing	R&D	28,800	95.38	-
III. The subsidiary formed by business combination under common control						
Hebei Baoding Changan Bus Co., Ltd. (note 4)	Dingzhou	Dingzhou	Manufacturing	3,000	-	100.00
Hefei Changan Automobile Co.,Ltd.	Hefei	Hefei	Manufacturing	227,500	100.00	-

Note 1: The proportion of the company's voting rights in Nanjing Changan Automobile Co., Ltd. is 91.53%. The reason for the inconsistency between the shareholding ratio and the proportion of voting rights is that some minority shareholders entrust the company to exercise their voting rights.

Note 2: The remaining shareholders of Chongqing Changan Special Purpose Vehicle Co., Ltd. have signed the "Concerted Acting Persons Agreement" with the company, all agreeing to vote in accordance with the company's voting intentions, so the company can exercise control over it, so it is included in the scope of consolidated financial report.

Note 3: The original Chongqing Changan Suzuki Automobile Co., Ltd. was renamed Chongqing Lingyao Automobile Co., Ltd. in December 2020.

Note 4: In 2020, the company cooperated with Chongqing Linkong Development and Investment Group Co., Ltd. to jointly establish Chongqing Changan Kaicheng Automobile Technology Co., Ltd. with a registered capital of 1 billion yuan and the equity accounts for 83.64% by using the equity, cash and part of the assets of Hebei Changan Automobile Co., Ltd. and Baoding Changan Bus Manufacturing Co., Ltd.

As at 31 December 2020, the Group has no subsidiaries with important minority interests.

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2. Shares in joint ventures and associates

Company name	Main operating place	Registered place	Nature of business	Registered capital (0,000)	Total proportion of shareholders (%)		Accounting treatment
					direct	indirect	
<b>I. Joint ventures</b>							
Changan Ford Automobile Co., Ltd.	Chongqing	Chongqing	Manufacture and sale of automobiles, and components	USD24,100	50.00	-	The equity method
Changan Mazda Automobile Co., Ltd.	Nanjing	Nanjing	Manufacture and sale of automobiles, and components	USD11,097	50.00	-	The equity method
Changan Mazda Engine Co., Ltd.(Note)	Nanjing	Nanjing	Manufacture and sale of automobiles, and components	USD20,966	50.00	-	The equity method
Nanchang Jiangling Investment Co., Ltd.	Nanchang	Nanchang	Management of investment, industry and assets	100,000	50.00	-	The equity method
<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	-	The equity method
Chongqing Changan Kuayue Automobile Sales Co., Ltd.	Chongqing	Chongqing	Sale of Changan Kuayue's automobile and agricultural cars and components. Technical advisory services for automobile	300	34.30	-	The equity method
Chongqing Changan New Energy Vehicles Technology Co., Ltd.	Chongqing	Chongqing	Production and sales of new energy vehicles and parts	20,223	48.95	-	The equity method
Beijing Fang'an crescent taxi Co., Ltd.	Beijing	Beijing	Regional taxi operation	2,698	22.24	-	The equity method
Changan Automobile Finacing Co., Ltd.	Chongqing	Chongqing	Provide car loan; provide vehicle loans and operating equipment loans to car dealers, including the construction loans of exhibition hall, spare parts loans and maintenance equipment loans, etc.	476,843	28.66	-	The equity method
Hainan Anxinxing Information Technology Co., Ltd.	Chengmai	Chengmai	Software and hardware technology development, technical consulting, auto parts sales	3,000	30.00	-	The equity method
Nanjing Chelai Travel Technology Co., Ltd.	Nanjing	Nanjing	Car sales, leasing, software technology development, technical services	10,000	10.00	-	The equity method
Hunan Guoxin Semiconductor Technology Co., Ltd.	Zhuzhou	Zhuzhou	Technology development consulting, technical services, technology transfer in the field of power semiconductors	50,000	25.00	-	The equity method
Beijing Wutong Chelian Technology Co., Ltd.	Beijing	Beijing	Technology development, technical consulting, technical services, technology transfer	39,799	-	49.00	The equity method
Anhe (Chongqing) Equity Investment Fund Management Co., Ltd.	Chongqing	Chongqing	Equity investment management	1,000	-	25.00	The equity method
Hangzhou Chelizi Intelligent Technology Co., Ltd.	Hangzhou	Hangzhou	Car travel service	630	-	20.00	The equity method

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2. Shares in joint ventures and associates (continued)

Company name	Main operating place	Registered place	Nature of business	Registered capital (0,000)	Total proportion of shareholders (%)		Accounting treatment
					direct	indirect	
II. Associates							
Pakistan Master Automobile Co., Ltd.	Pakistan	Pakistan	Car travel service	BRL75,000	-	30.00	The equity method
Jiangling Holding Co., Ltd.	Nanchang	Nanchang	Production and sales of automobiles and auto parts	200,000	25.00	-	The equity method
Nanjing Leading Equity Investment Partnership (Limited Partnership)	Nanjing	Nanjing	Equity investment, venture capital; investment in non-publicly traded equity such as non-listed companies' equity, listed companies' non-publicly issued equity, and related services.	976,000	16.39	-	The equity method
Nanjing Leading Equity Investment Management Co., Ltd.)	Nanjing	Nanjing	Entrusted with the management of private equity investment funds, engaged in equity investment management and related services	1,000	15.00	-	The equity method
Zhongqi Chuangzhi Technology Co., Ltd.	Nanjing	Nanjing	R&D	1,600,000	3.125		The equity method

## 2. Shares in joint ventures and associates (continued)

Changan Ford Automobile Co., Ltd. is the important joint venture to the Group and makes great influence in the share of profit and loss in joint venture and associates, the Group adopts equity method to deal with the investment to it.

The table below shows the financial status of Changan Ford Automobile Co., Ltd., and all the information has been adjusted to eliminate the difference of the accounting policies.

	2020	2019
Current assets	14,624,244,894.00	15,855,818,973.00
Of which: cash and cash equivalent	6,755,423,262.00	6,147,195,270.00
Non-current assets	28,801,167,167.00	31,865,453,438.00
Total assets	43,425,412,061.00	47,721,272,411.00
Current liabilities	31,412,152,044.00	33,821,313,974.00
Non-current liabilities	8,318,215,122.00	10,133,779,777.00
Total liabilities	39,730,367,166.00	43,955,093,751.00
Minority interests	-	84,802,769.00
Equity attributable to owners	3,695,044,895.00	3,681,375,891.00
Net asset owned according to share proportion	1,847,522,447.50	1,840,687,945.50
Adjustment	(55,988,952.33)	(57,864,617.59)
Book value of investment	1,791,533,495.17	1,782,823,327.91
Operating revenue	49,248,182,245.00	28,096,027,801.00
Financial expenses-interest income	90,144,727.00	64,059,181.00
Financial expenses-interest expense	796,370,449.00	713,200,770.00
Income tax expense	165,666,598.00	(954,312,779.00)
Net profit/(loss)	15,753,435.00	(3,850,695,209.00)
Dividend	-	-

## 2. Shares in joint ventures and associates (continued)

The table below shows the financial status of the less important joint ventures and associates:

	2020	2019
<b>Joint venture</b>		
Total book value of the investment	4,374,675,512.56	5,422,265,675.47
Total amount calculated by shareholding proportion		
Net profit/(loss)	94,675,503.73	(401,576,178.40)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>94,675,503.73</b>	<b>(401,576,178.40)</b>
<b>Associates</b>		
Total book value of the investment	5,942,880,787.94	3,803,247,985.71
Total amount calculated by shareholding proportion		
Net profit	(670,118,134.21)	169,721,466.40
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(670,118,134.21)</b>	<b>169,721,466.40</b>

As at 31 December 2020, since the Group has no obligation to undertake the extra loss of Chongqing Changan Kuayue Automobile Sales Co., Ltd, Beijing Fang'an cresent taxi Co., Ltd. and Beijing Wutong Chelian Technology Co., Ltd. When extra loss occurs, the Group writes down the long-term investment to zero without recognizing the extra loss.

## VIII 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

2020	Financial assets measured at fair value and whose changes are recorded in the current profit and loss (standard required)	Financial assets measured at amortized cost	Financial assets measured at fair value and whose changes are recorded in Other comprehensive income (specified)	Total
Cash	-	32,001,775,600.07	-	32,001,775,600.07
Financial assets for trading	204,254,400.00	-	-	204,254,400.00
Notes receivable	-	28,371,541,054.75	-	28,371,541,054.75
Accounts receivable	-	2,141,197,139.45	-	2,141,197,139.45
Other receivables	-	723,919,037.36	-	723,919,037.36
Other current assets	-	317,063,888.99	-	317,063,888.99
Investment in other equity instrument	-	-	691,990,000.00	691,990,000.00
<b>Total</b>	<b>204,254,400.00</b>	<b>63,555,496,720.62</b>	<b>691,990,000.00</b>	<b>64,451,741,120.62</b>

2019	Financial assets measured at fair value and whose changes are recorded in the current profit and loss (standard required)	Financial assets measured at amortized cost	Financial assets measured at fair value and whose changes are recorded in Other comprehensive income (specified)	Total
Cash	-	10,066,171,353.48	-	10,066,171,353.48
Financial assets for trading	2,419,476,200.00	-	-	2,419,476,200.00
Notes receivable	-	26,805,635,587.19	-	26,805,635,587.19
Accounts receivable	-	838,314,076.82	-	838,314,076.82
Other receivables	-	3,731,755,992.46	-	3,731,755,992.46
Other current assets	-	317,546,789.66	-	317,546,789.66
Investment in other equity instrument	-	-	734,506,100.00	734,506,100.00
<b>Total</b>	<b>2,419,476,200.00</b>	<b>41,759,423,799.61</b>	<b>734,506,100.00</b>	<b>44,913,406,099.61</b>



## 1. Classification of financial instruments (continued)

### Financial liabilities

Item	2020	2019
Short-term loans	578,000,000.00	229,580,000.00
Notes payable	17,574,014,553.46	13,430,543,294.23
Accounts payable	23,118,793,794.42	18,905,725,271.50
Other payables	4,475,215,625.98	4,809,918,141.45
Long-term loan	955,300,000.00	55,300,000.00
Non-current liabilities due within one year	100,000,000.00	-
Total	46,801,323,973.86	37,431,066,707.18

## 2. Transfer of financial assets

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

As at 31 December 2020, the Group has endorsed acceptance bill with a carrying amount of RMB5,093,467,680.36 (31 December 2019: RMB1,894,125,685.18) to suppliers to settle the accounts payable. The maturities of the notes are between 1 to 6 months. According to the relevant provisions of the "law of negotiable instruments", if the banks refuse the payment, the holder has the right of recourse to the Group (the "continuing involvement"). The Group holds the view that almost all the risks and rewards concerned have been transferred; therefore, the book value of the accounts payable should be derecognized. The maximum loss and the undiscounted cash flow of the continuing involvement and repurchase is equal to its book value, the Group regards the fair value of the continuing involvement is not significant.

In 2020, the Group didn't recognize profit or loss on the transferring date. No revenue or expense should be recognized in accordance with the continuing involvement in the current period. The indorsement occurred flatly in this period.

### **3. Risks of financial instruments**

The Group faces risks of various financial instruments in its daily activities, mainly including credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and price risk). The main financial instruments of the Group include monetary funds, equity investments, loans, bills receivable, accounts receivable, bills payable, accounts payable, etc. The risks associated with these financial instruments and the risk management strategies adopted by the Group to reduce these risks are described below.

The Group has formulated risk management policies to identify and analyze the risks faced by the Group, set appropriate risk acceptance levels and design corresponding internal control procedures to monitor the Group's risk levels. The Group will periodically re-examine these risk management policies and related internal control systems to adapt to changes in market conditions or the Group's operating activities. The internal audit department also regularly and irregularly checks whether the implementation of the internal control system complies with the risk management policy.

#### **Credit risk**

The Group only deals with recognized and reputable customers. In accordance with the Group's policy, a credit review is required for all customers who require credit transactions. In addition, the Group continuously monitors the balance of accounts receivable to ensure that the Group does not face significant bad debt risk. For transactions that are not settled with the relevant business unit's bookkeeping standard currency, the Group does not provide credit transaction conditions unless specifically approved by the Group's credit control department.

Since the counterparties of monetary funds and bank acceptance receivables are reputable banks with higher credit ratings, these financial instruments have lower credit risk.

With respect to credit risk arising from the other financial assets of the Group, which comprise accounts receivable, 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 2020, there was no credit risk arising from financial guarantee.

Since the Group only trades with approved and reputable customers, there is no need for collateral. Credit risk is centralized and managed according to customers. As at the balance sheet date, the Group has a specific concentration of credit risks. 61.26% of the Group's accounts receivable (December 31, 2019: 20.76%) originated from the top five customers with the balance of accounts receivable. The Group does not hold any collateral or other credit enhancements for the balance of accounts receivable.

### 3. Risks of financial instruments (continued)

#### Credit risk (continued)

2020

##### *Judgment criteria for significant increase in credit risk*

The group evaluates on each balance sheet date whether the credit risk of the relevant financial instruments has increased significantly since the initial recognition. In determining whether credit risk has increased significantly since the initial recognition, the group considers that reasonable and evidence-based information can be obtained without unnecessary additional cost or effort, including qualitative and quantitative analysis based on the group's historical data, external credit risk ratings and forward-looking information. Based on a single financial instrument or a portfolio of financial instruments with similar credit risk characteristics, the group compares the default risk of financial instruments on the balance sheet date with the default risk on the initial confirmation date to determine the change of default risk of financial instruments during their expected duration.

When one or more of the following quantitative or qualitative criteria are triggered, the group believes that the credit risk of financial instruments has significantly increased:

- the quantitative criterion is that the default probability of the remaining duration on the report date increases by more than a certain percentage compared with the initial confirmation;
- qualitative criteria mainly include material adverse changes in the operating or financial situation of the debtor, early warning customer list, etc.;

##### Definition of assets that have incurred credit impairment

In order to determine whether credit impairment occurs, the group adopts a definition standard consistent with the internal credit risk management objectives for relevant financial instruments, and considers both quantitative and qualitative indicators. The group mainly takes the following factors into consideration when evaluating whether the debtor has credit impairment:

- significant financial difficulties of the issuer or debtor;
- debtor breaches the contract, such as default or overdue payment of interest or principal;
- the creditor gives the debtor concessions that the debtor would not have made under any other circumstances for economic or contractual reasons related to the debtor's financial difficulties;
- the debtor is likely to go bankrupt or undergo other financial restructuring;
- the financial difficulties of the issuer or debtor result in the disappearance of an active market for the financial asset;
- purchase or source a financial asset at a substantial discount that reflects the fact that a credit loss has occurred.

The credit impairment of financial assets may be caused by the joint action of multiple events, but not by events that can be identified separately.

### 3. Risks of financial instruments(continued)

#### Credit risk (continued)

A parameter for measuring expected credit losses

According to whether the credit risk has significantly increased and whether the credit impairment has occurred, the group measures the impairment provision for different assets with the expected credit loss of 12 months or the whole duration respectively. The key parameters of expected credit loss measurement include default probability, default loss rate and default risk exposure. The group takes into account the quantitative analysis and forward-looking information of historical statistical data (such as counterparty rating, guarantee method and types of collateral, repayment method, etc.) to establish default probability, default loss rate and default risk exposure models.

The relevant definition is as follows:

- probability of default is the probability that the debtor will not be able to meet its repayment obligations in the next 12 months or throughout the remaining period. The default probability of the group is adjusted based on the results of the historical credit loss model and forward-looking information is added to reflect the default probability of the debtor in the current macroeconomic environment.
- the default loss rate refers to the group's expectation of the extent of losses from default risk exposure. Default loss rates also vary depending on the type of counterparty, the type and priority of recourse, and the collateral. The default loss rate is the percentage of the risk exposure loss at the time of default, calculated on the basis of the next 12 months or the whole duration;
- default exposure is the amount that should be paid to the group at the time of default over the next 12 months or throughout the remaining duration.

The assessment of a significant increase in credit risk and the calculation of expected credit losses involve forward-looking information. Through the analysis of historical data, the group identifies the key economic indicators that affect the credit risks and expected credit losses of each business type.

### 3. Risks of financial instruments (continued)

#### Credit risk (continued)

2020

	Balance of book value			
	Expected credit loss in 12 months	Expected credit loss for the entire duration		
	Stage 1	Stage 2	Stage 3	Simplified measurement
Cash	32,001,775,600.07	-	-	-
Financial assets for trading	204,254,400.00	-	-	-
Notes receivable	28,371,541,054.75	-	-	-
Accounts Receivable	-	-	-	2,330,688,177.67
Other receivables	720,859,859.96	3,370,529.42	11,509,900.77	-
Other current assets	317,063,888.99	-	-	-
Investment in other equity instrument	691,990,000.00	-	-	-

2019

	Balance of book value			
	Expected credit loss in 12 months	Expected credit loss for the entire duration		
	Stage 1	Stage 2	Stage 3	Simplified measurement
Cash	10,066,171,353.48	-	-	-
Financial assets for trading	2,419,476,200.00	-	-	-
Notes receivable	26,805,635,587.19	-	-	-
Accounts Receivable	-	-	-	922,466,550.83
Other receivables	2,205,778,389.26	1,637,955,311.33	13,616,375.98	-
Other current assets	317,546,789.66	-	-	-
Investment in other equity instrument	734,506,100.00	-	-	-

### 3. Risks of financial instruments (continued)

#### Liquidity risk

The Group adopts cycle liquidity planning instrument to manage capital shortage risks. The instrument takes into consideration the maturity date of financial instruments plus estimated cash flow from the Group's operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility and sufficient cash to support operating capital through financing functions by the use of bank loans, debentures, etc.

The table below summarizes the maturity profile of the Group's financial liabilities based on the non-discounted cash flow of the contracts:

2020

	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
Short-term loans	12,546,250.00	10,676,250.00	564,836,250.00	-	588,058,750.00
Notes payable	2,597,962,425.69	5,595,973,525.17	9,380,078,602.60	-	17,574,014,553.46
Accounts payable	4,135,448,636.97	4,144,650,073.61	14,838,695,083.84	-	23,118,793,794.42
Other payable	2,265,809,851.66	281,948,093.43	1,927,457,680.89	-	4,475,215,625.98
Long-term loan	-	6,888,250.00	20,664,750.00	996,353,000.00	1,023,906,000.00
Non-current liabilities due within one year	-	750,000.00	100,750,000.00	-	101,500,000.00
Total	9,011,767,164.32	10,040,886,192.21	26,832,482,367.33	996,353,000.00	46,881,488,723.86

2019

	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
Short-term loans	10,873,355.54	11,662,192.77	225,320,407.33	-	247,855,955.64
Notes payable	2,199,933,553.00	4,009,043,006.46	7,221,566,734.77	-	13,430,543,294.23
Accounts payable	5,035,073,542.16	2,771,766,385.97	11,098,885,343.37	-	18,905,725,271.50
Other payable	2,617,278,106.27	863,614,813.37	1,329,025,221.81	-	4,809,918,141.45
Long-term loan	46,967.12	90,904.11	415,128.77	56,915,063.01	57,468,063.01
Total	9,863,205,524.09	7,656,177,302.68	19,875,212,836.05	56,915,063.01	37,451,510,725.83

#### Market risk

##### Interest rate risk

The Group's revenue and operating cash flows are seldomly influenced by the interest fluctuation. As at 31 December 2020, 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.

### 3. Risks of financial instruments (continued)

#### Market risk(continued)

In 2020, the Group only has transactional currency exposures of 3.63% (2019: 4.97%) 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 price risk of equity instrument investment refers to the risk that the fair value of equity securities is reduced due to changes in the level of stock indexes and changes in the value of individual securities. On December 31, 2020, the Group's listed equity instrument investment (Note V. 2) was listed on the Shanghai Stock Exchange and measured on the basis of market quotes on the balance sheet date. The following table illustrates the sensitivity of the Group's net profit and loss to every 5% change in the fair value of equity instrument investments (based on the book value at the balance sheet date) under the assumption that all other variables remain constant.

2020

Equity instrument investment	Carrying amount of equity investments	Change in fair value	Increase/(decrease) in net profit	Increase/(decrease) in equity
Shanghai- Equity investment included in financial assets at fair value through profit or loss	180,929,400.00	5%	7,689,499.50	7,689,499.50
Shanghai- Equity investment included in financial assets at fair value through profit or loss	180,929,400.00	(5%)	(7,689,499.50)	(7,689,499.50)

### 3. Risks of financial instruments (continued)

#### Market risk(continued)

##### Equity instruments investment price risk (continued)

2019

Equity instrument investment	Carrying amount of equity investments	Change in fair value	Increase/(decrease) in net profit	Increase/(decrease) in equity
Shanghai- Equity investment included in financial assets at fair value through profit or loss	184,245,000.00	5%	7,830,412.50	7,830,412.50
Shanghai- Equity investment included in financial assets at fair value through profit or loss	184,245,000.00	(5%)	(7,830,412.50)	(7,830,412.50)
Shenzhen- Equity investment included in financial assets at fair value through profit or loss	2,235,231,200.00	5%	94,997,326.00	94,997,326.00
Shenzhen- Equity investment included in financial assets at fair value through profit or loss	2,235,231,200.00	(5%)	(94,997,326.00)	(94,997,326.00)

### 4. Capital management

The main goal of the Group's capital management is to ensure that the ability of continuous operation and maintain 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 2019 and 2020.

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

	31 December 2020	31 December 2019
Leverage ratio	<u>55.77%</u>	<u>54.99%</u>



## IX Disclosure of fair value

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

2020

	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
Transactional financial assets-equity instrument investment	180,929,400.00	-	-	180,929,400.00
Transactional financial assets-derivative financial assets	-	23,325,000.00	-	23,325,000.00
Investment in other equity instruments	-	-	691,990,000.00	691,990,000.00
<b>Total</b>	<b>180,929,400.00</b>	<b>23,325,000.00</b>	<b>691,990,000.00</b>	<b>896,244,400.00</b>

2019

	Input measured at fair value			
	Quoted price in active market (The first level)	Important and observable input(The second level)	Important but unobservable input (The third level)	Total
Transactional financial assets-equity instrument investment	184,245,000.00	2,235,231,200.00	-	2,419,476,200.00
Investment in other equity instrument	-	-	734,506,100.00	734,506,100.00
<b>Total</b>	<b>184,245,000.00</b>	<b>2,235,231,200.00</b>	<b>734,506,100.00</b>	<b>3,153,982,300.00</b>

### 2. Fair value estimation

Management has assessed and concluded accounts, including cash, notes receivable, accounts receivable, other receivables, other payables, notes payable and accounts payable and so on, whose fair value equals to book value because of its short term to overdue.

Financial assets and financial liabilities are measured at the amount that an asset could be exchanged for or by which a liability could be incurred or settled by knowledge, willing parties in a current arm's-length transaction, other than liquidation or unwilling sales. Methods and hypothesis followed are used for determining fair value.

## 2. Fair value estimation (continued)

Long-term loans and short-term loans use discounted cash flow method to determine its fair value, with discount rate in accordance with market return of other financial instruments based on similar terms, credit risks and remaining terms. As at 31 December 2020, the default risk of long-term loans and short-term loans were considered immaterial.

The equity instruments listed by the Group are ordinary shares with unrestricted sale conditions, and their fair value is determined at the quoted market price. The Group's unlisted equity instruments use a series of valuation models to estimate the fair value, and the assumptions used are not supported by observable market prices or interest rates. The Group mainly refers to the evaluation reports of independent qualified professional appraisers. The Group believes 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.

The Group entered into a derivative financial instrument contract with the bank. The Group's derivative financial instruments are foreign exchange forward contracts, which are measured using valuation techniques similar to the present value method. The observable input value of the market covered by the model is the forward exchange rate. The book value of a foreign exchange forward contract is the same as the fair value.

## 3. Unobservable input

The following is an overview of the important unobservable input value of the third level fair value measurement:

	Fair value	Valuation techniques	Non-observable input value
Investment in other equity instrument			
2020	691,990,000.00	Market approach/ Income approach	Comparable transaction value multiplier / Post-tax discount rate
2019	734,506,100.00		

## **X Related party relationships and transactions**

### **1. The holding company**

Holding company	Place of registration	Registered capital	Nature of the business	Proportion of shares in the Company	Proportion of voting rights in the company
Changan Automobile Company Limited	Beijing	6,092,273,400.00	Automobile and its engines, spare parts manufacturing, marketing	21.92%	21.92%

The ultimate holding company is China South Industries Group Corporation.

### **2. Subsidiaries**

Refer to Note VII 1 for details of the Group's subsidiaries.

### **3. Joint ventures and associates**

Refer to Note VII 2 for details of the Group's joint ventures and associates.

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**4. Other related parties**

Related parties	Relationship
Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Changrong Machinery Co., Ltd.	Controlled by the same ultimate holding company
Chengdu Lingchuan Special Industry Co., Ltd.	Controlled by the same ultimate holding company
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Changfeng Jiquan Machinery Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Construction Tongda Industrial Co., Ltd.	Controlled by the same ultimate holding company
Yunnan Xiyi Industries Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Shangfang Automobile Fittings Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Dajiang Yuqiang Plastic Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	Controlled by the same ultimate holding company
China South Industry Group Finance Co., Ltd;	Controlled by the same ultimate holding company
Chengdu Wanyou Filter Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Yihong Engineering Plastic Products Co., Ltd.	Controlled by the same ultimate holding company
Beijing Beiji Mechanical and Electrical Industry Co., Ltd.	Controlled by the same ultimate holding company
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Dajiang Jiexin Forging Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Jialing Yimin Special Equipment Co., Ltd.	Controlled by the same ultimate holding company
Chengdu Guangming Tianzhong Environmental Protection Technology Co., Ltd	Controlled by the same ultimate holding company
Chongqing Xiyi Automobile Connecting Rod Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Changan Industries Group Co. Ltd.	Controlled by the same ultimate holding company
Hubei Huazhong Marelli Automobile Lighting Co.,	Controlled by the same ultimate holding company
China South Industries Group Commercial Factoring Co., Ltd.	Controlled by the same ultimate holding company
China South Industries Group Information Center Co., Ltd.	Controlled by the same ultimate holding company
China South Industries Group Financial Leasing Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Qingshan Transmission Sales Co., Ltd.	Controlled by the same ultimate holding company

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Related parties	Relationship
Chongqing Jianshe Industry (Group) Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Changan Construction Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Changan Property Management Co., Ltd.	Controlled by the same ultimate holding company
Sichuan Jian'an Industrial Co.,Ltd.	Controlled by the same ultimate holding company
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	Controlled by the same ultimate holding company
Chengdu Huachuan Electric Equipment Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Automobile Air-conditioner Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Wanyou Automobl Sales & Service Corporation	Controlled by the same ultimate holding company
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	Controlled by the same ultimate holding company
Chengdu Wanyou Trading Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Anfu Automobile Co., Ltd.	Controlled by the same ultimate holding company
China Changan Automobile Group Tianjin Sales Co., Ltd.	Controlled by the same ultimate holding company
Harbin Dongan Auto Engine Co., Ltd.	Controlled by the same ultimate holding company
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	Controlled by the same ultimate holding company
Wanyou Automobile Investment Co., Ltd.	Controlled by the same ultimate holding company
Chengdu Wanyou Auto Trade Service Co., Ltd	Controlled by the same ultimate holding company
Chongqing Wanyou Economic Development Co., Ltd	Controlled by the same ultimate holding company
Yunnan Wanyou Auto Sales and Service Co., Ltd.	Controlled by the same ultimate holding company
Nanning Wanyou Auto Sales and Service Co., Ltd.	Controlled by the same ultimate holding company
Yunnan Xiangyu Auto Sales and Service Co., Ltd.	Controlled by the same ultimate holding company
Panzhuhua Wanyou Auto Sales & Service Co., Ltd.	Controlled by the same ultimate holding company
Ya'an Wanyou Auto Sales and Service Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Wanyou Ducheng Auto Sales Service Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Wanyou Xingjian Auto Sales & Service Co., Ltd.	Controlled by the same ultimate holding company
Luzhou Wanyou Automobile Service Co., Ltd.	Controlled by the same ultimate holding company
Chengdu wanyou auto Sales and service co.,Ltd	Controlled by the same ultimate holding company
Bazhong Wanyou Auto Sales & Service Co., Ltd.	Controlled by the same ultimate holding company
Harbin Botong Auto Parts Co.,Ltd.	Controlled by the same ultimate holding company

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Related parties	Relationship
China Changan Automobile Group Hefei Investment Co., Ltd.	Controlled by the same ultimate holding company
Guizhou Wanyou Auto Sales and Service Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Tsingshan Industrial Co., Ltd.(Formerly China Changan Automobile Group. – Chongqing Tsingshan Transmission Branch)	Controlled by the same ultimate holding company
Guangxi Wanyou Auto Sales and Service Co., Ltd.	Controlled by the same ultimate holding company
Liangshan Wanyou Auto Sales & Service Co., Ltd.	Controlled by the same ultimate holding company
Chongqing Changan Real Estate Development Co., Ltd.	Controlled by the same ultimate holding company
Harbin Hafei Automobile Industry Group Co.,Ltd.	Participated by the Ultimate holding company
Chongqing Nexteer Steering System Co.,Ltd.	Participated by the Ultimate holding company
South Inter Air-conditioner Co.,Ltd.	Participated by the Ultimate holding company
South Tianhe Chassis System Co., Ltd.	Participated by the Ultimate holding company
Chongqing Changan Minsheng Logistics Co. Ltd	Participated by the Ultimate holding company
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd.	Participated by the Ultimate holding company
Southern Fojiya Auto Parts Co., Ltd.	Participated by the Ultimate holding company
Hunan Tyen Machinery Co., Ltd.	Participated by the Ultimate holding company
Tenneco Lingchuan (Chongqing) Exhaust System Company Ltd.	Participated by the Ultimate holding company
Chongqing Dajiang Guoli Precision Machinery Manufacturing Co., Ltd.	Participated by the Ultimate holding company
Dajiang Yapp Automotive Systems Co., Ltd.	Participated by the Ultimate holding company
United Automotive Electronis Systems (Chongqing) Co., Ltd.	Participated by the Ultimate holding company
Chongqing Hanon Jianshe Automotive Thermal Systems Co., Ltd.	Participated by the Ultimate holding company
Chongqing Dajiang Tongyang Plastics Co., Ltd.	Participated by the Ultimate holding company
Changan Reis (Chongqing) Robotic Intelligent Equipment Co., Ltd.	Participated by the Ultimate holding company
Lear Changan (Chongqing) Automotive System Co., Ltd.	Participated by the Ultimate holding company
Gkn Huayu Driveline Systems(chongqing) Co., Ltd.	Participated by the Ultimate holding company
Chongqing Lingchuan Auto Parts Manufacturing Technology Co., Ltd.	Participated by the Ultimate holding company
Nanjing LingHang Technology Co., Ltd.	Companies in which the company participates
Hangzhou Lingxing Yuexiang Auto Service Co.,Ltd.	Companies in which the company participates
Chongqing Lingxing Yuexiang Auto Service Co.,Ltd.	Companies in which the company participates
Nanjing Lingxing Yuexiang Auto Service Co.,Ltd.	Companies in which the company participates



## 5. Major transactions between the Group and its related parties

### (1) Transactions of goods and services

#### Purchases of goods and services from related parties

Related parties	Nature of the transaction	2020	2019
Chongqing Tsingshan Industrial Co., Ltd.	Purchase of spare parts	3,684,739,124.13	1,445,693,679.11
Chongqing Changan Minsheng Logistics Co. Ltd	Purchase of spare parts and transportation fee	2,321,661,536.69	1,842,826,345.72
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	Purchase of spare parts and accept service	1,178,198,495.66	855,905,264.99
Chongqing Changan New Energy Vehicles Technology Co., Ltd	Purchase of complete vehicles, spare parts and accept service	1,097,592,882.15	-
Chongqing Wanyou Economic Development Co., Ltd	Purchase of spare parts and accept service	976,443,727.86	449,900,979.95
Harbin Dongan Auto Engine Co., Ltd.	Purchase of spare parts	932,157,154.17	863,253,483.29
Hubei Huazhong Marelli Automobile Lighting Co., Ltd.	Purchase of spare parts and accept service	924,861,149.84	342,062,024.70
Chongqing Nexteer Steering System Co., Ltd.	Purchase of spare parts	739,702,972.57	645,365,956.45
South Tianhe Chassis System Co., Ltd.	Purchase of spare parts	726,774,574.11	423,553,043.17
Sichuan Jian'an Industrial Co., Ltd.	Purchase of spare parts	628,825,753.65	669,897,166.50
Southern Fojiya Auto Parts Co., Ltd.	Accept service	491,923,455.98	362,451,567.62
South Inter Air-conditioner Co., Ltd.	Purchase of spare parts	426,702,939.90	343,160,145.30
Chengdu Huachuan Electric Equipment Co., Ltd.	Purchase of spare parts	355,932,699.49	285,653,390.76
Lear Changan (Chongqing) Automotive System Co., Ltd.	Purchase of spare parts	334,723,824.17	-
Dajiang Yapp Automotive Systems Co., Ltd.	Purchase of spare parts	265,670,263.73	-
Chongqing Dajiang Guoli Precision Machinery Manufacturing Co., Ltd.	Purchase of spare parts	247,355,461.90	-
Gkn Huayu Driveline Systems(chongqing) Co., Ltd.	Purchase of spare parts	242,321,598.09	-
United Automotive Electronis Systems (Chongqing) Co., Ltd.	Purchase of spare parts	222,951,286.10	-
Sichuan Ningjiang Shanchuan Machinery Co., Ltd.	Purchase of spare parts	180,146,080.98	103,655,325.91
Chongqing Changrong Machinery Co., Ltd.	Purchase of spare parts	172,791,601.30	52,501,322.75
Chongqing Dajiang Yuqiang Plastic Co., Ltd.	Purchase of spare parts	158,286,387.38	151,818,323.38
Chongqing Hanon Jianshe Automotive Thermal Systems Co., Ltd.	Purchase of spare parts	145,011,197.99	-
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	Purchase of spare parts	144,053,301.47	104,933,521.74
Chengdu Wanyou Filter Co., Ltd.	Purchase of spare parts	113,437,940.80	102,999,118.76
Hunan Tyen Machinery Co., Ltd.	Purchase of spare parts	106,381,211.46	-
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd.	Purchase of spare parts	92,051,383.78	104,848,894.36
Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	Purchase of spare parts	89,517,947.06	88,918,096.09



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Related parties	Nature of the transaction	2020	2019
Yunnan Xiyi Industries Co., Ltd.	Purchase of spare parts	83,142,186.90	74,537,241.94
Tenneco Lingchuan (Chongqing) Exhaust System Company Ltd.	Purchase of spare parts	65,711,704.15	-
Chongqing Shangfang Automobile Fittings Co., Ltd.	Purchase of spare parts	47,085,555.46	31,151,137.10
Chongqing Lingchuan Auto Parts Manufacturing Technology Co., Ltd.	Purchase of spare parts	46,023,003.13	-
Beijing Phoenix Auto Intelligence Co., Ltd.	Purchase of spare parts	40,112,533.75	-
Chongqing Construction Tongda Industrial Co., Ltd.	Purchase of spare parts	35,482,658.54	25,843,605.06
Chongqing Dajiang Tongyang Plastics Co., Ltd.	Purchase of spare parts	25,446,765.92	-
Chengdu Lingchuan Special Industry Co., Ltd.	Purchase of spare parts	23,320,009.34	37,573,006.18
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	Purchase of spare parts	15,506,135.12	23,453,388.49
Chengdu Jialing Huaxi Optical & Precision Machinery Co., Ltd.	Purchase of spare parts	12,054,907.93	11,994,195.12
Chongqing Qingshan Transmission Sales Co., Ltd.	Purchase of spare parts	10,194,400.54	8,394,479.56
Shenzhen Baoneng Automobile Co., Ltd. (formerly Changan PSA Automobiles Co., Ltd.)	Accept service	9,871,953.03	79,147,833.93
Chongqing Changan Industries Group Co. Ltd.	Purchase of spare parts and accept service	9,049,155.57	1,684,045.48
Guizhou Wanyou Auto Sales and Service Co., Ltd.	Accept service	5,741,965.89	1,152,962.38
Yunnan Wanyou Auto Sales and Service Co., Ltd.	Accept service	5,253,274.07	1,333,771.44
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	Accept service	5,244,419.54	406,108.89
Changan Ford Automobile Co., Ltd.	Purchase of spare parts and accept processing services	5,058,945.34	2,590,337.26
Chongqing Dajiang Jiexin Forging Co., Ltd.	Purchase of spare parts and accept service	4,674,122.53	2,962,328.84
Chongqing Changan Construction Co., Ltd.	Accept service	4,349,278.97	-
Chongqing Changan Property Management Co., Ltd.	Accept service	4,017,497.13	3,768,639.91
Chongqing Yihong Engineering Plastic Products Co., Ltd.	Purchase of spare parts	3,955,965.29	6,403,252.19
Chongqing Wanyou Ducheng Auto Sales Service Co., Ltd.	Accept service	2,381,398.33	465,125.25
Chongqing Jianshe Industry (Group) Co., Ltd.	Purchase of spare parts	2,330,777.03	-
China Changan Automobile Group Hefei Investment Co., Ltd.	Sales of the vehicle	2,330,132.81	-
Chongqing Wanyou Xingjian Auto Sales & Service Co., Ltd.	Accept service	1,680,689.78	291,142.59
Hangzhou cherry intelligent technology co. LTD	Provide labor services	1,616,404.78	-
Ya'an Wanyou Auto Sales and Service Co., Ltd.	Accept service	1,393,713.98	169,973.58
Chengdu Wanyou Auto Trade Service Co., Ltd	Accept service	917,270.50	758,199.25
Luzhou Wanyou Automobile Service Co., Ltd.	Accept service	680,474.95	75,239.09
Panzhuhua Wanyou Auto Sales & Service Co., Ltd.	Accept service	442,345.13	103,757.84
Bazhong Wanyou Auto Sales & Service Co., Ltd.	Accept service	430,168.54	23,222.34
Beijing Beiji Mechanical and Electrical Industry Co., Ltd.	Accept service	303,166.85	708,967.98
Yunnan Xiangyu Auto Sales and Service Co., Ltd.	Accept service	183,484.32	162,564.53
Chongqing Anfu Automobile Co., Ltd.	Sales of the vehicle	96,637.17	-

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Related parties	Nature of the transaction	2020	2019
China Changan Automobile Group Tianjin Sales Co., Ltd.	Accept service	69,937.47	29,492.96
Chengdu Wanyou Trading Co., Ltd.	Accept service	20,445.13	39,638.09
Chongqing Changfeng Jiquan Machinery Co., Ltd.	Purchase of spare parts	-	784,396.13
Harbin Botong Auto Parts Co.,Ltd.	Accept service	-	110,662.34
Liangshan Wanyou Auto Sales & Service Co., Ltd.	Accept service	-	106,207.55
Nanning Wanyou Auto Sales and Service Co., Ltd.	Accept service	-	77,083.32
Guangxi Wanyou Auto Sales and Service Co., Ltd.	Accept service	-	45,265.47
Total		17,476,389,437.32	9,555,744,922.63

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

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Sales of goods and services to related parties

Relate parties	Nature of the transaction	2020	2019
Chongqing Wanyou Economic Development Co., Ltd	Sales of vehicles and parts	1,624,459,884.38	1,294,526,146.64
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	Sales of the vehicle	1,149,704,763.57	1,020,942,159.56
Yunnan Wanyou Auto Sales and Service Co., Ltd.	Sales of vehicles and parts	1,046,431,806.05	857,858,507.32
Chongqing Changan New Energy Vehicles Technology Co., Ltd	Sales of vehicle parts and services	996,717,165.22	-
Guizhou Wanyou Auto Sales and Service Co., Ltd.	Sales of vehicles and parts	789,666,169.97	705,328,475.27
Wanyou Automobile Investment Co., Ltd.	Sales of the vehicle	512,772,048.97	402,904,992.87
Changan Automobile Finacing Co., Ltd.	Provide labor services	388,230,602.82	237,043,345.19
Chengdu Wanyou Auto Trade Service Co., Ltd	Sales of vehicles and parts	368,099,617.03	368,874,409.70
Chongqing Wanyou Zunda Automobile Sales & Service Co., Ltd.	Selling parts	307,433,336.52	327,870,483.51
China Changan Automobile Group Tianjin Sales Co., Ltd.	Sales of vehicles and parts	216,834,369.66	134,375,668.38
China Changan Automobile Group Hefei Investment Co., Ltd.	Sales of vehicles and parts	201,590,656.88	123,295,447.31
Pakistan Master Automobile Co., Ltd.	Sales of the vehicle	132,463,965.62	-
Yunnan Xiangyu Auto Sales and Service Co., Ltd.	Sales of vehicles and parts	102,560,313.23	103,061,523.82
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	Selling parts and services	76,937,131.10	39,397,590.22
Chongqing Changan Kuayue Automobile Co., Ltd.	Provide labor services	20,607,490.36	8,689,641.51
Chongqing Anfu Automobile Co., Ltd.	Sales of vehicles and parts	17,553,603.64	52,601,392.41
Chongqing Tsingshan Industrial Co., Ltd.	Selling parts	15,461,598.83	1,689,138.05
Changan Ford Automobile Co., Ltd.	Selling parts and services	9,247,644.96	46,055,323.95
Changan Mazda automobile co. LTD	Selling parts	4,903,862.68	6,202,916.90
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	Selling parts	3,355,064.92	3,670,059.16
Chongqing Wanyou Ducheng Auto Sales Service Co., Ltd.	Selling parts	1,387,972.19	267,771.57
Chongqing Changan Minsheng Logistics Co. Ltd	Selling parts and services	1,264,779.06	14,366,909.02
Chongqing Wanyou Xingjian Auto Sales & Service Co., Ltd.	Selling parts	1,264,570.81	263,101.81
Chongqing Dajiang Yuqiang Plastic Co., Ltd.	Selling parts	1,161,406.50	1,133,135.13
Ya'an Wanyou Auto Sales and Service Co., Ltd.	Selling parts	747,337.96	150,981.02
Luzhou Wanyou Automobile Service Co., Ltd.	Selling parts	732,648.64	42,972.66
China South Industries Group Information Center Co., Ltd.	Provide labor services	407,547.17	-
Changan Mazda Engine Co., Ltd.	Selling parts	384,329.60	495,283.02
Panzhuhua Wanyou Auto Sales & Service Co., Ltd.	Selling parts	358,849.20	28,976.04
Bazhong Wanyou Auto Sales & Service Co., Ltd.	Selling parts and services	344,935.41	98,333.88
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	Provide labor services	305,799.06	-
Chengdu wanyou auto Sales and service co.,Ltd	Sales of the vehicle	196,660.99	954,788.63
Hainan Anxinxing Information Technology Co., Ltd	Provide labor services	161,934.70	-

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Relate parties	Nature of the transaction	2020	2019
Yunnan Xiyi Industries Co., Ltd.	Selling parts	155,086.64	142,800.00
Chongqing Wanyou Automobl Sales & Survice Corporation	Sales of the vehicle	70,010.29	-
China South Industries Group Financial Leasing Co., Ltd.	Provide labor services	61,981.14	-
Harbin Dongan Auto Engine Co., Ltd.	Selling parts	39,300.77	6,787,846.16
Beijing Phoenix Auto Intelligence Co., Ltd.	Selling parts	30,876.11	-
Gkn Huayu Driveline Systems(chongqing) Co., Ltd.	Provide labor services	24,424.78	-
Chongqing Changan Industries Group Co. Ltd.	Provide labor services	16,867.92	368,958.17
Chengdu Huachuan Electric Equipment Co., Ltd.	Selling parts and services	11,245.28	175,702.23
Chengdu Wanyou Filter Co., Ltd.	Provide labor services	9,693.44	76,460.18
Guangxi Wanyou Auto Sales and Service Co., Ltd.	Sales of vehicles and parts	8,937.17	35,978,961.30
Sichuan Jian'an Industrial Co.,Ltd.	Provide labor services	5,622.64	-
Chongqing Yihong Engineering Plastic Products Co., Ltd.	Provide labor services	5,622.64	-
China South Industries Group Commercial Factoring Co., Ltd.	Provide labor services	822.91	-
Southern Fojiya Auto Parts Co., Ltd.	Provide labor services	28.32	-
South Inter Air-conditioner Co.,Ltd.	Provide labor services	14.87	123,160.99
Chongqing Lingxing Yuexiang Auto Service Co.,Ltd.	Sales of vehicles and parts	-	639,500,000.00
Nanjing Lingxing Yuexiang Auto Service Co.,Ltd.	Sales of the vehicle	-	337,067,431.56
Hangzhou Lingxing Yuexiang Auto Service Co.,Ltd.	Sales of vehicles and parts	-	255,800,000.00
Nanning Wanyou Auto Sales and Service Co., Ltd.	Sales of the vehicle	-	22,459,166.57
Changan weilai new energy automobile technology co. LTD	Provide labor services	-	16,395,084.70
China South Industry Group Finance Co., Ltd;	Provide labor services	-	1,260,010.87
Jiangling Holding Co., Ltd.	Selling parts and services	-	1,178,613.60
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd.	Selling parts and services	-	897,104.41
South Tianhe Chassis System Co., Ltd.	Provide labor services	-	246,184.37
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	Selling parts	-	244,592.80
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	Provide labor services	-	217,873.93
Chongqing Changan Construction Co., Ltd.	Provide labor services	-	169,692.36
Chongqing Changrong Machinery Co., Ltd.	Provide labor services	-	124,339.62
Chongqing Construction Tongda Industrial Co., Ltd.	Selling parts and services	-	124,302.65
Nanjing Chelai Travel Technology Co., Ltd.	Sales of the vehicle	-	50,442.48
Chongqing Shangfang Automobile Fittings Co., Ltd.	Selling parts	-	20,037.74
Chengdu Wanyou Trading Co., Ltd.	Selling parts and services	-	7,079.65
Total		7,994,190,402.62	7,071,605,320.89

The price of the Group's sales to related parties is based on contracts agreed by all parties.

## 5. Major transactions between the Group and its related parties (continued)

### Other major related-party transactions

The price of the Group's other major related-party transactions is based on contracts agreed by all parties.

#### Expenses of integrated service charges

Related parties	2020	2019
Chongqing Changan Industries Group Co. Ltd.	121,164,234.07	137,191,301.82

#### Purchase of project materials

Related parties	2020	2019
Chongqing Changan Construction Co., Ltd.	159,193,193.63	279,388,409.46
Changan Reis (Chongqing) Robotic Intelligent Equipment Co., Ltd.	16,090,656.48	-
Chongqing Changan Industries Group Co. Ltd.	17,522.13	-
Total	175,301,372.24	279,388,409.46

#### Staff expenses for technical supporting

Related parties	2020	2019
Changan Ford Automobile Co., Ltd.	32,917,981.18	37,143,811.11
Changan Mazda automobile co. Ltd	23,664,359.18	25,699,005.55
Chongqing Changan New Energy Vehicles Technology Co., Ltd	23,565,604.40	-
Changan Mazda Engine Co., Ltd.	12,367,325.14	17,126,423.37
Chongqing Changan Kuayue Automobile Co., Ltd.	3,384,053.69	1,840,505.42
Chongqing Tsingshan Industrial Co., Ltd.	2,202,660.23	-
Hainan Anxinxing Information Technology Co., Ltd	602,542.27	1,894,649.63
Jiangling Holding Co., Ltd.	-	1,484,296.87
Changan weilai new energy automobile technology co. Ltd	-	201,715.20
Shenzhen Baoneng Automobile Co., Ltd.	-	242,271.06
Total	98,704,526.09	85,632,678.21

## 5. Major transactions between the Group and its related parties (continued)

### Deferred interest income from funds

Related parties	2020	2019
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	1,603,276.97	1,200,347.55
Guizhou Wanyou Auto Sales and Service Co., Ltd.	897,380.12	788,602.82
Chengdu Wanyou Auto Trade Service Co., Ltd	237,946.02	224,380.52
Yunnan Wanyou Auto Sales and Service Co., Ltd.	223,230.97	510,690.26
Chongqing Wanyou Economic Development Co., Ltd	220,335.39	685,932.17
Wanyou Automobile Investment Co., Ltd.	90,990.28	207,022.94
China Changan Automobile Group Hefei Investment Co., Ltd.	21,053.98	-
Yunnan Xiangyu Auto Sales and Service Co., Ltd.	2,322.12	76,081.41
Guangxi Wanyou Auto Sales and Service Co., Ltd.	-	191,681.80
China Changan Automobile Group Tianjin Sales Co., Ltd.	-	56,330.02
Nanning Wanyou Auto Sales and Service Co., Ltd.	-	41,829.76
Total	3,296,535.85	3,982,899.25

### (2) Lease between related parties

#### As lessor

	Type of leased assets	2020	2019
Chongqing Changan Industries Group Co. Ltd.	Building	6,566,747.42	6,566,747.42
Chongqing Changan New Energy Vehicles Technology Co., Ltd	Vehicle and equipment	4,197,176.80	-
Chongqing Changan Minsheng Logistics Co. Ltd	Building	2,032,149.73	1,760,438.60
Hangzhou cherry intelligent technology co. LTD	Vehicle	1,045,398.23	6,861,386.18
Chongqing Wanyou Economic Development Co., Ltd	Building	333,333.34	-
Nanjing LingHang Technology Co., Ltd.	Vehicle	301,115.04	-
Jiangling Holding Co., Ltd.	Equipment	-	1,889,756.40
Total		14,475,920.56	17,078,328.60

#### As lessee

Name of Lessor	Types of leased assets	2020	2019
Chongqing Changan Minsheng Logistics Co. Ltd	Warehouse	14,087,019.20	7,887,394.19
Chongqing Changan Real Estate Development Co., Ltd.	Office building and garage	-	1,152,601.90
Total		14,087,019.20	9,039,996.09

## 5. Major transactions between the Group and its related parties (continued)

### (3) Deposits and loan interest from related parties

#### Interest income

Related party	Type of transaction	2020	2019
China South Industry Group Finance Co., Ltd.	Deposit interest income	89,163,517.54	68,795,616.81
Changan Automobile Financing Co., Ltd	Deposit Interest income	45,267,500.00	31,600,000.00
Jiangling Holding Co., Ltd.	Entrusted loan interest income	13,768,160.42	6,771,226.43
Total		148,199,177.96	107,166,843.24

#### Interest expense

Related party	Type of transaction	2020	2019
China South Industry Group Finance Co., Ltd.	Loan interest expense	13,734,247.21	9,425,222.23

### (4) Other related party transaction

Item	2020	2019
Compensation of key management personal	27,805,802.00	10,460,906.41

## 6. Amounts due from/to related parties

### Notes receivable

Related party	2020	2019
Wanyou Automobile Investment Co., Ltd.	1,504,200,000.00	2,602,280,000.00
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	13,328,173.30	9,190,280.17
Chongqing Tsingshan Industrial Co., Ltd.	734,400.00	-
Chengdu Wanyou Auto Trade Service Co., Ltd	-	9,500,000.00
Chongqing Wanyou Economic Development Co., Ltd	-	8,000,000.00
Guizhou Wanyou Auto Sales and Service Co., Ltd.	-	3,500,000.00
Total	1,518,262,573.30	2,632,470,280.17

## 6. Amounts due from/to related parties (continued)

### Accounts receivable

Related party	2020	2019
Chongqing Changan New Energy Vehicles Technology Co., Ltd	1,228,074,856.50	-
Pakistan Master Automobile Co., Ltd.	82,290,540.22	-
Changan Automobile Financing Co., Ltd.	54,885,984.97	-
Jiangling Holding Co., Ltd.	39,964,487.77	40,768,788.17
Chongqing Changan Minsheng Logistics Co. Ltd	31,376,144.03	31,516,680.23
Changan Ford Automobile Co., Ltd.	9,727,086.90	19,811,465.27
Chongqing Tsingshan Industrial Co., Ltd.	8,611,202.87	1,737,782.37
Chongqing Changan Kuayue Automobile Co., Ltd.	7,978,148.98	11,194,267.89
Changan Mazda automobile co. LTD	5,435,063.14	5,775,176.73
Yunnan Wanyou Auto Sales and Service Co., Ltd.	1,707,391.53	-
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	845,087.33	9,855,355.88
Chongqing Changan Industries Group Co. Ltd.	701,659.69	719,539.69
Hainan Anxixing Information Technology Co., Ltd	602,542.27	555,058.16
Nanjing LingHang Technology Co., Ltd.	340,260.00	-
Changan Mazda Engine Co., Ltd.	156,000.00	5,042,050.65
Guangxi Wanyou Auto Sales and Service Co., Ltd.	997.60	997.60
Harbin Dongan Auto Engine Co., Ltd.	180.00	-
Changan weilai new energy automobile technology co. LTD	-	16,596,799.90
Nanning Wanyou Auto Sales and Service Co., Ltd.	-	13,398.00
Chongqing Wanyou Economic Development Co., Ltd	-	50.00
Total	1,472,697,633.80	143,587,410.54

### Prepayments

Related party	2020	2019
Chongqing Changan New Energy Vehicles Technology Co., Ltd	24,243,930.61	-
Shenzhen Baoneng Automobile Co., Ltd.	-	8,826,473.38
Total	24,243,930.61	8,826,473.38

### Other receivables

Related party	2020	2019
Changan Ford Automobile Co., Ltd.	124,312,677.99	124,312,677.99
Harbin Hafei Automobile Industry Group Co., Ltd.	1,500,000.00	1,500,000.00
Chongqing Changan Industries Group Co. Ltd.	1,157,446.69	1,157,446.69
Chongqing Changan Minsheng Logistics Co. Ltd	53.44	2,000.00
Changan weilai new energy automobile technology co. LTD	-	28,480,000.00
Changan Mazda automobile co. LTD	-	8,505,710.03
Total	126,970,178.12	163,957,834.71

### Other current assets

Related parties	2020	2019
Jiangling Holding Co., Ltd.	300,000,000.00	300,000,000.00



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**6. Amounts due from/to related parties (continued)**

Notes payable

Related parties	2020	2019
Chongqing Tsingshan Industrial Co., Ltd.	916,880,000.00	2,340,000.00
Harbin Dongan Auto Engine Co., Ltd.	544,530,000.00	456,350,000.00
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	352,810,000.00	215,280,000.00
Chongqing Changan Minsheng Logistics Co. Ltd	324,235,180.29	208,474,669.94
Chongqing Nexteer Steering System Co.,Ltd.	312,130,000.00	74,380,000.00
Chongqing Changan New Energy Vehicles Technology Co.,	123,346,500.00	-
Dajiang Yapp Automotive Systems Co., Ltd.	114,770,000.00	-
South Inter Air-conditioner Co.,Ltd.	94,190,000.00	23,620,000.00
Chongqing Dajiang Yuqiang Plastic Co., Ltd.	65,391,200.00	53,810,000.00
Chongqing Hanon Jianshe Automotive Thermal Systems Co.,	56,980,000.00	-
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	53,170,000.00	33,330,000.00
Hunan Tyen Machinery Co., Ltd.	51,370,000.00	-
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	42,045,906.61	20,130,000.00
Chongqing Changan Construction Co., Ltd.	38,994,143.00	121,867,838.20
Hubei Huazhong Marelli Automobile Lighting Co.,	31,870,000.00	20,220,000.00
Southern Fojiya Auto Parts Co., Ltd.	30,780,000.00	10,430,000.00
Chengdu Wanyou Filter Co., Ltd.	28,600,000.00	21,280,000.00
Chengdu Ningjiang Zhaohe Automobile Components Co.,	28,230,000.00	33,410,000.00
China South Industries Group Commercial Factoring Co., Ltd.	27,249,816.78	-
Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	26,147,000.00	10,780,000.00
Gkn Huayu Driveline Systems(chongqing) Co., Ltd.	23,860,000.00	-
Chongqing Shangfang Automobile Fittings Co., Ltd.	18,890,000.00	4,290,000.00
Sichuan Jian'an Industrial Co.,Ltd.	12,140,000.00	9,040,000.00
Tenneco Lingchuan (Chongqing) Exhaust System Company	11,930,000.00	-
Chongqing Construction Tongda Industrial Co., Ltd.	10,900,000.00	1,830,000.00
Chongqing Dajiang Guoli Precision Machinery	8,353,982.41	-
Chengdu Jialing Huaxi Optical & Precision Machinery Co.,	5,000,000.00	5,990,000.00
Changan Reis (Chongqing) Robotic Intelligent Equipment	3,786,991.22	-
Chongqing Yihong Engineering Plastic Products Co., Ltd.	1,680,000.00	-
Chengdu Huachuan Electric Equipment Co., Ltd.	1,640,000.00	5,250,000.00
Chongqing Dajiang Jiexin Forging Co., Ltd.	1,600,000.00	990,000.00
South Tianhe Chassis System Co., Ltd.	1,499,287.93	-
Chongqing Changan Industries Group Co. Ltd.	300,927.73	-
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	300,000.00	-
Chongqing Wanyou Economic Development Co., Ltd	-	85,000,000.00
Chengdu Lingchuan Special Industry Co., Ltd.	-	11,750,000.00
Chongqing Changfeng Jiquan Machinery Co., Ltd.	-	6,530,000.00
<b>Total</b>	<b>3,365,600,935.97</b>	<b>1,436,372,508.14</b>

## 6. Amounts due from/to related parties (continued)

### Accounts payable

Related parties	2020	2019
Chongqing Changan New Energy Vehicles Technology Co., Ltd	987,249,301.69	-
Chongqing Tsingshan Industrial Co., Ltd.	368,373,870.72	394,961,436.10
Chongqing Nexteer Steering System Co., Ltd.	364,038,471.33	275,441,045.49
Hubei Huazhong Marelli Automobile Lighting Co.,	271,361,040.92	124,726,255.34
Harbin Dongan Auto Engine Co., Ltd.	234,873,913.36	203,956,811.46
South Tianhe Chassis System Co., Ltd.	202,699,198.08	113,131,244.68
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	191,107,786.37	228,154,563.74
Southern Fojiya Auto Parts Co., Ltd.	152,146,995.28	90,040,708.53
Dajiang Yapp Automotive Systems Co., Ltd.	136,564,042.17	-
Chongqing Wanyou Economic Development Co., Ltd	127,374,868.86	75,873,758.78
South Inter Air-conditioner Co., Ltd.	114,805,252.76	166,469,317.60
Chongqing Hanon Jianshe Automotive Thermal Systems Co., Ltd.	53,945,823.59	-
Gkn Huayu Driveline Systems(chongqing) Co., Ltd.	53,653,386.24	-
Chongqing Dajiang Yuqiang Plastic Co., Ltd.	51,429,508.22	43,490,517.76
Hunan Tyen Machinery Co., Ltd.	50,453,258.24	-
Sichuan Jian'an Industrial Co., Ltd.	50,389,382.79	92,109,316.98
Chongqing Changrong Machinery Co., Ltd.	48,567,677.78	34,631,661.73
Beijing Phoenix Auto Intelligence Co., Ltd.	47,721,286.97	-
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	43,541,607.75	36,717,236.76
Jiangling Holding Co., Ltd.	37,532,873.73	54,252,872.36
Chengdu Wanyou Filter Co., Ltd.	30,381,478.06	14,735,390.09
Chengdu Ningjiang Zhaohe Automobile Components Co., Ltd.	29,379,141.06	49,157,712.35
Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	23,952,436.29	16,125,402.98
Lear Changan (Chongqing) Automotive System Co., Ltd.	21,514,578.32	-
Chongqing Construction Tongda Industrial Co., Ltd.	18,670,315.51	13,392,905.91
Chongqing Shangfang Automobile Fittings Co., Ltd.	17,656,884.93	9,623,137.04
Chongqing Lingchuan Auto Parts Manufacturing Technology Co., Ltd.	16,059,572.01	-
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	13,521,751.49	9,726,316.79
Chongqing Dajiang Guoli Precision Machinery Manufacturing Co., Ltd.	10,018,647.24	-
Chengdu Huachuan Electric Equipment Co., Ltd.	8,868,392.58	37,881,398.09
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	7,442,927.94	2,314,165.15
Chongqing Changan Minsheng Logistics Co. Ltd	7,310,129.55	77,014,716.44
Chongqing Qingshan Transmission Sales Co., Ltd.	6,290,936.01	6,000,654.43
Chongqing Changan Kuayue Automobile Co., Ltd.	5,293,918.44	47,749.88
Tenneco Lingchuan (Chongqing) Exhaust System Company Ltd.	4,232,993.94	-
Changan Ford Automobile Co., Ltd.	4,032,752.22	5,890.05
Chongqing Dajiang Tongyang Plastics Co., Ltd.	3,947,873.64	-

Related parties	2020	2019
Chengdu Jialing Huaxi Optical & Precision Machinery Co.,	1,891,153.38	2,296,210.05

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Ltd.		
Chongqing Yihong Engineering Plastic Products Co., Ltd.	1,864,973.67	2,483,796.69
United Automotive Electronis Systems (Chongqing) Co., Ltd.	1,505,015.86	-
Yunnan Xiyi Industries Co., Ltd.	1,423,406.29	10,260,364.91
Chongqing Dajiang Jiexin Forging Co., Ltd.	1,313,966.45	407,750.93
Chongqing Changan Industries Group Co. Ltd.	1,014,734.86	1,091,699.47
Harbin Hafei Automobile Industry Group Co., Ltd.	949,114.25	661,117.68
Chongqing Jianshe Industry (Group) Co., Ltd.	671,241.27	-
Hangzhou cherry intelligent technology co. LTD	655,287.41	10,300.00
Chengdu Lingchuan Special Industry Co., Ltd.	620,006.72	11,517,508.37
Chongqing Automobile Air-conditioner Co., Ltd.	205,041.51	205,041.51
Chongqing Jialing Yimin Special Equipment Co., Ltd.	104,496.50	104,496.50
Chengdu Guangming Tianzhong Environmental Protection Technology Co., Ltd	83,175.03	83,175.03
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	56,251.08	4,267,143.49
Chongqing Xiyi Automobile Connecting Rod Co., Ltd.	38,422.14	44,233.62
Chongqing Wanyou Xingjian Auto Sales & Service Co., Ltd.	37,211.40	-
Chongqing Changfeng Jiquan Machinery Co., Ltd.	34,113.46	771,021.74
Shenzhen Baoneng Automobile Co., Ltd.	-	111,598,972.21
Beijing Beiji Mechanical and Electrical Industry Co., Ltd.	-	6,129.88
Total	3,828,871,887.36	2,315,791,148.59

**6. Amounts due from/to related parties (continued)**

Contract liabilities/Advances from customers

Related parties	2020	2019
Chongqing Wanyou Economic Development Co., Ltd	136,922,319.01	142,137,256.41
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	72,155,192.54	65,138,573.75
Guizhou Wanyou Auto Sales and Service Co., Ltd.	58,030,319.57	52,269,285.08
Chengdu Wanyou Auto Trade Service Co., Ltd	35,971,849.65	39,526,387.91
Wanyou Automobile Investment Co., Ltd.	31,469,102.13	69,383,313.74
China Changan Automobile Group Tianjin Sales Co., Ltd.	27,823,192.54	2,144,856.26
China Changan Automobile Group Hefei Investment Co.,	26,160,180.06	4,033,352.74
Chongqing Wanyou Zunda Automobile Sales & Service Co.,	8,387,067.42	755,716.55
Jiangling Holding Co., Ltd.	6,854,200.00	6,854,200.00
Pakistan Master Automobile Co., Ltd.	6,141,961.92	-
Yunnan Wanyou Auto Sales and Service Co., Ltd.	4,100,481.79	42,896,658.83
Changan Mazda Engine Co., Ltd.	3,232,425.34	-
Yunnan Xiangyu Auto Sales and Service Co., Ltd.	1,402,879.67	5,542,733.67
Harbin Hafei Automobile Industry Group Co., Ltd.	670,500.00	670,500.00
Chongqing Anfu Automobile Co., Ltd.	492,268.00	1,507,840.00
Bazhong Wanyou Auto Sales & Service Co., Ltd.	50,426.48	50,000.00
Chongqing Wanyou Xingjian Auto Sales & Service Co., Ltd.	48,381.98	-
Hainan Anxinxing Information Technology Co., Ltd	40,775.60	-
Chongqing Hanon Jianshe Automotive Thermal Systems	15,752.76	-
Panzhuhua Wanyou Auto Sales & Service Co., Ltd.	14,218.43	-
Chongqing Wanyou Ducheng Auto Sales Service Co., Ltd.	13,806.65	-
Chongqing Shangfang Automobile Fittings Co., Ltd.	3,980.00	3,980.00
China South Industries Group Commercial Factoring Co.,	3,639.52	-
Luzhou Wanyou Automobile Service Co., Ltd.	2.67	-
Chongqing Tsingshan Industrial Co., Ltd.	1.57	-
Chengdu wanyou auto Sales and service co.,Ltd	-	1,489,422.47
Guangxi Wanyou Auto Sales and Service Co., Ltd.	-	1,405,317.17
Changan Automobile Financing Co., Ltd.	-	41,300.00
Chongqing Changan Minsheng Logistics Co. Ltd	-	259.00
<b>Total</b>	<b>420,004,925.30</b>	<b>435,850,953.58</b>

## 6. Amounts due from/to related parties (continued)

### Other payables

Related parties	2020	2019
Chongqing Changan Kuayue Automobile Co., Ltd.	160,487,855.00	64,412,855.00
Chongqing Changan Minsheng Logistics Co. Ltd	121,088,638.71	191,519,531.45
Chongqing Changan New Energy Vehicles Technology Co.,	36,316,848.55	-
Changan Reis (Chongqing) Robotic Intelligent Equipment	12,128,160.74	-
Chongqing Tsingshan Industrial Co., Ltd.	8,634,212.55	-
Chongqing Changan Construction Co., Ltd.	6,988,672.23	2,356,505.24
Changan Ford Automobile Co., Ltd.	5,303,266.52	1,461,694.00
United Automotive Electronis Systems (Chongqing) Co.,	1,870,640.08	-
Chongqing Changan Industries Group Co. Ltd.	1,812,834.47	4,770,656.96
Chongqing Changan Property Management Co., Ltd.	1,466,516.00	1,655,478.59
Chengdu Lingchuan Special Industry Co., Ltd.	791,056.30	26,343.16
Chongqing Dajiang Guoli Precision Machinery	624,370.54	-
Gkn Huayu Driveline Systems(chongqing) Co., Ltd.	468,761.43	-
Chengdu Wanyou Filter Co., Ltd.	452,863.89	121,303.84
Harbin Dongan Automotive Engine Manufacturing Co.,	381,252.08	304,924.09
Chongqing Wanyou Economic Development Co., Ltd	269,950.17	415,466.55
Southern Fojiya Auto Parts Co., Ltd.	260,755.41	-
Chengdu Huachuan Electric Equipment Co., Ltd.	253,402.50	51,037.08
Chengdu Wanyou Auto Trade Service Co., Ltd	208,688.90	58,295.80
South Tianhe Chassis System Co., Ltd.	206,361.95	65,122.43
South Inter Air-conditioner Co.,Ltd.	192,165.58	190,324.96
Chongqing Wanyou Zunda Automobile Sales & Service Co.,	150,000.00	-
Chongqing Shangfang Automobile Fittings Co., Ltd.	109,671.82	-
Chongqing Anfu Automobile Co., Ltd.	100,000.00	300,000.00
Changan Automobile Company Limited	90,000.00	-
Chongqing Changrong Machinery Co., Ltd.	84,901.15	299,999.63
Chongqing Nexteer Steering System Co.,Ltd.	79,552.00	307,910.00
Yunnan Wanyou Auto Sales and Service Co., Ltd.	56,370.87	108,223.30
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd.	50,000.00	50,000.00
Sichuan Jian'an Industrial Co.,Ltd.	49,913.90	579,179.33
Sichuan Ningjiang Shanchuan Machinery Co, Ltd.	40,594.89	8,324.53
Chongqing Hanon Jianshe Automotive Thermal Systems	27,387.18	-
Panzhuhua Wanyou Auto Sales & Service Co., Ltd.	20,360.82	16,219.40
Hubei Xiaogan Huazhong Automobile Light Co., Ltd.	13,560.00	10,951.72
Chongqing Jianshe Automobile Air-conditioner Co., Ltd.	10,975.69	-
Guizhou Wanyou Auto Sales and Service Co., Ltd.	9,011.83	5,016.48
Dajiang Yapp Automotive Systems Co., Ltd.	8,588.36	-
Yunnan Xiyi Industries Co., Ltd.	5,306.34	-
Ya'an Wanyou Auto Sales and Service Co., Ltd.	4,927.58	12,267.46
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd.	4,079.47	-
Luzhou Wanyou Automobile Service Co., Ltd.	4,050.22	3,770.68
Chongqing Wanyou Ducheng Auto Sales Service Co., Ltd.	2,539.14	5,889.92
China Changan Automobile Group Tianjin Sales Co., Ltd.	1,178.52	100,000.00
Chengdu Wanyou Trading Co., Ltd.	46.00	1,176.14
Hubei Huazhong Marelli Automobile Lighting Co.,	-	389,785.41
Changan Mazda Engine Co., Ltd.	-	144,115.79

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Related parties	2020	2019
Nanning Wanyou Auto Sales and Service Co., Ltd.	-	120,520.60
Harbin Dongan Auto Engine Co., Ltd.	-	67,239.90
Guangxi Wanyou Auto Sales and Service Co., Ltd.	-	48,424.07
Chengdu Wanyou Xiangyu Auto Sales and Service Co., Ltd.	-	20,493.00
Bazhong Wanyou Auto Sales & Service Co., Ltd.	-	2,683.74
Chongqing Changfeng Jiquan Machinery Co., Ltd.	-	800.00
Total	361,130,289.38	270,012,530.25

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## 7. Cash deposited in related party

Related party	2020	2019
China South Industry Group Finance Co., Ltd.	10,772,951,856.71	5,352,685,473.98
Changan Automobile Financing Co., Ltd	7,500,000,000.00	1,200,000,000.00
Total	18,272,951,856.71	6,552,685,473.98

In 2020, deposit rates in related party are 0.35% to 3.915%, deposit terms are 0 to 12 months. (in 2019, deposit rate was 0.35% to 3.915%, terms are 0 to 12 months.)

## 8. Loans from related parties

### Short-term loans

#### 2020

Related parties	Category	Beginning balance	Addition	Repay	Ending balance
China South Industry Group Finance Co., Ltd.	Credit loan	150,000,000.00	640,000,000.00	260,000,000.00	530,000,000.00
China South Industry Group Finance Co., Ltd.	Mortgage loan	50,000,000.00	48,000,000.00	50,000,000.00	48,000,000.00
China South Industries Group Corporation	Entrusted loan	29,580,000.00	29,580,000.00	59,160,000.00	-
Total		229,580,000.00	717,580,000.00	369,160,000.00	578,000,000.00

#### 2019

Related parties	Category	Beginning balance	Addition	Repay	Ending balance
China South Industry Group Finance Co., Ltd.	Credit loan	150,000,000.00	150,000,000.00	150,000,000.00	150,000,000.00
China South Industry Group Finance Co., Ltd.	Mortgage loan	40,000,000.00	70,000,000.00	60,000,000.00	50,000,000.00
China South Industries Group Corporation	Entrusted loan	-	29,580,000.00	-	29,580,000.00
Total		190,000,000.00	249,580,000.00	210,000,000.00	229,580,000.00

Refer to Note V 20 for the details of the interest rates of the short-term loan.

### Long-term loans

#### 2020

Related parties	Category	Beginning balance	Addition	Repay	Ending balance
China South Industry Group Finance Co., Ltd.	Credit loan	55,300,000.00	-	-	55,300,000.00

#### 2019

Related parties	Category	Beginning balance	Addition	Repay	Ending balance
China South Industry Group Finance Co., Ltd.	Credit loan	-	55,300,000.00	-	55,300,000.00

Refer to Note V 29 for the details of the interest rates of the long-term loan.

## XI Contingencies and commitments

### 1. Commitments

#### Contracted, but not provided for

Item	2020	2019
Capital commitments	6,528,056,670.16	10,095,165,498.37
Investment commitments	649,060,000.00	500,000,000.00

### 2. Contingencies

As at 31 December 2020, no material contingencies needed to be disclosed.



## XII Events after the balance sheet date

### 1. The dividends after balance sheet date

Profits or dividends to be allocated	Refer to Note V 38.
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### 2. Other events after the balance sheet date

In February 2021, with the approval of the board of directors and the interim general meeting of shareholders, the company granted 76,195,400 restricted A-shares at a price of 6.66 yuan to 1,247 directors, managers and core technology (business) key personnel on February 22, 2021. After the completion of this grant, the total number of shares of the company has increased to 5,439,591,574 shares. The shareholding ratio of China South Industries Group Corporation, the company's ultimate holding company has dropped from 44.17% to 43.55%. But China South Industries Group Corporation and its subsidiaries still hold 2,368,928,900 shares of the company and remain the actual controller of the company.

In March 2021, the company's actual controller, China South Industries Group Corporation, transferred its 200 million A-share tradable shares of the company to its wholly-owned subsidiary, Chongqing Nanfang Industrial Equity Investment Fund Partnership(L.P.), for free. After the completion of the free transfer of shares, the number of shares and shareholding ratio of the company held by China South Industries Group and its subsidiaries will remain unchanged, and China South Industries Group will remain the actual controller of the company.

In April 2021, the board of directors of the company approved the proposal of equity participant on the establishment of Chongqing Smart Automobile Equity Investment Partnership (L.P.), and hope to develop new automotive energy and intelligent network business with the help of the industry fund. The company intends to invest RMB 250 million as a limited partner, accounting for 49.80%. As of the date of this report, the above investments have not been completed.

## XIII Other important event

### 1. Lease arrangements

According to the lease contracts signed with the lessor, the minimum lease payments under non-cancellable leases are as follows:

Item	2020	2019
Less than 1 year (including 1 year)	66,292,964.80	19,806,931.61
1 to 2 years (including 2 years)	16,899,911.68	1,265,530.79
2 to 3 years (including 3 years)	15,032,931.97	219,481.62
Over 3 years	12,117,770.89	18,290.13
Total	110,343,579.34	21,310,234.15

## 2. Segment report

The Group identifies operating segments based on the internal organization structure, managerial requirements and internal reporting system, and identifies reportable segments based on operating segments and discloses segment information by operating segment.

An operating segment is a component of the Group that meets all the following conditions:

- (1) it engages in business activities from which it may earn revenues and incur expenses;
- (2) its operating results are regularly reviewed by the Company's management to make decisions about resources to be allocated to the segment and assess its performance; and
- (3) the Group can obtain relevant accounting information such as its financial position, operating results and cash flows.

If two or more segments have similar economic characteristics and meet certain conditions, they can be aggregated into a single operating segment.

The revenue and profit of the Group mainly consist of the automobile manufacturing and domestic sales. The Group's principal assets are in China. The operating performance of the Group has been evaluated as a whole by the management. So the segment report has not been prepared for this year.

## XIV Notes to the Company's financial statements

### 1. Accounts Receivable

(1) Aging analysis of accounts receivable as at 31 December 2020 is as follows:

Aging	2020	2019
Within 1 year	3,773,918,017.07	3,555,684,864.42
1 to 2 years	554,825,636.86	822,210,403.02
2 to 3 years	532,765,988.27	482,665,541.27
Over 3 years	696,515,785.09	256,419,059.60
Total	5,558,025,427.29	5,116,979,868.31
Provision	(93,484,241.66)	(22,709,502.59)
	5,464,541,185.63	5,094,270,365.72

(2) Movements of provision for accounts receivable are as follows:

	Beginning	Addition	Reduction	Ending Balance
			Resale	
2020	22,709,502.59	70,774,739.07	-	93,484,241.66
2019	15,559,782.05	7,149,720.54	-	22,709,502.59

(3) Analysis of the accounts receivable by category as at 31 December 2020 is as follows:

Item	2020			
	Balance		Provision	
	Amount	%	Amount	%
Individually analyzed provision	5,428,359,709.78	97.67	77,639,076.15	1.43
Provision for bad debts based on credit risk characteristics	129,665,717.51	2.33	15,845,165.51	12.22
Total	5,558,025,427.29	100.00	93,484,241.66	1.68

Item	2019			
	Balance		Provision	
	Amount	%	Amount	%
Individually analyzed provision	4,991,086,298.96	97.54	-	-
Provision for bad debts based on credit risk characteristics	125,893,569.35	2.46	22,709,502.59	18.04
Total	5,116,979,868.31	100.00	22,709,502.59	0.44

### 1. Accounts Receivable (continued)

Chongqing Changan Automobile Company Limited  
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(4) Accounts receivable was analyzed for provision by expected credit loss model:

Aging	2020			2019		
	Balance		Provision	Balance		Provision
	Amount	%		Amount	%	
Within 1 year	90,538,481.62	0.40	361,940.43	90,224,930.90	2.49	2,248,850.09
1 to 2 years	3,695,660.30	4.14	152,979.49	26.00	22.04	5.73
2 to 3 years	26.00	7.15	1.86	18,843,871.50	32.27	6,080,101.72
Over 3 years	35,431,549.59	43.27	15,330,243.73	16,824,740.95	85.47	14,380,545.05
Total	129,665,717.51	12.22	15,845,165.51	125,893,569.35	18.04	22,709,502.59

(5) As at 31 December 2020, accounts receivable from top 5 clients amounted to RMB4,296,350,189.29, accounted for 77.30% of the total amount (2019 : RMB4,011,467,403.94, accounted for 78.40% of the total amount).

(6) There are no accounts receivable derecognized due to transference of financial assets during 2020 (2019: Nil).

## 2. Other receivables

(1) Aging analysis of other receivables as at 31 December 2020 is as follows:

Aging	2020	2019
Within 1 year	1,853,275,788.49	1,082,612,634.77
1 to 2 years	4,330,562.67	1,239,218,612.29
2 to 3 years	125,479,863.46	366,133,362.21
Over 3 years	14,684,849.00	24,134,145.47
Total	1,997,771,063.62	2,712,098,754.74
Provision	(7,154,284.79)	(114,784,410.34)
	1,990,616,778.83	2,597,314,344.40

(2) Analysis of other receivables by nature is as follows:

Nature	2020	2019
Internal transactions	1,200,000,000.00	640,557,716.20
Energy-saving and new energy subsidy	404,133,442.00	1,659,611,198.60
Prepaid equity investment	95,380,000.00	28,480,000.00
Pretty cash	15,906,758.91	36,352,884.22
Disposal income of assets	3,984,842.15	23,424,046.17
Others	271,211,735.77	208,888,499.21
Total	1,990,616,778.83	2,597,314,344.40

(3) In 2020, the changes in the provision for bad debts for other receivables based on the 12-month expected credit loss and the expected credit loss for the entire duration are as follows

2020

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Credit-impaired financial assets (Lifetime ECLs)	Total
Opening balance	291,182.01	111,643,227.46	2,850,000.87	114,784,410.34
Impact of applying the new revenue standards	-	(111,066,213.00)	-	(111,066,213.00)
Balance at the beginning of the year adjusted in accordance with the new revenue standards	291,182.01	577,014.46	2,850,000.87	3,718,197.34
- Transfer to Stage 2	-	-	-	-
- Transfer to Stage 3	-	(534,931.90)	534,931.90	-
- Turn back Stage 2	-	-	-	-
- Turn back Stage 1	-	-	-	-
Provision	-	-	3,458,000.00	3,458,000.00
Reversal	(21,912.55)	-	-	(21,912.55)
Transfer	-	-	-	-
Write-off	-	-	-	-
Other changes	-	-	-	-
Closing balance	269,269.46	42,082.56	6,842,932.77	7,154,284.79

**2. Other receivables (continued)**

- (3) In 2020, the changes in the provision for bad debts for other receivables based on the 12-month expected credit loss and the expected credit loss for the entire duration are as follows: (continued)

2019

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Credit-impaired financial assets (Lifetime ECLs)	Total
Opening balance	155,223.55	348,425.91	99,781.94	603,431.40
Changes due to the opening balance				
- Transfer to Stage 2	-	-	-	-
- Transfer to Stage 3	-	(348,425.91)	348,425.91	-
- Turn back Stage 2	-	-	-	-
- Turn back Stage 1	-	-	-	-
Provision	135,958.46	111,643,227.46	2,501,574.96	114,280,760.88
Reversal	-	-	-	-
Transfer	-	-	(99,781.94)	(99,781.94)
Write-off	-	-	-	-
Closing balance	291,182.01	111,643,227.46	2,850,000.87	114,784,410.34

- (4) As at 31 December 2020, top five debtors of other receivables are as follows:

Debtors	Amount	Aging	Proportion of total other receivables (%)	Ending balance of provision
First	1,007,240,280.41	Within 1year	50.42	-
Second	404,133,442.00	Within 1year	20.23	-
Third	283,228,629.27	Within 1year	14.18	-
Forth	124,312,677.99	2-3years	6.22	-
Fifth	95,380,000.00	Within 1year	4.77	-
Total	1,914,295,029.67		95.82	-

- (5) As of December 31, 2020, the company had no other receivables that were derecognized as a transfer of financial assets (December 31, 2019: Nil).

Chongqing Changan Automobile Company Limited  
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3. Long-term investments  
2020

Investee	Opening Balance	Addition	Other addition	Investment income/loss under equity method	Dividend of cash declared	Other deduction	Provision for impairment	Ending Balance of book value	Ending Balance of provision
<b>Joint ventures</b>									
Changan Ford Automobile Co., Ltd.	1,782,823,327.91	-	-	8,710,167.26	-	-	-	1,791,533,495.17	-
Changan Mazda Automobile Co., Ltd.	2,177,010,905.02	-	-	723,987,717.26	(905,000,000.00)	-	-	1,995,998,622.28	-
Changan Mazda Engine Co., Ltd.	830,272,340.69	-	-	39,596,915.75	(37,000,000.00)	-	-	832,869,256.44	-
Changan PSA Automobiles Co., Ltd.	346,028,983.87	-	-	(114,234,986.00)	-	(231,803,997.87)	-	-	-
Changan Weilai New Energy Co., Ltd.	(12,871,719.42)	-	-	(18,666,611.81)	-	31,538,331.23	-	-	-
Nanchang Jiangling Holding Co., Ltd.	2,081,815,165.31	-	-	(536,007,531.47)	-	-	-	1,545,807,633.84	-
Subtotal	7,205,089,003.38	-	-	103,385,670.99	(942,000,000.00)	(200,265,666.64)	-	6,166,209,007.73	-
<b>Associates</b>									
Chongqing Changan Kuayue Automobile Co., Ltd.	192,005,274.10	-	-	45,730,860.11	-	-	-	237,736,134.21	-
Chongqing Changan Kuayue Automobile Sales Co., Ltd.	-	-	-	-	-	-	-	-	-
Beijing Fang'an crescent taxi Co., Ltd.	-	-	-	-	-	-	-	-	-
Changan Automobile Financing Co., Ltd.	2,195,040,654.44	-	-	207,337,580.14	(64,528,859.83)	-	-	2,337,849,374.75	-
Hainan Anxinxing Information Technology Co., Ltd.	3,560,384.10	-	-	(1,244,331.18)	-	-	-	2,316,052.92	-
Nanjing Chelai Travel Technology Co., Ltd.	1,474,945.09	-	-	(282,339.82)	-	-	-	1,192,605.27	-
Hunan Guoxin Semiconductor Technology Co., Ltd.	25,152,447.20	-	-	221,362.27	-	-	-	25,373,809.47	-
Nanjing Leading Equity Investment Partnership (Limited Partnership)	935,218,323.32	-	-	64,418,284.31	-	-	-	999,636,607.63	-
Nanjing Leading Equity Investment Management Co., Ltd.	1,445,415.69	-	-	(183,235.30)	-	-	-	1,262,180.39	-
Jiangling Holding Co., Ltd.	398,992,953.62	-	-	(197,256,309.37)	-	-	-	201,736,644.25	-
Chongqing Changan New Energy Vehicles Technology Co., Ltd.	-	1,610,180,234.77	-	(568,023,627.72)	-	-	-	1,042,156,607.05	-
Zhongqi Chuangzhi Technology Co., Ltd.	-	100,000,000.00	-	-	-	-	-	100,000,000.00	-
Subtotal	3,752,890,397.56	1,710,180,234.77	-	(449,281,756.56)	(64,528,859.83)	-	-	4,949,260,015.94	-

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Subsidiaries									
Nanjing Changan Automobile Co., Ltd.	422,533,259.00	-	-	-	-	-	-	422,533,259.00	-
Hebei Changan Automobile Co., Ltd.	438,223,236.00	12,249,709.00	-	-	-	(450,472,945.00)	-	-	-
Chongqing Changan Automobile International Sales Service Co., Ltd.	13,068,581.00	-	-	-	-	-	-	13,068,581.00	-
Chongqing Changan Auto Customer Service Co., Ltd.	29,700,000.00	-	-	-	-	-	-	29,700,000.00	-
Chongqing Changan Connected Car Technology Co., Ltd.	88,500,000.00	-	-	-	-	-	-	88,500,000.00	-
Chongqing Changan Special Purpose Vehicle Co., Ltd.	2,500,000.00	-	-	-	-	-	-	2,500,000.00	-
Chongqing Changan European Design Center Co., Ltd.	155,469,913.50	-	-	-	-	-	-	155,469,913.50	-
Chongqing Changan New Energy Automobile Co., Ltd.	-	-	-	-	-	-	-	-	(49,194,195.00)
Changan Automobile UK R & D Center Co., Ltd.	250,093,850.95	-	-	-	-	-	-	250,093,850.95	-
Beijing Changan Automotive Engineering Technology Research Co., Ltd.	1,000,000.00	-	-	-	-	-	-	1,000,000.00	-
Changan Japan Design Center Co., Ltd.	1,396,370.15	-	-	-	-	-	-	1,396,370.15	-
Changan American R & D Center Co., Ltd.	10,243,460.00	-	-	-	-	-	-	10,243,460.00	-
Baoding Changan Bus Manufacturing Co., Ltd.	176,002,613.18	-	-	-	-	(176,002,613.18)	-	-	-
Hefei Changan Automobile Co., Ltd.	35,367,765.23	1,500,000,000.00	-	-	-	-	-	1,535,367,765.23	-
Changan Automobile Russia Co., Ltd.	251,242,589.15	-	-	-	-	-	-	251,242,589.15	-
Changan Brazil Holdings Limited	2,584,556.97	-	-	-	-	-	-	2,584,556.97	-
Changan Automobile Investment (Shenzhen) Co., Ltd.	184,800,000.00	50,448,871.00	-	-	-	-	-	235,248,871.00	-
Nanjing Changan New Energy Automobile Sales Service Co., Ltd.	50,000,000.00	-	-	-	-	-	-	50,000,000.00	-
Fuzhou Fuqing Changan New Energy Automobile Sales Co., Ltd.	2,000,000.00	-	-	-	-	-	-	2,000,000.00	-
Xiamen Changan New Energy Automobile Sales Service Co., Ltd.	2,000,000.00	-	-	-	-	-	-	2,000,000.00	-
Guangzhou Changan New Energy Automobile Sales Service Co., Ltd.	4,000,000.00	-	-	-	-	-	-	4,000,000.00	-
Chongqing Changan New Energy Automobile Technology Co., Ltd.	1,238,742,571.54	-	-	-	-	(1,238,742,571.54)	-	-	-
Chongqing Lingyao Automobile Co., Ltd. (note 1)	594,949,059.30	-	-	-	-	-	-	594,949,059.30	-
Zhenjiang Demao Hairun Equity Investment Fund Partnership (Limited Partnership)	1,129,922,044.91	-	-	-	-	(1,129,922,044.91)	-	-	-
Chongqing Chehemei Technology Co., Ltd.	10,000,000.00	-	-	-	-	-	-	10,000,000.00	-
Chongqing Changan Kaicheng Automobile Technology Co., Ltd	-	976,475,558.18	-	-	-	-	-	976,475,558.18	-
Chongqing Changan Automobile Software Technology Co., Ltd.	-	99,000,000.00	-	-	-	-	-	99,000,000.00	-
Changan Weilai New Energy Co., Ltd.	-	-	58,461,669.77	-	-	-	-	58,461,669.77	-
Subtotal	5,094,339,870.88	2,638,174,138.18	58,461,669.77	-	-	(2,995,140,174.63)	-	4,795,835,504.20	(49,194,195.00)
Total	16,052,319,271.82	4,348,354,372.95	58,461,669.77	(345,896,085.57)	(1,006,528,859.83)	(3,195,405,841.27)	-	15,911,304,527.87	(49,194,195.00)

Note 1: Changan Suzuki Automobile Co., Ltd. was renamed Chongqing Lingyao Automobile Co., Ltd. in December 2020.



Chongqing Changan Automobile Company Limited  
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3. Long-term investments (continued)

2019

Investee	Opening Balance	Addition	Investment income/loss under equity method	Other comprehensive income	Dividend of cash declared	Other deduction	Provision for impairment	Ending Balance of book value	Ending Balance of provision
<b>Joint ventures</b>									
Jiangling Holding Co., Ltd.	2,493,754,915.53	-	(221,583,996.94)	-	-	(2,272,170,918.59)	-	-	-
Changan Ford Automobile Co., Ltd.	3,709,784,507.11	-	(1,926,961,179.20)	-	-	-	-	1,782,823,327.91	-
Changan Mazda Automobile Co., Ltd.	2,472,626,663.41	-	929,384,241.61	-	(1,225,000,000.00)	-	-	2,177,010,905.02	-
Changan Mazda Engine Co., Ltd.	827,803,757.96	-	39,968,582.73	-	(37,500,000.00)	-	-	830,272,340.69	-
Changan PSA Automobiles Co., Ltd.	1,456,519,068.74	-	(1,110,480,084.87)	-	-	-	-	346,038,983.87	-
Changan Weilai New Energy Automobile Technology Co., Ltd.	44,065,513.91	-	(56,937,233.33)	-	-	-	-	(12,871,719.42)	-
Nanchang Jiangling Investment Co., Ltd.	-	2,063,742,852.91	18,072,312.40	-	-	-	-	2,081,815,165.31	-
<b>Subtotal</b>	<b>11,004,554,426.66</b>	<b>2,063,742,852.91</b>	<b>(2,328,537,357.60)</b>	<b>-</b>	<b>(1,262,500,000.00)</b>	<b>(2,272,170,918.59)</b>	<b>-</b>	<b>7,205,089,003.38</b>	<b>-</b>
<b>Associates</b>									
Chongqing Changan Kuayue Automobile Co., Ltd.	116,588,234.97	-	75,417,039.13	-	-	-	-	192,005,274.10	-
Chongqing Changan Kuayue Automobile Sales Co., Ltd.	-	-	-	-	-	-	-	-	-
Beijing Fangang Xinyue Taxi Co., Ltd.	-	-	-	-	-	-	-	-	-
Changan Auto Finance Co., Ltd.	2,030,617,157.41	-	239,321,406.72	-	(74,897,909.69)	-	-	2,195,040,654.44	-
Hainan Anxinxing Information Technology Co., Ltd.	5,536,555.21	-	(1,976,271.11)	-	-	-	-	3,560,284.10	-
Nanjing Chelai Travel Technology Co., Ltd.	1,813,616.14	-	(328,671.05)	-	-	-	-	1,474,945.09	-
Hunan Guoxin Semiconductor Technology Co., Ltd.	25,000,000.00	-	152,447.20	-	-	-	-	25,152,447.20	-
Nanjing Leading Equity Investment Partnership	-	868,267,717.00	76,950,606.32	-	-	-	-	935,218,323.32	-
Nanjing Leading Equity Investment Management Co., Ltd.	-	1,500,000.00	(54,584.31)	-	-	-	-	1,445,415.69	-
Jiangling Holding Co., Ltd.	-	208,428,065.68	(142,252,166.55)	332,817,054.49	-	-	-	398,992,953.62	-
<b>Subtotal</b>	<b>2,179,555,563.73</b>	<b>1,068,195,782.68</b>	<b>247,219,906.35</b>	<b>332,817,054.49</b>	<b>(74,897,909.69)</b>	<b>-</b>	<b>-</b>	<b>3,752,890,397.56</b>	<b>-</b>

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Subsidiaries									
Nanjing Changan Automobile Co., Ltd.	422,533,259.00	-	-	-	-	-	-	422,533,259.00	-
Hebei Changan Automobile Co., Ltd.	438,223,236.00	-	-	-	-	-	-	438,223,236.00	-
Chongqing Changan Automobile International Sales Service Co., Ltd.	13,068,581.00	-	-	-	-	-	-	13,068,581.00	-
Chongqing Changan Auto Customer Service Co., Ltd.	29,700,000.00	-	-	-	-	-	-	29,700,000.00	-
Chongqing Changan Connected Car Technology Co., Ltd.	88,500,000.00	-	-	-	-	-	-	88,500,000.00	-
Chongqing Changan Special Purpose Vehicle Co., Ltd.	2,500,000.00	-	-	-	-	-	-	2,500,000.00	-
Chongqing Changan European Design Center Co., Ltd.	155,469,913.50	-	-	-	-	-	-	155,469,913.50	-
Chongqing Changan New Energy Automobile Co., Ltd.	49,194,195.00	-	-	-	-	-	(49,194,195.00)	-	(49,194,195.00)
Changan Automobile UK R & D Center Co., Ltd.	236,387,395.40	13,706,455.55	-	-	-	-	-	250,093,850.95	-
Beijing Changan Automotive Engineering Technology Research Co., Ltd.	1,000,000.00	-	-	-	-	-	-	1,000,000.00	-
Changan Japan Design Center Co., Ltd.	1,396,370.15	-	-	-	-	-	-	1,396,370.15	-
Changan American R & D Center Co., Ltd.	10,243,460.00	-	-	-	-	-	-	10,243,460.00	-
Baoding Changan Bus Manufacturing Co., Ltd.	176,002,613.18	-	-	-	-	-	-	176,002,613.18	-
Hefei Changan Automobile Co., Ltd.	35,367,765.23	-	-	-	-	-	-	35,367,765.23	-
Changan Automobile Russia Co., Ltd.	1,242,589.15	250,000,000.00	-	-	-	-	-	251,242,589.15	-
Changan Brazil Holdings Limited	2,584,556.97	-	-	-	-	-	-	2,584,556.97	-
Changan Automobile Investment (Shenzhen) Co., Ltd.	148,000,000.00	36,800,000.00	-	-	-	-	-	184,800,000.00	-
Nanjing Changan New Energy Automobile Sales Service Co., Ltd.	50,000,000.00	-	-	-	-	-	-	50,000,000.00	-
Fuzhou Fuging Changan New Energy Automobile Sales Co., Ltd.	2,000,000.00	-	-	-	-	-	-	2,000,000.00	-
Xiamen Changan New Energy Automobile Sales Service Co., Ltd.	2,000,000.00	-	-	-	-	-	-	2,000,000.00	-
Guangzhou Changan New Energy Automobile Sales Service Co., Ltd.	4,000,000.00	-	-	-	-	-	-	4,000,000.00	-
Chongqing Changan New Energy Automobile Technology Co., Ltd.	1,238,742,571.54	-	-	-	-	-	-	1,238,742,571.54	-
Chongqing Lingyao Automobile Co., Ltd.	594,949,059.30	-	-	-	-	-	-	594,949,059.30	-
Zhenjiang Demao Hairun Equity Investment Fund Partnership (Limited Partnership)	1,129,922,044.91	-	-	-	-	-	-	1,129,922,044.91	-
Chongqing Chehemei Technology Co., Ltd.	-	10,000,000.00	-	-	-	-	-	10,000,000.00	-
Subtotal	4,833,027,610.33	310,506,455.55	-	-	-	-	(49,194,195.00)	5,094,339,870.88	(49,194,195.00)
Total	18,017,137,600.72	3,442,445,091.14	(2,081,317,451.25)	332,817,054.49	(1,337,397,909.69)	(2,272,170,918.59)	(49,194,195.00)	16,052,319,271.82	(49,194,195.00)

#### 4. Operating revenue and cost

(1) Operating revenue, operating cost

Item	2020		2019	
	Revenue	Cost	Revenue	Cost
Primary Operation	75,931,849,406.50	68,332,071,603.98	62,405,086,095.26	55,655,630,963.93
Other Operation	5,625,836,595.68	2,993,677,722.54	2,547,664,111.37	1,310,738,813.90
Total	81,557,686,002.18	71,325,749,326.52	64,952,750,206.63	56,966,369,777.83

(2) Revenue listed by products are as follows:

Item	2020	2019
Sales of goods	79,379,498,536.38	63,131,407,265.60
Outsourcing processing	2,178,187,465.80	1,821,342,941.03
Total	81,557,686,002.18	64,952,750,206.63

(3) The breakdown of operating revenue generated from contracts with customers is as follows:

Item	2020
Revenue recognition time	
Recognize revenue at a certain point in time	81,012,587,344.24
Recognize revenue within a certain period of time	545,098,657.94
Total	81,557,686,002.18

(4) The income recognized in the current year and included in the book value of contract liabilities at the beginning of the year is as follows:

Item	2020
Sales of goods	1,870,992,349.08
Provision of services and others	125,961,836.94
Total	1,996,954,186.02

(5) The estimated time when the total transaction price that has not been fulfilled (or partially fulfilled) performance obligations allocated to the end of the year is recognized as revenue is as follows:

Item	2020
Within 1 year	3,443,376,487.95
More than 1 year	442,146,395.38
Total	3,885,522,883.33

## 5. Investment income/loss

### (1) Details of investment income

Item	2020	2019
Long-term equity investment losses accounted for by the equity method	608,962,802.11	3,266,790.63
Losses arising from business combination not under common control	(345,896,085.57)	(2,081,317,451.25)
The investment income of financial asset held for trading during its holding period	2,840,290.34	1,065,597.53
Dividend income from remaining investments in other equity instruments	25,354,391.86	38,343,163.30
Investment income from disposal of long-term equity investments	4,605,700,631.17	-
Gains from the remeasurement of the remaining equity at fair value after the loss of control	726,335,580.33	-
Interest income from entrusted loan	22,112,500.06	15,092,767.40
<b>Total</b>	<b>5,645,410,110.30</b>	<b>(2,023,549,132.39)</b>

Chongqing Changan Automobile Company Limited  
Notes to Financial Statement  
Year ended 31 December 2020  
(Expressed in Renminbi Yuan)

5. Investment income (continued)

(2) Long-term equity investment income under equity method

Investee	2020	2019	Reason for the fluctuation
Changan Ford Automobile Co., Ltd.	8,710,167.26	(1,926,961,179.20)	Decrease in profit due to sales decline
Changan Mazda Automobile Co., Ltd.	723,987,717.26	929,384,241.61	Decrease in profit due to sales gross profit decline
Changan Mazda Engine Co., Ltd.	39,596,915.75	39,968,582.73	
Jiangling Holding Co., Ltd.	(197,256,309.37)	(363,836,163.49)	The loss due to low sales
Changan PSA Automobiles Co., Ltd.	(114,234,986.00)	(1,110,480,084.87)	Disposal in the year
Nanchang Jiangling Investment Co., Ltd	(536,007,531.47)	18,072,312.40	Increase in loss
Chongqing Changan Kuayue Automobile Co., Ltd.	45,730,860.11	75,417,039.13	Decrease in profit due to sales decline
Changan Automobile Financing Co., Ltd	207,337,580.14	239,321,406.72	
Changan Weilai New Energy Automobile Technology Co., Ltd.	(18,666,611.81)	(56,937,233.33)	Early establishment, operating loss
Hainan Anxixing Information Technology Co., Ltd.	(1,244,331.18)	(1,976,171.11)	
Nanjing Chelai Travel Technology Co., Ltd.	(282,339.82)	(338,671.05)	
Nanjing Leading Equity Investment Partnership (Limited Partnership)	64,418,284.31	76,950,606.32	
Nanjing Leading Equity Investment Management Co., Ltd.	(183,235.30)	(54,584.31)	
Hunan Guoxin Semiconductor Technology Co., Ltd.	221,362.27	152,447.20	
Chongqing Changan New Energy Vehicles Technology Co., Ltd.	(568,023,627.72)	-	Early establishment, operating loss
Total	(345,896,085.57)	(2,081,317,451.25)	

## 1. Schedule of non-recurring profit and loss

Item	2020
Non-current asset disposal gains and losses (including the write-off portion of the asset impairment provision)	29,465,046.07
Government subsidies included in the current profit and loss (closely related to the business of the enterprise, except for government subsidies that are fixed or quantified according to the national unified standard)	797,901,407.24
Interest on late payment of funds charged to non-financial enterprises	17,795,918.37
In addition to the effective hedging business related to the company's normal business operations, the fair value changes in gains and losses arising from holding trading financial assets	2,035,390,665.86
Gains and losses from entrusted loans	13,768,160.42
Losses arising from business combinations not under common control	(6,937,641.07)
Investment income from disposal of long-term equity investments	1,398,196,002.13
Gains from the remeasurement of the remaining equity at fair value after the loss of control	2,246,681,836.54
Other non-operating income and expenses other than the above	(27,519,486.75)
Income tax impact	91,514,483.25
Minority shareholders' equity impact (after tax)	(22,020,700.13)
Total	6,574,235,691.93

The Group disclosed non-recurring profit and loss items in accordance with the regulations issued by China Security Regulation Commission, No 1 Regulation of Information Disclosure of Public Companies-Non-recurring Profit and Loss <CSRC 2008(43)>

## 2. Return on equity and earnings per share

2020

Profit	Weighted average return on equity (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net profit attributable to the Company's ordinary shareholders	7.13	0.68	not applicable
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit and loss	(6.97)	(0.66)	not applicable

2019

Profit	Weighted average return on equity (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net profit attributable to the Company's ordinary shareholders	(5.86)	(0.55)	not applicable
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit and loss	(10.54)	(0.99)	not applicable

## **2. Return on equity and earnings per share (continued)**

In accordance with the regulations issued by China Security Regulation Commission, Regulation of Information Disclosure of Public Companies—the Calculation and Disclosure of Return of Net Assets and Earning per Share (2010 Revision), the Group disclosed the return of net assets and earnings per share in the reporting period.

## Chapter 11 Documents for Future Reference

1. Financial reports with signatures and stamps of the legal representative, the chief accountant and the chief of accounting organization.

2. The original copy of audit report with the stamp of the CPA firm and the signature and stamp of the Certified Public Accountant.

3. All the original documents and manuscripts of the Company which has been disclosed in the reporting period in the newspapers designated by China Securities Regulatory Commission.

Annual reports disclosed in other securities markets.

Chairman of the Board:

Mr. Zhu Huarong

General Manager:

Mr. Wang Jun

Chongqing Changan Automobile Co., Ltd.

20 April, 2021